

**CONTRACT MANAGEMENT AND  
PROCUREMENT PERFORMANCE OF LOCAL  
GOVERNMENTS IN UGANDA:  
A Case Study of Bugiri District**

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**A DISSERTATION SUBMITTED TO THE GRADUATE SCHOOL IN  
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**NOVEMBER, 2016**

## DECLARATION

I, **Ampumuza Gracious Jean**, hereby declare that this is my own original work and that it has never been presented to any other university or institution for any academic award.

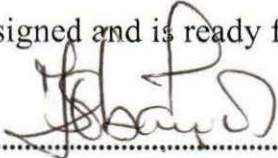
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## APPROVAL

I hereby certify that this thesis titled "Contract Management and Procurement Performance of Local governments in Uganda" is the original and individual work of Ms. Ampumuza Gracious Jean and has been done under supervision of the undersigned and is ready for submission to the University.

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## **DEDICATION**

This dissertation is dedicated to my husband; Mr. Rodgers Bwambara and my children for creating a conducive working environment.

## **ACKNOWLEDGMENT**

First and foremost, my sincere gratitude goes to my supervisors; Dr. Peter W. Obanda and Dr. Titus B. Watmon for their enthusiastic and professional guidance which helped me successfully complete this research report. May God give them more knowledge and wisdom.

Secondly, I am gratefully to all those who through their commitment have made my work a success especially the employees at Bugiri District Local Government in Uganda who were approached, filled the questionnaires and provided the necessary information concerning the research study.

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## ACRONYMS

CGE –	Central Government Entity
KCCA-	Kampala Capital City Authority
LGE –	Local Government Entity
PDE -	Procurement and Disposal Entity
PDU -	Procurement and Disposal Unit
UGX -	Uganda Shillings

## ABSTRACT

This study describes the influence of contract management on procurement performance of Local Governments in Uganda using Bugiri District as the case study. The three specific objectives of this study were to: examine the influence of contract creation on procurement performance; to assess the influence of contract execution on procurement performance and lastly, to determine the influence of contract analysis on procurement performance. The researcher employed a case study research design. Using a researcher's made five point Likert scale questionnaire, data was collected from a sample of respondents. Seventy (70) respondents out of a population of eighty (80) were selected using purposive and random sampling techniques (response rate of 94.3%). Data was analyzed using means and the regression analysis. Findings revealed that; the extent to which contract creation predicts performance was low ( $r^2 = .36$ , Sig. Value= 0.000); the extent to which contract execution influences procurement performance was low ( $r^2 = .34$ , Sig. Value = 0.003) and lastly, the extent to which contract analysis influences procurement performance was moderate ( $r^2 = .44$ , Sig. Value = 0.001). On the other hand, findings revealed that contract management at Bugiri District local government in Uganda highly and positively influences procurement performance ( $R^2 = .779$  Sig. Value= 0.000). This implies that where each of these variables; contract creation, execution and analysis are handled separately, each has a low influence on procurement performance. However if handled wholesomely, results show that high procurement performance (78%) will be achieved. In light of this, the researcher therefore concludes that; practioneers, managers and civil servants at Bugiri District should adopt a holistic approach in contract management, if procurement performance is to be maximized.

# **CHAPTER ONE**

## **INTRODUCTION**

### **1.0 Introduction**

To improve service delivery and transformation of the public sector management, it is a government policy to involve contractors or suppliers in one way or another to support in providing services, products and works to meet its intended requirements. This study therefore examined the influence of contract management on procurement performance of Local Governments in Uganda. This chapter presents the background of the study, statement of the problem, purpose of the study, objectives of the study, research questions, and scope of the study, significance and definition of key terms used in the study.

### **1.1 Background to the Study**

#### **1.1.1 Historical Perspective**

Procurement's organizational role was not truly recognized until the 1800s, (Shaw, 2010). During the Industrial Revolution, in 1886, the status of the procurement function became the 'Supplying Department. Unfortunately, the World Wars forced procurement initiatives to shift back away from a strategic role to strictly clerical due to the scarcity of raw materials, services, and supplies. It was not until the mid-1960s that procurement once again took on managerial role, on a wide-scale. The 1980s saw a significant increase in supplier competition, putting more focus on supplier quality and dependability. Contract management became an important factor in procurement and so is it today. By the late 1990s, the role of procurement began its transition into strategic sourcing looking at suppliers as partners and long-term contracts, (Waswa and Juma, 2013). This was the beginning of procurement's modern day evolution. The Common Market for East and Southern Africa (COMESA, 2011) guidelines observe that neither the COMESA Procurement Directive, nor the UNCITRAL Model Law, specifically address the

subject of contract management (Harpe, 2015). In several African countries, few articles have rigorously analyzed and empirically tested the factors that actually affect a government agency's decision to manage contracts. Within the relatively scarce empirical evidence on contracting decisions and management (Boyne, 1998; Ferris and Graddy, 1986), there is yet little information on the effectiveness of contract management specific to public procurement.

In Uganda Public procurement was centralized and carried out by Crown Agents on behalf of government in 1964; Central Tender Board Regulations were introduced 1977; Public procurement reforms were initiated in 1997; Introduction of the 2000 Regulations that decentralized public procurement was in 2001. Introduction of the Public Procurement and Disposal of Public Assets Act and Regulations was in 2003; Creation of the Public Procurement and Disposal of Public Assets (PPDA) Authority was also in 2003; Amendment of the Local Government (LG) Act and introduction of the LG (PPDA) Regulations was in 2006; The Institute of Procurement Professionals of Uganda was formed in 2008; The PPDA Act was amended in 2012 and 2014. These reforms have made procurement a strategic function that has had a positive impact on the development of Uganda and created professionalism in the procurement sector where Public Procurement contributes about 70% of Uganda's total budget, (Tumutegyereize, 2013).

### **1.1.2 Theoretical Review**

Although several theories explain the determinants of effective contract management among which include; ethics, availability of skilled personnel and organizational influences among others, the study adopted the Principal-Agency Theory.

According to Choppra (2003) as cited by Oluka and Basheka (2012) the underlying principle of the principal-agency theory is that there should be a clear understanding of the needs of the principal and ability of the agent to meet these needs competently. The principal must closely monitor agent's performance and create reward structures that reinforce desired performance (Ketchen and Hult, 2006). Following the operational nature of procurement expenditures,

decisions must be taken by the organization's management (agents)/ contract managers on behalf of the company owners (principals) under the power entrusted to them through their employment contracts.

### **1.1.3 Conceptual Perspective**

Contract management is the management of contracts including, but not limited to, performance and compliance with the terms and conditions of the awarded contract by the provider and the procuring and disposing entity, (LG Regulations, 2006). Contract management includes negotiating the terms and conditions in contracts and ensuring compliance with the technical specifications, terms and conditions as well as documenting and agreeing on any changes or amendments that may arise during its implementation or execution. It can be summarized as the process of systematically and efficiently managing a contract (contract creation, execution and contract performance analysis) for the purpose of maximizing the achievement of the procurement objectives as well as minimizing the financial and operational risks of procurement, (Aberdeen Group, 2004 cited by Ssempebwa, 2014). Rendon (2008), cited by Oluka and Basheka (2012) observes Contract Management as being qualified workforce, clear processes, relationships, resources, leadership and policies all of which have direct impact on resulting contractors' performance outcomes. According to CIPS (2012) key elements of contract management include: contract communication; contract administration; managing performance; relationship management and contract renewal or termination.

Conceptually, contract management has become a megatrend in many public entities especially as result of social accountability and increased demand of service delivery by citizens (Schiel, 2007; Odhiambo and Kamau, 2003; Witting; 1999). 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. Successful contract management and completion is often defined, as 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 (Thai, 2005). Prager (1994) contends that proper and

effective management and monitoring of contracts helps improve the quality of goods and services and reduces procurement cost thus achieving three broad goals: quality products and services, timely delivery of products and services and cost effectiveness (within budget).

Procurement is the business management function that ensures identification, sourcing, access and management of the external resources that an organization needs or may need to fulfil its strategic objectives, (CIPS, 2012). Procurement performance has been attracting great attention from practitioners, academicians and researchers due to poor performance resulting from non-adherence to proper processes and procedures (Nyeko, 2004). They further argue that procurement performance is not usually measured in most Public Entities as compared with the human resource and finance functions. They therefore conclude in their findings that failure to establish performance of the procurement function can lead to irregular and biased decisions that have costly consequences to any public procuring entity. This research therefore focused on the Contract Management activities which have direct influence on the procurement performance outcome - value for money. These are; contract creation, contract execution and contract analysis (Aberdeen Group, 2004 cited by Ssempebwa, 2014).

#### **1.1.4 Contextual Perspective**

According to Lubanga (1996) as cited by Ozima, (2003), the origins of the current local governance in Uganda can be explained by the history of public administration and politics in Uganda, which date back to the colonial times. At independence, the newly independent nation states inherited centralised systems of governance from their former colonizers. The local government system in Uganda is based on the district as a unit, under which there are lower local governments and administrative units (Uganda, 1995). There are three main types of local government and these are: first the local governments in a district rural area are the district council and the sub county councils; secondly the local governments in a city are the city council and the city division councils; and thirdly the local governments in a municipality are the municipal council and the municipal division councils (Uganda, 1997).

Bugiri District is among the district local governments located in Eastern Uganda. Like most other Ugandan districts, it is named after its 'chief town', Bugiri, where the district headquarters are located. Bugiri District Procurement Performance Measurement System Report (PPMS, 2009) reveals that the procurement records with the lowest level of compliance are those that relate to contract management, and, in particular, the Contract Implementation Plan where compliance levels were at 26%, while compliance levels for records relating to contract completion was assessed at 54%. Furthermore, the Auditor General's findings in the Audit Report for year ending June 2011, established that the key issues affecting procurement of works at Local Government level include: the lack of adequate supervision by engineers, and poor quality output and payment for no work undertaken or less work done than specified under the contracts. A Green Point Global Report (2013) reveals that 60-80% of business transactions are governed by agreements or contracts and more than 10% of all executed contracts are lost.

In Bugiri district, procurement performance was rated unsatisfactory due to failure to achieve best value for money through the contract management process. Procurement objectives were not achieved within defined time, budget and quality and hence resulted into a potential to make the whole procurement void and resulted in a potential loss of tax payers funds in Bugiri Local Government (Auditor General's Report on Bugiri District Local Government, 2015; PSST Presentation on Service Delivery 2015). It was against this background that the researcher was compelled to undertake a study on contract management and procurement performance, using Bugiri Local Government as a case study.

## **1.2 Statement of the Problem**

Despite the enactment of the PPDA Act, (2003) and operationalization of various regulations to improve performance of the procurement function in Uganda, Bugiri District has persistently exhibited highly unsatisfactory procurement performance (96%) for the last three years- 2012/13, 2013/ 14 and 2014/15 (Annual Audit Report 2012/13, PPDA Audit Report, 2014; PPDA Audit Report, 2015). One of the key reasons leading to such performance is inconsistencies in contract management. This has consequently led to the high HIV prevalence, poor education and health services, poor road network and the high morbidity and mortality rate affecting children under 5 and pregnant mothers (LG Budget Framework Paper, 2016/17). This therefore compelled the researcher to conduct an exploratory study on the influence of contract management on procurement performance of Bugiri District.

## **1.3 Purpose of the Study**

The purpose of the study was to assess the influence of contract management on procurement performance among Local Governments in Uganda, specifically taking Bugiri district as a case study. This may help public entities implement effective contract management to improve service delivery support compliance and manage risk through monitoring service providers' performance with regards to safe and timely delivery of the required goods, services and works.

## **1.4 Objectives of the Study**

The study was guided by the following specific objectives;

- i) To examine the influence of contract creation on procurement performance of Bugiri District.
- ii) To assess the influence of contract execution on procurement performance at Bugiri District.
- iii) To determine the influence of contract analysis on procurement performance in Bugiri District.

## **1.5 Research Questions**

- i) What influence does contract creation have on procurement performance at Bugiri District?
- ii) What influence does contract execution have on procurement performance at Bugiri District?
- iii) What influence does contract analysis have on procurement performance at Bugiri District?

## **1.6 Scope of the Study**

### **1.6.1 Content Scope**

The study aimed at examining the effect of contract management on procurement performance in Local Governments of Uganda, specifically taking Bugiri as a case study. The independent variable; contract management was measured by contract creation, contract execution and contract analysis while the dependent variable; procurement performance was measured by extent to which contractors fulfil their contractual obligations timely, at an acceptable level of quality and the rate of cost reduction at Bugiri District.

### **1.6.2 Geographical Scope**

The study was carried out at Bugiri District Local Government. Bugiri District is bordered by Namutumba District and Butaleja District to the north, Tororo District to the northeast, Busia District to the east, Namayingo District to the southeast, Mayuge District to the southwest and Iganga District to the west. The district headquarters are approximately 77 kilometres (48 mi), by road, east of Jinja, the largest city in Busoga sub-region it's a distance of 155.6 km from Kampala city centre. The coordinates of the district are: 00 33N, 33 45E (Latitude: 0.5500; Longitude: 33.7500). Bugiri district was chosen because it was among the District Local Governments in Uganda that exhibited unsatisfactory procurement performance due to poor contract management, (PPDA Audit Report, 2015).

### **1.6.3 Time Scope**

The study gathered the relevant information within a period of ten (10) months; from January–October 2016. Additionally, the study used data ranging from 2000- 2015. This time was long enough for getting the required information for the study.

### **1.7 Significance of the Study**

**Policy makers:** This study explores potential areas of improvement in the public procurement process, especially the contract management process in the procurement of goods, services and works. This will help policy makers succeed in achieving procurement objectives which leverage due to the occurrence of misuse of public fund.

**Local Governments** may use the study results to ensure there is post contract compliance in the public sector by giving it adequate importance. The study also intends to make contribution through the findings that are a useful source of information for the upstream public entities to review the areas which need improvement and enhance compliance to the contract management system.

**PPDA Authority** may utilize the study findings to lay strategic regulations aimed at reforming public sector procurement to improve governance of the public procurement process, efficiency, transparency, accountability confidence of beneficiaries.

**Practitioners:** It is hoped that the findings will enable practitioners appreciate the factors and constraints that explain contract management in public entities in Uganda and more empirical studies will be conducted to systematically formulate relevant models.

**Academicians, Scholars and Researchers:** The results of the study will also add to existing body of knowledge by reviewing literature for further and future referencing as a starting point to carry out similar research on the topic. They can also extend their efforts in the areas which have not been covered by this study.

## 1.8 Definition of key terms

*Definitions below were adopted from, Procurement and Contract Management Terminology and Definitions, British Columbia.*

A **Contract** is a written or oral legally-binding agreement between the parties identified in the agreement to fulfil the terms and conditions outlined in the agreement.

**Contract Administration** refers to the process of systematically and efficiently managing contract creation, execution, and analysis for the purpose of maximizing financial and operational performance and minimizing risk.

**Contract Management** means the management of contract including, but not limited to, performance and compliance with the terms and conditions of the awarded contract by the provider and the procuring and disposing entity, (LG, Regulations, 2006)

**Delivery** means the transfer of ownership of the Goods from the Supplier to the Purchaser in accordance with the terms and conditions set forth in the Contract; Goods means raw materials, products and equipment and objects in solid, liquid or gaseous form, electricity, and related Services if the value of such Services does not exceed that of the Goods themselves ;

**Procurement** is the business management function that ensures identification, sourcing, access and management of the external resources that an organization needs or may need to fulfil its strategic objectives, (CIPS, 2012).

In contract, **performance** is deemed to be the fulfilment of an obligation in a manner that releases the performer from all liabilities under the contract. It refers the conformance of contractor or supplier with contract terms, specifications, service level agreements or Key Performance Indicators (KPI) and other elements of the commercial agreement (CIPS, 2012).

## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.1 Introduction**

This chapter is divided into two main parts namely theoretical literature review and empirical review. Theoretical review explains different theories written by different scholars on the study variables. Definition and discussion on key terms has been covered, on the other hand, empirical review attempts to explain the gaps identified from different studies done on similar subject and hence try to bridge those gaps. Conceptual framework, on which the study is based, was developed.

#### **2.2 Theoretical review**

To explain the influence of the contract management on procurement performance, the principal-agency theory was used.

##### **2.2.1 The principal-agency theory**

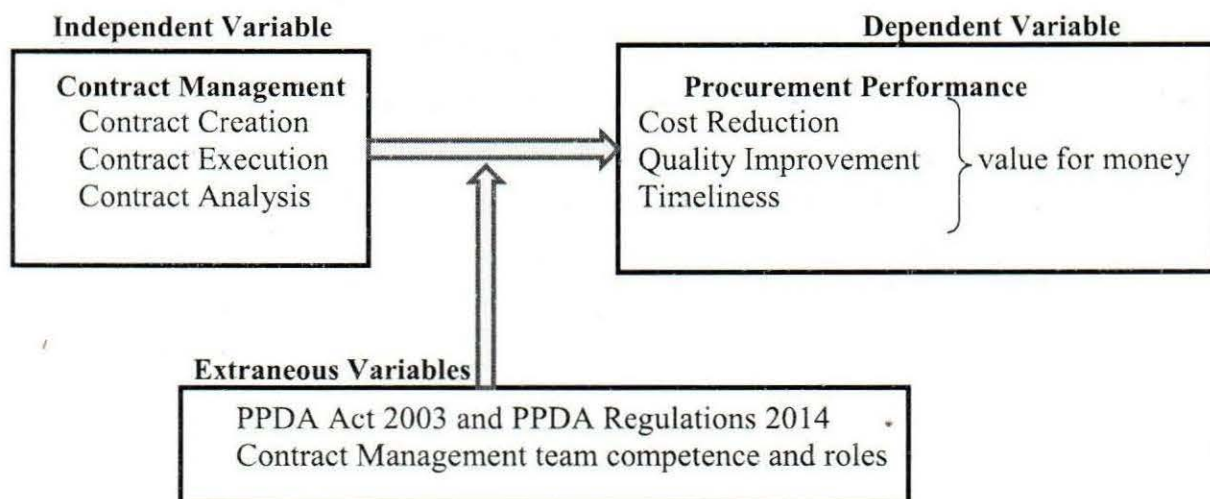
The principal- agency theory emerged in the 1970s from the combined disciplines of economics and institutional theory. There is some contention as to who originated the theory, with theorists Stephen Ross and Barry Mitnick claiming its authorship, Mitnick (2006). This theory explains the relationship between principals; such as a shareholders, and agents; such as a company's executives. In this relationship the principal delegates or hires an agent to perform work. The theory attempts to deal with two specific problems: first, that the goals of the principal and agent are not in conflict (agency problem), and second, that the principal and agent reconcile different tolerances for risk, (Mitnick, 2006). Chiappori and Salanie (2003) as cited by Salim (2013); and Oluka and Basheka (2012) also add that the underlying principle of the principal-agency theory is that there should be a clear understanding of the needs of the principal and ability of the agent

to meet these needs competently. Principal must closely monitor agents' performance; create reward structures that reinforce desired performance (Ketchen and Hult, 2006). Indeed, when procurement contract is well defined and planned, the principal and agents find it easy to meet needs of each other in an efficient way resulting into timely execution of the contract (Oluka and Basheka, 2012). The principal-agency theory can be applied to this study with a case company as a principal and contractors or service providers or suppliers as agents. The theory becomes significant to the study as it highlights the need for robust contract requirements and specifications as well as the objectively process of monitoring contractors' performance. When contract requirements, contract management team roles and responsibilities and Key Performance Indicators are well defined, the principal and agents will find it easy to meet needs of each other in an efficient way resulting into timely execution of the contract in predetermined performance level.

### 2.3 Conceptual Review

#### 2.3.1 Conceptual Framework

**Figure 2.2; Conceptual Framework model on contract management and Procurement performance in Local Governments in Uganda.**



*Source: adapted from Aberdeen Group, (2004) cited by CIPS (2007) Ssempebwa, (2014)*

Figure 2.2 above indicates that the Independent Variable; contract management affects the Dependent Variable procurement performance. It indicates that contract management measured by contract creation, contract execution, and contract analysis affects procurement performance of the organization by influencing costs, quality and timeliness hence value for money. The framework further indicates that extraneous variables influencing the both the dependent and independent variables are: PPDA Act 2003 and PPDA Regulations as amended in 2014 and contract management team competence and roles.

## **2.4 Overview of the Variables**

### **2.4.1 Contract Management**

According to Trent and Monczka (2012), a contract is a consensus agreement that sets out the terms under which individual contracts can be made throughout the period of the agreement. Contract management is the management of contracts made with customers, vendors, partners or employees. Contract management includes negotiating the terms and conditions in contracts and ensuring compliance with the terms and conditions. It includes documenting and agreeing on any changes that may arise during its implementation or execution.

Mullins (2003) noted that contract creation is the process of determining the procurement needs of an entity and the timing of their acquisition and their funding such that the entities operations are met as required in the efficient way. Berkowitz, et al (2004) reveals that there is a clear transition from contract award, contract mobilization to contract operations. The contract operation is the stage referred to as contract execution. Carter and Kirby (2006), states that designing a monitoring program to focus on items/ services delivered is important as well. This is also known as contract analysis. Bruijn (2007), further adds that it is equally important to monitor and control costs during the contract operation phase as a key aspect of cost effectiveness, based on whatever system was established during contract mobilization.

#### **2.4.2 Procurement Performance**

Procurement performance is a measure of identifying the extent to which the procurement function is able to reach the objectives and goals with minimum costs (Van Weele, 2002). Procurement performance contributes to the overall performance of an organization through cost savings, improved quality and reduced lead times which leads to internal customer satisfaction. Van Weele (2002) noted that there are two main aspects of procurement performance: effectiveness and efficiency. Procurement effectiveness as defined by Van Weele (2002) is the extent to which the previously stated goals and objectives are being met. It refers to the relationship between actual and planned performance of any human activity. Additionally, he explains that procurement efficiency is the relationship between planned and actual resources required to realize the established goals and objectives and their related activities, referring to the planned and actual costs. As a result, supplier performance is the most important procurement performance driver. Measuring procurement performance is important as the purchasing department plays an ever increasingly important role in the supply chain in an economic downturn (Vonderembse and Tracey, 1999).

An obvious performance measure of the success of any purchasing department is the amount of money saved by the company (Nyeko, 2004). The procurement department, like all other departments in a company, is an element of the overall organisation, which must contribute to the achievement of the corporate goals (Nyeko, 2004). Thus a clear link between the corporate strategy and procurement strategy is crucial to understand, follow and implement in each function and action (Vonderembse and Tracey, 1999). Buvik and John (2000) explained that procurement has always been integral to the performance of an organization. However, both Buvik and John (2000) further explained that with increasing unpredictability in the market, cut throat competition and looming recession; procurement has become a highly topical area for the senior level management.

According to Kiragu (2012), procurements should be based on value for money (defined as the optimum combination of whole life costs and fulfilment of customer's requirements) rather than initial purchase price. Effective and efficient procurement systems and collaborative

relationships are essential to the achievement of organizational goals, cost reduction and supply chain performance. This is achieved by identifying key saving potential areas and driving innovative sourcing models which can enable operators to reinvent their cost structures. Procurement encompasses the whole process of acquiring property and/or services. It begins when an agency has identified a need and decided on its procurement requirement. Procurement continues through the processes of risk assessment, seeking and evaluating alternative solutions, contract award, delivery of and payment for the property and/or services and, where relevant, the ongoing management of a contract and consideration of options related to the contract. Procurement also extends to the ultimate disposal of property at the end of its useful life (Waters, 2004). The Public Procurement and Disposal of Public Assets Capacity Building Strategy Report (2011-2014) revealed that the overall performance under the compliance areas where procuring and disposing entities scored lowest were record keeping, contract award and contract management. According to the Public Procurement and Disposal of Public Assets Performance Report (2015) during the financial year 2013/2014, 27% of the contracts in the Ugandan public procurement system were rated as high risk, while only 16% of the contracts were rated as low risk.

## **2.5 Review of Related Literature**

### **2.5.1 Contract Creation and Procurement Performance**

The ultimate goal of contract creation is coordinated and integrated action to fulfil a need for goods, services or works in a timely manner and at a reasonable cost. Mullins (2003) noted that contract creation is the process of determining the procurement needs of an entity and the timing of their acquisition and their funding such that the entities operations are met as required in an efficient way. Early and accurate planning is essential to avoid last minute, emergency or ill-planned procurement, which is contrary to open, efficient and effective and consequently transparent procurement. In addition, most potential savings in the procurement process are achieved by improvements in the planning stages. Contract creation clarifies what is needed and when it is needed to both user and buyer. Contract creation enables the procurement entity and its staff to work smoothly to achieve the organization's goals with the right quality and quantity

of inputs in place; ineffective contract creation may result in failure to achieve those goals and procurement principles and causing damage to the credibility of the organization, (Thai, 2005). Adequate contract creation and prioritization of needs by each procurement entity is an essential prerequisite to effective purchasing for the following reasons; Funding for procurement is unlikely to be sufficient to meet all requirements, and scarce financial resources must be channelled that the priority aims of procurement entity are adequately met before spending on less essential procurements, (IAPWG, 2006).

According to Baily, (2005), Contract creation is used to provide information about the purchase of goods and services, how vendors will be chosen, what kind(s) of contract(s) will be used, how vendors will be managed, and who will be involved at each stage of the process. This document should be approved by appropriate individuals before the actual procurement process begins. According to Camillus and Rosenthal (2010), contract like any other agreements can be entered into after a series of activities. Before formal steps of a contract, the contractor and potential bidders are involved in a series of activities. In the view of Trent and Monczka (2012), these are considered as pre- contracts obligations or activities. These activities include among others the following cited in this literature;

**a) Identifying the need for a contract**

According to the PPDA Act, Sec. 34, one of the functions of the user department is to initiate procurement and disposal requirements and forward them to the Procurement and Disposal Unit. This may include identifying the areas that need to be offered for contract, who are to be involved and setting the schedule for the contracting process. In the study of Adams, Khoja and Kauffman (2012), the contracting firm defines what should be undertaken and who can participate in the contract. Setting conditions, a profile for which clients can get to know what is involved in the pre-contracting phase, this also involves describing the contract conditions that will be used for pre-contraction services and how the work ought to be done. Depending on the size and complexity of the anticipated contract, the supplier might provide a pricing mechanism or risk adjustment.

#### **b) Specification / Statement of Works**

According to Hinson and McCue (2004), Requirement definition involves defining and describing what is needed and will be procured, collecting information, identifying appropriate solutions and specifying these in specifications for Statement of Works (SOW) for works. Specifications and SOW constitute the technical basis for the solicitation and the evaluation of offers to determine if they satisfy the requirements as stipulated in the solicitation documents. They become the “heart” around which the eventual contract is written and later administered. They have an effect on the procurement that lasts its entire lifetime—from planning, through bid evaluation, award and contract performance up to completion and post contract evaluations. Requirements should be defined with the aim of opening up competition, i.e. no use of unnecessary restrictions. Requirement definition should identify the exact need (technical and quality), aiming at avoiding over-specifications (as this may increase the cost) or under-specifications (where needs will not be met), as well as the “when” it is needed (timing). Proposing technical inputs to statements of requirements for procurement requirements to the Procurement and Disposal Unit is identified as a function of the user department in the PPDA Act 2003, Section 34.

#### **c) Decisions on entering into a single or multiple – supplier contracts**

According to Camillus and Rosenthal (2010), like any other conventional bidding process, supplier related activities under single supplier, involve publishing a bid notice, inviting bids and awarding all contracts to the most suitable bidder selected on the basis of the published award criteria. The terms and criteria for award of contract would be precisely formulated and published in the contract notice or bid documentation. The contracting authority may draw down requirements in accordance with the agreed terms as needs arise for the duration of the contract. Furthermore, Camillus and Rosenthal (2010), note that, a multiple-supplier could be put in place by publishing this intention in the bid notice. The notice would indicate the relevant number of participants to be selected on the basis of the award criteria (price or most economically advantageous, possibly based on order of merit) at the end of a full bidding procedure. In setting up multiple supplier s, a minimum of three participants must be included (provided, of course,

that there is at least this number of qualified bidders). These selected tenderers would be used for further requirements for the works, supplies or services which were the subject of the tendering process. The PPDA Act 2003, Section 62, states that, “A procuring and disposing entity shall use the standard documents provided by the Authority as models for drafting all solicitation documents for each individual procurement or disposal requirement”. In addition, the Act directs an entity to detail the terms and conditions, which shall apply to any resulting contract. Albano and Sparro (2008) reveal that for most contracts just like any other contract, pre-engagement activities ends with awarding contracts. The basis for admission to the award of contracts must be set out in the published notice or in the documentation being supplied to candidates. The criteria under which bids will be evaluated and contracts awarded must be indicated in the documents and procedures to all parties involved before they make a decision to be party to the contract. The duration of agreements is limited to a maximum of four years (Trent and Monczka, 2012), however, there is provision to establish contracts for longer than this in exceptional circumstances where this can be justified by the subject of the contracts.

#### **d) Sourcing**

Sourcing is defined as a technical activity with the purpose of identifying existing suitable products and services on the market and qualified suppliers available to provide those products and services. Hinson and McCue (2004) say that sourcing is the process of identifying sources of supply that can meet the organization’s immediate and future requirements for goods and services. Sourcing also aims at collecting and analyzing information about capabilities within the market to satisfy the organization’s requirements, such as obtaining updated cost information, determining the appropriate technology and alternative products, as well as identifying appropriate supplier qualification criteria. A thorough sourcing process, leading to identification and invitation of relevant suppliers, ensures maximized competition, by allowing the most relevant and suitable companies to compete, (Babich and Pettijohn, 2004). In other words, the procurement entity would have a preferred list of approved contractors or suppliers that would be maintained. These are companies that have been through selection process and found to best satisfy the need of the company.

**e) Selection of a Procurement Strategy**

Davidson and Wright (2004), note that, once a fully funded and approved requisition is accepted by the procurement unit and appropriate sourcing has been conducted, the procurement officer's role is central in determining the appropriate procurement strategy. The purpose of identifying and selecting an appropriate procurement strategy is to find the best way to obtain the solution/result to satisfy the needs of the end user for goods, works and services by obtaining the most advantageous pricing and contractual conditions through a competitive process that will best deliver what is required in a timely manner while ensuring achievement of the guiding procurement principles. A procurement strategy includes choice of the type of arrangement and/or contract to be concluded, choice of the procurement method and type of competition to be adopted to purchase the required goods/services/works.

**f) Preparing necessary bid documents**

In a view of Lane (2015), tender documents are many and include specifying the starting and completion dates of the agreement, requirements and obligations regarding insurance, bonds and warranties, description of the contract conditions to be used and assumptions regarding preliminaries, how the contract will be managed in its various stages and the basis of remuneration, tender selection procedure and assessment procedure to be employed by the client, ways in which payments are to be made, and other associated terms and conditions. Callaghan, (2010), reveals that a number of documents are prepared in advance for the intending suppliers to collect and fill, at a bidding cost. These documents form the pre-bidding activities before a contract is entered into and they include; Instructions to Bidders, Bid Data Sheet, Evaluation Methodology and Criteria and Bidding Forms. These documents help to make the process of contracting formal, legal and binding on either party.

**g) Issuance of Solicitation Documents**

According to Babich and Pettijohn, (2004), Solicitation documents are the documents used to request potential suppliers to offer a quotation bid or proposal to provide the required goods, services or works. Preparation of solicitation documents covers the process of assembling and

formalizing the information and documentation necessary for potential suppliers to prepare responsive and easily comparable offers, consistent with the requirement and procurement strategy. Procurement officers should ensure that the solicitation documents create a “level playing field”, i.e. all potential suppliers receive the same information at the same time, to prepare offers; measurable evaluation criteria that will allow suppliers the same chances to receive the contract award; ensure that commercial risks are fairly distributed between the organization and eventual supplier; ensure that the terms of the eventual contract are clearly expressed and thus suppliers understand the rights and obligations they will be expected to enter into. All requirements should be clearly expressed in terms that are conducive to receive a sufficient number of responsive offers so that the outcome will best meet the organization’s needs. Procedures should be clearly expressed to avoid unnecessary procurement officer’s time in explanations.

#### **h) Receipt and Opening of Offers**

In addition Babich & Pettijohn, (2004), reveal that, after the solicitation process, offers are received, registered, and opened by an individual not directly involved in the procurement function. In some organizations it is the same authority that is in charge of opening the offers. For quotations, it is usually the procurement officer in charge who receives them. As specified in the solicitation documents, offers should be received. The purpose of this formal process is to ensure that offers are received, handled and opened according to the instructions provided in the solicitation documents and that transparency and confidentiality is maintained as specified in the relevant regulations, rules and procedures of the organization. This process is usually handled by an independent authority within the organization normally not directly involved in the procurement function (e.g. the unit responsible for quality assurance). There may be differences in the way quotations, bids and proposals are handled. All methods of procurement under open bidding and restricted bidding methods must have a public bid opening and the Procuring and Disposing Entity must inform all bidders of the date, time and location of the opening to enable them attend. At least a member of the Contracts Committee, or a person nominated by the User Department is required to witness the public bid opening. It is important that all staff involved in

the bid agree on their respective responsibilities prior to the opening, to ensure that it proceeds smoothly. The information to be read out at the public opening must also be agreed on in advance and must be in accordance with the solicitation document (Part V, Section 69 of the Act; PPDA (Rules and Methods for Procurement of Supplies, Works and Non-Consultancy Services) Regulations, 2014, Regulations 62-65. For Micro Procurement and request for Proposals/Quotations, closed bid opening is allowed; the bidders are therefore not invited to attend.

#### **i) Evaluation of Bids**

Evaluation is the process by which the best evaluated bidder is selected for award of contract from

among all the bids received. The evaluation process has to be concluded within 20 working days for supplies and non-consultancy services and 40 working days for works, from the date of opening

bids. Evaluations must be conducted by a team of at least three staff, who are approved by the Contracts Committee (Part V, Section 71 of the Act; PPDA (Evaluation) Regulations, 2014, Regulation 5). According to Sidik, (2010) contractor evaluation is the process of measuring contract specific attributes. Sidik (2010) further assert that, once the bids are declared valid, the actual point's evaluation procedure can begin in what is referred to as technical evaluation. Technical committee conducts the technical evaluation. The assessment of the non-price criteria is to be documented before moving onto the next stage of the evaluation, (Sidik, 2010). All evaluations consist of three stages: 1. Preliminary Examination: a brief assessment of whether each bidder is eligible as per the requirements of the solicitation document. This is used to eliminate unsuitable bidders, such as those who are not registered companies or are not complying with legal requirements such as the payment of tax (Part V, Section 70 of the Act; PPDA (Evaluation) Regulations, 2014, Regulations 16 and 22). It also eliminates the weakest bids, such as those which don't contain the correct bid security or are not signed. 2. Detailed Evaluation: determines whether bids are substantially responsive to the commercial and technical requirements of the solicitation document and assessing its technical

quality, either by comparison to the specifications in the solicitation document or by awarding merit points. 3. Financial comparison: Determines the evaluated price of each bid, following the correction of any errors or inclusion of any necessary adjustments and determines the best evaluated bid, which may be the lowest price, highest quality nor best points score, depending on the evaluation methodology.

**j) Award Decision**

Any recommendation to award a contract (with the exception of Micro Procurement) must be submitted to the Contracts Committee for approval prior to any commitment being made. The Contracts Committee will review the recommendations made, including the Evaluation Report and the results of any post qualification or negotiations. A decision by the Contracts Committee to approve a recommendation for award does not constitute a binding contract (Part V, Section 76 (1) of the Act; PPDA (Contracts) Regulations, 2014, Regulation 11).

**k) Notice of Best Evaluated Bidder**

Following an award decision by the Contracts Committee, the Procuring and Disposing Entity must display a notice of Best Evaluated Bidder on the entity notice board and Authority website for a certain period of time, before placing a contract. The notice must also be sent to all Bidders. The notice must be published for a minimum of ten working days under Open Restricted Bidding and a minimum of five working days under quotations and Proposals Procurement or Direct Procurement. No notice is required under Micro procurement and where there is an emergency situation (Part V Section 76(2) and 76 (4) of the Act; PPDA (Rules and Methods for Procurement of Supplies, Works and Non-Consultancy Services) Regulations, 2014, Regulation 16(1). For the procurement of medicines and medical supplies, the notice should be published for a minimum of five working days for open or restricted procurement method and three working days for request for quotations method (Part III, Section 40A of the Act; PPDA (Procurement of Medicines and Medical Supplies) Regulations, 2014, Regulation 13). For procurement of medicine and medical supplies, notice of best evaluated bidder is not issued in case of direct

procurement method, micro procurement method, where only one bid is received under competitive procurement and for procurement in an emergency situation.

**l) Awarding a contract**

Following the Contract Committee's award decision, Accounting Officer's confirmation that the contract price is not higher than the market price, the display of the Notice of Best Evaluated Bidder, Accounting Officer's confirmation that the procurement is not subject to any administrative review, the full amount of the funding is committed, relevant agencies like Attorney General have made necessary approvals, a contract may be awarded. It is important to note that a contract award is the point at which a legally binding contract is formed.

**m) Appointment of a contract Manager**

Once a contract has been placed, it must be managed to ensure that the provider performs in accordance with the terms and conditions of the contract and that the Procuring and Disposing Entity meets all its obligations under the contract. Contracts management is the responsibility of the User Department, but an external contracts manager may be appointed where appropriate. According to the Post Award Contract Management Manual (2014), the Contract Manager (Project Director/ Field Officer at Operations Level) has direct responsibility for the project execution and contract administration. He/she is the first point of contact for all project related issues and coordinates with other officials within the Authority's institutional structure. Since the Contract Manager is appointed during the procurement stage itself, immense care is needed to ensure that the right person is appointed.

**n) Contract Management Plan**

The PPDA Regulations 2014, Part V section 51- 53 states that "upon receipt of a contract, the contract manager shall prepare a contract management plan using Form 49 in Schedule 2 and forward a copy to the procurement and disposal unit for purposes of monitoring." Furthermore, "Where a contract manager or user department has any reservation or difficulty with the terms or conditions of the contract, the contract manager shall discuss and resolve the reservation or difficulty with the procurement and disposal unit." The PPDA Regulations 2014, further reveal

that the contract manager should be one with appropriate skills and is nominated by user department to the accounting officer. According to Quayle (2006) Planning is simply what to do, how to do it, when to do it and who does it. The implementation plan should respond to local needs whilst also adhering to the regulations as provided for in the template. According to CIPS Guide (2007), time and effort must also be spent on determining how the contract will work once it has been awarded. This should set out how the obligations of all the parties should be carried out effectively and efficiently. Additionally, section 119(10) f, requires the contract manager to submit reports on the progress or completion of a contract as required by PDU or the Accounting Officer. It was however, observed that contract managers for a sample of projects worth UGX.490, 392,030 in Bugiri District did not have implementation plans on file. In addition, no reports on progress or completion were presented for verification (Auditor General's Report, 2015)

### **2.5.2 Contract Execution and Procurement Performance**

In the view of Nyongesa and Waynoka (2014), execution and the whole process of attaining successful contracts depends on the terms and conditions specified to be fulfilled. The contracting firm and the supplying firm have to live to fulfil the terms and conditions if the contract is to remain valid and binding. According to Adams, et al., (2012), conditions specified in the notice and the terms under which the works, services, or goods involved in the contract are to be supplied determine how it is implemented. When the terms specify providing on quarterly basis, this determines how much of the resources are invested and how the contract is implemented. According to XuRuhang and Qin Lei (2015), nearly 45.9 percent of the contracts become less successful because the parties involved do not heed to the terms set and involved. Any violation of the terms and conditions contrary to the agreed ones at the time of signing and awarding the makes it a null dealing, at times at a cost (LiJuan Chen, 2014). All the above authors reflect on the value of setting clear terms and conditions and ensuring that these terms and conditions are fulfilled, is critical for successful execution of the contracts in any organization where it's the chosen as a form of sourcing for supplies.

Reflecting on the process and ways in which contracts are implemented, Albano and Sparro (2008) cites that proper delivery of the required services as spelt out in the contract is an automatic factor that one can address as the key indicator of successful contracting. The rationale for entering into a contract is to secure reliable, timely, and quality services, which the entity may not with competence offer to itself and its user departments (Trent and Monczka, 2012). This view makes the quality and way in which the firm offers the required services under the contract, is a core indication factor that a firm can base on to evaluate the effectiveness of the contract underhand. According to Reuss (2009) contracts are documents –backed contracts and hence the factor of proper documentation before, during after giving due consent to the contract by involved parties is critical. Preparation of the right and clearly consented to documents involved is very important for successful execution of the contract (Wales, 2012). In the view of Wales (2012) documentation involved help to clearly define, clear start and finish dates, present the contract file, containing all details and correspondence, which should be held by the person responsible for setting up and managing the contract, payments, ways in which payments are effected and other terms and conditions attached. Any alteration or inconsistency in documentation makes the contract hard to implement and defend.

According to Cai and Yang (2011), execution of contracts like most contracts is two-party factor considering the contractor and the contracting firm. The ability of the organisation to initiate, support and ensure a smooth binding process, as well as the ability of the of the bidders to meet the bidding requirements before and later one fulfill the terms of reference and actual performance of the contract remain critical to look forward for when evaluating the execution levels of any contract. During contract execution, it is essential that actual performance be compared with planned performance in all of these areas and action taken to remedy any indicated deficiencies. The responsibility is termed as monitoring and control (Bolton, 2007). The purpose is to determine whether the various activities that were planned to be active during the previous period were actually active, the extent of their progress and especially the anticipated completion date based on progress to date (Bennett, 2003). During the contract

execution phase, the contractor is usually required by the contract to furnish and abide by a quality plan.

**Cost control:**

Cost control is the application of economic principles to a project. It examines not only the costs appropriate to a specific project, but also the factors and influences of the determinants of this cost, (Cost Control, 2010). Costs involved in the contracting process are also a critical factor and cannot be avoided when considering the key aspects that determine the performance of the contracts under hand (Agreement guidance for Government Social Research, 2009). In the article presented by the Agreement guidance for Government Social Research, (2009), it is cited that the total cost of public procurement increases with the nature of contract being handled. Most often, the contracts are the most cost effective to the contracting firm compared to other contractual forms entered into. It is particularly worthy to note the fact that these differences in costs involved per contract determine how best the contracting firm and the contractor are able to meet their obligations as parties to a contract. According to Bennett (2003), there three purposes of contract cost systems namely:- 1) to provide a means for comparing actual with budgeted expenses and thus draw attention; in timely manner, to operations that are deviating from the contract budget; (2) to develop a database of productivity and cost performance data for use in estimating the cost of subsequent contracts and; (3) to generate data for valuing variations and changes to the contract and potential claim for additional payments. However, the most important purpose is the monitoring and controlling of costs during the contract operation phase as a key aspect of cost effectiveness, based on whatever system was established during contract mobilization.

**2.5.3 Contract Analysis and Procurement Performance**

Carter and Kirby (2006), state that designing a monitoring program to focus on items/ services delivered is important. This is also known as contract analysis. This therefore means that focus in on monitoring the outcomes that result from the contract. For example, consider if the agency would be concerned regarding the following issues: The contractor wastes money or does not

protect the assets purchased with tax dollars or; the contractor inaccurately reports their progress. The contractor does not make corrections to goods and/or services identified as not meeting requirement. Furthermore, it is important to note that the contract payment methodology has an effect on what needs to be monitored. For example, if payment is based on a firm fixed price (a specific amount of money for a unit of service), it is not necessary to verify contractor's expenses as they are not relevant to this type of contract. According to Regulation 58 (f) and (g) of the PPDA, the PDU shall monitor contract management by user departments to ensure implementation of contracts in accordance with the terms and conditions of the awarded contract and report any significant departures from the terms and conditions of the awarded contract to the Accounting Officer.

Lysons and Farrington (2006) provide that in a firm, fixed price contract, the agency should ensure that: The number of units billed is the same as the number of units received, the quantity and price agree with the contract amounts and the units meet or exceed the contract specifications. Was the item billed really purchased by the contractor? Was the item billed used for the purpose of the contract? Was the item necessary and reasonable for the purpose of the contract? Was the item of the quality and quantity specified in the contract? Was the item duplicated in either overhead or profit? Was the item listed in the contractor's budget and approved by the agency? The agency must review the contract to see how the costs are reimbursed.

According to Russell (2003), Contract monitoring is a process of ensuring that a vendor adequately performs a contracted service. The level and type of monitoring conducted by state agencies is primarily at their discretion. Deficiencies in contract monitoring are related to violations of good management principles. Inadequate monitoring is often the result of the following: Poorly established criteria for evaluating vendor performance; Perception of oversight as a responsibility to develop a partnership rather than enforce rules, regulations, or contract provisions; Focus on rules and regulations rather than outcomes; Failure to conduct follow-up

reviews to ensure that corrective action was taken; and, Failure to identify the risk and level of review necessary for each vendor.

Alison and Dean (2012), assert that monitoring the performance of the contractor is a key function of proper contract administration. The purpose is to ensure that the contractor is performing all duties in accordance with the contract and for the agency to be aware of and address any developing problems or issues. Small dollar value or less complex contracts normally require little, if any, monitoring. However, that does not preclude the possibility of more detailed monitoring if deemed necessary by the agency. Conversely, large dollar contracts may need little monitoring if the items or services purchased are not complex, and the agency is comfortable with the contractor's performance and the level of risk associated with the contract. (Akaranga, 2008). Camillus and Rosenthal (2010), state that contract monitoring may be viewed as: A preventive function, an opportunity to determine the contractor's need for technical assistance and a valuable source of information concerning the effectiveness and quality of services being provided. The two main areas of contract monitoring involve determining what to monitor and the type of monitoring and how to use the results of monitoring reviews.

According to Weele (2006), the following questions should be considered when determining what to monitor: How will the agency know it is receiving what it paid for? How will the agency know that the contractor is complying with the terms of the contract? How will the agency know the contract is complete and determine closure? Review the statement of work and other contract terms, including contractor compliance requirements. All of these requirements are deliverables that the contractor agreed to when the contract was executed or the purchase order was issued.

According to Carter and Kirby (2006), controlling the performance of the procurement function and ensuring its efficiency and effectiveness is essential to the management of the procurement process. It is vital to evaluate how well the procurement process has gone, identify any weaknesses or problems and agree actions to prevent similar problems in the future. Evaluation may include a formal procurement audit. According to the PPDA Act, (2003) it is important for

procurement practitioners to evaluate the procurement process to see how efficient and effective the procurement processes have been. There is the need to identify weaknesses and problems for corrective measures and evaluation may include a formal procurement audit. A formal procurement audit is done to give assurance to management; to see if objectives are being achieved; it highlights deficiencies; ensures compliance with the law; ensures if the regulations are being followed to the latter and helps in the discovery of irregularities, fraud, and corruption. Written policies and procedures serve as a guide to agencies and their personnel in ensuring a consistent, high-quality contract monitoring process. In addressing the fundamentally important issue of risk in contract management, the purchasing professional should adopt a continuous “what if” mentality throughout the procurement of products and services (CIPS Guide, 2004).

Lysons and Farrington (2006) further add that agencies without contingency plans risk interruption of services when vendors default on their obligations and may pay additional costs for taking back services. A number of options are available for a default contingency plan: contracting with the next lowest bidder from the original solicitation; using another current vendor; delivering the service in-house; and contracting with another government entity. Sollish and Semanik, (2007), State that, a contract administration plan is a cursory view of planned and completed activities and can be utilized throughout the contract period as a status report. It should detail the methods that the agency will use to monitor the vendor and the individuals or offices that will be responsible for the monitoring. In addition Schapper, Veiga, Malta and Gilbert, (2006), noted that communicating clear expectations to vendors creating a detailed Statement of Work, having performance measures in the contract, and holding a post-award meeting with the vendor contribute to the vendor’s understanding of what is required under the contract. By clearly stating contract requirements and performance goals, the agency reduces the potential for poor performance. A post-award meeting allows staff that may not have been involved with the procurement process to answer questions that the vendor might have and clarify technical aspects of the contract.

Camillus and Rosenthal (2010), observe that good management and supervision requires follow-up, feedback, and enough awareness of what is occurring to eliminate surprises. State agencies should assess the complexity of the contracted service, the contract amount, and the risk if the work is not performed adequately when deciding what components are necessary. According to Lane, (2015), Training in contract monitoring increases the likelihood that individuals will monitor contracts reliably by giving them the appropriate background knowledge related to contracts. Nyeko, (2014), revealed that effective supplier performance monitoring and management requires the contract manager to: regularly check the supplier's progress to ensure that contractual obligations are being met, conduct regular random inspections of the supplied goods and/or services during the, contract period to ensure that they meet specification and are of a suitable standard check that all conditions and clauses in the contract are acted upon; the contract manager, should be aware of any breaches of contract and be prepared to take action (after seeking legal advice). This practice is actually ignored by many Public Entities as revealed by an analysis in KCCA (2013) that showed poor contract management for example, contracts for revenue collection were awarded to companies which would draw from KCCA resources including staff, and in other cases there was a complete neglect of the supervisory function which resulted in loss of funds. Furthermore, the report also reveals that contracts were not supervised, engineers did not attend site meetings, monitor quality or value of works, contracts continue after expiry. There were also cases where payments were approved with little or no work done for example the leaking roof at City Hall.

Weele (2006) and Tess(2015) advise that if any non-conformance with the contract occurs; advise the supplier in writing if dissatisfied with any aspect of performance under the contract, act immediately if a problem occurs and involve senior representatives of both the procurer and supplier to solve any identified problems as soon as appropriate, develop effective mechanisms for obtaining feedback from stakeholders about the procurement keep adequate, written records of all dealings with the supplier and of the administration of the contract (e.g. file notes of inspections, telephone conversations, records of meetings and documented invoice processing) perform regular inspections of work to ensure compliance with any applicable legislation,

contract conditions, quality provisions; or workplace health and safety – depending on the nature of the procurement, its complexity and associated risks, this could be on a daily, weekly or monthly basis.

Weele (2010) also notes that that On-Site Monitoring Agency officials should conduct random inspections of vendor records and the delivery of services to ensure all terms of the contract are being fulfilled. On-site monitoring visits are most effective when based on a specific methodology or a checklist of review tasks. Thai (2005) adds that, the use of a checklist of closeout procedures helps to assure that all actions have been completed. At the end of a contract period, organisations should evaluate the vendor's performance. The anti – corruption report (2014) reveals that the tax burden on Ugandans keeps increasing every other passing day and one would expect better services that are meant to be facilitated by the taxes collected. Instead, Ugandans have had to grapple with poor roads, shoddy public buildings, insufficient drugs in hospitals, and very high prices of commodities because of the high cost of transporting them on poor roads. The public servants who are meant to supervise road constructions rarely have the time to execute their duties.

## **2.6 The Influence of Contract Management on Procurement Performance**

### ***Author's Perspective;***

Value for money is a concept generally used to assess an organization's capacity to obtain the maximum benefit from the goods, services or work it acquires or provides, in close relation to the resources available to it. This assessment does not only measure only the cost of goods, services but also work. It equally takes into account a complex mix of factors, such as quality, cost, use of resources, and fitness for the organization's purposes, timeliness and opportunity. Once these factors have been comprehensively taken into consideration, an assessment can be made as to whether the highest value has indeed been achieved for the money paid. However, some of these factors can be subjectively measured, making them more difficult to quantify or harder to understand. Following the awarding of the contract, it is imperative to ensure efficient management of the contract to make sure that the supplier meets the deadlines, does not exceed the budget and meets the requirements and specifications set out by the purchaser. In an article of

the New Vision (December, 2012), Dr. Cornelia Sabiiti, the Executive Director of the Public Procurement and Disposal of Public Assets Authority (PPDA) said lapses in contract management are affecting the delivery of social amenities to Ugandans.

*“We have found out that the Government at times pays for no work done or very shoddy work and sometimes, contracts are not delivered on time. This has affected the ability of the Government to deliver quality services to the population,” she said.*

## **2.7 Literature Gap**

In Uganda, some scholars have conducted research on contract performance in public procurement but no comprehensive study has been carried out on contract management and procurement performance. Moreover, there are no empirical studies that can be traced to explain why there is poor contract management. Several authors have advanced theories explaining contract management and contract performance of Public Entities (Muhwezi and Ahimbisibwe, 2015; Kibogo, A. D. and Mwangangi, M, 2014). But none of the above authors explains the influence of contract management on procurement performance in local governments in Uganda although Kutosi, Eya and Muhwezi (2015) attempt to examine how contracting affects procurement performance of State owned Enterprises in Uganda while Oluka and Basheka (2012) give five determinants of effective Contract Management as: apportioning of resources; clear reporting lines; defining of roles and responsibilities; ensuring timely payments; and managing of risks. There is still a literature gap on how a contract implementation plan is prepared, clear definition of roles of a contract manager and preparation of reports on completed contracts.

Therefore this study intended to fulfil this gap by examining the influence of contract management and procurement performance in conformance to contract creation, execution as well as the contract analysis on procurement performance of district local governments in Uganda.

## **CHAPTER THREE**

### **RESEARCH METHODOLOGY**

#### **3.0 Introduction**

This chapter presents the research methodology that was used during the study. This includes the Research design, study population, sample size and selection, sampling techniques, data collection methods, Data collection instruments, procedure of data collection, Reliability and validity of instruments, Data analysis, measurement of variables, data presentation and analysis and the limitations to the study.

#### **3.1 Research Design**

The researcher adopted a case study design which focused on a single entity. The case study approach was applicable because only civil servants of Bugiri Local Government were selected for the study, in order to place more emphasis on a full and in depth contextual analysis of fewer events and their interrelationship, (Yin, 2009). According to Cooper and Schindler (2008), a case study research design bases on a practical, logical and structured manner of the organisation relating to the area of study. The case study research design is also useful for testing whether a specific theory and model actually applies to phenomena in the real world, Yin, (2012). Both qualitative and quantitative approaches were applied.

#### **3.2 Study Population**

The population for this study comprised of civil servants who are involved in public procurement activities within the Bugiri Local Government. The main reason for using this category of people was that their activities directly or indirectly had a bearing on public procurement within Bugiri Local Government which is the scope for the study. The study based on a population of 80 employees of Bugiri Local Government, (Human Resources Manual, 2015)

### 3.3 Sampling Size And Design

The sample size of 70 respondents was selected from a population of 80 employees using Krejcie (1970) sample size determination model. The results are illustrated in the table below:

**Table 3.1 Population and Sample Size**

Category	Population	Sample size	Sampling technique
Employees (User Department members)	70	59	Random sampling
PDU staff and Contract Committee Members	10	10	Purposive sampling
Bugiri Local Government Accounting officer	01	01	Purposive sampling
<b>Total</b>	<b>80</b>	<b>70</b>	

**Source: Krejcie and Morgan (1970)**

### 3.4 Sampling Technique And Procedure

The researcher randomly selected the sample proportionately from employees categories shown in table 3.1 above. Since the target respondents either engaged or had an interaction with the procurement function at Bugiri Local Government, they were in a better position to respond to the research questions appropriately. Purposive sampling was used to select respondents who were few in number for a particular section and had technical knowledge on contract management.

### 3.5 Sources of Data

The study used primary and secondary data.

#### 3.5.1 Primary Data

Primary data was obtained from the respondents using survey questionnaires and interview guides consisting of closed ended questions from Bugiri Local Government staff and senior management respectively. Both the questionnaires and interview guide were used to obtain primary data. This involved one-on-one interviews with the respondents by the researcher. They

allowed the researcher to clarify ambiguous answers and obtain in-depth information through probing. Semi-structured interviews are the most widely used interviewing formats for qualitative research (Amin, 2005). In this study, the probing interviewing tactic was used extensively to obtain a deeper explanation of the issue at hand from the respondents. This is largely due to the fact that the respondents often need stimuli to expand or clarify their own answers and ideas more broadly, so that a broader understanding could be more easily reached in the findings of this study.

### **3.5.2 Secondary data**

This consisted of data that had been written by other scholars in the field of contracts management and procurement performance. This put into account annual audit reports, journal articles, procurement reports, bid documents and other books from the libraries. The researcher thoroughly reviewed these documents to obtain supplementary data to that provided by the respondents (Tran et.al, 2013 ).

## **3.6 Data Collection Instruments**

Research instruments or measurement scales simply mean devices for measuring the variables of interest (Bowling, 2002). They can be in the form of questionnaire forms comprising single items (questions), batteries of single items or scales of items which can be scored. They could also be in the form of observational schedules, structured diaries or log books or standard forms for recording data from records (Bowling, 2002).

### **3.6.1 Semi Structured self Administered Questionnaire**

According to Mugenda and Mugenda (2003), questionnaires are a valuable tool for collecting a wide range of information from a large number of respondents. Amin (2005), confirms that carefully designed questionnaires easily answer research questions. The researcher ensured that each item in the closed ended questionnaire was fine-tuned to address a specific objective as well as the research question in the entire research process and the responses were, arranged on a five-point Likert scale, where 'SA' means 'strongly agree', 'A' means 'agree', 'NS' means 'Not

Sure', 'D' means 'disagree', 'SD' means 'strongly disagree'. This enhanced simplicity where straight forward answers were required. The questionnaires were hand delivered to respondents and collected within a week and later analysed. Questionnaires were used because they are more convenient for both the researcher and the respondent and give room for respondents to analyze the information as well.

### **3.6.2 Interview Guide**

Interviews are considered primary data since they allow researchers collect qualitative information for a specific study (Saunders, 2012). All interviews conducted were face-to-face interviews. An interview guide (Appendix: III) was used to collect qualitative data from heads of department who were in position to provide in-depth information through probing during the face-to-face interview, (Mugenda & Mugenda, 1999). The researcher presented questions to 5 interviewees who included; the Senior Procurement Officer, the Head of Human Resource Department, the Head of Stores, the Head of the Production Department and the Head of Finance Department and their views were written down. Some of the interviewees however, preferred anonymity. Data obtained during the interview was supplemented with that obtained through the questionnaires.

## **3.7 Validity and Reliability of the Instruments**

### **3.7.1 Validity**

Validity refers to the extent to which research results can be accurately interpreted and generated. Research tools were first prepared, and then presented to the supervisors to check on how correct they were. The supervisors' comments were used to improve the questionnaire by eliminating all errors. The researcher ensured that questions were relevant in order to have meaningful and reliable results represented by variables in the study, (Mugenda and Mugenda 2005). To ensure this desired response, the questionnaires in this study were subjected to scrutiny by 4 experts in the field of study prior to their deployment in the field to eliminate vague and ambiguous questions and streamline the content structure, flow and conciseness, to ensure

content validity (Saunders et al, 2003). The results of the pre-test were used to subject the questionnaire to a content validity test using the following formula:

$$\text{Content Validity Index (CVI)} = \frac{\text{Agreed items by all judges}}{\text{Total Number of items judged}}$$

A total of 24 items out of 27 in the questionnaire were rated as relevant, yielding a content validity index as calculated below.

$$\text{CVI} = \frac{24}{27} = 0.889$$

According to Amin (2005) an acceptable content validity index of a research instrument should be 0.70 and above. Since the questionnaire content validity obtained for this study was 0.889, the questionnaire deployed in this research was within the acceptable range ( $>0.7 < 1$ ) as recommended by Amin (2005).

### 3.7.2 Reliability

Reliability is the measure of the degree to which a research instrument yields consistent results after repeat. Cronbach's Alpha coefficient was used to measure reliability of the instrument. According to Amin (2005) an alpha of 0.5 or higher is sufficient to show reliability. The closer it is to 1 the higher the internal consistency in reliability, (Sekaran, 2003). The questionnaires were pretested using respondents within Bugiri Local Government and reliability was computed and scores evaluated.

**Table 3.2 Reliability Statistics**

Cronbach's Alpha	Number of Items
.874	27

**Source; primary data**

Upon performing the test, the results 0.874 obtained were above 0.7 and therefore the questionnaire was considered to be reliable.

To ensure reliability and validity of the interview guides; the researcher used constructivism. Crotty (1998) defined constructivism from the social perspectives as "the view that all knowledge, and therefore all meaningful reality as such, is contingent upon human practices,

being constructed in and out of interaction between human beings and their world, and developed and transmitted within an essentially social context". The researcher therefore aimed to probe the interviewees for deeper understanding. Constructivism values multiple realities that people have in their minds. Four experts were then interviewed and therefore, to acquire valid and reliable multiple and diverse realities triangulation in the constructivism paradigm was used.

### **3.8 Data Presentation and Analysis**

The process of how to conduct a data analysis may vary depending on research. Nevertheless, the aim of the data analysis is to interpret data and draw meaning from it (Saunders et al., 2012). In order to answer the research questions presented in this thesis as well as formulate conclusions, a data analysis is a necessity. In this thesis, two types of data were analysed separately and simultaneously as explained the paragraphs below;

#### **3.8.1 Quantitative Data Analysis**

The data from closed-ended questionnaires relating to contract management and procurement performance variables was checked for completeness and accuracy. The data collected was categorized, coded and then fed into Excel spread sheets and analyzed to examine the influence of contract management on procurement performance. Regression analysis was used to determine the influence of contract management on procurement performance. Excel Solver was used to provide a quick snapshot at the current situation of the district by presenting the cost reduction (savings), quality improvements and level of competitive advantage attained through timely delivery. The table below shows numerical values and response modes used to interpret the means used in the analysis of data collected.

**Table 3.3: Numerical values and response modes used to interpret the means**

<b>Response Mode</b>	<b>Interpretation</b>
4.30 – 5.00 Strongly Agree	Very High
3.50 – 4.20 Agree	High
2.70 – 3.40 Not Sure	Undecided
1.90 – 2.60 Disagree	Low
1.10 – 1.80 Strongly Disagree	Very Low

**Source:** *Mabonga (2012) as cited by Pule (2014)*

### **3.8.2 Qualitative Data Analysis**

This kind of data was interpreted by explanations and substantiated using open responses from the field (Mugenda and Mugenda, 2003). While analyzing qualitative data, conclusions were made under different themes and inter-related to ascertain the relationship between contract management and procurement performance.

### **3.9 Ethical Considerations**

The researcher considered it essential to discuss ethical requirements within a research, since ethical concerns will emerge as early as when choosing research topic, formulating the research design and how to access the data needed to finalize the research (Saunders et al., 2012). Saunders et al., (2012) define ethics as: “the standards of behaviour that guide study conduct in relation to the right of those who become the subject of a work, or affected by it”. For this study, the ethical considerations can be divided and accounted for in two primary parts. The first part, concern ethical considerations addressing the organization as a whole, involving all business processes, personnel and documentations within the organization. The second part concerned all respondents participating in the study. All respondents were informed that they could be anonymous if they preferred and that participation was voluntary. Bugiri Local Government agreed to give the researcher permission to use institutional specific information. However, a few respondents requested not to be referred to as name and therefore they were referred to in terms

of their working title. In order to overcome ethical issues, the author considered the code of ethics, along with the principles that follows such obligations as discussed in Saunders et al., (2012). Confidentiality and anonymity were adhered to and any data provided was entirely for the academic purposes only. Lastly, the researcher had no previous experience or connection to the Bugiri Local Government or the respondents within this research.

### **3.10 Limitations of the study**

Like any other research, the study was not without limitations and these were:

The research covers primarily public entities. However, the analysis and findings are related to other public institutions across the country. Selecting and contacting only in Bugiri Local Government may not be a true representation of the views of all entities in Uganda.

The researcher used closed-ended questionnaires for data collection and this had a weakness of limiting the amount of data collected. There is likelihood that relevant data may not have been captured because of the use of closed-ended questionnaire.

## CHAPTER FOUR

### PRESENTATION OF DATA, ANALYSIS AND INTERPRETATION OF FINDINGS

#### 4.0 Introduction

This chapter presents data and analyses the findings obtained by the researcher analyzing and answering the objectives as stated in chapter one. The data was analyzed using descriptive statistics to generate frequencies of responses and inferential statistics to determine the influence of the variables under study.

#### 4.1 Response Rate

Seventy (70) respondents selected to participate in the study were issued with questionnaires out of which 66 were, fully filled and returned. Out of the 66 respondents, 5 were interviewed as well. The overall response rate was 66 out of 70 which is equivalent to 94.3%. According to Mugenda and Mugenda (2008), a response rate of 70 percent and above is acceptable as representative of the sampled population. In this regard, a response rate of 94.3% was adequate and excellent for the study results to be valid.

#### 4.2 Background Information

This section consists of information that describes basic characteristics such as age, years of work experience and education level of the respondents.

##### 4.2.1 Gender of the respondents at Bugiri District Local Government

**Table 4. 1:** Gender of the Respondents at Bugiri District Local Government

Gender	Frequency	Percentage
Male	30	45.5
Female	36	54.5
<b>Total</b>	<b>66</b>	<b>100.0</b>

Source: Primary Data

From table 4.1 above majority of the respondents in Bugiri district were female represented by 54.5%, as compared to the (30) male respondents, represented by 45.5%. This implies that the female dominated most of the positions held in Bugiri District Local Government and were more willing to respond to the questionnaires provided.

#### 4.2.2 Age bracket of the Respondents at Bugiri District Local Government

**Table 4. 2:** Age Bracket of the Respondents at Bugiri District Local Government

Age Bracket	Frequency	Percentage
25 and Below	7	10.6
26-34	29	43.9
35-44	25	37.9
45 and above	5	7.6
<b>Total</b>	<b>66</b>	<b>100.0</b>

**Source: Primary data**

From the table 4.2 above, the majority of the respondents – 43.9% were within the age bracket of 26-34. This was followed by those under the age bracket of 35-44, they were represented by 37.9%, those under the age bracket of 25 and below were represented by 10.6% and finally those under the age bracket of 45 and above are 7.6%. This implies that the study involved different respondents with varying ages which provided the researcher with the current and longtime information about contract management and procurement performance in Bugiri District.

#### 4.2.3 Level of education of the respondents at Bugiri District Local Government

**Table 4. 3:** Level of Education of the Respondents at Bugiri District Local Government

Education Level	Frequency	Percentage
Diploma	4	6.1
Bachelor's degree	53	80.3
Master's Degree	7	10.6
Others	2	3.0
<b>Total</b>	<b>66</b>	<b>100.0</b>

**Source: Primary Data**

Table 4.3 presents the level of education of respondents in Bugiri District. Based on the results majority (80.3%) of the respondents are university graduates with a Bachelor's Degree. This explains the high level of competences in the academic path. 3.0% of the respondents have attained other academic certificates including post graduate diplomas. The implication of the above finding is that majority of the respondents were elites and therefore more informed about the variables under investigation which helped to obtain reliable information.

#### 4.2.4 Academic Qualifications of the respondents at Bugiri District Local Government

**Table 4. 4:** Academic Qualifications of the Respondents at Bugiri District Local Government

Professional Qualification	Frequency	Percentage
CIPS	7	10.6
ACCA	3	4.5
CPA	5	7.6
Others	6	9.1
None of the above	45	68.2
<b>Total</b>	<b>66</b>	<b>100.0</b>

**Source:** Primary Data

From the table 4.4, 68.2% of the respondents had no professional qualification. This is an indicator that the majority had not attained extra knowledge and expertise in procurement and accounting fields to influence their performance abilities.

#### 4.2.5 Management Positions held at Bugiri District Local Government

**Table 4. 5:** Management Positions held at Bugiri District Local Government

Management Position	Frequency	Percentage
Senior	10	15.2
Middle	35	53.0
Lower	15	22.7
Support Staff	6	9.1
<b>Total</b>	<b>66</b>	<b>100.0</b>

**Source:** Primary Data

Table 4.5 shows that 53% of the respondents are in the middle management position, 22.7% in the lower position, senior management is represented by 15.2% while support staff is 9.1%. This implies that information was obtained from all levels of managerial positions to improve on reliability and adequacy.

#### 4.2.6 Departments of work at Bugiri District Local Government

**Table 4. 6:** Departments of work at Bugiri District Local Government

Department	Frequency	Percentage
Administration	9	13.6
Procurement	8	12.1
Accounting and Finance	10	15.2
Works	5	7.6
Audit	5	7.6
Stores	7	10.6
Others	22	33.3
<b>Total</b>	<b>66</b>	<b>100.0</b>

**Source:** Primary Data

The above table shows that 13.6% of the respondents were from Administration, 12.1% were from procurement, 15.2% were from the Accounting and Finance department, 7.6% were from the Audit department, 10.6% were from the Stores department and 33.3 were from other departments. Other departments included; Production and Marketing, Economics and Statistics. This implies that relevant information was obtained from all departments at the district and hence measuring procurement performance in terms of efficiency and effectiveness was possible.

#### 4.2.7 Period of Service at Bugiri District Local Government

Table 4. 7: Period of Service at Bugiri District Local Government

Period of Service	Frequency	Percentage
5 years and below	10	15.2
6-10 years	39	59.1
11-15 years	11	16.7
Above 15 years	6	9.1
<b>Total</b>	<b>66</b>	<b>100.0</b>

Source: primary data

The above table shows that 15.2% of the respondents have worked for 5 years and below, 59.1% have worked at the district between 6-10 years, 16.7% have worked at the district between 11-15 years and 9.1% have worked for more than 15 years. This means that the civil servants in Bugiri district had desirable statistics in regard to contracting and procurement matters due to high level of experience.

#### 4.3 Contract Creation at Bugiri District.

In bid to establish the findings on the first objective, which was to examine the influence of contract creation on procurement performance in Bugiri District; respondents provided their view in relation to the extent to which they; strongly disagree (SD), Disagree (D), Not sure (NS), Agree (A), strongly agree (SA). This was presented and analysed in the table below; the interpretation of the results is based on the mean and the Standard Deviation.

**Table 4. 8: Contract Creation at Bugiri District Local Government.**

Contract Creation and Procurement Performance	Scale	Frequency	Percentage (%)	Mean	Std. Dev
Pre- contractual activities at Bugiri Local Government involve identifying the various needs that ought to be supplied.	Strongly Disagree	1	1.5	4.70	0.744
	Disagree	1	1.5		
	Not Sure	2	3.0		
	Agree	9	13.6		
	Strongly agree	53	80.3		
Planning before entering into a contract allows consistency between design and supplier's process capabilities at Bugiri District.	Strongly Disagree	2	3.0	4.61	0.857
	Disagree	1	1.5		
	Not Sure	1	1.5		
	Agree	13	19.7		
	Strongly agree	49	74.2		
Before entering into a contract, the Procurement and Disposal Unit of Bugiri Local Government prepares necessary bid documents.	Strongly Disagree	23	34.8	2.24	1.348
	Disagree	27	40.9		
	Not Sure	0	0.0		
	Agree	9	13.6		
	Strongly agree	7	10.6		
Bugiri Local Government engages in selecting the most suitable tenderer and awards him/her a contract.	Strongly Disagree	48	72.7	1.91	1.576
	Disagree	2	3.0		
	Not Sure	0	0		
	Agree	6	9.1		
	Strongly agree	10	15.2		

<b>Contract Analysis and Procurement Performance</b>	<b>Scale</b>	<b>Frequency</b>	<b>Percentage (%)</b>	<b>Mean</b>	<b>Std. Dev</b>
Bugiri Local Government makes decision on whether to have a single supplier or multiple supplier before signing a contract.	Strongly Disagree	47	71.2	1.74	1.316
	Disagree	5	7.6		
	Not Sure	2	3.0		
	Agree	8	12.1		
	Strongly agree	4	6.1		
Upon creation of a contract at Bugiri District Local Government, the contract manager prepares a contract management plan.	Strongly Disagree	47	71.2	1.70	1.189
	Disagree	3	4.5		
	Not Sure	6	9.1		
	Agree	9	13.6		
	Strongly agree	1	1.5		
User departments nominate contract managers for each contract created at Bugiri District local government	Strongly Disagree	48	72.7	1.65	1.209
	Disagree	5	7.6		
	Not Sure	4	6.1		
	Agree	6	9.1		
	Strongly agree	3	4.5		
<b>Average Mean</b>				<b>2.65</b>	<b>1.117</b>

**Source: primary data**

Table 4.8, explores the influence of contract creation on procurement performance in Bugiri District. Findings showed that the extent of contract creation at Bugiri District was low with an average mean of 2.65 and standard deviation of 1.117. This was attributed to negligible responses in the following: Pre- contractual activities at Bugiri Local Government involve identifying the various needs that ought to be supplied (mean = 4.70, S.D = 0.744); Planning before entering into a contract allows consistency between design and supplier's process

capabilities at Bugiri District (mean = 4.61, S.D = 0.857); Before entering into a contract, the Procurement and Disposal Unit of Bugiri Local Government prepares necessary bid documents (mean =2.24, S.D = 1.348); Bugiri Local Government engages in selecting the most suitable tenderer and awards him/her a contract (mean = 1.91, S.D = 1.576), Bugiri Local Government makes decision on whether to have a single supplier or multiple supplier before signing a contract (mean = 1.74, S.D = 1.316 ); Upon creation of a contract at Bugiri District Local Government, the contract manager prepares a contract management plan (mean=1.70, S.D = 1.189); User departments nominate contract managers for each contract created at Bugiri District local government (mean = 1.65, S.D = 1.209).

Results from the interviews held revealed that, the senior procurement officer asserted that a procurement process is adequately followed as directed by the PPDA Act (2003) to select the contractor for award of contract at Bugiri. He further added that contracts awarded are adequately supervised upto contract completion. Another interviewee urged that contract supervision is not adequate and contract managers are not appointed. *"Since contract managers are not appointed, contract management plans are non existent."* One interviewee said. Another interviewee further argued that contract managers are appointed for only big projects. The Senior Procurement officer further added that the Procurement and Disposal Unit plays its role but the challenge is with the contract managers appointed.

#### **4.4 Contract Execution at Bugiri District**

To establish the findings on the second objective, which was to assess the influence of contract execution on procurement performance in Bugiri District; respondents provided their view in relation to the extent to which they; strongly disagree (SD), Disagree (D), Not sure (NS), Agree (A), strongly agree (SA). This was presented and analyzed in the table below; the interpretation of the results is based on the mean and the Standard Deviation.

**Table 4.9: Contract Execution and Procurement Performance at Bugiri District Local Government**

<b>Contract Execution and Procurement Performance</b>	<b>Scale</b>	<b>Frequency</b>	<b>Percentage (%)</b>	<b>Mean</b>	<b>Std. Dev</b>
Preparation of rightly and clearly consented documents involved facilitates successful execution of a contract at Bugiri Local Government.	Strongly Disagree	0	0	4.59	0.784
	Disagree	2	3.0		
	Not Sure	6	9.1		
	Agree	9	13.6		
	Strongly agree	49	74.2		
Corrective action taken to remedy any indicated deficiencies during contract execution at Bugiri District.	Strongly Disagree	2	3.0	4.15	0.949
	Disagree	3	4.5		
	Not Sure	4	6.1		
	Agree	31	47.0		
	Strongly agree	26	39.4		
The execution of a contract depends on the terms and conditions specified by the management of Bugiri District Local Government.	Strongly Disagree	49	74.2	1.82	1.446
	Disagree	1	1.5		
	Not Sure	0	0		
	Agree	11	16.7		
	Strongly agree	5	7.6		
During contract execution, actual performance is compared with planned performance at Bugiri District.	Strongly Disagree	49	74.2	1.68	1.303
	Disagree	4	6.1		
	Not Sure	3	4.5		
	Agree	5	7.6		
	Strongly agree	5	7.6		

<b>Contract Analysis and Procurement Performance</b>	<b>Scale</b>	<b>Frequency</b>	<b>Percentage (%)</b>	<b>Mean</b>	<b>Std. Dev</b>
Execution and completion of contracts lies within the contract price at Bugiri Local Government.	Strongly Disagree	49	74.2	1.68	1.303
	Disagree	4	6.1		
	Not Sure	3	4.5		
	Agree	5	7.6		
	Strongly agree	5	7.6		
<b>Average mean</b>				<b>2.784</b>	<b>1.157</b>

**Source:** Primary Data

Table 4.9, explores the influence of contract execution on procurement performance in Bugiri District. Findings showed that the extent of contract execution at Bugiri District was moderate with an average mean of 2.784 and standard deviation of 1.157. This was attributed to moderate responses in the following: Preparation of rightly and clearly consented documents involved facilitate successful execution of a contract at Bugiri Local Government (mean = 4.59, S.D = 0.784); Corrective action taken to remedy any indicated deficiencies during contract execution at Bugiri District (mean = 4.15, S.D = 0.949); The execution of a contract depends on the terms and conditions specified by the management of Bugiri District Local Government (mean = 1.82, S.D = 1.446); During contract execution, actual performance is compared with planned performance at Bugiri District (mean = 1.68, S.D = 1.303); Execution and completion of contracts lies within the contract price at Bugiri Local Government (mean = 1.68, S.D = 1.303). In an interview with the senior procurement officer, he notes that *cost saving is not actually realised because funding is already inadequate*". All the other interviewees were also in agreement. The interviewees also confessed that some contractors do not actually fulfill their obligations and this has led to increasing complaints in the entity.

#### 4.5 Contract Analysis at Bugiri District

To establish the findings on the third objective, which was to determine the influence of contract analysis on procurement performance in Bugiri District; respondents provided their view in relation to the extent to which they; strongly disagree (SD), Disagree (D), Not sure (NS), Agree (A), strongly agree (SA). This was presented and analysed in the table below; the interpretation of the results is based on the mean and the Standard Deviation.

**Table 4.10 Contract Analysis at Bugiri District**

Contract Analysis and Procurement Performance	Scale	Frequency	Percentage (%)	Mean	Std. Dev
Deficiencies in contract monitoring are related to violations of good management principles at Bugiri District	Strongly Disagree	1	1.5	4.61	0.875
	Disagree	3	4.5		
	Not Sure	2	3.0		
	Agree	9	13.6		
	Strongly agree	51	77.3		
Inadequate monitoring of contracts at Bugiri District is often the result of the Poorly established criteria for evaluating supplier performance	Strongly Disagree	1	1.5	4.55	0.995
	Disagree	6	9.1		
	Not Sure	0	0.0		
	Agree	8	12.1		
	Strongly agree	51	77.3		

<b>Contract Analysis and Procurement Performance</b>	<b>Scale</b>	<b>Frequency</b>	<b>Percentage (%)</b>	<b>Mean</b>	<b>Std. Dev</b>
Contract Analysis requires follow-up, feedback, and enough awareness of what is occurring to eliminate surprise	Strongly Disagree	7	10.6	4.39	1.276
	Disagree	0	0.0		
	Not Sure	3	4.5		
	Agree	6	9.1		
	Strongly agree	50	75.8		
The management of Bugiri District local government appoints on-site monitoring officials to conduct random inspections of vendor records and the delivery of services to ensure all terms of the contract are being fulfilled.	Strongly Disagree	49	75.8	1.64	1.211
	Disagree	4	7.6		
	Not Sure	4	1.5		
	Agree	6	10.6		
	Strongly agree	3	4.5		
The contract manager regularly checks the supplier's progress to ensure that contractual obligations are being met at Bugiri District	Strongly Disagree	50	75.8	1.61	1.214
	Disagree	5	7.6		
	Not Sure	1	1.5		
	Agree	7	10.6		
	Strongly agree	3	4.5		
Bugiri District Local Government has contingency plans, as a way of risk management in the event that a contract is not successfully completed	Strongly Disagree	49	74.2	1.62	1.134
	Disagree	3	4.5		
	Not Sure	4	6.1		
	Agree	10	15.2		
	Strongly agree	0	0.0		
<b>Average Mean</b>				<b>3.07</b>	<b>1.1175</b>

**Source:** Primary Data

Table 4.10, explores the influence of contract analysis on procurement performance in Bugiri District. Findings showed that the extent of contract execution at Bugiri District was moderate

with an average mean of 3.07 and standard deviation of 1.1175. This was attributed to the moderate level of responses in the following: Deficiencies in contract monitoring are related to violations of good management principles at Bugiri District (mean = 4.61, S.D = 0.875); inadequate monitoring of contracts at Bugiri District is often the result of the poorly established criteria for evaluating supplier performance (mean = 4.55 , S.D = 0.995); Contract Analysis requires follow-up, feedback, and enough awareness of what is occurring to eliminate surprise(mean = 4.39 , S.D = 1.276) ; The management of Bugiri District local government appoints on-site monitoring officials to conduct random inspections of vendor records and the delivery of services to ensure all terms of the contract are being fulfilled (mean = 1.64, S.D = 1.211 ); The contract manager regularly checks the supplier's progress to ensure that contractual obligations are being met at Bugiri District (mean = 1.61, S.D = 1.214); Bugiri District Local Government has contingency plans, as a way of risk management in the event that a contract is not successfully completed (mean = 1.62 , S.D = 1.134). From the interviews, the senior procurement officer asserts that risk management is an area that has not been explored and therefore no contingency plans have been prepared previously. He also explained that contract variations arise as a result of failure of the planned contract prices to synchronize with the actual contract price.

#### **4.6 Procurement Performance at Bugiri District**

Respondents provided their view in relation to the extent to which they; strongly disagree (SD), Disagree (D), Not sure (NS), Agree (A), strongly agree (SA) with the various statements on procurement performance at Bugiri District. This was presented and analysed in the table below; the interpretation of the results is based on the mean and the Standard Deviation.

**Table 4. 11: Procurement Performance at Bugiri District Local Government**

<b>Contract Management and Procurement Performance</b>	<b>Scale</b>	<b>Frequency</b>	<b>Percentage (%)</b>	<b>Mean</b>	<b>Std. Dev</b>
<b>Cost Reduction</b>					
Costs of procurements in Bugiri District Local Government reflect market prices.	Strongly Disagree	49	74.2	1.55	1.098
	Disagree	8	12.1		
	Not Sure	1	1.5		
	Agree	6	9.1		
	Strongly agree	2	3.0		
Market survey is conducted and a price list is frequently updated at Bugiri District Local Government.	Strongly Disagree	50	75.8	1.56	1.125
	Disagree	5	7.6		
	Not Sure	3	4.5		
	Agree	6	9.1		
	Strongly agree	2	3.0		
Procurements are done in line with the approved budgets at Bugiri District Local Government	Strongly Disagree	50	75.8	1.77	1.434
	Disagree	1	1.5		
	Not Sure	1	1.5		
	Agree	8	12.1		
	Strongly agree	6	9.1		
Contracts are awarded to the best evaluated bidder	Strongly Disagree	50	75.8	1.74	1.439
	Disagree	3	4.5		
	Not Sure	1	1.5		
	Agree	4	6.1		
	Strongly agree	8	12.1		

Quality Improvement					
Goods and Services delivered at Bugiri District Local Government are in line with expectations and specifications of the user departments.	Strongly Disagree	47	71.2	1.74	1.339
	Disagree	6	9.1		
	Not Sure	1	1.5		
	Agree	7	10.6		
	Strongly agree	5	7.6		
Inadequate use of contracts has increased complaints associated with poor quality of goods and services at Bugiri District Local Government.	Strongly Disagree	4	6.1	4.36	1.248
	Disagree	6	9.1		
	Not Sure	1	1.5		
	Agree	6	9.1		
	Strongly agree	49	74.2		
Timeliness					
Deliveries of supplies, work, and services at Bugiri District Local Government are made within the stipulated time and user departments are informed timely.	Strongly Disagree	49	74.2	1.45	1.398
	Disagree	10	15.2		
	Not Sure	3	4.5		
	Agree	2	3.0		
	Strongly agree	2	3.0		
Contract award at Bugiri District Local Government is communicated to a successful bidder in time	Strongly Disagree	48	72.7	1.79	1.398
	Disagree	3	4.5		
	Not Sure	1	1.5		
	Agree	9	13.6		
	Strongly agree	5	7.6 *		
Most of the Contracts awarded at Bugiri District Local Government do not result into value for money	Strongly Disagree	4	6.1	4.30	1.277
	Disagree	6	9.1		
	Not Sure	4	6.1		

	Agree	4	6.1		
	Strongly agree	48	72.7		
<b>Average Mean</b>				<b>2.2544</b>	<b>1.28244</b>

**Source:** Primary Data

Table 4.11, explores the procurement performance in Bugiri District. Findings showed that the performance of procurement at Bugiri District was low with an average mean of 2.2544 and standard deviation of 1.28244. This was attributed to the low level of responses in the following: Costs of procurements in Bugiri District Local Government reflect market prices(mean =1.55, S.D = 1.098); Market survey is conducted and a price list is frequently updated at Bugiri District Local Government (mean = 1.56, S.D = 1.125); Procurements are done in line with the approved budgets at Bugiri District Local Government (mean = 1.77, S.D = 1.434); Contracts are awarded to the best evaluated bidder(mean =1.74, S.D = 1.439); Goods and Services delivered at Bugiri District Local Government are in line with expectations and specifications of the user departments (mean = 1.74, S.D = 1.339); Inadequate use of contracts has increased complaints associated with poor quality of goods and services at Bugiri District Local Government(mean = 4.39, S.D = 1.248); Deliveries of supplies, work, and services at Bugiri District Local Government are made within the stipulated time and user departments are informed timely (mean =1.45, S.D = 1.398); Contract award at Bugiri District Local Government is communicated to a successful bidder in time(mean = 1.79, S.D = 1.398); Most of the Contracts awarded at Bugiri District Local Government do not result into value for money(mean =4.30, S.D =1.277).

#### **4.7 Inferential Statistical Analysis**

Inferential analysis was conducted to generate analysis of the variance and regression coefficients. The purpose of regression analysis is to understand the influence among variables; contract management and procurement performance. Regression analysis is used to predict the value of one variable based on the value of the other (Render et al., 2012). There is also some random error that cannot be predicted. The underlying simple liner regression model is

$$Y = \beta_0 + \beta_1 X + \epsilon$$

Where

Y= dependent variable (response variable)

X= independent variable (predictor variable or explanatory variable)

$\beta_0$  = intercept (value of Y when X = 0)

$\beta_1$  = slope of regression line

$\epsilon$  = random error

**Figure 4. 1:** Regression and Analysis of variance for contract management and procurement performance.

**SUMMARY OUTPUT**

<b>Regression Statistics</b>	
Multiple R	0.882
R Square	0.779
Adjusted R Square	0.768
Standard Error	0.332
Observations	65

**ANOVA**

	<i>df</i>	<i>SS</i>	<i>MS</i>	<i>F</i>	<i>Significance F</i>
Regression	1	21.73366	21.73366	229.8816	1.07091E-22
Residual	63	5.956198	0.094543		
Total	64	27.68986			

	<i>Coefficient</i>	<i>Standard Err</i>	<i>t Stat</i>	<i>P-value</i>	<i>Lower 95%</i>	<i>Upper 95%</i>	<i>Lower 95.0%</i>	<i>Upper 95.0%</i>	
Intercept	-0.8	0.203383	-3.94502	0.00020328	-1.208781328	-0.39592	-1.2087813	-0.39592276	
	3.59	1.073	0.070796	15.16185	1.0709E-22	0.931924547	1.214874	0.9319245	1.214873871

**Source: Primary Data**

Predictor Variable; contract management, Response Variable; Procurement Performance

**Table 4.12: Regression model summary showing influence of contract management on procurement performance in Bugiri District**

MODEL SUMMARY					
Regressed Variables	R	R Square	Adjusted R Square	Std. Error of the Estimate	Sig.
Contract management and procurement performance	.882(a)	.779	.768	.33155	.000(a)

*Source:* Primary Data

Figure 4.1 is summarized in Table 4.12. Table 4.12 shows regression results on the major purpose of the study, which was to assess the influence of contract management on procurement performance in Bugiri District. Findings revealed that, contract management positively and significantly predicts procurement performance of Bugiri District Local Government with R<sup>2</sup> value 78%, and Sig. value 0.000. This implies that, 78% variability in procurement performance is explained by contract management, while the remaining 22% is the unexplained variables. The researcher therefore, concludes that, contract management highly predicts procurement performance.

**Table 4.13** shows the coefficients of the study and how they predict procurement performance in Bugiri District.

Coefficients					
Constructs of contact management	Unstandardized Coefficients		Standardized Coefficients	Sig.	Interpretation
	B	Std. Error	Beta	Std. Error	
(Constant)	-1.008	.332		.003	Significantly predicts
Contract Creation and procurement performance of Bugiri District	.364	.098	.412	.000	Significantly predicts
Contract Execution and procurement performance of Bugiri District	.341	.109	.318	.003	Significantly predicts
Contract Analysis and procurement performance of Bugiri District	.439	.128	.264	.001	Significantly predicts

*Source:* Primary Data

From table 4.13 above, results on the three study objectives of the study are given. Beginning with the first objective which was to examine the influence of contract creation on procurement performance of Bugiri District. It was indicated that, contract creation positively and significantly predicts procurement performance of Bugiri District by an  $R^2$  value of 36% and Sig. 0.000. To digest this statistics further, one would say that, 36% change in procurement performance at Bugiri District is due to contract creation. The researcher therefore, concludes that, the extent to which contract creation influences procurement performance is low.

The second objective was to assess the influence of contract execution on procurement performance of Bugiri District. Findings showed that, contract execution positively and significantly predicts procurement performance of Bugiri District with  $R^2$  value 34% and Sig. value 0.003. This implies that, 34% of the variations in procurement performance can be explained by contract execution. The researcher therefore, concludes that, contract execution weakly predicts procurement performance of Bugiri District.

The third objective was to determine the influence of contract analysis on procurement performance of Bugiri District. Findings showed that, contract analysis positively and significantly predicts procurement performance of Bugiri District with  $R^2$  value 44% and Sig. value 0.001. This implies that, 44% of the variations in procurement performance can be explained by contract analysis. The researcher therefore, concludes that, contract analysis moderately predicts procurement performance of Bugiri District.

That notwithstanding, the influence of contract management on procurement performance in Bugiri District is 77.9% with a perfect sig. of 0.000. An indication that on the whole, contract creation, contract execution and contract analysis have a high combined influence on procurement performance. The researcher therefore recommends the management of Bugiri District Local Government to adopt a holistic approach in order to achieve maximum results in procurement performance.

#### 4.9 Contract Management Framework for Bugiri District.

From the findings of the study, the researcher conclusively derived a contract management framework for Bugiri District as shown below;

**Table 4.14:** Contract Management Framework for Bugiri District

PHASES IN CONTRACT MANAGEMENT	CHALLENGES IDENTIFIED	INTERVENTIONS
<b>Contract Creation</b>	<ul style="list-style-type: none"> <li>• Inability to appoint contract managers after award of a contract</li> <li>• Lack of preparation of contract management plan</li> </ul>	<ul style="list-style-type: none"> <li>• Review of the procurement environment to ascertain linkages between contract management and the critical stages of the procurement process</li> <li>• Training of staff in light of the role of a contract manager and preparation of a contract management plan</li> </ul>
<b>Contract Execution</b>	<ul style="list-style-type: none"> <li>• Inability of suppliers to follow the specified terms and conditions</li> <li>• Execution and completion of contracts does not lies within the contract price</li> </ul>	<ul style="list-style-type: none"> <li>• Management should revise the practices at the local government to ensure proper performance of contracts</li> </ul>
<b>Contract Analysis</b>	<ul style="list-style-type: none"> <li>• Lack of contract managers to regularly check the supplier's progress to ensure that contractual obligations</li> <li>• Lack of on-site monitoring officials to conduct random inspections of vendor records and the delivery of services to ensure all terms of the contract are being fulfilled.</li> </ul>	<ul style="list-style-type: none"> <li>• There is need for adequacy in reporting so as to ensure management takes timely action to address any implementation challenges.</li> <li>• There is also need to ensure that contract managers are appointed so as to monitor on going contracts at the district.</li> </ul>

**Source:** Study Findings

## CHAPTER FIVE

### DISCUSSION OF FINDINGS, SUMMARY, CONCLUSION AND RECOMMENDATIONS

#### 5.0 Introduction

This chapter presents the discussions of findings, summary, conclusion and recommendations of the study that examined the influence of contract creation, contract execution and contract analysis on procurement performance of district local governments of Uganda. A discussion of the findings is presented first, objective by objective.

#### 5.1 Discussion of Major Findings

##### 5.1.1 Contract creation on procurement performance at Bugiri District.

A low level of contract creation in Bugiri District was indicated with an average mean of 2.65. This was then regressed against procurement performance, and it was revealed that, the extent to which contract creation predicts procurement performance was low ( $R^2$  value 36%, and Sig. value 0.000). This implies that the extent to which pre-contractual activities are done appropriately at Bugiri District is low. These pre-contractual activities include; need identification, specification, selection of a procurement strategy, preparation and issuance of bid documents, evaluation of bids, and award of contract, appointment of contract managers and implementation of a contract management plan. This is in contrast with Camillus and Rosenthal (2010) and Trent and Monczka (2012) who are of the view that, before formal steps of contracts, the contractor and potential bidders are involved in a series of activities. These activities include identifying a need for a contract, specifications/ statement of works, decisions on entering into a single or multiple suppliers contract, preparing necessary bid documents and preparation of a contract management plan. Furthermore results showed that user departments do not nominate contract managers (mean= 1.65, S.D = 1.209) and that contract management plans were not

prepared (mean = 1.70, S.D = 1.189). This is also in contrast with CIPS Guide (2007), that emphasizes that time and effort must also be spent on determining how the contract will work once it has been awarded and it is vital that a contract management plan is drawn up in advance of contract award. The Post Award Contract Management Manual (2014) also emphasizes that the Contract Manager (Project Director/ Field Officer at Operations Level) has direct responsibility for the project execution and contract administration. He/she is the first point of contact for all project related issues and coordinates with other officials within the Authority's institutional structure. Conclusively, where the pre-contractual activities are not undertaken in the entity, the organization may fail to achieve its targeted goals and procurement principles thus causing damage to the credibility of the organization (Thai, 2004).

#### **5.1.2 Contract execution on procurement performance at Bugiri District.**

A low level of contract execution in Bugiri District was indicated with an average mean of 2.784. This was then regressed against procurement performance, and it was revealed that, the extent to which contract execution predicts procurement performance was weak ( $R^2$  value 34%, and Sig. value 0.003). This implies that the extent to which actual performance is compared with planned performance and that corrective action taken to remedy and indicated deficiencies during contract execution at Bugiri District is low. Results from the study were in contrast with Bolton (2007) who noted that during contract execution, it is essential that actual performance be compared with planned performance in all areas and action taken to remedy any indicated deficiencies. This ensures that cost effectiveness is applied throughout the procurement process. According to Adams, *et al.*, (2012), conditions specified in the notice and the terms under which the works, services, or goods involved in the contract are to be supplied determine how it is implemented. When the terms specify providing on quarterly basis, this determines how much of the resources are invested and how the contract is implemented. Results further revealed that execution and completion of contracts in Bugiri Local Government did not lie within the contract price (mean = 1.68, S.D = 1.303). This therefore reveals a weakness in contract execution at Bugiri District Local Government and this is in agreement with Xu Ruhang and Qin Lei (2015), who state that nearly 45.9% of the contracts become less successful because the parties involved do not heed to the terms set and involved.

### **5.1.3 Contract analysis on procurement performance of Bugiri District.**

A moderate level of contract analysis in Bugiri District was indicated with an average mean of 3.07. This was then regressed against procurement performance, and it was revealed that, the extent to which contract execution predicts procurement performance was moderate ( $R^2$  value 44%, and Sig. value 0.001). This implies that the extent to which contracts are monitored and evaluated is moderate. Camillus and Rosenthal (2010), further adds that good management and supervision requires follow-up, feedback, and enough awareness of what is occurring to eliminate surprises. In addition, Nyeko, (2014), advises that effective supplier performance monitoring and management requires the contract manager to: regularly check the supplier's progress to ensure that contractual obligations are being met, conduct regular random inspections of the supplied goods and/or services during the, contract period to ensure that they meet specification and are of a suitable standard check that all conditions and clauses in the contract are acted upon; the contract manager, should be aware of any breaches of contract and be prepared to take action (after seeking legal advice). Findings from the interviews also revealed that the area of risk management has not been extensively explored. However, Lysons and Farrington (2006) caution that agencies without contingency plans risk interruption of services when vendors default on their obligations and may pay additional costs for taking back services. Findings further reveal that Bugiri Local Government has no contingency plans, as a way of risk management in the event that a contract is not successfully completed (mean = 1.62, S.D = 1.134). This is in contrast with CIPS Guide (2004) that states in addressing the fundamentally important issue of risk in contract management, the purchasing professional should adopt a continuous "what if" mentality throughout the procurement of products and services. Lastly, respondents at Bugiri Local Government were in agreement that deficiencies in contract monitoring are related to violations of good management principles and this is in agreement with the Principal- Agency Theory which highlights that the principal must closely monitor agents' performance; create reward structures that reinforce desired performance (Ketchen and Hult, 2006).

## **5.2 Summary of Findings**

Findings revealed that user departments do not nominate contract managers and contract managers do not prepare contract management plans. In addition, from the interview; the interviewees confirmed that contract managers are appointed for only big projects; others who may be appointed, do not actually recognise their roles. Interviewees also revealed that a contract management plan is rarely prepared.

The study also showed execution of a contract did not depend on the terms and conditions specified by the management of Bugiri. Majority of the respondents dispelled the fact that execution and completion of a contract lies within the contract price and that actual performance is not compared with planned performance during execution of a contract at Bugiri District.

Findings also revealed that majority of the respondents strongly agree that deficiencies in contract monitoring are related to violations of good management principles and that inadequate monitoring of contracts is often the result of the poorly established criteria for evaluating supplier performance at Bugiri District. The respondents further revealed that there is no appointment of on-site monitoring officials to conduct random inspections of vendor records and delivery of services and also that there are no contingency plans at Bugiri District Local Government. In contrast, the interviewees argue that they actively do their roles and so the contract managers and contractors are to blame for any inefficiency at the district.

Interviewees also revealed that underlying challenges at Bugiri District include but are not limited to; Inadequate staffing levels, Inadequate funds, Power outages and lack of internet. One interviewee revealed that there is only store keeper for such a huge entity while the other revealed that the entity lacked a functional generator, " *when there is no electricity, the day's work ends.*" the interviewees suggested the following solutions; recruitment of more staff in all departments, government should increase funding for the vote (147) allocated to Bugiri District Local Government. With an increase in funding; the entity will be able to procure a functional generator, computer accessories and internet to facilitate the smooth running of operations in the entity.

### **5.3 Conclusion**

The study is complete and all objectives were addressed specifically and conclusions drawn. From the findings, the researcher concluded as follows: contract management highly predicts procurement performance in Bugiri District contract creation lowly predicts procurement performance, contract execution weakly predicts procurement performance and lastly, contract analysis moderately predicts procurement performance. In this regard, managers, decision makers and practitioners at Bugiri District need to offer considerable attention to contract management in its entirety, in particular, ensure there is a combined effort on contract creation, execution and analysis. A holistic approach is therefore recommended in contract management. This will help the entity achieve set targets with an expenditure that is commensurate to the delivered outputs.

### **5.4 Recommendations**

The researcher puts forward the following recommendations for Bugiri District Local Government;

- a)* There is need for the PDE management of Bugiri District to review the procurement environment in the Entity to ascertain linkages between effective contract management and other critical stages of the procurement cycle for example appointment of contract managers and preparation of contract implementation plans. This also includes training of staff in light of the roles of a contract manager and how to prepare a contract management plan. This will help all the civil servants at Bugiri District to understand their role and contribution in contract management.
- b)* The practices of Bugiri District Local Government, should ensure proper performance of contracts by ensuring:
  - i.* timely delivery of goods, services or works as per contract; and
  - ii.* delivery of goods, services or works in accordance with the specifications and standards required in the contracts. This is because contracts performed in contrast with specifications could lead to reworks which may be costly for Bugiri District Local Government.

- c) Lastly, there is need for adequacy of reporting on contract management by Bugiri District Local Government and specifically preparing reports in a systematic and timely manner to ensure that PDE management is abreast with the status of contracts in the PDE. Such reporting ensures that timely actions can be taken to address any implementation challenges as and when they arise. The reporting on contract management ensures that sufficient information is available on supplier performance to improve future procurement.

### **5.5 Suggestions for further research**

This study was limited by a number of factors, to mention but a few are, time scope, and financial resources to facilitate data gathering or movement of the researcher from Kampala to Bugiri including cultures whose analysis provides directions and areas for study in the area of contract management and procurement performance.

- First, the study focused on the Local Government Entities (LGEs) and left out the Central Government Entities (CGEs). In Uganda, Public and Disposing Entities are classified into two groups, the Central Government Entities and the Local Government Entities. The findings of this study cannot therefore be generalized to the CGEs, implying that there is need for a study on contract management and procurement performance in CGEs given that they operate in environments that are different from those of LGEs.
- Secondly, the findings presented here cannot also be generalized to the private sector, where there is not law to govern procurement activities and procurement policies vary from firm to firm even within the same industry. On the other hand, some firms in the private sector, do not even have procurement policies in place. The researcher therefore recommends that studies that are specific to the private sector be carried out to ascertain the influence of contract management on procurement performance in the private sector.

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## **APPENDICES**

### **APPENDIX I:**

#### **LETTER OF REQUEST FOR QUESTIONNAIRE SESSION. KYAMBOGO UNIVERSITY**

#### **SCHOOL OF MANAGEMENT AND ENTREPRENEURSHIP**

Dear Sir/Madam;

This research questionnaire aims at collecting information regarding “**Contract Management and Procurement of District Local Governments in Uganda.**”

These questions are presented to you by a research candidate of Kyambogo University, who is conducting a research as part of his partial fulfilment of the requirement for the award of Master of Science Degree in Supply Chain Management (MSCM).

Being one of the people that is employed by Bugiri District Local Government, information from your practical experience about contract management is very important in making this study a success. I kindly request you to spend few minutes responding freely to the questions based on your knowledge. The information gathered will be used solely for study purpose and not otherwise.

Your assistance in this endeavor will be appreciated.

Yours Faithfully,

**AMPUMUZA GRACIOUS JEAN**  
MSCM Candidate.

## APPENDIX II:

### QUESTIONNAIRE

#### Section A: Background Information

**Instruction:** Please tick ( ✓ ) the most appropriate answer and where applicable write answers in the space provided.

1. Gender: i) Male  ii) Female
2. Age bracket: i) 20-25  ii) 26-30  iii) 31-35   
iv) 36-40  v) 40 and above
3. a) Education Level: i) Diploma  ii) Bachelor's Degree   
iii) Master's Degree

Others please specify: .....

b) **Professional Qualification attained:**

CIPS	
ACCA	
CPA	
CILT	
Others, please specify	

4. a) **Position held at Bugiri District Local Government:**

Senior Management Level	
Middle Management Level	
Lower Management Level	
Non- managerial staff	
Others please specify	

b) **Department of work at Bugiri District Local Government;**

Administration	
Procurement	
Accounting and Finance	
Works	
Audit	
Stores	
Others please specify	

5. Period of service in Bugiri: i) 5 Years and below  ii) 6- 10 Years   
 iii) 11-15 Years  iv) above 15 Years

For sections B, C, D and E, The following statements relate to your opinion about the effect contract management on procurement performance of Bugiri Local Government. For each of the statements below, please indicate the extent of your agreement and disagreement by ticking (✓) in the space provided below:

**KEY:**

Strongly Disagree - SD	Disagree-D	Not sure - NS	Agree- A	Strongly Agree- SA
------------------------	------------	---------------	----------	--------------------

**Section B: Contract Creation in Bugiri District.**

To what extent do you agree with the following statements related to the influence of contract creation on procurement performance in Bugiri District?

S/N	Response	Response				
		SD	D	NS	A	SA
B1.	Pre- contract activities at Bugiri Local Government involve identifying the various needs that ought to be supplied.					
B2.	Before entering into a contract, the Procurement and Disposal Unit of Bugiri Local Government prepares necessary bid documents.					
B3	Bugiri Local Government makes decision on whether to have a single supplier or multiple supplier before signing a contract.					
B4.	Bugiri Local Government engages in selecting the most suitable tenderer and awards him/her a contract.					
B.5	Planning before entering into a contract allows consistency between design and supplier's process capabilities at Bugiri District.					
B.6	User departments nominate contract managers for each contract created at Bugiri District local government					
B.7	Upon creation of a contract at Bugiri District Local Government, the contract manager prepares a contract management plan.					

**Section C: Contract Execution in Bugiri District**

To what extent do you agree with the following statements related to the influence of contract execution on procurement performance in Bugiri District?

For each of the statements below, please indicate the extent of your agreement and disagreement by ticking (✓) in the space provided below:

**KEY:**

Strongly Disagree - SD	Disagree-D	Not sure - NS	Agree- A	Strongly Agree- SA
------------------------	------------	---------------	----------	--------------------

S/N	Response	Response				
		SD	D	NS	A	SA
C1	The execution of a contract depends on the terms and conditions specified by the management of Bugiri District Local Government.					
C2.	Preparation of rightly and clearly consented documents involved facilitates successful execution of a contract at Bugiri Local Government.					
C3.	Execution and completion of contracts lies within the contract price at Bugiri Local Government.					
C4	During contract execution, actual performance is compared with planned performance at Bugiri District.					
C5	Corrective action taken to remedy any indicated deficiencies during contract execution at Bugiri District.					

**Section D: Contract Analysis in Bugiri District**

To what extent do you agree with the following statements related to the influence of contract analysis on procurement performance in Bugiri District?

For each of the statements below, please indicate the extent of your agreement and disagreement by ticking (✓) in the space provided below:

**KEY:**

Strongly Disagree - SD	Disagree-D	Not sure - NS	Agree- A	Strongly Agree- SA
------------------------	------------	---------------	----------	--------------------

S/N	Response	Response				
		SD	D	NS	A	SA
D1.	Deficiencies in contract monitoring are related to violations of good management principles at Bugiri District					
D2.	Inadequate monitoring of contracts at Bugiri District is often the result of the Poorly established criteria for evaluating supplier performance					
D3.	Contract Analysis requires follow-up, feedback, and enough awareness of what is occurring to eliminate surprises					
D4.	The management of Bugiri District local government appoints on-site monitoring officials to conduct random inspections of vendor records and the delivery of services to ensure all terms of the contract are being fulfilled.					
D5.	The contract manager regularly checks the supplier's progress to ensure that contractual obligations are being met at Bugiri District.					
D6.	Bugiri District Local Government has contingency plans, as a way of risk management in the event that a contract is not successfully completed.					

**Section E: Procurement Performance in Bugiri District**

This section focuses on the extent to which procurement performance in terms of cost reduction, quality improvement and timeliness have been attained at Bugiri District Local Government as a result of contract management.

To what extent do you agree with the following statements related to the influence of contract management on procurement performance in Bugiri District?

For each of the statements below, please indicate the extent of your agreement and disagreement by ticking (✓) in the space provided below:

**KEY:**

Strongly Disagree - SD	Disagree-D	Not sure - NS	Agree- A	Strongly Agree- SA
------------------------	------------	---------------	----------	--------------------

S/n	Response	RESPONSE				
		SD	D	NS	A	SA
	<b>Cost reduction</b>					
E.1	Costs of contracts in Bugiri District Local Government reflect market prices.					
E.2	Market survey is conducted and a price list is frequently updated before entering into a contract at Bugiri District Local Government.					
E.3	Execution of contracts is done in line with the approved budgets at Bugiri District Local Government.					
E.4	Contracts are awarded to the best evaluated bidder at Bugiri District Local Government.					

	<b>Quality Improvement</b>					
E.5	Goods and Services delivered at Bugiri District Local Government are in line with expectations and specifications stipulated in contract.					
E.6	Inadequate use of contracts has increased complaints associated with goods and services that are not durable at Bugiri District Local Government.					
	<b>Timeliness</b>					
E.8	Deliveries of supplies, work and services at Bugiri District Local Government are made within the stipulated time of the contract.					
E.9	Contract award at Bugiri District Local Government is communicated to a successful bidder in time					
E.10	Most of the Contracts awarded at Bugiri District Local Government do not result into value for money					

**THANK YOU**

## **APPENDIX III:**

### **INTERVIEW GUIDE**

#### **1. Introduction Questions**

- i) What are some of the recent contracts awarded by Bugiri District Local Government?
- ii) How easy have contracts enabled you to transact business with Bugiri Local Government?
- iii) Do contracts awarded at Bugiri District Local Government obtain value for money?

#### **2. Contract Creation**

- i) How do you select the contractor for award of a contract at Bugiri District Local Government?
- ii) How do you manage relationship with contractors/suppliers at Bugiri District Local Government?
- iii) What is your comment on contract scope of work and specification preparation at Bugiri District Local Government?

#### **3. Contract execution**

- i) In your opinion, has there been cost saving during execution of contracts at Bugiri District Local Government?
- ii) Do contractors have issues with managing contract requirements at Bugiri District Local Government?

#### **4. Contract Analysis**

- i) Please explain briefly how contract risk management done at Bugiri District Local Government?

- ii) What are the key reasons for contract variations and how are they approved at Bugiri District Local Government?
- iii) How does Bugiri District Local Government know that they have achieved the anticipated results on completion of a contract?

**5. Challenges**

- iv) What challenges does Bugiri District Local Government face during contract management?
- v) How has Bugiri District Local Government dealt with these challenges now? How about in the future?

**Thank you for your time.**

## APPENDIX IV:

### GANT CHART/ TIME SCHEDULE FOR THE STUDY

Activity	JAN	FEB	MARCH	APR	MAY	JUNE	JUL	AUG	SEPT	OCT
Topic Identification	■	■								
Topic Approval	■	■	■							
Presentation of the Concept Paper			■	■	■					
Presentation of the research proposal						■	■			
Incorporating comments from peers & supervisor								■		
Briefing of the study to the primary stakeholders in the community								■		
Questionnaire design; Final meet with peers, approval of tools and put logistics in place & Prioritizing issue specific pilot activities for testing									■	
Implementation of the research design									■	
Compilation, coding and editing of study findings Evaluation of the report evaluation of the report									■	■
Finalization and handing in of the research report									■	■

## APPENDIX V:

### BUDGET FRAME WORK -2016

S/N	Inputs	Cost	Amount
01	Materials <input type="checkbox"/> Stationery <input type="checkbox"/> Photocopy, typing, printing, binding, Scanning  <b>Sub total</b>	150,000 500,000	  <b>650,000/=</b>
02	Logistics <input type="checkbox"/> Transport,Accommodation <input type="checkbox"/> Internet, Telephones <input type="checkbox"/> Miscellaneous  <b>Sub total</b>	200,000 50,000 150,000	  <b>400,000/=</b>
<b>Grand Total</b>			<b>UGX. 1,050,000/=</b>

## APPENDIX VI:

### TABLE FOR SAMPLE SIZE DETERMINATION

Populati on size	Samp le size	Populati on size	Samp le size	Populati on size	Samp le size	Populati on size	Samp le size	Populati on size	Samp le size
10	10	100	80	280	162	800	260	2800	338
15	14	110	86	290	165	850	265	3000	341
20	19	120	92	300	169	900	269	3500	246
25	24	130	97	320	175	950	274	4000	351
30	28	140	103	340	181	1000	278	4500	351
35	32	150	108	360	186	1100	285	5000	357
40	36	160	113	380	181	1200	291	6000	361
45	40	180	118	400	196	1300	297	7000	364
50	44	190	123	420	201	1400	302	8000	367
55	48	200	127	440	205	1500	306	9000	368
60	52	210	132	460	210	1600	310	10000	373
65	56	220	136	480	214	1700	313	15000	375
70	59	230	140	500	217	1800	317	20000	377
75	63	240	144	550	225	1900	320	30000	379
80	66	250	148	600	234	2000	322	40000	380
85	70	260	152	650	242	2200	327	50000	381
90	73	270	155	700	248	2400	331	75000	382
95	76	270	159	750	256	2600*	335	100000	384

Krejcie, Robert V., Morgan, Daryle W., *"Determining Sample Size for Research Activities"*, Educational and Psychological Measurement, 1970.