

**THE IMPLEMENTION AND LEGISLATION OF PUBLIC
PROCUREMENT AND DISPOSAL ACT (2005) BY LOCAL
AUTHORITIES IN KENYA: A CASE OF COUNTY COUNCIL OF
OLKEJUADO**

JONATHAN L. MEIJO

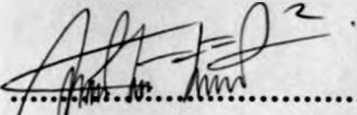
D61/60278/2010

**A Management Research Project Presented in Partial Fulfillment of the
Requirement for the Award of the Degree of Master of Business
Administration, School of Business, University of Nairobi**

October 2011

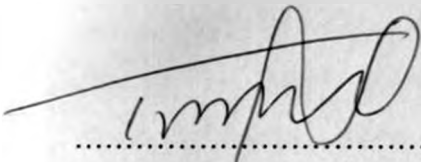
DECLARATION

This research project is my original work and has not been to any other institution of learning for the award of an academic certificate.


.....
Jonathan L. Meijo

.....28/11/11.....
Date

This research project has been submitted for oral defense with my approval as the student supervisor.


.....
Mr. Thomas Ombati
Project supervisor 1

.....9/11/2011.....
Date

.....
Mr. Onserio Nyamwange
Project supervisor 2

.....
Date

DEDICATION

This study is dedicated to my late father Mr Manki Meijo Munyepera and My loving mother Margret Tinken.

ACKNOWLEDGEMENT

I acknowledge the power and God's strength throughout my academic life without it all could have been in vain. Most important, I sincerely wish to acknowledge the support from my supervisors Mr. Mr. Thomas Ombati and Mr. Stephen Nyamwange, who made my minds fully engaged in the whole process of writing this management research paper. To all my lecturers who contributed immensely to nourished my quench for education thirst. I owe you all my gratitude

I owe a great deal of gratitude to my family members for their unwavering and unflinching moral support throughout my period of study and for understanding and appreciating the demand of the course in terms of time and resources. In addition, I recognize the efforts of Mercy Nasieku Leshan my fiancé who patiently encouraged me to pursue the course even when I felt discouraged and her constant support throughout the course.

I would like to thank Fredrick O. Ndede clerk county council of olkejuado whose encouragement in my entire academic life was significant and always stepped in to ensure that I keep the ball rolling.

I cannot forget my classmates who influenced positively on my life and were a source of inspiration throughout my study and for assisting me in sourcing for information and materials for this project.

To you all no single word could describe my thanks, God bless.

ABSTRACT

According to Lysons and Farrington (2006), procurement is the process of obtaining goods or services in any way including borrowing, leasing and even force or pillage. It commonly involves purchase planning, standards determination, specifications development, supplier research and selection, value analysis, financing, price negotiation, making the purchase, supply contract administration, inventory control and stores, and disposals and other related functions.

The purpose of this study was to investigate the implementation and legislation of public procurement and disposal act (2005) by local authorities in Kenya taking a case of County Council of Olkejuado. Descriptive research design was employed on a target population of the entire personnel working in the Olkejuado County Council sampled by stratified random sampling procedure while collecting data by use of a questionnaire.

From the findings, implementation of the procurement act by the council is good where its conduct is strict, while on overall it is above average. In addition, direct procurement, Open tender, request for quotations, request for proposals and restricted tendering are the various procurement methods used by Council. On accountability of the procurement process the study noted that the council maintains openness and transparency where staffs are knowledgeable enough in terms of adherence to the Act requirement with no corruption. On good governance, the findings indicated that survey services, contractors, revenue collection, procurement management and garbage collection are highly rated in County Council of Olkajuado while IT, Project implementation and payment to suppliers are low rated.

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ABBREVIATIONS

| | | |
|-------------|---|--|
| CCO | - | County Council of Olkejuado |
| CRA | - | Corruption Risk Assessment |
| CPP | - | Corruption Prevention Plans |
| GDP | - | Gross Domestic Product |
| PPOA | - | Public Procurement Oversight Authority |
| KACC | - | Kenya Anti Corruption Commission |
| PPDR | - | Public Procurement Disposal Regulation |
| PPDA | - | Public Procurement and Disposal act |
| SCM | - | Supply Chain Management |
| UK | - | United Kingdom |
| LAS | - | Local authorities |
| US | - | United States |
| DTC | - | Defence Tender Committee |
| KARA | - | Kenya alliance of resident association |
| RFP | - | Request for Proposals |
| RFQ | - | Request for quotation |
| QCBS | - | Quality cost based system |
| PS | - | Permanent secretary |

CHAPTER ONE

INTRODUCTION

1.1 Background

Recently, a great deal of emphasis is being placed on procurement processes. The recent economic troubles, stiff competition and growing inflation are some factors which are thought to be responsible for this growing phenomenon. Unlike several years ago, when procurement was generally considered to be merely buying raw materials or machinery, the idea behind procurement has changed dramatically in recent times. Several new trends and developments have taken place in this regard ranging from clerical to strategic Deborah R Wilson (2010).

In essence, the subject of procurement runs at all times alongside that of disposal of assets which once acquired may need to be discarded in accordance with the principles of their purchase (Fred Owegi and Erick Aligula (2006). Therefore, sale by competitive bidding, transfer by way of donation, abandonment or destruction of stores whether excess, surplus or obsolete all fall within the same functional scope as procurement. According to Westring (1985), this scope covers: Specification of the kind and quality of goods or services to be acquired (or disposed); Investigation of the market or supply, and contacts with potential suppliers (or buyers); Placing the order or contract, including negotiation of terms; Supervising delivery and performance, and taking necessary action in the event of inadequate performance; Payment; and Dealing with any disputes. This definition, however, excludes employment of individuals into the civil service and work done by public officials.

1.1.1 Procurement and disposal

According to Lysons and Farrington (2006), procurement is the process of obtaining goods or services in any way including borrowing, leasing and even force or pillage. While according to business.com dictionary procurement is the process of obtaining goods and services from preparation and processing of a requisition through to receipt and approval of the invoice for payment. It commonly involves purchase planning,

standards determination, specifications development, supplier research and selection, value analysis, financing, price negotiation, making the purchase, supply contract administration, inventory control and stores, and disposals and other related functions.

According to Owegi and Aligula (2006), Procurement in the public sector aims to achieve multiple objectives. These include: economy, efficiency, fairness (i.e. nondiscrimination among potential suppliers), accountability, transparency and, where more than one country is involved, respect for international obligations. Besides its business objectives, public procurement is an instrument for the attainment of broader national socio-economic objectives such as supporting employment of citizens and income creation through preference for local suppliers; promotion of indigenous small, medium and micro enterprises (SMMEs); and, enhancement of regional integration through improvement of cross-border trade. Accordingly, public procurement is checked by various regulations including laws, statutes and ministerial decrees specifically enacted to protect public interest. It is also subject to scrutiny by the auditing arm of government, which in itself assumes ultimate responsibility for obligations incurred in relation to third parties.

According to Wilson (2010) the history of procurement has evolved from 1900 to 2010. It is obvious from the article that procurement evolved from being seen as an independent function and clerical. The functions procurement increased due to the importance of obtaining raw materials, supplies, and services needed to keep the factories and mines operating. Purchasing continued to gain stature as the techniques for performing the function became more refined and as the number of trained professionals increased. The emphasis became more managerial. With introduction of major public bodies and intergovernmental organizations, such as United Nations, procurement becomes a well-recognized science. More emphasis was placed on purchasing strategy as the ability to obtain needed items from suppliers at realistic prices increased. Kraljic (1983) on purchasing strategy that is widely cited today as the beginning of the transformation of the function from "purchasing," something that is viewed as highly tactical to procurement or supply management, something that is viewed as very strategic to the business. Procurement starts to become more integrated into the overall corporate

strategy and a broad-based transformation of the business function is ignited, fueled strongly by the development of supply management software solutions. The leader of the procurement function within many enterprises is established with a C-Level title. The global recession of 2008-2009 places procurement at the crux of business strategy.

According to Jorge A Lynch (2010) the eleven steps below could be an ideal public procurement process that would save on time and add value to the procurement process. Lynch reckons that Procurement Cycle encompasses the timeframe between the identification of a requirement and the ultimate award of a contract. The steps are as follows: Requirement Identification, Procurement Planning, Procurement Requisition Processing, Determine Procurement Method, Prepare and Publish Bidding/Proposal Documents, Pre-Bid/Proposal Meeting and Site Visit, Bid/Proposal Submission and Opening Bid/Proposal Evaluation, Award Recommendation, Contract Negotiations and finally Contract Award .The process appears to be a straight flow but needs a lot of commitment to actualize.

1.1.2 Public Procurement and Disposal Act

In the past decades, the public procurement system in Kenya has undergone significant developments. From being a system with no regulations in the 1960s, and a system regulated by Treasury Circulars in the 1970s, 1980s and 1990s. The introduction of the Public Procurement and Disposal Act (PPDA) of 2005 and the Procurement Regulations of 2006 has introduced new standards for public procurement in Kenya. At the end of last year the Government of Kenya, after 3 years of hesitation, procrastination and excuses the government finally brought into law the much coveted and anticipated Public Procurement and Disposal Act. Disposal methods are clearly stated in the PPDA (2005) and PPDR (2006) that a PE can dispose by way of public auction, open public tender, trade-in, destroying or giving to another public entity for free. This legislation is a huge improvement in that it has governed government expenditure processes thus far, and if applied comprehensively and correctly (which is of course crucial!) this Act should form a pillar in Kenya's institutional framework in the fight against corruption from here on in. It is now universally accepted that all governments' procurement must adhere to strict

guidelines and internationally set standards and this Act will go some way to finally give Kenya an acceptable level of legislation in this area.

Why though is this case, why do we need stringent legislation which regulates government expenditure? Procurement in Local Authority in Kenya is undertaken as per the Procurement Act. The local government system at present comprises the ministry of local government and 175 local authorities i.e. 1 city council, 45 municipal councils, 67 county councils and 62 town councils. The ministry oversees the administrative legal and financial aspects of the local authorities on behalf of the central government. Local authorities exist to render services to the local residents through local representation. Local authorities are public entities that must adhere to the Public Procurement Act and its legislation.

1.1.3 Procurement Process at the County Council Of Olkejuado

The study shall be undertaken at County Council of Olkejuado which is one of the expansive and resource endowed local authorities in Kenya. The council is a public procuring entity that is bound to fully adhere to the procurement Act and its legislations thereof. This therefore means as the procurement processes evolved in Kenya public entities the same affected the council directly. The study of implementation and legislation of the Public Procurement Act and its legislations thereof and the extent to which the Act promotes good governance shall no doubt bring out an experience faced by most local authorities in Kenya. County Council of Olkejuado borders County Council of Taveta (south), County Council of Narok (north), city council of Nairobi (north east), Municipal Council of Mavoko (east) and the border of Tanzania and Kenya on the west. The County Council of Olkejuado has budgetary estimate of over five hundred million. If the revenue collection is strengthen and utilized as budgeted on development and service delivery consciously the residents would enjoy services as while as good infrastructure.

1.2 Statement of the Problem

There is an impressive body of empirical evidence, which indicates efficient and transparent and accountable procurement process as envisage in the public procurement act promotes good governance in the public procuring entities as indicates the Kenya

Anti-corruption commission report (2009) and Assessment of the procurement system in Kenya, by Public Procurement Oversight Authority (2007). The studies mentioned above bring about a great and important body of knowledge about implementation and legislation of the Public Procurement Act thus promoting my decision to find the in depth analysis on the implementation and legislation of the Public Procurement Act (2005) and its legislation thereof (2006) at the county council of Olkejuado for better management of public resources hence good governance and the extent to which the Act has brought about transparency and accountability in the procurement process in the council. Nevertheless, there are clear indications that a transparent procurement process would add value hence promoting good governance which indeed is a big problem in local authorities in Kenya.

Fully implementation of the public procurement act and its legislation thereof promotes efficient good governance, transparent and accountable procurement process that is free from corruption, greed, nepotism, misuse of public funds and selfish interest in the use of public funds thus procurement process in public procuring entities raises several broader issues for the society. Some have argued, for instance, that corruption in the public sector is rampant and it takes a paradigm change of attitude both in the public servants and citizenry. Others believe that good governance may only work when the government is transparent and accountable enough to allow for citizenry to demand and securitize its services and action. There are also fears that procurement processes in the public sector is selective, closed, full of horse trading, corrupt and perhaps meant for a chosen few or a clique with connections with the particular procurement entity as pointed out by Assessment of the procurement system in Kenya, by Public Procurement Oversight Authority (2007). The study was guided by the following research questions.

- i) To what extent do the Public Procurement Act and its legislation promote proper management of public resources in the council or in local authorities?
- ii) Does the implementation of the Act slow the procurement process or it indeed enhances accountability, transparency and efficiency?

1.3 Objectives of the Study

- i. To find out the extent to which the Act has been implemented by local authorities.
- ii. To find out the extent to which the public procurement Act and its legislation has enhanced good governance in local authorities.

1.4 Value of the study

The study will be of great value to the researcher, staffs of the council stakeholders, the council and taxpayers in general who loyally contribute their Revenue to run their local authorities and county council of Olkejuado that collects these revenues on behalf of the people of Olkejuado in their planning purposes. This Study will be important in a number of ways as indicate herein below: The study will assist to answer the question, how the Act addresses perceived Corruption, favouritism and general bad governance of resource. So this study is important in finding out the level of transparency and good governance being experienced today. The Study will also give invaluable information to the regulatory enforcers (Public Procurement oversight Authority and ministry of local government).To the council staff, the study will make them learn their strengths and weaknesses in implementing the procurement act and its legislation thereof to enhance good governance of the local authority. The study will also be of benefit to scholars who would wish to undertake further studies aimed at promoting good governance in public procurement processes in local authorities in their respective countries. The study will also pinpoint the causes of delay and general challenges experienced in public procurement processes.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

Numerous literatures have been developed by many scholars on government procurement process specifically focusing on local authorities and general procurement systems in the public procurement entities. Governance deals with the structures and processes by which an organization is directed, controlled and held to account. Proper governance provides the means to help public entities achieve its goals and objectives. It is imperative to note that procurement entails the use of public resources to provide services and thus without proper use of the same the result could be lip or no services at all. The Kenya government has overtime provided an avenue for improvement of the procurement system and at the same measure implementing of the procurement Act has received great resistances from proponents of the status quo Public Procurement Oversight report (2007).

According to Owegi, Aligula (2006) Procurement may be defined as the acquisition of goods and services (i.e. purchasing) and hiring of contractors and consultants to carry out works and services. Procurement includes rental, lease, hire purchase, license, tenancy, franchise or any other contractual acquisition of works, services and supplies. Procurement also embraces clearing out unnecessary acquisitions. In essence, the subject of procurement runs at all times alongside that of disposal of public assets which once acquired may need to be discarded in accordance with the principles of their purchase. Therefore, sale by competitive bidding, transfer by way of donation, abandonment or destruction of stores whether excess, surplus or obsolete all fall within the same functional scope as procurement. According to Westring (1985), this scope covers: Specification of the kind and quality of goods or services to be acquired (or disposed); Investigation of the market or supply, and contacts with potential suppliers (or buyers); Placing the order or contract, including negotiation of terms; Supervising delivery and performance, and taking necessary action in the event of inadequate performance; Payment; and Dealing with any disputes while According to Lysons and Farrington

(2006), procurement is the process of obtaining goods or services in any way including borrowing, leasing and even force or pillage.

According to Witting (1999) government procurement is a massive business, particularly in Africa. Estimates put Government purchases between 9% and 13% of GDP in Africa, accounting for \$30-43 billion and making it, at 50-70%, the largest domestic market of imports in most developing countries. Aside from the huge amounts of resources which are consumed through this type of expenditure, it is also the crossroads at which the public and private sectors meet. Shoddy regulations, non-existent accountability and transparency in public procurement give the corrupt the room they need to manoeuvre to pull-off crimes that could include procurement frauds the hugest proportions. The act will no doubt give public entities value for money and efficiently manage their procurement functions to eliminate corruption, nepotism, favouritism and generally misuse of public resources. Some of the notable challenges could be lack of proper training for procurement entities personnel involved in the procurement process since the Act emphasis the use of committees to undertake public procurement and perhaps lack of goodwill from the public entities management.

According to Rege (2001), the most important benefit of transparent and open procedures is the impact which their adoption may have on the level of corruption in countries where it is widespread. Therefore, transparency promotes trust by allowing stakeholders to see and judge the quality of government actions and decisions (Smith-Deighton, 2004)

2.2 Evolvement of Procurement as a Management Function.

According to Wilson (2010) the history of procurement has evolved from 1900 to 2010 as follows: Prior to 1900, purchasing was recognized as an independent function by many railroad organizations, but in few other industries. Prior to World War I, purchasing was regarded as primarily clerical. During World War I & II – The function increased due to the importance of obtaining raw materials, supplies, and services needed to keep the factories and mines operating. 1950s & 1960s - Purchasing continued to gain stature as the techniques for performing the function became more refined and as the number of

trained professionals increased. The emphasis became more managerial. With introduction of major public bodies and intergovernmental organizations, such as United Nations, procurement becomes a well-recognized science. 1970s & 1980s - More emphasis was placed on purchasing strategy as the ability to obtain needed items from suppliers at realistic prices increased. 1983 - In September 1983, Harvard Business Review published a ground-breaking article by Kraljic (1983) on purchasing strategy that is widely cited today as the beginning of the transformation of the function from "purchasing," something that is viewed as highly tactical to procurement or supply management, something that is viewed as very strategic to the business. 1990s - Procurement starts to become more integrated into the overall corporate strategy and a broad-based transformation of the business function is ignited, fueled strongly by the development of supply management software solutions which help automate the source-to-settle process. 2000s - The leader of the procurement function within many enterprises is established with a C-Level title - the Chief Procurement Officer (sometimes called the Head of Procurement). Websites, publications, and events, and that are dedicated solely to the advancement of Chief Procurement Officers and the procurement function arise. The global recession of 2008-2009 places procurement at the crux of business strategy. 2010s - The elevation of the function continues as Chief Procurement Officers are recognized as important business leaders and begin to take on broader operation responsibility.

It is indeed apparent that procurement today cannot be underestimated in any private or public entities due to its enormous role in management of resources and to entrenched good governance. No wonder the Kenya public procurement has equally evolved from no rules to circular and to now governed by an act of parliament and regulations Public Procurement Oversight Authority (2007) and presently entrenched in the new constitution.

2.3 The Procurement Cycle: Fundamental Steps in Public and Project Procurement

According to Lynch (2010) the eleven steps below could be an ideal public procurement process that would save on time and add value to the procurement process. Lynch reckons that Procurement Cycle encompasses the timeframe between the identification of a requirement and the ultimate award of a contract. Public and Project Procurement are specifically mentioned because of their similarity, and the rigorous process that the procurement practitioner must follow given the nature and use of public funds, and phases throughout the course of the project that must also be adhered to for positive results to be obtained. The eleven steps were as follows according to Lynch (2010):

Requirement Identification: The procurement cycle begins with the identification of a need which creates a requirement. A need to cross a body of water creates a requirement to build a bridge, a ferry, and so on. The actual planning for the fulfillment of the requirement is done during the annual budgeting phase (in the case on Public Procurement), when the various government entities identify their requirements and make inputs to the annual budget, or at the project inception phase where the beneficiary country prepares a proposal to be presented to the funding entity for consideration. It is at this stage that requirements are identified Lynch (2010)

Procurement Planning: Once requirements are defined and approved, procurement planning begins. Some important questions to consider at this stage are: when are specific requirements needed? Are there any requirements on the critical path? Are there any dependent requirements? What are the different procurement methods that will be used? What is the average lead-time for each procurement method? Lynch (2010)

Procurement Requisition Processing: The first step in processing a procurement requisition is to determine what the requesting entity wants. This is done by reviewing specifications or description of Goods, Services or Works required by the requesting entity. Such information should ideally be clearly expressed in the procurement requisition. There must be sufficient detail in the description to ensure that all prospective bidders or service providers have essentially the same understanding of the requirement.

If the specifications are clear the bidding process can begin, if not, the procurement practitioner must seek clarification in order to finalize the bidding or proposals request documents accordingly Lynch (2010)

Determine Procurement Method: Once the requesting entity's requirement is clearly defined, the procurement practitioner must determine the appropriate procurement method to fulfill the requesting entity's need in a most expeditious and cost-effective manner. This should ideally be done during the procurement planning stage, and the requirement considered in the procurement plan; however, if this was not the case, at this point the procurement method needs to be determined. The various procurement methods allowed are defined in the governing procurement guidelines or regulation. In selecting the appropriate procurement method it is necessary to consider the procurement category - goods, services, works, the estimated value of the procurement requirement, the urgency of need, the number of sources available to fulfill the requirement, to mention a few. If the procurement action is for goods, the selection of the appropriate procurement method can be relatively straightforward Lynch (2010)

Prepare and Publish Bidding/Proposal Documents: Once the procurement method is determined, the next step is to begin the bidding process with the preparation of the bidding or proposal request documents. The procurement practitioner prepares the bidding/proposal request documents and then (after obtaining the necessary clearances to advertise the requirement) invites vendors, suppliers, contractors or consultants (firms or individuals based on the requirement) to submit bids/proposals. Such advertisement may be done locally and/or internationally depending on the governing procurement guidelines Lynch (2010)

Pre-Bid/Proposal Meeting and Site Visit: Pre-bid meetings for works procurement are held alone or in conjunction with a site visit. Pre-proposal meetings are held primarily for complex requirements. The purpose of the pre-bid/ proposal meeting is to clarify the bid documents or the Request for Proposals (RFP). Bidders/Consultants are invited to such meetings after the bid/proposal documents have been advertised for a short period, allowing sufficient time for prospective bidders/consultants to become familiar with the requirement. Pre-bid/proposal meetings are programmed during the preparation phase



and are mentioned in the bidding/proposal request documents. If there's no mention of such meeting in the bidding/proposal request documents, such meeting is not held unless an amendment (addendum) is made to the bidding/proposal documents prior to scheduling the meeting. The pre-bid/proposal meeting is usually open to all interested bidders/consultants; however, in cases where pre-qualification or short-listing was carried out, only prequalified or short-listed bidders/consultants are invited to attend the pre-bid/proposal meeting Lynch (2010).

Bid/Proposal Submission and Opening: After the pre-bid meeting, one of the following is a natural consequence: (i) the selection process continues to the bid submission and opening date, as planned, (ii) the submission date is extended by addendum to give bidders a reasonable amount of time address issues raised during the site visit and pre-bid meeting, or (iii) the requirement is altogether cancelled by the Client. Assuming the process continues as expected, the bid/proposal submission and opening will follow. The opening event is a prelude to the evaluation process given that an initial summary examination of the documents received should take place to determine compliance with the submission requirements. Any bids/proposals received after the pre-announced bid/proposal submission date and time, should be rejected and not considered for further evaluation. This is the only circumstance that could lead to the rejection of bids/proposals during the opening event. For the bid/proposal opening a checklist is prepared. During the opening event, the following needs to be determined: Is the bid/proposal received in a sealed envelope? In the case of proposals received under the Quality and Cost-Based (QCBS) procurement method, it also needs to be determined if the technical and financial proposals are received in separately sealed envelopes Lynch (2010).

Bid/Proposal Evaluation: Before the bid or proposal evaluation takes place, an evaluation panel is formed and approved. Ideally, to create a separation of functions, procurement practitioners should advise, oversee and/or assist with the drafting of the evaluation report, but they should not be members of the evaluation panel. Membership of such a panel should be determined based on the qualifications of the prospective evaluators. It is preferred that evaluation panel members should have knowledge and related experience and, at least, one member, preferably from the requesting entity, that is familiar with the

details of the Terms of Reference (for services) or technical specifications (for goods/works). The number of evaluation panel members should be at least three, not including observers and technical experts if invited. Conflict of interest is a serious issue that must be taken into account in the evaluation process, such that all prospective members of the evaluation panel should sign a declaration of impartiality and confidentially wherein they are expected to declare absence of any family of business ties with the bidders/consultants that submitted bids/proposals Lynch (2010).

Award Recommendation: The contract award recommendation resulting from the evaluation and scoring of bids/proposals leads to a request for clearance/no-objection to award the goods/works contract (depending on the requirement) or to begin negotiations with the selected consultant, in the case of consulting services. Upon concurrence and approval/no-objection of the award recommendation, in some cases intent to Award is prepared and published Lynch (2010).

Contract Negotiations: In the case of consulting services, the award recommendation by the evaluation panel is contingent upon a successful negotiation of the contract with the selected consultant (firm or individual). Thus, the award recommendation is in fact a recommendation to initiate contract negotiations with the selected consultant. Contract for goods and works procurement are not usually negotiated except under special circumstances the details of which must be specifically stipulated in the bidding documents. In the invitation for negotiations, negotiation points identifying weaknesses in the consultant's proposal are sent to the selected consultant, along with a draft of the contract, for review and comments Lynch (2010).

Contract Award: For goods and works procurement, contract award takes place with the notification of the responsive bidder with the lowest evaluated price. Such notification is done by way of a formal letter of acceptance to which a response must be received within a stipulated period of time. In the response to the client the selected bidder must also declare their mobilization or timeframe within which they intend to begin setting up and taking over the site to begin works (this is in the case of works). For goods there isn't such mobilization period, so once the bidder signs the contract, the delivery schedule becomes effective. With consultancy services things are a bit different, notification of

award takes place after successfully negotiating the contract and getting all the required approvals to proceed Lynch (2010).

Post Contract Award Considerations: After contract signing, unsuccessful bidders/consultants have the right to request debriefing by the procurement entity. The debriefing can be done orally or in writing, and essentially gives bidders/consultants an indication of the strengths and weaknesses of their bids/proposals, which should help them understand the reasons why they were not selected. In some cases, this debriefing is done during the standstill period, but this depends on the approved procedures. Debriefing also helps bidders/consultants to improve the quality of their bids/proposals Lynch (2010)

2.4 Analysis of the Procurement Methods

There are five procurement methods defined in the Public Procurement Act (2005) and Regulations (2006) and applies all of them depending on the item under consideration. These are:

Open tender: This method is used where the items are unclassified, simple and straightforward to define. These items range from clothing, foodstuffs, stationery, work services, repairs, etc. In this case advertisements are placed in the daily papers and the firms are invited to tender. A team of officers evaluate the suppliers while their samples are sent to the Kenya Bureau of Standards for analysis. Submission is then done to the Defence Tender Committee for adjudication. Once an award is made, a 21-day period is allowed before making an order to allow for any petition. Should an awarded firm fail to deliver as expected during the tender period, it is warned and the tender may be cancelled or awarded to the second lowest bidder.

Restricted tendering: This method is used where the goods or services are of a specialized nature or can only be supplied by a limited number of firms. Here the security implications of the procurement are taken into consideration. The firms are identified through a confidential due diligence research by a competent agency such as the user or systems branch. Defence Tender Committee authorization is sought for the restricted

tendering. The number of firms must not be less than three. Should the cost of the items exceed Kshs 20 million then Treasury authority is also sought. Once treasury and DTC authority is given, the tender documents are prepared and sent to the identified firms. The duration of the tender for local firms is 21 days while that for International firms is 42 days. This period can be reduced to 21 days with authority from the Treasury, depending on the urgency. This urgency would be due to an operational requirement such as UN deployment or in case of a disaster. When the tender period is closed the tenders are opened on the set day in the presence of the tenderers or their representatives. The documents are then evaluated in accordance to the criteria set out in the tender. A submission is thereafter made to the DTC for award of the tender. All the firms are notified and the winning firm invited for contract negotiations. A contract document is prepared and sent to the Attorney General for legal verification. Once the contract is cleared by the Attorney General then the parties sign at Defence Headquarters before countersignature by the PS Treasury.

Direct procurement: This is used where there is no competition due to technical and security reasons or one firm can only supply the goods or services. Direct procurement can also be used in the event of a national emergency or disaster. However in such cases authority would still be sought from the DTC and the Treasury. The rest of the procurement process then follows the steps already outlined.

Request for Proposals: This normal an invitation done to the interested bidders to submit their technical proposals on how to undertake a given assignment at hand and their quotations though all submitted at the same day the should be in a different envelop clearly marked so. This is to enable their evaluations differently. Normally the firm with best proposal can be approach for negotiations. The request for proposal could be for a complex assignment that the PE wants the input of a competent firm to undertake the exercise.

Request for Quotation: This method is used where the items required are simple and valued below KSh 500,000. The public procurement Act (2005) gives a standard quotation form that procuring entities use to invite for quotations. The method is highly used to source common user items. The quotations are evaluated based on the prevailing

market price for the items and the lowest evaluated bidder is then awarded the tender to supply the items specified.

2.5 Kenya's Public Procurement and the Reform Initiative

The subject of public procurement in Kenya has never been far from controversy according to the Public Procurement oversight report (2007) many allegations of unscrupulous behaviour in public financial management in central and municipal governments or in state enterprises have been linked to procurement. The following are among the most recurring controversies with which public procurement has been associated over the last three or so decades: Corruption, rent-seeking and underhandedness between public officials and the business community; Making procurement commitments without funds and/or just because funds are available;

Wasteful usage of government supplies, including fleets, and inadequate maintenance of equipment; Poor implementation of donor-funded projects due to procurement related inefficiencies; and Lack of procurement planning and absence of procurement records, including data and statistics. These controversies have been made more profound by the difficulty in estimating the exact magnitude and trends of government procurement and the executive arm of government's perceived interference in the acquisition process, particularly in the award of contracts. Procurement in the public sector in Kenya is regulated by public procurement oversight authority (PPOA) by ensuring that public entities comply with the procurement Act of 2005 and its legislation thereof of 2006. Part viii of the Act itemizes the Authority power to ensure compliance. The Act underscores the need for transparency and open procurement or disposal process. It thus regulates procurement in public sector from being a one man show to a collective process where committees run the show. The law provide for the following committees which have defined powers: Tender committee- standing committee with a minimum membership of five, Evaluation committee-ad hoc committee with a minimum membership of three and, Tender opening committee- ad hoc committee with a minimum membership of three. Inspection and acceptance committee- ad hoc committee with a minimum membership of three, Disposal committee is a standing committee with a minimum membership of five.

Procurement committee-ad hoc committee with minimum membership of three. The details of the functions of the above mentioned committees are very clear in the act and they are meant to operate independently. The procurement unit is a mandatory requirement to be established in every public procuring entity with specified functions.

2.6 Summary of the analysis of Public Procurement and Disposal Act

The findings of the assessment point to the following key assets of the institutional framework and management capacity in Kenya. According to The Assessment of the Procurement Systems in Kenya by PPOA (2007) Legal framework supports integration of procurement planning in the budget formulation process: The legal framework provides thorough guidance on procurement planning, linking the planning process up with the budgeting process, hence providing an important first step towards actual integration of Procurement planning in the budgeting process. According to the legal framework, all procurement shall be within the approved budget of the PE and shall be planned by the PE concerned through an annual procurement plan. The annual procurement planning shall be integrated with applicable budget processes and based on indicative or approved budgets. In addition, the legal framework specifies that sufficient funds must be set aside before procurement is initiated. PPOA has been established as the authoritative public procurement oversight body: The PPDA established the Public Procurement Oversight Authority (PPOA), and the Board of the Authority was appointed in September 2007. The legal framework defines clearly the responsibilities of the PPOA, which include: to ensure that procurement procedures are complied with; to monitor the public procurement system and recommend improvements; to assist in the implementation and operation of the procurement system; and to initiate public procurement policy and amendments to the PPDA. At present the PPOA is largely staffed with personnel seconded from other government departments especially the local authorities in this case county council of Olkejuado. The Act provides the following procurement methods direct procurement, request for quotations, request for proposal, open/competitive tendering and restricted tendering. The threshold and prevailing situations e.g urgency, nature of the service or product could promote the PE on what procurement method to exercise.

2.7 KARA (Kenya Alliance of Residents Associations): Report of 2010 on Public Procurement in Local Authorities

The report views local authorities' procurement as lacks transparency and accountability and that many stakeholders are kept on the dark. Thus many citizens observe that the process is corrupt and full of manipulations this results to poor governance of the public resource. It indicates that a good public procurement system must be economical and efficient, transparent, participatory, timely and should have a good information flow system. Kenya Procurement is an activity or function that involves the purchasing of goods, works and services to meet a specifically identified need such as the need or requirement to buy cement and building blocks for building a social hall. LAs are major buyers of goods and services and just like individuals they must always buy wisely. Buying wisely means getting good value for money and ensuring there is no wastage KARA Report (2010). LAs are expected to observe the objectives of public procurement which have been stated in the Public Procurement and Disposal Act, 2005 as: To maximize economy and efficiency; To promote fair competition; To promote integrity; To increase transparency and accountability and promote local industry.. All public entities including LAs are required to comply with the public procurement law which supersedes all the previous laws PPDA (2005) and PPDR (2006). It is important at this point to give a brief on how procurement processes were carried out by LAs before the implementation of procurement reforms. This should shed light on the sorry state of public procurement in LAs before the reform efforts began.

2.7.1 Pre-Reform Era

Local Authorities were guided by Cap.265 and procurement regulations issued by the Central Government from time to time. Whereas these laws set out very clear procedures, the same were flouted with abandon not only in LAs but also in all other public entities (Lewa, 2006; Waiganjo, 2006; Wanyande,2006; Mwangi 2006; Nzai & Chitere, 2006; Oanda,2006). LAs were preoccupied with the regularity and legality of the procurement process not value for money. Matters were aggravated by the fact that the politicians (councilors) were in charge of the tendering process from adjudication to award as members of the influential tender, finance and work committees. Conflicts of interest and

influence peddling were rampant and in most cases council officials were willing accomplices in flouting the laws for own gains and serving of political interests. It was common to award tenders to bidders other than the lowest priced ones. The minister for Local Government had the final say in procurement matters. Allegations abound on how councilors and businesspersons would lobby the minister to be awarded tenders. To circumvent the requirement of awarding tenders to the lowest quoted bidder, it was a very common practice for tenderers to under quote to win a tender and then immediately apply for tender variation. For as long as the minister supported them they would automatically get approval. In many situations the original intentions were simple theft of public funds. Other common malpractices included: Poor tender documentation including sketch specifications Collusion between bidders and council officials, bid rigging, poor or skewed tender evaluation, poor stores management (suppliers paid for non- delivery/ under-delivery and poor quality goods) and improper disposal of stores including disposal of serviceable supplies such as equipment and motor vehicles

2.7.2 Post-Reform Era

The new law and regulations came into effect following a lot of pressure from development partners and the public KARA Report (2010). There were very serious concerns about the abuse of the procurement process that had been reduced to a process of enriching individuals at the expense of the public in terms of forgone services. Some of the objectives of the new law are to restore public confidence in public procurement, ensure value for money and transparency, encourage competition, and promote economic development. All public entities are required to comply with this law which supersedes all the previous laws. Some of the key provisions to address the weaknesses highlighted are: The inclusion of the public in the public procurement process, the exclusion of the politicians (councilors) from the procurement cycle, the handing over of procurement function to council officers (staff), prohibition of any public servant or anybody holding a public office/ their spouses/ relatives from participating in any public, procurement, democratization of the procurement process through various committees, the imposition of duty to comply with the law on third parties supplying goods/ services/ works to public entities PPDA (2005) and PPDR (2006). The law provides options for outsourcing

procurement function to authorized agents appointed by the authority responsible for implementing the new law KARA report (2010). This is meant to help LAs that lack of capacity. LAs are also authorized to use procurement materials e.g. pre-qualification listing of suppliers from other competent public entities and human resources such as procurement officers or agents from government ministries and departments in case of inadequate capacity in the discharge of their procurement activities PPDA (2005) and PPDR (2006).

2.8: Kenya Anti-corruption Commission report (2009): Local authorities programme on enhancing good governance in the procurement process.

The programme aims at sealing corruption loopholes and enhancing good governance in Local Authorities procurement processes. This programme was a collaborative venture with the Ministry of Local Government, the Public Procurement Oversight Authority (PPOA) and the Commission. The programme was implemented in two phases:

Training: Phase 1 -entails training members of Tender Committees on the following; The requirements of the Public Procurement and Disposal Act (PPDA) 2005 and the Public Procurement and Disposal Regulations (PPDR) 2006; Sealing corruption loopholes in the procurement process; Prevention of Corruption in Projects Management in Local Authorities; and Practical guide on the procedures of undertaking a Corruption Risk Assessment (CRA) and formulation of Corruption Prevention Plans (CPP) with a focus on the Procurement function. During the month of May 2009 the Commission organized and facilitated the training programme for members of Tender Committees from Local Authorities in South Rift and Kisii regions. Members of Tender Committees drawn from the 27 Local Authorities were trained. According to the KACC Report (2009) Some Council have set up Committees as per the requirements of the Public Procurement Act: established independent procurement units; drawn procurement plans; opened up procurement to competitive bidding as per the Act and instituted separation of duties to enhance on good governance. The report shows that challenges exist such as

some Council do not use Standard Tender Documents and have not prepared or lack annual procurement plans and disposal plans among other weaknesses. It is therefore incumbent upon KACC and the Ministry of Local Government to intensify the monitoring process.

Monitoring progress of implementation of the Act is jointly undertaken with the Ministry of Local Government and public procurement oversight authority. One of the main challenges in the local government sector is recruiting and maintaining qualified personnel at management level and de-linking civic politics to the operations of the council mostly the procurement processes. It is widely admitted that local authorities have bloated staff numbers, but many of these staff are at the lower, unskilled and non-professional levels. Effects of implementing the procurement act fully. It enhances accountability, transparency and integrity in undertaking the procurement processes.

CHAPTER THREE

METHODOLOGY

3.1 Introduction

This chapter represents methods that were employed in collecting and analyzing data. The researcher incorporated the research design, sampling design, and data collection instruments and procedures and data analysis techniques.

3.2 Research Design

Descriptive research design was employed in collecting data on the subject matter of the study. The design was preferred because answers questions such as who, how, what, which, when and how much. It assisted the researcher to logically make complete description of the situation while ensuring that there is minimum bias in the collection of data and that errors are reduced in interpreting data collected, Mugenda et al (2003). Descriptive design was used in the study Churchill (1991) notes that a descriptive study can be used when the purpose is to: Estimate proportion of people who behave in a certain way and make specific predictions

3.3 Sampling Design and Procedures

The researcher precisely used both probability and non probability tools to collect data that would add value to the study. The stratified random sampling procedure was used. This method ensures that all the groups in the target population are selected and represented with equal chance at the same time they remain representative of the total population while no group is overloaded, or locked out as there is no bias. Mugenda et al (2003)

Table 3.1 Sample Size

The researcher employed purposive, simple random sampling and stratified procedures to select the sample size as stated below;

| Category | Targeted respondent | Sample Percentage |
|----------------------------------|----------------------------|--------------------------|
| Stakeholders | 50 | 38.5% |
| Council employees | 50 | 38.5% |
| Suppliers and contractors | 20 | 15.4% |
| Civic leaders | 10 | 7.6% |
| Total | 130 | 100 |

Source: Researcher (2011)

3.4 Data Collection

To effectively meet the objective of the research study at hand quantitative and qualitative methods highly informed analysis of the data collected. The study used primary and secondary data. Interviews i.e. face to face method of data collection was used by the researcher to collect data from senior members of the organisation. Primary data was collected using questionnaire both structured and unstructured while secondary data through minutes of procurement proceedings and tender documents. The researcher employed questionnaires and key informant (guide/interviews) as the instrument of data collection. Few questionnaires were first distributed in the pre-testing phase as the researcher tried to gauge what to expect in the main research. The researcher preferred questionnaires as they are convenient and were distributed at the same time and respondents were given enough time to fill them. The researcher administered questionnaire using drop and pick later method. It is considered cost effective and saved the researcher's time in collecting, organizing, preparing, analyzing and interpreting data. In addition, large amounts of data can be collected as the questionnaires can be distributed and collected within a short period.

The target population consisted of the entire personnel working in the Olkejuado County Council and a sample of suppliers /contractors engaged by the council. The total population included 50 employees selected randomly and at some instant purposively, 50 stakeholders (citizens and government departments that regulate the affairs of the council) and 20 suppliers and contractors working across its divisions and departments 10 civic leaders. The sample population was categorized into 4 groups that was selected randomly and others purposively.

3.5 Data Analysis

Data analysis from the answered questionnaires was edited and classified as per the objectives of the study and expressed in percentages and any other appropriate statistical tool such as (SPSS). The quantified data was then presented in form of tables, graphs and charts and qualitative information presented in form of analytical narratives/descriptions.



CHAPTER FOUR

DATA FINDINGS, PRESENTATION AND INTERPRETATION

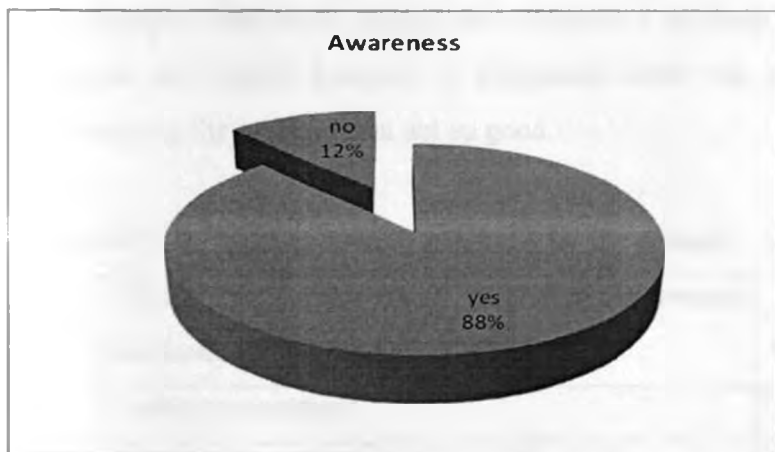
4.1: Introduction

This chapter presents data, its analysis and finally the interpretation of the findings on the implementation and legislation of public procurement and disposal act (2005) by local authorities in Kenya, specifically in County Council of Olkejuado. The data is presented in form of tables, charts and graphs. The researcher distributed 130 questionnaires to all the employees of Olkejuado County Council. However, Out of the 130 questionnaires that were issued, 100 were returned duly filled. This translates to 76.9% response rate, which is within Mugenda, and Mugenda's (2003) prescribed significant response rate for statistical analysis, which they established at a minimal value of 50%.

4.2: Implementation of the Act

The respondents were asked to indicate their awareness of the public procurement Act (2005) and its legislation (2006). The findings are presented in the table below.

Figure 4.1: Awareness



Source: Researcher (2011)

From the figure 88% of the respondents are aware of the public procurement Act (2005) and its legislation (2006) while 12% are not. Thus majority of the employees in County Council of Olkejuado are aware of Act, hence they provided relevant information

concerning the research objectives. In addition majority of the employees (88%) stated that the local authority started to implement the act in 2007, while the rest were unaware of the specific year of the implementation.

Figure 4.2: Rating of the council



Source: Researcher (2011)

From the figure, 44% rated the council in terms of implementing the procurement act (2005) and its legislation 2006 as good, 20%, as very good, 12% as fair, 10% as poor while another 10% were unaware and 4% rated it as very poor. Thus majority of the employees in County Council of Olkejuado views the council's effort in terms of implementing the procurement act as good.

Table 4.2: Use of procurement methods by the council

| The council were asked to give procurement methods by the council | Mean | STDEV |
|---|------|-------|
| Direct procurement | 4.69 | 0.51 |
| Open tender | 4.6 | 0.436 |
| Request for quotations | 4.59 | 0.35 |
| Request for proposals | 4.58 | 0.748 |
| Restricted tendering | 4.56 | 0.384 |

Source: Researcher (2011)

From the table, direct procurement had a mean score of 4.69; Open tender had a mean score of 4.60, request for quotations had a mean score of 4.59, while request for proposals and restricted tendering had mean scores of 4.58 and 4.56 respectively. From the findings, direct procurement, Open tender, request for quotations, request for proposals and restricted tendering in that order are the various procurement methods used in County Council of Olkejuado.

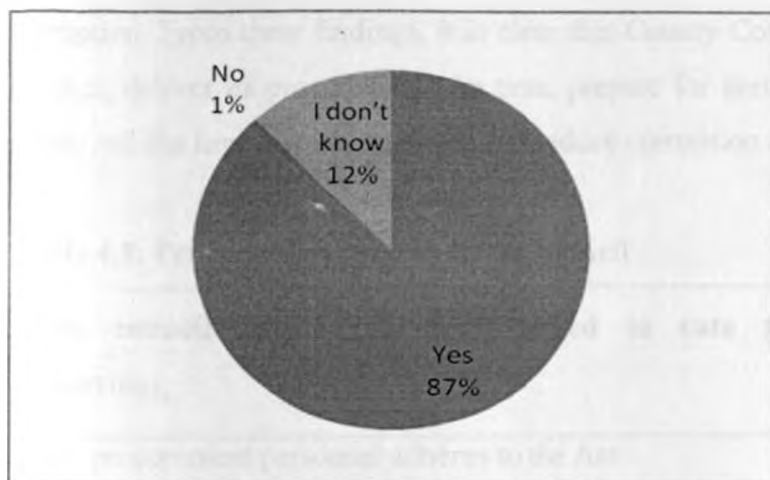
Table 4.3: Committees Existence in the council

| Name | Yes | No | I don't know |
|-------------------------------------|------------|-----------|---------------------|
| Tender committee | 80 | 0 | 20 |
| Evaluation committee | 81 | 3 | 16 |
| Tender opening committee | 82 | 1 | 17 |
| Disposal committee | 70 | 2 | 28 |
| Inspection and acceptance committee | 74 | 1 | 25 |

Source: Researcher (2011)

From the table a percentage of 82%, 81%, 80%, 74% and 70% represent those who stated that tender committee, evaluation committee, tender opening committee, disposal committee and inspection and acceptance committee exist while very few respondents indicated no existence or were unaware. Therefore, majority of the employees in County Council of Olkejuado are aware of the existence of tender committee, evaluation committee, tender opening committee, disposal committee and inspection and acceptance committee in the county.

Figure 4.3: Use of Standard Tender Document by the council



Source: Researcher (2011)

From the figure, 87% of the respondents knew of the use of standard tender document by the council, 12% had no idea, while 1% denied the use of the document. Thus, it can be concluded that there is the use of standard tender document in County Council of Olkajuado. In addition 80% of the respondents rated the conduct of the council in implementing the Public Procurement Act as strict, while on overall 82% indicated that the implementation was above average

Table 4.4: Implementation of the Act by the council

| The respondents were asked the following | Yes | No | I don't know |
|---|-----|----|--------------|
| Are there instances the council fails to adhere to the Act | 6 | 76 | 18 |
| Does the council deliver its procurements on time | 83 | 0 | 17 |
| Does your council prepare for annual procurement and disposal plans | 84 | 2 | 14 |
| Does implementation of the Act reduce corruption in your view | 60 | 36 | 4 |

Source: Researcher (2011)

The table above presents response on various statements in regard to the implementation of the Procurement Act. From the table, 76% of the respondents denied that there are instances that the council fails to adhere to the Act, 83% agreed that the council deliver its procurements on time, 84% agreed that the council prepare for annual procurement

and disposal plans, while only 60% agreed that implementation of the Act reduce corruption. From these findings, it is clear that County Council of Olkajuado adheres to the Act, deliver its procurements on time, prepare for annual procurement and disposal plans, and the implementation of the Act reduce corruption in the council.

Table 4.5: Procurement process in the council

| The council respondents were asked to rate the following: | Mean | STDEV |
|--|-------------|--------------|
| The procurement personnel adheres to the Act | 3.7 | 0.026 |
| Procurement department is important in the council | 3.69 | 0.453 |
| The role of procurement in public sector has evolved | 3.59 | 0.645 |
| Procurement plays a strategic role in the council | 3.58 | 0.744 |
| Procurement and disposal plans enhances efficiencies | 3.49 | 0.241 |
| The implementation of the Act causes unnecessary delays | 1.67 | 0.144 |
| Procurement process is normally interfered | 1.56 | 0.113 |

Source: Researcher (2011)

From the table the procurement personnel adhere to the Act had a mean score of 3.7. Procurement department is important in the council had a mean score of 3.69. The role of procurement in public sector has evolved; procurement plays a strategic role in the council and procurement and disposal plans enhances efficiencies had mean scores of 3.59, 3.58, and 3.49 respectively. The implementation of the Act causes unnecessary delays and procurement process is normally interfered had lower mean scores of 1.67 and 1.56. The findings indicated that in County Council of Olkajuado procurement personnel adhere to the Act, the role of procurement in public sector has evolved; procurement plays a strategic role in the council and procurement, while implementation does not cause unnecessary delays and the process is not interfered.

Table 4.6: Rating of the Council

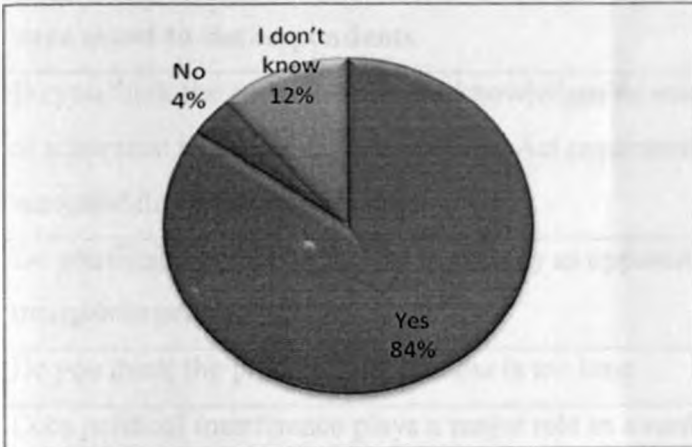
| The respondent were asked to the following regulators | Mean | STDEV |
|---|-------------|--------------|
| Public Procurement Oversight Authority power to enforce adherence to the Act | 4.65 | 0.357 |
| PPOA powers to intervene on appeals lodged by disgruntle parties. | 4.58 | 0.864 |
| PPOA training on management of local authorities on compliance | 4.55 | 0.663 |
| The ministry of local government has power to enforce adherence to the Act | 4.54 | 0.766 |
| PPOA circulars on procurement issues | 4.53 | 0.572 |
| Public Procurement Oversight Authority interventions to train procurement personnel | 4.5 | 0.865 |

Source: Researcher (2011)

From the table Public Procurement Oversight Authority power to enforce adherence to the Act had a mean score of 4.65; PPOA powers to intervene on appeals lodged by disgruntle parties had a mean score of 4.58. PPOA training on management of local authorities on compliance had a mean score of 4.55 while the ministry of local government has power to enforce adherence to the Act had a mean score of 4.54. PPOA circulars on procurement issues and Public Procurement Oversight Authority interventions to train procurement personnel had mean scores of 4.53 and 4.50. From these findings, it is clear that Public Procurement Oversight Authority has power to enforce adherence to the Act, to intervene on appeals lodged by disgruntle parties, offers training on management of local authorities on compliance, while the ministry of local government has power to enforce adherence to the Act.

4.3: Accountability of the Procurement Process

Figure 4.4: Is the procurement process open and transparent



Source: Researcher (2011)

From the figure, 84% of the respondents agreed that the procurement process is open and transparent in the council, 12% had no idea, while 4% denied. Thus it can be concluded that the procurement process in County Council of Olkajuado is open and transparent.

Suggestions on implementation of a large-scale technology platform to control buying demand and capture detailed spending data, Integrating procure-to-pay or source-to-pay functions for maximum visibility and spending control, adopting a consolidated shared services approach, while outsourcing to speed the transformation process, leverage third-party expertise and minimize upfront investment were suggested as the various ways in which the council can improve its procurement activities

Table 4.7: Accountability and Transparency

| The following questions on Accountability and Transparency were asked to the respondents | Yes | No | I don't know |
|--|------------|-----------|---------------------|
| Do you think the council staffs are knowledgeable enough in terms of adherence to the public procurement Act requirement standard of accountability and transparency | 76 | 9 | 15 |
| Do you think corruption thrives in secrecy as opposed to an open transparent process? | 28 | 60 | 12 |
| Do you think the procurement process is too long | 16 | 66 | 18 |
| Does political interference plays a major role in awarding of tenders | 50 | 38 | 12 |
| The pressure from the Management influences the process | 25 | 60 | 15 |
| Bids are evaluated objectively and the best candidate takes the day | 20 | 70 | 10 |
| Are there instances the procurement process seems to be opaque as opposed from being transparent? | 20 | 58 | 22 |

Source: Researcher (2011)

The table above presents response on various statements in regard to accountability of the procurement process. From the table, 76% of the respondents think the council staffs are knowledgeable enough in terms of adherence to the Public Procurement Act requirement standard of accountability and transparency. 60% and 66% respectively deny corruption thrives in secrecy as opposed to an open transparent process, and the procurement process is too long. 50% agreed that political interference plays a major role in awarding of tenders. 60% and 70% respectively denied that the pressure from the management influences the process and that bids are evaluated objectively and the best candidate takes the day, while 58% denied that there are instances the procurement process seems to be opaque as opposed from being transparent

Preparing a competitive solicitation; (which begin with complete, concise terms of reference); gathering and logging proposals; establishing an evaluation committee;

reviewing and evaluating proposals; documenting the selection; and issuing a purchase order or contract were the various processes cited to ensure the process of procurement in County Council of Olkajuado is more transparent.

4.4: Good Governance

Table 4.8: Rating the council on good governance

| | Mean | STDEV |
|--------------------------|------|-------|
| Revenue collection | 4.64 | 0.436 |
| IT | 3.61 | 0.51 |
| Procurement management | 4.61 | 0.384 |
| Survey services | 4.75 | 0.35 |
| Payment to Suppliers/ | 2.43 | 0.748 |
| Contractors' performance | 4.66 | 0.707 |
| Garbage collection | 4.58 | 0.433 |
| Project implementation | 3.59 | 0.321 |

Source: Researcher (2011)

From the table above, Survey services had a mean score of 4.75. Contractors had a mean score of 4.66. Revenue collection had a mean score of 4.64. Procurement management and Garbage collection had mean scores of 4.61 and 4.58 respectively. IT, Project implementation and payment to suppliers had lower mean scores of 3.61, 3.59 and 2.43 respectively. The findings thus indicate that survey services, contractors' performance, revenue collection, procurement management and garbage collection are highly rated in County Council of Olkajuado while IT, Project implementation and payment to suppliers are low rated.

Various ways were suggested by the respondents to enhance governance in the council. These were communications improvement within and outside the organization, appointment of independent directors to the board, as well as implementing a code of ethics to enhance strictness and adherence to the professional ethics by the employees.

Table 4.9: Rating the council interms of the public procurement

| The respondent were asked to rate the council in the following 11 public procurement cycle | Mean | STDEV |
|---|-------------|--------------|
| Procurement requisition processing | 4.75 | 0.284 |
| Bid/ proposal evaluation | 4.7 | 0.011 |
| Contract negotiations | 4.69 | 0.15 |
| Procurement planning | 4.67 | 0.11 |
| Documents | 4.67 | 0.407 |
| Requirement identification | 4.66 | 0.336 |
| Post contract award considerations | 4.66 | 0.715 |
| Bid/ proposal submission and opening | 4.61 | 0.135 |
| Pre-bid/ proposal meeting and site visit | 4.59 | 0.333 |
| Contract award | 4.59 | 0.542 |
| Determine procurement method | 4.58 | 0.05 |
| Prepare and publish bidding/ proposal | 4.55 | 0.148 |
| Award recommendation | 4.55 | 0.284 |

Source: Researcher (2011)

From the table, procurement requisition processing had a mean score of 4.75. Bid/ proposal evaluation had a mean score of 4.70. Procurement planning and documents had a similar mean score of 4.67. Requirement identification and post contract award considerations had a similar mean score of 4.66. Bid/ proposal submission and opening (4.61), Pre-bid/ proposal meeting and site visit and contract award, (4.59), Determine procurement method (4.58) were also highly rated interms of the public procurement in the council. The findings thus indicate that procurement requisition processing bid/ proposal evaluation, Procurement planning and documents, Requirement identification and post contract award considerations , Pre-bid/ proposal meeting and site visit and contract award Determination of procurement method are highly rated interms of the public procurement in County Council of Olkajuado,

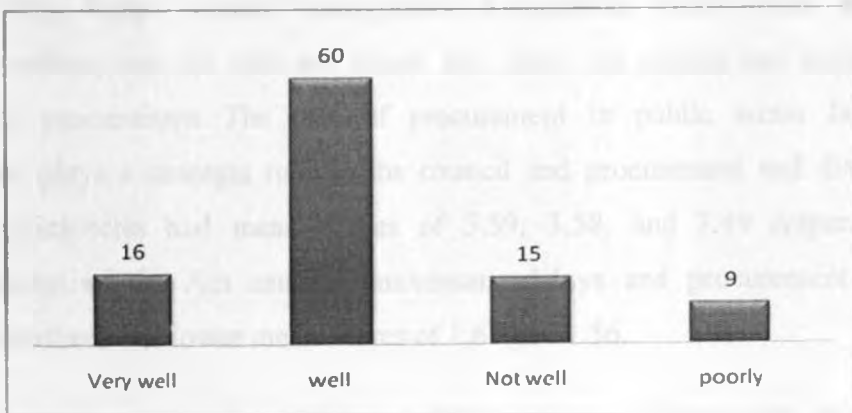
Table 4.10: Implementation and Activities

| The respondents were asked to rate the following public procurement Implementation and Activities | Yes | No | don't know |
|---|-----|----|------------|
| Does the council involve stakeholders in making key decisions under its jurisdiction | 70 | 15 | 15 |
| Do the council strictly procure from the procurement plan? | 79 | 10 | 11 |
| Do the council implement its projects on time? | 60 | 38 | 2 |

Source: Researcher (2011)

From the table, 79% of the respondents indicated that the council strictly procures from the procurement plan, 70% stated that the council involve stakeholders in making key decisions under its jurisdiction, while only 60% indicated that the council implement its projects on time. Thus, the findings indicated that County Council of Olkajuado strictly procures from the procurement plan, involve stakeholders in making key decisions under its jurisdiction and implement its projects on time.

Figure 4.5: How resources are managed in the council



Source: Researcher (2011)

From the figure, 60% of the respondents indicated that resources are well managed, 16% stated very well, 15% stated not well while 9% stated poorly. In addition majority of the respondents 76% rate the council as good in terms of meeting its payments obligation for good, services or works delivered while the rest (26%) rated it as fair.

4.5 Summary of findings compared to Literature Review

On the implementation of public procurement act 88% respondents of the respondents are aware of the public procurement Act (2005) and its legislation (2006). 88% Respondents stated that the local authority started to implement the act in 2007 hence they provided relevant information concerning the research objectives. The respondents indicated that the implementing the procurement act (2005) and its legislation 2006 was fairly good at 70% of the respondents. Thus majority of the employees in County Council of Olkejuado views the council's effort in terms of implementing the procurement act as good whereas opposed to Public procurement in Kenya has never been far from controversy according to the Public Procurement oversight report (2007) many allegations of unscrupulous behavior in public financial management in central and municipal governments or in state enterprises have been linked to procurement.

Majority of the employees in County Council of Olkejuado are aware of the existence of tender committee, evaluation committee, tender opening committee, disposal committee and inspection and acceptance committee in the county and 77%. According to Zsidisin, Siferd, (2001), Supply Chain Management Association which trains members in purchasing ethics, and the rest are aware that there are ethical and legal standards involved in procurement. The role of procurement in public sector has evolved; procurement plays a strategic role in the council and procurement and disposal plans enhances efficiencies had mean scores of 3.59, 3.58, and 3.49 respectively. The implementation of the Act causes unnecessary delays and procurement process is normally interfered had lower mean scores of 1.67 and 1.56.

According to Rege (2001), the most important benefit of transparent and open procedures is the impact which their adoption may have on the level of corruption in countries where it is widespread. Therefore, transparency promotes trust by allowing stakeholders to see and judge the quality of government actions and decisions (Smith-Deighton, 2004). 84% of the respondents agreed that the procurement process is open and transparent in the council. From the findings, 76% of the respondents think the council staffs are knowledgeable enough in terms of adherence to the Public Procurement Act requirement

standard of accountability and transparency. 60% and 66% respectively deny corruption thrives in secrecy as opposed to an open transparent process, and the procurement process is too long. 50% agreed that political interference plays a major role in awarding of tenders. 60% and 70% respectively denied that the pressure from the management influences the process and that bids are evaluated objectively and the best candidate takes the day, while 58% denied that there are instances the procurement process seems to be opaque as opposed from being transparent. Surprisingly according to KARA report local authorities' procurement as lacks transparency and accountability and that many stakeholders are kept on the dark. Thus many citizens observe that the process is corrupt and full of manipulations this results to poor governance of the public resource.

The study of implementation and legislation of the Public Procurement and disposal Act (2005) and the extent to which the Act promotes good governance shall no doubt bring out an experience faced by most local authorities in Kenya. The study found good governance in the council is high due the mean score of 4.75. Contractors had a mean score of 4.66. Revenue collection had a mean score of 4.64. Procurement management and Garbage collection had mean scores of 4.61 and 4.58 respectively. IT, Project implementation and payment to suppliers had lower mean scores of 3.61, 3.59 and 2.43 respectively this underestimated in any private or public entities due it its enormous role in management of resources and to entrenched good governance. Kenya public procurement has equally evolved from no rules to circular and to now governed by an act of parliament and regulations Public procurement Oversight Authority (2007) and presently entrenched in the new constitution.

CHAPTER FIVE

SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter presents the summary of findings. The aim of the study was to examine implementation and legislation of public procurement and disposal act (2005) by local authorities in Kenya, taking a case of County Council of Olkejuado

5.2 Summary

From the findings, majority of the employees in County Council of Olkejuado views the council's effort in terms of implementing the procurement act as good. In addition, direct procurement, Open tender, request for quotations, request for proposals and restricted tendering in that order are the various procurement methods used by Council. Tender committee, evaluation, tender opening, disposal and inspection as well as acceptance committees in the county exist to facilitate the process where there is the use of standard tender document. As was noted the conduct of the council in implementation of the Public Procurement Act as was rated as strict, while on overall it was above average. From the findings, rarely were instances when the council fails to adhere to the Act where the council deliver its procurements on time, prepare for annual procurement and disposal plans. The findings also indicated that in County Council of Olkajuado procurement personnel adhere to the Act, the role of procurement in public sector has evolved; procurement plays a strategic role in the council and procurement, while implementation does not cause unnecessary delays and the process is not interfered. It was also clear that Public Procurement Oversight Authority has power to enforce adherence to the Act, to intervene on appeals lounged by disgruntle parties, offers training on management of local authorities on compliance, while the ministry of local government has power to enforce adherence to the Act.

On accountability of the procurement process, the study noted that the procurement process in County Council of Olkajuado is open and transparent. In addition, the council staffs are knowledgeable enough in terms of adherence to the public procurement Act requirement standard of accountability and transparency no corruption as well as delay in procurement process.

Procurement and disposal plans enhance efficiencies where procuring entities meet the commercial, regulatory and socio-economic goals of government in a manner that is appropriate to the procurement requirement. Furthermore, a good procurement practice should embrace: efficiency, which requires that procurement processes be carried out as cost effectively as possible; fair-dealing, where suppliers should be treated fairly, without discrimination or prejudice including protection of commercial confidentiality where necessary. On good governance, the findings indicated that survey services, contractors, revenue collection, procurement management and garbage collection are highly rated in County Council of Olkajuado while IT, Project implementation and payment to suppliers are low rated. In addition, the findings indicated that procurement requisition processing bid/ proposal evaluation, procurement planning and documents, requirement identification and post contract award considerations , pre-bid/ proposal meeting and site visit and contract award determination of procurement method are highly rated interms of the public procuremenent process in County Council of Olkajuado. It was also clear that the Council strictly procures from the procurement plan, involve stakeholders in making key decisions under its jurisdiction and implement its projects on time.

5.3 Conclusions

From the foregoing findings the study concluded that implementation of the Procurement Act by County Council of Olkejuado is good where its conduct is strict, while on overall it is above average. In addition, direct procurement, Open tender, request for quotations, request for proposals and restricted tendering are the various procurement methods used by Council. The procurement process in the council is facilitated by tender committee, evaluation, tender opening, disposal and inspection as well as acceptance committees in

the county where there is the use of standard tendering documentation. During implementation, procurement personnel adhere to the Act,; procurement plays a strategic role in the council and the procurement personnel have a thorough knowledge of the Act, while implementation does not cause unnecessary delays and the process is not interfered. On accountability of the procurement process the study concluded that the council maintains openness and transparency where staffs are knowledgeable enough in terms of adherence to the Act requirement with no corruption. In conclusion, survey services, contractors' performance, revenue collection, procurement management and garbage collection are highly rated in County Council of Olkajuado while IT, Project implementation and payment to suppliers are low rated. Also, procurement requisition processing bid/ proposal evaluation, procurement planning and documents, requirement identification and post contract award considerations , pre-bid/ proposal meeting and site visit and contract award determination of procurement method are highly rated

5.4 Recommendations

From the findings the study recommended the council should intensify awareness to all its employees on the procurement process and activities in order to enhance participation. In order to improve its procurement activities, the council should enhance implementation of a large-scale technology platform to control buying demand and capture detailed spending data, Integrate procure-to-pay or source-to-pay functions for maximum visibility and spending control as well as adopt a consolidated shared services approach. This should also go along with outsourcing to speed the transformation process, leverage third-party expertise and minimize upfront investment. To ensure more transparency, the council should enhance preparation of a competitive solicitation: (which begin with complete, concise terms of reference); gathering and logging proposals; establishing an evaluation committee; reviewing and evaluating proposals; documenting the selection; and issuing a purchase order or contract. To enhance governance in the council, improvement within and outside the organization, involvement of stakeholders on its various activities, as well as implementing a code of ethics to enhance strictness and adherence to the professional ethics by the employees should be adopted by the council.

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APPENDICES

APPENDIX 1: INTRODUCTION LETTER

University of Nairobi,
School of Business,
P.O. Box 30197-00100,
Nairobi.
10th September, 2011.

Dear respondent,

I am a postgraduate student at the University of Nairobi, School of Business. I am conducting a research on “the implementation and legislation of public procurement and disposal act (2005) by local authorities in Kenya: a case of county council of olkejuado”. This is in partial fulfillment of the requirements for the Master of Business Administration Degree.

Kindly fill the attached questionnaire to the best of your knowledge. The information will be used purely for academic purposes and will be treated with strict confidence. A copy of the final report will be availed to you on request.

Your assistance will be highly appreciated. Thank you.

Yours faithfully,

Jonathan L. Meijo
MBA Student

Peterson Magutu
Research supervisor

APPENDIX II
QUESTIONNAIRE

SECTION A: IMPLEMENTATION OF THE ACT

1. Are you aware of the public procurement Act (2005) and its legislation (2006)?

Yes No

2. When did your local authority started to implement the public procurement act (2005) and its legislation2006

(a) 2007

(b) 2008

(c) 2009

(d) 2010

(e) 2011

(f) I don't know

3. In your own view how would you rate the council in terms of implementing the procurement act (2005) and its legislation2006.

(a) Very good

(b) Good

(c) Fair

(d) Poor

(e) Very poor

(f) I don't know

4. To what extent has the council used the following procurement methods

| | Very greatly | greatly | rarely | Very rarely | never |
|------------------------|--------------|---------|--------|-------------|-------|
| Open tender | | | | | |
| Direct procurement | | | | | |
| Restricted tendering | | | | | |
| Request for quotations | | | | | |
| Request for proposals | | | | | |

5. Do the following committees exist in the council tick as appropriate

| Name | Yes | No | I DON'T KNOW |
|-------------------------------------|-----|----|--------------|
| Tender committee | | | |
| Evaluation committee | | | |
| Tender opening committee | | | |
| Disposal committee | | | |
| Inspection and acceptance committee | | | |

6. What is the minimum membership for the following committees

| Name | |
|-------------------------------------|--|
| Tender committee | |
| Evaluation committee | |
| Tender opening committee | |
| Disposal committee | |
| Inspection and acceptance committee | |

7. Does the council use standard tender document

a) Yes b) No c) I don't know

8. How do you rate the conduct of the council in implement the Public Procurement Act and the regulation.

a) Very strict b) Strict c) Fair d) Poor

9. Are there instances the council fails to adhere to the Act?

a) Yes b) No c) I don't know

10. How do you rate the council in terms of implementing the Act?

a) Above average b) Average c) Below average d) I don't know

11. Does the council deliver its procurements on time?

a) Yes b) No c) I don't know

12. If, No do you think the delays are as a result of implementing the public procurement Act?

a) Yes b) No c) I don't know

13. Does your council prepare for annual procurement and disposal plans?

a) Yes b) No c) I dont know

14. Does implementation of the Act reduce corruption in your view?

a) Yes b) No c) I don't know

15. Please tick the following in regard to council as appropriate.

| | Very greatly | greatly | rarely | Not at all |
|---|--------------|---------|--------|------------|
| The procurement personnel adheres to the Act | | | | |
| Procurement and disposal plans enhances efficiencies | | | | |
| The implementation of the Act causes unnecessary delays | | | | |
| The role of procurement in public sector has evolved | | | | |
| Procurement plays a strategic role in the council | | | | |
| Procurement department is important in the council | | | | |
| Procurement process is normally interfered | | | | |

16. Please tick as appropriate

| | Excellent | Very good | good | poor | Very poor |
|---|-----------|-----------|------|------|-----------|
| The ministry of local government power to enforce adherence to the Act | | | | | |
| Public Procurement Oversight Authority power to enforce adherence to the Act | | | | | |
| Public Procurement Oversight Authority interventions to train procurement personnel | | | | | |
| PPOA training on management of local authorities on compliance | | | | | |
| PPOA circulars on procurement issues | | | | | |
| PPOA powers to intervene on appeals lodged by disgruntle parties. | | | | | |

SECTION B: ACCOUNTABILITY OF THE PROCUREMENT PROCESS

1. Is the procurement process open and transparent?

- a) Yes b) No c) I don't know

a). if No. please suggest improvements you would wish to see in the entire procurement process in your local authority

2. In what ways would you like to see your local authorities involve you in its procurement activities?

3. Do you think the council staffs are knowledgeable enough in terms of adherence to the public procurement Act requirement standard of accountability and transparency?

a) Yes b) No c) I don't know

4. Do you think corruption thrives in secrecy as opposed to an open transparent process?

a) Yes b) No c) I don't know

5. What is your view in terms of council procurement process in regard to the following

a) The procurement process is too long

a) Yes b) No c) I don't know

6. Does political interference plays a major role in awarding of tenders.

a) Yes No c) I don't know

7. The pressure from the Management influences the process

a) Yes b) No c) I don't know

8. Bids are evaluated objectively and the best candidate takes the day

Yes NO I don't know

9. Are there instances the procurement process seems to be opaque as opposed from being transparent?

a) Yes b) No c) I don't know

10. What do you think should be done to make the process more transparent?

SECTION C: GOOD GOVERNANCE

1. How do you rate the council in terms of the following?

| | Very good | good | fair | poor | Very poor |
|-----------------------------------|-----------|------|------|------|-----------|
| Revenue collection | | | | | |
| IT | | | | | |
| Procurement management | | | | | |
| Survey services | | | | | |
| Payment to Suppliers/ Contractors | | | | | |
| Garbage collection | | | | | |
| Project implementation | | | | | |

1. What do you think should be the proper actions to be taken to enhance good governance of the council resources

3. Does the council involve stakeholders in making key decisions under its jurisdiction?

a) Yes b) No c) i don't know

4. Please rate the council in terms of the public procurement cycle below

| | Excellent | Very good | Good | Fair | Poor |
|---|-----------|-----------|------|------|------|
| Requirement identification | | | | | |
| Procurement planning | | | | | |
| Procurement requisition processing | | | | | |
| Determine procurement method | | | | | |
| Prepare and publish bidding/ proposal Documents | | | | | |

| | | | | | |
|--|--|--|--|--|--|
| Pre-bid/ proposal meeting and site visit | | | | | |
| Bid/ proposal submission and opening | | | | | |
| Bid/ proposal evaluation | | | | | |
| Award recommendation | | | | | |
| Contract negotiations | | | | | |
| Contract award | | | | | |
| Post contract award considerations | | | | | |

6. Do the council strictly procure from the procurement plan?
 a) Yes b) No c). Sometimes
7. How are resources managed in your council?
 a) Very well b) well c) Not well d) poorly
8. Do the council implement its projects on time?
 a)Yes b)No c) I don't know
9. How do you rate the council in terms of meeting its payments obligation for good, services or works delivered?
 a) Very good
 b) Good
 c) Fair
 d) poor

11. What do you think should be done to make the council meet its obligation on time if it does not do so?
