

**INSTITUTIONAL CHALLENGES AFFECTING PROCUREMENT AUDIT  
MANAGEMENT AT THE PUBLIC PROCUREMENT AND DISPOSAL OF  
PUBLIC ASSETS AUTHORITY (PPDA) IN UGANDA**

**BY**

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**DECLARATION**

I, Lydia Kwesiga, declare that the work presented in this dissertation is entirely my original work and that it is has never been submitted elsewhere for any academic award or any other purpose.

**Signature:**.....

**Date:**.....

**APPROVAL**

This dissertation has been submitted for examination with our approval as Supervisors.

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## **DEDICATION**

This dissertation is dedicated to Philip, Conrad, Ronald, Sonia, Chloe and Godric for making a difference in my life.

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## TABLE OF CONTENTS

<b>Title</b>	<b>Page</b>
Declaration.....	ii
Approval by Supervisors.....	iii
Dedication.....	iii
Acknowledgement.....	v
Table of Contents.....	vi
List of Tables.....	ix
List of Figures.....	x
Appendices.....	xi
List of Acronyms.....	xii
Abstract.....	xiii
<b>CHAPTER ONE – INTRODUCTION.....</b>	<b>1</b>
1.0 Introduction.....	1
1.1 Background to the Study.....	2
1.1.1 Historical Background.....	2
1.1.2 Theoretical Background.....	5
1.1.3 Conceptual Background.....	8
1.1.4 Contextual Background.....	10
1.2 The Problem Statement.....	11
1.3 Objective of the Study.....	12

1.4	Research Questions.....	13
1.5	Hypothesis.....	13
1.6	Scope of the Study.....	14
1.7	Justification of the Study.....	14
1.8	Significance of the Study.....	15
1.9	Conceptual Framework.....	15
<b>CHAPTER TWO – LITERATURE REVIEW.....</b>		<b>18</b>
2.0	Introduction.....	18
2.1	Financial resource constraints and procurement audit management..	18
2.2	Human resource constraint and procurement audit management.....	21
2.3	Internal management systems and procurement audit management...	23
<b>CHAPTER THREE – METHODOLOGY.....</b>		<b>28</b>
3.0	Introduction.....	28
3.1	Research Design.....	28
3.2	Study Population.....	29
3.3	Sample Size and Selection.....	30
3.4	Sampling Techniques and Procedure.....	31
3.5	Data Collection Methods.....	32
3.5.1	Participant Observation.....	32
3.5.2	Documentary Analysis.....	33
3.5.3	Interviews.....	33
3.6	Data Collection Instruments.....	33
3.6.1	Self-Administered Questionnaire.....	34

3.6.2	Interview Guide.....	34
3.6.3	Interview Checklist.....	35
3.7	Pretesting for Reliability and Validity.....	35
3.8	Data Analysis.....	37
3.8.1	Measurement of variables.....	38
<b>CHAPTER FOUR – PRESENTATION, ANALYSIS, INTERPRETATION</b>		<b>40</b>
4.0	Introduction.....	40
4.1	Response Rate.....	40
4.1.1	Background Information of the Respondents.....	42
4.2	Financial resources and procurement audit management.....	44
4.2.1	Responses on financial resources and procurement audit management...	44
4.3	Human resources and procurement audit management.....	51
4.3.1	Responses on human resources and procurement audit management.....	51
4.4	Internal organisation and procurement audit management.....	59
4.4.1	Responses on internal organisation and procurement audit management..	59
4.5	Previously audited PDEs constrain resources at the PPDA.....	66
4.5.1	Responses from PDEs on previously performance.....	66
4.6	Previously audited PDEs constrain resources at the PPDA.....	76
<b>CHAPTER FIVE – SUMMARY, CONCLUSIONS AND RECOMMENDATIONS..</b>		<b>86</b>
5.0	Introduction.....	86
5.1	Summary.....	86
5.1.1	Financial resources and procurement audit management.....	86
5.1.2	Human resources and procurement audit management.....	91
5.1.3	Internal organisation and procurement audit management.....	94



5.1.4	Performance of previously audited PDEs constrained PPDA resources...	99
5.2	Conclusion.....	100
5.3	Recommendations.....	102
5.4	Limitation to the study.....	105
5.5	Contribution of the study.....	105
5.6	Area for future study.....	105
	<b>REFERENCE.....</b>	<b>106</b>

**APPENDICES:**

Appendix A: Questionnaire for PPDA Staff.....	1
Appendix B: Questionnaire for the Consultant.....	1
Appendix C: Questionnaire for the Procurement Officers.....	1
Appendix D: Interview Guide.....	1
Appendix E: UMI Introductory Letter for Research.....	1

## LIST OF TABLES

	Page
Table 1: Sample Size and Selection.....	29
Table 2: Results on Reliability.....	34
Table 3: Percentage of Respondents against the sample.....	37
Table 4: Frequency of responses on procurement audit management.....	42
Table 5: Frequency of responses on financial resources .....	51
Table 6: Regression Model summary on financial resources.....	56
Table 7: Coefficient results on financial resources.....	56
Table 8: Frequency of responses on human resources.....	58
Table 9: Regression Model summary on human resources.....	63
Table 10: Coefficient results of human resources.....	64
Table 11: Frequency of responses on the internal organisation.....	66
Table 12: Regression Model summary on internal organisation.....	71
Table 13: Coefficient results on internal organisation .....	72
Table 14: Frequency of response on previously audited PDEs by the Auditors...	73
Table 15: Risk level identified in PDEs in the first and second audits.....	85
Table 16: Frequency of response on previously audited PDEs by the Auditees ...	87

## LIST OF FIGURES

	Page
Figure 1: Conceptual Framework.....	16
Figure 2: Gender for the Respondents.....	39
Figure 3: Academic Attainment of the Respondents.....	40
Figure 4: Respondents' PPDA Attachment.....	42

## **LIST OF ACRONYMS**

ADB	African Development Bank
BPI	Baseline Performance Indicator
CPAR	Country Procurement Assessment Report
CPI	Compliance Performance Indicator
CTB	Central Tender Board
DANIDA	Danish International Development Agency
FGD	Focus Group Discussion
FY	Financial Year
GoU	Government of Uganda
IGG	Inspector General of Government
IMF	International Monetary Fund
LDCs	Least Developed Country
MDG	Millennium Development Goals
MoFPED	Ministry of Finance, Planning and Economic Development
OECD	Organisation of Economic Co-operation and Development
PDE	Procuring and Disposing Entity
PPDA	Public Procurement and Disposal of Public Assets Authority
RCTB	Reformed Central Tender Board
RNG	Royal Netherlands Government
SSA	Sub-Saharan Africa
UMI	Uganda Management Institute
WB	World Bank

## **ABSTRACT**

The purpose of the study was to examine the institutional challenges affecting procurement audit management at the Public Procurement and Disposal of Public Assets Authority's (PPDA) that had hindered its expansion amongst the Procuring and Disposing Entities (PDEs) countrywide. As of June 2008, PPDA had only conducted forty two (42) procurement audits out since inception. Therefore, the main objective of ensuring transparency, accountability and value for money of government funds in order to reduce corruption in the procurement sector was not fully achieved. In order to achieve the objectives of the study, a sample frame was selected from PPDA staff, consultants contracted to carry out procurement audits and Procurement Officers of audited PDEs. Data was collected using an interview guide, interview checklist, self-administered questionnaire, observation checklist and analysis of secondary data while it was measured using the ordinal scale, the chi-square and regression model analysis. The study established that PPDA received insufficient funds due to budget cuts. Therefore, procurement audits were not funded as required. The PPDA too lacked technical expertise in procurement and also had insufficient human resources and the labour turn over was high. Outsourced firms too lacked capacity as well as the PDU. The structure at PPDA was lean, hence bureaucratic in nature and encouraged collective responsibility. The contingency or situational theory was suitable for the management of procurement audits if PPDA was to cover all government institutions as well as save the country billions of monies lost through misprocurements. There should be increased funding and human resources towards the procurement audit function if PPDA and government were to achieve the desired goal of building confidence in public procurement.

## **CHAPTER ONE**

### **INTRODUCTION**

#### **1.0 Introduction**

Procurement audits were first identified by the World Bank after unveiling the Bank's Anti-Corruption Strategy in 1997 as Compliance Performance Indicators (CPIs) used to measure corruption in the procurement system (World Bank Publication, 2001). This was in response to increased levels of corruption in the procurement sector that had become a major concern amongst donors giving aid to Least Developed Countries (LDCs). Development partners got concerned after realising that no gainful contribution was visible in the LDCs countries (OECD, 2004) despite the increased aid provided each year. During the Paris Conference giving aid to LDCs in 2004, developed countries continued to be troubled by the fraudulent practices in the procurement systems of LDCs. They noted that Procurement had remained one of the ways through which meagre resources of developing countries continued to be misappropriated by a few individuals (Uganda Country Procurement Assessment Report, 2004).

In Uganda, procurement auditing commenced in 2004 after the establishment of the Public Procurement and Disposal of Public Assets Authority (PPDA), a government institution mandated to regulate public procurements and disposals (PPDA Strategic Plan, 2006). Procurement audits, a Compliance Performance Indicator for Uganda, focussed on promoting transparency, fairness and value for money (PPDA Act, 2003) in government institutions. Once successfully conducted, Uganda would be able to reduce corruption

and improve the delivery of its socio-economic services to its citizen through proper usage of public funds (Fiorentino, 2006).

The study intended to establish whether the procurement audit function at the PPDA was managed efficiently and effectively, hence the topic “Institutional challenges affecting procurement audit management at the PPDA. The study focused at procurement auditing from the project planning and management perspective with intentions of establishing avenues to increase procurement audit coverage countrywide so as to reduce corruption. Chapter one presents the background of the study, linkage of concepts to study, statement of the problem, purpose and objectives of the study, research questions, hypothesis, scope and justification of the study as well as the conceptual framework.

## **1.1 Background of the Study**

The study which was conducted as a project reviewed the historical perspective of the PPDA, the theoretical, conceptual and contextual framework of procurement auditing. Each of the above perspectives analysed the origin and formation of procurement auditing and its management at the PPDA.

### **1.1.1 Historical Background**

The history of auditing is as old as the development of trade among societies world over. There are different views on the exact date by which auditing was first practiced. Woolf (1997) was of the view that auditing, in some form, had existed for as long as men were required to account for their transactions. But, auditing, as we understood it now, had its

roots three hundred years ago, between those involved in a business undertaking and those who made the finance available without necessarily becoming involved in day-to-day management (ibid)'.

Whereas auditing was an ancient practice, written records have shown that China was the first country in the world to establish an auditing system (Shuo & Yam, 1987 as cited in Chong & Vinten, 1998). The emphasis of auditing during that time was to check the completeness of financial records of the Imperial Kingdom, the honesty of government officials in handling public money and properties and the accuracy of the records on receipt and payment (Tang *et al.*, 1992; Tai and Yang, 1988 cited in Chong & Vinten, 1998). Auditors in those days were personally selected by the emperor and commanded a prestigious and powerful position. Even though the degree of responsibility and authority, and the form of audits varied from one dynasty to another, auditing was the main vehicle to detect and report fraud and irregularities (Zhou, 1988).

The modern dimension of auditing is rooted in the western world. Woolf (1997) writes that auditing dates back to the 16<sup>th</sup> and 17<sup>th</sup> Centuries. During that time, western countries underwent production transition of the industrial revolution and also witnessed a great explosion in domestic and international trade. Since entrepreneurs managed through third parties and proxies, there was an unprecedented evolution in fraud. The kind of fraud that evolved in the trade gradually drew attention to the need for some form of control (ibid). This was the birth of modern day auditing. At the time, auditors were not professionally trained and could not detect errors and fraud effectively. It thus



became clear that the work of auditing was far too important to be left to the inept efforts of persons who possessed no suitable training in these fields. Auditing emerged as a mainstream profession and training of auditors was since regarded seriously in western economies. A number of professional bodies were established in the later half of the 19<sup>th</sup> Century, commencing with the Institute of Chattered Accountants of Scotland (*ibid*).

The history of audit in most developing countries and countries in transition is not old. It started towards the close of the 20<sup>th</sup> century. Moreover, public sector reforms in such countries have been adopted from developed countries (Lodhia & Burrit, 2004) after being pressured by the donor communities and international agencies like the International Monetary Fund (IMF) and the World Bank, according to the Country Procurement Assessment Report (CPAR, 2004). Procurement reforms in Uganda started way back in 1997 after realising that the Central Tender Board (CTB) which was handling procurements on behalf of government was characterised by high levels of corruption. In 2001, the Central Tender Board was replaced by the Reformed Central Tender Board (RCTB).

The RCTB acted for a transition period of two years in order to allow the formulation of the procurement law which led to the re-birth of PPDA (PPDA Strategic Plan, 2005). The PPDA came into existence in February 2003, as a government body established to regulate and set standards in the procurement sector in Uganda (PPDA Strategic Plan, 2005). Although PPDA began operations in 2003, the first procurement audits were

conducted in 2004 and as of June 2008, only forty two (42) procurement audits had been conducted in 37 PDEs out of the over 200 PDEs in the whole country.

### **1.1.2 Theoretical Background**

This study was guided by the contingency theory of organisational management. The contingency theory, sometimes known as the situational, was studied by a number of scholars – Burns & Stalker, (1961); Woodward, (1965); Lawrence & Lorsch, (1967) & Perrow, (1970). The development of the contingency theory was a gradual process. The fathers of the theory were Burns and Stalker who in 1961 came up with important concepts regarding the management of innovations. Burns and Stalker wrote that ‘in stable conditions, a highly structured organisation emerged with specialised functions, clearly defined roles, strict administrative routines and a hierarchical system of exercising authoritarian control. However, whenever the environment was volatile, a rigid system of ranks and routines inhibits the organisation’s speed and sensitivity of response. In these circumstances the structure was, or should be, ‘organic’ in the sense that it was a function of the situation in which the enterprise finds itself rather than conforming to any predetermined and rigid view of how it should operate’ (Burns & Stalker, 1961).

Similarly, the PPDA is a highly structured organisation with specialised functions and defined roles as well as a hierarchical system exercising authoritarian control as defined by Burns and Stalker. However, given the importance of procurement audits in the fight against corruption their sensitivity in increasing compliance levels in government institutions by means of doubling as performance indicator(s) for measuring the

procurement system in country, the rigid system of ranks and routines may not be applicable because it renders PPDA insensitive to respond to the demand to reduce corruption in procurement sector.

Woodward's (1965) contribution was derived from the research project carried out in Essex, England. She concluded that different circumstances demand different structures and procedures. In reference to Woodward's contribution, PPDA is mandated under Section 7 (j) [iii] of the PPDA Act, 2003, to conduct procurement audits in all public institutions, amounting to over 200. This exercise is enormous given the present set up of PPDA. However, it is critical since it is aimed at promoting transparency, fairness, competition and value for money in the procuring of public goods/supplies/works but the status quo may not yield quick results. Therefore, if PPDA was to achieve its mandate as required, there was need for revision of the current structures and procedures concerning procurement audits. That is why Woodward advocates for different structures for different circumstances which would fit well into PPDA's procurement audits if they were to be managed efficiently and effectively.

On their part, Lawrence & Lorsch (1967) developed their contingency model based on a study of six plastic firms in the United Kingdom. They argued that the dimensions of an organisation were dependent on the rate of change or uncertainty and adjustments were based on these two variables. In simple terms, this can be interpreted that whenever there are changes in a system, uncertainties were likely to occur. Therefore, as far as procurement audits were concerned, the changes can be viewed as the emerging new

districts which were politically motivated and increased corruption in the procurement sector in a bid to improve service delivery by government. On the other hand, the uncertainties would be insufficient funds and human capacity to carry out the procurement audit function yet PPDA would be under pressure to audit all public entities. Therefore, PPDA should find alternative means to mitigate such uncertainties despite the numerous challenges.

Lawrence & Lorsch (ibid) went on to advise that adjustments focusing on 'changes and uncertainty' should be made in order to forge ahead. Therefore, as changes unfolded, uncertainties are created. Considering the corruption levels in the procurement sector countrywide, PPDA should be on its toes and progressively intensify procurement auditing. This reality is shared by PPDA management and other stakeholders involved in fighting corruption.

Perrow (1970) was the last scholar of the contingency theorists. He recognised the importance of bureaucracy in an organisation. However, he said that under certain circumstances, non-bureaucratic methods can be adopted to perform certain tasks. Armstrong (1996) added that the structures of the organisation and methods of operation is a function of the circumstances in which they exist. In other words, nothing is a permanent situation. Likewise, the structures at PPDA tend to have a bureaucratic inclination, like most other government institutions. Max Weber (1964), the proponent of bureaucracy defined it as the maximum use of rules, impersonal administration of staff, policy and administration separated and vertical authority patterns. But Perrow (ibid)

under the contingency theory advocates for non-bureaucratic methods during ‘certain’ circumstances that may be critical. Considering the urgent need to fight corruption in the procurement domain and the pressure exerted by donors, does PPDA still need bureaucratic tendencies currently surrounding the procurement audit function? The PPDA need to put in place deliberate efforts to increase audit coverage in all public institutions as a matter of urgency, so is the importance for the study.

### **1.1.3 Conceptual Background**

Procurement is a process of acquiring new services or products and includes contract strategy, contract documentation and contractor selection (Bower 2003). As public procurement increasingly became recognised as a profession that plays a significant role in the successful management of public resources (OECD, 2007 cited in Basheka, 2008), so has been the need for accountability of public resources (Coombs & Edwards, 2004; Bowrin, 2004; Dixon, Ritchie & Siwale, 2005). The need for accountability of public resources brought about the necessity of procurement audits norm (Lodhia & Burritt, 2004; Zhang, 1997; Berkman *et al.*, 2008; Bowrin, 2004; Barton, 2005, Coombs & Edwards, 2004).

In the modern sense, an audit is a process (carried out by suitably qualified auditors) whereby the accounts of business entities, including limited companies, charities, trusts and professional firms, are subjected to scrutiny in such detail as will enable the auditors to form an opinion as to their truth and fairness (Woolf, 1997). In particular, procurement auditing is an objective and systematic examinations of procurement activities that

provide independent assessments of the performance and management of auditing the procurement process from planning (PPDA, 2007). The primary objective of procurement audit is to ensure that entities are getting value for money. However, the current financial position of the PPDA coupled with inadequate human resources as well as the prevailing structures may not favour the procurement audit function. The continued poor performance of the PDEs which could also be deliberate does not permit a quick improvement in performance of the procurement system in Uganda. Therefore, it would be long before PPDA achieves its primary objective of examining and improving the entire procurement system in Uganda.

The concept of procurement audit is a pervasive one which impacts on all aspects of government operations. After all, value for money is emphasised in the Local Government Regulations on Public Procurement and Disposal of Public Assets (2006). The slowness of procurement audits undermines government effort to fight corruption, alleviate poverty, improve service delivery and close the gap of achieving the Millennium Development Goals (MDGs) to mention but a few. It was against this background that the researcher developed dire need to examine the circumstances surrounding procurement audit management at PPDA. The proposed study attempted to examine the institutional challenges affecting procurement audit management with particular emphasis on the procurement audit trail that appeared to be unnecessary too long and expensive.

#### **1.1.4 Contextual Background**

Procurement auditing as an activity in Uganda was started in 2004 by the PPDA after its enactment in 2003. The PPDA had so far completed 42 out of the 59 planned PDEs yet the total number of PDEs was over 200 representing a meager coverage of 21% in the last five years. In particular, three PDEs – Ministries of Water, Lands & Environment, Ministry of Agriculture, and Ministry of Education & Sports – which were audited in 2004. The corresponding number of PDEs audited during the subsequent years was 5, 8, 16 & 27 for 2005, 2006, 2007 & 2008 respectively. Judging from the rate at which procurement audits were progressing, it shall take long before all public institutions would be covered. There was a likelihood that the number of PDEs would grow as well as corruption in the procurement sector probably intensifying. At the current rate, it would take a minimum return period of 15 years before all government institution were audited. Yet, the recommended return period was supposed to be three years (Ramboll Report, 2006). The implication was increased impunity in the use of public resources. Some procurement officers would take advantage of these weaknesses to misuse public funds since there were aware that they would not be audited soon.

There were a number of reasons why procurement audit was necessary in Uganda. First, the volume of public procurement in most countries had greatly increased, according to the World Bank Organisation of Economic Co-operation and Development – Development Assistance Committee (OECD-DAC, 2006). For instance, in the financial year 2004-2005, 34.79 percent of Uganda’s Central Government budget was dispensed through procurements and the corresponding figure for Local Government was 31.28

percent. Secondly, the level of corruption in public offices had been persistently high (Matembe cited in Kemigisha, 2003) and procurement had been reported as the second most corrupt sector (IGG, 2003). Thirdly, Uganda was highly dependent on donor support and the donors wanted to ascertain that their financial resources were put into good use. Above all, government would not easily fulfill its mandate of providing good services to the people if funds continued to be swindled through mis-procurements.

## **1.2 The Problem Statement**

The role of PPDA is to mitigate procurement malpractices by ensuring fairness, transparency, accountability and value for money procurements (PPDA Act, 2003). Procurement has been identified as a major risk to public funds, next to pay roll and pension funds, according to the World Bank (2008). Whereas PPDA was mandated by government to fulfil this important role, the rate at which government organisations were audited was very slow. Since its inception in 2003, PPDA has only managed to audit 42 PDEs out of over 200 institutions, representing coverage of about 20.69%. According to the standard instructions (PPDA Working Group, 2007), each entity was supposed to be audited at least once every three years. So far, only five entities – Ministry of Health, National Medical Stores, Ministry of Water and Lands, Ministry of Education and Sports as well as Ministry of Agriculture, Animal Industry and Fisheries – have been audited more than once yet many have not been reached at all. The slowness by PPDA to extensively cover most institutions was likely to derail efforts to fight corruption countrywide.



It is estimated that, 70-90 percent of the complaints received by IGG are related to corruption in public procurement (CPAR, 2004). Some public officers were likely to continue misusing government funds if they do not expect to be asked to account for them soon. Therefore, the rate at which public officers were made to account for public funds by PPDA could have been responsible for the persistently high corruption levels in the procurement sector. The study would like to examine the challenges at PPDA that have led its failure to increase procurement audit coverage in all government institutions and hence the topic “Institutional Challenges Affecting Procurement Audit Management at the PPDA.” This problem statement has not been researched on before.

### **1.3 General Objective of the Study**

To examine the institutional challenges affecting procurement audit management at the Public Procurement and Disposal of Public Assets Authority in Uganda.

#### **1.3.1 Specific Objectives**

The objectives of the study were:-

- 1) To establish whether financial resources significantly affected procurement audit management at the Public Procurement and Disposal of Public Assets Authority.
- 2) To establish whether human resources significantly affected procurement audit management at the Public Procurement and Disposal of Public Assets Authority.
- 3) To examine how the internal organisation at the Public Procurement and Disposal of Public Assets Authority affected procurement audit management.

- 4) To establish whether the performance of previously audited constrains the human and financial resources at the Public Procurement and Disposal of Public Assets Authority.

#### **1.4 Research Questions**

The study answered the following research questions:

- 1) To what extent do financial resources affect procurement audit management at the Public Procurement and Disposal of Public Assets Authority?
- 2) To what extent are human resources affecting procurement audit management at the Public Procurement and Disposal of Public Assets Authority?
- 3) How does the internal organisation affect procurement audit management at the Public Procurement and Disposal of Public Assets Authority?
- 4) To what extent does the performance of previously audited constrained the human and financial resources at the Public Procurement and Disposal of Public Assets Authority?

#### **1.5 Hypothesis**

The alternate hypotheses below guided the study:-

- 1) The financial resources significantly affect procurement audit management at the Public Procurement and Disposal of Public Assets Authority.
- 2) The human resources significantly affect procurement audit management at the Public Procurement and Disposal of Public Assets Authority.

- 3) The internal organisation of significantly affects the procurement audit management at the Public Procurement and Disposal of Public Assets Authority.
- 4) The performance of previously audited entities significantly constrains the resources at the Public Procurement and Disposal of Public Assets Authority.

### **1.6 Scope of the Study**

The study addressed operational issues related with procurement audit management of the Public Procurement and Disposal of Public Assets Authority with specific reference to the procurement audit trail. The audit trail was extended to the auditees or PDEs previously audited since 2004 when the first audits were conducted to June 2008. The study confined itself to specifically those Procurement Officers who were present in the PDEs at the time of the procurement audit. The PPDA staff directly involved in conducting and approving procurement audits formed part of the study group as well as the consultants contracted out by PPDA to conduct audits. Of interest also were the inputs for the procurement audits which included financial and human resources and individual roles played by the stakeholders.

### **1.7 Justification of the study**

The CPAR (2004) indicated that 70-90% of complaints received by the IGG annually were public procurement related cases. It was also known that government dispensed a bigger percentage of its budget through procurement. The CPAR went on to propose that PPDA should issue certificates to PDEs with a bigger percentage or number of clean contracts after the procurement audit exercise in order to measure the performance of the

procurement system in Uganda. Therefore, having identified procurement as a key sector to service delivery and procurement audits as a Compliance Performance Indicator (CPI) (CPAR, 2004), it was necessary that PPDA increased the procurement audit coverage countrywide.

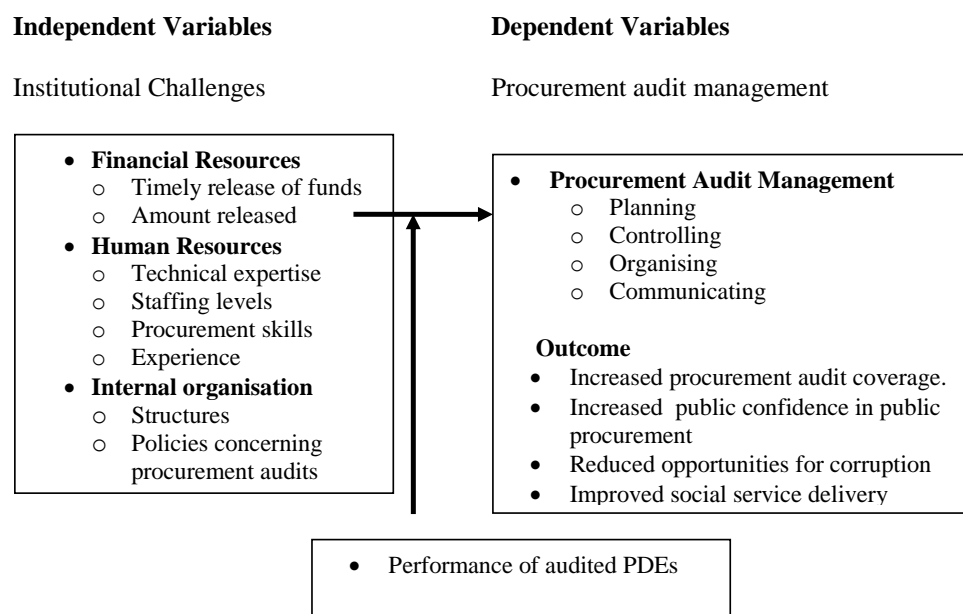
### **1.8 Significance of the study**

The study provided valuable insights to PPDA on how best it can increase procurement audit coverage countrywide with the intention of increasing the level of compliance amongst PDEs. Once this objective was achieved by PPDA, they would be reduced levels of corruption in the procurement sector, thus improved service delivery in the country. The research underscores the importance of PPDA to increase staff and build procurement professionalism of its outsourced firms through mentoring and coaching. There was also need to find a solution to the stringent internal organisation or mechanisms within PPDA which were likely to affect the procurement audit function. Last but not least, the study added knowledge of procurement audit in Uganda and formed a basis for further research.

### **1.9 Conceptual Framework**

The independent variable in the Conceptual Framework was the “institutional challenges” while the dependent variable was “procurement audit management”.

**Figure 1: Institutional Challenges Affecting Procurement Audit Management at the Public Procurement and Disposal of Public Assets Authority**



*Source of information: Armstrong (1996); CPAR (2004); Woolf (1997); The World Bank Group (2001).*

Figure 1 above explains the interaction between the independent and dependent variables and the expected outcome. The independent variable ‘institutional challenges’ has a casual-effect relationship on the dependent variable ‘procurement audit management’. The independent variable has sub-variables that included financial and human resources as well as the internal organisation. Under each sub-variable, they were a number of items identified to guide the study. For example, financial resource has the period of release of funds and amount released; the human resources has technical expertise, staffing levels, procurement skills and experience while internal organisation has

structures and procurement policies. All these items above affect the procurement audit function at PPDA. The study wanted to establish whether funds were released on time and the amount(s) disbursed from both government and donors towards the procurement audit function. The technical expertise, staffing levels, procurement skills and experience were important in determining the level of performance and the rate at which PPDA achieved its targets. The internal organisation focused on procurement audit policies and structures put in place to support the procurement audit function.

It was assumed that the performance of previously audited PDEs constrains both the human and financial resources, thus the moderating variable. It was thought that PPDA made return visits to PDEs due to poor performance and this denied other PDEs who have not been audited before an opportunity.

The expected outcome was that PPDA would be able to expand procurement audit coverage in Uganda as well as create confidence in the public procurement sector for the various stakeholders. This would, in the long run, reduce corruption opportunities in the public procurement leading to an improvement in social service delivery, thus poverty eradication in Uganda.

## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.0 Introduction**

Chapter two reviews literature according to the objectives identified in the previous chapter. The objectives identified included the effects of financial and human resources on the procurement audit function at the PPDA. The other objective reviewed in the literature was the consequences of the current structures and policies at PPDA as far as procurement auditing was concerned.

#### **2.1 Financial Resources and Procurement Audit Management**

Although significant research has analysed the effects of financial constraints in different management contexts (Dexter, 1999), the researches have been silent on the effects of such resources on procurement audits. In any case procurement is a new government undertaking (Basheka, 2008) and therefore procurement audit was still young to attract voluminous amounts of research. Therefore, this section depended on related literature pieces.

Lack of financial resources affects the way organisations are run. Of particular concern was that it affects the management and functioning of regulatory frameworks in most developing countries of the world, Uganda inclusive. A case in point was the Inspectorate of Government (IGG) in Uganda. This organisation was set up in 2003 to mitigate corruption in public sector. In 15 years of its operation, corruption was still at large and increasing in any case. One of the reasons why IGG had failed to stamp out corruption in the country was due to under funding (IGG, 2003). Equally, PPDA was not so different

from IGG and it almost faced similar challenges of inadequate funding. Lack of sufficient funds in government was very common and this was brought about by unpredictable budget ceiling(s) revised annually to address key priority areas (Mutebile, 2000).

Lack of resources poses exogenous challenges particularly those emanating from donor pressure. It was argued that the lack of resources and expertise in framing local practice coupled with a desire to compete globally and attract foreign investment contributed towards globally accepted consistent practices (Peasnell, 1993). When emerging countries (LDCs) seek assistance in the form of aid and loans from international agencies, such as the World Bank and the International Monetary Fund (IMF), they also imposed requirements on them relating to accounting practices that were similar to practices in the developed world (Abdul-Rahman and Lawrence, 2001; Sharma, 2002). Some of those requirements and procedure have proved not to work and deliver desired results making lack of resources a double-edged sword. Studies conducted in Fiji showed that, most of the adopted international accounting practices & standards were found inappropriate in the context of the local economic, social and political systems (Chandi, 2001; Pathik & Rika, 1999; Shailer & Vatuloka, 2000). In the same vain, the study wanted to establish whether PPDA had put in place accounting practices that attract donor support. The PPDA was among those government institutions that have enticed donors for support and hence were not experiencing financial set-backs especially towards the procurement audit function. However, there was a problem of delayed release of donor funds as a result of delayed accountability.

**Comment [u1]:**

**Comment [u2]:** Sharma, U. (2002), "Public sector reform: economic rental, sale of assets and balanced scorecard in a commercialised state rental organization in Fiji", paper presented at the Critical Perspectives on Accounting Conference.

**Comment [u3]:** Chand, P. (2001), "Relevance of international accounting standards to a developing country – Fiji: an archival-empirical investigation", in, Proceedings of the Asia Pacific Interdisciplinary Research in Accounting (APIRA) Conference, 15-17 July,

**Comment [u4]:** Pathik, K.W. and Rika, N. (1999), "The accounting and standard setting process in Fiji: the appropriateness of processes and the relevance of issues", *Journal of Pacific Studies*, Vol. 23 No. 2, pp. 255-81, special issue of Accounting, Banking and Finance.

**Comment [u5]:** Shailer, G.E.P. and Vatuloka, E. (2000), "Preferences for the regulation and monitoring of Fijian government accounting", *Asian Review of Accounting*, Vol. 8 No. 2, pp. 102-25.



Similarly, one of the distinguishing features of many Sub-Saharan Africa (SSA) countries was poverty, overdependence on donor support and an ever increasing public expenditure (ADB, 2005). The three features were interwoven with one often leading to the others, for example, poverty led to borrowing which in turn caused overdependence on the lender and yet there was no guarantee that the borrowed funds were to be put into proper usage, thus increasing public expenditure. In the lexicon of public expenditure, Uganda government coffers were overstretched by one of the largest parliaments on the continent that was created by continuous gerrymandering and consideration of various affirmative action representatives (youth, army, women, disabled, workers representatives), a string of political appointees (like Resident District Commissioners & their Assistants, Presidential Advisors). By 2008, the number of districts in Uganda had reached 93 (PPDA, 2008) and the ongoing agitation indicates that more districts were likely to be created. The creation of new districts alone increases pressure on the meagre resources since every district was treated as an entity. In addition, growth in public expenditure was a pivot upon which budgets were approved by the Ministry of Finance, Planning and Economic Development (MoFPED) with an implication that the growth of the later vis-à-vis limited resources mostly likely caused a backlash of proposed government department budgets. Under such circumstances, PPDA may not be an exception judging from what government was spending on other organisations. Probably, PPDA quotas from government would have been higher if the public administration was smaller than the current size and the probability that PPDA would continuously receive meagre financial resources from government were very high.

Whereas it was yet to be documented whether PPDA was constrained by financial resources, the underperformance of the organisation was likely to be facing this kind of set back. The study suspects so because most government institutions were complaining of under funding. Cases in point include Makerere University (Mamdani, 2004), Ministry of Education & Sports (MoES, 2007), Inspectorate of Government-IGG-(IGG, 2005), Uganda Police (Gordad, 2007) to mention only four. PPDA could also be in this cluster of organisations which were suffocated financially though it has not come out to complain officially. Given the usefulness of regulatory bodies (like PPDA) in fighting chronic corruption on the African continent as many authors have put it (e.g. Rose-Ackerman, 1998; ADB, 2005; Rasheed, 1995; Doig & Riley, 1997), it was important to diagnose the constraints to its activities. If it was resource deficiency, let it be known. In any case, regular audits act a preventive measure to financial fraud of any kind (Singleton *et al.*, 2006).

In conclusion, PPDA was unable to predict the funds government would release to the institution annual because of the changes on the MTEF ceiling. Therefore, it was difficult for the PPDA to plan ahead to ensure efficiency and effectiveness of its operations. Similarly, donors demanded accountability of funds received earlier before subsequent releases were made and delayed accountability meant delayed release of funds of which all these had a bearing on the procurement audit function.

**Comment [u6]:** Doig, A.L. and Riley, S. (1997). Corruption and anticorruption strategies: Issues and case studies from developing countries. Paper presented at a workshop on corruption and integrity improvement initiatives in Developing countries. UNDP.

**Comment [u7]:** Rose-Ackerman, S. (1998). Corruption and development, in Pleskovic, B. and Stiglitz, J. (eds) (1998). *Annual World Bank Economics 1997*. Washington DC: World Bank.

**Comment [u8]:** Rasheed, S. (1995). Ethics and accountability in the African civil services. *DPMN Bulletin*, Vol.3 (1), pp.12-14.

**Comment [u9]:** Singleton, T.W., Singleton, J.A., Bologna, G.J. & Lindquist, J.R. (2006). *Fraud auditing and forensic accounting*, Third edition. New Jersey: John Wiley & Sons.

## **2.2 Human Resources and Procurement Audit Management**

Human resource dynamics was one of the most discussed issues in management and has been much written about. It was generally acknowledged in management literature that the success of firms and projects was significantly linked to its human resource capabilities.

For instance, Kendall & Rollins (2003) say, ‘for a firm to register success, the contribution of individuals to the effort was important’. Kendall & Rollin make important submissions relevant to this study. They compared staff of an organization to a football team. They say, ‘to win a game of football, each player must contribute’. Otherwise the game would be lost.” In view of the authors’ argument, the slowness of PPDA audits was as a result of human resource constraints facing it. May be the staff at PPDA were inadequate to meet the required speed at which PDEs were covered. Maybe individual staff members at the PPDA were not putting in effort to ensure the procurement audit targets were achieved. Therefore, individual contribution towards the successful implementation of the procurement audit function at the PPDA was very necessary.

Jackson (1997) said that people have always been an important resource in an organization. The skills, knowledge and behaviours of people have become important as the shift to knowledge increases. He reiterates thus that, capturing the knowledge that was locked up in peoples’ head was one of the major aspects required to spur the achievement of organization objectives. The implication of Jackson’s work was that even when human resources are in place, the organization may fail to tap the knowledge

especially if the working environment was not conducive. Previous research (Pettigrew & Whip, 1991; Patterson et al., 1997) has shown that the management of people makes a difference in the performance of an organization. The studies confirm that the more satisfied the workers were with the job, the better the organization was likely to perform in terms of subsequent productivity. The truth was that PPDA productivity was still low despite the fair remuneration offered to staff. In the first five years of its operation, it has never come close to the expected numbers of PDEs to be covered countrywide. This could probably be due to staff(s) which was not well motivated to meet the targets. After all innovative, intelligent and committed employees are the key asset of the organizations (Jackson, 1997).

Whereas one of the challenges facing developing economies and economies in transition was unemployment (Namkee & Mira, 2002), there was also shortage of skilled labour in certain sectors (ADB, 2005). Procurement could be one of those affected by shortage of skilled labour given that it's a new area in Uganda as was the case in most other parts of the world (Basheka, 2008). This was evidenced by no institution in the country offering procurement courses at the time when procurement reforms were initiated in 1997. The challenge was whether PPDA has been able to identify capable personnel to handle the procurement audit function. The truth was that PPDA lacked technical expertise since no institution in Uganda offered procurement audit as either a subject or course unit not even a module.

**Comment [I10]:** Namkee, Ahn & Mira, Mira, Pedro (2002). A note on the changing relationship between fertility and female employment rates in developed countries. *Journal of population economics*, Vol.15 (4).

According to Kendall et al (2003), on-the-job training enhances performance and increases efficiency in an organisation. Likewise, the lack of technical expertise at PPDA created a need for the organisation to offer on-the-job training for its staff. However, such training does not cater for individual needs and interests. Once the individual interests were not catered for, it would be difficult for the PPDA to achieve maximum output after training staff, for example, one may choose to window shop instead of tutoring while away on an international course, after all, no examination would be offered at the end of the training.

### **2.3 Internal Organisation and Procurement Audit Management**

The process of organising, as described by Armstrong (1997), involves the development and maintenance of a system of co-ordinated activities in which individuals work together under a certain leadership to attain accepted goals. In this regard, maintenance of systems requires policies and structures to enhance the achievement of desired goals. The PPDA has put in place structures and policies to govern procurement audits. If policies and structures were already provided to guide the systematic flow of the procurement audit function, then what was the problem with the internal organisation? The study got interested in the internal organisation of the PPDA because of the management transformations taking place worldwide in the 21<sup>st</sup> century.

Although tall organization structures with multiple layers of management were the norm in early 1960s, today's organizations need to be lean and mean with few layers of management than ever (Kertzner, 2005). Multiple layers of management seldom bring mass confusion in organizations and affect the projected results. The simple fact was that

the flat organization structures work better. Probably, the delays to cover the over 200 PDEs may therefore be caused by multiple layers of management at PPDA which was affecting decisions, processes and results.

Furthermore, internal organization management systems belonged to a realm of organization bureaucracy. Bureaucracy was a form of organization structure which had highly routine tasks carried out by a workforce that was specialized in their area of work. These organizations tend to be grouped into departments, with centralized authority. All decisions followed the chain of command and all activities in the organization were strictly controlled by rules and regulations (Sutherland & Canwell, 2004). The authors identified five weaknesses of highly bureaucratic structures which included; weakening supervision, eroded coordination, caused motivational problems, created opportunism and above all led to information distortion. Take for example, where requisitions for field activities were strictly supposed to be approved by a group of people in top management and one or some of them were absent from office and yet the activity was urgent. In such a case, the urgency would be compromised to serve the interests of the organization structure. As much as PPDA has the urgency to audit over 200 PDEs, the stringent internal mechanisms which involved different stages of approval compromised the urgency of these activities.

Kertzner (2005) made an important contribution towards the role played by internal systems in project implementation. He largely blamed project failures on bureaucratic tendencies and preferred a situation where decision making was democratized. He wrote,

‘a failure in a project was largely attributed to delays in problem-solving, too many unresolved policy issues and conflicting parties between executives, line managers and project managers’. These were functions of bureaucracy. Kertzner concluded thus that, the most common misconception arose when the organization believed that the implementation of a singular methodology was a cure of all ailments. Many organizations tend not to realize until too late of involving most employees in decision making. PPDA too, exercised stringent control over the approval process of the procurement audits. Such stringent control denied individuals the freedom of thought, expression and action (Ryden, 1996).

Similarly, Armstrong (1996) advocated for both the formal and informal structures in the organisation. According to him, the two structures operated hand-in-hand in most organisations. The challenge with informal structures was lack of evidence and as such could only survive in an environment built on trust. On the other hand, they were efficient and enhanced performance. The informal structures would equally serve well for PPDA if adopted alongside the formal structures. Armstrong viewed formal structures as bureaucratic but would be enhanced with the informal set up because of its flexibility to balance an organisation, such as PPDA. In the case of procurement audit scenario, in relation to the formal and informal structures, every situation should have been treated differently depending on the nature or type of problem envisioned, for example, procurement audit reports with suspected fraud cases should be referred to Board while less problematic scenarios should approved by Management. However, this has not been possible at PPDA because of the environment was not built on trust.

Hannagan (2002) also addressed internal organization systems but in the name of departmentalization. He did not dispel the importance of departmentalization. He for instance argued that, it brought expertise and specialists together so that they could further develop their expertise. However he added that, a functional departmental structure might cause bottlenecks when work was to flow from one area to another and when each functional area had to make its own separate decisions. Delays and failures seldom share the end result. Experience has indicated that departments at PPDA are not fully independent and work has to flow from one area to another which was also a source of delay.

In summary, studies in organizational bureaucracy have shown that it was very dominant in developing economies (Shamsul, 1999). The author attributes the most dominant feature of bureaucracy to the colonial legacy which post-colonial rehabilitation has failed to change over time. He contends that the British administrative legacy remains prominent in India, Pakistan, Sri Lanka, Kenya, Tanzania, Uganda, Zambia, Botswana and Bangladesh. Most government ministries, departments and agencies in Uganda were a making of the bureaucracy inherited during the colonial period and it had deeply entrenched in the work methods of these institutions. However, it ought to be known that such highly structured institutions inhibited the organisation's speed and sensitivity of response to the need (Burns and Stalker, 1961).

**Comment [11]:** Shamsul, Haque (1999). Incongruity between bureaucracy and society in developing nations: A critique. *Peace and Change*, Vol. 22(4).



### **Summary of Literature Review**

In conclusion, the PPDA was not the only government institution faced with financial or human resources in Uganda. It was evident that lack of sufficient financial and human resources seriously affected the operations of an organisation since it hindered growth, progression, expansion and achievement of targets or goals. Yet it was on record that success of any institution was dependent on the human capital there exists in an organisation. Therefore, the skills, knowledge and experience acquired by staff on the job over time and their ability to perform a task was what made an institution successful. Similarly, the structures put in place by an organisation to create an enabling environment for its workers played an important role towards the planned outputs. Recent scholars too have advocated for the formal and informal structures in organisations as a way of improving performance and creating synergy. It was therefore necessary for PPDA to sever the existing bureaucratic norms and create a conducive and flexible environment in order to enhance performance, promote efficiency and effectiveness.

## **CHAPTER THREE**

### **METHODOLOGY**

#### **3.0 Introduction**

This chapter presents the research design, study population, sample size and selection, sampling techniques, data collection methods, data collection instruments, reliability and validity tests, data analysis and the measurement of variables.

#### **3.1 Research Design**

A cross sectional descriptive research design was used in the study. Babbie (2007) argues that this method helps the researcher to describe situations and events affecting a phenomenon at that particular moment. This research design makes it easy to collect data from many respondents within a short time. It also allows making of generalizations about the beliefs, opinions and attitudes of the target population. In this case, the study aimed at describing the events surrounding procurement audit management in PPDA at a particular point in time.

According to Bailey (1994), the nature of research design determines how the two main variables, that is, the independent and dependent variables are measured. In this particular case, the study applied both the qualitative and quantitative approaches. The independent variable also termed as ‘institutional challenges’ was measured against the dependent variable which was the ‘procurement audit management.’

By definition, the quantitative approach was a scientific approach used to test hypotheses using numerical data while qualitative had non-numerical information, according to Babbie (2007). The two approaches were applied because they compliment each other and data was enriched and made more explicit, easy to aggregate and derive meaning. The numerical and non-numerical figures were applied on the financial and human resources as well as the internal organisation including the bio-data. The moderating variable, “performance of previously audited PDEs on the procurement audit function was also analysed qualitatively and quantitatively.

### **3.2 Study Population**

The study population was composed of 140 elements with a sampling frame of 100 individuals. The researcher was unable to get the respondents (100) targeted for the study because most people were ignorant about the topic since procurement audit was a new area in the country. Out of the proposed 48 respondents from PPDA, only 25 participated in the study and were composed of staff technically knowledgeable.

On the other hand, 18 consultants responded to the study instead of the proposed 19. This was relatively a high response rate since only one person never returned the questionnaire. It was proposed that 33 procurement officers from the Local and Central Government of previously audited PDEs would participate in the study. However, most Procurement Officers remained adamant to fill the questionnaires because they could not detach the research from the organisation since PPDA was viewed as antagonist to PDEs especially those who are suspected to be involved in graft. Therefore, only 26

procurement Officers out of which one (1) was from the Local Government. This can be explained in terms of distance and postage costs involved in dispatching the questionnaires back to Kampala.

### 3.3 Sample Size and Selection

**Table 1: Sample Size and Selection**

The sample size was 100 and its distribution was shown in the table below:-

Category of Respondents	Population	Sample	Method of sampling
PPDA Staff	60	48	Purposive sampling
Consultants	19	19	Simple random sampling
Procurement officers of previously audited PDEs	61	33	Stratified sampling
<b>Total</b>	<b>140</b>	<b>100</b>	

The study population comprised 140 elements with a randomly selected study sample of 100 respondents. The sample size was determined by the formula below:

$$n = \frac{Z(\alpha/2)^2 pq}{E^2}$$
 where  $n$  was the sample size,  $a$  was the level of significance,  $p$  was the probability of accepting the null hypothesis,  $q$  was the probability of rejecting the null hypothesis while  $E$  was the error term which must be a constant. Using this formula, a sample of 69 respondents was selected since  $a$  was preset at 0.1,  $E^2=0.01$  while  $p=q=0.5$ .

### **3.4 Sampling Techniques and Procedure**

Both random and non-random methods of sampling were used. Forty eight (48) respondents were purposively selected from PPDA although only 25 responded. Out of the 48 selected, 12 respondents were not technically conversant with the topic and these included support staff (administrative assistants and drivers). The researcher was interested in technical staff members because they were knowledgeable about procurement auditing. On the other hand, stratified sampling was used to select the 33 procurement officers from 42 PDEs although only 26 responded.

The 42 audited PDEs were grouped into three (3) strata, that is, Central (25 procurement officers) and Local Government (3 procurement officers) PDEs and Statutory Bodies (5 procurement officers). Since the entities in each strata were not uniform, disproportionate stratified sampling were used to select the 33 respondents (Kalton & Moser, 1970) because very few local governments were audited as compared to central and statutory bodies. The simple random method of sampling was used in order to select procurement officers who were present during the time of the audit.

Since the consultants conducting procurement audits were very few in number, the simple random method of sampling was applied and 19 consultants received questionnaires. This was intended to give an equal opportunity to participate in the study (Miles & Huberman, 1994) although only 18 responded. The respondent who was unable to hand in the questionnaire had travelled upcountry for an assignment.

### **3.5 Data Collection Methods**

The study was interested in numeric measurement as well as understanding individual experiences related with management of procurement audits at PPDA. Therefore, the qualitative and quantitative methods of data collection were used. Quantitative data collection required structured instruments with pre-determined response categories which provided inferential statistics (Babbie, 2007). The instrument used to collect quantitative data included the close-ended and self-administered questionnaire(s).

On the other hand, qualitative data was meant to get a broader understanding of how the financial, human and internal organisation was affecting the procurement audit function at PPDA. The instrument used for this exercise was structured and unstructured interviews as well as a focus group discussion. Findings from the study were not to be generalised because focus was only on one institution.

#### **3.5.1 Participant Observation**

Participant observation was a common method of data collection used in work study and organisations (Caswell, 1995) while Coolican (1990) argued that direct observation involved the researcher recording what was happening at a particular time. Indeed, the research was work-based and the researcher was part of the study. Therefore, the researcher was observing colleagues at work and had intimate familiarity with the group under study. However, the behaviour of the individuals under study was consciously observed without their knowledge. This enabled the researcher generate rich and genuine results. Some of the specific areas observed during the study included communication

patterns, behaviours and attitudes of individuals, disbursement of funds and individual thinking towards the procurement audit function.

### **3.5.2 Documentary Analysis**

Secondary data provided a lot of information for research and problem solving (Sekaran, 2003). Secondary sources of information were reviewed to validity information gathered on procurement audits at PPDA. The sources of information included journals, periodicals, abstracts, annual reports, minutes of meetings and various publications on the internet. Information was also got from the libraries of the PPDA, Uganda Management Institute and Makerere Universities.

### **3.5.3 Structured and Unstructured Interviews**

The study involved the formulation of similar questions that were asked to different individuals selected in the study by way of interview. The structured interview was mainly conducted with three out of the five members of PPDA Management. On the other hand, unstructured interviews were also held with the Procurement Officers of previously audited PDEs as well as staff in the Department of Procurement Audit and Investigations. Unstructured interviews were used to study the trends of procurement audit over time.

## **3.6 Data Collection Instruments**

Data was obtained through primary and secondary sources of information. The primary sources of information included structured and unstructured interview guide, self-

administered questionnaires and observation of items. Secondary information was obtained from libraries at PPDA, UMI, Makerere Universities as well as the internet.

### **3.6.1 Self-Administered Questionnaire**

The self-administered questionnaire was developed in accordance with the research questions and objectives identified earlier on in chapter one. The questionnaire had close ended questions because the study aimed at generating quantitative data. The five identified variables had different questions, for example, seven questions were formulated on financial capacity of the PPDA; sixteen on the procurement audit function and eight were on human resources while seven were on the internal organisation of the PPDA. The moderating variable “performance of previously audited PDEs” had twelve questions. The questionnaires were either hand delivered, e-mailed to the respondents or posted through the Post Office. Several telephone calls were made as a follow-up to ensure all respondents received the questionnaires and the majority confirmed as having received them. They were 3 categories of the self-administered questionnaire, that is, for PPDA staff, for the consultants and procurement officers from previously audited PDEs.

### **3.6.2 Observation Checklist**

Observation checklist was intended to get a mix reaction of the respondents ([www.wikipedia](http://www.wikipedia)). This was drawn to enable the researcher understand the attitudes, reactions and feelings of the sampling frame especially staff(s) in the Department of Procurement Audit and Investigations. This would go a long way to explain whether they were for or against PPDA management style as far procurement audits were concerned.



### **3.6.3 Interview Guide**

A number of structured interviews were conducted with PPDA Management using the interview checklist and this provided most of the qualitative data generated for the study (Coolican, 1990).

### **3.6.4 Interview Checklist**

One focus group discussion (FGD) was organised with the core team handling procurement audits in the Department of Procurement Audit and Investigations at the PPDA. The researcher was the moderator during the discussion where a number of research questions were thoroughly and exhaustively discussed. The aim of this discussion was to identify the root cause for the continuous slowness of the audit coverage at PPDA. Only four members participated in the discussion.

### **3.7 Pretesting for Reliability and Validity**

There must be the goodness of data assessment to ensure consistency and that the right variables are measured using the correct measurement (Sekaran 2003). In order to ensure reliability and validity, pretesting of the data collection instruments and analysis of the data collected before launching the instrument in the field was conducted with 10% of the population not in the sampling frame. This was intended to ensure that the research tools generated the required information for which the study was intended to achieve (Sekaran, 2003). The table below summarised the coefficient attained after pretesting the tools:-

**Table 2: Results on reliability and validity**

<b>Variable</b>	<b>Number of items</b>	<b>Alpha</b>	<b>Variance</b>
Financial resources	7	0.78	0.82
Human resources	8	0.81	0.75
Internal organisation	7	0.75	0.81
Past performance of PDEs	5	0.77	0.87
Management issues	14	0.80	0.71

The first column contained the variable(s) in the study while the next had the number of questions asked. The third column also known as Alpha revealed the level of confidence calculated during pretesting while the last column indicated the variance. Results were computed getting a figure of 0.783 as the coefficient. Computation for all items was valid for data collection because coefficients were as follows: financial resources (0.78); human resources (0.81); internal organisation (0.75); past performance of PDEs (0.77) and management issues (0.80). The reliability test was considered to be true once the coefficient was greater than 0.7 – Chronbach coefficient judged against a value of 0.7 (Sekaran, 2003).

The collected data went through a process of validation to ensure that the information generated during pretesting. Both face and validity of co-efficient were used. Face validity was applied since it involved internalising metal images generated through both structured and unstructured interviews.

### **3.7 Data Analysis**

Data was coded using the SSPS computer programme so as to generate frequencies for quantitative data while interviews were transcribed in order to come up with qualitative

information. Questions were coded and each question was assigned a numeral and similar questions were lumped together under the same numerical figure. This was intended to establish the frequency of the answers for each question from the 66 questionnaires. After coding, the data was analysed under the different SSPS formulae, that is, chi-square, regression and the Pearson coefficient analysis.

After analyzing the raw data, the researcher interpreted the findings to generate meaning out of them. Quantitative data was interpreted numerically in order to understand the level of significance of the problem.

On the other hand, qualitative data was transcribed from its raw form, that is, written notes and audio recordings and grouped in different categories under the four objectives. Triangulation was also conducted on items where clarification of information was needed so as to validate the information got. Editing of interviews was continuously done immediately after the field work in order to avoid mixing up issues (Sekrana, 2003). Qualitative information was presented in form of quotations which were written verbatim.

### **3.7.1 Measurement of variables**

All the four objectives identified in chapter one were measured using the ordinal scale, that is, using strongly agree, agree, none of these, disagree or strongly disagree. Thereafter, frequencies were generated to measure the mean, frequency observed and frequency expected as well as the percentage of these frequencies. Demographic

characteristics of respondents were also measured using percentages. Data was further analysed to calculate the level of significance amongst the variable and models were used to explain the results. The importance of measuring of data was to enable the researcher portray the differences between the independent and dependent variables (Sekaran, 2003).

## CHAPTER FOUR

### PRESENTATION, ANALYSIS AND INTERPRETATION OF FINDINGS

#### 4.0 Introduction

In this chapter, results of the data were presented, analysed and interpreted in the order to derive meaning. Presentation of the information was made in accordance with the identified study objectives. Data was inferred mainly from integrated frequency tables, Pearson correlation coefficient tests, Pearson chi-square tests and linear regression models. Meanwhile, verbatim quotations obtained from interviews and open-ended items in the questionnaires were incorporated to supplement the quantitative data results and generate meaningful findings.

#### 4.1 The Response Rate

The table below summarises the category of respondents, population, sample, actual number of respondents and the percentage rate.

**Table 3: The percentage of respondents against the sample**

Category of Respondents	Population	Sample	Actual respondents	Percentage of response rate
PPDA Management	5	5	3	60%
PPDA Staff	55	43	22	51.1%
Consultants	19	19	18	94.7%
Procurement officers of previously audited PDEs	61	33	26	78.8%
<b>Total</b>	<b>140</b>	<b>100</b>	<b>69</b>	<b>69%</b>

The sampling frame comprised of 100 respondents, that is, 19 consultants, 43 PPDA staff and 33 procurement officers. Interviews were conducted with 3 members of PPDA management team while the remaining respondents received questionnaires and participated in Focus Group Discussions. However, it was not possible to obtain the proposed sample. Eighteen (18) consultants participated in the study representing 94.7% response rate. The corresponding figures and response rates for PPDA staff, PDEs and PPDA Management team were 22 (51.1%), 26 (78.8%) and 3 (60%) respectively. On the whole, 69 individuals participated in the study instead of the expected 100. This represented an overall response rate of 69%.

There were a number of reasons why the researcher did not achieve 100% response rate. For instance, some procurement officers did not respond because of the bias they developed about the study. Some looked at the study as a mini audit or as one way of digging up their loophole(s) and therefore decided to sit on the questionnaires. With regard to PPDA Management team, they failed to honour the appointments for interviews due to tight schedules. However, the researcher did not find a problem with this average response rate for three reasons. First, the sample was still consistent with guidelines provided by Krejcie and Morgan (1970). Secondly, respondents who participated were very cooperative and therefore answered all the questions. Besides, some of the gaps left by primary data were filled with results from secondary sources. Therefore, the shortfall in the number of participants did not affect results of the study.

#### 4.1.1 Background information of the respondents

The bio-data was presented in the order; gender, highest academic attainment and PPDA attachment as shown in figures 2-4.

**Figure 2: Gender of the respondents**

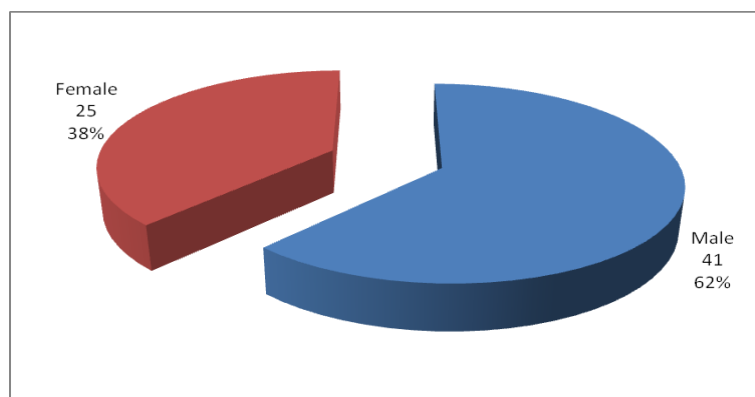
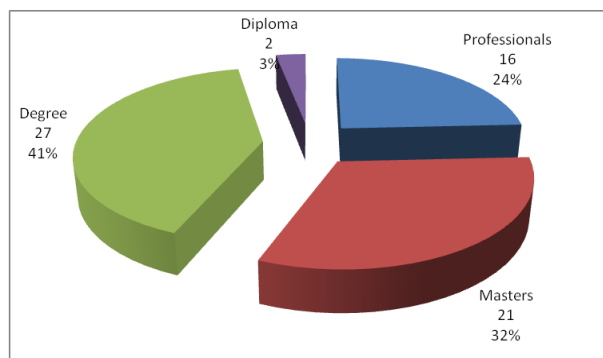


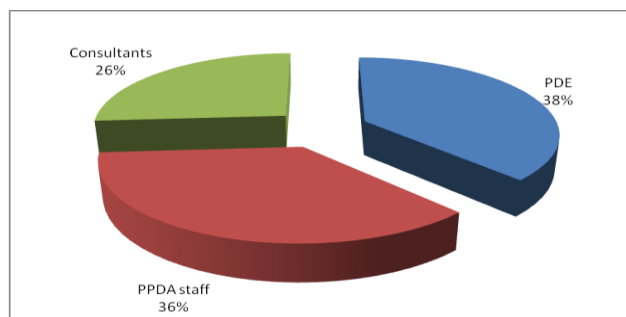
Figure 2 shows that 43 (62%) respondents were male while 26 (38%) were female. This was because the majority of offices visited employed more males than females. This sample distribution was expected because employment sector was male dominated as a result of differentiated education that tends to favour males than females at all levels (Bantebya-Kyomuhendo, 2004; Kasente, 2000; Klasen, 1999). The implication of differentiations of education system tending to favour males than females also implied that more males had attained procurement qualifications than females, thus procurement being a predominately a male domain.

**Figure 3: Academic attainment of the respondents**



In terms of the highest academic attainment, 27 (41%) respondents were first degree holders, 21 (32%) had Masters Degrees, 16 (24%) had attained professional qualifications while only 2 (3%) were diploma holders. Therefore, the sample favoured the researcher because it consisted of individuals who were technical enough to answer the questions in the tools effectively.

**Figure 4: Respondents' PPDA attachment**



Respondents were attached to PPDA as follows; 25 (36%) were staff of PPDA, 18 (26%) were consultants and 26 (38%) were procurement officers from the various audited Procuring and Disposing Entities (PDEs).



## Empirical Findings

### 4.2 Objective I: Financial Resources and Procurement Audit Management

The results of the first study objective were inferred from questionnaires, interviews and secondary data obtained from the PPDA library. The hypothesis to the first objective was that the financial resources affect procurement audit management at the PPDA. Items on financial resources were first integrated in a frequency table. This was meant to generate understanding of the general state of financing of procurement audits at the PPDA. The frequencies were further subjected to a  $\chi^2$ .test to establish statistical significance of the results as presented in Table 4.

#### 4.2.1 Responses to research questions on financial resources

To generate information about the objective, questionnaires were distributed to 43 PPDA staff members of whom only 22 responded. Unlike the other respondents, it was the PPDA staff technically informed about the PPDA budget, thus objective one was specifically addressed to them.

**Table 5: Frequency of responses on financial resources at the PPDA**

Item	SD	D	NS	A	SA
1. The PPDA usually received all the procurement audit funds requested for from government	2	7	4	9	0
2. The government was usually keen to	0	4	4	13	1

cut the budget(s) presented by PPDA					
3. Government usually endeavoured to release PPDA audit funds on time	0	7	3	11	1
4. The PPDA usually received all the procurement audit funds requested for from donors	1	9	4	5	3
5. The donors are usually keen to cut the budget on procurement audit presented by PPDA	9	2	5	6	0
6. The release of procurement audit funds by donors to PPDA was usually done on time	1	5	2	11	3
7. Procurement audit funds from donors to PPDA were usually released in piece meals instead of lump sums	2	7	3	6	4
<b>Observed frequency, <math>f_o</math></b>	<b>7</b>	<b>54</b>	<b>25</b>	<b>48</b>	<b>33</b>
<b>Observed frequency percentages (%)</b>	<b>4.19</b>	<b>32.31</b>	<b>15.16</b>	<b>28.74</b>	<b>19.76</b>
<b>Expected frequency, <math>f_e</math></b>	<b>33.4</b>	<b>33.4</b>	<b>33.4</b>	<b>33.4</b>	<b>33.4</b>
<b>Residue (R), <math>f_o - f_e</math></b>	<b>-26.4</b>	<b>20.6</b>	<b>-8.4</b>	<b>14.6</b>	<b>-0.4</b>

SA (Strongly Agree) A (Agree) NS (Not Sure) D (Disagree) SD (Strongly Disagree)

First of all, the study wanted to establish whether PPDA received all the procurement audit funds requested for from government. It was established that 9 (40%) respondents agreed, 4 (18%) were not sure, 7 (31%) disagreed and 2 (9%) strongly disagreed. The respondents agreeing and those disagreeing had an equal response of 40% each. Whereas

some staff members were keen to know whether PPDA received procurement audit funds from government, others were not.

The study also set out to establish if government was usually keen to cut the budget(s) presented by PPDA. It was established that 1 (4.5%) respondent strongly agreed, 13 (59%) agreed, 4 (18%) not sure and 4 (18%) respondents disagreed. Most respondents (63.5%) concurred that government was usually keen to cut PPDA budget(s). The number of respondents who did not agree and those not sure was similar (18%) and small. Therefore, the majority of respondents admitted that government did not disburse all the required procurement audit funds to PPDA.

Further more, the study went out to establish whether PPDA received timely releases from government. The study discovered that one (4.5%) respondent strongly agreed, 11 (50%) agreed, 3 (13.6%) were not sure while 7 (31.8%) disagreed. Out of the 22 respondents, 14 (54.5%) believed that government always released PPDA funds on time. The implication was that PPDA received funds on time.

On the other hand, procurement audits were also funded by the donors and in this regard, the study wanted to find out whether PPDA received all procurement audit funds under the donor component. The study pointed out that 3 (13.6%) respondents strongly agreed, 5 (22.7%) agreed, 4 (18%) respondents were not sure, 9 (40%) disagreed while one (4.5%) strongly disagreed. Out of the 22 respondents, 10 respondents (44.5%) indicated that PPDA did not receive all procurement audit funds from donors.

Similarly, the researcher wanted to find out if donors were not keen at cutting PPDA's budget(s). The results indicated that 9 (40.9%) respondents strongly disagreed, 2 (9%) disagreed, 5 (22.7%) respondents not sure while 6 (27.2%) strongly agreed. Eleven (49.9%) respondents indicated that donors were keen at cutting PPDA's budget(s). Since the donors were keen at cutting PPDA budget(s), then it was likely that all the required funds from the development partners were not received.

The study further wanted to establish whether donors made timely releases to PPDA. It was established that 3 (13.6%) respondents strongly agreed, 11 (50%) agreed, 2 (9%) impartial, 5 (22.7%) disagree while 1 (4.5%) strongly disagreed. The majority (59%) of respondents revealed that donors made timely release of funds to PPDA.

The researcher further wanted to establish if donor funds were released in piece meal instead lump sum. It was established that 4 (18%) respondents strongly agreed, 6 (27.2%) agreed, 3 (13.6%) were not sure, 7 (31.8%) disagreed while 2 (9%) strongly disagreed. Donor funds were released in piece meal because 45.2% (10 respondents) concurred with the finding. PPDA releases from donors were made in piece meal instead of lump sum.

The above results were backed by a  $\chi^2$ -test showing that, chi-square observed ( $\chi^2_{\text{obs}}$ ) was 114.693 while chi-square critical value ( $\chi^2_{\text{cv}}$ ) was 36.415 at 0.05 level of significance and df (degrees of freedom) = 24. Results show that the chi-square observed was greater than the chi-square critical value at 36.4%. According to the statistics of the chi-square,

financial resources had a weak significance (36.4%) on procurement audit management at PPDA. The remaining 63.6% can be explained by other factors.

The overall percentage of 48.5% either strongly agreed or agreed that financial resources were not affecting the procurement audit function while 36.5% strongly disagreed or disagreed. The remaining 15.16% were not sure. Although the majority (48.5%) indicated that financial resources were not affecting procurement audit management, the 36.5% discrepancy explained the weaknesses in financing as noted by one respondent during the interviews:-

*“The biggest percentage of PPDA budget was funded by donors. However, donor monies had conditions attached and once there are not fulfilled, then funds would not be released, for example, development partners demanded for accountability of previous funds as well as timely submission of quarterly reports. In the case of PPDA, it complied with the donor requirement but failed to meet the time frame within which to submit this information. Therefore, funds were not released on time and hence the delayed commence on activities. Such delays also affected the schedules for completion and targets would not be met as earlier planned.”*

Another respondent also noted that:-

*“PPDA did not receive the required audit funds from government due to the MTEF ceiling. Each year, PPDA experienced budget cuts as a result of the MTEF and this required downsizing of activities including procurement*

*audits. It was difficult for PPDA to predict how each government was going to release annual and hence the changes on the budget.”*

The relationship between financial resources and procurement audit management was also tested using linear regression model. Before running the model, the mean was computed using ‘transform-compute’ procedure in SSPS for all questions measuring financial resources and procurement audit management. The average for financial resources was named *avfinance* while that for procurement audit management was named *avperfo*. Results of the regression analysis are shown in the table below:-

**Table 6: Regression Model summary on financial resources**

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.421 <sup>a</sup>	.177	.177	.49991

a. Predictors: (Constant), av finance

The table displays R, R squared and the standard error. R was the correlation between the observed and predicted values of the dependent variable. The positive value of R (0.421) shows a positive correlation between procurement audit management and financial resources. A positive correlation means that an increase in financial resources would lead to an increased number of procurement audits. There was an averagely strong relationship between financial resources and procurement audit management since the absolute value of R was significantly large. The proportion of variation in procurement audit management explained by the regression was 0.177. R squared had a value of 0.177 meaning that financial resources had an effect of 17.7% on procurement audit

management. Results showed that financial resources affected procurement audit management and were statistically significant.

**Table 7: Coefficient results for procurement audit management and items on financial resources**

**Coefficients<sup>a</sup>**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	3.376	.357		9.468	.000
	financial resources	.719	.114	.177	6.307	.000

a. Dependent Variable: avperfo

The table above explains the relationship between procurement audit management represented by a figure of  $3.376 + 0.719$  influence to financial resources. This meant that procurement audit management was directly proportional to financial resources. The standardized coefficient of 0.177 shows that the results were statistically significant at ( $p=0.00$ ). Therefore, the positive coefficient ( $Beta=0.177$ ) implied that once there was an increase in financing, then PPDA would be able to increase procurement audits coverage countrywide.

In summary, the PPDA was not receiving all the procurement audit funds required from government due to the MTEF ceiling. The MTEF too created a budget variance that led to downsizing of activities, procurement audits inclusive. Another challenge was the delay to approve the budget by Cabinet leading to a delay to commence the initiation process of contracting firms to conduct procurement audits. This further delayed the

commencement and completion exercise of conducting procurement audits, hence the failure to achieve planned targets by the PPDA. The demand for donor accountability in the various forms was also another obstacle as far as meeting timelines for requesting funds from donors who funded the majority of the audits.

### 4.3 Objective II: Human Resources and Procurement Audit Management

The hypothesis for the second objective was that human resources affected the procurement audit function at the PPDA. The collected data was integrated in a frequency table and subjected to a  $\chi^2$  test to establish statistical significance of the results. Results were shown in Table 8.

#### 4.3.1 Responses to research questions on human resources

To generate information about this objective, questionnaires were distributed to 43 PPDA staff members and 19 Consultants. Out of the 62 questionnaires distributed, 22 were returned by PPDA staff and 18 from Consultants totaling to 40 respondents. Participant observation, secondary data and interviews were conducted with PPDA management.

**Table 8: Frequency of responses on human resources**

Item	SD	D	NS	A	SA
The PPDA usually has enough human resources in the procurement audit Department	3	9	1	7	2
The PPDA usually employs people who have adequate knowledge and skills in procurement auditing	1	3	1	12	5



The audit staff at the PPDA have sufficient training to meet procurement audits needs of the organisation	0	3	2	14	3
Most of the technical staff at PPDA have sufficient experience in procurement auditing	0	7	1	12	2
The PPDA does not find it difficult to outsource auditing services since there are many capable firms to choose from	6	15	1	17	1
Most of the outsourced firms previously outsourced by PPDA have the knowledge to conduct procurement audits	2	12	10	14	2
Most of the outsourced firms previously outsourced by PPDA have experienced staff in procurement audit	2	11	7	16	4
Has PPDA has been involved in training outsourced labour	6	18	8	7	1
<b>Observed frequency, <math>f_o</math></b>	<b>20</b>	<b>78</b>	<b>31</b>	<b>99</b>	<b>20</b>
<b>Observed frequency percentages (%)</b>	<b>8.064</b>	<b>31.45</b>	<b>12.5</b>	<b>39.91</b>	<b>8.064</b>
<b>Expected frequency, <math>f_e</math></b>	<b>49.6</b>	<b>49.6</b>	<b>49.6</b>	<b>49.6</b>	<b>49.6</b>
<b>Residue (R), <math>f_o - f_e</math></b>	<b>-29.6</b>	<b>28.4</b>	<b>-15.9</b>	<b>49.4</b>	<b>-29.6</b>

SA (Strongly Agree) A (Agree) NS (Not Sure) D (Disagree) SD (Strongly Disagree)

The study wanted to establish whether PPDA had enough human resources to conduct procurement auditing. The study found out that 2 (9.2%) of the respondents strongly agreed, 7 (31.8%) agreed, 1 (4.5%) was not sure, 9 (40.9%) disagreed and 3 (13.6%) strongly disagreed. The majority (54.5%) of the respondents either strongly disagreed or disagree that PPDA had the capacity to conduct procurement audits.

The study also wanted to find out whether PPDA employed staff with adequate knowledge and skills in procurement auditing. It was established that 5 (22.7%) respondents strongly agreed, 12 (54.7%) agreed, 1 (4.5%) respondent was not sure, 3 (13.6%) disagreed and 1 (4.5%) strongly disagreed. The majority of respondents indicated that PPDA employed staff with adequate knowledge and skills.

In yet another question, the researcher wanted to find out if PPDA trained staff in the Procurement Audit and Investigations Department. It was established that 3 (13.6%) respondents strongly agreed, 14 (63.7%) agreed, 2 (9.1%) were not sure while 3 (13.6%) disagreed. The PPDA offered sufficient training to its staff both nationally and internationally.

The study also wanted to establish whether staff in the Department of Procurement Audit and Investigation had sufficient experience in procurement auditing. The study found out that 2 (9.1%) respondents strongly agreed, 12 (54.6%) agreed, 1 (4.5%) were not sure and 7 (31.8%) disagreed. The majority of respondents (63.7%) indicated that staff had sufficient experience.

The study wanted to find out if PPDA was not finding it difficult to outsource procurement auditing services since there were many capable firms to choose from. It was established that 1 (2.5%) respondent strongly agreed, 17 (42.5%) agreed, 1 (2.5%) was not sure, 15 (37.5%) disagreed and 6 (15%) strongly disagreed. The majority of respondents (52.5%) either strongly disagreed or disagreed. It was evident that there were

few outsourced firms to choose from and PPDA found it difficult to outsource procurement audits.

Similarly, the study wanted to establish if outsourced firms had the knowledge in conducting procurement auditing. The results indicated that 2 (5%) respondents strongly agreed, 14 (35%) agreed, 10 (25%) were not sure, 12 (30%) disagreed while 2 (5%) strongly disagreed. The majority, 16 respondents (40%) indicated that outsourced firms had the knowledge in conducting procurement auditing. A number of interviewees indicated that outsourced firms lacked the knowledge as indicated:

*“Whereas some outsourced firms have acquired the knowledge overtime, others were still lacking. Some have greatly improved and some are lagging behind. However, one would say that the majority have acquired knowledge through experience and have performed to PPDA’s expectation.”*

*“Initially, PPDA Management made the final approval of outsourced audits. But this was reverted to Board due to weaknesses identified in the procurement audit reports from outsourced firms. It was now Board to make the final approval of audit reports before final payment was made.”*

The study too wanted to establish whether most outsourced firms had the experience in procurement audit. According to results, 4 (10%) respondents strongly agreed, 16 (40%)

agreed, 7 (17.5%) were not sure, 11 (27.5%) disagreed while 2 (5%) strongly disagreed. Results indicated that outsourced had the necessary experience.

Finally, the researcher wanted to establish whether PPDA had ever got involved in training outsourced labour in procurement auditing. The study found that 1 (2.5%) respondent strongly agreed, 7 (17.5%) agreed, 8 (20%) were not sure, 18 (45%) disagreed and 6 (15%) of the respondents strongly disagreed. Twenty four (24), representing 60%, of the respondent pointed out that PPDA had never got involved in training outsourced firms in procurement auditing.

The results on human resources and procurement audit function were also backed by a  $\chi^2$ -test showing that, chi-square observed ( $\chi^2_{\text{obs}}$ ) was 130.7618 while chi-square critical value ( $\chi^2_{\text{cv}}$ ) was 41.337 at 0.05 level of significance and  $df = 28$ . Since the chi-square observed was greater than the chi-square critical value, results were statistically significant. The implication was that human resources significantly affected the procurement audit function at PPDA.

The overall percentage indicated that 48.5% either strongly agreed or agreed while 36.5% strongly disagreed or disagreed that financial resources affected the procurement audit function. The remaining 15.16% were not sure. The 36.5% difference could be explained by various comments from the respondents as shown here below:-

*“PPDA did not have the capacity whatsoever to conduct audits countrywide. Technically, the capacity of outsourced firms was still low. It was still difficult for PPDA to increase the procurement audit coverage with such a thin staff. Take for example the Office of the Auditor General where they employ over 300 auditors. Currently, PPDA employed seven auditors.”*

Another respondent noted that:-

*“There was lack of technical expertise in procurement auditing to the extent that the profession was still a virgin in Uganda. There was no institution teaching procurement auditing in the country. The majority of staff were trained on-the-job while PPDA developed the tools and methodology. That was why PPDA developed the phrase ‘baptism by fire’.”*

A respondent had this to say;

*“The PPDA lacked the capacity to supervise outsourced firms and at the same time carry out other assignments. Secondary, outsourced firms were supposed to have the necessary expertise although it was the contrary. With the present firms, it was going to take time before the over 200 PDEs were audited even when PPDA was backed up by several consultancy firms.”*

The relationship between human resources and procurement audit management was also tested using linear regression model. Before running the model, the mean was computed using ‘transform-compute’ procedure in SSPS for all questions measuring human resources and procurement audit management. The mean for human resources was named *human resources* while that for procurement audit management was named *avperfo*. Results of the regression analysis are shown in the table below:-

**Table 9: Regression Analysis Model summary on human resources**

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.410 <sup>a</sup>	.168	-.054	.49739

a. Predictors: (Constant), human resources

The table displays R, R squared and the standard error. The sign R was the correlation between the observed and predicted values of the dependent variable. The positive value of R (0.410) shows a positive correlation between the observed and predicted values of procurement audit management in relation to human resources. There was also an averagely strong relationship between these variables since the absolute value of R was significantly large. The proportion of variation in procurement audit management explained by regression model is -0.054 implying an inverse relationship to procurement audit management. The results were therefore not statistically significant at (p=0.000). A decrease in the human resources automatically triggers a disproportionate increase in procurement audit management.

The proportion of variation in procurement audit management explained by the regression was 0.168. The sign R squared had a value of 0.168 meaning that human resources had an effect of 16.8% on procurement audit management.

**Table 10: Coefficient results for procurement audit management and items on human resources**

**Coefficients<sup>a</sup>**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	3.685	.381		9.677	.000
	Human resources	-.395	.118	-.410	-3.343	.023

a. Dependent Variable: Procurement audit management

The table above explains the relationship between procurement audit management represented by a figure of 3.685-0.395 of the human resources; meaning that procurement audit management was directly proportional to human resources. The standardized coefficient of -0.410 shows that the results were not statistically significant at (p=0.00). A decrease in the human resources automatically triggers a disproportionate increase in procurement audit management.

In summary, the results showed that there was a weak relationship between procurement audit management and human resources. The PPDA did not have sufficient human resources to conduct procurement audits. Notwithstanding the shortage of human resources at the PPDA, there was lack of professional expertise in procurement countrywide that affected PPDA downstream. The few existing procurement auditors and

consultancy firms handling the procurement audits could not ably cover the over 200 PDEs countrywide. Nonetheless, PPDA was lauded for training its staff members.

#### 4.4 Objective III: Internal Organisation and Procurement Audit Management

The third hypothesis was that the internal organisation affected procurement audit management at the PPDA. To generate information about this objective, questionnaires, participant observation, secondary information and interviews were conducted with PPDA Management to back up the findings. Items on the internal organisation were integrated in a frequency table and subjected to a  $\chi^2$  test to establish statistical significance of the results as shown in Table 11.

##### 4.4.1 Responses to research questions on internal organisation

The questionnaire was distributed to 22 staff members of PPDA and 18 consultants bringing the total number of respondents to 40.

**Table 11: Frequency of responses on the internal organisation**

Item	SD	D	NS	A	SA
Most decisions on procurement audits at PPDA are highly decentralised	10	19	7	3	1
Approvals concerning procurement audits by the Department are usually expedited on time	4	20	6	9	1
Approvals concerning procurement audits by the Management are usually expedited on time	4	15	0	3	0



Approvals concerning procurement audits by the Board are usually expedited on time	5	12	0	4	1
The process through which audit reports go through before they are approved by the PPDA Board is relatively short	19	8	5	6	2
The procurement audit procedure is well defined and documented by the PPDA	4	6	1	23	6
The procurement audit procedure at PPDA is well defined to outsourced firms	4	6	3	19	7
<b>Observed frequency, <math>f_o</math></b>	<b>50</b>	<b>86</b>	<b>22</b>	<b>67</b>	<b>18</b>
<b>Observed frequency percentages (%)</b>	<b>20.57</b>	<b>35.39</b>	<b>9.05</b>	<b>27.57</b>	<b>7.40</b>
<b>Expected frequency, <math>f_e</math></b>	<b>48.6</b>	<b>48.6</b>	<b>48.6</b>	<b>48.6</b>	<b>48.6</b>
<b>Residue (R), <math>f_o - f_e</math></b>	<b>1.4</b>	<b>37.4</b>	<b>-26.6</b>	<b>18.4</b>	<b>-30.6</b>

SA (Strongly Agree) A (Agree) NS (Not Sure) D (Disagree) SD (Strongly Disagree)

The study wanted to establish whether most decisions concerning procurement audits highly decentralised. It was established that 1 (2.5%) respondent strongly agreed, 3 (7.5%) agreed, 7 (17.5%) were not sure, 19 (47.5%) disagree and 10 (25%) respondents strongly disagreed. The majority of respondents (72.5) indicated that decisions on procurement audits at PPDA were not decentralised. This implied that decisions concerning procurement audits went through a series of approval which was hierarchical in nature.

The study went on to establish whether procurement audit approvals at departmental level were expeditiously conducted. It was found out that 1 (2.5%) respondent strongly agreed, 9 (22.5%) agreed, 6 (15%) were not sure, 20 (50%) disagree and 4 (10%) respondents

strongly disagreed. Out of 40 respondents, 24 (60%) indicated that approvals concerning procurement audits at Departmental level were not done on time. A number of delays were encountered as shall be discussed in the proceeding chapter.

Similarly, the researcher wanted to establish whether Management made timely approvals concerning of procurement audit reports. Results showed that 3 (13.6%) respondents agreed, 15 (68.2%) disagreed while 4 (18.2%) strongly disagreed. Results were that 86.4% of the respondents either strongly disagreed or disagreed that Management made the necessary approvals concerning procurement audits within the required timeframe. Management was not making timely approvals of procurement audit reports.

The study was further interested in knowing whether Board made timely approvals of the procurement audit reports. It was learnt that 1 (4.5%) respondent strongly agreed, 4 (18.3%) agreed, 12 (54.5%) disagreed and 5 (22.7%) strongly disagreed. Seventeen (17) respondents representing 77.2% were of the view that procurement audits were not approved on time by Board.

Further to that, the study wanted to if the approval process of the procurement audits was relatively short. Results indicated that 2 (5%) respondents strongly agreed, 6 (15%) agreed, 5 (12.5%) were not sure, 8 (20%) disagreed while 19 (47.5%) strongly agreed. According to results, the process procurement audit reports went before final approval by Board was relatively long as 17 (67.5%) of the respondents indicated.

The study established that the procurement audit procedure was well defined and documented. According to the results, 6 (15%) respondents strongly agreed, 23 (57.5%) agreed, 1 (2.5%) were not sure, 6 (15%) disagree while 4 (10%) strongly disagreed. Twenty nine (29) respondents representing 72.5% showed that the procurement audit procedure was well documented and defined. The various roles and procedures that guide the audit trail were clearly defined.

Lastly, the study also wanted to find out if the procurement audit procedure was well defined to the outsourced firms. Results indicated that 7 (17.9%) respondents strongly agreed, 19 (48.7%) agreed, 3 (7.7%) were not sure, 6 (15.4%) disagreed and 4 (10.3%) strongly disagreed. Most outsourced firms, according to 57% of respondents, were conversant and knowledgeable about the procurement audit procedure documented by PPDA.

These results were also backed by a  $\chi^2$ -test showing that, chi-square observed ( $\chi^2_{\text{obs}}$ ) was 95.545 while chi-square critical value ( $\chi^2_{\text{cv}}$ ) was 36.415 at 0.05 level of significance and  $df = 24$ . Since the chi-square observed was greater than the chi-square critical value, the results from the responses were statistically significant. Overall, the percentage of respondents either strongly disagreeing or disagreeing was 55.96% while 34.97% agreeing and strongly agreeing that the internal systems at PPDA had flaws. A total of 9.05 were not sure. The 55.96% indicated the degree of flaws in the internal system.

Indeed, the internal organisation of the PPDA has greatly affected the management of procurement audit function. During the interview, respondents exclaimed that:-

*“The Board was a policy organ which should not be involved in the day-to-day management of the PPDA activities. Approval of procurement audit reports by Board was therefore tedious and unusual.”*

*“The role of Board as defined in the PPDA Act, 2003, was not very clear. In essence, the Board was supposed to focus on policy and strategic issues and relinquish the role of approving procurement audit reports to Management as the technical committee.”*

Another respondent noted:-

*“The audit reports were shelved by the both Management and Board for an indefinite period because they were bulky. Some reports were as big as 150 pages and had to be read and internalised before they were approved by Management. Yet Management handled a number of other matters critical to PPDA.”*

*“PPDA was a government institution and bureaucratic in nature with highly centralised systems. The Executive Director cannot appear to be acting in isolation on procurement matters concerning other government bodies, hence*

*the need for collective responsibility on important decisions. The PPDA needed to tread carefully.”*

In the same vain, one respondent noted that:-

*“The PPDA delayed to issue procurement audit reports to the various PDEs and by the time the report(s) were released, most entities have forgotten what transpired during the audit(s) exercise. In other instances, the systems have changed including the transfer of some procurement officers.”*

The relationship between internal organisation and procurement audit management was also tested using linear regression model. Before running the model, the mean was computed using ‘transform-compute’ procedure in SSPS for all questions measuring internal organisation and procurement audit management. The mean for internal organisation was named *internal organisation* while that for procurement audit management was named *procurement audit management*. Results of the regression analysis are shown in the table below:-

**Table 12: Regression Analysis Model Summary for internal organisation and procurement audit management**

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.380 <sup>a</sup>	.144	.131	.46223

a. Predictors: (Constant), internal organisation

The sign of R indicated the direction of the relationship (positive or negative). The positive value of R (0.380) shows a positive correlation between observed and predicted values of procurement audit management. In other words, an increase in one variable means an increase in the other. In this case, an improvement in the internal organization of the PPDA will lead to timely approval and release of procurement audit reports since both variables indicate a positive sign.

Further to this, there was an averagely strong relationship between internal organization and procurement audit management since the absolute value of R was significantly large. The proportion of variation in procurement audit management explained by regression was 0.144 or 14.4%. The R squared (14.4%) explains the variation of the casual-effect relationship between the variable.

**Table 13: Coefficient results for procurement audit management and items on internal organisation**

Coefficients <sup>a</sup>						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.190	.373		5.876	.000
	avintano	.366	.112	.380	3.258	.002

a. Dependent Variable: procurement audit management

The table above explains the relationship between procurement audit management represented by a figure of 2.190+0.366 of the internal organization. The results indicated that an increase in dependent variable will definitely lead to an increase in the independent variable. The value of Beta (b=0.380) was statistically significant at

( $p=0.002$ ), implying that there was a very strong relationship between procurement audit management and the internal systems at PPDA.

In summary, the internal organisation at PPDA affected the progression and expansion of the procurement audit function because of its bureaucratic nature. Most decisions concerning procurement audits were highly centralised such that they go through a hierarchical procedure before being addressed. The procurement audit reports themselves were bulky and because of this, they were shelved by both Management and the PPDA Board in favour of other lighter business. This contributed to the long process that audit approvals are subjected to hence the delay for the audited reports to be issued to the PDEs.

#### **4.5 Objective IV: Performance of Previously Audited Entities and PPDA Resources**

The study wanted to establish whether the performance of previously audited PDEs constrained the financial and human resources at PPDA. This was a moderating variable. It was assumed that PDEs were not compliant after the procurement audit exercise and therefore PPDA had to make return visits to such entities instead of focusing ahead. Such none compliant PDEs denied other entities the opportunity to be audited, thus constraining PPDA's limited financial and human resources.

##### **4.5.1 Response on performance of previously audited PDEs**

The study received responses from twenty two (22) PPDA staff, eighteen (18) consultants and twenty six (26) responses out of 33 selected Procurement Officers from previously audited PDEs. The frequencies were integrated in a frequency table and were further subjected to a  $\chi^2$  test to establish statistical significance of the results.

**Table 14: Frequency of response on performance of previously audited PDEs from Procurement Officers**

<b>Item</b>	<b>SD</b>	<b>D</b>	<b>NS</b>	<b>A</b>	<b>SA</b>
Procurement auditing has greatly improved performance in the entity	0	0	0	21	5
Procurement auditing has greatly improved the procurement processes in the entity	0	1	1	20	3
Procurement audit has greatly improved the structures in the entity	0	0	3	13	9
The compliance level in the entity has greatly improved after the procurement audit was conducted	0	0	0	14	11
PPDA procurement audits have reduced corruption in public procurement in Uganda	0	2	10	9	4
The procurement audit is useful in reducing corruption in the procurement sector	1	1	10	9	4
PPDA should intensify procurement auditing if corruption is to be reduced	0	1	16	4	4
<b>Observed frequency, <math>f_o</math></b>	<b>1</b>	<b>5</b>	<b>40</b>	<b>89</b>	<b>40</b>
<b>Observed frequency percentages (%)</b>	<b>.0057</b>	<b>2.841</b>	<b>22.72</b>	<b>50.568</b>	<b>22.727</b>



<b>Expected frequency, <math>f_e</math></b>	<b>35.0</b>	<b>35.0</b>	<b>35.0</b>	<b>35.0</b>	<b>35.0</b>
<b>Residue (R), <math>f_o - f_e</math></b>	<b>-34</b>	<b>-30</b>	<b>5</b>	<b>55</b>	<b>5</b>

SA (Strongly Agree) A (Agree) NS (Not Sure) D (Disagree) SD (Strongly Disagree)

First of all, the study wanted to establish if procurement auditing improved performance in the PDEs. It was learnt that 5 (19.2%) respondents strongly agreed while 21 (80.8%) agreed. The procurement officers unanimously agreed that procurement auditing improved performance at the PDEs.

The study particularly was interested in establishing whether procurement auditing improved the procurement processes, structures and general compliance in the PDEs. The respondents concurred that processes improved after the audit exercise since 3 (12%) strongly agreed, 20 (80%) agreed, one (4%) was not sure while another respondent (4%) disagreed.

Procurement auditing also improved the structures at the entities as indicated by 9 (36%) respondents who strongly agreed, 13 (52%) agreed while 3 (12%) were not sure. Seemingly, the audit exercise improved the overall compliance levels in the PDEs as it was indicated by 44% (11) of the respondents by strongly agreeing while 56% (14) respondents agreed. Apart from one respondent who disagreed for all areas related with procurement processes, structures and compliance levels, the rest concurred that procurement auditing created some improvement in the operations of the entity.

Respondents made expressions such as:-

*“The frequency of procurement auditing should be intensified because it reduces pressure on procurement cadres by putting various individuals in the procurement structure on their toes and reminded them of their roles and responsibilities.”*

Another respondent said that:-

*“Some entities used to be reluctant and resolute about the procurement laws before the procurement audit exercise. However, various stakeholders in the entity were now kept on their toes. Everyone wants to ensure that the right things are done and within the law.”*

The researcher went on to establish if the procurement audit tool— as a compliance performance indicator tool – was useful for measuring the procurement system especially as far as reducing corruption levels in the country. It was discovered that 4 (16%) respondents strongly agreed, 9 (36%) agreed, 10 (40%) were not sure, one (8%) respondent disagreed and another one strongly disagreed. Even when 52% of respondents believed that procurement auditing was a useful tool for fighting corruption, those disagreeing were many at 40%.

On the other hand, the researcher wanted to find out from the procurement officers if corruption tendencies reduced after the audit exercise. Four 4 (16%) respondents strongly

agreed, 9 (36%) agreed, 10 (40%) remained impartial, 1 (4%) disagreed and another 1 person (4%) strongly disagreed. The percentage (52%) of respondents either strongly agreeing or agreeing was slightly high, an indicator that procurement audits minimised corruption in the procurement sector.

The study finally tried to establish if PDEs supported the idea of intensified procurement audit if corruption was to be reduced. It was learnt that 4 (16%) respondents strongly agreed, another 4 (16%) agreed, 16 (64%) were not sure and 1 (4%) disagreed. The majority of respondents (64%) were not sure whether PPDA should intensify procurement auditing with in order to reduce corruption in the procurement sector. The impartiality in the results corresponds with findings by CPAR (2004) on the integrity of the public procurement system because procurement officers were sceptical about corruption being rampant in the sector.

These results were also backed by a  $\chi^2$ -test showing that, chi-square observed ( $\chi^2_{\text{obs}}$ ) was 28.9648 while chi-square critical value ( $\chi^2_{\text{cv}}$ ) was 1171.2388 at 0.05 level of significance and  $df = 16$ . Since the chi-square observed was greater than the chi-square critical value, the results were statistically significant.

Overall, the percentage of respondents who strongly agreed or agreed was 73.32% while 2.84% disagreed. The respondents who indicated that they were not sure were 22.72. The unexplained variation of 2.84% was small and performance of previously audited PDEs

was weakly related to PPDA financial and resources. All the same, they were weaknesses as noted by some respondents:-

*“The procurement audits were not taken seriously by the PDEs because PPDA does not report to Parliament. Therefore, PDEs did not expect stringent punitive measures from PPDA.”*

*“The impact of audits had not been felt as yet. The PPDA made recommendation which were not implemented by PDEs because some procurement officers viewed themselves as untouchables.”*

*“The transfer of procurement cadres from one institution to another at short intervals rendered the procurement audit recommendations frail. No one seemed accountable for the weaknesses identified in the entity during the audit exercise. The tendency to think that, ‘after all, I will not be in the same institution tomorrow’ was increasingly becoming common.”*

Whereas the Procurement Officers thought that there was great improvement in performance after being audited, the researcher went on to seek the opinion of the PPDA as far as performance of previously audited PDEs was concerned. Twenty six (26) respondents from the PPDA participated in the study.

**Table 16: Frequency of responses on performance of previously audited PDEs by the PPDA**

<b>Item</b>	<b>SD</b>	<b>D</b>	<b>NS</b>	<b>A</b>	<b>SA</b>
The rate at which PDEs are audited has always been fast in the life of PPDA	12	16	4	6	2
Some PDEs with serious levels of graft may be covered by PPDA audit soon	10	10	11	5	4
PPDA procurement audits have reduced corruption in public procurement in Uganda	6	11	6	13	4
Some PDEs have improved after being audited	8	15	7	5	5
PPDA has in the past conducted return visits to some PDEs because of persistent poor performance	1	1	4	14	2
<b>Observed frequency, <math>f_o</math></b>	<b>37</b>	<b>53</b>	<b>32</b>	<b>43</b>	<b>17</b>
<b>Observed frequency percentages (%)</b>	<b>20.329</b>	<b>29.12</b>	<b>17.582</b>	<b>23.626</b>	<b>9.34</b>
<b>Expected frequency, <math>f_e</math></b>	<b>36.4</b>	<b>36.4</b>	<b>36.4</b>	<b>36.4</b>	<b>36.4</b>
<b>Residue (R), <math>f_o - f_e</math></b>	<b>0.6</b>	<b>16.6</b>	<b>-4.4</b>	<b>6.6</b>	<b>-19.4</b>

SA (Strongly Agree) A (Agree) NS (Not Sure) D (Disagree) SD (Strongly Disagree)

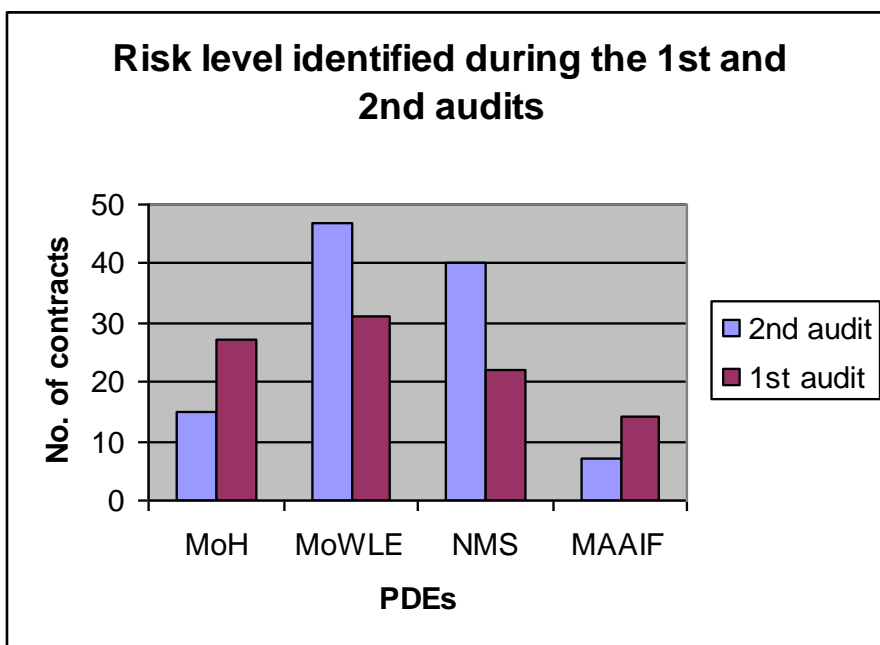
The study sought the opinion of the auditors (PPDA and the consultants) on the performance of the PDEs. First of all, we wanted to find out whether the rate at which

PDEs were audited was fast in the life cycle of PPDA. Results indicated that 2 (5%) respondents strongly agreed, 6 (15%) agreed, 4 (10%) were not sure, 16 (40%) disagreed and 12 (30%) strongly disagreed. Twenty eight (28) respondents representing 70% of respondents indicated that the pace at which PPDA was conducting audits was slow.

The research was interested in finding out whether PDEs with serious levels of graft would be audited soon. It was established that 4 (10%) respondent strongly agreed, 5 (12.5%) agreed, 11 (27.5%) were not sure, 10 (25%) disagreed and another 10 (25%) strongly disagreed. Some PDEs with serious levels of graft were not about to be audited soon, according to 50% of the respondents who were also the majority.

The study further went on to establish whether some PDEs improved after the procurement audit exercise. In this context, 5 (12.5%) respondents strongly agreed, 5 (12.5%) agreed, 7 (17.5%) were not sure, 15 (37.5%) disagreed while 8 (20%) strongly disagreed. Results showed that some PDEs did not improve after the procurement audit exercise with a 57.5% vote. A comparison was made in the re-audited and the following table was generated:-

**Table 15: Risk level identified in PDEs during the 1<sup>st</sup> and 2<sup>nd</sup> audits**



Source of information: PPDA website ([www.ppda.go.ug](http://www.ppda.go.ug))

Table 16 selected four entities that have been re-audited, that is, Ministry of Agriculture, Fisheries and Animal Husbandry (MAAIF), Ministry of Health (MoH), National Medical Stores (NMS) and Ministry of Water, Lands and Environment (MoWLE). Results indicated that level of risk had increased after the procurement audit exercise. For example, contracts categorised as high risk (with serious flaws) at NMS increased from 22 to 40 while those of MoWLE went up from 31 to 47 contracts. Therefore, some PDEs were not exercising fair, transparent, non-discriminatory, value for money and competitive procurements (PPDA Act, 2003).

The study was also interested in understanding whether PPDA conducted return visits to some PDEs due to persistent poor performance. It was established that 2 (9.2%)

respondents strongly agreed, 14 (35%) agreed, 4 (18.2%) were not sure, 1 (4.5%) respondent disagreed while another 1 (4.5%) strongly disagreed. Results showed that PPDA conducted return visits due to persistent poor performance in some PDEs.

Lastly, the study wanted to establish if procurement auditing reduced corruption in public procurement. According to the results, 4 (10%) respondents strongly agreed, 13 (59.1%) agreed, 6 (15%) were impartial, 11 (27.5%) disagreed and 6 (15%) strongly disagreed. The biggest percentage (69.1%) of respondents indicated that procurement auditing reduced corruption in the procurement sector in Uganda.

These results were also backed by a  $\chi^2$ -test showing that, chi-square observed ( $\chi^2_{\text{obs}}$ ) was 28.9648 while chi-square critical value ( $\chi^2_{\text{cv}}$ ) was 26.296 at 0.05 level of significance and  $df = 16$ . Since the chi-square observed was greater than the chi-square critical value, it can be concluded that the results were statistically significant. Overall, the percentage of respondents either strongly agreeing or agreeing was 32.97% while 49.45% strongly disagreed or disagreed. Those who were not sure were 17.58%. Results show that previously audited PDEs constrained PPDA human and financial resources as well as denying other entities an opportunity to be audited. The 49.45% variance could be explained by the following connotations such as:-

*“The government embraced procurement reforms before building capacity in the PDEs. Most entities lacked qualified personnel and the tools to perform the job. They are other institutions especially the local governments who have*



*never recruited procurement officers, for example Bukedea District Local Government. Therefore, there are quite a number of entities which had failed to improve after auditing. However, the central government entities were commendably doing a good job.”*

In conclusion to objective four, previously audited PDEs did not necessary improve after the procurement audit exercise. The continued poor performance of audited PDEs constrained the scarce resources at the PPDA, both human and financial. Procurement auditing, as a compliance assessment tool, was seen to be effective in the fight against corruption and the structures, processes and overall compliance levels in the PDEs were emphasised after the procurement audit exercise. However, this did not take away the fact that more money continued to be misappropriated through mis-procurements. The rate at which PPDA conducted the procurement audits was too slow and PDEs with serious levels of graft were not about to be audited soon, thus creating a laxity among Procurement Officers once they became aware that they are not about to be audited.

#### **4.6 Procurement Audit Management at the PPDA**

Procurement audit management was the dependent variable that caused an effect on the financial and human resources as well as the internal organization of the PPDA. Key management areas identified for the study areas identified under management were work plans and schedules, performance appraisal, communication channels, contractual obligations as well as remuneration and/or payment.

#### 4.6.1. Frequency of responses on procurement audit management

The questionnaire was distributed to 22 PPDA staff members and 18 consultants bringing the total number of respondents to 40. They were, however, some blank spaces left out by the respondents, thus the inconsistent in total numbers (see Table 3).

**Table 4: Frequencies of responses on procurement audit management**

Item	SD	D	NS	A	SA
1. The procurement audits are usually in the annual work plan of the PPDA	0	1	0	13	8
2. In-house audits usually commenced within agreed schedule	0	19	3	15	3
3. Outsourced firms are usually procured within the required time frame	3	11	14	8	4
4. Outsourced firms usually commence their work (auditing) as scheduled	1	11	1	7	2
5. Procurement audits are usually completed within the planned schedule	3	16	0	3	0
6. Remuneration of outsourced firms is commensurate with the assignment	6	8	7	15	4
7. Outsourced firms are usually paid within the agreed time frame	4	18	10	5	3
8. PPDA usually evaluates the	3	10	11	13	3

performance of outsourced firms					
9. PPDA has put in place a mechanism of sanctioning outsourced firms who do not perform to its expectation	4	9	15	10	2
10. PPDA has put in place a mechanism of recognising outsourced firms for their performance	6	10	15	7	2
11. PPDA has a reward system in place for staff who have executed their duties in an exemplary manner	4	12	3	2	1
12. PPDA usually gives timely feedback to the outsourced firms	6	12	9	9	4
13. PPDA communication channels with outsourced firms are usually efficient.	3	11	8	15	3
14. PPDA expeditiously issues procurement audit reports to PDEs	4	8	4	5	1
15. PPDA usually honours its contractual terms with the outsourced firms	3	1	2	7	5
16. The outsourced firms usually implement the TORs specified by PPDA without any encumbrances	0	5	4	8	1
<b>Observed frequency, <math>f_o</math></b>	<b>50</b>	<b>162</b>	<b>106</b>	<b>142</b>	<b>46</b>
<b>Observed frequency percentages (%)</b>	<b>9.88</b>	<b>32.01</b>	<b>20.94</b>	<b>28.06</b>	<b>9.09</b>
<b>Expected frequency, <math>f_e</math></b>	<b>101.2</b>	<b>101.2</b>	<b>101.2</b>	<b>101.2</b>	<b>101.2</b>

<b>Residue (R), <math>f_o - f_e</math></b>	<b>-51.2</b>	<b>60.8</b>	<b>4.8</b>	<b>40.8</b>	<b>-55.2</b>
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SA (Strongly Agree) A (Agree) NS (Not Sure) D (Disagree) SD (Strongly Disagree)

In the first question, the researcher wanted to establish whether procurement audits were in the annual work plan of the PPDA. Eight (8) representing 36.4% of the respondents strongly agreed, 13 (59.1%) agreed and only 1 (4.5%) respondent disagreed. Out of 22 respondents, 21 (95.5%) concurred that procurement audits were in the annual work plan of the PPDA.

The study went on to find out whether in-house audits commenced within the planned schedule. Results indicated that 3 (7.5%) respondents strongly agreed, 15 (37.5%) agreed, 3 (7.5%) not sure and 19 (47.5%) disagreed. In-house audits did not commence on time as indicated by 19 (47.5%) of the respondents.

The study was interested in establishing whether outsourced firms were procured within the required time frame. Results were that 4 (10%) respondents strongly agreed, 8 (20%) agreed, 14 (35%) were not sure, 11 (27.5%) disagreed and 3 (7.5%) strongly disagreed. Since there was an equal number of respondents, that is, 14 (35%) either disagreeing or not sure, then there was a possibility that outsourced firms were procured or indeed not procured on time.

Similarly, the study wanted to establish if outsourced firms commenced their assignment (procurement auditing) on schedule. The results indicated that 2 (9.2%) respondents strongly agreed, 7 (31.8%) agreed, 1 (4.5%) was not sure, 11 (50%) disagreed and 1

(4.5%) strongly disagreed. Results show that assignments by outsourced firms were not commenced as scheduled as indicated by 54.5% or 12 respondents.

Related to the above, the study went on to find out whether procurement audits were completed within the planned schedules. Results indicated that 3 (13.6%) respondents agreed, 16 (72.8%) disagreed while 3 (13.6%) strongly disagreed. The majority (19 respondents or 86.4%) indicated that procurement audits were not completed within planned schedules. About the schedules, one respondent commented that:-

*“Once the procurement audits were not completed within the planned schedules, PPDA had to cumulatively carry forward audits into the next financial year. I cannot recall a single year when PPDA achieved planned targets on procurement audits.”*

The study wanted to establish whether remuneration of outsourced firms was commensurate with the assignment. It was found out that 4 (10%) respondents strongly agreed, 15 (37.5%) agreed, 7 (17.5%) were not sure, 8 (20%) disagreed and 6 (15%) strongly disagreed. The majority (55%) of the respondents indicated that outsourced firms received relatively a good pay which was commensurate to the assignment.

The study further sought to understand if outsourced firms were paid within the agreed time frame. Results indicated that 3 (7.5%) respondents strongly agreed, 5 (12.5%) agreed, 10 (25%) were not sure, 18 (45%) disagreed and 4 (10%) strongly disagreed. This

implied that outsourced firms were not paid within agreed schedule as 55% of the respondents either disagreed or strongly disagreed.

On the other hand, the study wanted to find out if PPDA had a reward system for staff who executed their duties exemplarily. The study established that 4 (18.2%) respondent strongly agreed, 12 (54.5%) agreed, 3 (13.6%) were not sure, 2 (9.2%) disagreed and 1 (4.5%) strongly disagreed. According to results, PPDA did not have a reward system for exemplary performers since the majority (72.7%) of respondents either disagreed or strongly disagreed.

The researcher went on to find out whether PPDA evaluated the performance of outsourced firms. It was established that 3 (7.5%) respondents strongly agreed, 13 (32.5%) agreed, 11 (27.5%) were not sure, 10 (25%) disagreed while 3 (7.5%) strongly disagreed. The PPDA evaluated the performance of outsourced firms, according to the results. The majority (40%) were in agreement.

We also wanted to establish whether PPDA had a mechanism in place for sanctioning outsourced firms who failed to perform to its expectation. The results indicated that 2 (5%) respondents strongly agreed, 10 (25%) agreed, 15 (37.5%) were not sure, 9 (22.5%) disagreed while 4 (10%) strongly disagreed. Fifteen (15) respondents representing 37.5% and also the majority were not sure. The second category of respondents, 13 in number representing 32.5%, indicated that PPDA did not have a mechanism of sanctioning outsourced firms who failed to perform to its expectation.

In relation to the above, the study wanted to establish whether PPDA had a mechanism for recognising outsourced firms who did a commendable job. Two (5%) respondents strongly agreed, 7 (17.5%) agreed, 15 (37.5%) were not sure, 10 (25%) disagreed and 6 (15%) strongly disagreed. This implied that PPDA did not have a mechanism for recognising outsourced firms who did a commendable job. Both exemplary and weak firms were treated equally.

Similarly, the study wanted to find out if the PPDA provided timely feedback to the outsourced firms. The results indicated that 4 (10%) respondents strongly agreed, 9 (22.5%) agreed, 9 (22.5%) were not sure, 12 (30%) disagreed and 6 (15%) strongly disagreed. The majority (45%) of the respondents either strongly disagreed or disagreed that PPDA provided timely feedback to the outsourced firms.

The researcher further went on to establish whether PPDA had efficient communication channels with outsourced firms. Results showed that 3 (7.5%) respondents strongly agreed, 15 (37.5%) agreed, 8 (20%) were not sure, 11 (27.5%) disagreed while 3 (7.5%) strongly disagreed. Eighteen (18) respondents 45% (majority) were in agreement that PPDA had efficient communication channels. The implication was that PPDA communicated efficiently with outsourced firms.

The study also wanted to find out whether both PPDA and the outsourced firms honoured their contractual obligations concerning procurement audits. It was established that 5

(27.8%) respondents strongly agreed, 7 (38.8%) agreed, 2 (11.1%) were not sure, 1 (5.6%) disagreed while 3 (16.7%) strongly disagreed. Sixty six (66.6%) per cent either strongly agreed or agreed that both PPDA and third parties honoured their contractual obligations.

Last but not least, we were interested in knowing whether PPDA expeditiously issued procurement audit reports to PDEs. It was established that 1 (4.5%) respondent strongly agreed, 5 (22.9%) agreed, 4 (18.2%) were not sure, 8 (36.4%) disagreed and 4 (18.2%) strongly disagreed. The PPDA was not issuing procurement audit reports within the designated time frame. The majority (54.6%) of the respondents indicated so.

The results of the procurement audit function at PPDA were also backed by the statistics of a chi-square ( $df = 60$ ,  $\chi^2_{cv}=79.082$ ,  $\chi^2_{obs}=141.705$ ,  $p=0.05$ ) and since chi-square observed was greater than the chi-square critical value, then the results were statistically significant. Overall, the percentage of respondents who were against and those for was 41.89% and 37.15% respectively. The 20.94% were not sure. Therefore, weaknesses in procurement audit management can be explained using the remaining 41.89%. To back up the results, respondents noted that:-

*“The delay to embark on most activities at PPDA was as a result of delayed release of funds from government and yet Regulation 105 of the PPDA Act 2003 prevents entities from commencing on any procurement proceedings or activities for which funds were neither available nor adequate. In this case, PPDA delayed to contract outsourced firms until they have received funds*



*from both donors and government. Consequently, this affected the commencement and completion date for the activities including procurement audits.”*

Another respondent noted:-

*“As a result of delayed payment, the outsourced firms diverted their energies to other assignments outside PPDA that would promptly pay. Procurement audit reports were pushed aside after the initial payment and undertake assignments in other organisations which do not withhold payment for a longer period of time.”*

During the interviews, several respondents noted as follows:

*“The PPDA usually delayed to pay outsourced firms. Once Management accepted the draft report, and went ahead to format the report for the Board, then they should own the audit report. There was no reason why the audit firms should be held at ransom on approvals of the report at Board level before they were paid.”*

*“Poorly performing outsourced firms were never sanctioned but instead continue to be allocated assignments. They continued to enjoy business with the PPDA and this affected the quality of the procurement audit reports.”*

Shortfalls like the delay to commence on procurement audits exercise, failure to complete assignments within agreed timeframe, inability to pay outsourced firms on time, lack of a

performance measure for outsourced firms and lack of timely feed-back affected the effective management procurement audits at PPDA.

## **CHAPTER FIVE**

### **SUMMARY, CONCLUSIONS AND RECOMMENDATIONS**

#### **5.0 INTRODUCTION**

The study examined the institutional challenges affecting procurement audit management at the PPDA. The institutional challenges analysed included the financial and human resources, the internal organization of the PPDA as well as the performance of previously audited PDEs. The presentation of the discussion was in accordance with the four objectives identified in Chapter one.

#### **5.1 SUMMARY**

##### **5.1.1 Objective I: Financial Resources and Procurement Audit Management**

The study set out to find out whether financial resources had an effect on the procurement audit function at the PPDA. Twenty five (25) respondents from PPDA participated in the interviews and filling of the questionnaires. The results indicated that indeed, financial resources had an effect on procurement audit management at the PPDA.

The majority of the respondents (95.5%) indicated that PPDA received all procurement audit funds required from government. However, the contrary was true. The PPDA was not receiving all procurement audit funds requested from government. Like any other government institution, PPDA experienced budget cuts brought about by changes the MTEF ceiling due to shifting government priorities every year (PEAP 2004/5-2007/8).

Therefore, it was difficult for PPDA to rely on budget figures before being approved by Cabinet as a result of unpredicted MTEF ceiling (Tumusiime-Mutebile, 2000). During FY 2007/08, PPDA budget estimates was 9,361,568,824/= but was reduced to 7,703,017,656/= under the new MTEF figures (PPDA Annual Report 2007/08). As a result, PPDA could not easily forecast or plan and implement all activities as scheduled.

The constant adjustments on the MTEF also had diverse effect on the performance of PPDA since it led to downsizing of activities in order to fit into the new budget figures which were usually low. For example, the procurement audit budget for FY 2007/08 was reduced from 690,241,500/= to 395,686,804/=, representing a reduction of 57% of funds released.

The delay to decide on the MTEF ceiling by MoFPED also delayed budget approvals by Cabinet. During FY 2007/08, PPDA's budget was approved by Cabinet towards the end of August 2007. This was two months into the financial year yet the Finance Act 2001 states that "The budget with final MTEF figures should be presented to Cabinet before 15<sup>th</sup> June each year." The procedures concerning budgetary planning and approval were well documented in the Act (Bird, 2003). However, they have not been implemented thus contravening the rules and regulations of the Act. Therefore, such hindrances affected the timely delivery of service since PPDA will experience delayed releases and hence delayed timelines of planned activities.

The constant revision of the MTEF ceiling brought about budget variances since they create shortfalls. Although such variances are at times compensated by the supplementary budget towards the end of each financial year, the timing had negative consequences since it is received late and activities are at times undertaken outside the planned schedules and it creates unnecessary pressure on the already thin audit staff. The need to commit supplementary funds before it was withheld by government on June 30<sup>th</sup>, as a policy, was a stressful undertaking by not only the PPDA but also other government institution.

The PPDA outsource some of its activities to third party providers (Consultants), procurement audits inclusive. However, initiation of the procurement process to contract outsourced firms cannot be undertaken until funds have been committed by government, according to Regulation 105 of the PPDA Act and Regulations 2003 which states that: “A procuring and disposing entity shall not initiate any procurement proceeding or activities for which funds are neither available nor adequate.” The PPDA being a Regulator, it must be seen to be compliant with the PPDA Law. Therefore, PPDA will not initiate any procurement until government has finalised the MTEF figures as well as Cabinet approval of the budget yet the procurement process to bring audit firms on board takes almost three months or so. This had varied significance on how the procurement audit process was managed at the PPDA. Some of the challenges affecting procurement auditing were external to PPDA.

The above challenge does not only affect audits contracted to outsourced firms but also in-house audits conducted by staff since they too need logistics in form of fuel for travel and allowances. Therefore, it was evident that both in-house and outsourced audits were commenced on late and hence carried forward into the next financial year implying that PPDA was not meeting its annual targets on procurement audits. Since inception, PPDA has planned to conduct 59 procurement audits but has managed to complete 42 audits only (Burns & Stalker, 1961).

The study further established that PPDA experienced budget cuts from development partners where 77% of respondents indicated so. However, the contrary was true. Development partners do not cut PPDA budgets since the funds were remitted in accordance with the Memorandum of Understanding (MoU) signed by both parties. Almost 50% of the procurement audits are funded under the Danish International Development Agency (DANIDA) and the Royal Netherlands Government (RNG). The donor component during FY 2007/08 was 4,157,062,843/= (54%) while FY 2006/07 was 3,720,000,000/= (51%). This confirms the Ministry of Finance, Planning and Economic Development (MoFPED) budget for FY 2007/08 where donor support disbursed through projects was estimated at 38.7%.

However, Kendall (2003) warns that “a project was a one time effort to address an area of concern.” Duncan (1996) also writes that “a project was a temporary endeavor undertaken to create a unique product or service.” The interpretation of the word ‘temporary’ was that donor support to PPDA was ‘temporary’ and therefore short lived.

Therefore, if procurement auditing was one of PPDA's mandate, its future might be in jeopardy once donor support ceases since this support was intended to beef up the procurement reforms still on-going in the country. Greene (2003) therefore advises that sustainability of a project or its outcomes should be an integral part of the project which PPDA should endeavour to overcome such that government's efforts to fight corruption are not thwarted.

The study established that donors demand quarterly accountability before funds were released to ensure maximum utilisation and transparency use of resources (Chandi et al, 2000). However, PPDA delayed to make accountability to the donors and quarterly reports as well as financial statements were submitted late. Such delays deterred PPDA from achieving performance targets.

In summary, financial resources had diverse effects on the way the procurement audit function was managed at PPDA. Annual budget figures could not be predicted which led to continuous revision of the budget until it was approved by Cabinet several months into the financial year. Downsizing of activities due to budget cuts was a common scenario at the PPDA and this consequently affected the planned procurement audits. The need to demand for accountability by donors was paramount yet PPDA was always not up-to-date with this requirement. Therefore, such hindrances affected the timelines within which procurement audits should be conducted as well as the overall planning and implementation of this function at the PPDA.

### **5.1.2 Objective II: Human Resources and Procurement Audit Management**

Apart from financial encumbrances, the study wanted also wanted to find out whether human resources had adverse effects on the procurement audit function at the PPDA. Twenty two (22) staff members of PPDA and eighteen (18) consultants responded to the questionnaire while interviews were held with 3 members of PPDA Management. The results were computed using frequency tables and inferential statistics was generated using the chi-square as well as the regression analysis. The resulted were analysed and interpreted. Here below, the discussion on human resources highlights its importance and its consequences to performance.

Despite PPDA being a lean organisation with very few hierarchical structures and a limited number of staff, about 35 technical and 25 support staff, a lot of emphasis has been put on staff welfare. The PPDA offered quite a number of benefits, for example, relatively a good pay, medical insurance to all staff and their immediate relatives, conducive working environment as well as tools, spacious offices and tea. With such benefits, one would expect workers to perform to the best of their ability. This can be compared to one of the recent studies by Armstrong (2000) where it notes that human resources were the most valued assets of an organisation.

Procurement auditing as an activity of the PPDA posed exogamous challenges especially as far as attainment of annual targets were concerned. The study established that staffing levels for the Regulatory Authority in Uganda (PPDA) was not comparable with other



regulatory bodies in the Common Market for Eastern and Southern Africa (COMESA). Whereas other countries in the COMESA region separated the regulatory function from the adjudicative role, it was the contrary at PPDA. The PPDA handled two functions concurrently, that is, the oversight or regulatory function as well as the adjudicative role. Take for example Kenya, the Public Procurement Oversight Authority (PPOA) handled policy issues while the Public Procurement Complaints Review and Appeals Board (PPCRAB) was the adjudicator. The fusion of roles at PPDA created an overload on the existing lean organisation and thin staff.

Apart from procurement auditing, the Department handled investigations, follow-up on audit/investigation recommendations, administrative reviews as well as taking part in training of PDEs. The Department entrusted with procurement auditing was known to have competent, experienced and skilled staff. However, the very few staff members in the Department of Procurement Audit and Investigation cannot undertake the enormous assignment of auditing over the 200 PDEs which were also growing in numbers every other day in addition to other assignments. The Department had only one (1) Director, two (2) Managers and four (4) Officers coupled with seven (7) outsourced firms.

The findings also revealed that PPDA lacked technical expertise in procurement auditing. Presently, there was no institution of higher learning in Uganda offering procurement auditing. The PPDA continuously conducted on-the-job training for staff and backed it up with both local and international training. Although Kendall et al (2003) emphasised that on-the-job instruction enhanced performance and increased efficiency in the organisation;

it might also create lack of confidence where one cannot ably assert him/herself critically while performing a task since procurement was a new undertaking (Basheka, 2008). Therefore, PPDA should not ignore the individual 'interest factor' since one has to perform the task whether he/she was interested or not and this inhibited optimal performance. It was a common phrase at the PPDA: "baptised by fire" – an English phrase introduced in 1822 ([http://en.wikipedia.org/wiki/Baptism\\_by\\_fire](http://en.wikipedia.org/wiki/Baptism_by_fire)) to mean "anyone doing something the hard way".

The lack of technical procurement expertise also affected the outsourced firms undertaking procurement auditing. Whereas Ryden (1996) viewed outsourcing as one method of obtaining expertise not existing in the organisation, this was the contrary at the PPDA. The PPDA was fully involved in mentoring, coaching and training of outsourced firms despite the thin staffing levels. As a result, staff spent a lot of time reviewing the inception/draft/final reports submitted by the outsourced firms other than concentrating on their own planned activities, procurement audits inclusive.

During the procurement reforms, government decried the lack of procurement skills and noted that retaining staff with such critical skills was going to be difficult (Budget Policy Framework Paper for FY 2001/02 [3.1.1 & 3.1.2]). The PPDA was facing similar challenges of retaining the so called 'procurement audit experts' or procurement 'gulus'. Most organisations were poaching on PPDA staff to ensure safety of their procurement systems. Therefore, once PPDA trained its staff, it became increasing difficult to retain them because of the market worthiness it creates. Training opened opportunities for staff

for greener pastures. The unfortunate bit was that PPDA was losing experienced and knowledgeable staff regarded to have the critical skills at the moment. On the other hand, PPDA should be blamed for the high labour turn over since it employs staff on short-term contracts, that is, three year renewable contracts. Contracts create job insecurity since staff(s) feels less protected (Burchell et al, 2002).

In summary, the PPDA is known to employ the procurement gulus of this country as well as offering good employment terms. However, the organisation is lean and very thin on the ground in terms of human resources. It was also experiencing a high labour turn over since most institutions were poaching on PPDA staff in order to keep their procurement systems in order. Countrywide, there are very few procurement professionals since government embarked on procurement reforms in 1997 without building capacity and institutions of high learning have just embarked on training procurement cadres in recent years. The regulatory and adjudicative role has continuously constrained the PPDA meagre resources, human especially.

### **5.1.3 Objective III: Internal Organisation and Procurement Audit Management**

One of the objectives, the study examined the internal organisation of the PPDA to see whether it affected the procurement audit management. This section was answered by 22 PPDA staff, 18 consultants and 3 members of PPDA Management. The results were computed using frequency tables, descriptive and inferential statistics. Results were calculated using the chi-square as well as the regression analysis and interpreted.

One of the scholars, Podsakoff (2008), wrote that “the style of management is tightly linked to the size of an organisation”. He went on to indicate that small organisations tend to be autocratic in nature. The internal structures at the PPDA are not any different from Podsakoff’s description. The PPDA can be described as a small organisation since it employs a total of sixty-two (62) staff members, all inclusive. It can also be portrayed as hierarchical with a strong chain of command and control (Armstrong, 2006), common with most government institutions.

The challenge with such institutions, like the one mentioned above, is that they also become bureaucratic and slow to respond to the changing needs of the internal and external environment (Burns & Stalker, 1961), as explained by the contingency theorists. Whereas bureaucracy is known to have advantages, the need to fight corruption in the public procurement sector should not call for bureaucratic norms. The PPDA should be seen to have ‘organic’ structures that do not conform to predetermined and rigid systems of operations in order to address corruption through intensified procurement auditing.

PPDA exercised stringent control over the approval of procurement audit reports which process was viewed as long and slow by most respondents. Moreover, approvals were not expeditiously executed causing weariness in the system since they had to move from the lowest point (auditors) to Departmental level, then Management and the Board as the final person. Since the study has revealed that procurement audit was an effective tool in fighting corruption in the procurement sector, it was imperative that PPDA establishes a different structure to speed up the audit approvals (Woodward, 1965).

On the other hand, the long approval process was one way of exercising collective responsibility by PPDA. While analysing the politics in the United States of America, Fiorina M.P. (1980) noted that collective responsibility was essential because “success had a thousand fathers yet failure was an orphan.” As such, no one wanted to take blame for fear of being labelled or singled out as a failure but it was also important for PPDA to devolve power so that individuals become accountable for their work(s). This would allow lower levels to take independent decisions concerning procurement audits and speed up the approval process although it required trust. Moreover, present studies have indicated that decentralisation and devolution of power were the driving force to success in organisations (Armstrong, 1997).

The study too revealed that procurement audit reports were bulky, ranging from 50 to 200 pages depending on the Consultant. These reports did not entice Management or even Board to expeditiously make the needed approvals and as such they would be shelved for quick business during the meeting. The delay to approve the reports also contributed to the tedious approval process, thus prolonging it.

Dr. Deming as quoted by Kendall et al (2003) noted that certain structures hindered progression and proper flow of activities in organisations. Kendall proposed stages an organisation should undergo in order to reach maturity stage. However, the scholar did not specify how long an organisation would take before it reaches maturity stage and what was common at each stage was that factor that lessons should be drawn and learnt in

order to adjust accordingly. The PPDA's five (5) years of existence should help it to draw lessons making the management of procurement audits more efficient and effective.

Whereas some assignments undertaken by the Department concerned with procurement auditing had mandatory timelines within which to be executed, for example, the 21 calendar days required to adjudicate over an administrative review(s) (Regulation 347 of the PPDA Act and Regulations, 2003), procurement audits were not compelled to be conducted within a specified number of days. With such tight deadlines on some activities, staff would concentrate on such activities with mandatory timelines on the expense of the other activities. Therefore, procurement audits were shelved to give priority to assignments with mandatory deadlines. The PPDA developed a Procurement Audit and Investigations Manual (PPDA, 2007) to guide the procurement audit process. However, quite a number of guidelines stated in this document were flouted because as more work comes in, staff shifts priorities taking into consideration the mandatory number of days required to undertake an assignment.

The study further revealed that PPDA did not have a mechanism in place to sanction outsourced firms who fail to perform to PPDA's expectations. However, this was disputed by the researcher because the mechanism was in place but not effective. Since the procurement profession is still young, it was not been easy for the PPDA to recruit new outsourced firms capable of undertaking the assignment. Therefore, PPDA has always found a middle line of dealing with outsourced firms as it continues to grapple

with their shortcomings. Their weak position of course affects the quality of procurement audit reports submitted to PPDA.

The study further discovered that outsourced firms were not paid on time yet payment was an extrinsic motivation and had immediate effect on an individual/firm (Armstrong, 1997). Delayed payments lead to outsourced firms abandoning PPDA assignments to opt for other jobs where they anticipate to be paid on time. In most instances, contractual terms between PPDA and the third party providers were flouted due to delayed completion of assignments as well as payment.

Lack of new technologies among some members involved in the approval process also clogs the system since a lot of raw materials have to be churned out through photocopying. This is not only time consuming but also leads to wastage of paper and other materials. Therefore, PPDA needs to develop a software system to facilitate the fast tracking of procurement audit reports and embrace direct approvals on computers.

In conclusion, PPDA has bureaucratic internal structures with stringent control system that call for collective approvals and responsibility. This does not only derail the approval process of procurement audits but also clogs the entire system. Therefore, such long approval processes will thwart government efforts to fight corruption in the procurement sector if PPDA does not adjust and embrace new ways and technologies that facilitate the expansion of procurement audit coverage.

#### **5.1.4 Objective IV: Performance of Previously Audited Entities and PPDA Resources**

Objective four of the study set out to find whether previously audited PDEs performed better after the procurement audit exercise leading to reduced expenditure of financial and human resources by the PPDA. The study sought the opinion of the auditors (PPDA) and the Procurement Officers in PDEs about the performance of audited entities. In relation to the above, responses were received from twenty two (22) PPDA staff, eighteen (18) consultants and twenty six (26) procurement cadres.

According to the findings of the study, both the auditors and auditee(s) had divergent views on performance of previously audited PDEs. Whereas PPDA felt that PDEs have continued to perform poorly after being audited, the Procurement Officers in the various entities saw a great improvement to the adherence of the PPDA law after the procurement audit exercise. There were increased levels of compliance and respect for the procurement structures in the PDEs. However, this would not take away the factor that corruption continued to thrive in the respected structures.

The inability to increase audit coverage was likely to create laxity amongst PDEs once they became aware that there were not about to be audited soon and this continued to pose as a big challenge for the PPDA. It was therefore imperative that PPDA intensifies procurement auditing in order to safe-guarded public funds and help government to improve service delivery.



In summary, it was not obvious that previously audited PDEs will perform better and therefore would not constrain PPDA's financial and human resources. Therefore, government should increase the financial and human resources to enable PPDA intensify procurement auditing of all entities and protect public funds currently embezzled through mis-procurements with a view of improving service delivery.

## **5.2 CONCLUSIONS**

A wealth of knowledge has been unearthed during the study by the researcher but the most interesting one was the linkage between the procurement function and good service delivery. The continued poor services seen in Uganda today were as a result of weak procurement systems. Therefore, the topic "Institutional Challenges Affecting Procurement Audit Management at the PPDA" drew the following conclusions:-

### **5.2.1 Conclusion to Objective I**

Financial resources had diverse effects on the way the procurement audit function was managed at PPDA. Annual budget figures could not be predicted which led to continuous revision of the budget until it was approved by Cabinet several months into the financial year. Downsizing of activities due to budget cuts was a common scenario at the PPDA and this consequently affected the planned procurement audits. The need to demand for accountability by donors was paramount yet PPDA was always not up-to-date with this requirement. Therefore, such hindrances affected the timelines within which procurement audits should be conducted as well as the overall planning and implementation of this function at the PPDA.

### **5.2.2 Conclusion to Objective II**

Although the PPDA was known to have the procurement gulus in the country as well as offer good employment terms, the organisation was lean and very thin on the ground in terms of human resources and as such was experiencing high labour turn over since most institutions were poaching on its staff to keep their procurement systems in order. Countrywide, there are very few procurement professionals since government embarked on procurement reforms in 1997 without building capacity and institutions of high learning have just embarked on training procurement cadres. The regulatory and adjudicative role has continuously constrained the PPDA meagre resources, human especially.

### **5.2.3 Conclusion to Objective III**

The PPDA has bureaucratic internal structures with stringent control system that call for collective approvals and responsibility. This does not only derail the approval process of procurement audits but also clogs the entire system. Therefore, such long approval processes will thwart government efforts to fight corruption in the procurement sector if PPDA does not adjust and embrace new ways and technologies that facilitate the expansion of procurement audit coverage.

### **5.2.4 Conclusion to Objective IV**

Concerning the performance of audited PDEs, it was not obvious or a guarantee that once audited one will perform better and therefore PPDA's financial and human resources will

continue to be constrained if not increased by government to enable intensified auditing of PDEs and protect public funds from corrupt officers.

Overall, there was need for PPDA to embrace the contingency theory and establish organic structures to facilitate and expedite the approval of procurement audits as well as increase their budget and grow their numbers with intentions of fighting corruption in the procurement sector.

### **5.3 RECOMMENDATIONS**

Based on the above discussion and conclusion, the following recommendations have been made in accordance with the stated objectives:-

#### **5.3.1 Objective I: Effects of financial resources on procurement audit management**

The study established that PPDA experienced financial constraints and the following recommendations of objective I included:-

1. The PPDA should continuously lobby government to increase its annual budget by justifying the importance of procurement auditing as a strong tool for fighting corruption in Uganda.
2. The PPDA should endeavour to make timely accountability of donor funds by submitting quarterly reports and financial accountabilities to prompt timely releases of donor monies. This will enable PPDA to execute planned activities on schedule.

### **5.3.2 Objective II: Effects of human resources on procurement audit management**

Having noted that the country has a shortage of procurement professionals and that PPDA had capacity gaps with low staffing levels, the following recommendations have been made accordingly:-

1. PPDA should create more departments and separate the various roles undertaken by the present staff in order to relieve procurement auditors of other work(s). This will enable the auditors to concentrate on their core mandate – procurement auditing.
2. PPDA should recruit more people in the Department of Procurement Audit and Investigations to beef up the current staff.
3. PPDA should put in place a mechanism for retaining staff especially those who have been trained and have acquired the necessary experience since such individuals are an asset to the institution and a source of gainful information.
4. There was need for institutions of higher learning to introduce procurement auditing as a course to counteract the existing capacity gap(s) experienced at the work places.

### **5.3.3 Objective III: Effects of the internal organisation on procurement audit management**

The recommendations for objective III are that:-

1. Approval of procurement audit reports by the Board should be made on a quarterly basis while Management makes approvals on a monthly basis. This

would speed up the approval process because it would minimise the shelving of these reports.

2. There should be a deliberate effort by Board to devolve power to Management such that low or medium risk reports are approved by Management and issued thereafter while high risk procurement reports are referred to Board.
3. Management should equally relinquish some powers to the Head of Department Procurement Audit and Investigations so that less critical (to be defined by PPDA) approvals are handled at a lower level.
4. PPDA should facilitate all staff involved in procurement auditing with laptops including the Board. This will enable on-line approvals in order to make the system more efficient.
5. PPDA should put in place an electronic system for fast tracking procurement audit delays and find solutions to these delays.
6. The current report format should be revised in order to make the reports less bulky and attractive to the readers.
7. The PPDA should endeavour to make timely payments to the outsourced firms as a means of motivating the firms.

#### **5.3.4 Objective VI: Effects of performance of previously audited PDEs on procurement audit management**

Having noted that PDEs continue to perform poorly even when they are audited several times, the following recommendations should suffice:-

1. Government and PPDA should continuously build capacity of Procurement Officers and strengthen the procurement profession.
2. The code of ethical conduct established for the procurement professionals by the Institute of Public Procurement in Uganda should be intensified so that they become accountable for their actions.
3. The PPDA should intensify procurement auditing in PDEs so as to improve the procurement system and build public confidence in public procurement.

#### **5.4 LIMITATION TO THE STUDY**

**During the research, there were a number of encumbrances or limitations experienced and these included** the delay to receive questionnaires from respondents especially those ones residing upcountry. The inability to honour appointment(s) by PPDA Management for interviews since they were continuously busy and most Procurement Officers were uncomfortable filling in the questionnaires since the topic seemed sensitive. Corruption has always been regarded as a sensitive topic in some societies.

#### **5.5 CONTRIBUTION OF THE STUDY**

The study has been able to identify areas that PPDA can improve upon in order to manage procurement audits efficiently and effectively. It also made proposes that may be useful to the PPDA in implementing the procurement audit function. The study also contributed to the knowledge on procurement auditing in Uganda.

## **5.6 AREAS FOR FUTURE STUDY**

Based on the above research, various gaps have been identified for future study. Among the gaps identified include:-

- i. The challenges PPDA was facing at the PDEs while conducting procurement and disposal audits. These were external to PPDA but were worth researching on.
- ii. The causes of persistent corruption in the procurement sector through misinterpretation of the PPDA Law were another area of interest. Government formulated the PPDA Law to streamline the procurement process. However, various PDEs were interpreting differently with presumably hidden intentions of avoiding it.

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**APPENDIX A**  
**QUESTIONNAIRE FOR PPDA STAFF**

I hereby inform you that I am a postgraduate student at the Uganda Management Institute (UMI) pursuing a Masters Degree in Management Studies. I am conducting a study on “**Institutional challenges affecting procurement audit management at the Public Procurement and Disposal of Public Assets Authority (PPDA)**”. This questionnaire is therefore meant to collect information for the study. Information collected will be kept confidential and will be used for academic purposes in the mentioned study. You are requested to spare your time and answer the questions.

**SECTION A: BACKGROUND INFORMATION**

1. Please indicated your:
  - a. Gender: Male [  ]                      Female [  ]
  - b. Highest academic attainment:
    - UACE certification [  ]
    - Diploma [  ]
    - Degree [  ]
    - Masters Degree [  ]
    - PHD [  ]
    - Any other (specify).....
2. You are attached to PPDA as:
  - a. PPDA staff [  ]
  - b. Consultant [  ]
  - c. Any other (*please specify*).....

Please respond to the following statements by indicating the extent to which you agree or disagree where;

**5 = strongly agree, 4=Agree, 3=Not sure, 2=Disagree, 1= Strongly disagree**

**SECTION A: FINANCIAL RESOURCES**

STATEMENT	1	2	3	4	5

5 = strongly agree, 4=Agree, 3=Not sure, 2=Disagree, 1= Strongly disagree

1.	The PPDA usually receives all the procurement audit funds requested for from government					
2.	The government is usually keen to cut the budget(s) presented by PPDA					
3.	Government usually endeavours to release PPDA audit funds on time					
4.	The PPDA usually receives all the procurement audit funds requested for from donors					
5.	The donors are usually keen to cut the budget on procurement audit presented by PPDA					
6.	The release of procurement audit funds by donors to PPDA is usually done on time					
7.	Procurement audit funds from donors to PPDA are usually released in piece meals instead of lump sum					

**SECTION B: HUMAN RESOURCES**

	<b>Statement</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
8.	The PPDA usually has enough human resources in the procurement audit Department					
9.	The PPDA usually employs people with adequate knowledge and skills in procurement auditing					
10.	The staff usually receive sufficient training to meet procurement audits					



5 = strongly agree, 4=Agree, 3=Not sure, 2=Disagree, 1= Strongly disagree

	needs of the organisation					
11.	The technical staff at PPDA have sufficient experience in procurement auditing					
12.	The PPDA does not find it difficult to outsource auditing services since there are many capable firms to choose from					
13.	Most of the outsourced firms previously outsourced by PPDA have a well trained staff in procurement audit					
14.	Most of the outsourced firms previously outsourced by PPDA have an experienced staff in procurement audit					
15.	PPDA has never got involved in training outsourced labour since they usually come with sufficient skills in procurement auditing					

#### SECTION C: INTERNAL ORGANISATION

	STATEMENT	1	2	3	4	5
16.	Most decisions on procurement audits at PPDA are highly decentralised					
17.	Approvals concerning procurement audits by the Department are usually expedited on time					
18.	Approvals concerning procurement audits by Management are usually expedited on time					
19.	Approvals concerning procurement audits by the Board are usually					

5 = strongly agree, 4=Agree, 3=Not sure, 2=Disagree, 1= Strongly disagree

	expedited on time					
20.	The process through which audit reports go through before they are approved by the PPDA Board is relatively short					
21.	The procurement audit procedure is well documented by the PPDA					
22.	The procurement audit procedure at PPDA is known to outsourced firms					

**SECTION C: PERFORMANCE OF PREVIOUSLY AUDITED PDEs**

	STATEMENT	1	2	3	4	5
23.	The rate at which PDEs are audited has always been slow in the life of PPDA					
24.	Some PDEs with serious levels of graft may not be covered by PPDA audit soon					
25.	PPDA procurement audits have had limited impact on reversing corruption in public procurement in Uganda					
26.	Some PDEs have failed to improve after being audited					
27.	PPDA has in the past conducted return visits to some PDEs because of persistent poor performance					

**SECTION D: PROCUREMENT AUDIT MANAGEMENT**

	STATEMENT	1	2	3	4	5
28.	The procurement audits are usually in the annual work plan of the PPDA					
29.	Outsourced firms are usually procured within the required time frame					

5 = strongly agree, 4=Agree, 3=Not sure, 2=Disagree, 1= Strongly disagree

30.	Outsourced firms usually commence their work (auditing) as scheduled					
31.	In-house audits usually commence as per the agreed work plan					
32.	Procurement audits are usually completed within the planned schedule					
33.	Remuneration of outsourced firms is commensurate with the assignment					
34.	Outsourced firms are usually paid within the agreed time frame					
35.	PPDA usually evaluates the performance of outsourced firms					
36.	PPDA has put in place a mechanism of sanctioning outsourced firms who do not perform to its expectation					
37.	PPDA has put in place a mechanism of recognising outsourced firms for their performance					
38.	PPDA has a reward system in place for staff who have executed their duties in an exemplary manner					
39.	PPDA usually gives timely feedback to the outsourced firms					
40.	PPDA communication channels with outsourced firms are usually efficient.					
41.	PPDA expeditiously issues procurement audit reports to PDEs					

42. Please describe (narrate) any other issues that may be relevant and applicable in this study.

**5 = strongly agree, 4=Agree, 3=Not sure, 2=Disagree, 1= Strongly disagree**

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Thank you for your cooperation

5 = strongly agree, 4=Agree, 3=Not sure, 2=Disagree, 1= Strongly disagree

## APPENDIX B

### QUESTIONNAIRE FOR THE CONSULTANT

I hereby inform you that I am a postgraduate student at the Uganda Management Institute (UMI) pursuing a Masters Degree in Management Studies. I am conducting a study on “**Institutional challenges affecting procurement audit management at the Public Procurement and Disposal of Public Assets Authority (PPDA)**”. This questionnaire is therefore meant to collect information for the study. Information collected will be kept confidential and will be used for academic purposes in the mentioned study. You are requested to spare your time and answer the questions.

#### SECTION A: BACKGROUND INFORMATION

3. Please indicated your:

a. Gender: Male [ ] Female [ ]

b. Highest academic attainment:

UACE certification [ ]

Diploma [ ]

Degree [ ]

Masters Degree [ ]

PHD [ ]

Any other (specify).....

4. You are attached to PPDA as:

a. PPDA staff [ ]

b. Consultant [ ]

c. Any other (*please specify*).....

Please respond to the following statements by indicating the extent to which you agree or disagree where;

5 = strongly agree, 4=Agree, 3=Not sure, 2=Disagree, 1= Strongly disagree

5 = strongly agree, 4=Agree, 3=Not sure, 2=Disagree, 1= Strongly disagree

**SECTION A: HUMAN RESOURCES**

	<b>Statement</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
1.	The PPDA does not find it difficult to outsource auditing services since there are many capable firms to choose from					
2.	Most of the firms previously outsourced by PPDA have a well trained staff in procurement audit					
3.	Most of the firms previously outsourced by PPDA have an experienced staff in procurement audit					
4.	PPDA has never got involved in training outsourced labour since they usually come with sufficient skills in procurement audit					
5.	The PPDA usually has enough human resources to supervise outsourced firms conducting procurement audits					

**SECTION C: INTERNAL ORGANISATION**

	<b>STATEMENT</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
6.	Most decisions on procurement audits at PPDA are highly decentralised					
7.	Approvals concerning procurement audits by the Department are usually expedited on time					
8.	Approvals concerning procurement audits by the Management are usually expedited on time					

5 = strongly agree, 4=Agree, 3=Not sure, 2=Disagree, 1= Strongly disagree

9.	Approvals concerning procurement audits by the Board are usually expedited on time					
10.	The procurement audit procedure is well documented by the PPDA					
11.	The procurement audit procedure at PPDA is well defined to the outsourced firms					

**SECTION C: PERFORMANCE OF PREVIOUSLY AUDITED PDEs**

	STATEMENT	1	2	3	4	5
12.	The rate at which PDEs are audited has always been slow in the life of PPDA					
13.	Some PDEs with serious levels of graft may not be covered by PPDA audit soon					
14.	PPDA procurement audits have had limited impact on reversing corruption in public procurement in Uganda					
15.	Some PDEs have failed to improve after being audited					

**SECTION D: PROCUREMENT AUDIT MANAGEMENT**

	STATEMENT	1	2	3	4	5
16.	Outsourced firms are usually procured within the required time frame					
17.	Outsourced firms usually commence their work (auditing) as scheduled					
18.	Procurement audits are usually completed within the planned schedule					
19.	The outsourced firms usually					

5 = strongly agree, 4=Agree, 3=Not sure, 2=Disagree, 1= Strongly disagree

	implement the TORs specified by PPDA without any encumbrances					
20.	PPDA usually honours its contractual terms with the outsourced firms					
21.	Remuneration of outsourced firms is commensurate with the assignment					
22.	Outsourced firms are usually paid within the agreed time frame					
23.	PPDA usually evaluates the performance of outsourced firms					
24.	PPDA has put in place a mechanism of sanctioning outsourced firms who do not perform to its expectation					
25.	PPDA has put in place a mechanism of recognising outsourced firms for their performance					
26.	PPDA usually gives timely feedback to the outsourced firms					
27.	Outsourced firms are kept informed by PPDA about the issues concerning procurement audits					
28.	PPDA communication channels with outsourced firms are usually efficient.					

29. Please describe (narrate) any other issues that may be relevant and applicable in this study.

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Thank you for your cooperation



5 = strongly agree, 4=Agree, 3=Not sure, 2=Disagree, 1= Strongly disagree

### APPENDIX C

#### QUESTIONNAIRE FOR THE PROCUREMENT OFFICERS

I hereby inform you that I am a postgraduate student at the Uganda Management Institute (UMI) pursuing a Masters Degree in Management Studies. I am conducting a study on “**Institutional challenges affecting procurement audit management at the Public Procurement and Disposal of Public Assets Authority (PPDA)**”. This questionnaire is therefore meant to collect information for the study. Information collected will be kept confidential and will be used for academic purposes in the mentioned study. You are requested to spare your time and answer the questions.

#### SECTION A: BACKGROUND INFORMATION

5. Please indicated your:

a. Gender: Male [ ] Female [ ]

b. Highest academic attainment:

UACE certification [ ]

Diploma [ ]

Degree [ ]

Masters Degree [ ]

PHD [ ]

Any other (specify).....

6. You are attached to PPDA as:

a. PPDA staff [ ]

b. Consultant [ ]

c. Any other (*please specify*).....

Please respond to the following statements by indicating the extent to which you agree or disagree where;

5 = strongly agree, 4=Agree, 3=Not sure, 2=Disagree, 1= Strongly disagree

5 = strongly agree, 4=Agree, 3=Not sure, 2=Disagree, 1= Strongly disagree

**SECTION A: PERFORMANCE OF AUDITED PDEs**

	STATEMENT	1	2	3	4	5
1.	The procurement audit conducted by PPDA greatly improved the overall performance of your entity					
2.	The procurement audit conducted by PPDA greatly improved the procurement processes at your entity					
3.	Procurement structures now respect the procurement systems in place					
4.	Overall, the rate of compliance in your entity has improved					
5.	Procurement audit, as a compliance assessment tool, is useful in reducing corruption in the procurement sector.					
6.	PPDA should intensify procurement auditing if corruption in the procurement sector is to be reduced.					

Please describe (narrate) any other issues that may be relevant and applicable in this study.

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Thank you for your cooperation

5 = strongly agree, 4=Agree, 3=Not sure, 2=Disagree, 1= Strongly disagree

### **INTERVIEW GUIDE FOR PPDA MANAGEMENT**

I am conducting a research on institutional challenges affecting procurement audit management at the PPDA.

1. Who has been involved in funding procurement audits since 2003?
2. Do you think procurement audits are allocated sufficient funds in the annual budget?
3. What was your comment on donor funding towards procurement audits?
4. What was your opinion on PPDA's capacity to conduct procurement audits?
5. Do you think the staff in the Department of Procurement Audit and Investigations has sufficient skills, qualification and experience to conduct procurement audits?
6. Do you think the outsourced firms have capacity, the necessary qualification, skills and experience to conduct procurement audits?
7. Motivation was key to staff performance. How has Management incorporated this item in the organisation's strategy?
8. What was your view on Board approval of audit reports?
9. Is there any system or mechanism in place to appraise the performance of third party providers?
10. Bureacracy was a necessary tool in management because it was viewed as being reliable (Max Weber, 1964). Given the fact that PPDA is to audit over 200 PDEs, what would be your comment on the various approval stages concerning procurement audits?