

**PROCUREMENT PROCEDURES AND CONTRACT MANAGEMENT
IN GULU DISTRICT
LOCAL GOVERNMENT- UGANDA**

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BY

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Declaration

I, the undersigned declare that this work is entirely mine and solely a result of my own effort. It has never been submitted in institution for the award of any higher degrees of study.

Signed by

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Date

Approval

This is to certify that this dissertation has been done under my supervision.

SignatureDate.....

Dr. Muhammad Kibuuka

(SUPERVISOR)

DEDICATION

I dedicate this work to my mum, Josephine with her unstoppable love, and without her, I would not have believed in this dream, and her moral support, encouragement and enthusiasm always mean the world to me.

Mum, this one-as-always-is for you.

ACKNOWLEDGEMENT

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To Rose Tiwamulala who typed the work and whose discerning eye was indispensable in editing and completion of the work.

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ABSTRACT

The study aimed at examining the relationship between procurement procedures and contract management in selected departments in Gulu Local Government in Uganda. The study was guided by three objectives that include; to examine the extent to which procurement procedures are followed in Gulu District, to examine the extent of contract management in Gulu District and finally to establish the relationship between procurement procedures and contract management in public procurement of Gulu District. The study adopted a descriptive, correlational and cross sectional design with both qualitative and quantitative approaches. A sample of 92 respondents was established from a target population of 115 that included all selected departments in the local government, questionnaires and were among the collection instruments used for data gathering and then the analysis was done with the help of SPSS version 20.0. the findings established that functional user departments were deemed fit for this study since they are semi-autonomous in their expenditure. However, get funding directly from the Ministry of Finance through the local government and are bound by the new procurement law (The PPDA Act 2003). Based on the findings, it was suggested that procurement reforms have a great impact on the overall performance of the procurement systems in the local government authorities (3.22). in regard to the extent of contract management, the findings established that there is inefficiency due to delays in issuing of tender documents and further there is lack of capacity in contract management and monitoring of various stakeholders (3.10). The study also established significant relationships between public procurement procedures and contract management success in selected departments in Gulu Local Government. The study then concluded that there are various key determinants that affect effective contract management and hence the desire to minimize them cannot be emphasized enough, among these determinants included lack of a clear contract management plan and methods of capturing key data and finally there is also little flow of information among the government ministries and entities concerning contract management. The study makes practical and policy recommendations to the Government, Academic Institutions and the relevant authorities as to the way a head to improve contract management in the country that include investing more in expanding political capacity necessary to implement procurement regulations, necessity for more training of procurement officers and fighting corruption in the procurement procedures. The study therefore contributed to existing knowledge through examining the various determinants affecting procurement procedures and contract management and hence highlights the ways in which these problems can be overcome by covering the gap missed by other researchers.

LIST OF ACRONYMS/ ABBREVIATIONS

C A O - Chief Administration Officer

G O U - Government of Uganda

I C T - Information communication Technology

I S - Information system

I T - Information Technology

L G – Local Government

P D U - Procurement Disposal Unit

P P D A - Public Procurement and Disposal of Public Assets

U D – User Departments

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CHAPTER ONE

INTRODUCTION

1.1 Background to the study

This section comprises of the historical perspective, the conceptual perspective, the theoretical perspective and the contextual perspective.

1.1.1 Historical Perspective

Over the past few years, developing countries have been awakened on the importance of effective contract management and the public procurement process at both central and local government levels, and its subsequent contribution to improved governance of the public sector. Procurement; a function that was traditionally viewed as a clerical and reactive task has since positioned itself among core organizational functions, and its management is becoming increasingly critical for the well functioning of any organization. Procurement is becoming important at the local level, in line with decentralization and the increasing range of functions performed by local governments in most countries (Schiavo-Campo & Sundaram, 2000).

Poor governance has been one of the major stumbling blocks to the economic development of Africa and it has been clear that a number of African countries have not paid adequate attention to the proper management of public resources. An efficient public procurement system is vital to the advancement of African countries and is a concrete expression of the national commitment to making the best possible use of public resources (Kabaj, 2003). The influence of new public management (NPM) philosophies in the functioning of the public sector has been embraced procedurally by government departments in a number of African Countries such as Kenya, Nigeria, Tanzania and many others (Kabaj, 2003).

In Uganda, the decentralization policy is clearly linked to the public Procurement and Disposal reform objectives in such a way that both policies are intended towards efficient and effective service delivery and poverty reduction in the country. In 1992, the government of Uganda embarked on a campaign to reform the public sector to make it more efficient and effective in the delivery of public services. The civil service reform

programme reviewed and rationalized government ministries and departments in structures and subsequently, the number of staff and functions were equally rationalized. The decentralization programme was part of the restructuring exercise and had overall objectives of delivering effective service to the poor masses.

In 1993 Uganda adopted a decentralized system of governance. The policy of decentralization in Uganda is a response to the nature and form of post colonial politics and the development strategies of the leaders who took power after independence. Besides the intent to ensure good governance and democratic participation in, and control of decision making by the people, decentralization was regarded as a policy aimed at improving accountability, efficiency, intra and inter-district equity, effectiveness and sustainability in the provision of social services countrywide. The decentralization policies aimed at transferring power, resources and competence to local levels and, in the process strengthen management and technical capacities of local government (Lubanga, 2000). This required radical restructuring of the state. In effect the structure now constitutes the Government i.e. the Government of Uganda (Central Government) and Local Governments. Local governments are either municipalities (the larger cities) or districts. Both the municipalities and the districts are governed by a (municipality or district) council.

The district sub-divisions councils are called city council (in case of a sub-division being a city) or a sub-county council (in case of a rural area). Some of the sub-counties also have established town councils (in the small towns). As part of the Governments drive to reform public procurement to make it transparent, accountable and capable of delivering better value for money, the Public Procurement and Disposal of Public Assets Authority (PPDA) was set up under the Public Procurement and Disposal of Public Assets Act (2003) as the principal regulatory body for public procurement and disposal of assets (National Public Procurement Integrity Survey Report 2007).

Andreasen (2012) in a study on various companies in Denmark, concludes that the management of the procurement function is quite involving since, procurement processes are complex, given the fact that they involve the completion of a series of activities, such as qualifying new suppliers, procuring different types of inputs, and monitoring supplier performance, that cut across both functional boundaries and organisational boundaries.

This is also the case across the world, more so, in developing countries, especially in Africa where the management of the procurement function is dynamic. The dynamic explosion of technology, the shifting demands of consumers, and the new structures of markets combine to convert the world of purchasing into one of change and innovation. The purchasing agent of today is a specialist, a technologist, and above all, a skilled and competent manager. He/she must understand the complexity and changes which surround this task (Andreasen, 2012).

According to the Ministry of Water and Environment (2009), contract management involves ensuring that works, services or supplies delivered are complete only when they are the right quality, quantity and delivered timely. The NZ Transport Agency's *Procurement manual (2009)* explains further that the function of contract management also extends to management and facilitation of contract completion issues i.e. payment for the works, services or supplies and proper acceptance/hand over of the contracted deliveries received.

In Uganda, contract management practices in Local Governments, like Gulu District Local Government, are guided by the provisions of PPDA Act (2003) and The Public Procurement and Disposal of Public Assets Regulations, 2003. Regulation 262 of the document states that *Where a contract is amended in order to change the original terms and conditions, the amendment to the contract shall be prepared by the PDU.* The PPDA Act (2003) provides that all construction works (for health centres and schools) are given a contract period of three months while those for road works were six months. However, the Procurement and Disposal Audit Report of Gulu District for the Financial Year 2010/2011 revealed that none of the contracts was executed within the required time frame. The Report adds that some sites visited had contractors still undertaking work 10 months after the expiry of the contract period without evidence of contract amendment e.g. road works by M/s Juco Logistics, Kulukeno Health Centre by M/s Netizen Contractors and Abwoch Health Centre II by Norak Company Ltd. Therefore, there is a need to examine the factors that lead to such contract delays and other failures within contracts management, if it is to be improved and this was the major aim of the study.

1.1.2 Theoretical Perspective

The study was based on Agency theory proposed by Eisenhardt (1989). Agency theory addresses the relationship where in a contract by one or more persons (the principal) engages the supplier (the agent) to perform some services on their behalf which involves delegating some decision making authority to the agent' (Jensen and Meckling, (1998). Agency theory is most relevant in this situations where the District Local Government becomes the Principal and engages (contractor) the service providers (as agents) to perform such services as construction, supplies and repairs.

The Theory helped to explain situations in which there is a substantial goal conflict between principals and agents and sufficient outcome uncertainty to trigger the risk implications of the theory (Eisenhardt, 2003). Eisenhardt (op. cit.) discusses the assumptions of the theory and raises the issue of principals learning about the agents when there is a long term relationship, when there may be less need for outcome-based contracts. Agency theory is relevant to the study since it deals with difficulty in procurement and contracting problems and hence the study also focuses on procurement procedures and contract management. This may be more of the case with procurement in the private sector, where there are fewer regulations than in the public sector, and where tendering is not required. Private businesses are free to have long term relationships with software developers and consulting firms. Jones (1995) suggests that long term relationships with vendors may in the long run lead to higher effectiveness, due to the stability of the relationship being dependent on controlling goal conflicts.

1.1.3 Conceptual Perspective

Kovacs (2004) defines procurement methods and procedures as the guidelines for or means of acquisition of appropriate goods and/or services at the best possible cost to meet the needs of the organization in terms of quality, quantity, time, and location. According to the RPPA (2010), procurement procedures consist of distinct yet logical stages of preparation, advertising, bid evaluation and, finally, award of contracts.

Contract management are practices/actions of a buyer during a contract period to ensure that all parties to the contract fulfill their contractual obligation (Bailey, 2008). Contract life cycle management is the process of systematically and efficiently managing the contract creation, execution and analysis of maximizing operational and financial performance and minimizing risks (Else, 2007).

Issaka (2014) explains the concept of contract management as the measures of how entities follow through the performance of the contracts they award. According to him, contract management involves mobilization, supervision, inspection, inventory control and disposal, and reporting. Therefore, contract management refers to those activities carried out to ensure the success of an awarded contract.

1.1.4 Contextual Perspective

Currently in Uganda, little empirical evidence exists on the determinants and constraints of public procurement procedures and effective contract management respectively based on practitioners' view point, despite the increasing drive towards the demand of value for money. Contextually, contract management has become a mega trend in many public entities especially as result of social accountability and increased demand of service delivery by citizens (World Bank Institute, 2011; Schiel, 2007; Swinnery and Netssins, 2007). However, Dew (2008); Thai (2005) and Bolton (2006) observe that contract management challenges in both public and private organisations are endemic in any contractual relationship due to lack of transparency and poor record keeping. The PPDA Act of 2003 is the current principle law governing Procurement and Disposal in both Local governments and central government. It prevails over all regulations and guidelines relating to procurement at all levels of the public sector in Uganda. It has created a new procurement framework intended to achieve a number of objectives. Firstly, is to promote economy and efficiency in procurement and disposal activities of the local governments. Second is to ensure public procurement and disposal is conducted in a fair, transparent and non-discriminatory manner within a local government environment; and thirdly, to contribute towards the creation of a sound business climate in Uganda.

In Uganda, just like in most developing countries, the public procurement system is always faced with many challenges, especially those that have to do with contract. In addition, majority of public procurements, though small in values, take place at district level (Procurement and Disposal Audit Report, 2011). Hence, this study examines the procurement procedures and contract management in Gulu District Local Government as a procuring entity.

The Public Procurement and Disposal of Assets Act, 2003 of Uganda, which became effective in August, 2004 requires that public entities and organizations undertake procurement of works, goods and services in accordance with the Law. These requirements although laudable are bedeviled with numerous challenges and according to Arrow smith and Trybus (2003) public procurement practitioners have and will face many challenges. These challenges have been classified by these authors as either external or internal factors. Added to the above, each country has its own unique social, cultural, economic, and political environment hence public procurement challenges differ in different countries.

In the context of Uganda, the major challenges in the public procurement process have a lot to do with the management of the contracts. This is because traditionally procurement has focused on value for money considerations only whilst public procurement contract management which helps in achieving value for money has received very little attention. The high rate of non-compliance and contract failures in both central and Local Governments in Uganda could be attributed to this little or no attention given to contract management (Sarah Eyaa and Pross Nagitta Oluka, 2011).

1.2 Statement of the problem

Despite the emphasis and regulatory framework on contract management, Uganda Public Procurement Compliance Reports sanctioned by the Public Procurement and Disposal of Public Assets Authority, have continuously shown contract management as one of the areas where performance of public entities is poor. According to the Baseline Survey Report on Public Procurement Systems in Uganda (PPDA, January 2010), there were significant variances between the actual and indicative time frames in contract completion. Other variances in the time exhibited were with regards to the contractual payment period. While some contracts' supervisors were not appointed. This cast doubts on contract management compliance which may hamper service delivery and value for money. Studies addressing contracting in general are varied (Ruchiu 2008; Martin and Miller (2006); Davison and Sebastian (2009) though not specific to the determinants and constraints in public procurement in Uganda. Ruchiu (2008) argues that despite the fact that contracts are made in good spirit, many contracts are not supervised. This cast doubt whether contract management stages are really taken seriously. If the likely determinants and constraints are ignored, public entities are more likely to suffer shocks

that may even bring the institutions to their 'bended knees'. Inevitably organizations will eventually encounter poor service delivery resulting in loss of clients and market share, declining profitability; erosion of capital, high borrowing costs from banks or public debt, and deteriorating institutional reputation. This study sought to make a contribution by conducting an exploratory study that would form a basis for developing a model of the public procurement procedures determinants and constraints to effective contract management specifically in public procurement.

1.3 Purpose of the study

The purpose of this study is to investigate the extent to which adherence to procurement procedures affects contract management in selected departments in Gulu District Local Government, Uganda.

1.4 Study objectives

- (i). To examine the extent to which procurement procedures are followed in Gulu District.
- (ii). To examine the extent of contract management in Gulu District.
- (iii). To establish the relationship between procurement procedures and Contract Management in public procurement of Gulu District.

1.5 Research questions

- (i). What is the extent to which procurement procedures are followed in Gulu District?
- (ii). What is the extent of contract management in Gulu District?
- (iii). Is there a relationship between procurement procedures and contract Management in public procurement of Gulu District?

1.6 Null Hypothesis

There is no significant relationship between procurement procedures and contract management in Gulu District.

There is no significant relationship between contract success and procurement performance in Gulu district.

1.7 Scope of the study

Geographical scope

This research was carried out in Gulu district and it involved various stakeholders and procurement agencies. Gulu Local Government was the major focus as the case study for

this research, the procurement department and other relevant departments were investigated and interviewed for the research findings.

Theoretical scope

The study adopted the Agency theory, the theory was adopted to help explain the variables in relation to the problem at hand.

Content scope

The study focused on procurement procedures and contract management in Gulu Local Government. In Gulu District, such procurement procedures include procurement preparation/planning; advertising procurement opportunities; receiving, opening and evaluation of bids as well as contract award, and the factors that influence contract management success such as mobilization, implementation, supervision, inspection, inventory control and reporting. The study therefore focused on the various determinants of effective procurement procedures and constraints to contract management.

1.8 Significance of the study

Procurement research is relatively new in Uganda, hence there are a few country specific studies that have been conducted. This study will add to the existing pool of knowledge or literature in the area of public procurement and contract management by drawing specific examples from a least developed country like Uganda.

The study will be very useful to policy makers, practitioners, scholars, and training institutions as reference materials for staff, students and clients in issues of public procurement.

Policy makers in the area of public procurement may use the study findings to design appropriate policies that will ensure awareness, adherence and cross functionality for improved management of the procurement function and contract management.

Police bodies like the Public Procurement and Disposal of Public Assets Authority (PPDA) may draw from this study to strengthen the implementation of the new law in self accounting organizations and other institutions / ministries that are mandated to comply with the public procurement and disposal of public assets Act, (2003).

It also helps the local people to enhance their capacity of understanding the environment and its significance to hence making them to appreciate it.

It is hoped that the findings could enable scholars and practitioners appreciate the factors and constraints that explain contract management in public entities in Uganda and more empirical studies were conducted to systematically formulate relevant models.

1.9 Operational Definitions of Key terms

Contract award: Is the method used during Procurement in order to evaluate the proposals /Tender offered taking part and award the relevant contract.-Usually at this stage the eligibility of the proposals has been concluded.

A-policy: Is typically described as a principle or rule to guide decisions and achieve rational outcomes.

Procurement: Is the acquisition of goods or services. It is favorable that the goods/services are appropriate and that they are procured at the best possible Total cost of ownership cost to meet the needs of the purchaser in terms of quality and quantity, time, and location (Weele 2010) .

A contract: Is an agreement entered into voluntarily by two parties or more with the intention of creating a legal obligation.

Project financing: Is the long-term financing of infrastructure and industrial projects based upon the projected cash flows of the project rather than the balance sheets of its sponsors.

Legal procedure: Is the proceedings in any civil lawsuit or criminal prosecution and, particularly, describes the formal notice or writ used by a court to exercise jurisdiction over a person or property.

Information and communications technology (ICT): Is often used as an extended synonym for information technology (IT), but is a more specific term that stresses the role of unified communications and the integration of telecommunications (telephone lines and wireless signals), computers as well as necessary enterprise software, middleware, storage, and audio-visual systems, which enable users to access, store, transmit, and manipulate information.

Internal control: As defined in accounting and auditing, is 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.

Accountability: Is answerability, blameworthiness, liability, and the expectation of account-giving.

CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

This chapter consists of the conceptual review, theoretical review and empirical review. The empirical review comprises of the related studies to the research objectives, and the gaps that exist.

2.1 Theoretical Review

The study adopted the Agency theory developed by Eisenhardt (1989). Eisenhardt extended the agency theory and focuses on the principal-professional relationship, where professionals can include consultants (Eisenhardt, 1989). It is not common for public entities to use IS- consulting houses in specifying requirements and even in the tendering phase and the selection of vendor. According to Eisenhardt (1989), there are some specific distinctions of the principal-professional agency exchange. The greatest is the power asymmetry. In an owner-manager or manager-worker relationship, the principals have the power to design and enforce contracts and hence the power to enter or to dismiss incentives for the managers and the workers. In contrast, principal-professional exchanges are inherently those in which professionals have the power over the principals by virtue of their expertise, functional indispensability, and intrinsic ambiguity associated with the services they provide. It also involves a considerable information asymmetry; the principal does not only not know how the professional agent does the job, but also not what he or she does. This information asymmetry also makes it difficult for the principals to know beforehand how much service is actually needed. Dawson et. al. (unpublished) has expanded Sharma's work to study information asymmetry in IS consultancy.

Procurement can be viewed as involving at least two parties with different goals, a buyer and one or more vendors competing for the contract. However in addition to the agency relationship between buyer and competing vendors, there may be a number of internal stakeholders possibly with conflicting goals, adding complexity to the procurement process. These groups of internal stakeholders may include IT staff, procurement personnel, user representatives, line managers, financial officers and cost controllers. These may have conflicting interests even though there may not be an agency

relationship between them; one common observation is that different user groups in different parts of a business may have conflicting requirements. This is where stakeholder management theory may be helpful.

Eisenhardt and agency theory have been influential in development of stakeholders theory Jones, (1995), Hill and Jones, (1992), Flak & Rose (2005) have done a thorough literature study of stakeholder theory and discuss the strengths and weaknesses of the theory for theoretical contribution to the e-government field. Jones (op. cit.) defines stakeholders as applying not only to groups easily characterized by words such as customers or employees but also to subgroups of customers and employees (e.g. shop workers and middle managers) who may have distinct and competing interests. In my work I plan to identify different stakeholders in what conflicting goals or interests they may have, and to what extent this influences the process. Two obvious groups of stakeholders which may have conflicting goals are managers and users. There may also be conflicting goals between different external stakeholders (e.g. small compare to big vendors, local compared to national vendors).

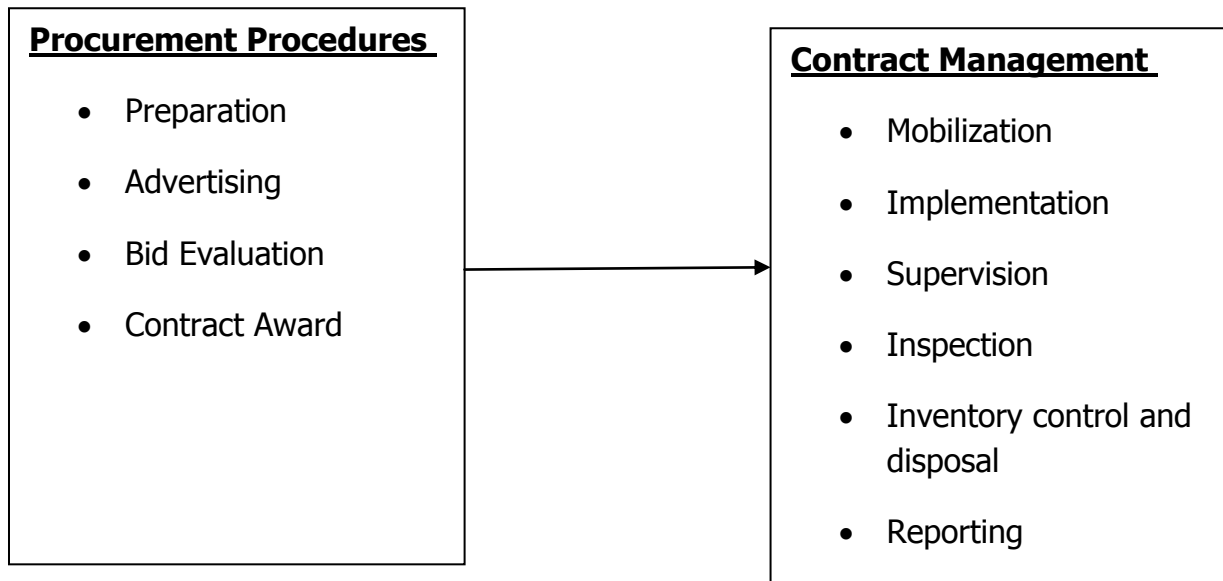
2.2 Conceptual Review

The study conceptualized that contract management success depends on the effectiveness of procurement procedures (Fig. 2.1). Contract management success is the dependent variable, which was measured in terms of mobilization, implementation, supervision, inspection, inventory control and disposal and finally reporting. Procurement procedures are the independent variable. They were measured in terms of adequacy of preparation or planning, advertising to publicize the procurement opportunity to the bidders, bid evaluation and award of contracts.

Figure 2.1: The conceptual framework

Independent variable

Dependent Variable



Source: Modified from Kovacs (2004)

2.3 Procurement procedures

According to Kovacs (2004), procurement methods and procedures refer to guidelines for or means of acquisition of appropriate goods and/or services at the best possible cost to meet the needs of the organization in terms of quality, quantity, time, and location. Bashuna (2013) gives a more detailed definition of the procurement procedure as a series of steps involved in the process of acquiring goods for sale or use by a company or agency. According to him, this procedure starts with identifying the need for a given product, moves through the process of purchase and delivery. However, both Kovacs (2004) and Bashuna (2013) do not give specific activities involved in the procurement procedures. Cankwo, Obanda and Pule (2015) and RPPA (2010) fill this gap. They assert that procurement procedures consist of distinct yet logical stages of preparation, advertising, bid evaluation and, finally, award of contracts.

2.3.1 Procurement Preparation/Planning

Preparing and planning to undertake a procurement for goods and services is the first procedure. According to Agaba and Shipman (2007), procurement planning is the process used by companies or public institutions to plan the purchasing activity for a specific period of time. This is commonly completed during the budgeting process. Each year,

procurement entities or departments are required to budget for staff, expenses, and purchases. This is the first step in the procurement planning process.

Economic commission of Africa (2003) defines procurement planning as the purchasing function through which procurement entities obtain products and services from external suppliers. According to Lewis and Roehrich (2009), a good procurement plan will go one step further by describing the process that the procuring entity goes through to appoint those suppliers contractually. They assert that the steps or activities involved in the procurement planning are always the same whether for a project procurement or a service procurement exercise. First, define the items you need to procure. Next, define the process for acquiring those items. And finally, schedule the timeframes for delivery.

The RPPA (2010) also stresses the importance of procurement planning by observing that sufficient procurement planning enables the procuring entities to abide by the various time frames in the procurement process. Lack of procurement planning is a major source of operational problems leading to a rush of procurement activities towards the end of the budget year driven by the desire of full budget utilization.

2.3.2 Advertising (Soliciting for bids)

This is a question of publishing procurement opportunities, *i.e.* advertising the procurement. Most procurement systems are based on the idea of competitive tendering and, in order to succeed, procurement entities need to find a way of attracting competition. What remains for the procurement officer is a market search mechanism which becomes an exercise in disseminating his requirements as widely as possible (Kendall, 2009).

Traditionally, publishing procurement opportunities has taken the form of advertisements placed in mass circulation newspapers, in trade or other specialised journals, broadcast on the radio, posted on notice boards or sent to selected locations, including in some cases, to the embassies of foreign countries for further dissemination. The PPDA Regulations (2003) in Uganda also requires that a bid notice shall be published in at least one newspaper which must be of wide circulation to reach sufficient prospective bidders to ensure effective competition.

However, according to Kendall (2009), the advent of electronic media, notably the internet and world wide web, has transformed the landscape by offering increasingly cost-effective means of advertising with much greater coverage than ever before. Procurement entities like Gulu District Local Government could take advantage of the electronic media advertising to increase the level of competition for contracts.

2.3.3 Bids Evaluation

Evaluation of bids is the most important stage in the procurement process that leads to selection of the successful bidder. The bids are evaluated against the performance criteria (technical, commercial and financial) already laid in the bid documents. For the comparison of bids quoted in different currencies, the price is converted into single currency specified in the bidding documents. After the bid is opened, no bidder is allowed to alter or modify his bid. In fact, the award and signing of the contract is done on the basis of results of bid evaluation, the bidder with the lowest evaluated bid is awarded the procurement contract (Caldwell, Roehrich and Davies, 2009). The successful bidder furnishes the performance guarantee as per requirements specified in the bid documents. Usually no negotiation is allowed with the bidder having submitted the lowest evaluated bid or with any other bidder.

The RPPA (2010) in Uganda stipulates that a Tender Committee or a Contract Committee should be formed to undertake the evaluation of bids received and to make recommendations for the award of contract. The Tender Committee must be commenced and completed as soon as possible after the bid opening and within 21 days prescribed by law and ensure that the award of contract is made within the period of bid validity. Both The PPDA Regulations (2003) and The RPPA (2010) recommend that, during the evaluation of bids, the Committee should evaluate the bidders' eligibility for the contract, compliance with the statement of requirements and ability to perform the proposed contract or ability to meet the objectives of the procurement.

Thereafter, a notice of best evaluated bidder is displayed on a procuring and disposing entity's notice board and on the Procurement entity's website for a minimum of ten days. However, displaying the notice of best evaluated bidder shall not amount to a contract yet (PPDA Regulations, 2003).

2.3.4 Contract Award

This is when a contract is awarded to the best evaluated bidder. The procedure for award of contract is either by placement of a written contract document or by issue of a letter of bid acceptance, which is confirmed by placement of a written contract document (PPDA Regulations, 2003 and RPPA, 2010). However, a procuring and disposing entity does not enter into a contract until the accounting officer or an officer with delegated authority confirms in writing that the required funds have been committed for the proposed contract. It is customary that after an award of a contract to the successful bidder, the unsuccessful bidders notified of the award and that their bids have been rejected by a procuring and disposing entity (Cankwo, Obanda and Pule, 2015). This notification is in a bid to promote transparency. It points out the reasons why their bids were unsuccessful.

2.4 Contract Management

Contract management is a function of performance of the procurement entity. According to Kakwezi and Nyeko (2012), the performance of a procurement entity is a function of various financial and non-financial factors. Contract management is taken as one such factors. Issaka (2014) explains the concept of contract management as the measures of how entities follow through the performance of the contracts they award. According to him, contract management involves mobilization of the required resources, strict supervision or monitoring of the contractor, inspection, inventory control and disposal, and reporting.

Thai, (2004) agrees with Issaka (2014) by asserting that contract management and completion refers to the procurement of the right item, in the right quantity, for the right price, at the right time, with the right quality, from the right source. Prager (1994) contends that proper and effective management and monitoring of contracts help improve the quality of goods and services and reduces procurement cost thus promoting the performance of the procurement entity like Gulu District Local Government. It also involves making Reports by the procurement managers like project implementation and supervision reports, project monitoring reports, delivery reports, keeping of records of items disposed off and the use of appropriate stock control record system.

Both Sigma (2011) and Issaka (2014) contend that the awarded contract must then be managed, to ensure that both the buyer and supplier perform their contractual obligations. Activities may include expediting delivery, arranging inspection or freight

forwarding, checking bank guarantees, establishing letters of credit, making arrangements for receipt and installation of goods, verifying documentation and making payments. Works contracts will often require technical supervision by an engineer/project management team to ensure quality, time schedule and cost. They recommend that for a successful contract management, the services consultancy firm is often required.

2.5 Relationship between Procurement Procedures and Contract Management Success

Empirical evidence from researches conducted in developed and developing countries equally suggest that the performance of a contract is dependent on how elaborate the procurement procedures have been conducted. In a study on procurement planning and service delivery in state corporations in Kenya, Chepkoech (2013) established that procurement planning is a critical factor in influencing performance of service delivery. Using a regression model, he established that procurement planning influences up to 63.3% of the variations in service delivery in state corporations in Kenya. Although this study was not based on local governments, its findings were significant.

Cankwo, Obanda and Pule (2015) also conducted a study on Tactical Procurement Process and service delivery in Local governments of Uganda with Nebbi District Local Government as a case study. They established that tactical procurement process influenced up to 25% of the variations in service delivery in Local Governments in Uganda. Findings of this study point to the fact that a successful contract management could highly be influenced by the procurement procedure.

2.6 Empirical Studies

The prescriptive literature on contract management tends to offer step-by-step procedures for procurement managers and other stakeholders. In the process of ensuring that contract management successfully takes the right course, all the parties involved must keenly pay attention to all provisions in the given or existing contract (Sanders, Locke, Moore, & Autry, 2007; Laratta (2009) and Saunders, 2000). Successful and efficient contract management practices are those that meet the needs of the company's stakeholders, achieve optimum conditions and value in regard to the allocation of scarce tax payers resources (best value for money), ensure rationale and efficient utilization of funds available, stimulate valuable competition and manage the risk and potential liabilities to the buyer thus improving service delivery.

Thus enforcement of existing regulatory measures must be practiced to avoid pitfalls of inefficient contract management process and eventual poor service delivery. The people in charge of the contracts need to play an important and meaningful role in ensuring that the company's contractual goals are fully achieved at the minimum cost possible. As a result, consideration should be given to address the questions in the procurement contract literature as to how the supplier can provide the buyer with sufficient flexibility while not assuming all the risk due to demand uncertainty (Golovachkina and Bradley, 2002).

Equally pertinent is the need for trained personnel in contract management and procurement procedures. But this is not usually the case as supported by Nadiope (2005) who observes that the government lacks trained procurement personnel. In Uganda the need for training personnel particularly to contract management can only be established after what is known about the same has been established. Public Procurement Authorities must continuously formulate and implement strategies to address the existing capacity gaps within PDEs especially in the area of contract award and management. This evidenced by the PPDA Capacity Building Report (2010) which noted that some PDEs had serious constraints in execution and monitoring of contracts.

In an effort to attain these demands, organizations constantly look for employees who have skills necessary to deal with the wide variety of tasks (Monczka et al., 1998; Sauber et al., 2008). Notwithstanding the above, Lan, Riley and Cayer, (2005) posit that finding, hiring and retaining dedicated, energetic, and ethical employees with special skills is always hard. The supervisors (contract managers) should be knowledgeable in contract management. Organisations must, therefore, assign experienced staff to supervise the consultant and contractors. This should be accompanied by proper record keeping.

Mc Crudden (2004) highlights factors such as delayed funding from the government, bureaucracy in the procurement system and poor capacity of local contractors contributing poor contract implementation, hence hurting service delivery. In Uganda, funds are only released only when a district has met the basic accountability requirements and when there is money in the treasury. All this makes it almost impossible for the service providers to do their work effectively and in the shortest time possible and hence making it hard for them to meet the scheduled deadlines. This is supported by Martin and Miller (2006) who argue that standards set are usually weak and are often not adhered to and as a result quality is compromised.

Abi-Karam (2002) suggests six types of constraints: proposal writing, surety and liability schedule, contractual, performance and price constraints. Davison and Wright (2004) further expound on the definition of these challenges to include their relationship to the procurement process and the criteria for successful contracting. They further break down the challenges as such: Acceptance of wrong Products either as a result of poor specifications or laxity of the suppliers causing unnecessary delays in service delivery; abscondment of the contractor; alteration in the commercial environment outside the control of all stakeholders. Overall these problems are largely related to a lack of understanding between all parties to a contract. However, Davison and Wright (2004) findings were not empirically tested.

Buchanan (2001) argues that whatever the rules of the game, the lens of contract and its eventual management must usefully be brought to bear on the play of the game. The author submits that contract management entails efforts by the immediate parties to a transaction to align incentives and craft governance structures that are better attuned to their exchange needs and due allowance being made for the mitigation of contractual hazards.

Robert (1988) argues that the phenomenon of corruption can be equated to a formula $C=M+D-A$, where corruption equals "Monopoly" plus Discretion" minus Accountability" Robert adds that in the case of procurement, corruption can occur if multiple checks and balances to ensure accountability, are absent. Kwasi (1999) on the other hand, noted that in less developing economics, corruption occurs when there is motive and opportunity and amended Klitgaard's formula from the $C=M+D-A$ to $C=M \times O$ where corruption equals ' Monopoly' multiplied by ' Opportunity'. He argued that in developing countries in particular; Corruption is a crime of opportunity (the opportunity being the institutional or system deficiencies that make it easy for corruption to occur and for the corrupt to get away with the crime) and motive (the motive being that need, condition or state of affairs that serves as an inducement, incentive or motivation) that propels or compels a person to act on or succumb to a corrupting temptation.

All in all, a number of scholars have pointed out pertinent areas that may affect the procurement exercise of an organization specifically the public organization. Some theorist have noted that deficient awareness of the procurement procedures by all the internal stakeholders may affect the effectiveness of the organizational units to work together as a team under what has been referred to as cross-functional procurement

teamwork. It is worth to note that the ambiguity in the public procurement procedures may provide a chance for dubious acts including opaque tendering and discriminate supplier selection which may progress into poor governance.

2.7 Research Gaps Identified

The rich literature reviewed above confirms the fact that two scholars have conducted several studies on procurement generally and on contract management success. However, a number of gaps were identified which this research attempted to bridge. First of all, two studies on the subject reviewed above were conducted from various countries. These countries have well-developed procurement systems unlike Uganda where the proposed study was conducted.

Secondly, a study from Ishaka (2014) reviewed adapted a qualitative research approach and, therefore, didn't bring out the relationships between the study variables in the procurement sector. Hence, a knowledge gap is created. In attempting to fill-in the gaps identified, this study investigated the relationship that exists between two variables in the procurement sector. These are procurement procedures and contract management success in Gulu District Local Government (Uganda).

CHAPTER THREE

METHODOLOGY

3.0 Introduction

This chapter presents the methodology of the research, the various tools and procedures that were applied in the research findings. These included the design, population, sample size, research limitations and methods, data instruments, validity and reliability and study limitations.

3.1 Research design

This study used descriptive, correlational and cross-sectional design. It is a co-relational research because it examined the relationship between procurement procedures and success of contract management in Gulu district, Uganda. It is of a cross-sectional design because the data was collected once from the respondents and coded and analyzed to ensure that the research findings are valid.

It is descriptive because it presented a picture that contract management success depends to some extent on procurement procedures as reflected in the regression analysis of 47.8%.

3.2 Research Population

In this study, the unit of analysis was the staff in the procurement user departments in Gulu District Local Government. Therefore, the target population consisted of 115 procurement user departments' staff that included sub-county local governments and departments in the district headquarters (Appendix 1).

3.3 Sample size

This research used a sample size of 92 out of 115 staff members of procurement user departments in Gulu District Local Government. This sample size was determined by referring to the Table of Determining the sample size from a known population developed by Krejcie and Morgan (1970). These staff members included: Head of Department, Head

of Procurement and Disposal Unit, Chairperson of the Contract Committee, Secretary to the Contract Committee and a Procurement committee member .

3.4 Sampling Procedures

The study employed a combination of stratified sampling and simple random sampling techniques. According to Odiya (2012), stratified simple random sampling is a probability sampling procedure in which the target population is first separated into mutually exclusive, homogeneous segments (strata), and then a simple random sample is selected from each segment (stratum). The samples selected from the various strata are then combined into a single sample. Stratified samples tend to be more representative of a population because they ensure that elements from each stratum in the population are represented in the sample. In this study, the user departments are separated into sub-counties and head quarters as shown in the table 3.1

Table 1 Strata of User Departments

S/N	H/Q User Departments	S/N	Sub-County User Departments
1	Education and Sports Department	1	Unyama Sub-county
2	Health Services Department	2	Paicho Sub-county
3	Works and Technical Services Department	3	Awach Sub-county
4	Community Development Services Department	4	Patiko Sub-county
5	Administration Department	5	Palaro Sub-county
6	Finance Department	6	Bungatira Sub-county
7	Internal Audit Department	7	Koro Sub-county
8	Planning Department	8	Ongako Sub-county
9	Natural Resources Management Department	9	Bobi Sub-county
10	Production and Marketing	10	Lalogi Sub-county
11	Council Department	11	Lakwana Sub-county
		12	Odek Sub-county

Source: **Procurement Performance Measurement System (PPMS) report for FY 2012/13**

Thereafter, simple random sampling techniques were employed to select 9 headquarter and 10 sub county user departments. Among its strengths, simple random sampling technique tends to yield representative samples, and allows the use of inferential statistics in analyzing the data collected (Oso & Onen, 2005).

3.5 Data collection instruments

Questionnaire

According to Polit & Beck (2004), a questionnaire is an instrument for gathering self-report information from respondents through a self-administration of questions in a paper and pencil format. Questionnaire is cost effective as many people can be reached. It is also bias-free and it gives people the opportunity to answer personal question easily. It gives respondent time to consult previous material on the subject (Milne, 1999).

In this study, - a five-point Likert scale questions in the questionnaire were designed and administered to the units of inquiry for data collection. They were allowed to fill it at their convenience where sensitive information was given without fear of their identity being known.

3.6 Validity and Reliability of the instruments

The researcher ensured content validity of the questionnaire by constructing items that are in conformity with the study conceptual framework. Questionnaires were pre-tested to identify and eliminate those questions that can pose problems. Content validity index (CVI) was calculated using the formula:

$$CVI = \frac{n}{N}$$

Where N represents total Number of items (questionnaires) and n represent Number of items declared valid in the questionnaire. The Validity index of 0.85 was ascertained showing the instruments valid.

Reliability of the instrument was tested using reliability statistics. The instruments were checked for accuracy, consistency and completeness using Cronbach's Alpha Coefficient (Sikaran, 2003). The instrument had a Cronbach's Alpha coefficient of at least 0.85 for all items tested. The standardized Cronbach's alpha can be defined as;

$$\alpha_{\text{standardized}} = \frac{K\bar{r}}{(1 + (K - 1)\bar{r})}$$

Where K is as above and \bar{r} the mean of the $K(K - 1)/2$ non-redundant correlation coefficients (i.e., the mean of an upper triangular, or lower triangular, correlation matrix).

3.7 Data Gathering Procedures

Data gathering procedures were divided into three phases, these included before, during and after. The researcher followed these phases to reach to the conclusion of the data gathering procedures.

Before, before the research, the researcher was required to get an introductory letter from the College of Higher Degrees and Research. After this letter, the researcher was required to present this letter to the field officials before carrying out the data gathering.

During; in the process of collecting data, the researcher educated the respondents about the research and also inform them about the future use, benefits and outcomes of the research report. This was done by the researcher with the help of three to five people by distributing the questionnaires to the respondents.

After; after collecting the data from the field research the analysis process and presentation emerged. The researcher ensured he collects all the questionnaires from the respondents since the questionnaires were vital in data analysis procedures and presentation.

3.8 Data Analysis

The researcher mostly employed quantitative techniques of data analysis to analyze data that was collected from the field. This was done with the help of SPSS, a computer package. Descriptive statistics was used to achieve research objectives one and two. On the other hand, a correlation analysis was performed to achieve the research objective three.

3.9 Ethical Considerations

To ensure confidentiality of the information provided by the respondents and to ascertain the practice of ethics in this study, the researcher ensured that he gets permission to

adopt the standardized questionnaire concerning the research objectives and interviews addressed to the concerned parties. The researcher also acknowledged the authors quoted in this study and the author of the standardized instrument through citations and referencing.

3.10 Limitations of research

Through this research, the researcher claimed an allowable 5% margin of error in view of the following anticipated threats to validity with relevance to this study. The study will have the following limitations:

Extraneous variables: This was beyond the researcher's control such as respondents' honesty, personal biases and uncontrolled setting of the study.

Testing: The use of research assistants can bring about inconsistency in the administration of the questionnaires in terms of time of administration, understanding of the items in the questionnaires and explanations given to the respondents. To minimize this threat, the research assistants were oriented and briefed on the procedures to be done in data collection.

Attrition/Mortality: Not all questionnaires maybe returned neither completely answered nor even retrieved back due to circumstances on the part of the respondents such as travels, sickness, hospitalization and refusal/withdrawal to participate. In anticipation to this, the researcher reserved more respondents by exceeding the minimum sample size. The respondents were reminded not to leave any item in the questionnaires unanswered and were closely followed up as to the date of retrieval.

CHAPTER FOUR

DATA ANALYSIS, PRESENTATION AND INTERPRETATION

4.0 Introduction

This chapter presents the findings of the study; the findings are analyzed, presented and interpreted in accordance to the research objectives;

4.1 Bio Data of the respondents

This section presents the personal information of the respondents, it includes the sex, age bracket, educational background and field in the organization.

Response rate

Table 2: Position in the department

Departments	Expected No of respondents	Frequency	Percent
Head of Department	33	32	34.8
Head of Procurement and Disposal Unit	14	14	15.2
Chairperson of the Contract Committee	20	19	20.7
Secretary to the Contract Committee	15	14	15.2
Procurement staff member	13	13	14.1
Total	95	92	100.0

Source: *Field Data, 2016*

The findings in this category sought to establish the respondent's position in the organization, in this regard the researcher established that 32 respondents (34.8%) were heads of their various departments in Gulu District Local Government. The study also found that 14 respondents (15.2%) were heads of the procurement and disposal unit, 19 (20.7%) were chairperson of the contract committee, 14 (15.2%) were secretaries to the contract committee and 13 (14.1%) were procurement staff members in the District. This implies that various departments were sampled (Table 1).

Table 2 shows description of respondents by gender

Table 3: Gender of the respondents

Gender category	Frequency	Percent
Male	48	52.2
Female	44	47.8
Total	92	100.0

Source: *Field Data, 2016*

In this regard, the results in Table 2 that majority of the respondents in Gulu District Local Government were male with a total of 48 respondents (52.2%), further still the females were 44 respondents (47.8%) totaling to the 92 respondents sampled. The research therefore concluded that all categories in the gender section were sampled and the male respondents were slightly more in the organization compared to the women.

Table 4: Length of Service in the organization

Years in service	Frequency	Percent
1-5 years	7	7.6
6-10 years	27	29.3
11-15 years	37	40.2
Over 15	21	22.8
Total	92	100.0

Source: *Field Data, 2016*

The study inquired on the length of service in organization and established that majority of the respondents had served for 11-15 years with a total representation of 37 respondents (40.2%). Those that served for 6-10 years were 27 respondents (29.3%) and those that served for over 15 years were 21 respondents (22.8%) followed by the minority that had served for 1-5 years (7.6%). Out of the total 92 respondents, the research concluded that majority of the respondents had worked for more than 6 years in the organization hence they had vast knowledge concerning the study problem.

Table 5: Age bracket of the respondents

Age groups	Frequency	Percent
18-30 years	5	5.4
31-40 years	46	50.0
41-50 years	38	41.3
Over 50 years	3	3.3
Total	92	100.0

Source: *Field Data, 2016*

The research further investigated on the age bracket of the respondents and found that majority of them (50%) were between 31-40 years, this was followed by those in the age bracket of 41-50 years who were (41.3%) and those in the age bracket of 18-30 were only 5 respondents and finally those over 50 years were 3 respondents. This implied that the respondents had a clear understanding of the research problem since they were all adults. The findings hence concluded that the age bracket of the respondents was sampled.

Table 6: Education level of the respondents

Education level	Frequency	Percent
Ordinary Level	2	2.2
Advanced Level	11	12.0
Diploma	23	25.0
First Degree	44	47.8
Post Graduate	11	12.0
PhD	1	1.1
Total	92	100.0

Source: *Field Data, 2016*

The researcher further sought to establish the qualification of the respondents and the findings established a total of 44 respondents had attained a bachelor's degree in several fields. Those that had attained post graduate diplomas and PhDs were 11 (12%) and 1 (1.1%) respectively. The researcher also established that 23 respondents (25%) had a diploma and 11 respondents had an advanced level certificate which left the remaining 2 respondents with an ordinary level certificate. This implied that majority of the respondents are well educated and hence have vast knowledge on procurement procedures and contract management in the area. The researcher therefore concluded that all categories under this section were sampled.

4.2 Procurement procedures in Gulu Local Government

The study wanted to examine if the laid down procurement procedures are adhered to and implemented as expected. Results are shown in Table 6. This section explored the procurement planning/preparation process in Gulu Local Government and various findings were established as presented in the table 6;

Table 7:Extent of adherence to Procurement procedures in Gulu Local Government

Measures of Procurement procedures	Mean	Std. Dev.
1. Procurement planning/preparation		
The user departments clearly specify when to use the required goods and services in their requisitions to the Procurement unit.	3.58	1.008
Budget approval is obtained from the funding bodies for the required items before procurement process starts.	3.40	1.110
District has standard & approved bidding documents for procurement processes	3.37	1.281
Thorough needs assessment is always undertaken by respective heads of department for goods and services needed to be procured by the district.	3.21	1.075
There is a systematic process to identify procurement requirements of this department by the Procurement unit at least 1 year in advance.	3.15	1.309
Tender documents clearly indicate what documentation is required, such as affidavits, power of attorney, certificate of tax, audited financial statements.	2.62	1.389
Average mean	3.22	0.515
2. Publication of procurement opportunities (advertising)		
District use internal boards to display procurement information, in inviting bids	3.50	.989
Bid invitations in the district are always well advertised.	3.17	1.164
Bid invitation information is always placed in the district procurement bulletin	2.99	1.280
Bid invitation notifications are always advertised on district website & newspapers	2.98	1.099
The advertising period is long enough to allow potential bidder sufficient time to respond to bid notice.	2.79	1.182
Average mean	3.09	.493
3. Bid submission, opening and evaluation		
Clients' representatives or a technical expert is invited to join evaluation panel	3.55	1.042
Gulu District always has a secured tender box to safe-keep of bids submitted	3.46	1.235
Bidders' compliance with the statement of requirements is always thoroughly evaluated before contracts are awarded.	3.46	1.073
Technical abilities of bidders are thoroughly evaluated by Gulu District Local Government before contracts are awarded.	3.36	1.254
Gulu District always design bid opening register for recording open bids details	3.32	1.240
All Bids submitted are usually by an independent evaluation committee.	3.17	1.263
Bidders' eligibility is always thoroughly evaluated before contracts award	3.12	1.283

Minutes of all bid opening meetings & all opening records are kept by the district	3.11	1.321
Bid documents clearly state date, time and venue for bid submission& opening	3.09	1.323
Average mean	3.29	.586
4. Contract award		
Unsuccessful bidders are always notified why their bids have been rejected.	3.54	1.094
District accounting officer always confirms in writing required funds committed for the contract before the contract is signed with the best evaluated bidder.	3.28	1.252
The procedure for award of contract is always by placement of a written contract document to the best evaluated bidder.	3.27	1.293
Notice of best evaluated bidder is always displayed on a procuring and disposing notice board for at least ten days.	3.05	1.278
Average mean	3.29	.704
Overall mean	3.22	.479

Source: *Field Data, 2016*

The findings in Table 6 represent the extent of procurement planning/preparation process in Gulu District Local Government. It is found that majority of the respondents confirmed that user departments clearly specify when to use the required goods and services in their requisitions to the Procurement unit with a total mean of 3.5761, and the research further established that budget approvals were also obtained from funding bodies before the procurement process (3.4022).

It was observed that District Councils follow different procurement procedures basing on the procurement method selected as stipulated in the PPDA Act 2003. The methods used included National Competitive Tendering, Restricted Tendering, Direct Contracting, Competitive Quotation, Single Source and Minor Value Procurement. Nonetheless, in most cases National Competitive Tendering method was highly used in or competition as required by the PPDA 2003.

The implementation of procedures begins with preparation of tender documents and invitation to tender. 3.5000 as the highest mean represented the highest number of respondents that agreed that the implementation of procurement procedures is effective because the Councils invited potential bidders fairly, competitively through using websites, public notice boards and news papers of country circulation. This improves the

transparency in public procurement and ensures the widest reach of competent, eligible and competitive bidders to supply goods and provides services to the public as required by the PPDA 2003.

As pointed by respondents and observed by researcher the procurement procedures used included preparation of tender notice to invite potential bidders to submit priced offers, issuing of bidding documents to interested bidders, bids receipt and opening soon after the expiry of deadline date and time, evaluation of bids and award recommendation, approval of recommendations and contract award. It was noted that the procedures were standard to all Councils monitoring and checking procedures compliance regularly.

Moreover, Rendon (2010) have rightly observed; in support of our findings, that some of the critical success factors for both project and contract management is being qualified workforce, clear processes, relationships, resources, leadership and policies all of which have a direct impact on an organization's project management and contract management processes as well as resulting outcomes. On this same observation, Nadiope (2005) is of the view that most governments lack trained procurement personnel; a fact that may add to the contract management problems. We argue that procurement staffs need to offer technical advice to the accounting officers on the appropriate contract management framework and the kind of people that ought to be in charge. Where such are missing, then the procurement staff take some blame.

Successful and efficient contract management practices are those that meet the needs of the company's stakeholders, achieve optimum conditions and value in regard to the allocation of scarce tax payers resources (best value for money), ensure rational and efficient of funds available, stimulate valuable competition and manage the risk and potential liabilities to the buyer thus improving service delivery. Among the key stakeholders are the suppliers.

This implied that after procurement reforms, the Local Government enjoys a number of benefits through having proper procurement procedures including economy, effective and efficiency use of organization funds, accountability, fairness, openness and transparency which in return helps to reduce allegation of fraud and corruption. Despite the benefits, findings show that there is existence of some challenges of unnecessary bureaucracies,

limited accountability in the process of applying procurement procedures, unethical procurement practices among employees, interferences from other departments and stakeholders to procurement department, insufficient budget and failure to get specification from user department on time.

Brown *et al.*, (2000) further argues that though defining the contract terms is crucial contract management plan should be developed early in the process, and must explicitly state the deliverables that will be created through a joint effort between the contractor and the client and must decide what will constitute success. Svennberg (2001) on his part reaffirms that the plan must also be audited to ensure that the variances are catered for and rectified.

Therefore, based on the above analysis, it is suggested that procurement reforms have a great impact on the overall performance of the procurement systems in the Local Government Authorities, which has been supported with the experience and facts from the Local Government departments. Hence, the reform process should not be an end to itself but rather be flexible, strategic and continuous in order to harmonize the implementation of procurement procedures with the aim of removing bureaucracies, unethical practices, interferences and political influence whilst improving performance and enhancing achievement of value for money.

4.3 Extent of contract management success

This section included four variables from the publication of procurement opportunities, bid submission, opening and evaluation, contract award and contract management success in Gulu Local Government.

Table 8: Extent of contract management success

Measures of contract management success	Mean	Std. Dev.
Project progress meetings (site meetings) are always organized in time	3.60	1.383
There is always an appointed contract manager for each project	3.41	1.091
Stake holders' needs and expectations of contracts are always fully met	3.38	1.194
Contract manager's role is important in public procurement process success	3.36	1.163
Project monitoring reports are always prepared and presented in time.	3.26	1.257
Contractors always ask for contract extension	3.16	1.051
A contract managers is always appointed for each contract awarded in Gulu District Local Government	3.08	1.260
Gulu District Local Government and contractors strictly adhere to delivery of contract with the period provided for in the contract.	3.03	1.338
The product contracted is always ready for use according to the planned time schedule	3.01	.932
Contractors always use high quality materials.	2.45	1.448
Any contract-related problems are always identified and corrections made immediately.	2.41	1.423
Overall mean	3.10	.411

Source: *Field Data 2016*

With regard to the issuing of bidding documents, majority of the respondents pointed out its highly effective and efficient because the Local Government make use of the standard bidding documents as required by PPDA and documents were issued on time immediately after the publication of invitation tender notice as required by section 62 of PPDA 2004 (3.5543). However, some respondents argued it is ineffective due to delays in the issuing of tender documents as it was observed from time to time by the respondents.

The process of bid opening was effective as it has been observed by some respondents and highly effective. During the interview, respondents pointed out that bid were opened immediately after deadline in public in the presence of bidders and their representatives.

Also, bid prices were read out openly prior to detailed evaluation which enhances transparency in public procurement as required. Hence, the process was effective as required by the regulatory authorities and PPDA 2004.

This opinion is supported by Mc Crudden 's (2004), finding that asserted that delayed funding from the government or the donors, bureaucracy in the system right from the sub-county level, poor capacity of local contractors and the weather could also lead to poor service delivery. It should, however, be noted that both central and local governments depend on government and donors funds for all big projects yet the government grants are inconsistent. In Uganda, funds are only released only when an entity has met the basic accountability requirements and when there is money in the treasury. All this makes it almost impossible for the buying entities to do their work effectively and in the shortest time meet the scheduled deadlines.

Furthermore, the process of bid evaluation was done effectively as observed by response in table 7 above and highly effective. Respondents commented that evaluation was done competitively by the evaluation committees basing on the provided criteria which are known by bidders in advance. Evaluations were done competitively through technical conditions and price comparisons in order to determine the lowest evaluated bidder for contract awards.

The awards were also communicated to the respective bidders. However, 9 respondents pointed out it was ineffective because some of the bidders awarded contract had poor performance in terms of delivering substandard goods and services. Nonetheless, through observation and document review, researchers found out that there are internal procurement guidelines which provide the details of approved policies and procedures to be followed by purchasing personnel when executing their duties.

Hence, late submission causes the procurement procedures implementations to delay unnecessary most of the time. Furthermore, some respondents commented that unethical practices are one among the challenges hindering effective implementation of procedures. There have been allegations of corruption as some staff in charge with procurement have been accused of seeking bribes from suppliers and service providers.

Also, dishonest staff used some loopholes to favor bidders and ending up purchasing substandard goods or services.

Davison and Wright (2004) argues that one of the constraints to contract management is acceptance of wrong products either as results of poor specifications or laxity of the suppliers thus causing delays in service delivery. Mean while 58.3% agreed there was lack of capacity in contract management and monitoring of various stakeholders (media, SO, implementers and monitors).

4.4 Relationship between procurement procedures and contract management

This section sought to establish the relationship between procurement procedures and contract management in Gulu District Local Government. In line with this, the researcher hypothesized that there is no significant relationship between procurement procedures and contract management in Gulu District Local Government. To test this hypothesis the researcher used Pearson’s Linear Correlation Coefficient and the results are indicated in table 8;

Table 9: Pearson correlation of the variables

Variables correlated	r-value	Sig.	Interpretation
Procurement Planning Vs Contract management success	.589	.000	Significant correlation
Publication of procurement opportunities Vs Contract management success	.565	.000	Significant correlation
Bid submission, opening & evaluation Vs Contract management success	.636	.000	Significant correlation
Contract awarding Vs Contract management success	.484	.000	Significant correlation
Overall Procurement Procedures Vs Contract management success	.675	.000	Significant correlation

Source: *Field Data 2016*

With regards to the general relationship between adherence to procurement procedures and contract management success, the two tailed significance test offered a Pearson correlation coefficient of 0.675. This suggests a strong positive correlation between the two variables. The asymptotic significance test expressed as sig (two tailed) in the table

is at a convincing level of 0.000. Any value below 0.05 confirms the data collected as significant and reliable.

Inference can be made that the responses offered during the study were not obtained by chance since if they were, the significant level would have been computed as above 0.05. For this reason, the null hypothesis (H_0) of no significant relationship between adherence to procurement procedure and contract management success is therefore, rejected due to the strong evidence acquired which attests to a relationship between the two variables of study. Consequently, the alternative hypothesis is adopted.

In the same way, all the four constructs of adherence to procurement procedures were positively and significantly correlated with contract management success, since their accompanying p-values were far less than 0.05 and so the null hypothesis is also rejected in respect to each of the four.

Correlation does not necessarily mean causality, so it is essential to only be confident of the relationship rather than the influence one has on the other. In other words, the above correlation may mean that adherence to procurement procedures has an effect on contract success or vice versa or there could be no causality in their relationship. This indicates that the relationship between the two constructs is crucial and interrelated with the study, the findings showed that adherence to procurement procedures is necessary for a contract management success.

4.5 Regression Analysis

Regression analysis was done to establish the influence adherence to procurement procedures (based on preparation, planning advertising, bid evaluation and contract award) has on contract management success in Gulu District Local Government. The null hypothesis held was that adherence to procurement procedures has no significant influence on contract management success. Table 9 summarizes the regression analysis results.

Table 10:Regression analysis Results for influence procurement procedures on contract management success in Gulu District Local Government

Variables Regressed	Adjusted R²	F	Sig.	Interpretation	Decision on H₀
Procurement procedures V contract management Success	0.478	21.820	0.000	Significant effect	Rejected
Coefficients	Beta	t	Sig.		
(Constant)	1.061	4.684	.000	Significant effect	Rejected
Planning	.196	1.736	.086	Insignificant effect	Accepted
Advertising	.276	2.863	.005	Significant effect	Rejected
Evaluation	.384	3.475	.001	Significant effect	Rejected
Awards	-.029	-.271	.787	Insignificant effect	Accepted

Source: *Field Data, 2016*

The results from Table 9 suggested that all the elements of adherence procurement procedures taken together significantly affected contract management success ($F=21.820$, sig. = 0.000). These results indicate that all the four elements of adherence procurement procedures taken together accounted for 47.8% towards variation in contract management success (adjusted $R^2=0.478$). This means that the remaining 52.2% was the contribution of other factors not included in this study.

Considering the coefficients section of Table 9, of the four constructs used to measure adherence to procurement procedures, contract evaluation (Beta = 0.384, sig. = 0.001) had the strongest influence on contract management success, followed by publication of procurement opportunities (Beta = 0.276, sig. 0.005). The remaining two constructs did not show significant influence on contract management success.

These results of the regression model suggest that, considering other factors constant, a one-unit increase in adherence to bid submission, opening and evaluation procedures is

likely to increase contract management success by 0.384 but a similar increase in adherence to publication/advertising of procurement opportunities procedure is likely to increase contract management success by a smaller margin of 0.276.

CHAPTER FIVE

DISCUSSION, CONCLUSION AND RECOMMENDATIONS

5.0 Introduction

This chapter presents the study's discussion, general conclusions and recommendations revealed by the study problems and also those recommendations and conclusions observed by the researcher in line with the rest of the chapters studied in this research.

5.1 Discussion of the findings

Based on the empirical findings of the research, nature and the magnitude of the public procurement reforms in the municipality include: formation of a contracts committee, creation and staffing of a procurement unit and direct supervision of the PPDA Authority. Therefore Procurement and disposal activities in the Local Government are carried out in accordance with the requirements of the PPDA Act of 2003.

The study found out that the following roles of each user department which prepares a multi annual work plan based on the approved budget, each entity in the LG defines its procurement requirements, the procuring entity is responsible for dividing requirements allocated to a single procurement process into separate lots, the procuring unit brings about integration of the diverse decision and activities during procurement planning, the accounting officer ensures availability of sufficient funds to run the plans and that it is budgeted for, the citizens assist the town council to accurately decide on which services to expand and provide, the citizens also work with NGOs, CBOs and political parties to develop proposals for the council to consider during planning and also Citizen representatives play a great role in the evaluation of potential service providers.

This is supported by Lamoureux (2006) *who argues that true resilience from supply challenges comes from attacking supply chain constraints from all the angles and having operational, tactical, and strategic plans to deal with it.* The professionals must be seen as champions of efficiency and effectiveness and must acknowledge the challenges and their various forms, and their sources. In the previously published research, Davison and Sebastian (2009a) established the likelihood of contract problems for a given type of contract, and which type of contract is likely to encounter the most problems.

For example, for construction contracts, change order, delays, and cost have a statistically similar chance of occurring and were significantly more likely to occur than the remaining problems, and that construction contracts are more likely to experience problems than other types of contracts. Carr and Pearson (1999) proved a positive correlation between supplier relationships and contract performance. While Supplier Relationship Management is generally considered to be a resource-intensive effort entered into with a small number of critical suppliers. Lambert (2004) and De Luca (2006) contends that it can include specific discussions to mitigate constraints with a greater number of suppliers.

A number of factors were found to be affecting contract management in Gulu and these included the following among other factors; corruption, inefficiency and effectiveness, the challenge of contract awarding with the equipments to do the job well. The Local Government also faces a challenge of limited skilled personnel to meet the rising needs of local people, Projects are done not according to or as demanded by the people, and also poor communication with communities has also hampered the delivery of services in the area.

5.2 Conclusions

The study raises a number of implications that have to be addressed if contract management is to be improved. The study has underlined key determinants and constraints to effective contract management and hence the desire to minimize them cannot be emphasized. Among the major determinants to effective contract management were that most entities have problem in defining processes and formulating a clear contract management plan and appropriate methods of capturing key data and lessons from contract management process. Others were human resource management factors related to job descriptions, accurate definition of roles and diverse contract management knowledge of the contract manager.

The research argues that procurement staff needs to offer technical advice to the accounting officers on the appropriate contract management framework and the kind of people that ought to be in charge. Where such are missing, then the contract management function can be outsourced to competent firms/persons. The Regulatory Authority (PPDAA) and the public entities especially user department should work together to improve function of contract management through capacity building. This can

be done through taking procurement skills assessment and training staff through refresher courses, workshops, seminars and conferences where staff meet and share experiences.

As far as constraints are concerned, government ministries, private sector and civil society organizations need to engage with each other so that their voices are heard or taken seriously by policymakers at all levels of the contract management process. The coalition-building approach will enable the three parties – government, the private sector and civil society organizations to find areas of common interest where no single government or company would otherwise be willing to unilaterally apply more responsible standards of behaviour. Citizens too should be compelled to hold government officials accountable through social accountability movements. Government should enhance New Public Management (NPM) which advocates the use of markets in contract management in particular and public service delivery in general.

5.3 Recommendations

The government should invest more in the will to expand the political capacity necessary to implement and enforce the very comprehensive procurement regulations and prepare a proper and comprehensive procurement legal framework.

Government in its bid to develop Uganda should focus on fighting corruption in public procurement which manifests itself in bribery of evaluation and tender board members, facility payments, embezzlement, influence peddling, favoritism and conflict of interest.

It is also recommended that further training is required for Local government authorities to enhance clear understanding of the PPDA Act No. 1 of 2003 to its full potential as a finance and budget control mechanism. This will enable the accounting officers and senior management of Gulu Local Government to see the PPDA Act No.1 of 2003 as an advantage rather than a threat.

A consultative forum is recommended for the procurement function and the various agencies involved in management of public funds. All issues of common interest should be discussed at this forum and a well coordinated approach would be agreed. The procurement function is further recommended to strengthen its links with other agencies

to improve funds management and the accountability framework of the government of Uganda.

Government should increase funding for the maintenance of community and feeder roads.

Corruption should be reduced by enforcing of strict rules, giving penalties on those involved and also increasing of salaries of the civil servant can also reduce on corruption.

Concerning limited skilled personnel, the local government should train the recruited workers so as to equip them with the necessary skills, and also encourage them to go for further studies.

They should first provide projects which are highly demanded by the local people, this will not only help them to know that their views are considered but also will help to improve on public confidence in the local government.

The procurement team should carryout research so as to find out which service providers are able and have the equipment to perform the required work in the given time possible.

5.4 Suggested Further Research

The study particularly focused on Gulu District Local Government and therefore further research should be carried out on other local governments. Further research should also be carried out on the quality of services delivered for the public.

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Appendix 1: PROCUREMENT USER DEPARTMENTS IN GULU DISTRICT LOCAL GOVERNMENT

User Departments

- 1) Education and Sports
- 2) Health Services Department
- 3) Works and Technical Services Department
- 4) Community Development Services Department
- 5) Administration
- 6) Finance
- 7) Internal Audit
- 8) Planning
- 9) Natural Resources Management Department
- 10) Production and Marketing
- 11) Council Department
- 12) Unyama Sub-county
- 13) Paicho Sub-county
- 14) Awach Sub-county
- 15) Patiko Sub-county
- 16) Palaro Sub-county
- 17) Bungatira Sub-county
- 18) Koro Sub-county
- 19) Ongako Sub-county
- 20) Bobi Sub-county
- 21) Lalogi Sub-county
- 22) Lakwana Sub-county
- 23) Odek Sub-county

APPENDIX 2: QUESTIONNAIRE

KAMPALA INTERNATIONAL UNIVERSITY (KIU) College of Higher Degrees and Research

QUESTIONNAIRE FOR STAFF OF PROCUREMENT USER DEPARTMENTS

Dear Respondents,

This questionnaire is intended to facilitate the study on "**Procurement Procedures and Contract Management Success in Gulu District Local Government, Northern Uganda**". The study is purely for academic purpose and carried out in partial fulfillment of the requirements for the award of **Master in Business Administration** degree of Kampala International University (KIU). Your Department has been selected to participate in the study and you are requested to respond to the questions herein. **Your responses shall be treated with utmost confidentiality and used only for academic purposes.**

Thank you for your valuable time and cooperation.

Note: You are **not** required to write your name anywhere on the questionnaire.

Yours Faithfully,

.....

Okello Watson C. Jassar
(Research Student)

SECTION A: PERSONAL DATA OF REpondENTS

Please tick the box corresponding to your response for each of the questions 1 to 8 below.

1. Which **one** of the following posts do you hold in the Department?

- Head of Department
- Head of Procurement and Disposal Unit
- Chairperson of the Contract Committee
- Secretary to the Contract Committee
- Procurement staff member

2. What is your gender? Male Female

3. **Length of service.** How long (in years) have you been serving in the post stated in question **1** above, in this department?

Duration (years)	1 – 5	6 – 10	11 – 15	Over 15
Response				

4. Age (in years). In which of the following age brackets do you fall?

Age bracket	18 – 30 years	31 – 40 years	41 – 50 years	Over 50 years
Response				

5. Qualification. What is your highest level of education?

Qualification	Ordinary level	Advanced level	Diploma	First Degree	Post Graduate	PhD
Response						

BACKGROUND INFORMATION OF USER DEPARTMENTS

6. **Type of user department.** Which of the following is the type of user department in which you are serving?

Sub-county user department

District headquarter user department

7. **Location.** Which of the following best describes the location of your user department within Gulu district?

Urban Peri-urban Rural

8. **Funding sources.** Which of the following sources provides most funds for procuring goods and services for your department? (***Tick only one***)

Central government releases

Locally generated revenue

Non-governmental organisations

SECTION B

*In all parts of this Section, please tick the appropriate box that corresponds to your degree of agreement or disagreement with each of the statements (e.g. Strongly Disagree **or** Disagree **or** Not Sure **or** Agree **or** Strongly Agree).*

S/N	Procurement Planning/Preparation	Disagree	Disagree	Not Sure	Agree	Strongly Agree
		(1)	(2)	(3)	(4)	(5)
1	There is a systematic process to identify procurement requirements of this department by the Procurement unit at least 1 year in advance.					
2	There are standard and approved bidding documents for use in procurement processes in the district.					
3	Thorough needs assessment is always undertaken by respective heads of department for goods and services needed to be procured by the district.					
4	The user departments clearly specify when to use the required goods and services in their requisitions to the Procurement unit.					
5	Budget approval is obtained from the funding bodies for the required items before procurement process starts.					
6	Tender documents clearly indicate what documentation is required, such as affidavits, power of attorney, certificate of tax, audited financial statements.					
	Publication of Procurement Opportunities (Advertising)					
1	Bid invitations in the district are always well advertised.					
2	Bid invitation information is always placed in the district procurement bulletin.					
3	The district mostly uses internal notice boards to display procurement information, when inviting bids.					
4	Notifications of the bid invitation are always advertised on the district web site and in newspapers.					
5	The advertising period is long enough to allow potential bidder sufficient time to respond to bid notice.					
	Bid Submission, Opening and Evaluation					
1	Bid documents clearly state date, time and venue for bid submission and opening.					
2	Gulu District Local Government always has a secured tender box in place for safe-keeping of bids submitted.					
3	Gulu District Local Government always design a bid opening register for recording details of all bids opened.					
4	Minutes of all bid opening meetings including all opening records are kept by Gulu District Local Government.					
5	All Bids submitted are usually by an independent evaluation committee.					
6	Technical abilities of bidders are thoroughly evaluated by					

	Gulu District Local Government before contracts are awarded.					
7	Eligibility of bidders to contract is always thoroughly evaluated before contracts are awarded.					
8	Bidders' compliance with the statement of requirements is always thoroughly evaluated before contracts are awarded.					
9	Always a representative of the client or a technical expert is invited to join the evaluation panel					
	Contract Award					
1	Notice of best evaluated bidder is always displayed on a procuring and disposing notice board for at least ten days.					
2	The procedure for award of contract is always by placement of a written contract document to the best evaluated bidder.					
3	The accounting officer of the District always confirms in writing the required funds committed for the contract before the contract is signed with the best evaluated bidder.					
4	Unsuccessful bidders are always notified why their bids have been rejected.					
	Contract Management Success					
1	A contract managers is always appointed for each contract awarded in Gulu District Local Government					
2	Contract manager's role is important in public procurement process success.					
3	Gulu District Local Government and contractors strictly adhere to delivery of contract with the period provided for in the contract.					
4	Project monitoring reports are always prepared and presented in time.					
5	Project progress meetings (site meetings) are always organized in time.					
6	There is always an appointed contract manager for each project					
7	Contractors always ask for contract extension					
8	The product contracted is always ready for use according to the planned time schedule					
9	Contractors always use high quality materials.					
10	Any contract-related problems are always identified and corrections made immediately.					
11	Stake holders' needs and expectations of contracts are always fully met.					

THE END

Thank you for your time and effort

APPENDIX 3: MAP OF UGANDA SHOWING GULU DISTRICT

