

Role of Public Procurement Oversight Authority on Procurement Regulations in Kenyan State Corporations. A Case of Kenya Electricity Generating Company (KenGen)

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Abstract Public procurement has become a major driver of the economy; since the government spends a huge sum of money in this sector. Due to this, the government has established oversight bodies to ensure that public procedures and regulations are followed. Public Procurement Oversight Authority (PPOA) is critical in playing this role. The purpose of this study was to investigate the role of PPOA on procurement regulations in Kenyan state corporations. The study sought to determine to which extent the roles of monitoring, policy initiation and review, compliance and implementation of public procurement regulations as roles of PPOA as they affect procurement systems in Kenya Electricity Generating Company (KenGen). The study took place at KenGen Stima Plaza offices in Nairobi. A descriptive case study was used. The population of the study was comprised of workers in the power generation sector. The target population was the staff working in KenGen which consists of 45 people working in the supply chain department that formed the number of respondents; hence the study used a census. The study used both open and close ended questionnaire. Pilot testing was done to ensure the reliability and validity of the instrument. Statistical analysis was carried out using Statistical Packages for Social Science (SPSS version 23). The study concluded that monitoring practices, review of policy, ensuring compliance and implementation of procurement regulations by PPOA affect KenGen procurement activities. The study recommends further research on areas such as the influence of corruption on performance of the PPOA activities within public institutions.

Key words Role of Public Procurement Oversight Authority on Procurement Regulations in Kenya state corporations

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1. Introduction

This chapter is a discussion of the background information, the global and local perspective of Public Procurement Oversight Authority, overview of Kenya Electricity Generating Company, statement of the problem, objectives, and research questions, significance of the study, scope of the study and limitations of the study. Quinn, (1997) defines procurement as 'all of those activities associated with acquisition of goods, from raw materials through to the end the products. This includes sourcing and purchasing, order processing, inventory management, transportation and warehousing and customer services. According to Thai (2001), public procurement refers to the acquisition of goods and services by government or public sector organizations and is one of the key economic activities of government. Public procurement is concerned with how public sector organizations spend taxpayers' money on goods and services (Hall, 2009).

Public Procurement has undoubtedly become an increasingly important factor in economic and business circles globally. This is evidenced by the growing interest in the procurement sector by donors, governments, civil society, professional organizations, the private sector and the general public. After decades of messy Public Procurement systems, a majority of developing countries, Kenya being no exception, are now reforming the legal, organizational and institutional frameworks for public procurement. Through public procurement, 12 to 20% of developing countries' GDP is spent annually (and

as much as 70% of GDP in post conflict countries such as Uganda and Sierra-Leone). Even marginal improvements in procurement systems, therefore can yield enormous benefits (OECD, 2005). Governments worldwide have received a lot of attention as providers of essential services including health, education, defence, infrastructure, etc. To provide these critical services, governments purchase goods and services from the market place through public procurement broadly defined as the purchasing, hiring or obtaining by any other contractual means of goods, construction works and services by the public sector. Public procurement is alternatively defined as the purchase of commodities and contracting of construction works and services if such acquisition is effected with resources from state budgets, local authority budgets, states foundation funds, domestic or foreign loans guaranteed by the state, foreign aid as well as revenue received from the economic activity of state. Public procurement thus means procurement by a procuring entity using public fund (World Bank, 1995). The items involved in public procurement range from simple items or services such as clips or cleaning services to large construction activities.

Since the beginning of the millennium, Kenya has undertaken efforts to reform and modernize its Public Procurement System. The evolution was through a system regulated by Treasury Circulars in the 1970s, 80s and 90s and further to an orderly legally regulated procurement system since March, 2001 under the Exchequer and Audit (Public Procurement) Regulations. Efforts made as part of the overall Public Finance Reform, a result of the implementation of this reform agenda a Public Procurement and Disposal Act (herein after referred to as PPD Act) was approved by parliament in 2005. In 2007 the PPDA Act became into force and established the Public Procurement Oversight Authority (herein after referred to as PPOA) as regulatory body for development and oversight of the Kenyan Public Procurement System.

PPOA being the main procurement oversight body conducts investigations on any complaint of noncompliance with the procurement rules and regulations and makes recommendation to the Ethics and Anti-Corruption Commission (EACC) a body established under the Constitution for its assistance in enforcing compliance with the procurement rules by prosecuting suppliers and or procurement or public officers found to have acted corruptly in the public procurement process. Working also in the area of ensuring transparency and compliance to procurement rules in Kenya are the Kenya National Audit Office and the Internal Auditor General (IAG).

Global Perspective on Public Procurement Oversight Authority

Governments all over the world are spending a significant chunk of their budgets on procurement. Public procurement spending is estimated to account for 15% of the world's GDP. Procurement is particularly prominent in developing countries with active infrastructure and social programs. In Uganda, for example, 70% of public spending goes through the public procurement system (World Bank, 2005). Any attempt, therefore, to bring fiscal discipline by efficient allocation of resources and then prudently spending must consider procurement to be an integral part. Gains of a good public procurement framework makes available additional resources for development, and leads to better outcomes of expenditure by assigning the tasks to best possible service provider. This ultimately has a positive bearing on the service delivery. An ADB report postulates that procurement reforms improve spending efficiency by 1% of GDP (Governance brief, 2002). This means that this saving could be diverted to other pressing sectors like education, health and other poverty reduction activities.

World Bank carried out first ever assessment in 1999. On the basis of this assessment, recommendations were made by WB to bring legislative and systemic reforms for a robust and effective procurement regime in the country. After consultations with stakeholders and the multilateral donors, Government of Pakistan decided to establish Public Procurement Regulatory Authority (PPRA) at the federal level, under the Public Procurement Regulatory Authority Ordinance 2002 followed by promulgation of Public Procurement Rules in 2004. The PPRA is an autonomous body endowed with the responsibility of recommending laws and regulations governing public procurements. It is also responsible for monitoring the application of procurement laws and performance of federal procuring agencies with a view to improve governance, management, transparency

Ghana underwent extensive public sector financial reforms beginning in 1996 (Collins *et al.*, 2012). The aim of these reforms was to improve public financial management and ensure the effective use of public funds (Dagbanja, 2014). The reforms led to the establishment of a Public Procurement Oversight Group in 1999. This group was created to steer the design of a comprehensive public procurement reform

programme (Collins *et al.*, 2012). A major part of the reforms was the drafting of a public procurement bill in September 2002 that was passed into law on 31 December 2003. This law was called the Public Procurement Act 2003 (PPA), and it was modelled on the 1994 edition of the UNCITRAL Model Law. In relation to the creation of institutions, the PPA provides for the establishment of a Public Procurement Board, which is tasked with the responsibility of providing policy direction, monitoring, supervising and securing compliance with the rules (Section 1 PPA 2003). Under the PPA, the Board is required to “harmonise the process of public procurement in the public service to secure a judicious, economic and efficient use of state resources in public procurement and ensure that public procurement is carried out in a fair, transparent and non-discriminatory manner”(Section 2 PPA, 2003).

Local Perspective on Public Procurement Oversight Authority

In 1997, the World Bank and the Kenyan government conducted a Country Procurement Assessment and discovered many shortcomings in the Kenyan procurement system, which included the absence of a sound regulatory framework, lack of competition and widespread abuses and fraud in the system (Ochieng and Mathias, 2012). Prior to the spate of reforms in its public procurement system, procurement in Kenya was governed by a myriad of circulars and regulations issued by the Ministry of Finance, the Ministry of Public Works and the Office of the President. Some of these regulations conflicted with each other and led to a fragmented, ineffective and confusing system of governance. The CPAR found that the approach to procurement regulation limited the efficacy of public financial management, affected the government’s ability to deliver public services and there was no enforcement mechanism to enforce the rules which did exist. The CPAR was thus the beginning of widespread reform in Kenya’s public procurement system.

The first step taken by Kenya in pursuance of reform was to revamp the legislative framework by passing the Public Procurement Regulations (PPR) in 2001, based on the 1994 UNCITRAL Model Law. The regulations abolished the central tenders’ board that was hitherto responsible for the award of government supply contracts. The PPR also created a procurement directorate as well as a procurement appeals board. In 2005, the legal regime was further enhanced through the passage of the Public Procurement and Disposal Act (PPDA), which superseded the 2001 regulations and came into operation in January 2007. The most recent and significant change to the procurement landscape in Kenya occurred in 2010, when the new Kenyan constitution included the principles of public procurement in the Constitution (Section 227, Constitution of Kenya, 2010).

The rationale for the constitutionalization of procurement is that, it elevates procurement and gives constitutional status to the adherence of its principles so that a person who acts contrary to these principles, which in Kenya (and South Africa) are stated to be fairness, equity, transparency, competition and cost-effectiveness is not merely in breach of extant law, but is in breach of the Constitution. This gives the courts wide powers of review over procurement decisions, ensures that the principles of procurement as included in the Constitution supersede any contradictory legislation and may be intended to forestall the manipulation of the procurement process by procuring entities (Phoebe, 2009).

The PPDA provides for the mandatory use of procurement procedures, which are listed as open tendering, restricted tendering, direct procurement, request for proposals, request for quotations and special procedures for low value procurements (PPDA, 2005). Unlike the requirements in Ghana, the Kenyan PPDA only provides for the use of international competitive bidding, where there will not be effective competition unless foreign persons participate (Section 71 PPDA, 2005). The Kenyan law also covers the use of concession contracts and design competitions (Section 92 PPDA, 2005). It should be noted that security agencies are not exempted from the provisions of the PPDA but may use restricted tendering provisions as required (Section 133 PPDA, 2005).

In relation to the creation of new institutions, the PPDA created the Public Procurement Oversight Authority; the Public Procurement Oversight Advisory Board and changed the procurement appeals board to the Procurement Administrative Review Board (Sections 8, 9, 21, 22, 25 PPDA, 2005). PPOA started operating in January 2007. During the first four years, the members of staffs were seconded from the Ministry of Finance to the authority. This situation with understaffed personal of little more than 40 persons and a Director General, who was only installed as so called acting interim without full powers lasted until the end of 2010. With the beginning of 2011 The Director General of PPOA was approved by Parliament and became fully installed by the Government. Then he was able to recruit new members of

staff. From the beginning of 2011 to the beginning of 2012 PPOA's number of staff members increased to almost 70 persons. The Oversight Authority is the organization charged with maintaining oversight over the procurement system and is tasked with ensuring that the procurement procedures mandated by the Act are complied with, monitoring and reporting on the functioning of the procurement system, developing procurement policy and assisting in the operation of public procurement by developing the appropriate documentation, assisting procuring entities and supporting the capacity development of the procurement workforce (Section 9 PPDA 2005). It is thus very similar in function to the Ghanaian Public Procurement Board. On the other hand, the Advisory Board is charged with advising the Oversight Agency on the discharge of its functions, approving the budget of the Oversight Agency and appointing its Director-General (Section 23 PPDA 2005). The Advisory Board is constituted by 9 individuals drawn from relevant professional organisations in Kenya (Section 9 PPDA, 2005).

Kenya Electricity Generating Company (KenGen)

Kenya Electricity Generating Company or simply KenGen is the largest power producing company in Kenya, producing about 72% (KenGen Annual Report, 2013) of the electricity consumed in the country. KenGen relies on various sources to generate electricity ranging from hydro, geothermal, thermal and wind. Hydro is the leading source, with an installed capacity of 0.821 GW, which is 52.3 per cent of the company's installed capacity. The company owns 14 hydropower plants with a combined capacity of 820 MW, five thermal power plants of 256 MW, four geothermal power plants of 493 MW and one Wind power plant of 5.1 MW, resulting to a total installed capacity of 1,5741 GW. Presently KenGen owns four geothermal power stations, namely: Olkaria I and Olkaria II, Olkaria I unit 4 and 5, and Olkaria IV. The power stations are within the Great Rift Valley adjacent to the famous Hell's Gate National Park, and also bordering Lake Naivasha. The company was founded on February 1, 1954 as Kenya Power Company (KPC) and was commissioned to construct the transmission line between Nairobi and Tororo in Uganda. This was to transmit power generated at the Owen Falls Dam to Kenya. KPC was as well tasked to develop electricity generating facilities in the country.

KPC was managed by the Kenya Power and Lighting Company under a management contract. In January 1997, the management of KPC was formally separated from Kenya Power as a direct result of reforms being undertaken in the energy sector and the entire economy. Subsequently, on January 19, 1998 the company changed its name from Kenya Power Company to Kenya Electricity Generating Company. The trading name KenGen was also adopted at this point. In 2006, KenGen was listed on the Nairobi Securities Exchange after the Government of Kenya sold 30% of its stake in the Company through a successful Initial Public Offer that received over 280,000 applications.

1.1. Statement of the problem

Public Procurement often constitutes the largest domestic market in developing countries. Depending on how it is managed, the public procurement system can thus contribute to the economic development of these countries (PPOA, 2012). Indeed, public procurement is the principal means through which governments meet developmental needs such as the provision of physical infrastructure and the supply of essential medicines (PPOA, 2010). Again, many governments use Public Procurement to support the development of domestic industries, overcome regional economic imbalances, and support minority or disadvantaged communities. Since the deployment of the Public Procurement System to pursue these developmental goals entails governmental exercise of enormous discretion, Public Procurement is often an extremely controversial subject matter (World Bank Group, 2007). The procurement process in Kenya has been characterized by several scandals attributed to poor handling of procurement information thus leading to high corruption, because of lack of observance of PPOA guidelines (Thai, 2009). This is significant since 60% of government expenditure is spent through public procurement.

There has been a problem with public sectors not complying with PPOA guidelines. A survey done on February (2015) by national treasury showed that 30 per cent of the state corporations comply to procurement regulations while 14 per cent do not. Estimates by the Treasury showed that the government losses more than Sh70 billion annually due to fraudulent manipulations in procurement process (Wanzala, 2015). KenGen was ranked among top ten public sectors associated with procurement manipulations (TI, 2012). Data from World Bank show that KenGen lost 5 Billion relating to procurement malpractices (WB,

2012). According to Kiser (2015), KenGen is said to have illegally awarded a Chinese firm a tender worth 8 billion contrary to procurement system guidelines, under PPOA.

Studies relating to Public Procurement and Oversight Authority on procurement regulations have not been done, but there are related studies that have been done. A study was done by Owuoth (2015) on effect of public procurement regulations on procurement performance in public sector in Kenya: a case of Rural Electrification Authority, the findings of the study indicated that there is lack of compliance with Public Procurement Regulation in public sector leading to poor procurement performance. A study was done by Ngari (2010) on effects of Public Procurement and Disposal Act on procurement in parastatals in Kenya. The study found out that PPDA improved the competitiveness of the procurement processes among parastatals, improved the quality of services and goods delivered, and finally it promoted ethical standards. With these knowledge gaps this study therefore tends to investigate the role of public procurement oversight authority on procurement regulations on State Corporations, specifically looking at KenGen.

1.2. General objective

To determine the role of Public Procurement Oversight Authority on procurement regulations in Kenyan state corporations: a case of KenGen.

1.3. Specific objectives

To determine the effect of monitoring of procurement procedures by PPOA on procurement regulations at KenGen.

To determine the effect of review of the procurement system by PPOA on procurement regulations at KenGen.

To determine the effect of compliance with procedures on procurement regulations at KenGen.

To find out the effect of implementation of operation of the public procurement system on procurement regulations at KenGen.

2. Literature review

A theory includes a set of basic assumptions and axioms as the foundation and the body of knowledge. A theory is composed of logically interrelated, empirically verifiable prepositions. Theoretical framework provides the research the lens to view the world clearly (Camp, 2001).

Institutional theory

The virtue of institutions is that they typically function as assets or resources. Without institutions, any man-performed activity would require problem solving and decisions making about what to do and what to do next that would hinder any more advanced action from being performed. Institutions as, for example, language, technical standards, rules regarding what side of the road one should drive work as informational devices that “make it unnecessary to start life from scratch every day” (Johnson, 1992). Without institutions a social system would not be able to accumulate knowledge, or enable communication and therefore unable to sustain innovation. The argument is related to, but not the same, as the basic one used by transaction cost economics to explain the existence of firms, as was suggested by Coase (1937).

Institutional theory is a widely accepted theoretical posture that emphasizes rational myths, isomorphism, and legitimacy. Institutional theory focuses on the deeper and more resilient aspects of social structure. It considers the processes by which structures, including schemes; rules, norms, and routines, become established as authoritative guidelines for social behaviour (Scott, 2004). Different components of institutional theory explain how these elements are created, diffused, adopted, and adapted over space and time; and how they fall into decline and disuse. Scott (1995) indicates that, in order to survive, organisations must conform to the rules and belief systems prevailing in the environment (DiMaggio and Powell, 1983; Meyer and Rowan, 1977), because institutional isomorphism, both structural and procedural, will earn the organisation legitimacy (Dacin, 1997; Deephouse, 1996; Suchman, 1995). For instance, multinational corporations (MNCs) operating in different countries with varying institutional environments will face diverse pressures. Some of those pressures in host and home institutional environments are testified to exert fundamental influences on competitive strategy (Martinsons, 1993; Porter, 1990) and

human resource management (HRM) practices (Rosenzweig and Singh, 1991; Zaheer, 1995). Non-governmental organisations (NGOs) and social organizations can also be susceptible to isomorphic pressures.

In relation to procurement institutional theory is the traditional approach that is used to examine elements of public procurement (Luhmann, 2010). Scott (2004) identifies three pillars of institutions as regulatory, normative and cultural cognitive. The regulatory pillar emphasizes the use of rules, laws and sanctions as enforcement mechanism, with expedience as basis for compliance. According to Scott (2004), institutions are composed of cultural-cognitive and regulative elements that, together with associated activities and resources give meaning to life. In Kenya, public procurement is guided by the PPDA Act 2005, regulations and guidelines which are from time to time issued by the Public Procurement Oversight Authority only and which must be complied with to the letter by all the public entities and providers of Public procurement regulations (2006) and guidelines directing procurement activities (Barrett, 2010). Institutional theory states that there should be compliance with Public procurement regulations to ensure competitive bidding, transparency, and professionalism in procurement process (Andrew, 2008).

Agency Theory

Agency theory is a supposition that explains the relationship between principals and agents in business. Agency theory is concerned with resolving problems that can exist in agency relationships; that is, between principals (such as shareholders) and agents of the principals (for example, company executives). The two problems that agency theory addresses are: the problems that arise when the desires or goals of the principal and agent are in conflict, and the principal is unable to verify (because it is difficult and/or expensive to do so) what the agent is actually doing; and the problems that arise when the principal and agent have different attitudes towards risk. Because of different risk tolerances, the principal and agent may each be inclined to take different actions (ICA, 2011).

In agency relationships, one party (the principal) delegates work to another party (the agent) (Jensen and Meckling, 1976; Ross, 1973; Eisenhardt, 1989). When the agent is acting for the principal it resembles behaviors such as performing for the benefit of the principal or acting as the principal's representative or employee (Mitnick, 1973). As Eisenhardt (1989) points out, while the profit maximization approach and self-interest persists, the focus of agency theory centers on determining the most efficient contract governing the principal-agent relationship. The notion of the contract is used here as a metaphor to describe the agency relationships (Jensen and Meckling, 1976) and it is designed based on the outcome (e.g. commissions) or behavior (e.g. salaries) of the agent (Eisenhardt, 1989). In agency relationships, typically, the principal will seek to minimize the agency costs, such as, specifying, rewarding and monitoring, and policing the agent's behavior, while the agent works towards maximizing rewards and reducing principal control (Fleisher, 1991). Efficient management of agency problems such as information acquisition (or communication), preference mismatch (or conflict of interest), effort (or moral hazard) and capability (or adverse selection), mainly associated with the agent (Fleisher, 1991), is also imperative to any principal-agent relationship. The application of agency theory provides a justification for the establishment of alliances between organizations and their service providers (Blancero and Ellram 1997; Stock 1997; Logan 2000).

Socio-economic theory

The social- economics theory proposes use of economics in the study of society. More narrowly, contemporary practice considers behavioral interactions of individuals and groups through social capital and social markets and the formation of social norms. A distinct supplemental usage describes social economics theory involve the reciprocal relationship between economic science on the one hand and social philosophy, ethics, and human dignity on the other toward social reconstruction and improvement or as also emphasizing multidisciplinary methods from such fields as sociology, history, and science. In many cases, socioeconomics focus on the social impact of some sort of economic change. Such changes might include a closing factory, market manipulation, the signing of international trade treaties, new natural gas regulation, etc. Such social effects can be wide-ranging in size, anywhere from local effects on a small community to changes to an entire society. Examples of causes of socio-economic impacts include new technologies such as cars or mobile phones, changes in laws, changes in the physical environment and ecological changes (Blume, 2008).

Sutinen and Kuperan (1999) propounded the socio-economic theory of compliance by integrating economic theory with theories from psychology and sociology to account for moral obligation and social influence as determinants of individuals' decisions on compliance. According to Lisa (2010) psychological perspectives provide a basis for the success or failure of organizational compliance. Wilmshurst and Frost (2000) also add that the legitimacy theory postulates that the organization is responsible to disclose its practices to the stakeholders, especially to the public and justify its existence within the boundaries of society. This theory, which focuses on the relationship and interaction between an organization and the society, provides a sufficient and superior lens for understanding government procurement system (Hui *et al.*, 2011). From this theory, the perceived legitimacy of public procurement rules has been identified as one of the antecedents of public procurement compliance behavior.

3. Conceptual framework

Conceptual frameworks, according to educational researcher Smyth (2004), are structured from a set of broad ideas and theories that help a researcher to properly identify the problem they are looking at, frame their questions and find suitable literature. Conceptual framework is also defined as a set of wide ideas and theories that enables the researcher to identify problems in the study, frame questions and discuss the relevant literature for the study (Stratman and Roth, 2004).

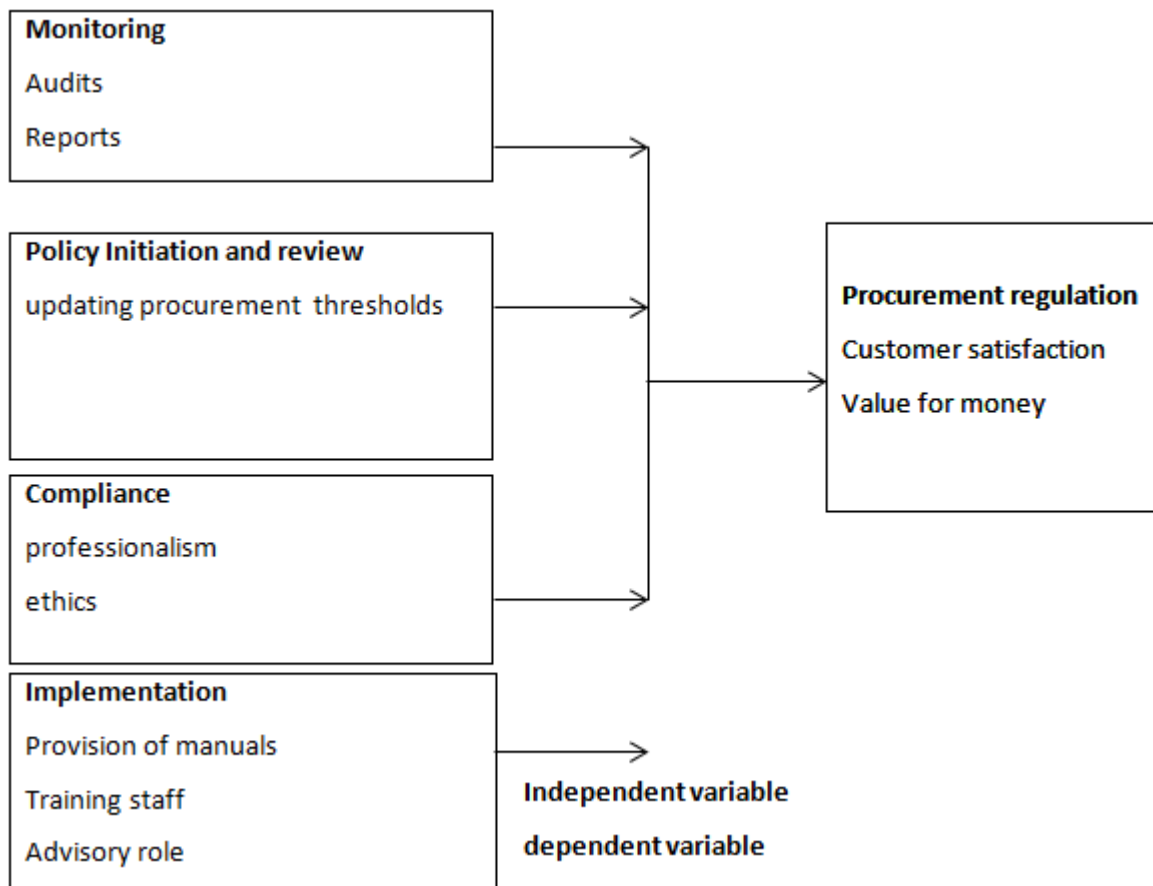


Figure 1. Conceptual framework

Monitoring

Monitoring and evaluation have a strategic role to play in informing policy making processes. The aim is to improve relevance, efficiency and effectiveness of policy reforms. Mackay, (2014) suggests that monitoring and evaluation is necessary to achieve evidence-based policy making, evidence-based management, and evidence-based accountability. Policy making, especially budget decision-making and national planning, focuses on government priorities among competing demands from citizens and groups in society. The information provided by monitoring and evaluation systems can

support government's deliberations by providing evidence about the most cost-effective types of policy options. Mackay presents how the World Bank, in cooperation with other partners, is supporting countries in building national monitoring and evaluation systems (UNICEF, 2005).

While both the IAG and the KENAO undertake audit of procurement, none of these institutions are able or see it as their clear-cut mandate to conduct procurement audits. Thus, at present, procurement audits are not being conducted. The PPDA provides the PPOA with the mandate to inspect and audit procurement contracts, and includes in the functions of the PPOA to monitor the public procurement system and report on the overall functioning. However, the PPDA does not confine any specific responsibility or right on the PPOA to conduct regular procurement audits, hence leaving the system with a serious gap.

Policy initiation and review

A policy is a deliberate system of principles to guide decisions and achieve rational outcomes. A policy is a statement of intent, and is implemented as a procedure or protocol. Policies are generally adopted by the Board of or senior governance body within an organization whereas procedures or protocols would be developed and adopted by senior executive officers. Policies can assist in both subjective and objective decision making. Policies to assist in subjective decision making would usually assist senior management with decisions that must consider the relative merits of a number of factors before making decisions and as a result are often hard to objectively test e.g. work-life balance policy. In contrast policies to assist in objective decision making are usually operational in nature and can be objectively tested e.g. password policy (Blakemore and Ken, 1998).

PPOA as a body is tasked with observing the public tendering and pinpoints any changes that ought to be done. If the body sees a problem, they initiate a policy that will improve the efficiency of the procurement process (PPOA, 2009).

Compliance

Compliance means conforming to a rule, such as a specification, policy, standard or law. Regulatory compliance describes the goal that organizations aspire to achieve in their efforts to ensure that they are aware of and take steps to comply with relevant laws and regulations. Due to the increasing number of regulations and need for operational transparency, organizations are increasingly adopting the use of consolidated and harmonized sets of compliance controls. This approach is used to ensure that all necessary governance requirements can be met without the unnecessary duplication of effort and activity from resources (Zouhair, 2012).

Hui *et al.*, (2011) while analyzing procurement issues in Malaysia established that procurement officers were blamed for malpractice and non-compliance to the procurement policies and procedures. Citing Yukl (1989), Gelderman *et al.*, (2006) stipulate that compliance occurs when the target performs a requested action, but is apathetic about it, rather than enthusiastic, and puts in only a minimal or average effort. However, as an organizational outcome, compliance has traditionally been understood as conformity or obedience to regulations and legislation (Snell, 2004) cited in Lisa, (2010).

Every public tender must pass through the PPOA. Therefore, this body is mandated to ensure that all tender applicants pass the require threshold before they are given a contract. The body usually checks the compliance at different levels. If a company does not comply with the requirements of the PPOA, it is dropped at the prequalification stage (PPOA, 2009).

A study done by Onyinwa, (2013) on factors influencing compliance to procurement regulations in public secondary schools in Kenya: a case of Nyamache district, Kisii County, the findings that ethics, awareness and training influence the compliances of procurement regulations in public secondary schools. The study acknowledges the importance of ethics, awareness and training in compliance to procurement procedures and regulations however; a lot needs to be done to improve ethical conduct, knowledge of employees on procurement regulations and training because failure to comply with the regulations school tendering committees and suppliers can lead to major losses for the government funds. The findings stated that suppliers to the schools also induce unethical practices like corrupting the school tendering committee members hence suggestions was given that strong enforcements of laws should be implemented. The other factors discovered in field included; improve the effects of compliance on quality of goods and services, improving the challenges facing the enforcement of public procurement regulations in public secondary

schools. Enhance transparency and accountability. Improve the challenges facing e-procurement in secondary school.

Implementation

Implementation is the realization of an application, or execution of a plan, idea, model, design, specification, standard, algorithm, or policy. PPOA mandated to assist in the implementation of the public procurement system by preparing and distributing manuals and tender documents, providing advice and assistance to procuring entities, and develop, promote and support training and professional development of staff involved in procurement Additionally; Also, they assist the procedures of procurement by advising procurement entities (PPOA, 2009).

4. Research design

A research design is the arrangement of conditions for collection and analysis of data in a manner that aims to combine relevance to the research purpose with economy in procedure. It constitutes the blueprint for the collection, measurement and analysis of data (Kothari, 2004) the study adopted a descriptive case study design to justify the relationship between the independent and dependent variables. Kothari (2008) defined a case study as a method used to narrow down a very broad field of research into one easily researchable topic. The design helped the researcher to obtain information concerning the current status of the problem under study and describe it with respect to the dependent and independent variables. The selection of individual observation is intended to yield some knowledge about a population of concern especially to the purpose of statistical inference.

Sample and sampling technique

According to Kothari (2004) a complete enumeration of all items in the entire population is known as census. Census is normally preferred when the population is small. However due to the small size of population census was used where study population constituted the sample size. Therefore the study carried out a census of 45 employees in procurement department at the head office, Nairobi.

Results and Discussion

Table 1. Role of monitoring of procurement regulations

Monitoring on Procurement Regulations	Strongly Agree (%)	Agree (%)	Neutral (%)	Disagree (%)	Strongly Disagree (%)
Monitoring practices as carried out by PPOA are in place and are effected as per regulations.	25	75	0	0	0
Audits of procurement department and its activities are adhered to by PPOA and hence value of money.	25	75	0	0	0
Procurement audits are carried out in our organization and hence ensures customer satisfaction.	15	80	5	0	0
Reports are generated and distributed to the relevant authorities for proper action and hence customer satisfaction.	25	70	5	0	0
Proper reporting enhances publics' value for money in our organization.	25	75	0	0	0
Procurement regulations effectiveness can be attributed to proper monitoring by PPOA.	20	75	0	0	5

Intervals at which audits on procurement are conducted

The study sought to examine at what intervals audits on procurement conducted in the organization. From the findings in table 2 , majority of the respondents 70% respondent annually while the rest 30% of the respondents responded quarterly.

Table 2. Conducting audits

Conducting Audits	Frequency	Percent
Quarterly	11	30
Semi Annually	0	0
Annually	25	70
Total	35	100

Role of Policy Initiation and Review on Procurement Regulations by PPOA

The study sought to examine the respondent's level of extent with the variable that relates to role of policy initiation and review on procurement regulations. From the findings in table 4.3, majority of the respondents (80%) agreed that PPOA through review of policy initiates new regulations to make better the current procurement law and hence improved customer service. 75% of the respondent agreed that Regulation with weakness are identified and corrected by circulars Act of parliament in our organization and hence value for the public's money. 65% of the respondents strongly agreed that Procurement regulations are becoming better and clearer as a result of continuous review by PPOA.

Table 3. Role of ensuring compliance on procurement regulations

Compliance	Strongly Agree (%)	Agree (%)	Neutral (%)	Disagree (%)	Strongly Disagree (%)
PPOA ensures professionalism when undertaking procurement activities by the procurement activities by the procurement entities leading to better customer service.	25	65	0	10	0
Due to high level of professionalism in our organization i.e. procuring entity, value for money is realized.	35	55	5	5	0
Ethical practice in performance of the procurement activities results in better customer service in our organization.	50	45	0	5	0
Ethical practice in our organization can be said to be resulting in value for money in our organization.	20	75	0	5	0
Procurement regulations can be said to be complied with in our organization.	15	80	0	5	0

Role of Assisting in Implementation on Procurement Regulations by PPOA

The study sought to examine the respondent's level of extent with the variable that relates to role of assisting in implementation on procurement regulations. From the findings in table 4.7, majority of the respondents (65%) agreed that PPOA assist in implementation of the regulations by distributing and providing manuals to our organization. 60% of the respondent agreed that Our staff are trained on matters pertaining the regulations and hence better customer service. 70% of the respondents strongly agreed that PPOA advises our procurement staff on issues regarding public procurement and hence improved customer service.

5. Findings

This section summarizes findings based on the variables used in this research. The summary gives an overview of the findings from data analysis.

Role of Monitoring on Procurement Regulations

Majority of the respondents (75%) agreed to Monitoring practices as carried out by PPOA, are in place and are effected as per regulations and Audits of procurement department and its activities are adhered to by PPOA and hence value of money. 80% of the respondent also agreed to Procurement audits are carried out in our organization and hence ensures customer satisfaction .70% of the respondents

agreed to Reports are generated and distributed to the relevant authorities for proper action and hence customer satisfaction .75% of the respondents agreed to Proper reporting enhances publics' value for money in our organization .75% of the respondents also agreed that Procurement regulations effectiveness can be attributed to proper monitoring as indicated on table 3.

Role of Policy Initiation and Review on Procurement Regulations

Majority of the respondents (80%) agreed that PPOA, through review of policy, initiates new regulations to make better the current procurement law and hence improved customer service. 75% of the respondent agreed that regulations with weaknesses are identified and corrected by circulars based on Acts of parliament in our organization and hence value for the public's money. 65% of the respondents strongly agreed that Procurement regulations are becoming better and clearer as a result of continuous review by PPOA.

Role of Compliance on Procurement Regulations

Majority of the respondents (65%) agreed that PPOA ensures professionalism when undertaking procurement activities by the procurement entities leading to better customer service. 55% of the respondent agreed that due to high level of professionalism in our organization i.e. procuring entity, value for money is realized. 50% of the respondents strongly agreed that ethical practices in performance of the procurement activities result in better customer service in our organization. 75% of the respondents agreed that ethical practice in our organization can be said to be resulting in value for money. 80% of the respondents strongly agreed that Procurement regulations can be said to be complied with in our organization.

Role of Assisting in Implementation on Procurement Regulations

Majority of the respondents (65%) agreed that PPOA assists in implementation of the regulations by distributing and providing manuals to our organization. 60% of the respondent agreed that our staff are trained on matters pertaining to the regulations and hence better customer service. 70% of the respondents strongly agreed that PPOA advises our procurement staff on issues regarding public procurement and hence improved customer service.

6. Conclusions

From these results, it is evident that procurement regulations depend much on PPOA as indicated by the following results.

Monitoring was found to have a positive linearly significant influence on Procurement regulation ($\beta=0.392$, $p=0.008 < 0.05$). Here one unit change in Monitoring results in 0.392 unit increase in Procurement regulation. Policy Initiation and review was found to have a positive linearly significant influence on Procurement regulation ($\beta=0.183$, $p=0.030 < 0.05$). Here one unit change in Policy Initiation and review results in 0.183 unit increase in Procurement regulation. Compliance was found to have a positive linearly significant influence on Procurement regulation ($\beta=0.506$, $p=0.002 < 0.05$). Here one unit change in Compliance results in 0.506 unit increase in Procurement regulation. Implementation was found to have a positive linearly significant influence on Procurement regulation ($\beta=0.442$, $p=0.000 < 0.05$). Here one unit change in Implementation results in 0.442 unit increase in Procurement regulation. Compliance is the most important in Procurement regulations ($\beta=0.554$) followed by Implementation ($\beta=0.459$) then Monitoring ($\beta=0.392$) and the least is Policy Initiation and review ($\beta=0.196$).

7. Recommendations

The study concluded that monitoring practices as carried out by PPOA are in place and are effected as per regulations and audits of procurement department and its activities are adhered to by PPOA and hence value of money. In conclusion procurement audits carried out affected customer satisfaction. The study concluded that reports generated and distributed to the relevant authorities enhanced customer satisfaction. In conclusion proper reporting enhances publics' value for money in our organization and hence public institutions need to put in place measures that enhance reporting to various stakeholders.

It is also recommended that public institutions need to facilitate implementation of the procurement regulations. More professional training is encouraged in order to realize effectiveness in the operation of

procurement activities. More copies are also supposed to be made available to procurement entities for proper understanding and usage of such regulations.

Ethics is key to the success of any procurement entity; most of the respondents (75%) agreed that it affects customer satisfaction and achievement of value for money. However, most organizations or procurement entities have not optimally embraced ethics. This lead to misuse of public funds with the end results being poor service to the public. PPOA should come up with mechanisms that hinder n limit such behavior which may cost the public. Such mechanisms can involve installation of CCTVs, withdrawal of practicing license among others.

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