

**THE IMPACT OF DECENTRALIZATION ON TENDER AWARD SYSTEM IN LOCAL  
GOVERNMENTS: A CASE STUDY OF GULU MUNICIPAL**

**COUNCIL- GULU DISTRICT**

**BY**

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**ADMINISTRATION OF KAMPALA**

**INTERNATIONAL**

**UNIVERSITY**

**MAY, 2010**

## DECLARATION

I **Awani Roberto Danson**, I do here by declare that this work on "**The impact of decentralisation on tender award system in local governments: A case study of Gulu Municipal**" will be purely my own effort and has never been submitted by any body for the award of Diploma or degree in any University or institution of higher learning.

The Literature and citation from other scholars work has been fully referred and acknowledged in the text and bibliography.

NAME            AWANI ROBERTO DANSON


Signature:       .....

Date:            15/07/2010 .....

## APPROVAL

This research report by **Awani Roberto Danson** which was carried out on **the impact of decetralisation on tender award system in local governmnts: A case study of Gulu Municipal Council**, was done under my supervision and submitted to the school of Business Management with my approval.

Signature of Supervisor: .....



Name of supervisor:

Dr. Stanley Kinyatta

Date:



## **DEDICATION.**

This book is dedicated to my parents the late Mzee Daniel Korsuk and Mrs. Rhoda Kiden whose parental love to me can never be forgotten.

To my dear brothers and sisters most especially Mr. Wani Elisama, Pata Emma and their merciful wives Eva Samuel and Regina who sacrificed their pleasures to educate me.

To my wife Grace Roberto and my daughter Pita for their moral support and advice. May God bless you all abundantly.

## **ACKNOWLEDGEMENT.**

I appreciate the support and encouragement extended to me by my dear parents, brothers, and sisters during the course of my study. Without them, I would not be what I am today. Their generosity is accorded a special attention. I also express my sincere gratitude to the family of late Mzee Daniel Korsuk and Mrs. Rhoda Kiden for their general support.

I also wish to extend my heartfelt gratitude to my supervisor Dr. Stanley Kenyatta whose valuable and excellent guidance and contribution has made this dissertation a success. Not forgetting Mr. Sendijja Muhammed who sacrificed his time to guide, correct and encourage me throughout this research.

I gratefully recognize all the staff of Gulu Municipal council for allowing me 'to carryout the research in the council.

My special thanks go to all teaching, and non teaching staff of Kampala International University who helped me carryout this work especially the Dean of the Faculty of Business Administration and Management, the lecturers, who worked tirelessly to make this work a success. Finally I acknowledge my friends and colleagues of Faculty of Business Administration and Management, who stood by my side during the hard times. God bless you all.

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## **CHAPTER ONE**

### **1.0 INTRODUCTION**

#### **1.1 Background of the study**

Uganda is among the countries that has embraced the policy of decentralization as a way of delivering services to the public. The party is designed to develop powers and responsibilities for administration, planning and financing to the local levels where local government people can participate in decision making in respective areas.

Decentralization is one of the major policy initiatives of the current government. The policy was introduced in the country more than ten years ago with the main objective of empowering people demonetize state power and facilitate the modernization of the communities. This has been introduced in the country after realizing that the centralization approach to management of public affairs and development planning that were adopted by most African countries including Uganda at independence in the 1960's and 1970's had not been effective in reducing poverty and improving on people's welfare and delivering good governance.

Decentralization is therefore a system where the political administration and financial powers are transferred from the central government to the local government downwards to administrative units with increased grants from the central government.

Decentralization is therefore a system where the political administration and financial powers are transferred from the central government to the local government downwards to administrative units with increased grants from the central government to local

government, the local government have become more important as they engage in the procurement of workers, goods and services required, implementing nationally funded programs. Local government now handles large funds procure contracts such as feeder roads and tax collections among others Privatization is one of the key features of Uganda's decentralization reforms where the private sector does not provide services to the public but is contracted out to perform services which include construction works, provision of office supplies, repairs works and consultancy services.

Section 92 of the local government Act (1997) provides for establishment of local government tender board which is responsible for the procurement of goods and services by mainly solidity bids from the private sector and contracts them to supply goods and services. Now changed into the district contracts committee provides for the local government Act Cap 243 as at 15th Feb 2006 which performs in section 27 and 28 of the public Procurement and Disposal of public Assets (PPDA) is contested by the associated taxi operators and drivers of Uganda (UTODA). More so, UTODA has also increased the taxi fees from 3500 to 4000 shs (on increment of 500 shillings per taxi) parking per day. The traders of Gulu Central market also complained of over increasing taxes, the poor methods of collecting taxes, lack of space and poor market facilities.

It has been against this background that the researcher intends to investigate the impacts of decentralization on the tender award system in Gulu Municipal council, Gulu District.

## **1.2 Statement of the problem**

Decentralization which has been introduced as a means of correcting the loopholes in the local government because the centralization spelt out in the 1967 constitution seems not

to be meeting fully its intended goals and objectives such as the practice of efficient and effective procurement. In Gulu Municipal Council, which is the study area, there have been cases of conflicts between Gulu Municipal Council and Gulu Central market, complaining about the increased taxes and their poor methods of collection, poor management and award of tenders.

It is therefore, because of the above problem that the researcher is investigating the likely causes and the effects of such problems on the general public.

### **1.3 Purpose of the study**

The purpose of the study aimed at assessing the impact of decentralization on tender awards in local governments in Gulu Municipal Council.

### **1.4 Objectives of the study.**

- (i) To find out the extent to which tenderers perform their duties to the expectations.
- (ii) To establish whether the award of tender to private providers/bidders is free and fair.
- (iii) To ascertain the extent to which Gulu Municipal Council benefits from services tendered.

### **1.5 Research questions**

- (i) How does the general public in Gulu benefit from tendering?
- (ii) Do the tenderers perform their duties to the expectations?
- (iii) To what extent is the award of tenders to private bidders free and fair?

## **1.6 Scope of the study**

### **1.6.1 Content scope**

The study was based on the impact of decentralization on markets and taxi tenders of Gulu Municipal Council. The study will therefore be confined to Gulu Municipal Council operations focusing mainly on award of tenders to the private bidders.

### **1.6.2 Geographical scope**

The study area was within Gulu Municipal Council- Gulu district.

The areas included in the study will be Bus- Park, central market and

Municipal council headquarters. Bus park is located between Gulu Municipal and Ajumani road and the central markets Central market is between Nagongera road and Railway road and Municipal council headquarters located near King George Memorial stadium and the main Hospital.

### **1.6.3 Period scope/time scope**

The study was to cover tenders awarded by Gulu Municipal council to Uganda Taxi Operators and Drivers Association (UTODA) and Malaba International trading company. Therefore, the study was conducted within a period of about two months from start to the end.

## **1.7 Significance of the study**

The following were the importance of the research. It should be noted that these importance were subjected to three categories of beneficiaries and the researcher himself, Gulu Municipal council.

- The research provided a basis for the creation of an efficient and effective system of tender award that assisted the management to obtain information, exercise protection and control fraud in the award of tenders.
- The research provided new measures which were adopted by the organization and lead to efficient progress in attaining the highest accuracy in the award of tenders in local government and avoiding wastage of resources.
- To the academician, it enabled the researcher to acquire more knowledge about decentralization and tender award systems on local governments.
- To the decision makers, the research was useful tool for formulating the policies that lead to proper tender awards in local governments.
- To enable the researcher to be awarded bachelor's degree in business administration.

## **1.8 Limitations of the study**

The researcher faced some of the limitations in the course of the research:

Time factor; the maximum time was allowed for doing this research proposal is one (1) month which is a limiting factor since it didnot provide the atmosphere for studying in detail all aspect of decentralization in local organization like Gulu Municipal Council

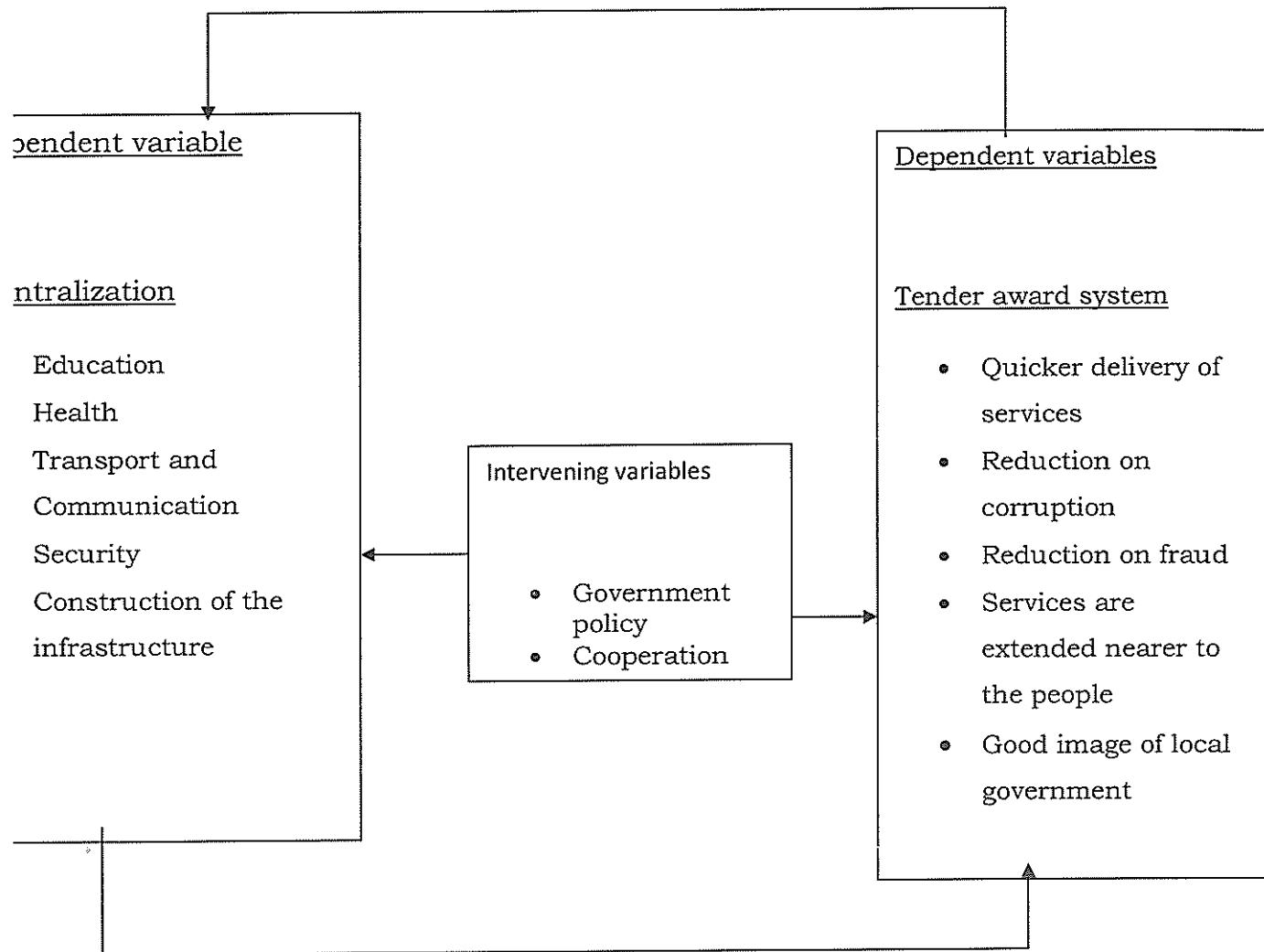
- Dishonest respondents, not all the respondents were willing to cooperate in collecting data and giving out relevant information as far as the study is concerned. This will result from fear of being victimized.
- Financial constraints; the researcher experienced financial shortage in the study since this was an academician work where no one was interested in funding the proposal.
- Communication problem basically arising from different languages spoken by the diversity of people.
- Limitations in information given because respondents feared that the researcher used the information for other purposes other than academic purposes.

### **Conceptual framework**

This shows the relationship between the independent variables and dependent variables of the study or the research topic which is expressed diagrammatically as shown below;

The independent variable is decentralization and the dependent variable is tender award system.

## 1.9 The conceptual framework



## CHAPTER TWO

### LITERATURE REVIEW

#### 2.1 Introduction

This section constitutes an analysis framework of decentralization and tender award systems. In the literature review, the researcher will look at defamations of decentralization based on various authors. As the research is based on the impacts of decentralization on tender award system throughout the review, the term “tender” was defined by different schools.

#### 2.2 Definitions of decentralization

The term decentralization has been defined in different ways by various scholars as stated below;

Rondineli and Cheema (1983) defines decentralization as transfer of planning, decision making or administrations authority from the central government to its field organization, local governments or non local governmental organizations Brian C. Smith (1985) define decentralization as reversing the concentrations of administration at a single center and concerning powers of local government. Decentralization involves the delegation of power to lower levels in a territorial hierarchy.

Muwonge Kewaza (1995) in a seminar paper presented to district education officer (DEO) in Bishop Thucker Theological college Mukono defines decentralization as the transfer of legal, political, administrative and financial authority to plan, make decision



and manage public functions and services. The transfer is normally from the central government and its agencies to lower levels of administration.

Galose Mutahaba (1989) defines decentralization and the transfer of legal, administrative and political authority to make decisions and manage public functions from the central government to subordinate units of government. The 1995 constitution of the republic of Uganda, Uganda's decentralization policy is outlined in chapter 11 of the 1995 constitution and is operationalised by the local government Act 1997. Therefore, the overall objective of decentralization policy is to make local governments effective centers of self governance, participation, local decision making, planning and development.

Though several scholars have defined decentralization in various ways, they all emphasize one common issue thus decentralization as the transfer of political, administrative and economic power or resources from the central government to local governments for purposes of this study, decentralization is taken to be the independence of decision making that local governments have from the central government.

### **2.3 The tender Award system**

The procurement of goods, services and works in local government is carried out in accordance with the local Government Act 1997, section 92 and Local Government financial and accounting regulations (1998) part IX. The Local Government Act (1997) provides for local government tender Board, which has been changed to the contracts committee provides for under the Local Government Act Chap, 243 as at 15th Feb 2006, in every district and urban council in order to facilitate the smooth procurement of workers, goods and services.

In December 2002, the Public Procurement and Disposal of Public Assets (PPDA) Act was enacted and came into force on 21st Feb 2003. The central governments and Local Governments Tender Regulations have been developed.

## **2.4 Definitions of tender**

The word tendering/tender has been defined differently by various scholars as below.

According to contract law, a tender is an offer which upon acceptance by the procurement entity attracts legal obligation in favor of the parties. Kenneth Lysond (2003) defines tender as a purchasing procedure whereby potential suppliers are invited to make a firm and unequivocal offer of the price and terms which on acceptance shall be the basis of the subsequent contract.

Edson J. Mkisi (2004) in procurement news defines a tender as a statement by a bidder stating the bidder's willingness to supply the goods or services on terms and conditions stated in the bid document.

P.J.H Baily (1987) defines a tender as a written offer to execute work or supply goods at a fixed price and this offer is usually made on a form supplied by the purchaser or the engineer or architect acting on behalf of the purchaser. The Public Procurement and Disposal of Public Assets (PPDA) Act (2003) defines a tender as an offer to provide or acquire work, services or supplies or any contribution thereof and shall include prequalification where applicable.

Kenneth Lysons and Brian Farring define a tender as a formal offer to supply goods, services on agreed price. Much as different scholars have defined tender in various ways,

they all rotate around the same meaning. For the purposes of the study, tender is simply a formal offer to supply goods, services and carryout works or provides services f or example collection of taxes on behalf of the council carried out within an agreed prescription such as the price and terms and conditions as agreed.

## **CHAPTER THREE**

### **METHODOLOGY**

#### **3.0 Introduction**

For this research to be effective, research design, data collection and analysis were used to arrange the information in such a way that will enable the researcher to come up with the reliable recommendations and conclusions. The following are the methodologies to be employed starting with the research design, study population, sampling design, research instruments and analysis of data.

#### **3.1 Research Design**

The research designs were both qualitative and quantitative; this is because both designs gave the researcher a clear picture of the role of internal control over organization cash.

Services for tendering in Gulu district and these include:

- Road construction
- School construction
- Bore hole drilling
- Supply of agricultural products
- Supply of construction materials
- Health units construction
- Upgrading the existing roads

- Improving the bus parks.

### **3.2 Study population**

The population covered Gulu Municipal council contract, the management which will comprise of 60 members.

### **3.3 Sample size**

A representation sample was chosen of which the sample size consisted of respondents as derived from different classes of 60 members. The sample size will be 12 council members.

### **3.4 Source of data**

The major sources of data were both primary and secondary data

#### **3.4.1 Primary data**

This was collected from questionnaires, interviews and observations of activities of Gulu Municipal Council, Uganda Taxi Operators and Drivers Association, Malaba International Trading Company, Gulu Central market and the Taxi Park.

#### **3.4.2 Secondary data**

This was obtained from various documents such as news papers, texts books, pamphlets, magazines, journals among others.

### **3.5. Research Instruments**

The following were the methods which were employed by the researcher as a means to collect data; these included: Questionnaires, interviews, Observation and Focus group discussion.

#### **3.5.1. Questionnaires**

The researcher used these pre-formulated written set of questions where the respondents recorded their answers. It was an efficient data collection mechanism where the researcher knows exactly what was required and how to measure the variables of interest. Open ended and closed ended questions were used. For this case study, the questionnaires were self-administered to the targeted respondents, this was preferred because it saves time and the data collected can be stored for future needs.

#### **3.5.2. Interview**

An interview guide was used especially with vital officer and employees in department of Finance and Planning. This was because interviews are flexible, clear and appropriate in making the researcher formulate questions on the bases of respondents' answers, also the method was used to solicit information, views and opinions from the respondents so as to obtain more findings due to their gestures, and facial expressions.

#### **3.5.3. Observation**

The researcher employed observation as a data collection method because it was possible to gather data without asking questions but just by observing people in their natural work

environment and recording their status. The researcher collected data as participant observer. As a participant observer, the researcher collected data in the role of pure research without trying to become an integral part of an organization.

#### **3.5.4 Focus group discussion**

The researcher used a focus group discussion in collecting some of the information. A focus group was preferred and it was composed of five individuals who share certain characteristics which were relevant for the study. The researcher joined and interacted with the group while recording the necessary information relevant to the study.

### **3.6. Data Analysis and Presentation**

This section dealt with the organization, interpretation and presentation of the collected data. The researcher used data analysis to examine what was collected in the survey and making deductions and inferences. The data collected was analyzed using qualitative techniques where possible simple quantitative techniques such as frequency distribution tables, histograms and pie chart were used for presenting the findings.

#### **3.7 Data presentation**

The researcher distributed questionnaires to sample groups of the contracts' Committee departments of Gulu municipal Council, Uganda Taxi Operators and Drivers Association management. The management of Malaba international trading company and the general public or beneficiaries of the Taxi Park and the central market and carry out interviews.

### **3.7.1 Questionnaire administration**

These questionnaires were administered by my assistant who was interpreting the information since it will be written in English. Hence translated to the local language.

### **3.8.2 Data processing**

The data was analyzed basing on the objectives of the study and the literature review. The researcher will provide frequency table (which will include the frequency, percentage of the data obtained), questionnaire and face to face interviews; hence the above tools were be used by the researcher to analyze the data.



## CHAPTER FOUR

### PRESENTATION AND ANALYSIS OF FINDINGS

#### 4.0. Introduction

This chapter presented the findings in relation to the research questions and research objectives established earlier. The chapter presents the findings by considering the research purpose which was to assess the impact of decentralisation on tender award system in local governments.

The data collected from the field was processed and analyzed qualitatively and quantitatively. The qualitative approach used in analysis provided more clarification and explanations on quantitative data. Quantitative information is summarized by using tables and percentages to show the response of the respondents. All of these findings were interpreted and presented, through re-examining research objectives

#### 4.1. Demographic characteristic

The main purpose of this part was to analyze the background information of the respondents in relation to their age, gender (sex), marital status and level of education.

The information was presented by the use of tabulation.

Table 4.1 shows the age of the respondent

Age (years)	18 - 24	25 - 30	31 – 36	37 – 42	Above 43	Total
Frequency	2	2	6	2	-	12
Percentage (%)	16.6667	16.6667	50	16.6667	-	100

*Source: Primary Data*

According to the table above, the data revealed that the majority of the population was aged between 31 years to 36 years, who made the total population of 50% of all respondents. Other age groups individually comprised of 16.6667% who in total made a total population of 50% with the exception of the group aged beyond 43 years for which no respondent was found.

Table 4.2 shows the gender of the respondent

<b>Gender</b>	<b>Male</b>	<b>Female</b>	<b>Total</b>
<b>Frequency</b>	8	4	12
<b>Percentage (%)</b>	66.6667	33.3333	100

*Source: Primary data*

Table 4.2 shows the gender ratio of the respondents. The table reveals that in the population of 12 workers, who were randomly selected to answer the questionnaires, 8 of them were males and 4 of them were females. This means that on this basis, 66.6667% of the population who responded on the questionnaires were males while 33.3333% of the population were females.

Table 4.3 shows the marital status of the respondents

<b>Marital status</b>	Single	Married	Divorced	Total
<b>Frequency</b>	4	6	2	12
<b>Percentage (%)</b>	33.333	50	16.667	100

*Source: primary data*

The table above reveals the marital status of the respondents of the questionnaires. Out of total population of six people, two (4) were single, three (6) were married and one (2) was divorced. In term of percentage, this population may be represented by 33.333%, 50% and 16.667% respectively.

Table 4.4 shows the level of education of the respondents

<b>Education Level</b>	Diploma	Professional course	Bachelor in A/c field	Total
<b>Frequency</b>	8	2	2	12
<b>Percentage</b>	66.67%	16.67%	16.67%	100%

*Source: Primary data*

The above table describes the qualification of the respondents from whom the researcher gathered the information needed. Eight respondents hold Diploma certificates on relevant field, two respondent holds professional course certificate precisely CPA (U). Lastly two respondents holds bachelor degrees in Accounting and finance (BAF). Of this population, 66.67% posses diploma course certificate, 16.67% posses professional course of CPA (U) and 16.67% posses bachelor of Accounting and Finance.

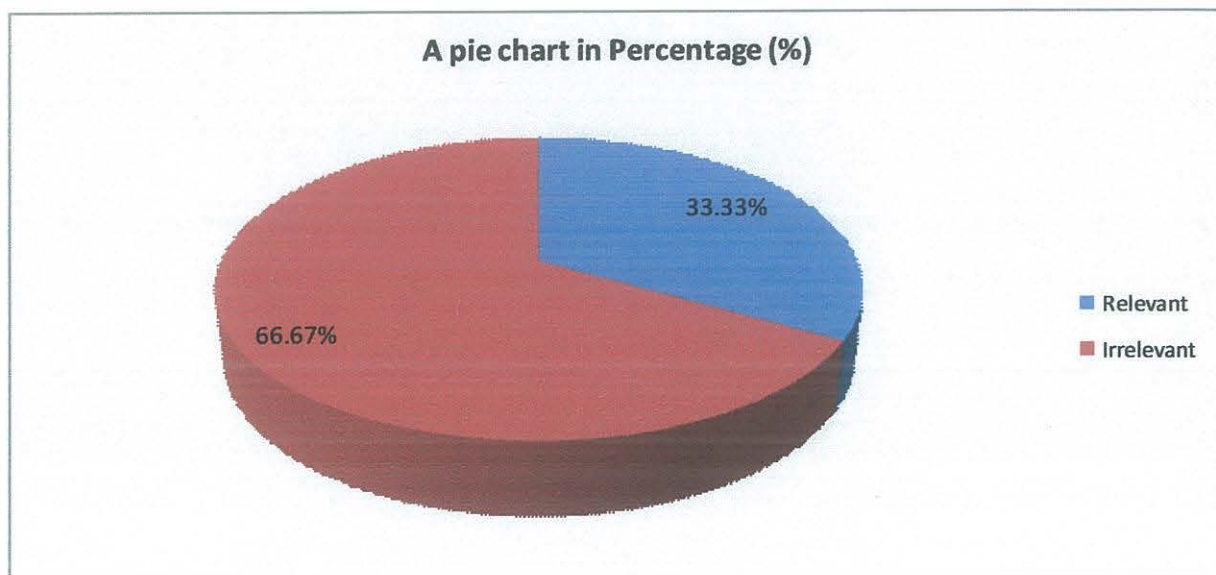
#### 4.2 Roles played by decentralisation on local government

Explanatory studies were used to establish the roles played by decentralisation on local government. Different variables that may influence either way the roles played by decentralisation were thoroughly measured. It was established that decentralisation plays a significant role on local government. The findings pertained to the objectives are presented and interpreted as shown hereunder:-

#### 4.3 Extent to which decentralisation is relevant on tender awards in local government.

A pie chart was used to examine and analyze the extent to which decentralisation were relevant to tender awards in local government. The responses were summarized in the chart as shown below;

Figure 4.1 shows the relevance of decentralisation on tender awards in local government



*Source: Primary data*

While carrying out the study, the respondents were asked; is decentralization relevant on tender awards in local government? 33.33% of the total population acknowledged that decentralization was relevant on tender awards in local government. They further explained that decentralization which relied on separation of duties served as the means of detecting and preventing errors and frauds since the activity of one person may be used as a check up for another employee's activity.

Responding to the same question, 66.67% of the respondents who are mainly diploma holders declined the relevance of the decentralization on tender award systems in local government. They argued that, internal controls depended entirely on people who hold position of trust; the same people may abuse the trust through collusion by overriding the controls in place. There fore they did not see the relevance of internal control which faces limitations.

Table 4.5 Suggest whether internal controls play an important role in organization cash

<b>Does decentralization play some important role in tender award systems in local government?</b>				
<b>Responses</b>	Yes	No	Not sure	Total
<b>Frequency</b>	10	-	2	12
<b>Percentage (%)</b>	83.333	-	16.667	100

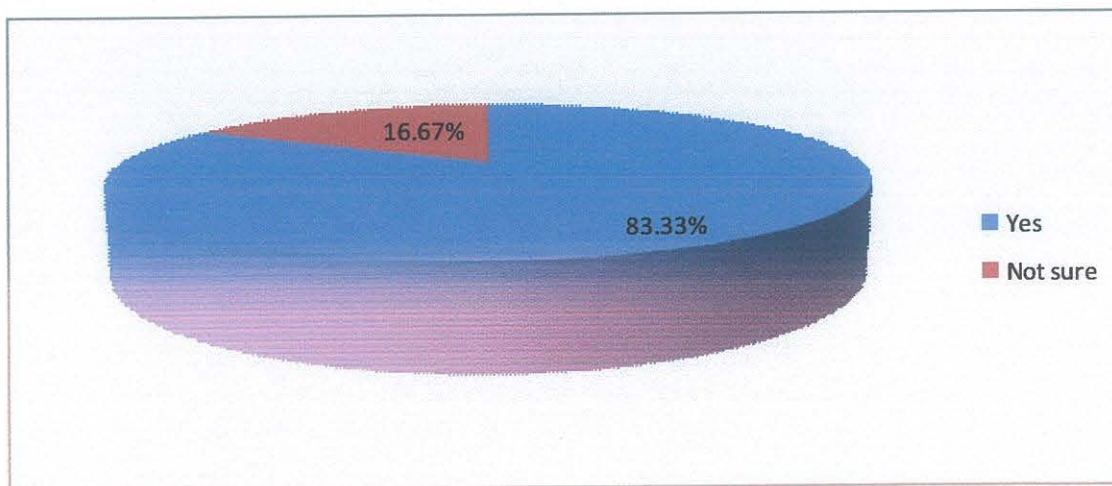
*Source: Primary data*

In the determination of whether decentralization played the important role in tender award systems in local government specifically Gulu Municipal Council, Out of twelve

respondents, ten said yes and two respondents was not sure. This may be expressed in percentage form as 83.333% of the total respondents said yes and only 16.667% were not sure while none said no.

This influenced the researcher to accept that decentralization was important. For good visual impression of the findings, the following figure was used.

Figure 4.2 suggest whether decentralization play an important role in tender award systems in local government



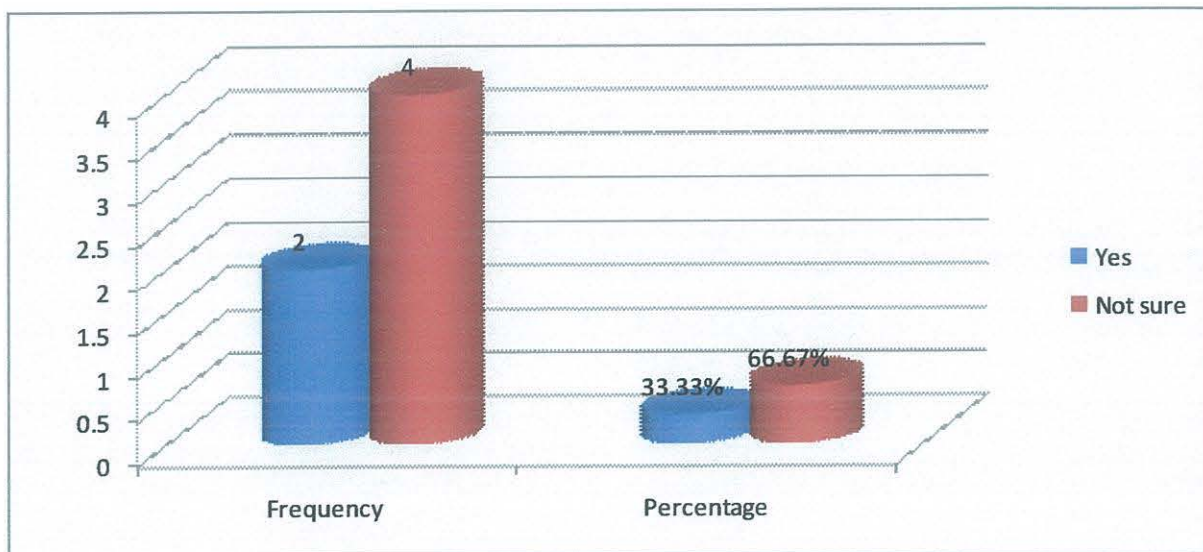
The pie chart above shows that 83.33% of the total respondent when asked if decentralization played some important role in tender award systems specifically in Gulu Municipal Council, they accepted.

While accepting this question, they further explained that it was through decentralization where influence peddling in tender awards has been reduced in the municipal council. This means that, whoever was awarded tender was through proper channel and procedures like competitive bidding.

The respondents went on explaining the role of decentralization in tender award systems such as it ensured that the business in the municipal council was carried on in an orderly and efficiently manner, it ensured the municipal council was adhering to prescribed procurement policies among others.

The other population of 16.67% that was not sure whether decentralization played some important role in tender award systems specifically in Gulu Municipal Council said no matters how decentralization have been practiced there, are still claims of misuse and misappropriation of funds in the tendering process and in the tendering department. This meant that decentralization still lacked some technicalities of eliminating some risks associated with it.

Figure 4.3 shows the implementation of decentralization in tender awards in local governments.



Source: Primary data

Reporting on the question which wanted the respondents to identify whether proper decentralization processes, policies and procedures were implemented in local government, two respondents which made a total population of 33.33% accepted and they further explained both administrative and accounting control were practiced in the organization.

They enumerated a number of processes, policies and procedures followed which reflected the concept of decentralization. These processes, policies and procedures included plans of organization, separation of duties, competitive bidding among others.

At the same time, four respondents which made a total population of 66.67% were not sure whether the decentralization process, policies and procedures are implemented in the local government.

Since the majority of population was not sure about the implementation process of decentralization, this evidenced that there was a possibility of poor implementation of the policies, processes and procedures which aimed at attaining strong and sound decentralization systems. This may be a result of lack of education and qualification on their areas of specialization.



Table 4.6 shows how decentralization is efficient and effective in controlling frauds and embezzlement in tender awards systems

Do you think that, internal control is efficient and effective in controlling fraud, embezzlement and accounting errors?				
Responses	Yes	No	Not sure	Total
Frequency	8	-	4	12
Percentage	66.667	-	33.333	100

*Source: Primary data*

From the above table we can see that on this particular question eight respondents who made a population of 66.67% concurred positively while four respondents who made a population of 33.33% were not sure of the circumstances at the same time none said no.

66.67% of the total population who acknowledged the applicability of internal control as the efficient and effective measure in controlling fraud, embezzlement and accounting error went ahead explaining that, it was through sound internal control system where the management would detect and prevents errors and frauds. They gave an example of the adoption of surprise check, bank reconciliation and separation of duties which aimed at detecting errors and frauds. Further, it was through routine check up and balancing of accounts, the use of internal auditing functions where possible and paying reasonable salaries and benefits to employees according to their qualification, experience and sensitivity of their jobs.

33.33% of the total population was not sure of the applicability of the internal control this implied that they were not literate on various aspects of controls which may have material impact on the efficient and effective running of an organization.

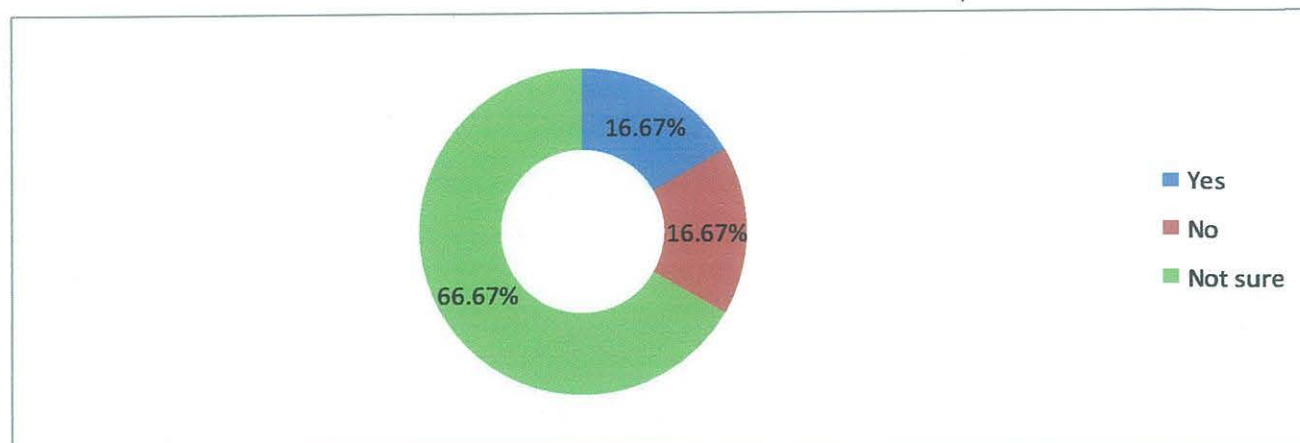
Table 4.8 shows whether decentralization process, policies and procedures are satisfactory to the municipal council

<b>Are decentralization process, policies and procedure satisfactory in Gulu Municipal Council?</b>				
<b>Responses</b>	Yes	No	Not sure	Total
<b>Frequency</b>	2	2	8	12
<b>Percentage</b>	16.67	16.67	66.67	100

*Source: Primary data*

From the above we can see the responses of respondents in term of frequency and percentage as well. Out of the total population of respondents, only two respondent said the controls, policies and procedures were satisfactory, the next two disagreed and the eight last respondents were not sure whether the decentralization system, policies and procedures in place were consistent and satisfactory. For the clear and good visual impression the doughnut chart was used to express the details as below;

Figure 4.4 shows whether decentralization process, policies and procedures are satisfactory to tender awards.



Source: Primary data

From the pictorial representation we can see that 66.67% of the total respondents were not sure of whether decentralization process, policies and procedures were satisfactory to tender awards. They further explained that, there are some instances which indicated the possibility of fraud or embezzlement which proved that the tender award systems in place were not satisfactory. Such indicators included complex corporate structure which did not seem to be warranted, availability of major weaknesses in which the municipal council had not corrected among others. 16.67% of the total population acknowledged the tender award process, policies and procedures constituted the satisfactory measures whilst the last group of 16.67% declined that the processes, policies and procedures did not contain satisfactory measures. This last group suggested the need to improve the tender award systems at the municipal council.

## CHAPTER FIVE

### SUMMARY, CONCLUSION AND RECOMMENDATION

#### 5.0. Introduction

This chapter presents the discussions and the findings from the previous chapters. It was on the basis of chapter four with reference to research objectives and the aid of literature review where the conclusions and recommendations were made. The objectives of this study were to evaluate the efficiency and effectiveness of a good decentralization system over tender award systems in local government and its contribution in reduction of fraud, embezzlement and corruption at Gulu Municipal Council. The second objective was to identify the factors that might have led to inefficiency and ineffectiveness of the existing tender award system in local government and lastly, to identify and recommend the corrective measures to be taken to ensure strong and satisfactory management of tender award systems in local government.

The analysis, evaluation and interpretation of the data and information found on the field were correctly performed; therefore the conclusion and recommendation given below were precisely derived from the chapter and areas mentioned above.

#### 5.1. Summary

On the basis of the analysis of chapter four, the findings suggested that decentralization and tender award systems are inseparable terms. The respondents and interviewees were quite aware on the influence of decentralization on tender award systems in local governments. It was viewed that, decentralization plays important roles on tender award systems in local government. The roles played by decentralization on tender award

systems in local government were identified where 83.33% of the total population concurred with the fact and mentioned roles such as it ensured that the tendering process was carried on in an efficient and orderly manner, it ensured the municipal council was adhering to the prescribed tendering policies, it secured and safeguarded the municipal council's assets.

The implementation of decentralization process, policies and procedure seemed not to be in place because on this question, 66.667% of the total population was not sure if the proper controls were implemented and only 33.333% acknowledged the implementation of those control process, policies and procedures.

## **5.2 Conclusion**

Decentralization systems which relied entirely on cooperation of the municipal council authorities and their willingness to implement the decentralization policies, plans of the municipal council, may be used to control frauds; embezzlement and tendering errors that is; it ensured proper and satisfactory tender award system in local government.

There fore it is very important to note that, decentralization plays an important role in tender award system in local government since it ensures that the tendering process is in accordance with prescribed tender award policies, municipal resources especially cash is properly handled, there is incidental accountability for all cash spent and payment is made on the basis of proper documentary authority for the benefit of the firm and such authorization is limited to few known and eligible personnel.

On the other side, the researcher identifies the factors which lead to inefficiency and ineffectiveness of used decentralization system. Some of these factors are inability of the

Municipal council to implement satisfactory control such as proper authorization of funds, lack of active failure to separate the responsibility for related tendering process where one individual wants to get involved in every activity in the municipal council among others.

On the above basis, the researcher recommends the corrective measures, steps and procedures to be adopted to eliminate or minimize the chances of consequences which are likely to happen as the result of municipal council's failure to exercise the most appropriate and satisfactory measures of decentralization on tender award system in local governments..

The information obtained through observation of voucher and other documents, questionnaires, interviews and focus group discussion shows decentralization procedures laid down by the government are adhered to, to a certain extent, however some weaknesses distort the process and procedures but not to the extent of disqualifying the decentralization in place.

### **5.3 Recommendation**

On the basis of this research work performed, the researcher recommended the following with the aim of improving the decentralization system of Gulu Municipal council and hence ensured that the tender award system practiced are appropriate and satisfactory:-

**1. The Gulu municipal council should increase the ability of implementing the decentralization process, policies and procedure on hand.** Gulu Municipal council had almost all vital decentralization policies, the only problem existing is its inability to act and operate within the set principles.

Other issues Gulu Municipal Council should consider include;

**2. Organizational plan to establish authority and responsibility for every function,**

an organization plan should indicate clearly the department or person responsible for such function as purchasing, receiving incoming shipments, maintaining accounting records, approving financial matters and preparing the payroll. One person should be clearly responsible for each function otherwise it would be difficult if not impossible to determine who was at fault.

**3. Control of transaction** if the management was to direct the activities of the business according to plan, every transaction should go through four steps: authorization, approval, execution and recording. Example when the top management authorizes a transaction, the departmental manager may approve and payment office execute while accounting office records it on its books.

**4. Separation of accounting and custody of asset,** an employee who had custody of an asset or an access to an asset lets say cash should not maintain the accounting records of that asset, this aims at reducing temptation to that particular employee. This may also be sorted by increasing the number of employees so as to facilitate the separation of duties

**5. Prevention of fraud,** if one employee is permitted to handle all aspects of a transaction the danger of fraud is increased. Studies of fraud cases suggested that many individuals may be tempted into dishonest act if given complete control of company assets (source: **External payment in arrear Account scandal of BOT as audited by Ernest & Young in 2008**). So Gulu Municipal Council should consider this fact and minimize the possibility as quick as possible to be free from this risk.

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**APPENDIX I**  
**RESEARCH INSTRUMENTS**  
**a) RESEARCH QUESTIONNAIRES**

Dear respondent(s), I am a bonafide student of Kampala International University pursuing a bachelor degree of Business Administration. I am conducting the research on the “impact decentralization on tender award system in local governments”

This research is purely for academic purpose, all the information given will be treated in utmost good faith with high confidentiality and privacy and the consent and anonymity of the respondent will be observed.

**BACKGROUND INFORMATION**

Please tick the most appropriate answer by putting the symbol “√”

1. Age in years:-

(a) 18 – 24

(b) 25 – 30

(c) 31 – 36

(d) 37 – 42

(e) Above 43

2 Sex

(a) Male

(b) Female

3 Marital status

(a) Single

(b) Married

(c) Divorced

4 Level of Education

(a) Diploma

(b) Professional course (E.g. CPA (T) or ACCA)

(c) Bachelor degree in accounting field

### QUESTIONS

(i) Does decentralization have roles it plays on local government?

Yes..... No..... Not sure.....

If yes, explain below how and if no, give reason why you think so

.....  
.....

(ii) Is decentralisation relevant on tender awards in local government?

(a) Relevant

(b) Very relevant

(c) Irrelevant (useless)

(d) Very irrelevant (very useless)

(iii) Does decentralization play some important role in tender award systems in local government?

Yes ..... No..... Not sure.....

If yes, what are the major roles which are played by decentralization?

.....  
.....

(iv) Are there proper decentralization procedures, processes and policies implemented in the municipal council? Yes.... No.... Not sure.....

**b) INTERVIEW GUIDE**

1 In your own view briefly explain the meaning of decentralization?

.....  
.....

2 Is there any relationship between decentralization and tender award system?

(a) Yes..... (b) No..... (c) Not sure.....

If yes briefly describe their relationship, and if No, give reasons or Comments.

.....  
.....

3 What are the key factors that might lead to inefficiency and ineffectiveness of decentralization system?.....

.....

4 Are decentralization process, policies and procedure satisfactory in your organization?

(a) Yes..... (b) No..... (c) Not sure .....

If no, suggest some basic and important process, polices and procedures

.....  
.....

**Thank you for your cooperation in completing this interview guide.**

*Thank you for your Cooperation and support in completing this Questionnaire*

**APPENDIX II**

**TIME SCHEDULE (ACTIVITY PLAN)**

	OCT	NOV	DEC	JAN	FEB	MAR	APRIL
Submission of letter from the Office							
Analysis of work activities of the Office							
Developing questionnaire and submitting it for approval							
Collection of data							
Analysis of data							
Entry into chapter							
Incorporating findings into chapter							
Submission to the supervisor and waiting for feedback							
Revision of draft format and submission							
Printing							
Final submission							

5                      10                      20                      5                      10

**Time to be taken in percentage (100 %)**

**APPENDIX III**

**ESTIMATED BUDGET**

<b>THE RESEARCHER'S BUDGET IN UGANDAN SHILLINGS</b>		
<b>ITEM</b>	<b>AMOUNT PER DAY</b>	<b>AMOUNT IN TOTAL</b>
Transport	2000 @ For 60 days	120,000.00
Meals	3000 @ For 60 days	180,000.00
Stationery		30,000.00
Internet café		20,000.00
Typing, printing & binding		115,000.00
<b>TOTAL</b>		<b>565,000.00</b>