

# Influence of Monitoring And Control Practices on Performance Of The Procurement Function At County Government Of Uasin Gishu.

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**ABSTRACT:** Procurement greatly impacts how an organization achieves its objectives. Procurement practice is an area that can be improved to further contribute to organizational performance. Public procurement audit plays a critical role in ensuring accountability of operations. The aim of the study was to determine the influence of monitoring on performance of Uasin Gishu County Government. The study was guided by Control Theory. The conceptualized in the framework, which will help to link the independent and the dependent variables under the study. This study adopted descriptive research design. The target population of the study were the employees of from 11 sub counties of Uasin Gishu county. The accessible population for the study was 78 employees. The study used the census to determine the desire sample size. The sample size for the study was 66 respondents established from the accessible population. Semi-structured questionnaire was used to collect primary data while secondary data was obtained from journals. questionnaires were self-administered. The researcher conducted the pilot study in Nandi County to ascertain the validity and reliability of the research instrument before conducting the actual study. The researcher used the Cronbach alpha coefficient to determine the reliability of the instrument. The reliability of the instrument should be 0.7 and above. The data was analyzed using regression analysis and descriptive statistics using SPSS version 24 and also was analysed by use of percentages, means, standards deviations and frequencies. The researcher presented the findings using frequency tables. The researcher analysed the data by using inferential statistics such as multiple regression and Pearson correlations in order to established the kind of relationship between the variables. The study regressed the variables at 5% significance level. The researcher will also test the hypotheses of multiple regression model. The findings established that monitoring and control practices affects the performance of procurement function ( $\beta = 0.369$ ;  $p < 0.05$ ) on the performance of procurement function in Uasin Gishu County. The study concluded that monitoring and control have positive and statistically significant effect on the performance of procurement function of Uasin Gishu County Government, Kenya

**Key words;** Monitoring, Control, Auditing and Procurement

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## I. Introduction

### Background to the Study

Procurement greatly impacts how an organization achieves its objectives. Procurement practice is an area that can be improved to further contribute to organizational performance. Organizations tend to choose procurement procedures that are familiar to them; they should instead choose the ones most suited and most beneficial to their organization's success. Narasimhan and Kim (2002), states that there has been increased pressure for purchasing integration. Purchasing integration links purchasing practices to organizational performance (Gattorna, 2006). The direct link of operational efficiency and supply chain to organizational performance therefore means that the adoption of procurement practices is crucial to organizational success. Streamlined procurement systems lead to efficiency and increases the confidence of employees, customers and stakeholders of the organization

Monitoring role means that auditors are used as a mechanism to enhance credibility of the financial statements so that the public who are not involved in the day to day running of the organization can have some level of confidence in the reported financial position (Cai, 2015). The willingness of internal auditors to report a discovered breach depends on a number of factors including; the level of independency accorded by the management (Cohen & Sayang, 2012). Audit independence must be viewed within the totality of corporate governance and the accountability of organizations to their stakeholders (Beyanga, 2013). The audit Committee must closely monitor the auditor's relationship with the company's management. For this to be done effectively, a membership of the Audit committee is required.

The Israel audit Service is the state institution mandated to audit the activities of all public institutions with the aim of promoting good governance in the areas of transparency, accountability and probity in the

management of financial and other public resources. Perceived reporting system embraces the International Financial Reporting Standards (IFRSs) and International Standards on Auditing (ISAs) for the Private Sector and generally, the International Public Sector Accounting Standards (IPSASs) in 2014. The Country rebuilt the general population segment and embraced execution contracting, organized screening of State Officers, set up Independent Commissions and Offices and different changes that keep on strengthening corporate administration and with current talks with the World bank to establish a Financial Oversight Authority to monitor Public Interest Entities (Sayag, 2010).

In America, scandals such World.com and Enron in year 2002 where investors lost over \$180 billion led to enactment of Corporate and Auditing Accountability and Responsibility Act (Sarbanes & Oxley, 2002). These major financial scandals were caused by poor procurement control systems including weak corporate governance which the Sarbanes Oxley Act of 2002, tried to address. In South Africa, the effects and implementation of the King II Report on audit practices on organization performance have not been clearly measured or the results reported. However, this is contributed by failure of regulatory bodies providing little guidance on how these evaluations should be performed. In journey for more grounded responsibility environment, Kenya keeps on creating solid bookkeeping and evaluating frameworks (Rutto, 2011).

### **Statement of the Problem**

Procurement greatly impacts how an organization achieves its objectives. Procurement practice is an area that can be improved to further contribute to organizational performance. Organizations that are either service or business oriented are utilizing every available opportunity to improve their service delivery and profit making. One way of doing this is through creation of well-designed department commonly referred to as function. County governments have become a major level of government in Kenya and hence the need to have well-functioning procurement department. The occurrence of prominent corporate disappointments, highlighted grave shortcomings in corporate administration structures exemplified by misrepresentation, poor bookkeeping and the disappointment of inner controls are some of the challenges facing procurement functions (Picher, 2014). The study therefore seeks to establish the influence of public procurement audit on performance of procurement function in Uasin Gishu county government. Due to increase in various industries in Kenya, there was need for an independent internal audit function in the economy, which should polish the financial records of organizations. Internal audit independence is in an organization to enhance the effective control measures for the management to provide financial reports which will depict the true position as pertains to the financial statements. In various industries, internal auditors face several obstacles including lack of independence, limited access to records support and recognition by the management.

### **Research Objective**

To establish the influence of monitoring and control practices on performance of the procurement function at County Government of Uasin Gishu.

### **Research Hypotheses**

**H<sub>01</sub>** :Monitoring and control practices have no significant influence on performance of the procurement function at the County Government of Uasin Gishu.

## **II. Literature Review**

The study will be grounded by control theory, moral hazard theory and procurement environmental model.

### **Control Theory**

Control theory was propagated by Barrows and Neely in 2012. The theory focuses on control mechanism which should be imposed at all levels of an organization. There are different forms of control which an organisation can use in order to get the desired results such as, organizational structure, behavioural controls like norms and policies of an organization or performance measurement mechanisms. These results have to be congruent with the objectives and goals of an overall organization (Barrows & Neely, 2012). Control theory has three types of control systems: Control theory is considered as an interdisciplinary source of illustrating and science that game plans with the lead of dynamical system with data sources.

The goal of a control hypothesis is to ascertain answers for the best possible collective activity from the controller that outcome in system steadiness that is, the system will hold the set point and not waver around it. Frameworks have inputs and yields to bring an item in the wake of preparing thus inputs and yields of a control framework are by and large related by differential conditions. Setting objectives, spending arranges, masterminds and distinctive goals develop criteria for control. Control itself exists to keep execution or a circumstance inside what is routine, allowed or saw. Control worked inside a theory is inside in nature. It happens with a blend of interrelated parts, for instance, social environment affecting behavior of pros, information essential in control, and strategies and methodology. The theory control theory applies in businesses today, as it is turned out to be essential for their operation and accomplishing the goal of associations. The part

of inward reviewing is to survey the viability of the inside control framework and to see if the framework is working as planned. While control theory gives an adequate explanation of non-serious forms of youthful delinquency, it fails to explain adult criminal behavior and serious instances of youth crime. The theory's biggest weakness is that it places too much importance on the bonds relative to an individual and society, without looking at other concepts like autonomy and impulsiveness.

### **Empirical Review**

This section reviews the existing empirical studies on monitoring and control practices

#### **Monitoring and Control Practices and Procurement Function**

Roussy, (2013) conducted a study on challenges of implementing internal control systems in non-governmental organizations in Kenya. The study used institutional theory and stakeholder theory. Descriptive research design was used by the study. Primary data was useful in the study in getting the data from the field. The study used descriptive and inferential statistics. The research found out that Internal auditing serves as a vital connection in the business and budgetary reporting procedures of partnerships and not-revenue driven associations. The point of inner inspecting is to enhance hierarchical proficiency and adequacy through useful feedback. Inner Auditing has four primary segments: viz; check of composed records, investigation of approach, assessment of the rationale and fulfillment of methods, interior administrations and staffing to guarantee they are proficient and proper for the association's strategies; and reporting suggestions for enhancements to administration. The study mostly relied on only two theories.

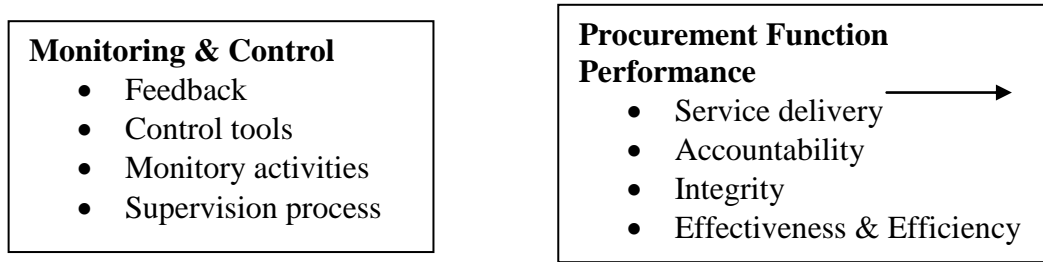
Fourie and Ackerman (2013), conducted a study on the impact of effective control on internal audit. The study relied on secondary and primary sources of information. A survey approach was employed, using a stratified random sampling to ensure representativeness. Both quantitative and qualitative methods of data analysis were used. Descriptive statistics as well as regression analysis were used to facilitate examination of the relationship between the variables of interest. The study findings indicate that environmental factors have the most influence on e-procurement implementation, followed by technological and organizational factors respectively. The study found out that most internal audit experts contend that a compelling inner review work connects with enhanced money related execution. Inside control frameworks add to administrative adequacy as well as vital obligations of corporate directorate. Bookkeeping writing in like manner underlines the significance of an association's respectability and moral values in keeping up a powerful control.

Monday, Inneh and Ojo (2014) conducted a study on internal controls and operating performance of small business. The study aimed at determining the effects of internal controls on performance of small firms. The study used questionnaires. Descriptive statistics was used to analyse the data. noticed that internal auditors run an organization all the more proficiently and adequately to expand shareholders esteem. The auditors do this through an objective evaluation of the existing risk and internal control framework, systematic analysis of business processes and associated controls. Budgetary misrepresentation reliably archives a relationship going about as a guard dog could spare the association from acts of neglect and inconsistencies in this manner empowering the association to accomplish its targets of guaranteeing abnormal state of efficiency and benefit. The study did not capture any theory hence need to use other theories in other studies.

Opong, Owlredy, Abedana and Asante (2016) conducted a study on the internal control on performance in Accra. The study used a sample of respondents from the NGO. The study relied on structured questionnaires containing opened and closed ended questions. The study presented data using tables and graphs. The researchers found out that the major role of internal audit is to assist the management and its audit committee in discharging its governance responsibilities by offering advises on the financial records of the organization. The auditors also review the existence and value of assets, a source of information on major frauds and irregularities, ad hoc reviews of other areas of concern, including unacceptable levels of risk, reviews of the compliance framework and specific compliance issues, reviews of operational and financial performance. The study concentrated on one sector hence need for further research in other public sectors.

### **2.4 Conceptual Framework**

Conceptual framework as a set of broad ideas taken from relevant fields of enquiry, intended to assist a researcher to develop awareness and understanding of the situation under scrutiny and to communicate (Mugenda & Muganda, 2008). It also aims to assist the researcher organize her/his thinking, and explain relationship among interlinked concepts. Figure 2.1 represents the research structure of internal audit controls as the independent variables and their interplay with the independent variable.



**Independent Variable**

**Dependent Variable**

**Figure 2.1** Conceptual Framework

### **III. Research Methodology**

This chapter discusses the methodology that was used in gathering, analyzing and reporting the data. This section is an overall scheme, plan or structure conceived to aid the study in answering the raised research question.

#### **Research Design**

Research design refers to the procedure involved an arrangement of conditions for collection and analysis of data in a manner that aimed to combine relevance to the research purpose with economy in procedure (Mugenda & Mugenda, 2008). The study used descriptive research design. Descriptive study is concerned with finding out the what, where and how of a wonder. The underlining idea is to choose a few focused-on situations where a serious examination recognized the conceivable choices for unraveling the exploration addresses on the premise of the current arrangement.

#### **Sample Size and Sampling Technique**

In this study, census was used to select the sample which was investigated by the study. The method was convenient because the accessible population was less than 200. According to Sekaran (2011) census has the lease bias and offered the most generalization and hence for the study to be more representative, it was important that the right method was chosen. Mugenda and Mugenda (2003) states that the descriptive studies 10-40% of the accessible population is a representative sample. The study determined the sample by help of the slovin’s formula of determining the effective sample size.

$$n = \frac{N}{(1 + Ne^2)}$$

Where **n** represent the sample size, **N** represent the total accessible population and **e** represent the degrees of freedom.

#### **Research Instrument**

The researcher engaged a research assistant who assisted in conveyance of questionnaires to the focused-on respondents. The questionnaires were self-administered by the research assistant to ensure maximum response from the respondents. However, where the respondents had time to fill the questionnaire as the research assistant accorded any assistance and clarification that respondents needed

#### **Pre-testing of Research Instrument**

The study conducted a pilot study to pretest and validates the data collection instrument. Pilot respondents were randomly sampled. The study utilized both face and substance legitimacy to find out the legitimacy of the surveys. Content validity draws a derivation from test scores to a vast space of things like those on the test. Content validity is concerned with test populace representativeness. Reliability is the ability of a research instrument to accurately and consistently measure the required construct (Bolarinwa, 2015). Reliability of a measure is high when same results are achieved in a state of constant conditions (Kinoti& Njeru, 2013). Internal consistency and average correlation of items were used to measure the reliability of data. The researcher used the most widely recognized interior consistency measure known as Cronbach's alpha ( $\alpha$ ). Results of values below 0.7 in cronbach’s alpha ( $\alpha$ ) show no or little internal consistency and correlation of items in a study. The following formula was used to test the reliability of the instruments.

$$\alpha = \frac{Kc}{(V + (K - 1)c)}$$

Where: **K** represents Total number of components/items, **V** represents Average Variance for each item of a group, **C** represents Average of all the co-variances between the components.

#### **IV. Data Processing and Analysis**

Before processing, data was cleaned, coded, entered and analyzed by using statistical package for social science (SPSS). Also, the data was analysed by use of percentages, means, standard deviations and frequencies. The data was presented using graphs, diagrams and pie charts. This was done through tallying up of responses, processing rates of varieties accordingly and also portraying and deciphering the information in accordance with the study destinations and suppositions through utilization of SPSS to convey look into discoveries. The analyst utilized multiple regression analysis to determine the quality of the relationship between the dependent and independent factors. The researcher used multiple regression analysis to establish the strength of the relationship between the dependent and independent variables.

#### **V. Research Findings And Discussions**

##### **5.2.1 Monitoring and Control Practices and Procurement Function**

The study findings indicated that monitoring and control was positively and statistically significant with the performance of procurement function. This implies that monitoring and control practices is crucial and organizations should adopt proper mechanisms of ensuring efficient internal controls in the organization. The findings also indicated that improving the monitoring and control activities leads to significant enhancement of procurement function in its performance. These findings meant that null hypothesis was rejected. The findings implied that monitoring and control is an important factor for procurement function.

##### **Conclusions of the Study**

From the findings of the study, it was concluded that monitoring and control is a predictor for procurement function of Uasin Gishu County Government, Kenya. The study concluded that monitoring and control determines the performance of the procurement function. Therefore, the county government has adopted various ways of ensuring proper schedules for auditing in the procurement department. It can also be concluded that the county government have adopted monthly reporting to the internal auditors to avoid cares of missing information. Also, the government should ensure there is close checking of books of account. Therefore, schedule of auditing, involvement of procurement staff, continuous monthly reporting and close supervision of internal auditing process has been enhanced in the county government of Uasin Gishu.

##### **Recommendations for the Study**

The study recommends that the leaders of Uasin Gishu County Government should have up to date special techno-economic knowledge, strategic planning, openness to procurement auditing systems, internal expertise on auditing measures when handling procurement process through continuous employee training and proper communication. Organizational resources in every organization is very vital to success auditing performance of the organization, hence the leaders of the county should continuously adopt appropriate methods approaches of managing the organizational resources. The managers should develop ways of ensuring continuous improvement of the procurement audit. Top management on the county government should motivate performing employees and to encourage other employees to participate fully in the implementation of change, improves work efficiency, create positive image of the procurement in order to improve the auditing process.

##### **Suggestions for Further Study**

Since the study concentrated only on the overall objective of establishing the influence of procurement audit practices on performance of the procurement function at County Government of Uasin Gishu, Kenya. Similar studies can be undertaken in other sectors with the need to examine the effect and the roles of procurement auditing practices on the organizational performance on the economic achievements of the country, if the implementation of the auditing process is in line with the policies and economic planning.

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