EFFECTIVENESS OF PROCUREMENT CONTRACTS MANAGEMENT IN ACHIEVING VALUE FOR MONEY IN PROCUREMENT OF WORKS: A CASE OF MOSHI UNIVERSITY COLLEGE OF COOPERATIVE AND BUSINESS STUDIES (MUCCoBS)

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By

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A Dissertation submitted to the School of Business in partial fulfilment of the requirements for Award of the Master of Science in Procurement and Supply Chain Management (MSc. PSCM) of Mzumbe University

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CERTIFICATION

We, the undersigned, certify that we have read and hereby recommend for acceptance by the Mzumbe University, a research report entitled **Effectiveness of procurement contracts management in achieving value for money in procurement of works: A case of Moshi University College of Cooperative and Business Studies (MUCCoBS),** in partial/fulfilment of the requirements for award of the degree of Master of Science in Procurement and Supply Chain Management of Mzumbe University.

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Internal Examiner

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DECLARATION AND COPYRIGHT

I, Alban Mchopa**,** declare that this report is my own original work and that it has not been presented and will not be presented to any other university for a similar or any other degree award.

Signature ____________________________

Date_________________________________

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DEDICATION

This research work is dedicated to my beloved parents Mr. & Mrs. Mchopa and my sisters Neema, Maria and Doris for their prayers, support, encouragement, sacrifices and devotion. Also special dedication goes to my fiancé Marystella for her prayers, affections and encouragement. Lastly, its for all those who have supported me in one way or the other, this work is dedicated to them too and may God bless them all.

ABBREVIATIONS

ANAO	Australian National Audit Office
AO	Accounting Officer
CAG	Controller and Auditor General
FIDIC	Fédération Internationale des Ingéniurs Conseils (International Federation of Consulting Engineers)
ITC	International Trade Centre
MUCCoBS	Moshi University College of Cooperative and Business Studies
NAO	National Audit Office
NCCA	Ngorongoro Conservation Area Authority
OGC	Office of Government Commerce
PE's	Procuring Entities
PMU	Procurement Management Unit
PO-PSM	President's Office-Public Service Management
PPA 2004	Public Procurement Act of 2004
PPF	Parastatal Pension Fund
PPRA	Public Procurement Regulatory Authority
PSPTB	Procurement and Supplies Professionals and Technicians Board
SPSS	Statistical Package for Social Science
TAA	Tanzania Airports Authority
TCA	Transaction Cost Analysis

ABSTRACT

Contract management is an important activity in public procurement especially on the deployment of the procurement system to achieve value for money. On the contrary, reports from researchers, the CAG and PPRA have shown that public funds have been wasted and misused because of poor contract implementation and management.

Generally the study aimed at assessing the effectiveness of procurement contracts management towards achieving value for money in procurement of works. Specifically, the study intended to describe the nature of procurement contracts for works, evaluate the adequacy of formulated procurement contracts for works towards guaranteeing achievement of value for money, determine the effectiveness of procurement contracts for works implementation as per terms and conditions and determine the contribution of effective contract management on the achievement of value for money.

Through taking the case of MUCCoBS, case study research design was used to undertake the study whereby purposive and random sampling techniques were used to pick a sample of 60 respondents while questionnaires, interviews, observations and documentary review were used to collect data. Data were analysed through applying qualitative techniques that involved the use of "interpretive" and "reflexive" approaches while quantitative techniques involved utilisation of SPSS as a tool for data analysis.

Findings showed that contracts contained all the necessary required terms and conditions to guarantee value for money and it was established that contracts were effectively executed and managed adequately when compared to the terms. Also, it was determined that management of time, quality, costs and risk control results in effective contract management which contributes highly to the achievement of value for money. However, in some contracts there were signs of ineffectiveness in terms of variations and lots of extensions of time which jeopardised the achievement of value for money. Thus, it was recommended that the college should enhance supervision, prepare quality plans, hire construction experts and perform defects inspection for completed works.

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1.1 Overview

This chapter gives the background of the study. That is, a brief description of the background to the research problem, statement of the problem, general objective of the study, specific research objectives and sheds light on research questions, significances of the study, limitations of the study and scope of the study.

1.2 Background to the research problem

Public procurement often constitutes the largest domestic market in developing countries like Tanzania. Depending on how it is managed, the public procurement system can thus contribute to the economic development of these countries. Indeed, public procurement is the principal means through which governments meet developmental needs such as the construction of physical infrastructure. Also, many governments use public procurement to support the development of domestic industries and overcome regional economic imbalances (Migai, 2005).

It is a comprehensive process stretching from procurement planning, budget allocation, bids invitation, bids evaluation, contract award and management, performance evaluation, auditing and reporting. Hence, it is an activity that must support the delivery of a public body's strategic objectives at the same time live up to the expectations of the targeted public and taxpayers at large. With procurement accounting for about 20% of government expenditure in most developing countries (Mamiro, 2010) proper management of the activity is of paramount importance. Due to the cost implication embodied at the different stages throughout the process ranging from need identification up to contract management and termination, public procurement must be built on the principles of "Value for Money" and sustainability (Mamiro, 2010).

Contract management is an important activity in public procurement especially on the deployment of the public procurement system to pursue government developmental goals. It covers all the activities performed by both the procuring entity and the suppliers/contractors/service providers upon signing of the contract up to full discharge of the obligations of each party and is often an extremely controversial subject matter (Trepte, 2011). This is especially the case in developing countries where "the ability to exercise discretion in the award of government contracts has been a source of valued political patronage" and procurement has been "a means for the illicit transfer of funds from governmental to private hands" regardless of the laws (Patrick, 2005).

Regulation 121 of the Tanzania Public Procurement Act 2004 (PPA 2004) requires procuring entities to be responsible for the effective management of any procurement of goods, services or works which is undertaking to monitor the timely delivery of goods and services in the correct quantities and quality specified in the contract and monitor the progress and timely completion of works in accordance with the terms.

Although there is adequate legal provision to regulate procurement contract management for public Procuring Entities (PE's), the Controller and Auditor General's (CAG's) report of 2010 identified several weaknesses in the management of public procurement contracts for works. These included; improper signing of contracts in some cases, some of the contracts lacked important contract information and documents such as conditions of contract, drawings and specifications and some of the contracts contained non-contract documents such as invitation for bids and instructions.

Also, liquidated damages were not applied for delayed works, there were no adequate quality assurance and control plans, completed works were not tested to ascertain whether they have attained the specifications as provided in the contract documents, progress reports for works contracts were not prepared and site supervision reports were not prepared.

Hence, PEs need to exercise effective contract management to avert the apparent loss of value during this procurement phase of contract management especially for works which consume a lot of funds as compared to the procurement of goods and services.

1.3 Statement of the Problem

Value for money is the core principle underpinning public procurement by ensuring non-discrimination in procurement and using competitive process that promotes the use of resource in an efficient, effective and ethical manner while making decisions in an accountable and transparent manner (Mlinga, 2007).

On the contrary, the pursuit for value for money in public spending remains to be a big challenge to governments and their institutions across most countries. While lack of appropriate procurement skills and incompetence among managers and staff entrusted with public procurement activities including contract management have been pointed out as some of the impeding factors, rigid rules regulating public procurement systems further complicate the challenge and may render the achievement of value for money a distant goal (Mamiro, 2010).

In order to have effective contracts management in public procurement, the government through the PPA 2004 has put down provisions such as Regulation 121 of GN 97 requiring each procuring entity to take or initiate steps to correct or discipline deviations from observance of contract conditions and to ensure that the responsibilities imposed on it by the contract are fully discharged.

Despite all these explicit requirements in the provisions, Public Procurement Regulatory Authority (PPRA) admits that many PEs are not managing their contracts properly and for many PEs the procurement process virtually "ends" upon award of contract.

A lot of good effort is spent up to the point of selection of supplier, contractor or service provider without further questioning whether what is being delivered is actually what is being paid for (Mamiro, 2010).

Taking the case of procurement audits conducted by PPRA in 2009, it was attested that procurement contracts in 33% of the audited procurements (in 30 PEs) were not implemented as per the terms of the contract. Poor contracts management was contributed by inadequate resources human, financial, supervision vehicles, quality control tools, inadequate project supervision skills, lack of guidelines for community based projects, inadequate contracts management skills and corruption (PPRA, 2009).

Also the CAG report (2010) for the financial year 2008/09 revealed that procurements amounting Tshs. 3,115,507,827/= were misappropriated as a result of weaknesses in contracting and contract management which in return hindered the achievement of value for money in such public procurement contracts.

Basing on the observed malpractices and incompliance, it seems that the question of effective procurement contract management in order to achieve value for money in public sector procurement is still a challenge that has to be studied and provide recommendations to the policy makers and other stakeholders. Therefore, this proposed study aims at assessing the effectiveness of procurement contracts management towards achieving value for money in public procurement of works and give out recommendations on strengthening implementation and management of contract to achieve the same in public procurement of works.

1.4 Research Objectives

1.4.1 General Objective

To assess the effectiveness of procurement contracts management towards achieving value for money in procurement of works

1.4.2 Specific Objectives

i. To describe the nature of procurement contracts for works at MUCCoBS

ii. To evaluate the adequacy of formulated procurement contracts for works towards guaranteeing achievement of value for money.

iii. To determine the effectiveness of procurement contracts for works implementation as per terms and conditions in order to achieve value for money.

iv. To examine the contribution of effective contract management during procurement works on the achievement of value for money.

1.5 Research questions

i. What is the nature of procurement contracts for works at MUCCoBS?

ii. To what extent procurement contracts for works are adequately formulated to guarantee the achievement of value for money?

iii. How effectively procurement contracts for works are executed as per terms and conditions of the contract in order to achieve value for money?

iv. What is the contribution of effective contract management during procurement works on the achievement of value for money?

1.6 Significance of the Study

i. The study provides insights on how procurement contracts for works should be formulated and implemented to guarantee the achievement of value for money which has not been adequately addressed by other scholars.

ii. Also, it provides more knowledge on the relationship between contract management/administration and its contribution on the achievement of value for money in the procurement of works. The area has not been adequately detailed by other researchers. Hence, the study provides more insights to cover the gap.

iii. The findings of the study serve as inputs to public procurement policy makers to formulate value for money policy that will serve as a guideline to PEs. Not only that but also it can contribute ideas to the public procurement policy

iv. Basing on the findings and recommendations, the study helps the College to determine what efforts can be undertaken to enhance the achievement of value for money during procurement contract management proceedings.

1.7 Limitations to the study

The study faced a number of limitations including limited literature on procurement contracts management in the library, fear of some respondents to fill questions in the questionnaires and be interviewed and late return of questionnaires by some respondents especially heads of departments and members of tender boards were busy most of the time. Hence, these affected the study on the availability of supporting literature and time management as the researcher had to adjust the time plan in order to deal with the identified limitations effectively.

In order to overcome the observed limitations, the researcher had to find other sources of literature on procurement contracts management from internet sources, make close follow up with respondents who claimed to be busy to fill the questionnaires on time, provided assurance for confidentiality to respondents who feared to respond to interview questions or questionnaire and some of the interview sessions were re-arranged in order to give respondents more time.

1.8 Scope of the study

The scope of the study covered procurement contracts for works implemented at the college in the previous three financial years (2010/11, 2011/2012 and2012/2013). The college focused a lot on infrastructure improvement specifically on the rehabilitation of buildings, staff quarters and construction of internal roads. Specifically, contracts carried in such period include construction of internal roads, extension of Administration Block B, refurbishment of Uaminifu Dormitory, re- roofing of Administration Block A, refurbishment of Kilimanjaro Wing Block and construction of new offices, construction of research and post- graduate centre, renovation of J.K Nyerere Hall and construction of 5 lecture rooms.

1.9 Organisation of the report

The dissertation is divided into six separate chapters. The first chapter gives a general background of the study. The information were useful in the subsequent chapters, as they assisted to form a strong foundation in defining different terms, theoretical and empirical literature review, derivation and discussion of the conceptual framework.

On the other hand the second chapter provides more details on the problem studied by capturing a review of concepts, theories and the conceptual framework that provided a framework for the study.

Chapter three is confined to the methodology that was used to carry out the study which provided a roadmap for data collection and analysis in order to come up with findings that validated the objectives of the study.

Chapter four covers presentation of the findings through using charts and figures to illustrate the facts. Chapter five covers discussion of the findings in relation to the research objectives and questions. Finally, the last chapter provides more details on the summary, conclusion and policy implications.

CHAPTER TWO

LITERATURE REVIEW

2.1 Overview

This chapter contains three major parts which include theoretical literature review with respect to the research problem, empirical literature review and conceptual framework that present and describe the variables that will be adequately analysed.

2.2 Theoretical literature review

2.2.1 Definition of Terms

Procurement of works means the acquisition of contractor's services for construction, reconstruction, demolition, repair or renovation of a building, structure, road or airfield and any other civil works, such as site preparation, excavation, building, installation of equipment or materials, decoration and finishing (PPA, 2004).

Procurement contract means any license, permit, or other concession or authority issued by a public body or entered into between a public body and a supplier, contractor or consultant, resulting from procurement proceedings for carrying out construction or other related works or for the supply of any goods or services. There may not be a procurement contract without procurement proceeding (PPA, 2004).

Contract formulation is the process of developing terms and conditions of the contract which has its roots in the preliminary procurement processes of obtaining the contractor. Well formulated procurement contracts need to have appropriate terms and conditions of the contract so as to ensure the best achievable deal for the PE and fair deal for the contractor. Irrespective of whether the contract is for the provision of minor, medium or large works, the terms and conditions should clearly indicate the rights and obligations of both parties that focus on a win-win outcome (ITC, 2000).

Contract management is the process that enables both parties to a contract to meet their obligations in order to deliver the objectives required in the contract. It covers transition and implementation, ongoing day-to-day management, evaluation, and succession planning (ANAO, 2001). Hence, it is the process that ensures that a contract is performed to a standard that meets the objectives and expectations of both parties. High priority is placed in achieving value for money by ensuring that there is a balance between costs, delivery, quality and risks while attaining Economy, Efficiency and Effectiveness (3E's) in the contract implementation.

Effective contract management ensures that the contract is performed in a harmonious manner without conflicts, improves compliance by the supplier/contractor or service provider. Time, costs and quality are the three key ingredients for successful completion of the project. If a contract is managed well, a number of problems can be avoided including unexpected costs over runs, delayed delivery and getting inferior quality.

Higher value contracts might also require the exchange of certain documents that form part of the contract formalities that includes insurances, licenses and bank guarantees. Getting all this right is important in protecting government's interest in the contract. Therefore, it can be said that effective contract management means that there is close monitoring of contract implementation; ensuring that both parties fulfil their obligations and responsibilities; managing change to the contract in order to correct errors/deviations and accommodate proposed additions.

Value for money is an essential test against which procuring entities must justify a procurement outcome as price alone is often not a reliable indicator and procuring entities will not necessarily obtain the best value for money by accepting the lowest price offer that meets mandatory requirements. Value for money means the best available outcome when all relevant costs and benefits over the procurement cycle are considered.

Thus, value for money can be enhanced in public procurement by encouraging competition, ensuring non-discrimination, promoting the use of resources in an efficient, effective and ethical manner and making decisions in an accountable and transparent manner (NAO, 2000).

Also, the UK Secretariat (2001), defined *value for money* as the term used to assess whether or not an organisation has obtained the maximum benefit from the goods and services it acquires and/ or provides, within the resources available to it. It does not only measures the cost of goods and services, but also takes account of the mix of quality, cost, resource use, fitness for purpose, timeliness and convenience to judge whether or not, when taken together, they constitute good value. Achieving value for money may be described in terms of the 'three Es' - economy, efficiency and effectiveness. *Effectiveness* is expressed as ‘doing the right things’ (i.e, it is a measure of the extent to which objectives have been achieved). On the other side *efficiency* is expressed as ‘doing things right’ (i.e, it is a comparison of output with the input required to produce it) and *economy* is concerned with obtaining the same goods or services more cheaply.

2.2.2 Pre-requisites for effective procurement contract management

In order for PEs to manage procurement contracts for works effectively the following factors should be taken into consideration before making any decisions (ITC, 2000):

i. Preparation of a network of activities in the contract using milestones in order to make sure that they avoid over-listing the activities and excluding the unnecessary ones as the contract must have priorities. The overall resources for contract management are normally constrained and the priority should be on the key areas of time, cost and quality. The contract manager needs to be aware of the relative priority and trade-off between time, cost and quality in the daily decision making.

ii. Allocation of responsibilities for the activities and deciding who is to take up which role in managing the contract activities. The buyer and supplier should identify the specific individuals within their respective organisations that are to be responsible for each activity. Such selection of individuals should be based on understanding of the skills, qualifications, experience and competences necessary for such activities.

iii. Establishment of time scales through preparing control mechanisms using Gantt Charts, identifying critical activities and schedule optimization. The main benefit of constructing a Gantt chart is that the critical path can be identified. The critical path consists of all the activities that will result in a delay to the schedule if delayed.

iv. Determination of performance measurement criteria. This is about taking actions to control deviations from the contract terms. Any deviations or risk of deviations should be identified as soon as possible. The sooner the problems are identified the sooner actions can be taken to solve or prevent them and minimize consequences.

v. Preparation of the contract budget. The detailed budget will provide inputs on contractor payments, administrative costs, man hour cost and contingency allowances. Hence, it will provide a full picture of the total financial provision likely to be required for effective contract management.

2.2.3 Procurement contract formulation and legal framework

Pre-contract procurement activities lay the foundation for effective contract management in the procurement of works. It is during the proceedings that the contractor to execute the works will be selected and awarded the contract basing on the criteria set by the PE. Once the contract has been drafted, signed and awarded to the contractor it shall not be altered or amended in any way by both parties unless such alteration or amendments is to the benefit of the government as per section 69 (1) (a) of the PPA 2004.

In the procurement of works and its subsequent contract formulation, amongst other things, the terms and conditions of the contract need to be appropriate so as to ensure the best achievable value for money for the PE and fair deal for the contractor. Irrespective of whether the contract is for the provision of minor, medium or large works, the terms and conditions should clearly indicate the rights and obligations of both parties that focus on a win-win outcome.

Basing on that, the International Federation of Consulting Engineers ("*Fédération Internationale des Ingéniurs Conseils*"- FIDIC) has provided some of the general and specific terms and conditions that should be included in the procurement contract for the procurement of construction works. The terms amongst other may include; technical specifications, performance standards, performance security, payment, delivery/completion date, defect liability period, insurance, inspections, contract amendments, subcontracting, liquidated damages, disputes resolutions, settlement of variations and claims, contract termination and force majeure (Köksal, 2011).

At the end, adherence by both the PE and contractors to the agreed terms of the contract will result in optimal contract performance, achievement of value for money, timely completion of works and cost effectiveness (RDTL-Ministry of Finance, 2011).

However, on the other side the PPA 2004 has provisions supporting contract management in the procurement of works which provides legal framework for PEs. Regulation 123 of PPA 2004 (GN 97) states clearly that PEs shall monitor the contractor's performance against the statement of requirements or schedule of works stated in the contract, by means of daily, weekly or monthly reports from the PE's supervisor responsible for the services or works. If contractor's performance is satisfactory, the PE shall authorise payments by measurement and certification, contrary to that the PE shall draw contractor's attention to any short-comings, and may refuse to authorise further payments until these are remedied.

2.2.4 Procurement contract implementation

Procurement of works is quite different from other kinds of procurement such as for services and goods. When the PE procures works, the focus is on ensuring works are completed on time, quality is satisfactory, risks are minimised and cost are minimum. Hence, when implementing and managing procurement contracts for works, the focus of the PE is always on how they can effectively manage costs, quality, time and risks which might have impact on implementation process and final outcome.

In order to help procurement experts working on different PEs to manage the above mentioned aspects (i.e. cost, quality, time and risks) in contracts for procurement of works, International Trade Centre (ITC) in the year 2000 prepared a manual/guide book on the management of supply contracts. Therefore, during contract implementation, the mentioned aspects basing on ITC guidelines can be managed as follows;

***Managing Costs*:** Costs are effectively managed through the use of contract budget. The contract management team in collaboration with the PE procurement experts have got the responsibility of ensuring that the costs are properly controlled and managed in accordance with an agreed budget. The agreed budget should consist of the payments to the contractor in accordance with the contract, contingency allowance and man-hour budget. Any signs of cost escalations should be dealt with as early as possible because they are going to affect contract financing and performance but also on the other side minimising the budget is not a good option as it may affect the quality.

***Managing Quality*:** When the contract volume is big such as procurement of medium and large works; the level of quality risk is high such as when new technology is involved or a new contractor is being used and in construction projects, the purchaser must influence the management of quality. The quality plan is the prime document for managing quality that spells out how the quality performance (i.e., the technical specification) and objectives will be achieved.

In the case of construction project, the quality plan should specifically provide details on how the quality function is organised, and who are the responsible individuals, the quality control checks (e.g., inspection and testing) to be carried out and what are the acceptance criteria for these and measures to be taken for non-conformance/deviations. Also, it has to show the procedures that will be used in managing quality; for example quality control of incoming building materials, construction procedures, inspection/testing procedures and refurbishment procedures in case of deviations.

***Managing Time*:** Time is effectively managed through the use of contract schedule/ time plan. A schedule that indicates the activities and their completion date is necessary when on time delivery is important. The schedule will allow the organisation to identify any slippage or failure to complete an activity on time and take corrective action. The schedule should be developed basing on reasonable understanding of what is involved and how long it will realistically take. However, sometimes activities may not be completed on the desired completion date, in that case, reasons behind should be established and adjustments/corrective measures should be taken effectively without further delays. Also, when establishing work plans and time schedules care should be taken on critical activities that when delayed will severely affect other activities depending on them and consequently delayed completion of the project.

***Managing Risk*:** In contract management it is highly advisable to focus much attention on where the risks are greatest in order to manage them before they affect contract implementation progress. There are a number of common risks that are related to contract management, some of the risks include; schedule risks, cost risks, quality risks, commercial and other risks. These can be effectively managed through the use of risk register that describes all the risks one needs to be aware of during the contract implementation to reflect changes in risk as the contract progresses.

However, the register should include information such as description of the risk, causes of the risk, the stage in the contract when the risk could occur, estimates of the impact on the contract performance in terms of time, cost and quality and the risk management strategy on how the risk is to be prevented or its effects minimised through using insurance, frequent expediting, additional inspection etc. Therefore, a key objective for the management of any contract is to ensure that it continues to achieve value for money over time and it is about the trade-off between quality, time, cost and risk throughout contract implementation.

2.2.5 Procurement contract management activities

Contract management consists of a range of activities that are carried out together to keep the arrangement between customer and provider running smoothly. In the procurement of works they can be broadly grouped into three areas that include service delivery management, relationship management and contract administration, (Office of Government Commerce [OGC], 2002). These can be explained as follows;

i. Delivery management ensures that whatever is ordered is then delivered to the required level of quality and performance as stated in the contract. Delivery management may include checking the nature, quantity and quality of goods supplied on delivery and also, when appropriate, at the time of manufacture, works carried out including conformity with designs and drawings, quality of workmanship and materials, and services performed including checking that required services levels and timescales are met.

ii. Relationship management keeps the relationship between the two parties open and constructive, with the aim of resolving or easing tensions and identifying potential problems at an early stage, while also identifying opportunities for improvement. Relationships must be wholly professional throughout and must include a professional approach to managing issues and dispute resolution.

iii. Contract administration handles the formal governance of the contract and any permitted changes to documentation during the life of the contract. This area of contract management ensures that the everyday aspects of making the contract run effectively and efficiently are taken care of.

All three areas must be managed successfully if the arrangement is to be a success, that is, if the service is to be delivered as agreed, the formal governance properly handled, and the relationship between customer and provider maintained. Although possibly handled by different figures or departments within the customer organisation, the various areas of contract management should not be separated from each other, but form an integrated approach to managing service delivery, relationship and contract together. In addition, the arrangement must be flexible enough to accommodate change, and the process of change must be prepared for and managed. A key factor in all these areas is intelligent customer capability: the knowledge of both the customer's and the provider's business, the service being provided, and the contract itself.

2.2.6 Effective contract administration and management

Increasingly, public sector organisations are moving away from traditional formal methods of contract management (which tended to keep the provider at arm's length and can become adversarial) and towards building constructive relationships with providers especially in the procurement of works. The management of such a contract requires a range of skills, knowledge and resources for both the PE and the provider.

Contract administration is concerned with the mechanics of the relationship between the customer and the provider, the implementation of procedures defining the interface between them, and the smooth operation of routine administrative and clerical functions. On the other side, effective contract management goes much further than ensuring that the agreed terms of the contract are being met – this is a vital step, but only the first of many (ANAO, 2007).

No matter what the scope of the contract, there will always be some tensions between the different perspectives of customer and provider. Contract management is about resolving or easing such tensions to build a relationship with the provider based on mutual understanding, trust, open communications and benefits to both customer and provider – a 'win/win' relationship. Hence, effective contract administration and management is defined as existing when the arrangements for service delivery continue to be satisfactory to both customer and provider, expected business benefits and value for money are being realised, the provider is co-operative and responsive, the customer knows its obligations under the contract, disputes are rare and there are no surprises for either party (ANAO, 2007).

2.2.7 Theory application

The study made use of the Transaction Cost Analysis (TCA) theory focusing on managing contracts (in terms of costs, quality and time) with the assumption that PEs try to manage effectively their procurement contracts because of ex ante (before the contract) and ex post (after the contract) uncertainties that may happen and affect the harmonious implementation or termination of the contract (Rindfleisch, 1997). Also on the other side it is due to the assumption that there is opportunism in peoples' mind that once given the opportunity those who are concerned with contract implementation and management will not do what was agreed or expected between the parties.

Bartle (2002) argued that there are certain concepts which are central in the application of transaction cost theory in Government Procurement. These include the following:

a) Decision-makers are assumed to behave in a way consistent with *bounded rationality*, in that they consider a restricted range of alternatives but in a rational way. Also they may behave *opportunistically* in some situations. In making such a decision, they weigh the costs and benefits of defaulting from the expected behaviour.

b) Transactions may be affected by *uncertainty*. Opportunities for opportunistic behaviour serve as one of the main modes of analysis in this area. This makes it possible for public financial managers, their contractors, governing bodies, or other actors to face uncertain situations in their transactions. The source of this uncertainty may be either opportunistic behaviour of the individuals or an uncertain environment.

c) *Information* may not be distributed equally. Where one party to a transaction has more or better information than the other, again the possibility of opportunistic behaviour presents itself. Parties might incur costs to gather additional information, or may proceed into the transaction hoping for the best. Information problems are clearly more acute when the parties involved have low trust for each other.

d) *Asset specificity* is a common issue in this theoretical framework. If an asset is by its nature tied to a specific service, then it is vulnerable to the "hold up" problem where one party in a contract might exploit the other party's vulnerability.

Hence, effective monitoring and administration of the contract is very important in order to ensure that parties protect themselves from uncertainties, irrational decisions and opportunistic behaviours and at the end there is successful contract management that guarantees the achievement of value for money by the respective PE.

2.3 Empirical literature review

The office of the CAG (2012), in assessing the adequacy of procurement contracts management the financial year 2010/11 found out that average level of compliance for contracts management was 64% for Ministries, Departments and Agencies.

Generally, the weaknesses included improper preparation of contracts, some of the contracts lacked important contract documents such as conditions of contract, drawings and specifications, liquidated damages were not applied for delayed contracts and site meetings were not conducted for most of the reviewed contracts.

Also there were no adequate quality assurance and control plans, completed works were not tested to ascertain whether they have attained the specifications as provided in the contract documents, progress reports for works contracts were not prepared, site supervision reports were not prepared, extension of time were issued without justifiable analysis and without following appropriate procedures.

Furthermore, payment certificates were not attached with necessary information such as measurement sheets and working/ take-off sheets to justify the quantities paid, in some cases payments were made for works which have not been done by exaggerating the quantities and goods inspection and acceptance committees were not appointed to ascertain the quality and quantity of the supplied goods.

In response to the identified weaknesses PEs have been at pointing at the absence of adequate and capable staff to be the major reason behind such outcomes however, Wami (2009) revealed that, presence of adequate and capable staffs for contract management does not necessarily warrant effective management of contracts. He pointed out that proper monitoring system and positive staff attitudes are crucial for the success of the contract. Also, factors such as payment delays, ineffective preparation of procurement contract plan, weakness in project design and low staff performance due to negative working spirit/attitudes were found to be affecting contact management practices in public sectors and proper measures have to be taken in order to improve contract management practices.

On the other perspective, Mitambo (2009) argued that contract management is not given much of the deserved attention as it happens that some of the contracts ended without proper approval or endorsement of the relevant authorities. The approach for management is also associated with unapproved variation of works, poor quality of products together with late deliveries, there is no clear understanding to who is responsible for management of procurement contracts.

Apart from that, some of the major weaknesses in contract management have been caused by lack of planned and coordinated training and development programmes, non adherence to the terms and conditions of the contracts, ineffective use of technology in the area of project management, lack of good project planning resulting to unnecessary changes of scope or specification and design, lack of carrying out post-implementation evaluation of completed contracts, (Hanga, 2008).

The outcome of the observed poor practices in management of procurement contract is non-achievement of value for money, loss of public funds or organisation financial resources as it has been observed by Mshana (2007). Hence, ongoing and post contract award activities have to be closely monitored and controlled to enhance procurement contract management especially during defect liability period where by defects identified by the consultants/engineers or users have to be rectified by contractors and liquidated damaged be charged for late deliveries as agreed in the contract.

2.4 Research Gap

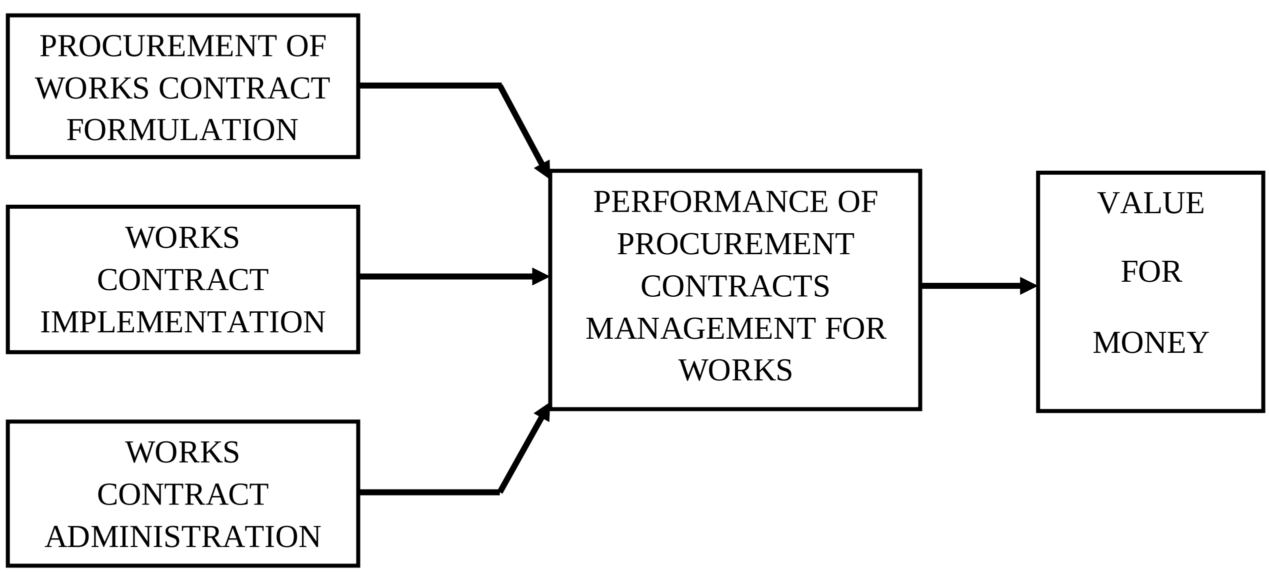
Most of the researchers measured the competence of the contract management staff in terms of the number and capacity of staff in the PMU, while in the real sense procurement staff are not the only ones who manages the contract. Other researchers had identified the factors for poor performance of procurement contracts without identifying how procurement contracts are formulated and implemented.

There is also a gap in contract administration activities which have not been well detailed by other researcher. Contract administration has significant effect on the management of procurement contracts for works especially in the aspects of cost, quality and time. Also, other studies have just concentrated on contract management alone without venturing much on its contribution to the achievement of value for money. Hence, among other aims, the study will focus on addressing the identified gaps and provide more knowledge on how procurement contracts are formulated, implemented and administered in order to achieve value for money.

2.5 Conceptual framework

The conceptual framework depicts the causal relationship of the variable and the proposition of the study is that *procurement of works contract formulation, works contract implementation* and *works contract administration* are Independent Variables while *performance of procurement contract management for works* is an Intermediate/Intervening variable and *value for money* is a Dependent Variable.

Figure 2.1 Conceptual framework



Source: Researchers Construct (2012)

Table 2.1: Variables Matrix

S/N	VARIABLE	CATEGORY	DESCRIPTION AND RELATIONSHIP	MEANS OF MEASUREMENT
1.	Contract formulation	Independent	Formulated contracts need to have appropriate terms and conditions of the contract so as to ensure the best achievable deal for the PE that lays a foundation for effective contract management and achievement of value for money.	Reviewing contracts to examine the sufficiency of the contract terms and conditions to guarantee value for money
2.	Contract implementation	Independent	Formulated procurement contracts provide a better foundation for its implementation since all the duties and responsibilities are known. Hence, during contract implementation the focus of the PE should be on efficient monitoring and management costs, time, quality and risks which have an impact on the achievement of value for money.	Verifying the conformance of contract implementation activities with the terms and conditions in terms of time, quality and cost
3.	Contract administration	Independent	Administrative procedures ensure that all parties to the contract understand who does what, when, and how. The procedures that combine to make up contract administration include contract maintenance and change control, monitoring cost and payment procedures, resource management, and planning.	Reviewing contract performance evaluation reports to determine the effectiveness of managing time, quality and costs
4.	Value for money achievement	Dependent	The best available outcome when all relevant costs and benefits over the procurement cycle are considered. It is described as obtaining the balance between time, quality, cost and risk. Also, it is a combination economy, efficiency and effectiveness.	Assessing the balance between time, cost, quality and risk of the implemented contracts.

2.6 Chapter Summary

This chapter presents the theoretical, empirical literature of concepts and conceptual framework relating to the problem under study. The theoretical part covered definition of concepts, pre-requisites for effective procurement contract management procurement contract formulation and legal framework, procurement contract implementation, procurement contract management activities, effective contract administration and management and lastly theory application. The empirical part explained different papers relating to the study and established the research gap while the last part of conceptual framework established and illustrated the relationship between main variables of the study in terms of independent and dependent variables.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Overview

This chapter presents the research methodology which is a systematic approach through which research is undertaken. Specifically the chapter consist of description of the study area, research design, data collection methods, types of data, sampling techniques, reliability of data, validity of data and data analysis techniques.

3.2 Research Design

The study was undertaken by using a case study design. The design was particularly useful to the study since it seeks to describe the problem in more detail, to look at it as a whole and through it conclusions can be made. It involves the intensive study of a phenomenon in its natural habit, in such a way that the mutual relationship of relevant factors remains intact (Yin, 2003). Also, it was flexible in the use of data collection methods which allowed the researcher to generate in-depth contextual information that resulted in a superior level of understanding and drawing reasonable conclusion.

3.3 Description of the study area

The study was conducted at MUCCoBS. The place is one among the public institutions that engage in procurement of goods, services, and works and manage the subsequent contracts as required by the PPA 2004 and its Regulations of 2005. Hence, the area was rich in information that were useful to the problem under investigation. With respect to the procurement of works and management of their subsequent contracts, MUCCoBS since last financial year (2011/12) has been involved with procurement of works to improve its infrastructure specifically on the rehabilitation of office buildings, lecture hall and staff quarters, construction of internal roads, library and lecture rooms/classes.

3.4 Sampling Techniques

3.4.1 Sample Population

The sample population constituted all staff of MUCCoBS-main campus. It included heads of departments, members of the tender board, PMU staff, former and current contract managers, contract management team members, lecturers of procurement studies and staff from user departments. The selected groups were ones who were involved with procurement proceedings and contract management activities directly.

3.4.2 Sample size

With regard to the nature of the problem, the inquiry focused on members of the institution whose tasks in one way or another were related to procurement activities. A sample of 60 people was depicted from the sampling population because of nature of the study whereby few respondents were knowledgeable. Also, MUCCoBS is an academic institution that has limited volume of procurement contracts and the choice of 60 respondents was enough for the study. Hence, the sample composed of those with expertise and experience about public procurement and contract management issues.

Table 3.1 Distribution of Sample size

S/N	Unit	Number of Respondents
1.	PMU	**4**
2.	Tender board members	**7**
3.	Contract managers	**7**
4.	Heads of Departments	**8**
5.	User Departments	**17**
6.	Building and estate manager	**1**
7.	Contract management team	**10**
8.	Lecturers (Procurement Studies)	**6**
	Total	**60**

Source: Researcher (2013)

3.4.3 Sampling Technique

The sample was drawn by using purposive or judgmental sampling technique and random sampling technique. Under purposive/judgmental sampling technique, the researcher selected those who were knowledgeable and able to deliver the required data. The researcher deliberately selected the ones with necessary, reliable and relevant information that suited the purpose of the study. These included PMU staff, members of tender board, contract management team members and contract managers.

Random sampling technique was used to select members of user departments and heads of departments (i.e., those who are not members of tender board) whereby respondents were selected randomly from the list of employees in the respective department through picking the 5^{th} (i.e., the n^{th}) employee after the first name selection. Each respondent had equal chance of being selected.

3.5 Data collection Methods

The study made use of multiple approaches in gathering data. The use of multiple methods enabled the researcher to collect different types of data and provided cross-data validity checks. Specifically the following methods were used:

3.5.1 Questionnaire

Pre-coded open ended and closed ended questions in the questionnaire were constructed and distributed to the selected sample basing on research questions and frame of reference. The study made use of these questionnaires because they saved time, covered a large number of respondents and minimised bias on the side of the researcher as well as on the respondents.

Questionnaires were distributed to PMU staff, member of Tender Board, members of contract management teams, contract mangers and members of user departments. Varieties of data were collected because the selected respondents had different knowledge and responsibilities during contract implementation and management.

Every question in a questionnaire either asked for nominal or ordinal data that enabled the researcher to collect reliable and accurate data while simplifying data coding and entry at the same time. This method was used to collect data for answering research question one, two and three because they demanded more primary data.

Nevertheless, the developed questionnaires were pre-tested before actual data collection in order to determine its suitability. During pre-testing it was realised that some question were not valid to some respondents, in some questions the ranking scales were not providing a true picture and other questions had similar answers contrary to the expectations. Hence, changes were made and some respondents were directed to skip questions which were not relevant to them, ranking scales were adjusted while some questions had to be adjusted or eliminated in order to collect accurate and reliable data.

3.5.2Observations

The technique was employed to accumulate relevant information concerning skills and knowledge of the respondents especially PMU staff, contract managers and contract management team. The researcher used obtrusive observation to observe procurement proceedings, contract documents preparation, contract implementation and administration activities. Also, at the time of data collection there was an ongoing construction works for new lecture rooms and observations were made to see whether the works conforms to the specifications in the BOQ. This helped to understand the effectiveness of contract implementation and management in compliance with terms and conditions as it has been intended in specific research objectives one and two.

3.5.3 Interviews

Both structured and un-structured interviews were organised and conducted with heads of department and contract management team members. These interviews were used to collect primary data because they were flexible, reliable, less time consuming and allowed the researcher to be responsive to situational issues and made respondents cooperative.

This method was highly used to collect data for justifying all specific research objectives and questions were structured in such a way that it avoided much repetition with questions in the questionnaire. Hence, some of the respondents who were given questionnaires were not interviewed and those interviewed were asked twisted questions in order to avoid pre-defined answers and get more information.

However, the interview questions were set in such a way that responses from the respondents were properly scaled in terms of *verbal ranking* and *rank order*. Therefore, during the interview, after stating the question, the interviewer read out a list of pre-coded constraints to the interviewee to select. This was a simple technique used in order to produce better results while simplifying data coding and entry.

3.5.4 Documentary Review

The researcher used this method to review various documents relating contract management including contract documents, site inspection reports, variation orders and non-confidential contract audit reports. This was useful for finding secondary data in order to answer research question one and three.

3.6 Types of Data

3.6.1 Primary data

These are data that were collected afresh directly from respondents, thus, they happen to be original in character. These data were gathered through observations, interviews and questionnaires that the researcher administered.

3.6.2 Secondary data

These are data that have already been collected by someone else and have already been passed through statistical process. Thus, they refer to the data which have already been collected and analysed by other researchers. These data were collected through reviewing contract documents, inspection and site meeting reports, PPRA directives, procurement contract management publications, articles and research papers relevant to the study.

3.7 Validity Issues

To ensure validity, the questionnaire and interview guide were pre-tested through carrying out a pilot study to check the accuracy of the instruments in order to make corrections where necessary. Few selected respondents were identified and used for that purpose. At last the efficiency and quality of data collected was checked and different questions were edited before the actual data collection. Hence, the study was carried out in such a way that there was consistency between theory and practice

3.8 Reliability issues

In order to ensure reliability to the study Cronbach's alpha as a measure of internal consistency (i.e. coefficient of reliability) was used. It is an estimate of the reliability based on the correlations between different items on the same test. Basing on the scales proposed by George and Mallery (2003), the study will be reliable if a scale of 0.7 and above will be obtained. The study had a Cronbach's alpha of 0.805 as indicated below:

Table 3.2: Cronbach's alpha test

Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.805	.837	10

Therefore, basing on the scale obtained from the test, it can be concluded that the study was reliable.

3.9 Data analysis

The study is basically a qualitative study that made use of case study research design to study the problem. Hence, most of the collected data had a qualitative nature however, quantitative data were collected too. Basing on the collected data the researcher used both qualitative and quantitative approaches to analyse data.

Qualitative data analysis involved the use of "interpretive" and "reflexive" approaches as proposed by Mason (2002). Interpretive approach was concerned with making sense of research participants' descriptions/explanations, so that the researcher can attempt to interpret their meaning. On the other side, reflexive approach focused much attention on the researcher’s knowledge about the problem and its contribution to the analysis process. Hence, these approaches were used jointly in order to describe, summarise and interpret the data through logical reasoning.

On the other side the use of quantitative techniques involved utilisation of Statistical Package for Social Studies (SPSS) program as a tool for data analysis that assisted the researcher to run some of the analysis. Also, for purposes of presenting the findings, tables or charts were be used where it was useful to illustrate the facts. Descriptive statistics and other non-parametric methods were also used analyse and present data while determining the level of statistical significance and correlations.

3.10 Chapter Summary

The chapter presented the overall methodology which is a framework through which the study was conducted. It has discussed the research design whereby case study design has been depicted; data collection methods which include questionnaire, interview and documents review; types of data that include primary and secondary data together with their sources; sampling techniques whereby the sample frame, sample size and sampling techniques that included purposive and random techniques; also explained issues relating to reliability and validity of data; and lastly data analysis techniques whereby multiple techniques were explained.

CHAPTER FOUR

PRESENTATION OF THE FINDINGS

4.1 Overview

This chapter presents the findings of the study relating to the problem under study, specific research objectives and research questions. Data were collected by using multiple approaches such as interview, questionnaires and documentary review in order to collect more reliable data that will provide justification to the study problem. The collected data are presented by using descriptive statistics in terms of percentages, frequencies, tables and charts where necessary.

4.2 Respondents profile and response rate

Data were collected through multiple approaches including the use of questionnaire and interviewing respondents. A total of 10 respondents including some of the contract team members, procurement lecturers as users, PMU and tender board members were interviewed. On the other side a total of 45 questionnaires were distributed and 38 were returned. Hence, this makes a total of 48 respondents out of the expected 60 respondents which means there was a response rate of 80%.

In terms of their profiles, they had different characteristics in terms of education level, specialisation and duration of working experience. MUCCoBS is high a higher learning Institution whose staff are categorised in terms of Academic staff and Administrative staff basing on the functions they perform. Hence, in terms of administrative staff they have specialised on Procurement, Warehousing, Accounting, Human resource Management, Public Relations and Administration. On the other side of Academicians they have specialisation in terms of the programmes and courses taught at the university. These include Cooperation, Law, Procurement, Accounting, Microfinance, Human Resource, Community Development, Rural Development and Library Management.

Regarding education level and duration of working experience the information is as portrayed in Table 4.1below:

Table 4.1: Respondents Profiles

Variable	Category	Frequency (N=48)	Percentage (%)
Education Level	Certificate	7	14.58
	Diploma	8	16.67
	Bachelor	10	20.83
	Masters	19	39.58
	PhD	4	8.33
Working Experience	1 – 4 yrs	10	20.8
	5 – 10 yrs	5	10.4
	11 – 15 yrs	8	16.6
	16 – 20 yrs	11	23
	21yrs & Above	14	29.2

Source: Field data (2013)

4.3 MUCCoBS Procurement Contracts for Works

Procurement is one among the important functions of the college and in the previous two financial years (2010/11 and 2011/2012) and the current one 2012/2013 the college did a lot to improve its infrastructure specifically on the rehabilitation of buildings, staff quarters and construction of internal roads.

Specifically, contracts carried in such period include construction of internal roads, extension of Administration Block B, refurbishment of Uaminifu Dormitory, re- roofing of Administration Block A, refurbishment of Kilimanjaro Wing Block and construction of new offices, construction of Research and Post- graduate studies centre, renovation of J.K Nyerere Hall, construction of Library at Kizumbi Campus, remodelling of Students Hostel to Lecture Hall at Kizumbi Campus and construction of 5 lecture rooms.

These were the large and medium procurement contracts that the college undertook and more funds were channelled in those works. Hence, close monitoring, supervision and management were needed.

4.4 Procurement proceedings (Pre-contract proceedings)

Before contract implementation there are procurement proceedings normally carried out in order to obtain the contractor who will be awarded the contract and execute it. Several documents such as PPA 2004, tender and contract files were reviewed to determine the procurement procedures used and how they are effectively followed. It was determined that contractors have been obtained through using different procurement methods including restricted tendering, competitive quotation and competitive tendering as required by the PPA 2004. However, in most cases competitive tendering was used and proceedings prior to the award of those contracts were as follows:

a) Preparation of definitive technical specifications, BOQ and drawings for the works required. Thereafter, documents were prepared by using standard tender documents issued by PPRA as required by Regulation 83(3) of GN 97 of 2005.

b) Preparation of tender notice to invite contractors to submit priced offers for undertaking the works required. Once the notice prepared, it was submitted to the Tender Board to be approved, then once approved it was advertised publicly in Daily News and Mwananchi Newspapers respectively. This was done to ensure the widest reach of potential contractors in order to widen participation and obtain the best quality at the best price as per Regulation 80(5) of GN 97 of 2005.

c) Issuing of bidding documents. Since bidding documents were ready even before the advertisement of tender, issuing of tender documents was done respectively to bidders who had shown interests at a price of Tshs 50,000/= and receipts were provided.

d) Bid opening. Soon after the expiry of deadline time and date, all bids received before the expiry of the deadline were opened. The secretary to the tender board convened tender opening meetings where by the tender documents were opened in public, in the presence of the bidders or their representatives. The names of all those present at the opening and the organizations they represent were recorded and the minutes for the opening meeting were prepared and kept by the secretary to the tender board. This was done in order to ensure transparency and openness in public institutions tendering activities.

e) Evaluation of tender. This started with PMU recommendation to the Accounting Officer (for approval) concerning members of the evaluation committee made up of 3-5 members depending on the complexity of the work to be procured as per regulation 90(1) of GN 97. In its recommendations, PMU stated the reasons for recommending those members and mainly they were based on professional qualifications, skills and experience in evaluation activities. In some other cases where there was a shortage of internal experts with the necessary skills relating to the subject of procurement, the College has been utilising the skills of external experts in the evaluation of tenders in order to ensure that evaluation is done professionally.

After evaluation, the committees prepared detailed reports setting out the specific reasons on which their recommendations for the award were based upon and submitted them to the PMU, then tender board for approval. The PMU after receiving evaluation reports they reviewed them and prepared a summary that was presented to the tender board for further approval. There were cases where the recommendations of evaluation committee have been rejected by the tender board simply because they were not sufficient or justified enough to warrant the approval of the board.

If the recommendations were approved the PMU prepared the contracts with assistance from the Legal Officer since the unit lacks its own lawyer. Thereafter, contracts were reviewed by the tender board, Accounting Officer, Contractors and signed by the parties to the contract. After contract signing the procedures of contract implementation and management begin with the appointment of contract managers and contract management teams by the Accounting Officer. Hence, the procedures used were proper and effectively followed as required by the PPA 2004.

On the other side the study analysed the respondents' responses regarding their awareness on the above identified procedures and how they are effectively followed. Majority of the respondents indicated that they are aware of the procurement procedures and regarding their effectiveness 58.3% of respondents indicated that they are followed to a scale of very good, 33.3% to a scale of good while 8.3% to a scale of poor. More information is displayed in Table 4.2 below:

Table 4.2: Procurement procedures awareness and their effectiveness

Procurement Procedures * Procedures Followed Cross tabulation

Attributes			Procedures Followed			Total
			Poor	Good	Very Good	
Procurement Procedures	Yes	Count	4	16	28	48
		% within Procurement Procedures	8.3%	33.3%	58.3%	100.0%
		% within Procedures Followed	100.0%	100.0%	100.0%	100.0%
Total		Count	4	16	28	48
		% within Procurement Procedures	8.3%	33.3%	58.3%	100.0%
		% within Procedures Followed	100.0%	100.0%	100.0%	100.0%

Source: Field Data (2013)

4.5 Formulation of procurement contracts

Effective contract implementation starts with having proper procurement proceedings and professionally drafted contract that contains more than the minimum required information (i.e, terms and conditions). The study findings as depicted in Table 4.3 shows that 65.8% of the respondents think that procurement contracts are sufficiently formulated because some of them have seen and reviewed them while others have seen the outcomes of those contracts which form the basis for their judgement regarding their formulation. 34.2% of respondents thought that procurement contract are not sufficiently formulated and when interviewed some of them gave their reasons and said that it is due to delays of some contracts and presence of substandard works.

Table 4.3: Contracts formulation sufficiency

Contract Formulation Sufficiency

Attributes		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Fairly	13	27.1	34.2	34.2
	Adequately	25	52.1	65.8	100.0
	Total	38	79.2	100.0	
Missing	Not Applicable	10	20.8		
Total		48	100.0		

Statistics

Contract Formulation Sufficiency

N	Valid	38
	Missing	10
Mean		2.6579
Std. Deviation		.48078
Variance		.231

Source: Field Data (2013)

Among the 48 respondents only 38 thought that contracts are sufficiently and ranked the level of sufficiency while 10 respondents thought that contracts are not sufficiently formulated, hence, could not rank the level of sufficiency that is why there is missing data. Also the statistics shows the mean of 2.6 and standard deviation of 0.48 which signify that the data are clustered closely around the mean which proves to be more reliable statistically.

A quick overview of contracts at PMU Office revealed that contract are sufficiently formulated because in most cases all the necessary information required to be contained in contract document was available. Hence, this was a step ahead towards effective contracts implementation. Some of the terms/conditions contained in these contracts included quality/technical specification, drawings, site inspection, beginning and completion date, liquidated damages, defect liability period, performance guarantee and bonds, rejection of work, damages, arbitration, price and payment terms, insurance, sub-contractors, bankruptcy, indemnity and force majeure. Also other information in the contract included letter of award, Bill of Quantity (BOQ) and project work plan.

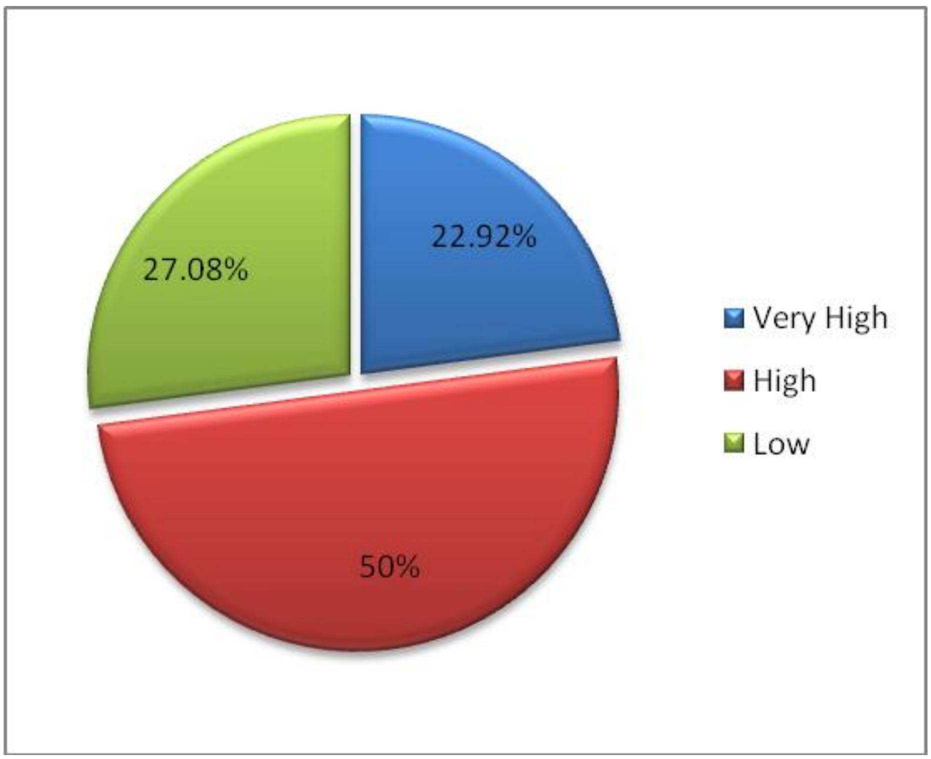
Therefore, through having the observed contract terms and conditions that serve as a reminder of the duties/responsibilities and measures to be taken by the PE in case the contractor abandons the works or by the contractor if the PE delays payments. As a result, the contract terms and conditions help to diversify the risks in case of *ex-ante* and *ex-post uncertainty* in contract management as put forward by the TCA theory.

4.6 Contribution of proper procurement contracts formulation towards guaranteeing the achievement of value for money

Well drafted terms and conditions of the contract, supported with proper monitoring and supervision normally results into effective contract implementation and management which guarantees the achievement of value for money.

As mentioned earlier, having sufficient contract terms and conditions is the foundation for achieving value for money simply because they provide guidance and methodology of implementing and managing the contract to deliver the expected results. Hence, respondents were asked to provide their views regarding the extent of the contribution of proper contract formulation on the achievement of value for money. The views are as depicted in Figure 4.1 below:

Figure 4.1: Contribution of contract formulation on achievement of value for money



Source: Field Data (2013)

The chart shows 22.92% of respondents gave their opinion that proper procurement contracts formulation contributes very highly on guaranteeing the achievement of value for money, 50% think that there is a high contribution while 27.08% believes that contracts formulation at the institution are having a low contribution on the guaranteeing the achievement of value for money because some work are delayed and others fail to reach the required standards.

Basing on the statistics it can be summarised that proper procurement contracts formulation has a contribution the achievement of value for money in the institution as it has been supported by 72.92% of respondents. This also supports the hypotheses of TCA theory that assumes if decision makers have perfect information, there will be no problems with environmental or behavioral uncertainty – due to *no uncertainty* and *information asymmetry* at all.

Therefore, once the PMU, tender board and contract management team were provided with perfect contract information (i.e., terms and conditions) they made *rational decisions* regarding contractor selection, contract implementation and supervision which eliminate the chances of *adverse selection* due to *information asymmetry* and avoiding *moral hazards* such as poor performance by the contractor or abandoning the site without notice. This in return provides a room for achieving value for money.

4.7 Timely completion of procurement contracts

One among the terms and conditions of the contract for works is the contract duration in terms of the life span. This describes the life span of the contract in terms of when will it start and end (completion). The reviewed contracts showed that every contract life span has been indicated or detailed. Respondents were asked to indicate whether the contracts were completed within the indicated time and their responses were as follows:

Table 4.4 Timely Contract Completion

Attributes		Frequency	Valid Percent	Cumulative Percent
Valid	Disagree	17	35.4	35.4
	Neutral	6	12.5	47.9
	Agree	25	52.1	100.0
	Total	48	100.0	

Statistics

N	Valid	48
	Missing	0
Mean		3.1667
Std. Deviation		.93019
Variance		.865

Source: Field Data (2013)

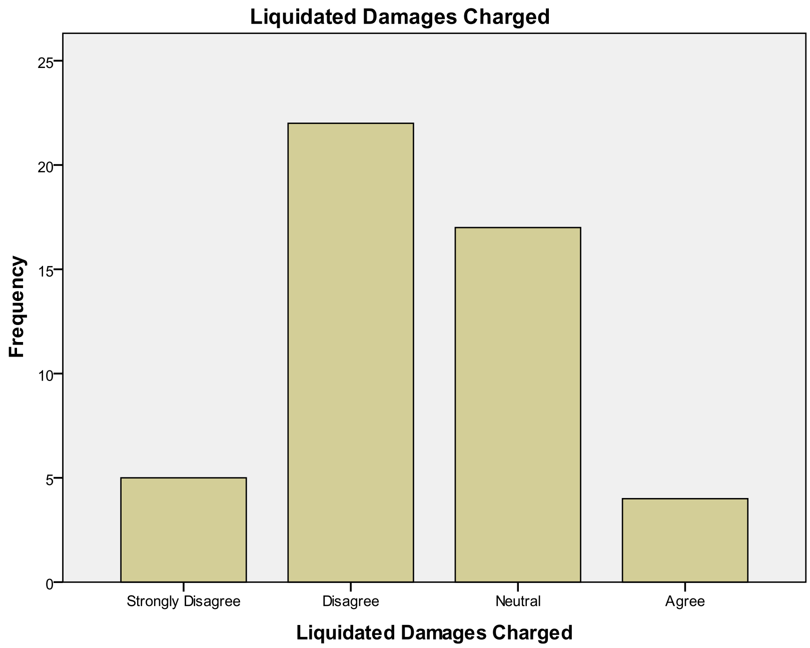
The Table above shows that 52.1% of the respondents agreed that procurement contracts for works are completed on time as established in the contract while 12.5% have neutral opinion because it was difficult for them to judge due little information on the matter while 35.4% disagreed on the issue. Those who disagreed gave reasons for such answers and said some contracts take too long to be completed on time as they are delayed for week(s) without more information being provided.

The statistics show the mean of 3.16 and the standard deviation of 0.93 which measures how concentrated the data are around the mean. The smaller standard deviation indicates that respondents views are more concentrated to the mean hence, statistically reliable which signify that most of the contracts were completed on time.

However, after reviewing specific contract files and tender board resolutions in the PMU office it was revealed that some contracts are delayed due to technical reasons in terms of specifications and financial aspects which mandated those contracts to be delayed. Therefore, these aspects warranted the contracts to be extended in order to guarantee better results. Whenever those contracts were extended proper procedures were followed to seek approval from the Tender Board and Accounting Officer. This shows that it is due to these extensions of time in some contracts that made users to disagree on the concept that contracts are completed on time.

Normally in public procurement each time contracts are delayed the PE is suppose to charge liquidated damages on agreed percentage for each day the works are delayed to be completed. With regard to MUCCoBS there was little evidence as to whether damages were charged on delayed works may be due to time extensions which defeats the whole meaning of charging damages. This is supported by views from respondents with regard to the charging of liquidated damages on delayed contracts are displayed below in Figure 4.2

Figure 4.2: Charging of Liquidated Damages



Source: Field Data (2013)

Charging liquidated damages is an essential mechanism for protecting PEs against *delivery uncertainty*, *moral hazard* and other forms of *ex-post opportunism* that may be exercised by the contractors as the TCA theory propounds. Hence, failure to charge liquidated damages exposed the college to the risk of *delivery uncertainty*, *moral hazard* and other forms of *ex-post opportunism* which led to late completions of some works as indicated into the contract documents.

4.8 Conformance of completed works with the quality standards

Quality is an important aspect in the procurement of works because most of the constructed buildings, roads and other infrastructure are expected to be used for longer period of time without jeopardising the safety and well being of the users. Hence, at all times contractors are supposed to ensure that their activities comply with the established specifications or quality standards established by experts of the PE.

The study required respondents who are the users of the facilities constructed to indicate their views on the quality of the completed works as to whether they conform to the established standards or specifications. Their responses are depicted in the Table below.

Table 4.5: Works completed with quality

Attributes		Frequency	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	1	2.1	2.1
	Disagree	7	14.6	16.7
	Neutral	8	16.7	33.3
	Agree	32	66.7	100.0
	Total	48	100.0	

Statistics

Works Completed with Quality

N	Valid	48
	Missing	0
Mean		3.4792
Std. Deviation		.82487
Variance		.680

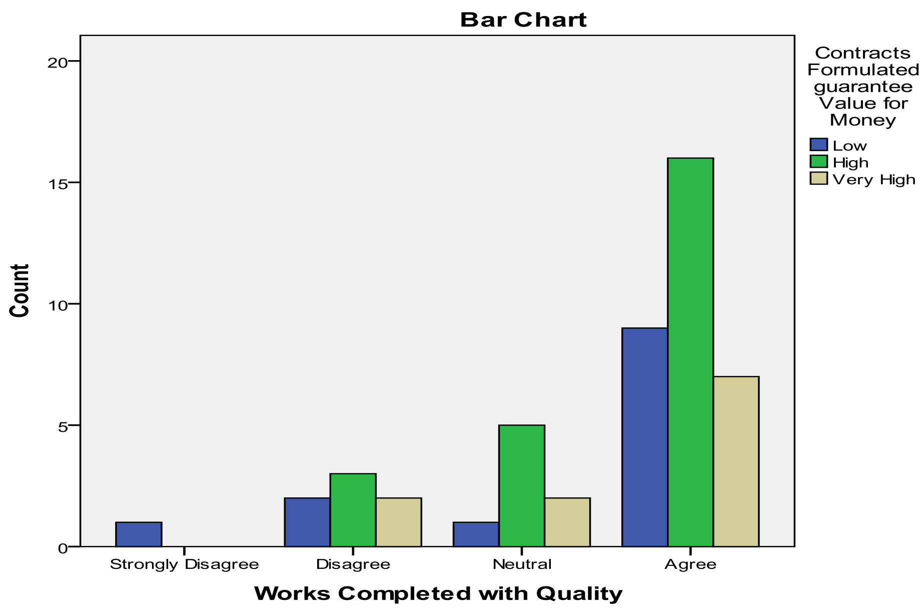
Source: Field Data (2013)

Table 4.5 shows that 32 respondents who are 66.7% of the sample have agreed that completed works conforms to the quality standards as specified by the contract terms and conditions because some of them have participated in site visit meetings as contract management team or inspection committee for quality control purposes. They made regular inspections to the ongoing works for ensuring contractors are performing to the required standard as agreed and in case of deviations proper measures were suggested to the Tender Board and Accounting Officer for decision making on corrections. Due to this they believe works were completed with quality.

However, 16.7% of the respondents have neutral opinion because they are not fully aware of the proceeding to provide a full judgement while 14.6% have disagreed that completed contracts for works conforms to quality standards because there are some completed works which showed signs of defects within a short term after its completion. On the other side, statistics show a mean of 3.4 as a measure of central tendency and standard deviation of 0.82 which statistically suggests that respondents' views are clustered to the mean and consistent as the standard deviation is low.

The study went further to determine the relationship as to whether contracts for works completed with quality guarantee the same contract to achieve value for money. Hence, cross-tabulation technique was used to determine the existing relationship as shown below by Figure 4.3:

Figure 4.3: Relationship between contract quality and value for money



Source: Field Data (2013)

The majority of respondents who agreed that contracts for works are completed with quality also indicated that quality completion has a very high (7 respondents) and high (17 respondents) contribution to the achievement of value for money as the contracts were properly formulated and implemented in terms of quality dimensions. Hence, this depicts a positive relationship between quality completion of the contract and achievement of value for money. This supports the observation of Mamiro (2010) who argued that proper supervision of contract implementation will ensure that what is being delivered is actually what is being paid for (i.e., obtaining value for the money paid).

4.9 Completion of contracts within the budget allocated

Allocation of funds is important for a contract to be executed effectively and guarantee the expected results. In procurement contract management the funds are allocated basing on the established contract budget and they should be used according to the budgeted amount for each activity in order to minimise the costs and avoid over spending. With regard to this, the study wanted to find out whether completed contracts have been executed as per allocated budget.

Respondents gave their views and they are depicted in the Table 4.6 which shows that 39.6% of respondents have disagreed on the assumption that contracts for works are completed within the budget because some contract have been delayed to be completed and that increases the transaction costs of the contract. Also, they believe that due to increase in inflation rate and price fluctuation in the supply market for construction materials budgets are always over spent.

Table 4.6: Contracts completed are within Budget

Attributes		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	1	2.1	2.1	2.1
	Disagree	18	37.5	37.5	39.6
	Neutral	8	16.7	16.7	56.3
	Agree	21	43.8	43.8	100.0
	Total	48	100.0	100.0	

Source: Field Data (2013)

On the other side 16.7% of respondents had neutral opinion because they had limited grounds for providing better judgement while 43.8% were of the opinion that completed contracts are within the budget because the college always set aside budgets for each contract and contract management teams are mandated with the task of monitoring costs so that contractors may not escalate prices unnecessarily or claim additional payments unreasonably.

The review of some contract files at the PMU office showed that there are some contracts which have been out of the budgeted amount but that was due to extensions of time and claims for variation (i.e, presence of additional works that were unforeseen before). The findings of Mitambo (2009) revealed that presence of variations is because contract management is not given much of the deserved attention and poor approaches for contract management which are associated with unapproved variation of works. On the contrary, at the college there is a good contract management approach when such claims for variations were raised the Tender Board and Accounting Officer were notified and consulted for their approval.

4.10 Treatment of defected works during defect liability period

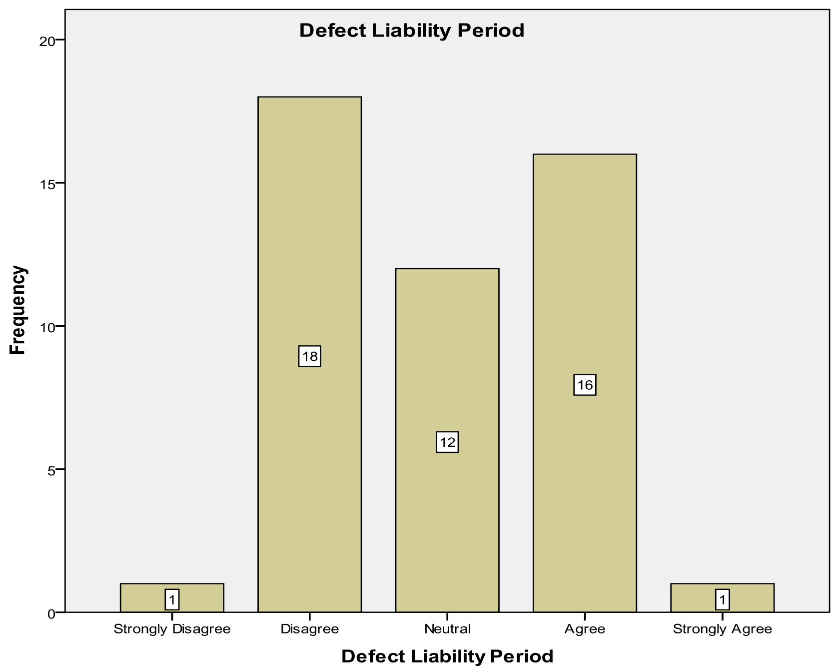
In procurement of works and their respective contracts it is important to determine who will care for defects after the completion of the works. This is determined under the clause of defect liability period whereby after the contract has been finalised the PE will be given a grace period for testing the quality of the works performed by the contractor.

Under the FIDIC guidelines for contracts the period shall not exceed 12 months depending on the complexity of the assignment. Hence, under such period the PE will use the facilities and in case of any defects the contractor would be required to rectify the defects under the mechanism stipulated in the contract terms and conditions. It can be at contractor's or PE's costs or shared jointly.

Presence of defect liability period clause in the contract is among the ways of making sure that contractors deliver on time and still continue to be responsible for their works quality until the end of the defect liability period. In support of the assumptions of TCA theory, the defect liability period is a mechanism of protection against *delivery uncertainty*, *moral hazard* and other forms of *ex-post opportunism* that may be exercised by the contractor.

Therefore, the study analysed the respondents' views as to whether defected works were rectified during defect liability period and the analysis is as presented in Figure 4.4 below:

Figure 4.4: Rectification of defects during defect liability period



Source: Field Data (2013)

Among 48 respondents, 19 of them who represent 39.6% disagreed that defects are rectified during defect liability period because they have not witnessed modifications made by contractors after starting to use the constructed facilities. Some of them had defects but only few were rectified during such period which makes them to doubt the essence of having defect liability period in contracts. 12 respondents who represent 25% had a neutral opinion on the aspect because they had limited grounds for providing clear judgment while 17 respondents who are 35.4% agreed that defected works have been rectified during defect liability period. The reason behind is that they have seen contractors taking care or rectifying defects in some buildings as required by the college.

Through reviewing some documents at the PMU office there was little evidence with regard to rectification of defects during defect liability period because some contracts had minimum defect liability period which was not enough to warrant exposure of defects and other contracts had no defects within the specified period.

4.11 Presence of variations and justifications for their approvals

Variations in the procurement of works are considered to be any alterations in terms of addition or omission to the agreed technical specification and scope of work. In some contracts they are unavoidable features due to the complexity of the work or interferences and are prepared by using variation order (s). In order to get valid information only the members of tender board, PMU and contract management team were interviewed and filled the part of questionnaire containing variation questions. Hence, other respondents were not required to give their opinions due to their limited knowledge.

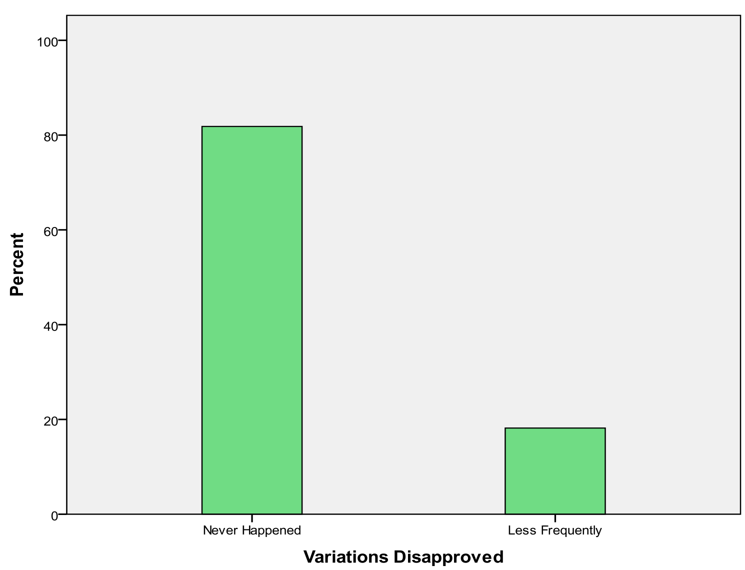
In order to increase reliability of the data, the early identified respondents were required to indicate as to whether they have participated in any meeting that reviewed or approved variations. The feedback shows that 63.6% of respondents agreed that they have participated in the review or approval of variations as members of tender board, PMU or contract management team. On the other side 36.4% indicated that they are aware of variations but have not participated in such meeting because since they were appointed as members of tender board or contract management team there were no variations on the ongoing construction contracts.

Those who participated in meetings that either reviewed or approved variations also indicated that the grounds for approving such variations were justified in the variation order submitted to them. Hence, before approving they had a chance of discussing them and determine its impact on quality, costs and time for completion of contract.

Furthermore, the study wanted to determine the causes of such variations and it was realised that they vary from contract to contract but in most cases it includes change of specifications, change of the scope of works, unclear description of what is needed at the initial stage and shortage of funds. When the variation has been identified, the procedures for approving starts with the preparation of variation order by the consultant, submission to the PMU and Tender Board for review and thereafter the Accounting Officer (AO) was briefed on the aspect for his decision (i.e. approving or disapproving). Through out this procedure the contract management team was informed accordingly.

With regard to the frequency of how many times variation have occurred 54.5% of respondents pointed out that they have occurred less than 5 times while 45.5% pointed out that they have occurred between 5 to 10 times. The reasons for such disparity are based on duration of experience as a member of Tender Board, PMU and contract management team. On the other side in terms of the frequency of how many times variations have been disapproved, the response of respondents is depicted in figure 4.5 whereby 81.8% of respondents indicated that variations have never been disapproved while 18.2% they have been disapproved but less frequently.

Figure 4.5: Variations Disapproval



4.12 Review of procurement contracts

Contracts for works are not suppose to be static but flexible to accommodate changes that may require necessary adjustment. This may require contracts to be reviewed from time to time in order to identify the loopholes or areas for improvement and take necessary measures for improving them. Hence, the study wanted to make analysis as to whether contracts formulated at the college have been or are reviewed in order to address the required changes. Findings from the field are shown in Table 4.7 below:

Table 4.7: Contract Review

Attribute		Valid Percent	Cumulative Percent
Valid	Never Occurred	27.3	27.3
	Not Sure	63.6	90.9
	Frequently	9.1	100.0
	Total	100.0	

Source: Field Data (2013)

Finding from the table shows that 63.6% of respondents are not sure if completed contracts for works have been reviewed to accommodate changes because they have not participated in a contract review meeting or consulted for providing their inputs on areas to be improved. Also, they can not say that contracts have never been reviewed.

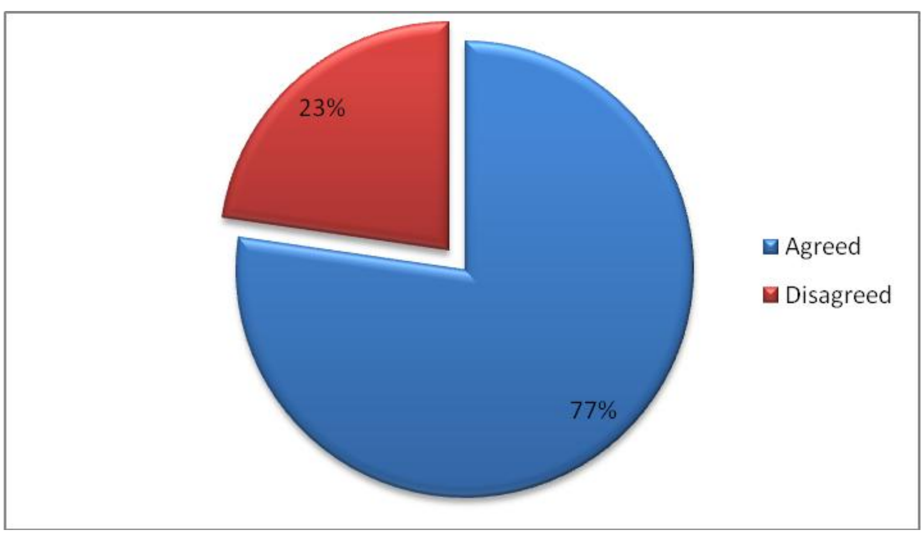
Hence, they were not in a position to provide clear judgement on the matter. 27.3% believe that contracts have never been reviewed after being signed because they have never been given enough time to read contracts and give their opinions on issues to be improved. However, they agreed that minor additions and alterations have been made which do not provide a clear ground for saying contracts were reviewed effectively. Lastly 9.1% believe that contracts have been reviewed from time to time in order to accommodate changes arising out of variations that require the change of time work plan, contract budget and specifications.

4.13 Sufficiency of contract management proceedings to guarantee the achievement of value for money

Contract management involves contract administration, service delivery and dispute resolution in order to guarantee the expected results by both parties to the contract. Hence, the identified activities have to be well performed for the contract to guarantee the achievement of value for money. Review of several contract proceedings documents at the PMU office revealed that the college has sufficient procedures for managing contract as required by Regulation 121 of GN 97 of the PPA 2004. Contracts management teams are appointed by the AO, contracts budgets and funds are allocated as required, site visits and inspection are carried out as planned and reports prepared. All these are some of the proceedings forming the basis for achieving value for money.

The study also required respondents to point out their observation on the above identified aspect and their observations are as depicted in figure 4.6 whereby 77% agreed that contract management proceedings sufficient to guarantee the achievement of value for money while 23% had contrary observations that the proceedings are not enough to guarantee value for money.

Figure 4.6: Sufficiency of contract management proceedings



Source: Field Data (2013)

Those who agreed during the interview said that contract management proceeding are adequate because they have deep roots from the preliminary procurement proceedings where contractors were selected. Hence, preparation of sufficient technical specifications, selection and awarding the contract to a competent contractor provides a foundation for performing contract management effectively as little efforts would be required in supervision, monitoring and evaluation. Also, due to formulation of contract management teams and consultants to supervise implementation of the contract increases the chances of achieving value for money.

Others who disagreed during the interview said that the proceedings are not adequate to guarantee achievement of value for money because there have been presence of time extensions, adjustments of specifications, changes scope of works and signs of defects on completed works. They thought that all these have impaired the possibility of achieving value for money to a higher percentage.

4.14 Challenges hindering effective management of procurement contracts

Public procurement is very wide and presence of challenges can not be avoided. With regard to contract management respondents identified the following challenges that hinder effective management of procurement contracts for works:

a) Lack of internal experts who are knowledgeable in construction and civil engineering issues. The college does not have internal experts in the field of construction and engineering. Hence, this becomes a challenge when designing scope of work and specifications, supervising construction works and evaluating variations before submission to the PMU and Tender Board for approval.

b) Consultants do not provide instruction on time. In the procurement of works consultants plays an important role of advising the college management because the college does not have its own internal experts in the field of construction and engineering.

Respondents commented that consultants delay to provide adequate information to the management and PMU which results in delays for some works either in starting or finishing. Also this is claimed to be one among the reasons leading to claims of variations due to insufficient information at the time of preparing technical specifications and scope of work.

c) Approval delays by management. Procurement in general requires timely dissemination of information and in order to eliminate bureaucracies that consumes a lot of time. Hence, when it comes to contract management time is critical and approvals should be provided on time in order to allow other activities to proceed so as to avoid delays in completion of works. On the contrary, respondents pointed out that sometimes there are unnecessary delays in obtaining approvals from management especially with regard to financial issues. These affect timely progress of the executed contracts.

d) Delays of payment. Due to shortage of funds for development activities and bureaucracies of the government most of the respondents pointed out that payments of contractors of PEs officials are sometimes delayed. This in return discourages them to the interest or motivation of doing their work effectively.

e) Price fluctuations. Unstable prices in the market pose a great challenge when it comes to the purchasing of construction materials. Due to inflation and changes in prices contractors have been submitting claims for additional payments to compensate the difference between quoted price and prevailing market prices.

f) Personal interest overriding organisational interest. Few respondents believed that there are officials who favour their own interest in designing works instead of getting opinions or contributions from other members of the organisation.

g) Low capacity in formulating contracts at the PMU unit. The unit does not have its own lawyer as a support staff which makes them to make use of the college law experts who are experts in general laws of contract and not much specialised in procurement contract laws.

h) Inefficiency of the PPA 2004. Interviewed respondents said that the act has not provided adequate information or guidelines with regard to the whole process of managing contracts. Hence, it is a challenge to contractual issues relating with legal issues while having insufficient legal backup.

i) Consultants are not trustful as they favour contractors. Some respondents claimed that consultants favour contractors instead of being objective and advise both parties without being biased. Specifically they believe that in some occasions contractors have been favoured by consultants in claiming variations.

j) Inadequate understanding of the PPA 2004. With exception of procurement officers at the PMU, others who are involved in procurement issues such as member of tender board and contract management team have inadequate understanding of procurement laws. Hence, it becomes a challenge when making decisions involving legal aspects of procurement.

k) Inadequate knowledge on procurement contracts management. Through interviews respondents commented that they have knowledge on general contractual issues but have limited knowledge on procurement contracts management issues. However, they declared that their appointment to be members of Tender Board or contract management team has been a good learning opportunity whereby they are progressively widening their knowledge.

4.15 Chapter Summary

The chapter presented the findings obtained from the field by using graphs/figures and tables in order to simplify the presentation. The rate of response was 80% whereby only 48 respondents out of 60 were cooperative. But rate was enough to justify the significance of the findings. Respondents had different education level, experience and specialisations.

The college has implemented a number of procurement contracts for works which provided adequate data to the study in terms of how are they formulated, implemented and managed with respect to the terms and conditions agreed by the parties. However, before the contracts were implemented several preliminary procurement procedures were carried out to obtain the best contractor to take charge of the contract and procedures were effectively performed in accordance with the requirements of PPA 2004. Majority of respondents pointed out that they are aware of the procedures.

On the part of contract formulation it was identified that most of the contracts had the required terms and conditions which provided the base for achieving value for money when such contracts implemented according to the agreed terms and conditions. The study also found out that some works were not completed on time as indicated in the contract terms and in return liquidated damages were not charged for those late works. However, a review of secondary data showed that those contracts which were delayed there was an extension of completion time in order to accommodate changes or amendments proposed by the consultants or management.

The issue of quality and handling of defects were pointed out as being the one among the many factors that can contribute to the achievement of value for money if treated well by the PE. Variations have been identified to be threats to quality, time and costs of the contract if are not given proper attention in terms of determining their causes, review, justification and treatment by following proper approval procedures.

Lastly, the chapter incorporated the application of the TCA theory whereby it was observed that assumptions of the theory such as opportunism, uncertainty and moral hazards are regularly considered and avoided in various procurement operations especially through the use of tender security, requirement for submission of performance guarantee, requirement for submission of relevant information from contractors and enforcing liquidated damages and defect liability period.

CHAPTER FIVE

DISCUSSION OF THE FINDINGS

5.1 Overview

The study aimed at assessing the contribution of effective contract management for works in the achievement of value for money by taking a case of MUCCoBS. Basing on the problem to be studied data were collected through using questionnaires, interviews and documents review techniques. The collected data were presented in the previous chapter and they are discussed in this chapter. In order to have effective organisation of facts the discussion is done through relating the findings with the specific research objectives, research questions and independent variables.

5.2 Formulation of procurement contracts for works and achievement of value for money

The College as a public procuring entity is doing its procurement of works as per PPA 2004 and its Regulations 2005. Hence, preliminary procurement proceedings are supposed to follow the standards set by the act. However, when it comes to contract formulation the act does not provide adequate legal framework on how contract should be formulated and the content to be covered.

In order to have sufficient terms and conditions of the contract, college procurement experts have been making use of different terms and conditions (specific and general) prepared by PPRA in the standard tender documents. These documents contain some general and specific terms that suit the conditions of each specific contract and they are adequate. Other terms and conditions are normally prepared by the members of user department, PMU and Legal Advisor.

The study findings shows that 65.8% of the respondents think that procurement contracts are sufficiently formulated because some of them have seen and reviewed them while others have seen the outcomes of those contracts which form the basis for their judgement regarding their formulation. Also, a review of contracts for works at PMU Office revealed that more than the required minimum information (terms and conditions) were available in most of the contract documents. Hence, this was a step ahead towards effective contracts implementation.

With regard to the contribution of proper contract formulation on the achievement of value for money the study found out that having sufficient contract terms and conditions is the foundation for achieving value for money because they provide legal framework and methodology of implementing and managing the contract to deliver the expected results. Some of the terms/conditions contained in the reviewed contracts included letter of award, quality/technical specification, Bill of Quantity (BOQ), project work plan, drawings, site inspection, beginning and completion date, liquidated damages, defect liability period, performance guarantee and bonds, rejection of work, damage or loss, dispute resolution, price and payment terms, insurance, assignment and sub-contractors, bankruptcy, indemnity and force majeure.

Presence of these terms guarantees the achievement of value for money as they capture the important aspects for its achievement such as contract administration (in terms of managing time, quality, costs and risks), service delivery and dispute resolution. However, most of respondents believe that these terms need more backup in terms of monitoring and supervision in order to guarantee the expected results in terms of timely completion, risk management, minimising cost and improving quality. The findings are in line with the findings of Mshana (2007) who argued that ongoing and post contract award activities have to be closely monitored and controlled to enhance procurement contract management.

On the other side, this helps the college to avoid problems associated with *adverse selection*, *information asymmetry* and elements of *ex-post opportunism* as put forward by the TCA theory in construction contracts. This is because decision makers are exposed with at least all the necessary information required for making rational decisions and contracts are left to take their own course during implementation without close monitoring and supervision. Thus, well crafted terms and rational decisions supported with proper monitoring and supervision result into effective contract implementation, management and achievement of value for money at the college.

5.3 Implementation of contracts for works as per terms and conditions

As a step to ensure effective contracts implementation and management in the procurement of works, contract managers and contract management teams were appointed by the Principal of the College to supervise and monitor the on-going contracts. Teams consisted of 3 to 5 members who were given the responsibilities of overseeing and monitoring day to day contract implementation activities of the contract. Also, the teams regularly work with the hired Consultant who is an expert in construction in order to share knowledge, experience and expertise.

In order to assess whether the contracts were effectively executed and managed as per terms and conditions of contract, a review of some records on contracts implementation and management was made along with observations on the completed works. As identified earlier that contracts contained more than the required terms and conditions, hence, when it comes to implementation the process was done in accordance with what the terms state. In order to determine how terms and conditions were followed the study grouped them in categories and discussed them as follows:

5.3.1 Performance guarantee/bonds

Through reviewing some contract documents it was seen that successful bidders were required to submit to the college a performance security/guarantee within twenty eight (28) days after receipt of the Letter of Acceptance.

Performance securities were required to be submitted in terms of a Bank Guarantee or Insurance Bond from a Bank or Insurance Firm located in the United Republic of Tanzania, or a foreign Bank or Insurance Firm through a correspondent Bank or Insurance Firm located in the United Republic of Tanzania. The amount of the security differed from contract to contract as it depends on the contract value.

Failure of the successful Bidder to comply with the requirements constitutes sufficient grounds for the annulment of the award and forfeiture of the Bid security. Also, this gives the college power to make the award to the next lowest evaluated Bidder or call for new Bids.

Contracts documents reviewed showed that appointed contractors submitted the required performance security/guarantee as required by the college either in the form of bank cheque or insurance bond. However, in most cases contractors preferred to submit them in the form of cheque as it is convenient for them to prepare and submit. Requirement for submission of performance security/guarantee by the college is done in order to protect the college against contractor poor performance. This is also supported by the TCA theory assumptions that PEs should protect themselves against *uncertainty* and *opportunism* including *moral hazard* in case the contractor fails to perform to the required performance levels/expectations or abandons the site without notice.

Once the contracts were finished, inspections were carried out and contractors who have performed to the required performance standard were given certificate of completion. The certificates were used to claim final payments and reimbursement of the performance bond or guarantee from the college. Normally, performance bond is not suppose to be returned to the contractor until the contract is completed satisfactorily in terms of quality and other performance objectives.

Hence, when the performance was good the college returned the whole amount to the contractors and if not satisfactory some amount was retained for compensation for the poor performance as required by the terms and conditions.

5.3.2 Quality related terms

Reviewed contracts showed that quality is normally defined in several terms including technical specification, drawings, BOQ, site inspection, variations and conditions for rejection of works. These are more practical terms as they are suppose to be effectively observed by the contractor during contract implementation. In order to determine how effectively they were followed various non-confidential quality inspection and auditing reports had to be reviewed.

It was determined that contractors followed the technical specifications, BOQ terms and drawings in order to construct what was needed. However, inspection committees made a lot of efforts to inspect the progress of the works in order to ensure that contractors are observing the terms and deviations are avoided or minimised as soon as possible before jeopardising quality. Site visits and inspections were done regularly by the contract management team and consultants to ensure BOQ terms are fulfilled accordingly. This formed an important tool for monitoring and controlling quality for the ongoing works.

This is supported by 66.7% of respondents who agreed that completed works conforms to the quality standards as specified by the contract terms and conditions because some of them have participated in site visit meetings as contract management team or inspection committee for quality control purposes. As required by the contract terms, regular inspections to the ongoing works were carried out for ensuring contractors are performing to the required standard as agreed and in case of deviations proper measures were suggested to the Tender Board and Accounting Office for decision making on corrections.

5.3.3 Time related terms

Terms related to time included projected work plan that indicated beginning and completion date, time extensions, liquidated damages and defect liability period. Contract work plan shows the life span of the contract and it is normally prepared by the contractor but the PE is allowed to adjust it to suit its needs.

At the college, consultants are required to review work plans before works commence in order to determine its suitability. After approval, contractors were given 7 days to mobilise resources and commence the works as per work plan. Usually, enough time is allocated to each activity and the progress is monitored to ensure it is completed on time as indicated. However, it was realised that there were time extensions for some contracts as the time indicated in the work plan seemed not to be adequate due to poor planning. This is supported with the findings of Wami (2009) and Hanga (2008) who found out that weakness in project planning and design results into unnecessary changes of contract scope. As a result contractors through consultation with the college consultant claimed for time extensions through time extension order.

Regulation 118 (1) of GN 97 states that "time extension order may be issued only by the accounting officer or chief executive officer provided that reasons for granting time extension orders must be fully documented in the procurement record". Therefore, before granting extensions the Principal (accounting officer) was given sufficient justification for it in order to satisfy himself. Some contracts time extensions were granted while others were denied as contractors seemed to delay the works intentionally.

On the other side there was little evidence as to whether liquidated damages were charged for delayed works due to extensions of time. This was also supported by 60% of respondents who believed that this term is not sufficiently used to punish contractors who delay works. In addition, the study found out that very few works were rectified during the defect liability period.

5.3.4 Cost related terms

Cost related terms included contract price, payment terms and bankruptcy. The contract price includes the payments made to contractors for completed works while payments terms involved the mechanism of paying contractors which differed from contract to contract. In some contracts contractors asked for advance payments and other payments were made by instalments (interim payments) after successful partial completion.

Contract management teams and consultants monitored costs so that contractors may not escalate prices unnecessarily or claim additional payments unreasonably as it has been observed by Mshana (2007) whereby such acts of contractors have led to the loss of public funds. Also, it was pointed out that increase in inflation rate and price fluctuation in the supply market for construction materials were the main challenges to financial resources allocated for the purpose of contract implementation.

5.3.5 Risk related terms

Risk was described in the clauses of force majeure, insurance to workers and property and indemnity. Force majeure are unforeseen events that may have negative effects to the contract such as rains and earth quakes. In order to protect contracts from risks the college required contractors to provide insurance to workers and properties (equipments). This was effectively done by making sure that the stipulated amount of insurance in the BOQ is allocated by contractors and not misused. Fortunately, various contract reports pointed out that there were no significant risks that affected the implementation of the contracts at the college.

5.3.6 Dispute resolution terms

These terms addresses the mechanism of resolving disputes (misunderstandings) between the PE and contractors if they happen. It was difficult to judge as to whether the terms were effectively used because there was no evidence of dispute occurrence between the college and contractors. However, the mechanism provided by the terms was good as it had a participatory approach to guarantee win-win outcome for parties.

Therefore, it can be concluded most of the terms and conditions indicated in the contract were followed as it has been documented, insurances and bank guarantees were submitted, inspections for performance measurement, correction of deviations were undertaken, and lastly efforts were taken to control time, quality and costs. However, it was noted that in some contracts defected works that should have been rectified during defects liability period were not prepared by the contract managers, liquidated damages were not adequately charged and there were some variations in terms of quality. These provided the foundation for achieving value for money in terms of providing the intended results in terms of time, quality, costs and risks in the respective contracts.

5.4 Contribution of effective contract management on the achievement of value for money

Contract management consists of a range of activities that are carried out together to keep the arrangement between customer and provider running smoothly. In the procurement of works they can be broadly grouped into three areas that include service delivery management, relationship management and contract administration, (OGC, 2002). These activities are considered to address issues relating to time, quality, costs, relationships and risks throughout the implementation of the contract.

Hence, in order to measure the contribution of effective contract management on the achievement of value for money there is need to consider these issues separately in terms of how management of time, quality, costs and risks have great impact on contract implementation and achievement of value for money.

5.4.1 Management of time

Time is managed effectively through the use of implementation schedule or time plan listing all activities and their respective starting and completion dates. In the implementation of works contracts at the College, time is managed through the use of work plans indicating the activities to be done and their respective completion date to ensure timely delivery.

These work plans are proposed by the contractors then are discussed jointly between the consultant, PMU and Tender Board members before being accepted as contract schedules.

Thereafter, the contract management team and the consultant will continue to monitor work progress against the time allocated. However, there are many cases where contractors have requested for extensions of time and being granted. This defeats the whole meaning of having work /time plans before the beginning of the works as pointed out by Wami (2009) and Hanga (2008) who found out that weakness in project planning and design resulted into unnecessary changes of contract scope. Moreover, there was little evidence of liquidated damages charged to contractors for late completion of works, may be it is because of granting time extensions as requested from time to time.

The extensions of time may be a result of contractors' *opportunism* in pre-contract proceedings (*ex-ante opportunism*) whereby the contractor might have indicated shorter work plans in order to win the contract with expectations of requesting extensions of time during contract implementation in case they can not complete the works timely as stipulated in the work plan. Since decision makers in the college might have behaved in a way consistent with *bounded rationality* as the assumptions of the theory hold, time extensions were granted and some works were delayed.

Consequently, there was a sign of ineffective time management to some contracts and it has resulted into delayed completion of works but on the other side it has affected the costs of the contract because when time is extended, costs also increases due to additional payments in terms of man hour budget and allowances to supervisors. In return, contractors demanded additional payments on the grounds of increased works but the fact is they wanted to cover for the increased labour hours costs.

This might have been contributed by poor management as pointed out by Mitambo (2009) who argued that if contract management is not given much of the deserved attention as it happens to some of the contracts there will be late deliveries.

However, the extensions of time in some contracts have resulted into delivery of quality works at the end that may be could have not been delivered if the extensions of time were not granted to the contractor. Hence, this has contributed to the achievement of value for money for most of the contracts with exception of only few contracts of which time was not managed effectively as per time plan.

5.4.2 Management of quality

The quality plan is the prime document for managing quality that spells out how the quality performance and objectives will be achieved. In the case of construction project, the quality plan specifically provides details on how the quality function is organised, who are the responsible, the quality control checks to be carried out, acceptance criteria and measures to be taken for non-conformance deviations (ITC, 2000).

The college has been depending on site visits and inspections to monitor contract quality and ensure conformance to technical specifications provided in the BOQ and contract documents. There was insufficient evidence of adequate college quality assurance policy and control plans in place to ensure that works were executed as per specification. This is a regular feature in other PEs as noted by Wami (2009) who found out that there is ineffective preparation of procurement contract plans.

On their absence, the appointed contract management teams have been directed to carry out regular site inspection to ensure quality works through referring to the BOQ and quality terms which is important for managing quality during contract implementation.
In most cases progress reports and inspection reports for works contract were prepared by the responsible supervisors in order to have timely and quality delivery.

Also the teams monitored contractor's performance closely against the schedule of works or requirement stated in the contracts. But there is a time where some reports were inadequately prepared by the supervisor(s).

Hence, laxity or unawareness of the supervising officer has led to the occurrence of deviations which partially affected the quality of the work. There is a case where the contractor did not conform to some specification in the BOQ with no evidence of its approval (variation approval) by the Tender Board. The outcome of the observed poor practices results into decreased chances of achieving value for money which is also supported by the findings of Mshana (2007) who found out that poor practices in management of procurement contract results to non-achievement of value for money.

Apart from that, there were instances where the college provided the contractors with additional works specifications that were not previously agreed and the parties negotiated for the same which in return led to extended completion time and increased the contract costs to the college but it was for good intentions of enhancing quality.

As a result, the identified weaknesses have weakened the position of the college to gain an advantage in terms of better quality and value for money to a greater extent as expected to some contracts. However, for other contracts where quality was effectively controlled and managed there was greater contribution to the achievement of value for money basing on qualitative measures.

5.4.3 Management of costs

In procurement of works costs are effectively managed through the use of contract budget that consists of the payments that should be made to the supplier in accordance with the contract, contingency allowance and man-hour budget (ITC, 2000). In order to control costs effectively any signs of cost escalations should be dealt with as early as possible because they are going to affect contract financing and performance. Also on the other side minimising the budget is not a good option as it may affect the quality.

At the college, overall contracts costs consist of contractor payments, contingency allowances and contract management team allowances. These costs are well planned and properly documented into various procurement and accounting records at the college to ensure that costs are effectively controlled and managed.

Furthermore the study found out that costs are highly affected by price fluctuations of construction materials in the market and increased rate of inflation in the domestic economy. These two create difficulties/challenges in monitoring costs during contract execution for both parties. There are instances where contractors claimed for additional payments because of increased costs of construction materials and equipments. In response to this, market analysis was done to establish the truth and proper procedures were followed to prepare and disburse the claimed payment to the contractor. This provided the opportunity of making rational decision free from *bounded rationality* and *information asymmetry* as the TCA theory assumptions embrace.

Costs management is significant because financial resources are scarce and the opposite will affect timely delivery, quality delivery and late payment to the contractor. In the view of delaying contractors payments, Wami (2009) found out payment delays to contractors have an impact to the execution of the contract in terms of its performance. Hence, in order to avoid misuse of funds and poor contract performance costs have to be managed effectively and contractors have to be paid on time. Luckily, the college has succeeded to put effective mechanism to ensure costs are properly managed at all times which in return has been a catalyst for timely completion and enhanced works quality. This in return contributed to the achievement of value for money in some contracts.

5.4.4 Managing risks

In contract management it is highly advisable to focus much attention on where the risks are greatest in order to manage them before they affect contract implementation progress. There are a number of common risks that are related to contract management such as schedule risks, cost risks, quality risks and commercial risks (ITC, 2000).

In order to manage risks effectively there is a need for having a risk register that describes all the risks one needs to be aware of during contract implementation. There was no evidence of the existence of the risk register at the college to manage the risks but other approaches have been used for identification and management. The consultant, contract management team and PMU have been working together to identify the potential risks, causes, likelihood of occurrence and probable impact on contract performance in terms of time, cost and quality. Apart from that, different strategies such as insurance, frequent expediting and additional inspection have been used to prevent risks before they occur and affect the contact.

Fortunately contract management records showed that major risks have never occurred at the college during contract implementation. This means the college has been using preventive strategies to avoid risks and they have succeeded. Hence, despite the fact that the college does not have a risk register it has managed to prevent the occurrence of risks and provided the ground for smooth management of time, quality and costs. In return this contributed to the achievement of value for money by providing balance between time, cost, quality and risks.

Therefore, it can be concluded that effective contract management has a greater contribution on the achievement of value for money. Proper management of time, quality, costs and risk forms effective contract management which contributes highly to the achievement of value for money through providing a balance between the variables of value for money.

From the analysis the study found out that there are contracts which have been managed effectively while other were not managed effectively in terms of time and quality. Hence, the college has achieved value for money to a large extent through effective management of time, quality, costs and risk prevention in some contracts but few contracts failed to deliver the intended outcomes in terms of time and quality which denied the college an opportunity to achieve value for money in some contracts.

This was also supported by the majority of respondents whereby 77% agreed that contract management proceedings were sufficient to guarantee the achievement of value for money because they have deep roots from the preliminary procurement proceedings which were done effectively. Hence, preparation of sufficient technical specifications, selection and awarding contracts to competent contractors provided a foundation for performing contract management effectively as little efforts would be required in supervision, monitoring and evaluation. Also, due to formulation of contract management teams and appointments consultants to supervise implementation of the contracts increased chances of achieving value for money.

For those few contracts which value for money was not fully achieved, respondents believed it is due to laxities in managing time and quality. Nonetheless, it should be appreciated that procurement is wide and becoming more complex. Its complexity makes procurement needs especially in terms of works more difficult to execute and measure quantitatively as to whether value for money has been achieved.

5.5 Chapter Summary

The chapter presented the discussion of findings which is done through relating the findings with the specific research objectives, research questions and independent variables in order to have effective organisation of facts.

College procurement experts have been making use of different terms and conditions (specific and general) prepared by PPRA in the standard tender documents in order to have sufficient terms and conditions of the contract. Presence of these terms guarantees the achievement of value for money as they capture the important aspects for its achievement in terms of managing time, quality, costs and risks. These formed the foundation for achieving value for money because they provided a legal framework and methodology of implementing and managing the contract to deliver the expected results.

Presence of terms alone does not guarantee the achievement of value for money but effective compliance with the terms and conditions during contract implementation is what guarantees the achievement. Terms relating to performance guarantee, quality, cost, time, risk and dispute resolution were well observed during implementation. Most of the terms and conditions indicated in the contract were followed as it has been documented, insurances and bank guarantees were submitted, inspections for performance measurement, correction of deviations were undertaken, and lastly efforts were taken to control time, quality and costs.

However, it was noted that in some contracts defected works that should have been rectified during defects liability period were not prepared by the contract managers, liquidated damages were not adequately charged and there were some variations in terms of quality. Generally, through successful management of time, quality, costs and risk prevention has enabled the college to have effective management of procurement contracts for works and achieve value for money.

CHAPTER SIX

SUMMARY, CONCLUSIONS AND POLICY IMPLICATIONS

6.1 Overview

This chapter presents the study summary which is the synopsis of the whole study capturing briefly various theoretical, conceptual and practical issues. Also it concludes the study by describing how the finding have provided answers to the research objectives and questions, recommendations, areas for further studies and policy implications. On the part of policy implications the study provides inputs to the policy makers on issues to be included in the policies in order to improve the performance of procurement contracts and contribute to the achievement of value for money.

6.2 Summary

Contract management is an important activity in public procurement especially on the deployment of the procurement system to pursue government goals including achieving value for money. On the contrary, reports from researchers, the CAG and PPRA have shown that public funds have been wasted and misused because of poor contract implementation and management.

Generally the study aimed at assessing the effectiveness of procurement contracts management towards achieving value for money in procurement of works. Specifically, the study intended to describe the nature of procurement contracts for works, evaluate the adequacy of formulated procurement contracts for works towards guaranteeing achievement of value for money, determine the effectiveness of procurement contracts for works implementation as per terms and conditions and examine the contribution of effective contract management on value for money achievement.

To study the phenomenon effectively, TCA theory was opted as a study guide theory with assumptions that PEs enter into contracts with bidders because of fearing uncertainties and opportunism.

Through taking the case of MUCCoBS, case study research design was used to undertake the study whereby purposive and random sampling techniques were used to depict a sample of 60 respondents while questionnaires, interviews, observations and documentary review were used to collect data. Data were analysed through applying qualitative techniques that involved the use of "interpretive" and "reflexive" approaches while quantitative techniques involved utilisation of SPSS as a tool for data analysis.

Data obtained from the college showed that contracts contained all the necessary required information/terms and conditions although this was not a guarantee that the same will be followed sufficiently in the execution to guarantee value for money. Basing from the selected contracts, it was established that the contracts were effectively executed and managed adequately when compared to the terms and conditions of the contract. Nevertheless, there are lessons to be learnt in order to enhance the conformance to terms and conditions of the contract and improve the level of effectiveness contract implementation and management in the future.

Also, it was determined that management of time, quality, costs and risk control results in effective contract management which contributes highly to the achievement of value for money. Many contracts were reviewed and most of them had proper management of time, quality and costs whereby proper strategies were used to ensure that contracts are completed on time, with quality, within the time frame and risks controlled effectively. However, in some contracts there were signs of ineffectiveness in terms of variations and lots of extensions of time whereby some contractors used this to their advantage.

Lastly it should be appreciated that procurement is becoming more complex and the complexity of procurement contracts make it more difficult to manage contracts effectively and measure quantitatively if all objectives and expectations in terms of value for money have been achieved in each procurement contract for works. Hence, qualitative measures are the ones that provide ground for judgement.

6.3 Conclusion

Effective management of procurement contracts is essential in order to achieve value for money in whatever transaction done by the respective PE. The college has been undertaking many contracts for works whereby some of them have been effectively implemented and managed while few of them have not been effectively managed because of insufficient quality and time plans.

Majority of the contracts were properly formulated through constituting more than the minimum required terms and conditions which were effectively followed during contract implementation. Also, this provided the basis for achieving value for money through managing time, quality, costs and risks prevention during contract management activities. But on the other side few contracts did not provided adequate ground for value for money achievement as there were signs of inadequate management of time and quality due to extensions of time and presence of quality variations.

Therefore, the researcher concludes that the college has been able to achieve value for money in many of the procurement contracts for works as a result of having effective contract management practices. Contracts were adequately formulated, implemented and managed in terms of time, quality, costs and risk prevention to guarantee the achievement of value for money despite some few weaknesses. However, due to presence of some weaknesses, contractors should not be left to take their own course and the identified signs of ineffectiveness should not be over looked or ignored as they will affect the college efforts in the near future with regard to value for money achievement.

6.4 Recommendations

Basing on the issues observed above, the following should be done to ensure that there is effective contract management that guarantees the achievement of value for money in the procurement of works:

6.4.1 Reduction of procurement procedures lead time

Procurement in general requires timely dissemination of information in order to facilitate other department operations which depend on procurement. Hence, there is a need for eliminating unnecessary bureaucracies that consumes a lot of time especially on obtaining approvals in the preliminary contract management proceedings. However, the laws and regulations need to be harmonised in order reduce the time required to execute procurement procedures relating to tendering as a procurement method.

6.4.2 Improvement of procurement contracts for works formulation

The PMU staff have low capacity on legal issues which limits their competency in formulating contracts. Furthermore, the unit does not have its own lawyer which makes them to make use of the college law experts and legal advisor who are not much specialised in procurement contract laws. Hence, in order to improve the formulation of procurement contracts there is a need for employing a lawyer at the PMU office as a support staff who will be further trained on specific procurement contract issues.

6.4.3 Preparation of quality plan before contract implementation

The college depends highly on the use of technical specification, BOQ and other quality terms in the contract to manage quality instead of developing a quality assurance and control plan for each contract executed. Hence, it is recommended that quality assurance and control plan for each contract should be developed before contract implementation in order to ensure that specifications are adequately interpreted and performance standards are established and followed to guarantee value for money.

6.4.4 Preparation of risk register before contract implementation

There was no evidence of the presence of risk register at the college to manage the risks. Despite other techniques used the college needs to develop and use the risk register that will provide information such as description of the risk, causes of the risk, the stage in the contract when the risk could occur, estimates of the impact on the contract performance in terms of time, cost and quality and the risk management strategy on how the risk is to be prevented or its effects minimised.

6.4.5 Improvement of procurement contracts for works implementation

Findings indicated that there were some leniencies during contract implementation that affected contract performance. Hence, it is recommended that there should be close supervision in management of work contracts and progress reports for each contract executed should be prepared. Extensions of time should not be granted whenever asked by contractors because they delay completion of works and the college is not in a position to charge the liquidated damages immediately for late completion of works.

6.4.6 Preparation of defects inspection reports during defect liability period

Progress reports and final inspection reports should be prepared by the contract manager in order to identify areas to be rectified during defect liability period. Hence, inspection should not end after construction works completion as it is of the current practice.

6.4.7 Preparation of procurement contracts management manual

Every contract presents new challenges and lessons to be learnt. Hence, it is important for the college to document the identified issues and prepare a standard but basic contract supervision/management manual. The manual will be used to provide training on contracts management to new contract managers and contract management teams so as to expose them to past experiences and better practices.

6.4.8 Training on procurement contracts management and PPA 2004

With exception of procurement officers at the PMU, others who are involved in procurement issues such as member of Tender Board and contract management team have inadequate understanding of procurement laws and contract management. Hence, there is a need for the college to make use of procurement courses lecturers to train the members of tender board and contract management teams or alternatively the college can send them to attend courses provided by Procurement and Supplies Professional and Technicians Board (PSPTB) and PPRA progressively in order to widen their knowledge.

6.4.9 Hiring experts on construction issues

The college does not have internal experts in the field of construction and engineering. Hence, this becomes a challenge when designing scope of work and specifications, supervising construction works and evaluating variations before submission to the PMU, Tender Board and Accounting Officer for approval. To address this challenge the college should hire an expert on construction or engineering issues who will work closely with PMU in designing works specifications, preparation of tender documents and supervising the implementation of contracts for works.

6.5 Policy Implications

The study found out that in order for contracts to deliver the required results there is need for having adequate legal terms and conditions that will provide the legal support to the parties.

The PPA 2004 which is the procurement legal framework provides very little framework with regard to how contracts should be formulated in terms of the terms and conditions to be covered. This presents a lot of challenges to practitioners when it comes to contract formulation especially on the contract coverage. Therefore, there is a need for providing adequate legal support on contract formulation coverage by considering terms and conditions in public procurement act. Since the new Public Procurement Act Number 7 of 2011 (PPA 2011) is still on preparation, there is a need for accommodating new changes so as to address different identified challenges on contract management.

Also, the study found out that procurement contract are hardly reviewed and this is highly contributed by lack of public procurement policy addressing how procurement contracts should be reviewed after being signed and partly implemented. Hence, there is a need for the policy makers to formulate a public procurement policy in order to address procurement contract reviews issues.

There is a need for formulating a specific value for money policy in public procurement that will address specific issues relating to the achievement of value for money. Present legislations provide general details on value for money which are not adequate or specific enough to provide guidance on practitioners. Hence, the policy should address matters relating to formulation of value for money objectives, value for money terms in the contract, value for money performance measurement criteria and contract auditing.

6.6 Areas for more studies

This study has been done on the contribution of effective contract management on the achievement of value for money in procurement contracts for works. Also most scholars have undertaken similar studies on contract management for procurement of goods and works and their studies indicate that PEs are encouragingly progressing in managing contracts in those areas but with a slow pace in contact management for services and management of framework contracts.

Therefore, it is recommended that more studies should be done on contact management for non-consultancy and consultancy services and the management of framework contracts for common use items which pose many challenges/difficulties in public procurement. Also, further studies should be done on how various procurement theories are applied in practice in relation to contract management.

6.7 Chapter Summary

The chapter presented a brief summary of the study through integrating theories, concepts and data analysis. Also, it has presented the conclusion of the study whereby it has been realised that the college has implemented several contracts and among those the majority has been effectively managed and contributed to the achievement of value for money while few contracts had some laxities in the management of time and quality which minimised the chances of achieving value for money.

In order to improve the performance of contracts the college should provide regular training to contract management teams, prepare quality plans, hire construction expert(s) who will work for the benefit of the college, enhance supervision and perform defects inspection for completed works.

Also, there is a need for improving country's procurement legislations in order to provide more details on how value for money can be achieved in public procurement. The current legislations provide inadequate details which bring challenges to practitioners with regard to how contracts should be formulated.

Also, there is a need for the policy makers to formulate a public procurement policy in order to address procurement contract reviews issues and value for money in public procurement that will address specific issues relating to the achievement of value for money such as value for money objectives, terms in the contract, performance measurement criteria and contract auditing.

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APPENDICES

QUESTIONNAIRE

Dear Respondent

I am Alban Mchopa undertaking this research as a partial fulfilment to the requirements for the award of Masters of Science in Procurement and Supply Chain Management (MSc. PSCM) of Mzumbe University. The questionnaire has been designed to obtain information concerning the *effectiveness of procurement contracts management towards the achievement of value for money in public procurement of works*. You are kindly requested to fill this questionnaire as your response is of the utmost importance to the success of the study.

Data obtained will be used for academic purposes only and care shall be taken to maintain anonymity and confidentiality. Therefore, do not enter your name or contact details on the questionnaire as it should remain anonymous. At the end, kindly return the completed questionnaire to the person who gave it to you.

Should you have any concern regarding this questionnaire, please do not hesitate to contact Mr. Alban Mchopa by mobile phone: +255 716 247 497 or email: albanmchopa@gmail.com. Thank you for your cooperation.

Part One: Respondent Profile

This section of the questionnaire refers to personal background information. The researcher is aware of the sensitivity of the questions in this section, but the information will allow him to compare groups of respondents. Please answer the following questions by ticking (on the right) the appropriate answer in your opinion:

1. *Education Level*

Certificate		Diploma		Bachelor		Masters		PhD	
1		2		3		4		5	

2. *Area of specialisation (e.g Accounting, Procurement, Economics, Marketing, Human Resource, Cooperative and others), please indicate below:*

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3. Duration of Work Experience in Years

1-4		5-10		11-15		16-20		21---	
1		2		3		4		5	

Part Two: Formulation of public procurement contracts for works towards guaranteeing the achievement of value for money

This section of the questionnaire aims at determining whether public procurement contracts for works are properly formulated to guarantee the achievement of value for money. Please express your comments on the following questions by ticking on the appropriate box:

1. (a) Are you aware of the public procurement proceedings?

Yes		No	
1		2	

(b) If YES above, how are they effectively followed in the following scales?

Very Poor		Poor		Good		Very Good		Excellent	
1		2		3		4		5	

(c) If NO, skip to Part three

2. (a) Do you think procurement contracts are sufficiently formulated?

I don't know		No		Yes	
1		2		3	

(b) If yes, how do you rank them in the following scale?

Inadequately		Fairly		Adequately	
1		2		3	

(c) If NO, skip to Part three

3. To what extent procurement contracts for works are properly formulated to guarantee the achievement of value for money

Very Low		Low		High		Very High	
1		2		3		4	

Part Three: Effectiveness of procurement contracts implementation as per terms and conditions

This section of the questionnaire aims at determining whether procurement contracts for works are effectively executed as per terms and conditions of the contract in order to achieve value for money. Please express the degree of agreement or disagreement on the following statements by ticking on the appropriate box below it corresponding to the respective statement:

1.	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
	1	2	3	4	5
Contracts are completed within the required time as indicated in the contract terms and conditions					
Liquidated damages (penalties) are charged for delayed works as agreed in the contract					
Completed works conforms to the quality standards as specified by contract terms and conditions					
Penalties are charged for works with poor quality					
Defected works are rectified during defect liability period (grace period)					
Contracts are completed within the required budget as indicated in the contract terms and conditions					

2. In your opinion, what do you think are the challenges hindering effective management of procurement contracts in MUCCoBS?
Please mention them below:-

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Part Four: Contribution of effective procurement contract administration on the achievement of value for money

This section of the questionnaire aims at determining the contribution of effective procurement contract administration on the achievement of value for money. Because of the nature of the questions, **this section should be filled by the members of Contract management team, PMU and Tender Board**. Please express your comments on the following questions by ticking on the appropriate box:

1. Contract management proceedings in the institution are sufficient to guarantee the achievement of value for money

Strongly Disagree		Disagree		Neutral		Agree		Strongly Agree	
1		2		3		4		5	

2. As a member of Contract management team, PMU or Tender Board, are you aware of variations in procurement contract management?

Yes		No	
1		2	

3. (a) If you are aware of variations, have you ever participated in a meeting that reviewed or approved variation(s) to the ongoing works?

Yes		No		Not so sure	
1		2		3	

(b) If YES in (a) above, were the grounds for approving such variations justified?

Yes		No	
1		2	

(c) On either of the answer above, please elaborate it below

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(d) If NO in (a) above, does it mean variations have never occurred in the implementation of contracts at MUCCoBS?

Yes		No		Not so sure	
1		2		3	

4. (a) Basing on your experience in the Contract management team, PMU or Tender Board, how often the variations have been approved?

Less than 5 times		5-10 times		More than 10 times	
1		2		3	

(b) How often the variations have been disapproved?

Never happened		Less frequently		Frequently		Very frequently	
1		2		3		4	

5. (a) Have contractors ever delayed work delivery?

Yes		No		Not so sure	
1		2		3	

(b) If YES, were liquidated damages charged?

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(c) If liquidated damages were not charged, why?

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6. Have defected works ever occurred and corrected by the contractors during the defect liability period?

Yes		No		Not so sure	
1		2		3	

(b) If YES, who covered the costs for such repairs/maintenances?

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(c) If NO, why?

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7. (a) Basing on your experience in the Tender Board, how often has the board reviewed ongoing contracts for improvements?

Never Occurred		Not Sure		Frequently		Very frequently	
1		2		3		4	

(b) If it has never occurred, does it mean that all contracts were properly formulated and implemented without the need for adjustments/improvements?

Strongly Disagree		Disagree		Agree		Strongly Agree	
1		2		3		4	

8. In your opinion, what measures do you suggest that can be undertaken to enhance the contribution of effective contract management on the achievement of value for money in the procurement of works?

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...................................***THANK YOU FOR YOUR KIND ATTENTION***..

VITA

Alban Mchopa was born on 18th March 1987 at Morogoro Regional Hospital. He went for primary education at Mwere Primary School from 1993 to 1999 and thereafter for secondary education (O-Level) at Kawawa Secondary School from 2000 to 2003. After finishing O-Level, he joined St. Fransis De Sales Junior Seminary for A-Level studies from May 2004 to February 2006 with a specialisation on economics.

On October 2006 he was selected to join Moshi University College of Cooperative and Business Studies (MUCCoBS) to pursue the Bachelor of Arts in Procurement and Supply Management (BA-PSM) and completed his studies in 2009. Afterwards, he registered for professional exams moderated by the National Board for Materials Management (NBMM currently PSPTB) and was awarded a CPSP (T) in the year 2011. In the year 2011 he joined Mzumbe University to pursue the Master of Science in Procurement and Supply Chain Management (Msc. PSCM).

Since August 2010 he is employed at MUCCoBS as an academician and currently (2013) is an Assistant Lecturer teaching various procurement and supply chain courses.