INFLUENCE OF FINANCIAL APPLICATION SYSTEM ON PROCUREMENT MANAGEMENT OF HERMANN GMEINER SCHOOL AT SOS ELDORET, UASIN GISHU KENYA

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A RESEARCH PROJECT SUBMITTED IN PARTIAL FULFILLMENT OF THE REQUIREMENT FOR THE AWARD OF THE DEGREE OF

MASTER OF ARTS PROJECT PLANNING AND MANAGEMENT

UNIVERSITY OF NAIROBI

2015
DECLARATION

STUDENT'S DECLARATION

I, the undersigned, declare that this project is my original work and that it has not been presented in any other university or institution for academic credit.

Sign........................................ Date....................................

Kibe Faith Muthoni
Registration Number: L50/71745/2014

SUPERVISOR

This project has been submitted for examination with our approval as university supervisors

Signature:.................................................. Date:- ..............................

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DEDICATION

I dedicate this research project to my mum Margaret Kibe and dad Gibson Kibe for their love, support and source of encouragement throughout the project writing. God bless you abundantly.
ACKNOWLEDGEMENT

I express gratitude to university of Nairobi for giving me the chance to further my studies. Special thanks to my supervisor Prof. Paul Odundo for his great inspiration, valuable guidance and relentless encouragement he made to ensure that this work met expected standard throughout the study period. I appreciate the sacrifice he made despite his busy schedules giving guidance, assistance, support, professional advice and constructive criticism up to the end. I wish to acknowledge my course units’ lecturer, Dr. Assay, Koringura, Mr. Sakaja, Mr. Cheben, Mr. Likuyani and Mr. Ochieng’ for enriching me with excellent course content that enabled me to handle the research project. I am highly also indebted to SOS Hermann Gmeiner School which provided information on programs done in this project. I would also like to thank procurement management committee and board of management for their immense contribution without which this work would have been incomplete.

My special gratitude goes to my siblings, Patience, Tolbert, Ann, Patrick, Paul and Charles for their love, prayers and support. My deepest appreciation goes to Peter for his prayers, encouragement and support throughout my project writing. I am indebted to my course mates Miriam, Boit, and Wellingtone, for their company throughout my entire study period, the group discussions that we had, your love and encouragement meant a lot to me. There are many others I have not been able to mention by name who contributed in one way or another towards the accomplishment of this project as my Studies. Please accept my gratitude and indebtedness to you. Much gratitude goes to all my colleagues for all the support during my study period and for covering for me in my absence. God bless you abundantly.
ABSTRACT

Adoption of FAS improves procurement management process because it raises efficiency hence reducing pilferages that can be as result of ineffective use of FAS. An institution that uses FAS is perceived to have many benefits that are brought into practice; transparency, accountability and usage of available resources. More organizations are adopting the use of these systems in their procurement departments with an aim of reaping benefits. Schools are not to be left behind as more and more adopt this system in procurement management. The exact nature and types of benefits have not been properly documented in studies and schools using these systems still are susceptible to frauds and other malpractices associated with manual functioning of the procurement department. The study aimed at looking at the influence of financial application system on procurement management: A Case of Hermann Gmeiner School at SOS Eldoret, Uasin Gishu Kenya. The study was guided by the following research objectives; to establish the effect of internal controls of financial application system on procurement management; to determine the effect of planning and budgeting of financial application system on procurement management; to examine the effect of tendering of financial application system on procurement management and finally to determine the effect of reporting of financial application system on procurement management. The study employed a census research design. The target population included school director, 10 members of management, 15 members of procurement management committee, 16 finance officers and 52 teachers. The target population therefore comprised of 94 respondents. Census sampling technique was used to select the respondents for the study. The researcher used questionnaire as data collection instrument and interview schedules for management. The data was organized, presented, analyzed and interpreted using descriptive and inferential statistics. Descriptive statistics that was used to analyze data are frequencies tables, percentages. Inferential statistics employed the use of regression analysis on the variables. Data was analyzed and tested at 0.05 level of significance. The study found that procedural internal controls affects procurement management (87.0%) this implies that the school had set up effective internal controls that included effective procedural control measures through the Financial Application Systems that worked to improve procurement management; planning and budgeting positively affect procurement management (81.9%) this gave an indication that there was effective planning and budgeting processes that were exhaustive and which then improved procurement management; Further, tendering positively affect procurement management (80.5%) giving an indication that the procurement process of tendering was transparent and accountable which consequently helped to improve procurement management at the school; finally reporting also positively affects procurement management (79.5%) implying a well set procedures and guidelines does not allow any manipulation of such processes and that the procurement process was well documented and finally reported in acceptable formats that then positively affected procurement management. The study therefore recommends that Hermann Gmeiner School develops a policy to continuously customize FAS application to suit its main operational processes related to procurement management. The study also recommends that Hermann Gmeiner School develops a policy on management of the FAS. This would ensure that the right persons are recruited and selected to run the system in the most effective manner in a way that it achieve best results for the organization at Hermann Gmeiner School.
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### ABBREVIATIONS AND ACRONYMS

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<tr>
<td>AIE</td>
<td>Authority to Incur Expenditure</td>
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<td>FAS</td>
<td>Financial Application System</td>
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<td>ICT</td>
<td>Information Communication and Technology</td>
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<td>MIS</td>
<td>Management Information System</td>
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<td>NACOSTI:</td>
<td>National Council of Science and Technology Innovation</td>
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<td>OECD</td>
<td>Organization for Economic Cooperation and Development</td>
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<td>PMO</td>
<td>Procurement Management Office</td>
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<td>PMC:</td>
<td>Procurement Management Committee</td>
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<td>PPP</td>
<td>Procurement planning process</td>
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<td>PPOA:</td>
<td>Public Procurement Oversight</td>
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<td>SOS</td>
<td>Social Society</td>
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<td>SPSS:</td>
<td>Statistical Package for Social Science</td>
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<td>TSF:</td>
<td>Tender Submission Form</td>
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<td>Request for Tender</td>
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<td>RFP:</td>
<td>Request for Proposal</td>
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<td>PMP:</td>
<td>Procurement Management Process</td>
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<td>PM:</td>
<td>Procurement Management</td>
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<td>HGS:</td>
<td>Herman Gmeiner Schools</td>
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<td>WBS:</td>
<td>Work Breakdown Structure</td>
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<td>IFMS</td>
<td>Integrated Financial Management System</td>
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CHAPTER ONE

INTRODUCTION

This chapter covered the background of the study, the statement of the problem, the purpose of the study, the research objectives, the general and specific objectives, the research hypothesis, the significance of the study, the scope of the study, delimitations of the study, the limitations of the study, the organizations of the study the assumptions of the study and the operational definition of terms.

1.0 Background of the Study

Increasing effectiveness, efficiency and transparency of procurement process is an ongoing concern in many institutions (Knight, 2007). Procurement management using FAS in ensures efficient sourcing of goods which are efficient in delivery. Effective use of FAS tends to raise efficiency in procurement process in acquisition of institutional goals. There is need for transparency while enhancing openness and clarity of Procurement Management policy and system (World Bank, 2003). Ineffective use of FAS leads to pilferages, fraud, favoritism in terms of selection of suppliers, misuse of resources and manipulation. FAS influence procurement management in many organizations driven by efficient and effective FAS to improve procurement management process (Mendoza, 2008). Many institutions in Kenya including privately sponsored schools such as SOS have heavily invested in the concept of FAS use in procurement management by acquisition of the necessary FAS applications to govern procurement management (Zima, 2007). Consequently these organizations have been able to reap some of the perceived benefits of FAS in procurement management while at the same time experience the challenges associated with such systems (Ward, 2009).
Customized financial application system used for procurement management has been enhanced to contain a number of functionalities relating to the procurement function. The functions of FAS should be customized to the organizations procurement needs and should account for key operations including planning, budgeting, tendering and reporting (Knight, 2007). Failure to use FAS would mean these benefits are not accrued by the institution. The FAS has internal controls to guide information entry and is able to guide the organizations planning and control processes to ensure a reliable procurement functioning by ensuring effective resource allocation in the procurement process. The FAS is also key in tendering where process such as supplier optimization and contracts allocation are facilitated while at the same time reporting on procurement management (Ngugi, 2010). Currently, FAS used at SOS is able to perform some limited functionality relating to procurement including budgeting and reporting on funds utilization but the procurement managements leaving out key processes such as invoicing and preparing payment vouches and providing some necessary report such as supplier performance and goods procured reports (Ziwa, 2007).

The procurement management function is intended to cater for all organizations needs relating to acquisition of goods necessary by various departments at the organizations (Vance, 2011). The procurement management must essentially be reliable and efficient enough to cover for challenges such as lead-time and acquisition of poor quality goods those results from the procurement department’s failure to deliver on expectations. (Amudo, 2009). The procurement management process is occasionally governed by the FAS to be more reliable. At HGS the procurement management function is key to the efficient running of the school but the department has once in a while failed to meet the expectations of users leading to dissatisfaction by the department (Chenhall, 2013).
Effective checks in FAS provide guidelines that govern the process and procedures used in the procurement department. They ensure that the data entered is correct and entered in the correct manner. This is necessary to ensure efficiency of the procurement department functions (Glance, 2006). At SOS FAS has inbuilt internal controls which restrict and govern data entry. Planning and budgeting provided by the FAS is key in ensuring that the procurement process is comprehensive, sequential and meets timely needs of users. The planning and budgeting process in FAS is the most fundamental section because it provides the framework under which all other procurement management relies on (Teubner, 2005). At SOS planning and budgeting using FAS has been instrumental to meet procurement needs but automated mechanisms are insufficient (Tadelis, 2012).

A properly managed tendering process using FAS is essential to reduce challenges that have in the past resulted from manual procurement. Tendering process should relate to automation of quotation issuance and tender issuance including payment (Council, 2009). This functionality at SOS is largely manual despite the existence of FAS. The reporting function of FAS is key to the management group and for future procurement functions reference. All procurement reports should be generated by the FAS and should be used to correct or rate specific procurement activities (Canton et al., 2012). At SOS reporting functionality of FAS is highly utilized by the system is not able to generate varied to meet all the management needs (Temple, 2006).

Globally, their policies to enhance the usage of Financial Application Systems have been enacted with an aim of ensuring effectiveness of the procurement management (OECD, 2008). Although the private sector is often used as a benchmark for efficiency, procurement managements cannot still be said to be efficient (Tadelis, 2012). There is a need for transparency and corruption prevention even in the private sector in the use of procurement funds and many view the
institutionalization of additional controls and checks and balances as limiting to the agility and responsiveness of procurement practices. Procurement management in Africa have been characterized by manual procurement management with few institutions in the continent ready and ing to take up the challenge of automating procurement management (Yadav, 2007). Some of the reasons associated with these challenges have to do with lack of innovativeness on the side of management and the lack of commitment. Few organizations in Africa have managed to fully automate their procurement management (Mahmood, 2010). Countries such as South Africa and Nigeria have had many of their public and private institution automates procurement management (World Bank, 2007). This has helped in dealing with the challenges associated with the procurement management and also improves the image and confidence of the organization and that of suppliers respectively (OECD, 2008).

Procurement in Kenya has undergone series of interesting transformations (Awiti, 2008). Bohnstedt (2008) and PPOA (2007) noted that procurement in the country has evolved from a rudimentary system with no universal control framework to the gradual automation of procurement management in the country (Bohnstedt, 2008). IFMS and Kenya government have been in the forefront in championing changes in the procurement sector. Consequently, private institutions have borrowed leaf from the public institutions and even adopted some of the regulations provided by the public sector relating to procurement managements (Verdina 2011). The private sector in the processes has consequently improved its procurement management as it adopts financial application systems and tightens its procurement regulations (Bohnstedt, 2008).
Locally, schools such as the Hermann Gmeiner School in Eldoret are one of the leading schools in the use of Financial Application Systems. The schools procurement function is guided and controlled by the use of the Financial Application System however the institution is not protected from the challenges associated with the procurement department (Ngugi, 2010). The school has made tremendous progress in the management of procurement functions. HGS is an example of an institution that has faced procurement challenges despite using FAS (Chenhall, 2013). This has necessitated the undertaking of this study to clearly assess the best ways in which the Financial Application System can be utilized in the institution to achieve recommendable results in the use of Procurement management.

1.1 Statement of the Problem

Procurement management process should be effective, reliable, efficient and accountable to enable the management to operate with both long term and short term goal (Knight, 2007). Effective use of FAS enhances procurement management as a fundamental function in any organization. Use of FAS in many organizations has benefited procurement management committees by making their work easier due to automating the whole process hence reducing human fraud and manipulation. However, this is not the case in most institutions in Kenya. Various technologies have been proposed to assist procurement management and organization both in the private and public sector are inclined to adopt the use of these technologies (Kai, 2006).

FAS have become an important tool in procurement management of any organization. It provides for a set of internal controls that govern its utilization in the procurement department while at the same time facilitating for planning and budgeting of the procurement needs from various uses in the organization (Ngugi, 2013). The FAS enhances the tendering process efficiency and reports
on various issues relating to the procurement function. Many challenges evidenced by persistent
mismanagement of funds reported and delays in the procurement management are indicators that
even where Financial Application Systems are in place, more still needs to be done (Canton,
2012). A case in point is the Hermann Gmeiner School which despite utilizing the Financial
Application System is experiencing several challenges in the management of its procurement
operations. The procurement management in the school is associated with delays, procurement of
low quality products due to poor supplier optimization, inflexibility in the planning process
associated with design of the FAS among other challenges which have made end users of the
procurement management complain regularly while noting that the procurement management in
the school in heavily inefficient despite the utilization of the FAS (Awiti, 2008).

The lack of sufficient information and knowledge as to why procurement challenges continue to
occur despite the use of the FAS has necessitated the undertaking of this study to assess the
influence of financial application process on procurement management of Hermann Gmeiner
School at SOS Eldoret, Uasin Gishu Kenya.

1.2 Purpose of the study
The aim of the study is to examine the influence of financial application system on procurement
management at Hermann Gmeiner School at SOS Eldoret, Uasin Gishu Kenya.
1.4 Research objectives

The study sought to;

i. Determine the influence of internal controls on procurement management at Hermann Gmeiner School at SOS Eldoret, Uasin Gishu Kenya.

ii. Establish the Influence of planning and budgeting on procurement management at Hermann Gmeiner School at SOS Eldoret, Uasin Gishu Kenya.

iii. Assess the Influence of tendering on procurement management at Hermann Gmeiner School at SOS Eldoret, Uasin Gishu Kenya.


1.3 Research Questions

i. To what extent does an internal control influence procurement management at Hermann Gmeiner School at SOS Eldoret, Uasin Gishu Kenya?

ii. To what extent does planning and budgeting influence procurement management at Hermann Gmeiner School at SOS Eldoret, Uasin Gishu Kenya?

iii. To what extent does tendering influence procurement management at Hermann Gmeiner School at SOS Eldoret, Uasin Gishu Kenya?

iv. To what extent does reporting influence procurement management at Hermann Gmeiner School at SOS Eldoret, Uasin Gishu Kenya?

1.5 Significance of the Study

The principle of significance of this study was to determine and document influence of FAS on procurement management of Herman Gmeiner School at SOS Eldoret Uasin Gishu County.
The study provides procurement managers of the school with understanding of procurement management hence enable them to oversight and manage all procurement activities. The Procurement Manager would work with the procurement team to identify all items to be procured for the successful completion of the procurement. The Procurement Management Office (PMO) would then review the procurement list prior to submitting it to the contracts and purchasing department. The contracts and purchasing department reviewed the procurement items, determine whether it is advantageous to make or buy the items, and begin the vendor selection, purchasing and the contracting process hence reducing the cases of mismanagement.

Procurement Management Plan sets the procurement framework for institutional procurements. It served as a guide for managing procurement throughout the life of the procurement and be updated as acquisition needs change. This plan identifies and defines the items to be procured, the types of contracts to be used in support of this procurement, the contract approval process, and decision criteria. The importance of coordinating procurement activities, establishing firm contract deliverables, and metrics in measuring procurement activities is included. This study was of significance to future scholars who are interested in studying about the influence of financial application process in procurement management. The study also formed a body of literature that other scholars who are interested in studying the same or related areas can refer to.

1.6 Scope of the Study

In this study, content scope of the study addressed the influence of financial application system on the procurement. Geographical Scope, the study was conducted at Hermann Gmeiner School in SOS Eldoret, Uasin Gishu County Kenya is one of the best performing school and it has undergone poor management when it comes to procurement management. The school is located
in Eldoret town which lies on the North Rift region of Kenya and is the biggest town in North Rift and Western Regions with coordinates of 0.5167° N, 35.2833° E (Mbugua, 2005).

The study was undertaken in the month of April to July 2015 and it adopted a case study design with a target population of 94 respondents and it employed questionnaires for data collecting. The study focused on the design of procurement controls, planning, tendering and reporting on procurement management.

1.7 Delimitation of the Study
The study was only confined to SOS HGS, Eldoret excluding other SOS schools in Kenya. The results were not used to make reference to practices of other SOS schools. Secondly the study considered only four determinants out of many others including, internal controls, planning and budgeting, tendering and reporting. Finally the study employed census technique to target 94 respondents relevant to the study.

1.8 Limitation of the Study
The study was limited to only sample staff members since those were the only of respondents the study could use. The study was aware of this limitation and therefore took adequate steps to avoid any hasty generalization of the conclusions that may come out of this research. Some of the respondents were not willing to provide information for the study. However it was later explained to the respondents that the research was only carried out for educational purpose and thus the informational collected was confidential.
1.9 Assumptions of the Study

The study assumed that the school employs mechanisms of financial application system including design of internal controls, planning, and tender and reporting. The study also assumed that respondents responded to the questionnaires and interviews genuinely and without bias.

1.10 Operational Definition of Terms

**Procurement management:** is used in this study to refer to methods by which items are purchased from external suppliers. The procurement management involves managing the ordering, receipt, review and approval of items from suppliers (knight, 2007)

**Financial Application System:** Financial application system is used in this study to refer to a system that is set to control organizations cost and streamlines their procurement practices without sacrificing control-equally suited for both centralized and decentralized purchasing processes (World Bank, 2007)

**Financial Planning and Budgeting:** is used to refer to a comprehensive evaluation of an investor's current and future financial state by using currently known variables to predict future cash flows, asset values and withdrawal plans (Investopedia, 2015)

**Internal control:** is used in this study to refer to a process for assuring achievement of an organization's objectives in operational effectiveness and efficiency, reliable financial reporting, and compliance with laws, regulations and policies. A broad concept, internal control involves everything that controls risks to an organization

**Tendering:** is used in this study to refer to an invitation to relevant parties to make an offer to the principal, which must be capable of accepting the offer, thereby creating a legally binding contract.
**Reporting:** is used in this study to refer to a process of providing a summarized feedback on procurement related activities using the financial application system or feedback relating to any other organizational activity.

**Procurement Planning Process:** is used in this study to refer to an opportunity for all stakeholders involved in the processes meet in order to discuss particular procurement requirements. Stakeholders could be the requesting entity, end users, procurement department, technical experts, and even vendors to give relevant inputs on specific requirements.

**Pre-qualification:** is used in this study to refer to the Preliminary stage in a bidding process where it is determined if an applicant has the requisite resources and experience to complete the job as required.

**Accountability:** Accountability is answerability, blameworthiness, liability, and the expectation of account-giving. It is used in this study to refer to the justification of everything of everything in procurement management.

**Reliability:** reliability is the overall consistency of a measure. It is used in this study to refer to the quality or state of being fit to be trusted or relied on in conducting procurement management.

**Efficiency:** is used it this study to refer to performing or functioning in the best possible manner with the least waste of time and effort; having and using requisite knowledge, skill, and industry; competent; capable in conducting procurement management

**Effectiveness:** refers to a way that produces a desired result. It is used in this study to refer to an effective manner of conducting the procurement management
**Integrated Financial Management System:** refers to means for achieving cost reductions and changing processes in government procurement process which is very relevant to procurement.
CHAPTER TWO

REVIEW OF RELATED LITERATURE

2.1 Introduction

This literature was reviewed based on the research objectives. The aim was to provide a deeper understanding of the information that has already been researched by past researcher. The chapter also highlighted a theoretical framework which governed the study and conceptual framework. Finally the chapter sought to highlight the knowledge gap in the study and provide a brief summary of the literature.

2.2 Financial Application System, Internal Controls and Procurement Management

Internal control ensures achievement of an organization's objectives while using FAS in operational effectiveness and efficiency, reliable financial reporting, and compliance with laws, regulations and policies. A broad concept, internal control involves everything that controls risks to an organization (Glance, 2006). In relation to procurement, it is a means by which an organization's resources are directed, monitored, and measured. It plays an important role in detecting and preventing fraud and protecting the organization's resources, both physical (example; machinery and property) and intangible (for example; reputation or intellectual property such as trademarks). At the organizational level, internal control objectives relate to the reliability of financial reporting, timely feedback on the achievement of operational or strategic goals, and compliance with laws and regulations (Brahim, 2014). At the specific transaction level, internal control refers to the actions taken to achieve a specific objective (for example, how to ensure the organization's payments to third parties are for valid services rendered.)
Internal control procedures reduce process variation, leading to more predictable outcomes (Chenhall, 2013).

### 2.2.1 Financial Application System, Procedural controls and Procurement Management

Procedural control in FAS involves some procedures which are standards and acceptable in an organization. These standards lay the basis for purchasing goods and services required in the organization (Verdina, 2011). Procedural controls in financial systems involve step-by-step procedures of inputting data into the system and this prevents a shortcut procedure and overwriting data. In developing countries procurement procedures have several loopholes which are prone to fraud and theft (Brahim, 2014). These loopholes provide room for incompetent suppliers and contractors to be selected and allowed to participate in the whole process of procuring. However there are procedural controls which can curb such malpractice in the systems where most organizations have incorporated in the financial systems. These controls are set to eliminate or rather follow a set of standards to ensure that competent suppliers and contractors are chosen (Glance, 2006).

### 2.2.2 Financial Application System, Operating controls and Procurement Management

Operational control in FAS serves to regulate the day-to-day output relative to schedules, specification and costs. Operational control includes control over how normal business processes are executed, but does not include control over the strategic business targets or high-level business priorities (Apiyo, 2014). Are inventories of raw materials, goods-in-process, and finished products being purchased and produced in the desired quantities? Are the costs associated with the transformation process in line with cost estimates? Is the information needed in the transformation process available in the right form and at the right time? Is the energy resource being utilized efficiently? (Chenhall, 2013).
Control precision describes the alignment or correlation between a particular control procedure and a given control objective or risk (Kinyeki, 2006). A control with direct impact on the achievement of an objective (or mitigation of a risk) is said to be more precise than one with indirect impact on the objective or risk. Precision is distinct from sufficiency; that is, multiple controls with varying degrees of precision may be involved in achieving a control objective or mitigating a risk. Operation controls in financial system plays an important role in the prevention and detection of fraud. Companies are required to perform a fraud risk assessment and assess related controls using operational controls (Glance, 2006). This typically involves identifying scenarios in which theft or loss could occur and determining if existing control procedures effectively manages the risk to an acceptable level. The risk that senior management might override important financial controls to manipulate financial reporting is also a key area of focus in operational control (Vijayakumar & Nagaraja, 2012).

2.2.3 Financial Application System, Periodic Review and Procurement Management

FAS use Periodic Review control in procurement management to monitor inventory levels on a periodic basis in order to establish a consistent order and delivery frequency with their suppliers. This policy usually requires a person to observe the current inventory level at a consistent point in time (for example, the end of a work week) and to place an order to return the current inventory position to a predetermined order-up-to level (Amudo, 2009). The Periodic Reviews in relation to financial application system is a process of assessment, monitoring and reporting on the needs of the suppliers and contractors. The goal of these reviews is to provide objective and credible data that can be used to target assistance and inform future assessments (Reid, & Smith, 2010).
2.2.4 Financial Application System, Feedback Control and Procurement Management

Continuous use of FAS in feedback controls in procurement management activities is conceived to have significant influence on operational efficiency by means of cost reduction. These encompasses diverse range of policies and procedures that help to ensure management directives are carried out and also ensure that any actions that may be needed to address risks are taken to achieve company objectives. Ray and Pany (2004) point control activities as a component of financial application controls and consider control activities as policies and procedures that help ensure that management directives are carried out. Controls activities in an organization basically comprise; performance reviews, information processing, physical controls, and segregation of duties. (Ray and Kurt; 2001) posits that control activities need to be funded by the control environment and there should be continuous monitoring and evaluations as well as reviews by way of audit to enforce compliance.

According to Hayes et al., 2005 control activities is one of the components of internal control whose likelihood of achievement is affected by limitations inherent in all systems of internal control. Control activities are the basis of assurance and are only possible with the establishment of effective internal control system (Bushman, 2007). Collins, Keeney and la fond (2009) posits that weak periodic controls allow or introduce both intentional and unintentional mis-statements into the financial reporting process that lead to lower quality accruals. Periodic Control activities occur throughout the organization at all levels and in all functions is it in small or large companies. Preventive controls are proactive in nature and seek to prevent undesirable events from occurring as well as deter losses and includes; separation of duties, proper authorization, adequate documentation, and physical control over assets (Amudo, 2009).
2.3 Financial Application System, Planning and Budgeting and Procurement Management

Planning and budgeting in procurement using FAS fastens the process of thinking and organizing the activities required to achieve a desired goal. It involves the creation and maintenance of a plan, such as psychological aspects that require conceptual skills. There are even a couple of tests to measure someone’s capability of planning well. As such, planning is a fundamental property of intelligent behavior. Also, planning has a specific process and is necessary for multiple occupations (particularly in fields such as management, business (Henderson, 2008)). In each field there are different types of plans that help companies achieve efficiency and effectiveness. An important, albeit often ignored aspect of planning, is the relationship it holds to forecasting. Forecasting can be described as predicting what the future look like, whereas planning predicts what the future should look like for multiple scenarios. Planning combines forecasting with preparation of scenarios and how to react to them (Teubner, 2005). A budget is a quantitative expression of a plan for a defined period of time. It may include planned sales volumes and revenues, resource quantities, costs and expenses, assets, liabilities and cash flows. It expresses strategic plans of business units, organizations, activities or events in measurable terms (Ward, 2009).

2.3.1 Financial Application System, Item identification and Procurement Management

FAS assist in Item identification during procurement process by evaluating individual items or groups of items, and then choosing them so that the objectives of the organization are achieved. Items should be linked to the right goals and impact at least one of the major stakeholders’ issues, for example, growth acceleration, cost reduction or cash flow improvement (Kumar et al, 2007). A good item identification is a process itself; if properly carried out; potential benefits of six sigma can improve substantially (Paned et al., 2000). Item identification is related to the
project implementation; it contributes to a success and not only to efficiency of the business processes and supports development of the project culture in the organization. Because of dynamics of business environment directing us to manage business activities as projects, it often occurs that many of projects are managed parallel at the same time.

Thus, for a successful item identification and implementation we do not need only support of excellent product management in the company but also excellent project team management (Gošnik, 2006). Their selection and prioritization might be crucial for company’s success. Successful companies do not focus only on products but also on processes (Gošnik, 2008). The lack of market aspects of products can lead to defining wrong project objectives (not customer-focused) and consequently to unsuccessful products (Gosnik, 2005). Partial views on the project are related with many risks, as well. Company’s management has a crucial role in customer focused project management related to different fields of knowledge such as marketing, R&D and technology (Teubner, 2005).Identifying right projects and right mix of projects for the portfolio is considered as one of the most important tasks for the organizations to ensure the achievement of the corporate strategy within limited resources and capabilities of the organizations. Dye & Pennypacker (2000) claimed that the importance of project portfolio identification is widely recognized; however, clear and formal project identification and prioritization process is too often lacking.

2.3.2 Financial Application System, Costing and Procurement Management

Costing using FAS in procurement management has been made easier for the procuring team. Computing cost of acquiring products or running cost in the process of getting required product in organization, by allocating expenditure to various stages of production or to different operations in the organization. In the service industry, the aim of project control is to ensure the
projects finish on time, within budget and achieving other project objectives. It is a complex task undertaken by project managers in practice, which involves constantly measuring progress; evaluating plans; and taking corrective actions when required (Premkumar, 2014). Mansfield et al (1994) carried out a questionnaire survey amongst 50 contractor, consultant and client organizations in Nigeria and found out that the most important variables causing construction delays and cost overruns are poor contract management, financing and payment of completed works, changes in site conditions, shortage of materials, imported materials and plant items, design changes, subcontractors and nominated suppliers. While the top variables causing only cost overruns were revealed as price fluctuation, inaccurate estimates, delays, additional work (Hawking, 2006).

Small cost over-runs can cause disruption when a project is part of a wider programme of expenditure. In extreme cases, where final costs have turned out to be several times higher than originally estimated, the situation is unsustainable. Moreover, it also faces the Commission’s desk officers with the problem of assessing the validity of additional financial claims (Premkumar, 2014). Cost benefit analysis, whether formal or informal, follows initial specification of a project. The purpose is to test whether the project as specified is economically viable or whether it generates good value for money. Leaving such feasibility studies until after a project has started, may mean that potential problems are not revealed in time to influence project planning. Although the economic and financial evaluation of the project is probably the most obvious element of the feasibility stage, external factors can play a major role in determining whether a project proceed (Canton et al, 2012). The financing of a project involves the arrangement of adequate funds to pay for the development and operation of a clearly defined
project. In some cases it is also necessary to raise finance to cover maintenance and operation. As well as understanding the process by which cost estimates are calculated and how they may vary during construction, it is worthwhile having some understanding of how important the different cost elements are, and how sensitive they may be to a range of cost varying factors. The cost performance of building construction projects is a key success criterion for project sponsors. Projects require budgets to set the sponsor’s financial commitment and provide the basis for cost control and measurement of cost performance (Temple-Bird & Parsons, 2006).

2.3.3 Financial Application System, Scheduling and Procurement Management

Adopting FAS helps Scheduling in procurement process by listing all products milestones, activities, and deliverables, usually with intended start and finish dates. Those items are often estimated in terms of resource allocation, budget and duration, linked by dependencies and scheduled events. A schedule is commonly used in project planning and project portfolio management parts of project management. In many industries, such as engineering and construction, the development and maintenance of the project schedule is the responsibility of a full-time scheduler or team of schedulers, depending on the size of the project. Though the techniques of scheduling are well developed, they are inconsistently applied throughout industry (Pasquire, & Collins, 2006). Before project schedule can be created, the schedule maker should have a work breakdown structure (WBS), an effort estimate for each task, and a resource list with availability for each resource. Project scheduling inevitably involves uncertainty (Andreasen, 2012). The basic inputs (time, cost, and resources for each activity) are not deterministic and are affected by various sources of uncertainty. Moreover, there is a causal relationship between these uncertainty sources and project parameters; this causality is not modeled in current state-of-the-art project planning techniques (Andreasen, 2012).
2.3.4 Financial Application System, Resource Allocation and Procurement Management

Efficient use of FAS in procurement process assists in allocation of resources for procurement planning activities that requires determination of resource requirements to be undertaken on a value-adding and cost-effective basis. Allocation is the assignment of available resources to various uses. In project management, resource allocation or resource management is the scheduling of activities and the resources required by those activities while taking into consideration both the resource availability and the project time. Allocation is a plan for using available resources especially in the near term, to achieve goals for the future. It is the process of allocating scarce resources among the various projects or business units (Mendoza, 2008). A project is a major one-time undertaking dedicated to some well-defined objectives and involving considerable personnel and equipment. It is usually initiated either by some need of the organization or by a customer request. The time and the resource estimations provide the duration and resource requirements for each activity as well as temporal constraints between activities that are connected by precedence relationships. A wide variety of engineering and business activities are structured as projects: they have tasks, they require resources of various types, and they are constrained in both time and budget (Lerberghe, 2004). Many types of projects are also subject to considerable uncertainty in time to complete specific tasks, in the resource requirements of those tasks; effort to produce an outcome judged to be successful. Programs often have many such projects, and the program managers face critical decisions about what projects to pursue, how much time and money to invest in each one, and how to reach decisions to terminate individual projects (or parts of projects) if they do not seem promising (Lerberghe, 2004).
2.4 Financial Application System, Tendering and Procurement Management

Financial application system makes tendering simple hence procurement management becomes faster and tendering is more efficient. Tendering is the process of making an offer, bid or proposal, or expressing interest in response to an invitation or request for tender. In order to procure the best possible product/service/works, for example, information systems, at the right time and on the most favorable term; price, quality and delivery time, it is vital that companies select the right procurement procedure (Council, 2009). Council (2009) identified three procedures of tendering including direct order, tendering and quotation-based methods. The challenges faced during auditing can be solved through use of this system (Council, 2009, Temple-Bird & Parsons, 2006). This system can save money in administering the tender process. Competitive rates can be secured from businesses to ensure value for money. The issuing of tender, awarding contracts and bid evaluation process is made easy through the use of this system and this process ensures fast and accurate bid tabulation, it eliminates the need to transcribe pricing data from vendor submitted paper forms or spreadsheets. There is also online form validation which ensures that accurate line extension and bid totals, eliminating error in bid submittal and tabulation. (Temple-Bird & Parsons, 2006).

2.4.1 Financial Application System, Issue of Quotation and Procurement Management

In procurement, FAS is used to issue quotation and tender processes that both obtain written offers from suppliers for the supply of goods and service. The quotation process is normally used for relatively low value and low risk purchases. For higher value purchases, which require greater accountability, the more formal tendering process should be adopted. Requests for quotations can be made verbally or in writing. Generally such purchases are characterized by simple specifications. In seeking written quotations the supplier should be asked to submit details
of price, time required for delivery, trade or early payment discounts, any other costs associated with delivery and carriage and, where appropriate, the cost of maintenance. Suppliers should be given a reasonable period to respond to enquiries (Andreasen, 2012). However, any purchases above given figure in a particular country, are subject competitive tendering procedures. The tender process is more formal than that required for quotations and a standard 'Invitation to Tender' comprising of a Tender Submission Form (TSF), a Specification Form (SF), a Schedule of Services and Prices, a Specification and Compliance Form and other documents. These are issued to suppliers to complete and return by an agreed closing date (Pasquire, & Collins, 2006).

2.4.2 Financial Application System, Issue of tender and Procurement Management

In the award of tenders, FAS makes the process Contract awarding during procurement faster in order to evaluate the proposals taking part and award the relevant contract. There are several ways used by organization to issue tenders. They include least price, mean value and exclusion of the extremes. Under least price, procurement contract is awarded to the best price. Some relevant methods are these of examining the overall or in parts and in total discount in a given price list or on a given budget (Canton, 2012). Under mean value, the contract is awarded to a bid closer to the mean value of the proposals. This may apply to procurements where numerous proposals are expected and there is a need for a market-representing value. Under exclusion of the extremes method the proposals that are deviating the most from the mass of the proposals are excluded and then the procedure continues with one of the above methods (Reid, 2010).

2.4.3 Financial Application System, Invoicing and Procurement Management

Customized development of the FAS makes possible use of Electronic invoicing technology that has been taking increasingly more attention in procurement process through invoicing and issuing of bill by supplier or a contractors relating to a supply transaction and indicating the
products, quantities, and agreed prices for products or services the supplier had provided the buyer. Payment terms are usually stated on the invoice. These may specify that the buyer has a maximum number of days in which to pay, and sometimes offered discount if paid before the due date. The buyer could have already paid for the products or services listed on the invoice (Pasquire, & Collins, 2006). In relation to procurement a supplier who has provided its goods and services demand the payment through invoicing. However, Porter (2012) suggested that manual invoicing cause delay of project implementations due to immediate action by the client. Electronic invoicing as an emerging technology has been taking increasingly more attention in recent research and given a number of implementation initiatives, both domestically in developing countries and different parts of the world (Premkumar, 2014). E-invoice stands for an invoice that is issued and received in an electronic form. The invoicing method can be anything from invoice sent by e-mail to fully integrated payment management systems, (Ingo Schlegel, 2011). E-invoice data must be in structured and accessible format, so that the receiver is allowed to process the invoice at his/her site (Penttinen and Tuunainen, 2009)

2.4.4 Financial Application System, Payment and Procurement Management

Comprehensively developed FAS enhance sequence of payments to the contractor as outlined in the tender and contract documents. Usually these would have been negotiated at contract signing and any variations allowed outlined in the tender documents (Reid, 2010). Most contracts requires an advance payment being made to the contractor for mobilization (establishing a site complete with offices, power, communications and water supplies, clearing the dam site, establishing stockpiles of materials, moving equipment and staff to site and related initial activities) (Premkumar, 2014). This would be recorded as an advance payment and can comprise between 10 and 25 percent of the total contract amount. It can either be made as a lump sum
payment or can be proportionally recovered as routine payments are made to the contractor as the works proceed (Pasquire, & Collins, 2006).

Routine payments can be agreed at contract signing and can take the form of a monthly payment based on estimated amounts of work completed or can be based on proportion of the dam being completed. On the other hand, the payment requests have to be submitted by the contractor and then checked and approved by the Engineer supervising the works. All approved payments should be scrutinized and cleared; then paid quickly. Many contractors do not have the financial resources to cater for lengthy delays in routine payments and, where private sector contractors are working for public sector clients such as government ministries, effective and transparent ways and means of ensuring quick payments to the contractors should be established before the project starts. A sum for unexpected works or for variations to the design should be catered for usually referred as contingencies and it can be calculated at around 5 to 15 percent of the total contract sum. Payments should be initially approved by the engineer, scrutinized once the works have been done and then paid quickly to the contractor (Premkumar, 2014). At the end of construction, the works should be inspected and signed off by the engineer. The contractor can then demobilize and leave the site. Usually, the final payment is withheld for a period agreed in the contract. During this period, the project should be closely monitored and checked. Defects should be noted and rectified at his/her expense. If the contractor is unable or unwilling to do this work, the retained sum can be used to pay another contractor to do the work required (Pasquire, & Collins, 2006).

2.5 Financial Application System, Reporting and Procurement Management

In procurement, FAS encourages Progress reporting as a key activity of project management. The project manager issues regular reports of progress against budget, schedule and scope.
Progress reporting is key activity of project management. The project manager should issues regular reports of progress against budget, schedule and scope. Reporting is about assessing what work has been completed for a Programme or Project including costs, risks and issues. This usually takes the form of the production of documentation and reports at key stages. Reporting provides the Programme/Project Board with a summary of the status of the programme/project at intervals defined by them (Canton et al., 2012). Time driven controls are regular progress feedbacks. Examples of time driven controls include checkpoint and highlight reporting. Reporting is used to oversee progress of products, outputs, and outcomes. Reporting advises the correct people at the correct time of positive and negative events, allowing for progression or remedial action as appropriate (Premkumar, 2014).

2.5.1 Financial Application System, Supplier Performance and Procurement Management

Supplier performance entails the reliability of supplier to provide the services and goods as stipulated in the contract (Popper, 1963). However, many suppliers do not have the capacity to supply goods and services to the standard required in terms of quality and time duration for that particular contract. Nowadays organizations in developing countries have introduce initiatives to work together with suppliers so that they can improve the quality of their services (Teubener, 2005). These initiatives also helps in setting performance benchmarks and evaluating suppliers against them, using easy drag-and-drop capability to create highly customized surveys for various categories, collaborating with suppliers by creating development programs which can be accessed by suppliers from the supplier portal, pulling out intelligence reports, dashboards and other analytics for comprehensive view and quick analysis of supplier performance facilitating decision-making and risk-avoidance (Uma, 2000).
2.5.2 Financial Application System, Goods Procured and Procurement Management

The FAS employed in procurement managements is expected to issue reports of all the transactions that take place relating to procurement. Various reports can be issued based on how the system has been customized while at the same time the reports can be sorted to give various measures and indicators that the system users require. In such cases the FAS used in the procurement management to give template that can be adjusted into various formats based on requirements. Reporting in the FAS is a key function because it provides system user with the required information to make sound judgments and decisions for future procurement decisions (Popper, 1963). Goods procured are reported based on the date they were orders, time it took to deliver them, the number of goods and quality they were procured in among other sets of information relating to the goods (Tabchnick, 2007). The system reports on the goods procured only of there is a need by management or any other authority to access this information. This information can also be necessary when making payments or when selecting future suppliers because they provide a complete set of information relating to the goods procured (Reid, 2006).

2.5.3 Financial Application System, Funds Utilization and Procurement Management

Automated procurement systems using FAS assist in checking funds utilization of goods which have been procured and require reporting in terms of resource allocation. As noted by Premkumar (2014), funds utilization reports gives a reflection of how funds have been utilized in the previous project. This enables the sponsor to cross check its budgeting cost with the figures used in the project and this would help in future planning and budgeting. Project budget as indicated by Canton et al (2012) varies as the project is being implemented therefore project manager should monitor and evaluate the costs so that the variables in terms of cost does not exceed the planned cost. This therefore would reduce contingency costs which are common in
most projects in developing countries. Project management uses financial records in handling future projects since there is commonness in challenges arising in project implementation (Pasquire, & Collins, 2006).

2.5.4 Financial Application System, Completion Reports and Procurement Management

The FAS reporting function should be able to sort complete, uncompleted and future projects. The FAS should sort all completed reports and provide a summarized report to management on the nature, type and date where this projects were completed (Awiti, 2008). This reporting is essential to procurement management process because it helps the concerned stakeholders take necessary action on the incomplete projects while evaluating the completed projects (Pasquire, & Collins, 2006). Procurement management involves a number of step and project documentation is among the final stages where project management analyses the whole components of project implemented in terms of resources usage (Pasquire, & Collins, 2006).

2.6 Theoretical Review

A Theory is a set of statements or principles devised to explain a group of facts or phenomena especially one that has been repeatedly tested or is widely accepted and can be used to make predictions about natural phenomena (Popper, 1963). Theories are analytical tools for understanding, explaining, and making predictions about a given subject matter (Hawking, 2006). A formal theory is syntactic in nature and is only meaningful when given a semantic component by applying it to some content facts and relationships of the actual historical world as unfolding (Zima, 2007). This study was based on reliability theory which is discussed below.
2.6.1 Reliability Theory

The study was guided by reliability theory. Reliability theory describes the probability of a system completing its expected function during an interval of time (Gavrilov and Gavrilova, 2001). It was originally a tool used to help nineteenth century maritime insurance and life insurance companies in computing profitable rates to charge their customers. Reliability theory internal control system comprises of components that are interrelated. Each for component needs a defined measure of success. The state of component is determined by whether the component is successful or not successful. The reliability of a component is defined as the probability of the component being found in the success state. In addition, the reliability of the entire internal control system is a binary combination with two possible values, success and failure. This study considered the part of the reliability theory which relates the internal control system to component reliabilities. The tractability of reliability theory to the evaluation and design of internal control systems have appeared in the professional literature but no applications have been reported that draw upon the substantial power of the theory of reliability (Kinney, 2000). The two potential users of the reliability theory are the external auditor and organization management. Kinney (2000) states that; during the external audit, evidence is gathered to support a professional opinion. Internal control systems have a primary purpose of assessment and control of risks; that a material error was not be prevented or detected on a timely basis by the system leaving to losses. Weak internal control systems result in more substantive work and hence greater cost. According to Gavrilov and Gavrilova (2001), the determination of the weakness of any internal control system is primarily judgmental. Upon the formulation of the process and system reliability estimates, comparison with data from the organization’s past performances or other firms may provide a more solid basis for judgment of the impact of an
internal control system on the firm’s income risk and hence provide for more rational allocation of the auditor's time and effort. Messier Jr. and Austen (2000) state that one of the primary advantages of the reliability theory is its close relationship to the auditor's needs regarding understanding the internal control system and control risk assessment. According to Stratton (2007), recent developments have increased the value to management of objective methodologies for the evaluation of internal control systems. Firm managers are therefore required to assure the accuracy of these systems. Stratton (2007) also adds that the process of evaluation of the internal control system by both management and external auditors is judgmental in nature. However, the few attempts at modeling internal control systems have not been implemented by firms due to the lack of realism, difficulty of modeling behavioral systems, lack of cost effectiveness, and lack of understanding by practitioners.

In relation to the study the theory is used to know whether the employed financial system is reliable and to what extent do the system influence procurement management process. The theory analyzes the components of financial systems and specifically the input of data, processing of data and accuracy of the output in relation to procurement.

2.7 Concept of Financial application systems in procurement

A financial application system in procurement is considered one of the characteristics of a world-class purchasing organization (Premkumar, 2014). The use of financial application systems in procurement technologies in some firms has resulted in reduced prices for goods and services, shortened order-processing and fulfillment cycles, reduced administrative burdens and costs, improved control over off-contract spending, and better inventory control. It allows firms to expand into trading networks and virtual corporations. Supporting complete requirements of production (direct) and non-production (indirect) purchasing through a single, internet-based,
self-service system, Delivering a flexible catalog strategy, Providing tools for extensive reporting and analysis, Supporting strategic sourcing and Enhancing supply-chain collaboration and coordination with partners (Reid, 2010). There are two primary types of procurement systems: electronic procurement and standard procurement. Both types of systems are widely available and are often included in an enterprise resource planning (ERP) or accounting software product. Although the functionality provided varies by software, a typical procurement tool includes purchase requisitions, purchase orders, goods receipts, and invoice processing. In addition to these core requirements, most systems include an array of reporting tools. Built-in approval processes, controls, and funds management tools are usually standard in the larger products, (Temple, 2006)

Financial application systems in procurements, applications designed to allow businesses use the Internet in order to acquire the necessary goods and services, are not all created equal. The term itself is quite broad and actually includes several varieties of applications. Part of a successful implementation involves choosing the appropriate application (Uma, 2006). In general, there are three main categories of financial application systems in procurements. One type focuses on improving the transactions and the decision-making capabilities of the company. Businesses may deal with hundreds of transactions weekly, but these applications simplify the process and help foster stronger relationships between buyers and suppliers, (Tadelis, 2006). The second category of financial application systems in procurements involves managing assets. Systems in this category provide inventory management, maintenance scheduling, in-house product availability, as well as other similar services (Verdina, 2011). These applications are useful for businesses that need to keep a close idea on the quality of their direct materials in stock. Finally, the last category includes systems designed to optimize a company's production operations. Many of
these applications deal with the entire production cycle, including the procurement of materials when the inventory runs low, the management of supplier contracts, and the production scheduling, (Vance, 2011)

A procurement system is typically a computerized system designed to manage the procurement process. Procurement is a term used to describe purchasing activity for a business or organization. There are two primary types of procurement systems: electronic procurement and standard procurement (OECD, 2008). Both types of systems are widely available and are often included in an enterprise resource planning (ERP) or accounting software product. Although the functionality provided varies by software, a typical procurement tool includes purchase requisitions, purchase orders, goods receipts, and invoice processing. In addition to these core requirements, most systems include an array of reporting tools. Built-in approval processes, controls, and funds management tools are usually standard in the larger products, (Olukayode, 2011). The primary concept of procurement is advanced planning, scheduling, and group buying that result in cost savings, more efficient business operation, and therefore increased profitability. A procurement system is used to manage this process, providing turnaround time for invoices, tracking of total spending by commodity type, as well as financial commitments and cash flow management. The complete implementation of a procurement system usually results in significant changes to the existing business process, as the system requires certain internal controls and procedures to be in place. An electronic procurement system is also known as e-procurement. This term is used to describe software that allows purchasers to access supplier’s catalogs via the Internet, as well as accepting electronic invoices. The purchasers select their materials, indicate the accounts to be charged for the purchase, and create a purchase
order in the accounting system. All procurement-related activity is completed in the electronic system, reducing paperwork and increasing efficiency, (Ngugi, 2010)

Electronic invoice processing allows selected companies to further streamline invoice review and approval. The data is then routed through a series of online approvals before being processed for payment in the accounting system (Osei, 2011). This type of procurement system is very popular in large firms, where procurement contracts are in place to manage spending activity. For these firms, the reduction in staff time for invoice processing provides an excellent return on investment, (Kelman, 2002). A standard procurement system is fully integrated with the accounting software package used by the organization. All purchasing activity is tracked and managed through this module, allowing the firm to control spending and track opportunities for greater savings. Reports, analysis, and internal controls are all built into this type of software and are designed around best practices. The implementation of a procurement system is one of the easiest ways to improve operational efficiency, (Miles, 2005)

Overall procurement is the process by which public or private organizations buy goods and/or services to fulfill various needs of an organization, for example, building shelter and infrastructures, manage facilities, transportation, delivery of services such as health, food, education, etc (Miles, 2005). The procurement process is associated with the obligations of timeliness; effectiveness; efficiency; competition; transparency; equitable distribution; and development. At the macro-level, public procurement creates a dynamic; a chain reaction which can benefit the economic life of a country and support the development of the private sector. Thus historically a direct or indirect link has always been made between the performance of the
procurement function and the collective fulfillment of social and economic objectives. A procurement system is typically a computerized system designed to manage the procurement process. Procurement is a term used to describe purchasing activity for a business or organization, (Kelman, 2002).

The primary concept of procurement is that advanced planning, scheduling, and group buying results in cost savings, more efficient business operation, and therefore increased profitability. A procurement system is used to manage this process, providing turnaround time for invoices, tracking of total spending by commodity type, as well as financial commitments and cash flow management. The complete implementation of a procurement system usually results in significant changes to the existing business process, as the system requires certain internal controls and procedures to be in place, (Whiteman, 2000). Because of the differences between the systems, it is important for companies to choose the one that is most appropriate for their industry. However, the decision isn't as difficult as one might at first think. Businesses involved with manufacturing, such as automobile makers, would be more likely to use systems from the third category (Ward, 2006). Those types of applications would allow them to maintain a specific amount of direct materials in their inventory but they also need to have a system which helps them plan and forecast their production, (Wade, 2006). On the other hand, companies that deal with repair and/or maintenance, such as automotive repair shops, would be more likely to use financial application systems in procurements from the second category. Since they need to keep track not only of their inventory of car parts, but also of helping them set repair schedules. Regardless of the type of financial application systems in procurement a company chooses, the company can expect to receive similar benefits including saving money on purchases, improving the timeliness of the purchasing process, and eliminating waste. In addition to these benefits,
companies can also improve the efficiency of their supply chain. Supply chains essentially include every business, manufacturer, and distributor that supplies the goods and services necessary to create a product, so any improvement in the speed of those transactions is obviously beneficial (Vance, 2011). Additionally, using financial application systems in procurement to enhance supply chain relationships can make it easier for accounting departments to track and keep a record of payments and invoices (Zima, 2007).

Financial application systems in procurements don't automatically boost supply chain efficiency, however. The company must select a system that has the capabilities necessary to achieve those benefits first. For example, the system must include applications to assist with contract management, including storing pricing information, maintaining sales terms, and helping negotiations (Pasquire, 2006). By having all of this information in one place, the purchasing process is expedited. Another offering that must be included in the application is the ability to easily compare suppliers so that the best one can be chosen to meet that company's particular needs. After all, choosing the right supplier depends on more than just price; it also involves product availability, customer service, industry reputation, and quality, (Wade, 2006). Despite the differences in financial application systems in procurement applications, the bottom line is that a company must choose one that works for its industry and one that helps to make its supply chain more efficient if the system implementation is to truly be successful. Electronic Procurement (also known as financial application systems in procurement) is a way of using the Internet to make it easier, faster, and less expensive for businesses to purchase the goods and services they require. While Financial application systems in procurement is a general term that covers a wide assortment of techniques, such as reverse auctions, its overall goal is to streamline the purchasing process so businesses can focus more management time on earning revenue and
serving customers, (Reid, 2006). Implementing an electronic procurement system offers a company many benefits. With electronic procurement, those types of situations are much less likely to occur. For one thing, all purchases are easier to track because they are done over the Internet and the company's managers can easily see who made which purchases without having to wait to receive a monthly revolving credit statement. Furthermore, many companies incorporate product specifications into their Financial application systems in procurements, so an employee wanting a laptop might only be able to purchase a certain brand with specific features, memory capacity, and software, (Teubner, 2005).

Also, financial application systems in procurement save time. Buyers do not need to leave their desks or make phone calls to suppliers in order to place orders; they simply go through the Internet. And, because suppliers receive the order almost immediately, they can also fulfill and ship it much faster than with the traditional procurement methods (Tabachnick, 2007). Although the benefits of Financial application systems in procurement are plentiful, there are obstacles that can arise in implementing this type of process. The biggest pitfall is treating all areas of procurement and all products the same. The reality is that what may work for one good or service may simply not work for all of them, so successful financial application systems in procurements use a number of different techniques, (Wade, 2006). The best way to illustrate this point is through a comparison of products. One product is what is called urgent item. These items are those which are supplied by only a few companies or individuals but which are in high demand. Most companies stock up on urgent items if possible so that they do not run out and find themselves in a difficult situation. Another product might be classified as a non critical item, such as printer paper or coffee filters. These types of items are extremely important to the
business but they are needed. Generally, this category of items accounts for 80% of all company purchases, (Teubner, 2005).

While both products are needed by the company, they would require different procurement techniques or else the buyer would end up paying more. With an urgent item that is in high demand, for instance, a buyer would never want to hold a reverse auction because the seller would be able to drive up the price since they, not the buyer, have all the power in that relationship. Reverse auctions work quite well, on the other hand, for non-critical items and can lower costs for these items by as much as 35% (Osei, 2011). Understanding the various financial application systems in procurement techniques, therefore, is critical if company plans to successfully implement such a system and many have. Some studies indicate that most companies today use financial application systems in procurement processes to some extent, yet these processes deal with a small amount of all the purchases these companies make regularly (Popper, 1963). As companies become more comfortable with using the Internet to handle their purchasing needs that number continues to grow. Once companies see the potential benefits of such a system, they can only choose to move forward, (Teubner, 2005).

Historically, procurement was carried out using systems that were paper-based. Orders had to be raised, which would then be sent in the post and there would be a time delay between an order being raised and it being received by the supplier (Olukayade, 2011). Once the order was received, it would then have to go through internal procedures and steps, to ensure that it was received by the particular section that had to fulfill the order. The order would then be processed and made up, with it finally being sent to the customer. Obviously this took a considerable amount of time. There was also a risk that the order would not be received or even that it would go astray when received by the supplier (OECD, 2007). However, with the benefits of Financial
application systems in procurement there is an immediate notification to the supplier that a customer wishes to have a certain amount of goods sent to them on a particular day. This enables both the customer and the supplier immediate information regarding supplies and there is also no risk of purchase orders either going adrift in the post, or being held up by postal delays, (Wade, 2006)

Financial application systems in procurement is effectively seamless, to business system that ensures the whole process is automated, taking the process of procurement up to a high level and creating a process for supply chain management that is efficient and robust. It is either internet or electronically based, using electronically shared data to revolutionize the process of procurement (Ngugi, 2010). All Financial application systems in procurements are based on software, thus eliminating the need to have paperwork involved, which instantly results in fewer costs. There is also less wastage of paper, which in turn leads to increased value, which is central to Lean thinking and general efficiency (Tadelis, 2012). In essence the process of financial application systems in procurement is certainly very time efficient. This is its beauty because no time is wasted checking or even tracking pieces of paper; it can all be done with just a few clicks on a PC (Vance, 2011).

Companies seeking supplies to be provided on Just in Time basis, a Financial application system in procurement allows them to be able to track supplies so that they know where they are and when they can be expected within the company. This is much more efficient means of operating than simply being left in the dark hoping or trusting that supplies indeed turn up (Zima, 2007). Some Financial application systems in procurements have a means whereby the supplier can automatically be alerted to the stock levels that the customer has. This means that stock can be automatically sent out when the levels are low. From a supplier’s point of view, this is good,
because stock levels are always maintained, rather than the customer waiting until stock levels are low and then making an urgent request for items to be sent. The automatic updates and re-ordering make ‘super urgent’ orders less frequent and instead creates a steady flow, (Wade, 2006) The whole process being done electronically means that suppliers are also paid quicker and they do not have to carry debt for so long, which ensures their cash flow is kept constant. The relationship that is established with regard to financial application systems in procurement facilitates for a trusting relationship to develop between the supplier and the customer. Small businesses also get the opportunity to benefit from supplying companies that they may otherwise may not be considered suitable suppliers for. This is because of the automated system, which means that there is less paperwork and less staff time devoted to the process of procurement itself. Thus time is freed up so that staff can turn their attention to the business of supply; not paperwork, (Vance, 2011)

A standard procurement system is fully integrated with the accounting software package used by the organization. All purchasing activity is tracked and managed through this module, allowing the firm to control spending and track opportunities for greater savings. Reports, analysis, and internal controls are all built into this type of software and are designed around best practices. The implementation of a procurement system is one of the easiest ways to improve operational efficiency, (Wade, 2006). Centralized tracking of transactions enables full reporting on requisitions, items purchased, orders processes and payments made. Financial application systems in procurement advantages extend to ensuring compliance with existing and established contracts (Vance, 2011). Internal customers can obtain the items they want from a catalogue of approved items through an on-line requisition and ordering system. Procurement staff can be
released from processing orders and handling low value transactions to concentrate on strategic sourcing and improving supplier relationships (Zima, 2007).

Standardized approval processes and formal workflows ensure that the correct level of authorization is applied to each transaction and that spend is directed to draw off existing contracts. Compliance to policy is improved as users can quickly locate products and services from preferred suppliers and are unable to create maverick purchases. Financial application systems in procurement advantages can only be fully realized when the systems and processes to manage it are in place (Nilniyom, 2011). Software tools are needed to create the standard procurement documentation: electronic requests for information (e-RFI), requests for proposal (e-RFP) and requests for quotation (e-RFQ). These are proven methods to source goods and make the framework agreements that offer the best prices. An adequate, fully integrated financial application system in procurement approach is needed for overall success. Additional programs provide the framework for the supplier databases and spend management as well as holding key vendor information and being an electronic repository for contracts. All these facilities cost money and a clear business case must be made for Financial application systems in procurement. In most cases this is fairly clear that cost savings are possible, (OECD, 2008). It pays for companies to spend money on Financial application systems in procurement technology, this investments boost efficiency. The longer term reduction in costs will enable companies to direct their resources to more strategic initiatives. Financial application systems in procurement advantages are significant bottom-line benefits, including cost reduction, process efficiencies, spending controls and compliance (Osei, 2011).
2.8 Summary of Literature

Companies in today’s marketplace are facing an unprecedented level of global competition, uncertainty, and emerging risks that may impact both their financial and operational integrity. Managers are under increased pressure to meet regulatory demands while reducing costs and maximizing profitability, but lack of real-time data visibility often complicates their best efforts. Using advanced financial controls or can optimize procurement management processes and help organizations recover profitability, increase efficiency, and improve regulatory compliance, but it can also maximize underutilized investments in existing financial systems. In today’s high-risk environment, companies cannot afford to rely on standard operating procedures or a status quo mentality and need to apply automation and more rigorous controls to effectively handle a growing volume of data while controlling costs. Whether executing mergers and acquisitions, upgrading technology to current versions, or modifying processes to be more efficient and effective, companies are rapidly changing to gain market share, increase profitability, and streamline operations. All of these changes can affect an organization’s bottom line, so it is critical to manage the associated costs closely. Procurement management process is at the core of company operations, but they can also be fraught with risk and inefficiency.

2.9 Conceptual Framework

The study conceptualizes the procurement management process as the dependent variable, which is measured in terms of accountability, reliability, effectiveness and efficiency; the independent variables was financial application system measured in terms of design of the procurement controls, planning, tendering and post tendering process.
Independent variable

Financial application system

- Internal controls
  - Procedural Controls
  - Operating Controls
  - Periodical Review
  - Feedback Controls

Planning and Budgeting

- Item Identification
- Costing
- Scheduling
- Allocation

Tendering on procurement

- Issue Quotations
- Issue Tender
- Invoicing
- Payments

Reporting on procurement

- Supplier performance
- Goods procured
- Funds utilization
- Completion reports

Figure 2.1 Conceptual Framework

Dependent variable

Procurement management process

- Accountability
- Reliability
- Effectiveness
- Efficiency

Intervening variables

- Organizational policies
- Organizational size
- Organizations culture
2.10 Knowledge Gap

There has been available data pertaining the procurement management process in private institutions in the country ranging from the largest to the smallest but there has been a considerable lack of data on the relationship that exists between financial application system and the procurement management process of these institutions. The concept of financial application system has been investigated independently of procurement management process by most scholars but challenges in practice have resulted in trying to establish how financial application system as an independent practice can influence procurement management process of an institution in the country.

It is this gap in knowledge/literature that this study was aimed at resolving by trying to establish the relationship that exists between the financial application system as an external factor and the procurement management process of an institution. The study aimed to make key contribution to each of these components could help influence positively procurement management process in an institution.
CHAPTER THREE

3.0 RESEARCH DESIGN AND METHODOLOGY

3.1 Introduction
This chapter describes the research design used, target population of the study, the sampling procedure and sample size, data collection instrument, validity and reliability of the study, data procedure, operational definition of variables and data analysis.

3.2 Research Design
The study employed case study research design in collecting data from the respondents. The case study research design was preferred because it ensured complete description of the situation, making sure that there were minimal bias in collection of data findings to determine the where and how of a phenomenon (Kothari, 2008)

3.3 Target Population
Target population is an entire group of individuals, events or objects with some common observable characteristics (Kombo, 2006). The study targeted respondents from Hermann Gmeiner School at SOS Eldoret, Uasin Gishu Kenya. The target population in the study included the program director, 10 board management committee, 16 finance officer and 52 teachers. The target population was therefore 94 respondents.
Table 3.1: Target population

<table>
<thead>
<tr>
<th>Respondents</th>
<th>Target Population</th>
</tr>
</thead>
<tbody>
<tr>
<td>Programme Director</td>
<td>1</td>
</tr>
<tr>
<td>Board of Management</td>
<td>10</td>
</tr>
<tr>
<td>Procurement management committee</td>
<td>15</td>
</tr>
<tr>
<td>Finance officers</td>
<td>16</td>
</tr>
<tr>
<td>Teachers</td>
<td>52</td>
</tr>
<tr>
<td>Total</td>
<td>94</td>
</tr>
</tbody>
</table>


3.4 Sampling procedure and sample size

The study employed census sampling technique. Adèr (2008) stated that a census is the procedure of systematically acquiring and recording information about the members of a given population. It is a regularly occurring and official count of a particular population. Census sampling technique was used to select 94 respondents for the study.

3.5 Data Collection Instruments

The researcher used questionnaire as data collection instrument and interview schedules for management.

3.5.1 Questionnaire for Respondents

Kothari (2007) defines a questionnaire as that consisting of a number of questions printed or typed in a definite order on a form or set of forms. The study used closed- ended and open-ended questionnaires to collect data on the influence of financial application system on procurement management at the Herman Gmeiner school at SOS school in Eldoret, Uasin Gishu County. They were administered to procurement management committee, teachers and finance officers.
3.5.2 Interview Schedules for Respondents

The study used interviews as a data collection tool. A structured interview, also known as a standardized interview or a self-administered survey is a quantitative research method. The study employed this approach to ensure that each interview presented exactly the same questions in the same order. The semi-structured interviews were conducted with the goal of understanding how and why the respondents came to have a particular perspective Adèr (2008). The interviewees would provide insights into the sense-making processes Vance (2011) or mental models (Adèr, 2008) as a construct of individuals. The interview schedules were issued to collect information from the school director and board of management.

3.6 Validity and Reliability of the Study

3.6.1 Validity

The validity of the instrument was tested by conducting a pilot study to ascertain if the questionnaires were collecting correct information relating to the research objectives. The study employed construct validity. Vance (2011) described construct validity as the initial concept, notion, question or hypothesis that determines which data is to be gathered and how it is to be gathered. They also assert that quantitative researchers actively cause or affect the interplay between construct and data in order to validate their investigation, usually by the application of a test or other process. In this sense, the involvement of the researchers in the research process would greatly reduce the validity of a test.

3.6.2 The Reliability

Tabachnick & Fidell (2007) defines reliability the extent to which results are consistent over time and an accurate representation of the total population under study is referred to as reliability and
if the results of a study can be reproduced under a similar methodology, then the research instrument is considered to be reliable. To test the reliability of the instruments, questionnaires were issued to employees of SOS HGS Nairobi. The questionnaires were tested for reliability using Cronbach coefficient alpha to determine the internal consistency of their items. An alpha value of 0.7 was deemed reliable. This is a method of estimating reliability of test scores by use of a single administration of a test. Consequently it provides good measures of reliability because holding other factors constant, the more similar the test content and conditions of administration are the greater the internal consistency reliability (Mugenda and Mugenda, 2009). The findings indicated a reliability value of 0.75 for all the items which meant that the data was reliable enough.

3.7 Data Collection Procedure
Data collection procedures refer to the process that the researcher undertook in order to get the required information (Kothari, 2007). Data collection in this study refers to gathering of information for research purposes. Data was collected using structured questionnaire which served as the most appropriate instrument. After attaining permit for conducting the research and the questionnaires were administered to teachers, Procurement management committee and finance officer. Some of the questionnaires were filled and collected on the same day. Clarification on unclear items in the questionnaires were sought by the respondents and given during the data collection process.

3.8 Data Analysis
Kombo (2006) alludes that analysis of data varies with the purpose of the research, the complexity of the research design and the extent to which conclusion can be reached easily. The computer program, Statistical Package for Social Science (SPSS), was used. The data was
organized, presented, analyzed and interpreted using descriptive and inferential statistics. Descriptive statistics that was used to analyze data are frequencies tables and percentages. Cross tabulation process was an essential technique in tabulating frequencies and occurrences of some variables. The inferential statistics regression analysis was used to verify on the variables (design of procurement control, tendering, planning and reporting). Data was analyzed at the 0.05 level of significance testing.

3.9 Ethical Considerations

The study considered ethical issues related to the study. The study considered things like confidentiality of the respondents by coding of the questionnaire and giving of informed consent to the respondents to ensure that they first agree to be in the study on their own will. Research permit letter and letter from the university were obtained to assist in seeking permission during the data collection process from SOS Herman Gmeiner School.
Indicators are shown by the main variable under the study to ensure that they are measurable.

### Table 3.3 Operationalisation of Variables

<table>
<thead>
<tr>
<th>Objective</th>
<th>Types of Variables</th>
<th>Indicators</th>
<th>Measurement scale</th>
<th>Tools analysis</th>
<th>Types of tools</th>
</tr>
</thead>
<tbody>
<tr>
<td>To determine the influence of internal control on procurement management process</td>
<td><strong>Dependent</strong> Procurement management process</td>
<td>Procedural control</td>
<td>Nominal</td>
<td>Descriptive statistics.</td>
<td>Frequency distribution tables</td>
</tr>
<tr>
<td></td>
<td><strong>Independent</strong> Internal control</td>
<td>Operating control</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Periodical review</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Feedback control</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>To determine the influence of planning and budgeting on procurement management process</td>
<td><strong>Dependent</strong> Procurement management process</td>
<td>Item identification</td>
<td>Nominal</td>
<td>Descriptive statistics.</td>
<td>Frequency distribution tables</td>
</tr>
<tr>
<td></td>
<td><strong>Independent</strong> Planning and budgeting</td>
<td>costing</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>scheduling allocation</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>To determine the influence of tendering on procurement management process</td>
<td><strong>Dependent</strong> Procurement management process</td>
<td>Issue quotation</td>
<td>Nominal</td>
<td>Descriptive statistics.</td>
<td>Frequency distribution tables</td>
</tr>
<tr>
<td></td>
<td><strong>Independent</strong> Tendering</td>
<td>Issue tender</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Invoicing</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Payment</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>To determine the influence of reporting on procurement management process</td>
<td><strong>Dependent</strong> Procurement management process</td>
<td>Supplier performance</td>
<td>Nominal</td>
<td>Descriptive statistics.</td>
<td>Frequency distribution tables</td>
</tr>
<tr>
<td></td>
<td><strong>Independent</strong> Reporting</td>
<td>Goods procured</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Funds</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>utilization</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Completion reports</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
CHAPTER FOUR

DATA PRESENTATION, ANALYSIS, INTERPRETATION AND DISCUSSIONS

4.0 Introduction

This chapter presents the findings and discussion of quantitative data analysis to study. It is divided into two major sections. The first section described the demographic characteristics of empirical survey covering the age of the respondents’ gender experience and professional qualification. The second section of the chapter provides results and discussion which were based on the research question; how does the internal controls affect procurement management at Hermann Gmeiner School at SOS Eldoret, Uasin Gishu Kenya?, how does the planning and budgeting affect procurement management at Hermann Gmeiner School at SOS Eldoret, Uasin Gishu Kenya?, what is the effect of tendering affect procurement management at Hermann Gmeiner School at SOS Eldoret, Uasin Gishu Kenya? And to what extent does the reporting affect procurement management at Hermann Gmeiner School at SOS Eldoret, Uasin Gishu Kenya?

4.1 Questionnaire Response Rate

The response rate is to determine the number of respondents who participated in the study. Out of the 94 questionnaires dispatched, 83 were dully filled and returned. The response rate was 83(88%). According to Nachimias and Nachimias (1958) 80% to 90% return rate is enough for a Case study survey. The commendable response rate was achieved after the researcher administered the questionnaires personally and made personal visits and telephone follow-up calls to remind the respondents to fill-in and return the questionnaires. The respondents were
quite cooperative and the data provided was taken to be a true representation of the respondents views due to independence of the study carried out.

4.2. Background Information of the Respondents

Demographic information ensures that data is collected from all levels and characteristics of respondents. The data collected for this study came from demographic characteristics namely age, gender, educational level and experience. The study sought to examine the demographic characteristics associated with the respondents to ascertain that the methodology employed was not biased based on any of the demographics of the respondents. The study findings were as indicated in table 4.1

Table 4.1 Background information of the Respondents

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percent %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gender</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Male</td>
<td>39</td>
<td>47</td>
</tr>
<tr>
<td>Female</td>
<td>44</td>
<td>53</td>
</tr>
<tr>
<td>Total</td>
<td>83</td>
<td>100</td>
</tr>
<tr>
<td>Age</td>
<td></td>
<td></td>
</tr>
<tr>
<td>20-30 years</td>
<td>10</td>
<td>12</td>
</tr>
<tr>
<td>31-40 years</td>
<td>37</td>
<td>44.6</td>
</tr>
<tr>
<td>41-50 years</td>
<td>32</td>
<td>38.6</td>
</tr>
<tr>
<td>Over 51 years</td>
<td>4</td>
<td>4.8</td>
</tr>
<tr>
<td>Total</td>
<td>83</td>
<td>100</td>
</tr>
<tr>
<td>Education</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Secondary level</td>
<td>1</td>
<td>1.2</td>
</tr>
<tr>
<td>Certificate Level</td>
<td>8</td>
<td>9.6</td>
</tr>
<tr>
<td>Diploma level</td>
<td>44</td>
<td>53</td>
</tr>
<tr>
<td>Degree Level</td>
<td>28</td>
<td>33.7</td>
</tr>
<tr>
<td>Other</td>
<td>2</td>
<td>2.4</td>
</tr>
<tr>
<td>Total</td>
<td>83</td>
<td>100</td>
</tr>
<tr>
<td>Experience</td>
<td></td>
<td></td>
</tr>
<tr>
<td>less than 3 years</td>
<td>38</td>
<td>45.8</td>
</tr>
<tr>
<td>3-7 years</td>
<td>22</td>
<td>26.5</td>
</tr>
<tr>
<td>7-11 years</td>
<td>18</td>
<td>21.7</td>
</tr>
<tr>
<td>Over 11 years</td>
<td>5</td>
<td>6</td>
</tr>
<tr>
<td>Total</td>
<td>83</td>
<td>100</td>
</tr>
</tbody>
</table>

N = 83
Sourcing data from both male and female respondents’ ensures elimination of any gender bias. The study sought to collect data from both genders; the findings revealed that out of 83 respondents 39 (47%) of the respondents were male and 44 (53%) of the respondents were female. This implies that the researcher was able to minimize the influence of gender biasness by collecting data across all genders. This was interpreted to mean that the data collected represented the views of both genders and hence was not biased despite the disparities in the distribution which indicated that there were slightly more female than male. This result agrees with Audo (2006) assertion that many schools in East Africa are continually having more female teachers than males due to a seemingly, increasingly love for teaching and working within schools.

Sourcing data from different age groups was essential to ensure that all age categories of respondents were represented. The study collected data from different age groups of respondents so as to avoid bias in terms of age. The study revealed that out of 83 respondents 37(44.6%) of the respondents were aged between 31-40 years while 32(38.6%) of the respondents with age bracket 41-50 years, 10 (12.0%) of respondents of the respondents were aged between 20 – 30 years and 4 (4.8%) were aged over 50 years. This implies that the researcher was able to avoid bias in terms of age groups by collecting data across the different age groups. This was essential as it meant that the data collected represented the opinions of different respondents of different age groups hence no bias in terms of age which is an assertion agreed to by Andreasen (2012)

Education level was important in that respondents had knowledge to answer the question posed to them. Data from respondents of different education levels would ensure even representation of opinions from respondents. The findings revealed that out of 83 respondents 1 (1.2%) of the respondents were of secondary level, 8 (9.6%) were certificate level, 44 (53.0%) were diploma
holders and 28 (33.7%) of respondents had degree. This implies that the researcher was able to obtain responses from all the levels of education backgrounds. The findings were interpreted to mean that data collected represented the opinions of all respondents from different education levels. This was important because it meant that the data collected represented the opinions of respondents with different academic qualifications and hence it was a true representation of the happenings at the organization. Further according to Awiti (2008) a respondent set that is adequately educated gives credible and reliable results.

Experience was essential to avoid any influences resulting from gained organizational culture and also resulting from over staying at the company or as a result of little knowledge pertaining the subject area as a result of been relatively new in the organization (Chenhall, 2013). The study sought to collect data from respondents with different experiences working at the organization. The study finding revealed that out of 83 respondents 5 (6%) of the respondents had worked for the institution for the longest time above 11 years, while respondents who had less worked for the institution of less than 3 years were 38 (45.8%). The other respondents working durations are 22 (26.5%) respondents between 3-7 years and 18 (21.7%) of responses had worked between 7-11 years. This implied that the study obtained responses from all the levels of working durations for the institution. This was deemed essential as it meant that the study was able to collect varied opinions from the respondents and the responses collected were a true representation of the happening of the institution without influences resulting from being at the organization for too long or being relatively new in the organization.
4.3 Influence of Internal Controls on Procurement Management

4.3.1 Sufficiency of internal control at Hermann Gmeiner School

Internal control will look at the sufficiency of number of internal control and the number of internal control. Increasing number of internal control using FAS reduces bureaucracies in procurement management. The study therefore sought to establish the sufficiency of internal controls at Hermann Gmeiner School.

Table 4.2 Sufficiency of Internal Controls at Herman Gmeiner School

<table>
<thead>
<tr>
<th>Responses</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>55</td>
<td>66</td>
</tr>
<tr>
<td>No</td>
<td>28</td>
<td>34</td>
</tr>
<tr>
<td>Total</td>
<td>83</td>
<td>100</td>
</tr>
</tbody>
</table>

N = 83

The findings indicated that out of 83 (100%) respondents, 55 (66%) respondents were of the view that the schools FAS has a sufficient number of internal controls while 28 (34%) revealed that the school did not have a sufficient number of internal controls.

This implied that employees who interacted with the FAS system found the system to be more secure in terms of managing the schools resources’ compared to a manual system which is more prone to inefficiencies such as fraud and delays in procurement and management of financial resources. The respondents further noted that FAS has a number of internal controls but this can be improved to make it more effective for the procurement department. This improvement could include the customization of the system to meet the needs of the institution and to also ensure it is easy to use. Brahim (2014) in agreement with this result had noted that the availability of
effective internal controls was necessary for proper procurement management and that organizations that had such controls were better for it.

Further, Internal control enhances transparency of procurement process by eliminating human manipulation that has personal interest. A control also ensures that procurement plan is followed to the last stage and every error is detected and the system users prompted to repeat the procedure. The study sought to measure the effect of internal controls on procurement management at Hermann Gmeiner School at SOS Eldoret, Uasin Gishu Kenya.

Table 4.3 Respondents on Internal Controls on Procurement Management

<table>
<thead>
<tr>
<th>Type of Controls</th>
<th>SD</th>
<th>D</th>
<th>U</th>
<th>A</th>
<th>SA</th>
<th>Total</th>
<th>Mean</th>
<th>SD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating Controls</td>
<td>F</td>
<td>2</td>
<td>2</td>
<td>22</td>
<td>37</td>
<td>20</td>
<td>83</td>
<td>3.86</td>
</tr>
<tr>
<td></td>
<td>%</td>
<td>2.4</td>
<td>2.4</td>
<td>26.5</td>
<td>44.6</td>
<td>24.1</td>
<td>100</td>
<td>77.1</td>
</tr>
<tr>
<td>Procedural Controls</td>
<td>F</td>
<td>1</td>
<td>4</td>
<td>14</td>
<td>34</td>
<td>30</td>
<td>83</td>
<td>4.06</td>
</tr>
<tr>
<td></td>
<td>%</td>
<td>1.2</td>
<td>4.8</td>
<td>16.9</td>
<td>41</td>
<td>36.1</td>
<td>100</td>
<td>81.2</td>
</tr>
<tr>
<td>Periodic Controls</td>
<td>F</td>
<td>1</td>
<td>11</td>
<td>18</td>
<td>38</td>
<td>15</td>
<td>83</td>
<td>3.66</td>
</tr>
<tr>
<td></td>
<td>%</td>
<td>1.2</td>
<td>13.3</td>
<td>21.7</td>
<td>45.8</td>
<td>18.1</td>
<td>100</td>
<td>73.3</td>
</tr>
<tr>
<td>Feedback Controls</td>
<td>F</td>
<td>1</td>
<td>8</td>
<td>25</td>
<td>39</td>
<td>10</td>
<td>83</td>
<td>3.59</td>
</tr>
<tr>
<td></td>
<td>%</td>
<td>1.2</td>
<td>9.6</td>
<td>30.1</td>
<td>47</td>
<td>12</td>
<td>100</td>
<td>71.8</td>
</tr>
</tbody>
</table>

N = 83

The study findings revealed that 4 (4.8%) of the respondents disagreed that operating controls affected procurement management, 22 (26.5%) of the respondents were undecided on the effect of operating controls on procurement management while 57 (68.7%) of the respondents agreed that operating controls affected procurement management.
The study findings on the influence of procedural controls showed that 5 (6.0%) of the respondents disagreed that procedural controls affected procurement management, 14 (16.9%) of the respondents were undecided on the effect of procedural controls on procurement management while 64 (77.1%) of the respondents agreed that procedural controls affected procurement management.

The study findings on the influence of periodic controls showed that 12 (14.5%) of the respondents disagreed that periodic controls affected procurement management, 18 (21.7%) of the respondents were undecided on the effect of periodic controls on procurement management while 53 (63.9%) of the respondents agreed that periodic controls affected procurement management.

The study findings on the influence of feedback controls showed that 9 (10.8%) of the respondents disagreed that feedback controls affected procurement management, 25 (30.1%) of the respondents were undecided on the effect of feedback controls on procurement management while 49 (59.0%) of the respondents agreed that feedback controls affected procurement management.

The findings indicated that out of 83 (100%) respondents 81.2% (mean = 4.06) revealed that procedural controls affects procurement management while 77.1% (mean=3.86) stated that operating controls affect procurement management. On the other hand 73.3% (mean = 3.66) of respondents noted that periodic controls have an effect, while 71.8% (mean = 3.59) of respondents agreed that feedback controls affect procurement management.

The findings found out that procedural controls have more influence on procurement management. This could imply that a well set procedures and guidelines do not allow any
manipulation of such processes by influential people or procurement personnel whose intention is to have personal gain or favor some bids. This means that the use of procedural controls allows thorough selection of competent suppliers and contractors who has the capacity to provide a particular services or suppliers.

Operating controls could not been used on procurement management because organizations are required to perform a fraud risk assessment and assess related controls using operational controls which typically involves identifying scenarios in which theft or loss could occur and determining if existing control procedures effectively manages the risk to an acceptable level. The risk that senior management might override important financial controls to manipulate financial reporting is also a key area of focus in operational controls.

Periodic controls could not been used on procurement management because periodic Control activities occur throughout the organization at all levels and in all functions. This makes it cumbersome and that the process could imply more resource deployment, hence impacting negatively on the organizations resource utilization.

Feedback controls could not been used on procurement management because it encompasses diverse range of policies and procedures that help to ensure management directives are carried out and also requires that any actions that may be needed to address risks are taken to achieve company objectives.

A study conducted by Boulemia (2014) was in line with these findings that procedural controls are very significant in the way a contract is awarded during tendering. Boulemia (2014) noted that to a large extent, the regulation of the procurement process is designed to prevent manipulation by bureaucrats. The study showed that strict procedural rules can be used to align
the interests of the regulator and the public agent, thus limiting favoritism and corruption. Procurement should rely on the discretion and empowerment of public buyers to reach clear and transparent goals set by regulators.

The study further revealed that a procedural guideline reduces the duration of the procurement process. Moreover, procedure does not alter the proportion of candidate; the study found that it significantly raises the share of SMEs being admitted to bid. Yet, the probability of SMEs to win contracts remained unchanged. In addition, the study found no impact on the amount of the winning bid. Finally, the higher discretionary power of public buyers in the organization of the procedure does enable to reach higher outcomes regarding the goals set while not deteriorating its efficiency (Boulemia, 2014).

The findings were in harmony with Tadelis (2012) whose aim was to assess whether the supplementary discretionary power enabled the use of adapted procedures to enabled public buyers to reach the goals set by the regulators. The study noted that in order to award work contracts, two main procedural controls ought to be used: non-formalized procedures, consisting only of the adapted procedure, and formalized procedures, which regroup procedures such as the open call for tenders and formalized procedures with a negotiation phase. The choice between formalized and non-formalized procedures is not entirely left to the discretion of the public buyer. Indeed, awarding procedures have to be chosen according to thresholds defined in the public procurement Code. The use of adapted procedures and formalized procedures with a negotiation phase is limited to contracts whose values are below (or between) the reported thresholds (Tadelis, 2012).
Tadelis, (2012) study further revealed that available procedures also differ in their organization as well as in the possibility of negotiating offers. First, when using formalized procedures with a negotiation phase, public buyers have to separate the reception of candidatures and the reception of bids into two phases. In contrast, when using the open call for tenders or the adapted procedure, firms have to simultaneously submit both their candidatures and their bids. Second, contrarily to the two other awarding procedures, no negotiation phase may be used in the open call for tenders (Tadelis, 2012).

4.4 Influence of Planning and Budgeting on Procurement Management

4.4.1 Stakeholders in the procurement planning process

Influence of planning and budgeting on procurement will look at the stakeholders in the procurement and planning process and influence of planning and budgeting on procurement management.

Stakeholders are key in any planning and budgeting process using FAS in procurement management as they give views that ensures the process output represents the interests of all parties in any organization. The study therefore sought to establish the stakeholders who participate in the planning and budgeting process at Herman Gmeiner School.

Table 4.4 Distribution of Stakeholders in the procurement planning process

<table>
<thead>
<tr>
<th>Stakeholders</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>SOS employees</td>
<td>12</td>
<td>14.5</td>
</tr>
<tr>
<td>Procurement staff</td>
<td>37</td>
<td>44.6</td>
</tr>
<tr>
<td>User Department</td>
<td>29</td>
<td>34.9</td>
</tr>
<tr>
<td>Other</td>
<td>5</td>
<td>6.0</td>
</tr>
<tr>
<td>Total</td>
<td>83</td>
<td>100</td>
</tr>
</tbody>
</table>

N = 83

The findings indicated that out of 83(100%) respondents 37 (44.6%) stated that procurement staff are the ones who majorly participate in the planning and budgeting process while 29
(34.9%) revealed that the user departments are the main stakeholders who participate in the planning and budgeting process, 12 (14.5%) noted that all other SOS employees participate in planning and budgeting while 5 (6%) were opinionated that there were other external members of the school who participated in the planning and budgeting process.

This findings implied that the procurement staff have a better understanding of the operations of the FAS and hence will be key stakeholders in the planning and budgeting process where they will mainly collect the view of the other user departments and used a customized application in the system to plan and budget utilization of funds from allocated revenues ever financial year. The respondents further revealed that, FAS is an essential tool in planning as it ensures that all user needs are captured. This also ensures that the user needs are matched to the budget of the school. Without the FAS it would be difficult to allocate school needs to available funds and ensure that all needs are catered for. This result agrees with Apiyo (2014) who noted that mainly departmental heads and procurement staff were engaged in procurement planning process.

FAS is also used in planning and budgeting of the procurement management process to ensure that items to be procured are estimated with respective prices and budgeting for those items depending on the availability of financial resources. The study sought to establish the Influence of planning and budgeting on procurement management at Hermann Gmeiner School at SOS Eldoret, Uasin Gishu Kenya. The responses were recorded and grouped separately.
Table 4.5 Respondents on Planning and Budgeting on Procurement Management

<table>
<thead>
<tr>
<th></th>
<th>SD</th>
<th>D</th>
<th>U</th>
<th>A</th>
<th>SA</th>
<th>Total</th>
<th>Mean</th>
<th>SD</th>
</tr>
</thead>
<tbody>
<tr>
<td>FAS assists in collecting</td>
<td>F</td>
<td>2</td>
<td>1</td>
<td>20</td>
<td>39</td>
<td>21</td>
<td>83</td>
<td>3.92</td>
</tr>
<tr>
<td>information from user departments</td>
<td>%</td>
<td>2.4</td>
<td>1.2</td>
<td>24.1</td>
<td>47</td>
<td>25.3</td>
<td>100</td>
<td>78.3</td>
</tr>
<tr>
<td>FAS provides a costing mechanism</td>
<td>F</td>
<td>1</td>
<td>2</td>
<td>15</td>
<td>35</td>
<td>30</td>
<td>83</td>
<td>4.10</td>
</tr>
<tr>
<td>necessary for planning of</td>
<td>%</td>
<td>1.2</td>
<td>2.4</td>
<td>18.1</td>
<td>42.2</td>
<td>36.1</td>
<td>100</td>
<td>81.9</td>
</tr>
<tr>
<td>procurement goods</td>
<td>F</td>
<td>1</td>
<td>10</td>
<td>17</td>
<td>38</td>
<td>17</td>
<td>83</td>
<td>3.72</td>
</tr>
<tr>
<td>FAS will control scheduling of</td>
<td>%</td>
<td>1.2</td>
<td>12</td>
<td>20.5</td>
<td>45.8</td>
<td>20.5</td>
<td>100</td>
<td>74.5</td>
</tr>
<tr>
<td>financial resources</td>
<td>F</td>
<td>0</td>
<td>7</td>
<td>23</td>
<td>43</td>
<td>10</td>
<td>83</td>
<td>3.67</td>
</tr>
<tr>
<td>FAS will allocate only available</td>
<td>%</td>
<td>0</td>
<td>8.4</td>
<td>27.7</td>
<td>51.8</td>
<td>12</td>
<td>100</td>
<td>73.5</td>
</tr>
<tr>
<td>resources when budgeting</td>
<td>F</td>
<td>0</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>procurement management</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

N = 83

The study findings revealed that 3 (3.6%) of the respondents disagreed that FAS assists in collecting information from user departments for procurement, 20 (24.1%) of the respondents were undecided on FAS assists in collecting information from user departments for procurement while 60 (72.3%) of the respondents agreed that FAS assists in collecting information from user departments for procurement.

The study findings revealed that 3 (3.6%) of the respondents disagreed that FAS provides a costing mechanism necessary for planning of procurement goods, 15 (18.1%) of the respondents were undecided FAS provides a costing mechanism necessary for planning of procurement goods while 65 (78.3%) of the respondents agreed that FAS provides a costing mechanism necessary for planning of procurement goods.
The study findings revealed that 11 (13.2\%) of the respondents disagreed that FAS will control scheduling of financial resources, 17 (20.5\%) of the respondents were undecided on FAS will control scheduling of financial resources while 55 (66.5\%) of the respondents agreed that FAS will control scheduling of financial resources.

The study findings revealed that 7 (8.4\%) of the respondents disagreed that FAS will allocate only available resources when budgeting procurement management, 23 (27.7\%) of the respondents were undecided on FAS will allocate only available resources when budgeting procurement management while 53 (63.8\%) of the respondents agreed that FAS will allocate only available resources when budgeting procurement management.

The findings indicated that out of 83(100\%) respondents 81.9\% (mean = 4.10) of responses were opinionated to the fact that FAS provides a costing mechanism necessary for planning of procurement goods while 78.3\% (mean=3.92) of revealed that FAS assists in collecting information from user departments for procurement. Another 74.5\% (mean = 3.72) of respondents noted that FAS controls scheduling of financial resources while 73.5\% (mean = 3.67) of respondents agreed that FAS allocates only available resources when budgeting procurement management.

The key finding was, FAS provides a costing mechanism necessary for planning of procured goods. This means that organization can use the system to make a cost estimate of the services and goods to be procured. This eliminates cases where procurement officers overestimate goods and services and eliminating any unnecessary expenditure. This means that an organization can do its planning and budgeting basing on the available resources.
Collecting information from user departments on procurement using FAS is not possible because many types of projects are also subject to considerable uncertainty in time to complete specific tasks, in the resource requirements of those tasks; effort to produce an outcome judged to be successful. Programs often have many such projects, and the program managers face critical decisions about what projects to pursue, how much time and money to invest in each one, and how to reach decisions to terminate individual projects.

Control scheduling using FAS could not have been used in financial resources on procurement because they are inconsistently applied throughout the organization. Before project schedule can be created, the schedule maker should have a work breakdown structure, an effort estimate for each task, and a resource list with availability for each resource. Financial resource scheduling also involves uncertainty.

Financial application systems could not have been used to allocate resources on procurement because allocation of resources for procurement planning activities requires determination of resource requirements to be undertaken on a value-adding and cost-effective basis from various users which might make the process difficult and technical.

A study conducted by Kinyeki (2006) agreed with these findings that FAS is an appropriate tool used in costing of goods to be procured. According to Kinyeki (2006), cost analysis is an important management tool that allows managers to measure the efficiency of their programs and price products and services equitably to their clients. Efficiency can be understood as getting the most output for a given quantity of resources or achieving given level of output at minimum cost. Cost is a factor use in selection process during procurement management. The study noted that
cost, quality and service that are the most important factors in supplier selection process and that cost and quality dominated more in the supplier selection process.

4.5 Influence of Tendering on Procurement Management

4.5.1 Reliance on the financial Application system

Influence of tendering on procurement management will look at the FAS tendering process and influence of tendering on procurement management. Application of FAS in the tendering process is an essential consideration as it regulates the process ensuring transparency and accountability in the process. The study sought to establish SOS reliance on the FAS in tendering.

**Table 4.6 Reliance on the Financial Application System for Tendering**

<table>
<thead>
<tr>
<th></th>
<th>Yes</th>
<th>No</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>The tendering process heavily relies on FAS</td>
<td>F</td>
<td>45</td>
<td>83</td>
</tr>
<tr>
<td></td>
<td>%</td>
<td>54.2</td>
<td></td>
</tr>
<tr>
<td>The tendering process at SOS is mainly manual</td>
<td>F</td>
<td>43</td>
<td>83</td>
</tr>
<tr>
<td></td>
<td>%</td>
<td>51.8</td>
<td></td>
</tr>
<tr>
<td>The tendering process never uses FAS</td>
<td>F</td>
<td>36</td>
<td>83</td>
</tr>
<tr>
<td></td>
<td>%</td>
<td>43.37</td>
<td></td>
</tr>
</tbody>
</table>

N = 83

The findings indicated that out of 83(100%) of the respondents 45 (54.2%) noted that the tendering process heavily relies on the FAS while 43 (51.8%) revealed that the tendering process is mainly manual and 36 (43.37%) stated that tendering process never uses the FAS. This meant that all employees in the organization understood the role of the FAS in the tendering process of the procurement management to ensure that it was transparent and effective. The tendering process heavily relies on the FAS. All prequalified suppliers are gotten from the system and all other procurement processes are guided by the FAS. This reduces the level of fraud that is likely
to take part in the procurement process as evidenced in many other private and public institutions in the country. Respondents noted that this was an organizational requirement as the FAS was mainly a tool to eliminate procurement inefficiencies that had affected the institution in the past. This has made reliance of the FAS a critical procedure in procurement management.

Usage of FAS in these stages adds more benefits to the success of procurement management process. Tendering is a process that ensures proper selection of suppliers. FAS is an electronic system that takes control over the elements of tendering, providing improved and secure access to tender information to potential suppliers. FAS in tendering also improve competence and performance while enabling simplicity and automation. The study sought to measure the effect of tendering on procurement management at Hermann Gmeiner School at SOS Eldoret, Uasin Gishu Kenya.

### Table 4.7 Respondents on tendering on procurement management

<table>
<thead>
<tr>
<th></th>
<th>SD</th>
<th>D</th>
<th>U</th>
<th>A</th>
<th>SA</th>
<th>Total</th>
<th>Mean</th>
<th>SD</th>
</tr>
</thead>
<tbody>
<tr>
<td>FAS generally generates quotations of prequalified suppliers</td>
<td>F</td>
<td>2</td>
<td>3</td>
<td>21</td>
<td>39</td>
<td>18</td>
<td>83</td>
<td>3.82</td>
</tr>
<tr>
<td></td>
<td>%</td>
<td>2.4</td>
<td>3.6</td>
<td>25.3</td>
<td>47</td>
<td>21.7</td>
<td>100</td>
<td>76.4</td>
</tr>
<tr>
<td>FAS selects qualified suppliers and issues tenders</td>
<td>F</td>
<td>1</td>
<td>3</td>
<td>18</td>
<td>32</td>
<td>29</td>
<td>83</td>
<td>4.02</td>
</tr>
<tr>
<td></td>
<td>%</td>
<td>1.2</td>
<td>3.6</td>
<td>21.7</td>
<td>38.6</td>
<td>34.9</td>
<td>100</td>
<td>80.5</td>
</tr>
<tr>
<td>FAS captures all invoice information</td>
<td>F</td>
<td>1</td>
<td>11</td>
<td>20</td>
<td>35</td>
<td>16</td>
<td>83</td>
<td>3.65</td>
</tr>
<tr>
<td></td>
<td>%</td>
<td>1.2</td>
<td>13.3</td>
<td>24.1</td>
<td>42.2</td>
<td>19.3</td>
<td>100</td>
<td>73.0</td>
</tr>
<tr>
<td>FAS electronically wires funds to suppliers accounts</td>
<td>F</td>
<td>1</td>
<td>6</td>
<td>28</td>
<td>36</td>
<td>12</td>
<td>83</td>
<td>3.63</td>
</tr>
<tr>
<td></td>
<td>%</td>
<td>1.2</td>
<td>7.2</td>
<td>33.7</td>
<td>43.4</td>
<td>14.5</td>
<td>100</td>
<td>72.5</td>
</tr>
</tbody>
</table>

**N = 83**

The study findings revealed that 5 (7.0%) of the respondents disagreed that FAS generally generates quotations of prequalified suppliers, 21 (25.3%) of the respondents were undecided on FAS generally generates quotations of prequalified suppliers while 57 (68.7%) of the respondents agreed that FAS generally generates quotations of prequalified suppliers.
The study findings revealed that 4 (4.8%) of the respondents disagreed that FAS selects qualified suppliers and issues tenders, 18 (21.7%) of the respondents were undecided that FAS selects qualified suppliers and issues tenders while 61 (73.5%) of the respondents agreed that FAS selects qualified suppliers and issues tenders. The study findings revealed that 12 (14.5%) of the respondents disagreed that FAS captures all invoice information, 20 (24.1%) of the respondents were undecided on FAS captures all invoice information while 51 (61.5%) of the respondents agreed that FAS captures all invoice information.

The study findings revealed that 7 (8.4%) of the respondents disagreed that FAS electronically wires funds to suppliers accounts, 28 (33.7%) of the respondents were undecided on FAS electronically wires funds to suppliers accounts while 48 (57.9%) of the respondents agreed that FAS electronically wires funds to suppliers accounts. The findings indicated that out of 83(100%) respondents 80.5% (mean = 4.02) of responses noted that FAS selects qualified suppliers and issues tenders while 76.4% (mean=3.82) of responses stated that FAS generally generates quotations of prequalified suppliers. On the other hand,73.0% (mean = 3.65) of respondents revealed that FAS captures all invoice information, while 72.5% (mean = 3.63) of respondents agreed that FAS electronically wires funds to suppliers accounts.

The key finding is that Financial Application system selects qualified suppliers and issues tenders. This means that tendering is a competitive process which can be manipulated by some individuals who have self-interest. FAS enhance transparency of the process by selecting the right suppliers. It is therefore paramount that FAS be fed with the right information so as it select the right supplier.

FAS is to used to wire funds directly to supplier accounts because many contractors do not have the financial resources to cater for lengthy delays in routine payments and, where private sector
contractors are working for public sector clients such as government ministries, effective and transparent ways and means of ensuring quick payments to the contractors should be established before the project starts.

Generating quotations of pre qualified suppliers using FAS is not possible because quotation process is normally used for relatively low value and low risk purchases. For higher value purchases, which require greater accountability, the more formal tendering process should be adopted. Requests for quotations can be made verbally or in writing. Generally such purchases are characterized by simple specifications. In seeking written quotations the supplier should be asked to submit details of price, time required for delivery, trade or early payment discounts, any other costs associated with delivery and carriage and, where appropriate, the cost of maintenance. FAS could not have used to capture all invoice information because advanced procurement systems may not have been adopted that allows capture all the information generated in the procurement process.

The findings are in agreement with Canton (2012) that FAS makes the process Contract awarding during procurement faster in order to evaluate the proposals taking part and award the relevant contract. There are several ways used by organization to issue tenders. They include least price, mean value and exclusion of the extremes. Under least price, procurement contract is awarded to the best price. Some relevant methods are these of examining the overall or in parts and in total discount in a given price list or on a given budget (Canton, 2012). FAS makes possible use of Electronic invoicing technology that has been taking increasingly more attention in procurement process through invoicing and issuing of bill by supplier or a contractors relating to a supply transaction and indicating the products, quantities, and agreed prices for products or services the supplier had provided the buyer. Payment terms are usually stated on the invoice. In
related to procurement a supplier who has provided its goods and services demand the payment through invoicing.

4.6 Influence of Reporting on Procurement Management

4.6.1 Completeness of Financial Application Report

Influence of reporting on procurement management will look at the FAS issuance of reports and Completeness of FAS reports. It is essential for FAS to issue reports after a procurement management process to enhance feedback and control of future procurement processes. The study sought to determine the frequency of issuance of reports by the FAS.

Table 4.8 Financial Application System Issuance of Reports

<table>
<thead>
<tr>
<th></th>
<th>F</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>On demand</td>
<td>23</td>
<td>27.7</td>
</tr>
<tr>
<td>After every procurement management</td>
<td>27</td>
<td>32.5</td>
</tr>
<tr>
<td>Every week</td>
<td>14</td>
<td>16.9</td>
</tr>
<tr>
<td>Every month</td>
<td>17</td>
<td>20.5</td>
</tr>
<tr>
<td>Others</td>
<td>2</td>
<td>2.4</td>
</tr>
<tr>
<td>Total</td>
<td>83</td>
<td>100</td>
</tr>
</tbody>
</table>

N = 83

The findings indicated that out of 83(100%) of the respondents 27 (32.5%) revealed that the FAS issues reports after every procurement management process while 23 (27.7%) were opinionated to the fact that the FAS issues reports on demand while 17 (20.5%) reported that the FAS issues reports every month while finally 17 (20.5%) of the respondents noted that the FAS issues reports every month. This implies that the FAS reports are available and any report can be generated from the system at any time however, reports at the end of every procurement process are generated for audit purposes and for management use. Respondent however noted that the reports are not always generated because the procurement staff is unwilling to disclose
information relating to the tendering process unless requested by management to reduce organizational grapevine.

Using the FAS, essential to determine the completeness of reports in order to ascertain their effectiveness in the procurement system. The study therefore sought to establish the completeness of the reports generated by the FAS.

**Table 4.9 Completeness of Financial Application System Reports**

<table>
<thead>
<tr>
<th>Responses</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Completely</td>
<td>64</td>
<td>77</td>
</tr>
<tr>
<td>Contains only essential information</td>
<td>19</td>
<td>23</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>83</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

N = 83

The findings indicated that out of 83 respondents 64 (77%) of the respondents noted that the FAS produces complete reports while 19 (23%) noted that the FAS only produces essential information in its reports. This implied that the FAS level of detail is sufficient enough for the respondents or users to comprehend and it provides information that can be viewed and accessed by various user departments in the organization. Respondents were however quick to note that the completeness of the information depended on the purpose of the requested report. Some reports may be incomplete due to the function they may have been required to undertake. Chenhall (2013) agreed with this assertion and findings when he noted that FAS was effective in reporting and suggested that it should be widely used.

In monitoring procurement processes, FAS enables reporting on procurement process to be done on time for monitoring and evaluation purposes. Procurement reporting is of great use in
procurement process since it gives a summary of how resources have been allocated in project implementation. This enhances quick action in case there’s some misuse of these resources. Reporting also is used for future project planning. The study sought to measure the effect of reporting on procurement management at Hermann Gmeiner School at SOS Eldoret, Uasin Gishu Kenya.

Table 4.10 Respondents on reporting on procurement management

<table>
<thead>
<tr>
<th></th>
<th>SD</th>
<th>D</th>
<th>U</th>
<th>A</th>
<th>SA</th>
<th>Total</th>
<th>Mean</th>
<th>SD</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Goods procured reports</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>F</td>
<td>2</td>
<td>2</td>
<td>23</td>
<td>37</td>
<td>19</td>
<td>83</td>
<td>3.83</td>
<td>0.89</td>
</tr>
<tr>
<td>%</td>
<td>2.4</td>
<td>2.4</td>
<td>27.7</td>
<td>44.6</td>
<td>22.9</td>
<td>100</td>
<td>76.6</td>
<td></td>
</tr>
<tr>
<td><strong>Supplier performance report</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>F</td>
<td>1</td>
<td>4</td>
<td>18</td>
<td>33</td>
<td>27</td>
<td>83</td>
<td>3.98</td>
<td>0.92</td>
</tr>
<tr>
<td>%</td>
<td>1.2</td>
<td>4.8</td>
<td>21.7</td>
<td>39.8</td>
<td>32.5</td>
<td>100</td>
<td>79.5</td>
<td></td>
</tr>
<tr>
<td><strong>Invoicing</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>F</td>
<td>1</td>
<td>11</td>
<td>21</td>
<td>35</td>
<td>15</td>
<td>83</td>
<td>3.63</td>
<td>0.97</td>
</tr>
<tr>
<td>%</td>
<td>1.2</td>
<td>13.3</td>
<td>25.3</td>
<td>42.2</td>
<td>18.1</td>
<td>100</td>
<td>72.5</td>
<td></td>
</tr>
<tr>
<td><strong>Payments</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>F</td>
<td>1</td>
<td>7</td>
<td>27</td>
<td>36</td>
<td>12</td>
<td>83</td>
<td>3.61</td>
<td>0.88</td>
</tr>
<tr>
<td>%</td>
<td>1.2</td>
<td>8.4</td>
<td>32.5</td>
<td>43.4</td>
<td>14.5</td>
<td>100</td>
<td>72.3</td>
<td></td>
</tr>
</tbody>
</table>

N = 83

The study findings revealed that 4 (4.8%) of the respondents disagreed that there were goods procured reports on procurement management, 23 (27.7%) of the respondents were undecided on goods procured reports on procurement management while 56 (67.5%) of the respondents agreed that there were goods procured reports on procurement management.

The study findings revealed that 5 (6.0%) of the respondents disagreed that there were supplier performance report on procurement management, 18 (21.7%) of the respondents were undecided
on there were supplier performance report on procurement management while 60 (72.3%) of the respondents agreed that there were supplier performance report on procurement management. The study findings revealed that 12 (14.5%) of the respondents disagreed that there were Invoicing on procurement management, 21 (25.3%) of the respondents were undecided on Invoicing on procurement management while 50 (60.3%) of the respondents agreed that there were Invoicing on procurement management.

The findings revealed that 8 (9.6%) of the respondents disagreed on payments reporting affected procurement management, 27 (32.5%) of the respondents were undecided on payments reporting affected procurement management while 48 (57.9%) of the respondents agreed that payments reporting affected procurement management. The study informed that out of 83 respondents 79.5% (mean = 3.98) of responses noted that reporting on supplier performance report affects procurement management while 76.6% (mean=3.83) of responses revealed that reporting on goods procured affects procurement management. 72.5% (mean = 3.63) of respondents agreed that reporting on invoicing affects procurement management and finally, 72.3% (mean=3.61) established that reporting on payments affects procurement management.

The findings implied that supplier performance reports would help procurement personnel to assess the previous tenders, the ongoing suppliers and future planning of procurement. In most cases, procurement process has some loopholes which are identified when it is in progress. In such cases reports are very vital in identifying such loopholes hence calling for immediate actions. Reports also are used gather information required for financial application system to monitor the use of financial resources by suppliers. It therefore boost the transparency of the process.
Goods procured reports might not have been used because the system reports on the goods procured only if there were a need by management or any other authority to access this information. This information can also be necessary when making payments or when selecting future suppliers because they provide a complete set of information relating to the goods procured. Invoicing and payment reports might not be used because procurement management uses financial records in handling future projects since there is commonness in challenges arising in project implementation. Also invoicing cause delay of project implementations due to immediate action by the client.

The findings are in agreement with Popper, (1963) who noted that FAS encourages Progress reporting as a key activity of project management. The project manager issues regular reports of progress against budget, schedule and scope. Progress reporting is a key activity of project management. The project manager should issues regular reports of progress against budget, schedule and scope. Supplier performance entails the reliability of supplier to provide the services and goods as stipulated in the contract (Popper, 1963). However, many suppliers do not have the capacity to supply goods and services to the standard required in terms of quality and time duration for that particular contract. Nowadays organizations in developing countries have introduced initiatives to work together with suppliers so that they can improve the quality of their services (Teubener, 2005).

4.7 Indicators of Procurement Management

It was essential to identify the indicators used in procurement management. In an effort to measure indicators of procurement performance, the responses were recorded and grouped separately.
Table 4.11 Respondents on Indicators of Procurement Management

<table>
<thead>
<tr>
<th>Indicator</th>
<th>SD</th>
<th>D</th>
<th>U</th>
<th>A</th>
<th>SA</th>
<th>Total</th>
<th>Mean</th>
<th>SD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accountability</td>
<td>F</td>
<td>2</td>
<td>22</td>
<td>37</td>
<td>20</td>
<td>83</td>
<td>3.86</td>
<td>0.90</td>
</tr>
<tr>
<td>%</td>
<td></td>
<td>2.4</td>
<td>26.5</td>
<td>44.6</td>
<td>24.1</td>
<td>100</td>
<td>77.1</td>
<td></td>
</tr>
<tr>
<td>Reliability</td>
<td>F</td>
<td>1</td>
<td>16</td>
<td>33</td>
<td>30</td>
<td>83</td>
<td>4.06</td>
<td>0.90</td>
</tr>
<tr>
<td>%</td>
<td></td>
<td>1.2</td>
<td>19.3</td>
<td>39.8</td>
<td>36.1</td>
<td>100</td>
<td>81.2</td>
<td></td>
</tr>
<tr>
<td>Effectiveness</td>
<td>F</td>
<td>1</td>
<td>11</td>
<td>19</td>
<td>35</td>
<td>17</td>
<td>3.67</td>
<td>0.99</td>
</tr>
<tr>
<td>%</td>
<td></td>
<td>1.2</td>
<td>22.9</td>
<td>42.2</td>
<td>20.5</td>
<td>100</td>
<td>73.5</td>
<td></td>
</tr>
<tr>
<td>Efficiency</td>
<td>F</td>
<td>1</td>
<td>6</td>
<td>27</td>
<td>37</td>
<td>12</td>
<td>3.64</td>
<td>0.86</td>
</tr>
<tr>
<td>%</td>
<td></td>
<td>1.2</td>
<td>32.5</td>
<td>44.6</td>
<td>14.5</td>
<td>100</td>
<td>72.8</td>
<td></td>
</tr>
</tbody>
</table>

N= 83

The finding indicated that out of 83(100%) respondents, 81.2% (mean = 4.06) noted that reliability is used to measure performance of procurement while 77.1% (mean=3.86) revealed that accountability is used while 73.5% (mean = 3.67) of respondents agreed that effectiveness is an indicator of procurement performance and finally, 72.8% (mean=3.64) were opinionated to the fact that efficiency is an indicator of procurement performance. The findings indicate that reliability is an indicator of how effective is procurement management in an organization. This implies that the mechanisms used for procurement management should be reliable in terms of records, time and cost such that records used are reliable in the manner that the management can use in decision making, mechanism should allow the organization to procure goods and services in the shortest time possible and at minimum cost.

4.8 Regression Model for the Influence of Financial Application System on Procurement Management

On determining that all the variables of financial application system had an effect on procurement management the study went ahead to compute an overall regression model...
indicating how the variables interacted in the study. The F test provides an overall test of significance of the fitted regression model. The F value indicates that all the variables in the equation are important hence the overall regression is significant. The regression indicated that the results computed using the regression model indicated significant value of \( p=0.000 \) meaning that the regression model had been computed well and not by chance. The results are seen in Table 4.12

**Table 4.12 Regression Results Influence of Financial Application System on Procurement Management**

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.992⁴</td>
<td>0.885</td>
<td>0.884</td>
<td>0.058</td>
</tr>
</tbody>
</table>

**Model Sum of Squares Mean Square F Sig.**

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>2</td>
<td>Regression</td>
<td>117.276</td>
<td>4</td>
<td>4.319</td>
</tr>
<tr>
<td></td>
<td>Residual</td>
<td>0.264</td>
<td>78</td>
<td>0.484</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>117.54</td>
<td>82</td>
<td></td>
</tr>
</tbody>
</table>

**Model Unstandardized Coefficients Standardized Coefficients**

<table>
<thead>
<tr>
<th>Model</th>
<th>B</th>
<th>Std. Error</th>
<th>Beta</th>
<th>T</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>3</td>
<td>(Constant)</td>
<td>0.467</td>
<td>0.361</td>
<td>0.781</td>
<td>7.781</td>
</tr>
<tr>
<td></td>
<td>Internal Controls</td>
<td>0.411</td>
<td>0.078</td>
<td>0.422</td>
<td>5.968</td>
</tr>
<tr>
<td></td>
<td>Planning and Budgeting</td>
<td>0.397</td>
<td>0.065</td>
<td>0.385</td>
<td>2.593</td>
</tr>
<tr>
<td></td>
<td>Tendering</td>
<td>0.172</td>
<td>0.065</td>
<td>0.176</td>
<td>4.383</td>
</tr>
<tr>
<td></td>
<td>Reporting</td>
<td>0.329</td>
<td>0.064</td>
<td>0.332</td>
<td>5.129</td>
</tr>
</tbody>
</table>

*Dependent Variable: Procurement Management*
From table 4.12 it is clear that the R value was .992 showing a positive direction of R is the correlation between the observed and predicted values of the dependent variable. The values of R range from -1 to 1 (Wong and Hiew, 2005). The sign of R indicates the direction of the relationship (positive or negative). The absolute value of R indicates the strength, with larger absolute values indicating stronger relationships. Thus the R value at .992 shows a stronger relationship between observed and predicted values in a positive direction. The coefficient of determination $R^2$ value was 0.884. This shows that 88.4 per cent of the variance in dependent variable (procurement management) was explained and predicted by independent variables (Internal controls, planning and budgeting, tendering, reporting).

The F-statistics produced ($F = 94.491.$) was significant at $p=0.000$ thus confirming the fitness of the model and therefore, there is statistically significant relationship between Internal controls, planning and budgeting, tendering, reporting, and procurement management.

The t-value of constant produced ($t = 7.781$) was significant at .000 per cent level (Sig. F< 0.05), thus confirming the fitness of the model. Therefore, there is statistically significant relationship between internal controls, planning and budgeting, tendering, reporting and procurement management.

Internal Control was significant ($p<0.05$) in procurement management contributing 42.2%. This implies that internal controls have more influence on how procurement is managed. The adopted FAS has internal controls such as procedural controls, periodical controls, operating controls and feedback controls. Most empirical research and discussion examine internal control as important aspects for procurement management (OECD, 2008).
Moreover, planning and budgeting was significant (p<0.05) in procurement management contributing 38.5%. This implies that planning and budgeting in procurement is important since it is used by institutions to plan purchasing activity for a specific period of time. Planning and Budgeting has been viewed as an impetus and agent for procurement change (Apiyo, 2014).

Tendering was significant (p<0.05) contributing 17.6% in procurement management. This implies that tendering is a stage of selecting the right suppliers. In most cases, institutions put an advert on tender notice requiring the supplies to submit their bids showing their capacity and competence of supplying such goods thus affecting procurement management process. This is in agreement with literature that argues that more recently the main drivers for procurement management appear to be shifting from cost to strong issues such as tendering (Andreasen, 2012).

Reporting was significant (p<0.05) in procurement management contributing 33.2%. This implies that reporting has great influence in procurement management since it only involves reporting on how procurement process is being implemented by all entities. At this stage suppliers have been selected and in most cases they have rendered their services or supplied the required goods. This means that reporting of procurement management entails submission of briefings on procurement activities such as utilization of resources, characteristics of supplied products and This is an indication that reporting is one of many ways to reach the goals of effective procurement management. This usually takes the form of the production of documentation and reports at key stages. Reporting provides the Programme/Project Board with a summary of the status of the programme/project at intervals defined by them (Canton et al., 2012).
CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.0 Introduction

This chapter provides the summary of the findings, the conclusions and the recommendations of the study. These were included inform of themes which related to the research objectives to ensure clarity and consistency in the highlight of the responses. Contribution to body of research was also included to ensure that it provides relevant information to future researchers.

This study was informed on improvement of procurement management. The study specifically sought to find out the influence of FAS on procurement management at SOS Hermann Gmeiner School in Eldoret, Uasin Gishu County. The study involved the participation of 83 respondents’ including school director; procure management committee, finance officer and teachers. The data was analyzed through descriptive statistics and inferential statistic (regression). The study established that FAS influence procurement managers.

5.1 Summary of Findings.

The study opinionated that out of 83 respondents 81.2% (mean = 4.06) of responses were opinionated that procedural controls affects procurement management implying a well set procedures and guidelines does not allow any manipulation of such processes by influential people or procurement personnel whose intention is have personal gain or favor some bids. To great extent procedural controls allows thorough selection of competent suppliers and contractors who has the capacity to provide a particular services or suppliers.

On the influence of planning and budgeting on procurement management the findings indicated that out of 83(100%) respondents 81.9% (mean = 4.10) of responses revealed that FAS provides
a costing mechanism necessary for planning of procurement goods implying that organization can use the system to make a cost estimate of the services and goods to be procured. This will eliminate cases where procurement officers overestimate goods and services and eliminating any unnecessary expenditure. This means that an organization can do its planning and budgeting basing on the available resources.

On the influence of tendering on procurement management, the findings indicated that out of 83 respondents 80.5% (mean = 4.02) were opinionated that FAS selects qualified suppliers and issues tenders. This means that tendering is a competitive process which can be manipulated by some individuals who have self-interest. The use of FAS enhances transparency of the process by selecting the right suppliers. It is therefore paramount that FAS be fed with the right information so as it select the right supplier.

On the influence of reporting on procurement management, the findings indicated that out of 83 respondents 79.5% (mean = 3.98) were opinionated that reporting on supplier performance report affects procurement management. The findings implied that supplier performance reports would help procurement personnel to assess the previous tenders, the ongoing suppliers and future planning of procurement. In most cases, procurement process has some loopholes which are identified when it is in progress. In such cases reports are very vital in identifying such loopholes hence calling for immediate actions. Reports also are used gather information required for financial application system to monitor the use of financial resources by suppliers. It therefore boosts the transparency of the process.

On procurement management indicators, the study indicated that out of 83 respondents, 81.2% (mean = 4.06) of responses were opinionated that reliability is used to measure performance of
procurement management. This implies that the mechanisms used for procurement management should be reliable in terms of records, time and cost such that records used are reliable in the manner that the management can use in decision making, mechanism should allow the organization to procure goods and services in the shortest time possible and at minimum cost.

The study went ahead to determine if all the variables of financial application system had an influence on procurement management. An overall regression model indicating how the variables interacted in the study was computed.

The regression indicated that the results computed using the regression model indicated significant value of p=0.000 meaning that the regression model had been computed well and not by chance. Internal controls contributes much to the procurement management process by over 42.2% followed by planning and budgeting contributing by 38.5%. Tendering process contribute by 17.6% while reporting contributes by 3.2%. This implies that internal controls are a vital variable that needs to be nurtured for it has much influence on procurement management. This means that internal controls cut across all the stages of procurement process including organizational planning to procure, bidding, awarding the tender and reporting of suppliers. Internal controls are a form of risk management that is put to hedge risks through human manipulation.
5.2 Conclusion

The study concluded that;

Internal controls have great influence on procurement management process. Internal controls integrated in FAS enhance procurement management in several ways. The role of these controls in FAS therefore is to make the whole process of management of procurement effective and reliable. This is achieved through following proper already laid procedures and organizational guidelines. Procedural controls specifically allow the procurement officers to follow a certain procedure which restrict human manipulation hence there’s transparency. Feedback controls allows the user to redo a procedure when the input to the system is wrong or is not as per the procedure. It can therefore be concluded that internal controls had a significantly positive influence on procurement management at Hermann Gmeiner School

Planning and budgeting in procurement is important since it is used by institutions to plan purchasing activity for a specific period of time. It is commonly completed during the budgeting process. In the institution, each department is required to budget for staff, expenses, and purchases. In procurement planning, items to be procured are defined first, then defining the process of acquiring such items and finally scheduling the timeframes for delivery. This means therefore that procurement planning enhances procuring items which are necessary at a particular time and the items meet the available resources at that time. The function of FAS in these stages is to ensure that items to be procured are estimated with respective prices and budgeting for those items depending on the availability of financial resources. It can therefore be concluded that
planning and budgeting had a significantly positive influence on procurement management at Hermann Gmeiner School.

Tendering is a stage of selecting the right suppliers. In most cases, institutions put an advert on tender notice requiring the supplies to submit their bids showing their capacity and competence of supplying such goods and services. Tendering is a process of making an offer, bid or proposal, or expressing interest in response to an invitation or request for tender. Organizations will seek other businesses to respond to a particular need, such as the supply of goods and services, and will select an offer or tender that meets their needs and provides the best value for money.

Tender request documents; also referred to as invitations to tender, Requests for Tender (RTF), Requests for Proposal (RFP) etc. outline what is required, that is, what the requesting organization’s needs are. These documents also outline the particular requirements, criteria, and instructions that are to be followed. Interested suppliers will then prepare a tender; the documents that outline the offer that they are making, and will include pricing, schedules as well as their eligibility for the project or procurement. They will outline their advantage over competitors; provide information on qualifications, competencies and experience. Further they have to demonstrate how their bid offers the best value for money. The submitted tenders are then evaluated with regard to defined criteria. In a normal tendering situation, this process should be conducted fairly and honestly, and in a manner that is free from bias or favor. The offer that best meets all of the requirements outlined in the request, and provides value for money should win the contract. This means therefore that improper selection of suppliers end up procuring substandard goods and services hence failure of procurement management process. The use of FAS in these stages adds more benefits to the success of procurement management process. For example, FAS takes control over the elements of tendering, providing improved and secure
access to tender information to potential suppliers. It can therefore be concluded that tendering had a significantly positive influence on procurement management at Hermann Gmeiner School. Reporting does not have great influence in procurement management since it only involves reporting on how procurement process is being implemented by all entities. At this stage suppliers have been selected and in most cases they have rendered their services or supplied the required goods. This means that reporting of procurement management entails submission of briefings on procurement activities such as utilization of resources, characteristics of supplied products and generally a summary of procurement process. However, procurement reporting can be of good use most probably in the next procurement activity since reporting captures the challenges faced during the previous process. It can therefore be concluded that reporting had a significantly positive influence on procurement management at Hermann Gmeiner School.

5.3 Recommendations of the Study

Based on the findings of the study the following recommendations were made on policy and practice. The study also made suggestions for further studies and also identified the contributions to research from the study.

5.3.1 Recommendations on Policy

The study recommends that Hermann Gmeiner School develops a policy to continuously customize its FAS application to suite its main operational processes related to procurement management. These processes include the procedures of planning and budgeting and the procedures of tendering. This would ensure that the system is able to serve all the needs of the institution. The study also recommends that Hermann Gmeiner School develops a policy on management of the FAS. This would ensure that the right persons are recruited and selected to
run the system in the most effective manner in a way that it will achieve best results for the organization at Hermann Gmeiner School

5.3.2 Recommendations on Practice

The study established that the institution does not have effective feedback controls integrated in financial application system. The study recommends that feedback controls should be put in place by school management so that procurement performance can be evaluated using the output of feedback controls. Basically institution’s management can use this feedback controls to evaluate how effectively their teams meet the stated goals at the end of a procurement process. Feedback control evaluates the team’s progress by comparing the output the team was planning to what was actually achieved. If what is achieved is less than the planned amount, the expectation is that the manager can adjust the work process to increase the achievement. Feedback control also allows the manager to better lead her team. The manager can use the data to inform team members of their individual performance. By isolating individual performance, the manager can better instruct team members and motivate them to improve.

The study also establish that FAS does not effectively allocate resources during procurement budgeting. Resource allocation or resource management in procurement process is the scheduling of activities and the resources required by those activities while taking into consideration both the resource availability and the project time. If these resources are not efficiently utilized it means that the institution may not achieve its goals in procurement in that goods procured are not what’s required. The study therefore recommends that FAS be redesigned so that it can effectively allocate institution’s resources.
The study established that FAS is effectively used during tendering in selecting suppliers. However, FAS is not used to pay suppliers electronically or rather wires funds to suppliers’ accounts electronically. The study recommends that FAS be used by accountants to make payments since it has all the required information of the supplier. In most cases, procurement managers can find themselves where they make inappropriate payment. For example a contractor may not have finished his/her work and payment is made depending on the amount of work. In such a case project manager normally gives recommendation in terms of payment which should be forwarded to finances department for payment. So the use of FAS can ease the work of procurement managers since this system gathers all the information from all user departments which were involved in project management.

The study established during procurement reporting, the institution does little on payment reporting. Basically payment reporting gives a brief summary of project payment for future planning and budgeting. The study therefore recommends that project manager and finances department put mechanism that enhances reporting on payment of every project.

5.3.3 Suggestions for Further Studies

Since this study explored the influence of financial application system on procurement management at Hermann Gmeiner school in Uasin Gishu C county, Kenya, the study recommends that a similar study should be done in other Hermann Gmeiner schools in SOS Schools for comparison purposes and to allow for generalization of finding on the influence of financial application system on procurement management.

The study further recommend more studies done on the integrations of internal controls in financial Application system in enhancing procurement management, The role of FAS on
resource allocation to enhance procurement management process and influence of planning and budgeting in procurement management process.

5.4.4 Summary of the study Contribution to the body of knowledge

The study contribution can be summarized in a tabular manner as indicated;

<table>
<thead>
<tr>
<th>Objective</th>
<th>Contribution</th>
</tr>
</thead>
<tbody>
<tr>
<td>To determine influence of internal controls on procurement management at Hermann Gmeiner School at SOS Eldoret, Uasin Gishu Kenya.</td>
<td>Internal control has an influence on procurement management with a beta coefficient of 0.422, the effect is significant at (p=0.000). This implies that internal controls have more influence on how procurement is managed. The adopted FAS should therefore have internal controls such as procedural controls, periodical controls, operating controls and feedback controls.</td>
</tr>
<tr>
<td>To establish Influence of planning and budgeting on procurement management at Hermann Gmeiner School at SOS Eldoret, Uasin Gishu Kenya.</td>
<td>Planning and budgeting has an influence on procurement management with a beta coefficient of 0.385, the effect is significant at p=0.000, between planning and budgeting and procurement management. This implies that planning and budgeting in procurement is important since it is used by institutions to plan purchasing activity for a specific period of time.</td>
</tr>
<tr>
<td>To assess Influence of tendering on procurement management at Hermann Gmeiner School at SOS Eldoret, Uasin Gishu Kenya.</td>
<td>Tendering has an influence on procurement management with a beta coefficient ((p = 0.176)) the effect is significant at p=0.000 between tendering and procurement management. This implies that tendering is a stage of selecting the right suppliers. In most cases, institutions put an advert on tender notice requiring the supplies to submit their bids showing their capacity and competence of supplying such goods and services.</td>
</tr>
<tr>
<td>To examine Influence of reporting on procurement management at Hermann Gmeiner School at SOS Eldoret, Uasin Gishu Kenya.</td>
<td>Reporting has an influence on procurement management with a beta coefficient ((p = 0.332) the effect is significant at p=0.000) between reporting and procurement management. This implies that reporting has great influence in procurement management since it only involves reporting on how procurement process is being implemented by all entities. At this stage suppliers have been selected and in most cases they have rendered their services or supplied the required goods. This means that reporting of procurement management entails submission of briefings on procurement activities such as utilization of resources, characteristics of supplied products and generally a summary of procurement management process.</td>
</tr>
</tbody>
</table>
REFERENCES


Congressional Budget Office, (2009). The Department of Veterans Affairs’ Pharmaceutical Prime Vendor Program. Constituencies Development Fund in Kenya. Graduate School of Development Studies,


Knight, Harland, Telgen, Thai, Callender, and Mcken, (2007) cited in Kakwezi and Nyeko,


Mendoza, O., (2008). Procurement - Challenges Facing Procurement Organizations: Published: June 02, 2008 in Knowledge@Wharton: BioMed Central Ltd, Mexico


Osei-Tutu E, Mensah S., & Ameyaw C., (2011). The Level of Compliance with the Public Procurement Act 290


Public Procurement Oversight Authority (October 2007) Assessment of the Procurement System in Kenya. Public Procurement Oversight Authority


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APPENDIX I: DATA COLLECTION INTRODUCTORY LETTER

I am a master student of project planning and management and as a partial requirement of the coursework assessment, I am required to submit a research report on: The Influence of Financial Application System on Procurement Management Process of Hermann Gmeiner School at SOS Eldoret, Uasin Gishu Kenya. I would highly appreciate if you could kindly complete the Questionnaire to assist me collect data. Your information alongside others will help me in my research and will be used strictly for academic purposes and will be treated as confidential, therefore, do not write your name on the questionnaire.

Thank you in advance,

Yours faithfully,
APPENDIX II: LETTER FROM THE UNIVERSITY

UNIVERSITY OF NAIROBI
COLLEGE OF EDUCATION AND EXTERNAL STUDIES
SCHOOL OF CONTINUING AND DISTANCE EDUCATION

Telegram: “CEES”
Telephone: +254-20240676
Our Ref: Uon/Cees/Eld/23/(24)

11th May, 2015

TO WHOM IT MAY CONCERN

REF: KIBE FAITH MUTHONI – L50/71745/2014

The above named person is a bonafide student at University of Nairobi, College of Education and External Studies, School of Continuing and Distance Education, Department of Extra-Mural Studies, Eldoret Centre, pursuing a Postgraduate Studies leading to the award of Master of Arts in Project Planning Management (MAPPM). She has completed her course work and is now working on her Project Paper entitled “Influence of Financial Application System on Procurement Management of Hermann Comeinar School at SOSEldoret, Uasin Gishu, Kenya”.

Any assistance accorded to her will be highly appreciated.

Sakaja Y.M.
Centre Organizer
Eldoret and Environ.
### APPENDIX III: QUESTIONNAIRE FOR RESPONDENTS

<table>
<thead>
<tr>
<th>Question</th>
<th>Responses</th>
<th>Comment</th>
</tr>
</thead>
<tbody>
<tr>
<td>What is your age bracket?</td>
<td>20-30 years [ ]</td>
<td></td>
</tr>
<tr>
<td></td>
<td>31-40 years [ ]</td>
<td></td>
</tr>
<tr>
<td></td>
<td>41-50 years [ ]</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Over 51 years [ ]</td>
<td></td>
</tr>
<tr>
<td>What is your gender?</td>
<td>Male [ ]</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Female [ ]</td>
<td></td>
</tr>
<tr>
<td>What is your level of education?</td>
<td>Secondary level [ ]</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Certificate level [ ]</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Diploma level [ ]</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Degree level [ ]</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Other .............................................</td>
<td></td>
</tr>
<tr>
<td>How long have you served in the school?</td>
<td>Less than 3 years [ ]</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Between 3-7 years [ ]</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Between 7-11 years [ ]</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Over 11 years [ ]</td>
<td></td>
</tr>
<tr>
<td>Internal Controls of the FAS</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Do you believe the FAS has a sufficient number of internal controls</td>
<td>Yes [ ]</td>
<td></td>
</tr>
<tr>
<td></td>
<td>No [ ]</td>
<td></td>
</tr>
<tr>
<td>Kindly comment on the effectiveness of this internal controls in the FAS in managing procurement management</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Kindly rate the extent to which you agree with the following statements on the nature of internal controls of the FAS enforced in the procurement management process in Hermann Gmeiner School at SOS Eldoret.</td>
<td>SA [ ] A [ ] UD [ ] D [ ] SD [ ]</td>
<td></td>
</tr>
<tr>
<td>Procedural Controls</td>
<td>[ ] [ ] [ ] [ ] [ ] [ ]</td>
<td></td>
</tr>
<tr>
<td>Operating Controls</td>
<td>[ ] [ ] [ ] [ ] [ ] [ ]</td>
<td></td>
</tr>
<tr>
<td>Periodic Controls</td>
<td>[ ] [ ] [ ] [ ] [ ] [ ]</td>
<td></td>
</tr>
<tr>
<td>Feedback Controls</td>
<td>[ ] [ ] [ ] [ ] [ ] [ ]</td>
<td></td>
</tr>
</tbody>
</table>
### Planning and Budgeting with the FAS

<table>
<thead>
<tr>
<th>Question</th>
<th>Options</th>
</tr>
</thead>
<tbody>
<tr>
<td>Who are the stakeholders in the procurement planning process</td>
<td>All SOS employees [ ]</td>
</tr>
<tr>
<td></td>
<td>Procurement Staff [ ]</td>
</tr>
<tr>
<td></td>
<td>User Departments [ ]</td>
</tr>
<tr>
<td></td>
<td>Other:___________________</td>
</tr>
<tr>
<td>How is planning integrated in the FAS (Explain)</td>
<td>________________________</td>
</tr>
<tr>
<td></td>
<td>________________________</td>
</tr>
<tr>
<td></td>
<td>________________________</td>
</tr>
<tr>
<td>Why is budgeting using FAS key to procurement management at SOS</td>
<td>________________________</td>
</tr>
<tr>
<td></td>
<td>________________________</td>
</tr>
<tr>
<td></td>
<td>________________________</td>
</tr>
<tr>
<td>Kindly rate the extent to which you agree with the following statements</td>
<td>SA</td>
</tr>
<tr>
<td>the influence of planning and budgeting on procurement management in</td>
<td>[ ]</td>
</tr>
<tr>
<td>Hermann Gmeiner School at SOS Eldoret.</td>
<td>[ ]</td>
</tr>
<tr>
<td>FAS assists in collecting information from user departments for</td>
<td>[ ]</td>
</tr>
<tr>
<td>procurement</td>
<td>[ ]</td>
</tr>
<tr>
<td>FAS provides a costing mechanism necessary for planning of procurement</td>
<td>[ ]</td>
</tr>
<tr>
<td>goods</td>
<td>[ ]</td>
</tr>
<tr>
<td>Fas will control scheduling of financial resources</td>
<td>[ ]</td>
</tr>
<tr>
<td>FAS will allocate only available resources when budgeting procurement</td>
<td>[ ]</td>
</tr>
<tr>
<td>management</td>
<td>[ ]</td>
</tr>
</tbody>
</table>

### Tendering

<table>
<thead>
<tr>
<th>Question</th>
<th>Options</th>
</tr>
</thead>
<tbody>
<tr>
<td>What can you comment on the use of FAS in the tendering process?</td>
<td>________________________</td>
</tr>
<tr>
<td></td>
<td>________________________</td>
</tr>
<tr>
<td>The tendering process heavily relies on FAS</td>
<td>Yes [ ]</td>
</tr>
<tr>
<td></td>
<td>No [ ]</td>
</tr>
<tr>
<td>The tendering process at SOS is mainly manual</td>
<td>Yes [ ]</td>
</tr>
<tr>
<td></td>
<td>No [ ]</td>
</tr>
<tr>
<td>The tendering process never uses FAS</td>
<td>Yes [ ]</td>
</tr>
<tr>
<td></td>
<td>No [ ]</td>
</tr>
<tr>
<td>Kindly comment on your response above</td>
<td>________________________</td>
</tr>
<tr>
<td></td>
<td>________________________</td>
</tr>
<tr>
<td></td>
<td>________________________</td>
</tr>
</tbody>
</table>
Kindly comment the extent to which you agree with the following statements on the influence of tendering on procurement management process in Hermann Gmeiner School at SOS Eldoret.

<table>
<thead>
<tr>
<th>Statement</th>
<th>SA</th>
<th>A</th>
<th>UD</th>
<th>D</th>
<th>SD</th>
</tr>
</thead>
<tbody>
<tr>
<td>FAS generally generates quotations of prequalified suppliers</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
</tr>
<tr>
<td>FAS selects qualified suppliers and issues tenders</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
</tr>
<tr>
<td>FAS captures all invoice information</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
</tr>
<tr>
<td>FAS electronically wires funds to suppliers accounts</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
</tr>
</tbody>
</table>

**Reporting**

| How often does the FAS issue reports on demand                           | [ ]|
| after every procurement management                                      | [ ]|
| every week                                                               | [ ]|
| every month                                                              | [ ]|
| others                                                                   | [ ]|

| How complete does FAS report completely contains only essential information | [ ]|

<table>
<thead>
<tr>
<th>Kindly rate the following on the kinds of report generated by the FAS</th>
<th>SA</th>
<th>A</th>
<th>UD</th>
<th>D</th>
<th>SD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Supplier performance report</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
</tr>
<tr>
<td>goods procured reports</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
</tr>
<tr>
<td>invoicing</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
</tr>
<tr>
<td>payments</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
</tr>
</tbody>
</table>

**Indicators of Procurement Management Process**

<table>
<thead>
<tr>
<th>Rate the extent to which the following are used as indicators of procurement performance</th>
<th>SA</th>
<th>A</th>
<th>UD</th>
<th>D</th>
<th>SD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accountability</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
</tr>
<tr>
<td>Reliability</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
</tr>
<tr>
<td>Effectiveness</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
</tr>
</tbody>
</table>
APPENDIX IV: INTERVIEW SCHEDULE

1. Does design of procurement controls affect your school procurement management process?
______________________________________________________________________________
______________________________________________________________________________
______________________________________________________________________________

2. Does planning affect your school procurement management process?
______________________________________________________________________________
______________________________________________________________________________
______________________________________________________________________________

3. Comment on the following in relation to planning of procurement management process
   a. Item identification
______________________________________________________________________________
______________________________________________________________________________
______________________________________________________________________________

   b. Budgeting of new developments in school
______________________________________________________________________________
______________________________________________________________________________
______________________________________________________________________________

   c. Pre-qualification of suppliers
______________________________________________________________________________
______________________________________________________________________________
______________________________________________________________________________
4. Does planning affect your school procurement management process?

______________________________________________________________________________

______________________________________________________________________________

______________________________________________________________________________

5. Does tendering affect your school procurement management process?

______________________________________________________________________________

______________________________________________________________________________

______________________________________________________________________________

6. How the following do affects tendering in relation to procurement management process?
   
   a. Issuing of quotations

   _____________________________________________________________________________

   _____________________________________________________________________________

   _____________________________________________________________________________

   b. Evaluation and selection of suppliers

   _____________________________________________________________________________

   _____________________________________________________________________________

   _____________________________________________________________________________

   c. Issuing of tender

   _____________________________________________________________________________

   _____________________________________________________________________________

   _____________________________________________________________________________

7. Does post tendering affects your school procurement management process?
8. How the following do affects post tendering in relation to procurement management process?
   
   a. Payment of suppliers

   b. Supplier rate

   c. Reporting of the goods and services supplied

9. In your opinion, are there other factors that affect procurement management process in Hermann Gmeiner School?
APPENDIX V: RESEARCH PERMIT

THIS IS TO CERTIFY THAT:

MS. FAITH MUTHONI KIBE

of UNIVERSITY OF NAIROBI, 1064-30100

eldoret, has been permitted to conduct

research in Uasin-Gishu County

on the topic: INFLUENCE OF FINANCIAL

APPLICATION SYSTEM ON

PROCUREMENT MANAGEMENT PROCESS,

A CASE STUDY OF HERMANN GMEINER

SCHOOL AT SOS ELDORSET, UASINGISHU

KENYA

for the period ending:

4th December, 2015

Permit No.: NACOSTI/P/15/5216/6429
Date Of Issue: 24th July, 2015
Fee Received: Ksh 1,000

[Signature]

Director General
National Commission for Science, Technology & Innovation

[Stamp]