



## **EFFECT OF PUBLIC PROCUREMENT AUDIT ON THE PERFORMANCE OF STATE CORPORATIONS IN KENYA**

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### **ABSTRACT**

The purpose of the study was to determine the effect of public procurement audit on the performance of state corporations in Kenya with an aim of making recommendations to other institutions. The study sought to establish the effect of preparation and planning auditing and information and publicity auditing. To achieve this, the researcher reviewed both theoretical and empirical literature and proposed the research methodology that addressed the gaps identified in literature as well as answer the stipulated research questions. The study employed a descriptive research design, targeting heads of procurement in state corporations. As a rule of thumb when the population is below 200, a study does a census. The researcher preferred this method because it allowed an in-depth study of the subject. Data was collected using self-administered questionnaires. Pilot study was carried out to establish the validity and reliability of the research instruments. The instruments were designed appropriately according to the study objectives. The data collected was analyzed by use of descriptive and inferential statistics. The study used multiple regression and correlation analysis to show the relationship between the dependent variable and the independent variables. The data generated was keyed in and analyzed by use of Statistical Package of Social Sciences (SPSS) version 24 to generate information which was presented using charts, frequencies, and percentages. The study concludes that preparation and planning auditing has a positive and significant effect on the performance of state corporations in Kenya. In addition, the study concludes that information and publicity auditing has a positive and significant effect on the performance of state corporations in Kenya. Based on the findings, this study recommends that the management of state corporations in Kenya should put into considerations object and Value, Procurement Strategy and procedure and Schedule during preparation and planning auditing. In addition, the management of state corporations in Kenya should ensure effectiveness in drafting tender documentation, advertising and providing Clarifications during information and publicity auditing stage.

**Key Words:** Public procurement audit, State corporations, Preparation and planning auditing, Information and publicity auditing,

## INTRODUCTION

The auditing function has the primary objective of providing reasonable assurance that a set of specified and established criteria have been complied with; and it involves the collection and evaluation of sufficient evidence to determine whether an assertion corresponds with established criteria (Smith, 2017). The two main forms of audits often referred to are: internal and external audits.

The main difference between these two borders on the extent of details; whilst internal audit generally is concerned about the whole operations of an institution with respect to certain five key internal control objectives and not just the financial aspects, external audits mainly focuses on financial control systems that have direct, significant effect on the financial performance of the institution (Schapper & Paul, 2012).

Drawing from the definitions Richard (2013), public procurement audit can be explained as the process of gathering and evaluating sufficient evidence on government procurement activities to ascertain whether specified laid down procedures have been complied with or not. Public procurement audits are seen as very important to the realization of value addition to government procurement in terms of ensuring accountability, transparency, prevention of improper procurement practices, and improving upon past procurement performance (Wayne State University, 2014).

Challenges facing different countries are numerous and unique depending on the social, political, cultural, and economic environment (Thai, 2015). Though the public procurement challenges are different they may be the same type but at different levels when compared between countries. Public procurement globally is viewed as an avenue of waste and corruption. Thousands of dollars have been reported lost in cases involving untrained personnel and poor procurement systems in a disposal of a USA government items. Evidently, are the regular reported cases of a number of the state officials facing charges in US courts for misappropriation (Chapman, 2016). Publications of similar reports can also be cited in many other developed countries.

In Ghana's public procurement manual provides that each procurement entity must ensure regular internal monitoring of procurement activities which is to be performed by the Public Procurement Board, and this is aimed at assessing the professional efficiency and effectiveness of procurement as well as to ensure the overall effectiveness of the procurement (Inzofu, 2016). This provision is rooted in section 91 of the public procurement act which states that the Auditor-General shall conduct annual audits of procurement activities of procurement entities; the same shall carry out specific audits into the procurement activities of procurement entities and compliance by contractors, suppliers and consultants; and the statutory audit of procurement activities may be relied on by the procurement board for system improvement purposes (Public Procurement Act, 2013; Public Procurement Manual, 2016).

State corporations are organized institutions that are formed to undertake all business activities in key industries by the government with the purpose of fulfilling its economic policies. There are currently 187 state corporations operating in Kenya categorized according to their mandate that is, 55 state corporations, 62 executive agencies, 25 independent regulatory agencies and 45 higher education, research and training institutions. For the purpose of this study the focus was on state corporations, however, the government has been in discussions to re-align the state corporations in accordance to the devolved system of governance. State corporations in Kenya have been investing in public procurement audit best practices as part of the ongoing reforms in the public sector leading to the decline in the costs in some key services. The more organizations can integrate processes and systems directly into their supply chain, the greater the cost savings and product improvements. There have been various developments in public procurement and disposal which

had for long been challenged by a lack of a clear legal framework and inefficiencies in the entire process of procurement.

### **Statement of the Problem**

As the clock ticks, so does demand for better quality, faster delivery, and better overall value increase; leading to a few visionary leaders to start to consciously differentiate between the things that create value and those that do not and thus leading to adoption of public procurement audit in all areas that seek to help state corporations to have a competitive advantage over rivals and position themselves for future success (KPMG, 2012).

In the recent past, a number of reports appearing in the print media reveal operational constraints in areas of operations management, fleet management, management information, and aspects which include uncertainty of customer demands, long supplier leads times, and inaccurate procurement needs estimation (World Bank, 2013). The systems audit for State law Office (SLO) report revealed losses of Kshs.18 Million through irregular manual procurements in financial year (FY) 2015/2016. Earlier, in the FY 2007/2015, SLO had lost Kshs.8 Million due to manual procurement related inefficiencies. This raises questions on the level of performance of SLO's procurement system as a state corporation. This situation is hampering sustained performance and service delivery (PPOA, 2014).

According to an annual Kenya Power customer satisfaction survey of 2012 and 2013, carried out by a contracted vendor, it is notable that the satisfaction percentage index has been fluctuating towards more and more dissatisfaction, that is, 69% and 66% respectively (Makau, 2014). On the other hand, Kenya Power faces a major challenge in controlling the overall sourcing costs because of the constant increase due lack of credible audit; this is evident by Kenya Power posting a decrease in profit prior to tax of Ksh.6 Billion compared to Ksh.8 Billion noted in the previous year (OECD, 2017).

A number of studies have been conducted on public procurement audit globally. For instance, Cousins (2015) conducted a survey on 21 state energy corporations in the UK and found out that though 92% claimed procurement audit seemed to have reduced transaction costs. The studies found that the investigated state energy corporations looked at procurement audit. This study was however, conducted in a developed country and not in Kenya.

Several studies have been done locally; Kioko and Were (2014) did a study on factors affecting efficiency in public procurement audit in the private sector in Kenya. These studies, however, did not look at effect of public procurement audit on the performance of state corporations. It is against this backdrop that this study seeks to examine the effect of public procurement audit on the performance of state corporations in Kenya.

### **Objectives of the Study**

- i. To assess the effect of preparation and planning auditing on the performance of state corporations in Kenya.
- ii. To establish the effect of information and publicity auditing on the performance of state corporations in Kenya.

## **LITERATURE REVIEW**

### **Theoretical Review**

#### **The Theory of Constraints**

Theory of constraints is an approach to the management of operations, and it was developed by Goldratt (1981). It provides a supply chain management theory of how organizations should be run, especially when planning and preparing for procurement audit. There is always one constraint, and the TOC uses a focusing process to identify the constraint and restructure the planning around

it (Kotabe & Murray, 2015). TOC emphasizes on the optimization of performance within a defined set of constraints of the existing process and it provides an action framework which combines the activities of the managers and the visible system elements (Hansen, Schaumburg-Muller & Pottenger, 2015).

TOC views preparation and planning as systems consisting of resources, which are linked by the processes they perform. The goal of preparation and planning is to serve as the primary judge of success. Within that system, a constraint is defined as anything that limits preparation and planning from achieving higher performance relative to its purpose (Tummala, Phillips & Johnson, 2016).

The theory of constraints defines a set of tools that change agents can use to manage constraints, thereby increasing profits. Most businesses can be viewed as a linked set of processes that transform inputs into saleable outputs (European Commission, 2017). TOC conceptually models this system as a chain and advocates the familiar adage that a chain is only as strong as its weakest link (Busi & McIvor, 2015). In the context of this study one of the variables of public procurement audit will show the linkage to one of the measures of success that are used to measure the performances of organizations in the public sector.

### **Institutional Theory**

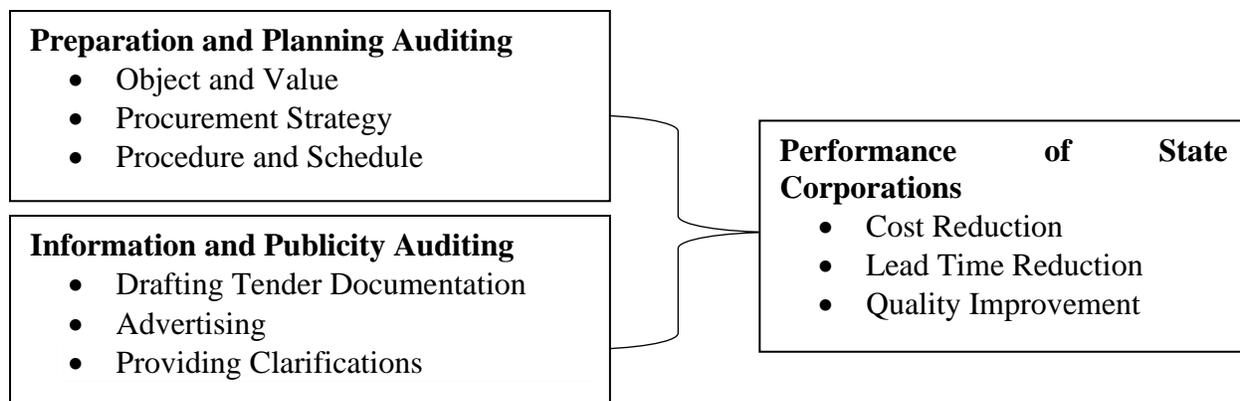
Institutional theory is a widely used theory in social studies. Kraft's public policy summarizes the theory as a policy-making that emphasizes the formal and legal aspect of public institutions structures (Zheng, 2015). It considers processes by which structures, including schemes and rules become established by authoritative figures as guidelines for social behavior.

Wood (2012) portends that it explains how the elements are created, diffused, adopted, and adapted over space and time; and how they fall into decline and disuse. Institutions are transmitted by various types of carriers, including symbolic systems, relational systems, routines, and artifacts. Institutions operate at different levels of jurisdiction, from the world system to localized interpersonal relationships.

In this context, information, and publicity auditing, is entrenched and implemented within the purview of the law, to provide tangible awareness. However, as this study has established, the rate of success of this institutional agenda is not giving an impressive output. As Puddephatt and Kaspar (2012) explain, this theory assisted the researcher to understand how the specific objective of determining the influence of information and publicity auditing on performance of state corporations.

The elements of information and publicity auditing are created, diffused, adopted, and adapted over space and time; and how they fell into decline and disuse, for instance due to ethical issues or lack of supportive elements such as finances (Perry, 2015). Information and publicity auditing could be enhanced by studying the critical success factors that affect performance of state corporations. In this particular study institutional theory is adopted and linked to information and publicity auditing variable.

## Conceptual Framework



### Preparation and Planning Auditing

Planning in procurement, just like every human endeavor, is essential for the smooth performance of the audit work and its successful completion. Planning ahead for the procurement process will not only guarantee a valid audit opinion (Davis, 2014). Audit planning is a non-obligatory but helpful measure which enhances the quality of auditing process with clear-cut results and conclusions. It is often seen as an important task to better identify the risks an enterprise may face in upcoming financial period (Kagai, 2013).

Audit planning is a set of steps in pre-auditing, auditing and post-auditing processes. In international practice, an audit strategy should be established before audit planning. Audit strategy and audit plan has many similarities in essence, but audit plan is more detailed, while audit strategy embraces overall actions. Audit strategy helps auditor take appropriate orientation, make better choice of risk identification and assessment procedures, select appropriately team members with relevant skills and experience, set clear audit objectives and necessary audit resources (Marco, 2015).

Audit planning is a measure to clarify nature, behavior, time, and scale of auditing process in accordance with auditing rules and standards. In most cases it enables auditors to conduct auditing in an efficient and less time-consuming manner. Number of steps and sequence of actions in an audit plan differ across size, nature, business, and complexity of an enterprise under auditing (Njeru, 2015). It directly influences on the timing, procedure, and manner of auditing. In audit planning, in the initial step, a financial reporting framework must be established by the auditor in order to identify needs for financial information and possibilities of reconciliation to other financial reporting requirements.

### Information and Publicity Auditing

In an open procedure, any company interested in participating has the opportunity to submit a bid (Voleza, 2014). The bid must conform to the requirements of the administrative department that issued the tender document. No alterations of the standard application documents, e.g. of the legal terms and conditions contained in them are permissible, as that would make it very difficult if not impossible to compare the offers. The terms of contract are thus laid out exclusively by the office calling for the bids. Any violation of this principle by a bidder automatically disqualifies him and his submission is rejected, all these detailed are well laid out in the tender advert (Oakland, 2017).

In parity with these restrictions, the public call for bids must also mention all of the things that are necessary for a bidder to submit a proper and complete project (Perry, 2015). This often presents a major challenge to the public authorities, particularly when they are dealing with highly technical subject matter. In such cases, the bidders are allowed to ask questions during the submission phase

of the process in order to clarify the content of the call for projects. The answers to these questions are shared with all of the bidders so as to conform to the principles of non-discrimination and transparency, which auditors should also review (Nyeko, 2015).

The forbiddance of any modification of the terms and conditions of the call for bids is particularly worthy of notice with respect to the general terms of business and standard contract forms that are preferentially used by U.S. companies (Richard, 2013). Such standardized forms cannot be successfully submitted in an open procedure in Germany. In the event that a bidder cannot or does not want to fulfil all the requirements of a call for projects, the most he can do is submit a so-called “auxiliary bid” whether or not auxiliary bids are even permissible or whether or not they are only permissible in the context of a main tender can be derived from the public announcement of the call for bids (Bovis, 2012).

## **Emperical Review**

### **Preparation and Planning Auditing and Performance of State Corporations**

Burke (2015) investigated the applicability of ISA 300: Planning an audit of financial statements and explained the purpose, methodology of audit planning. In her paper, she clarified the updated term of client acceptance, audit risk, client’s business risk and analytical procedures. Zimbelman (2015) tested the cost and benefits of SAS No.82 by analyzing its impact on fraud detection, fraud risk management through audit planning decision. He found that audit planning helps to mitigate fraud risk by helping auditors identify fraud. Mugerwa (2016) studied the problem representation in audit planning by conducting an experimental study on 211 auditors from Big Eight audit companies. His experiment showed that managers and partners better form audit planning to do more efficient and effective work.

Hutchinson and Zain (2016) explored the association between preparation and planning auditing and firm performance (ROA) with growth opportunities and audit committee independence in Malaysia. The sample was selected by two methods namely questionnaire and secondary data from the annual reports. It involved 60 firms which were listed on Malaysia. This study used multiple regression analysis to test the association between internal audit and firm performance and found a significant relationship between experience of preparation and planning auditing and firm performance.

### **Information and Publicity Auditing and Performance of State Corporations**

According to Gunasekeran (2015) at the national level public sector managers have to deal with a more competitive environment than has been the common practice in the past. The public is also demanding greater accountability and better service. The extensive dissemination of information and publicity has led to this competitiveness. Therefore, managing the risks associated with the complex competitive environment give rise to accountability problems, as the roles and responsibilities of the participants in the process are not clear. Good procurement holds its practitioners responsible for enforcing and obeying the rules (Richard, 2013). It makes them subject to challenge and to sanction, if appropriate, for neglecting or bending those rules. Accountability is at once a key inducement to individual and institutional probity, a key deterrent to collusion and corruption, and a key prerequisite for procurement credibility.

According to Korosec and Bartle (2014) public service agencies strive to maximize overall ‘value for money’ for citizens. This requires consideration of issues such as client satisfaction, the public interest, fair play, honesty, justice, and equity. Recent theorists also point to the importance of public administration as a moral and ethical concern and recognize that administrative action is permeated by moral choices in advertising and are therefore models of not only technical and professional competencies but also of moral behavior (Schlosser, 2013).

## RESEARCH METHODOLOGY

The study adopted a descriptive research design since the study gathered quantitative and qualitative data that described the nature and characteristics of the effect of public procurement audit on performance of state corporations in Kenya. According to Neuman (2017), descriptive survey research design is the type of design used to obtain information concerning the current status of the phenomena to describe 'what exists' with respect to variables or conditions in a situation. The study considered this design appropriate since it facilitates gathering of reliable data that explains relationships between the independent, the moderating variable and the dependent variable. It also helped in deriving quantitative measures that helped in making inferences about possible relationships that existed between independent and dependent variables (Patron, 2012).

Reliability of the research instrument was established by pilot testing the questionnaires with 10% sample size, (19) randomly drawn from the sample of respondents under study and which was included in the final analysis. The commonly used reliability coefficient: the Cronbach's Alpha coefficient was calculated. It estimates internal consistency by determining how all the items on a test relate to all other items and to the total test internal coherence of data. The reliability is expressed as a coefficient between 0 and 1.0. According to a study done by Mugenda and Mugenda (2012) if the formula yields a coefficient which is more than 0.7 then the data collection instrument is taken as reliable but if it is below the instrument is treated as unreliable. The piloted questionnaires were subjected to Cronbach's Alpha coefficient formula to assess the internal consistency of the instrument. Cronbach's Alpha is a coefficient of reliability that gives an unbiased estimate of data generalizability (Trochin, 2013). There is construct validity and content validity. Construct validity was ascertained through the data that is collected from the pilot sample to find out whether the data collected is accurate and meaningfully represented in the theoretical concepts. Content validity was analyzed by professionals in the field such as university supervisors. Content validity coefficient index of 0.7 was used to test the validity of the questionnaire (Isaac & Michael, 2015). According to a study done by Neuman (2017) a coefficient index of 0.7 affirms that an instrument has validity. To demonstrate the validity of the research instruments the researcher sought opinions of experts in the field of study.

Descriptive statistics enabled computation of measures of central tendencies, measures of skewness and measures of variability in order to determine how independent variables affect the dependent variable (Neuman, 2017). Inferential statistics were used in computation of: the confidence levels to be applied, correlation matrix and the multiple regression process for testing of the hypothesis. Statistical Package for Social Sciences (SPSS) program version 24 were used as a tool for analysis of study variables. SPSS Version 24 has got descriptive statistics features that assist in variable response comparison and gives clear indication of response frequencies. It offers extensive data handling capabilities and numerous statistical analyzing procedures that analyses small to very large data statistics, and it is user friendly and is more stable (Orodho, 2017). This technique gives simple summaries about the sample data and present quantitative descriptions in a manageable form.

## RESEARCH FINDINGS AND DISCUSSIONS

### Response rate

The researcher sampled 187 respondents who were each administered with the questionnaires. From the 187 questionnaires 181 were completely filled and returned hence a response rate of 96.8%. The response rate was considered as suitable for making inferences from the data collected. As indicated by Metsamuuronen (2017), a response rate that is above fifty percent is considered adequate for data analysis and reporting while a response rate that is above 70% is classified as excellent. Hence, the response rate of this study was within the acceptable limits for drawing conclusions and making recommendations.

## Descriptive Statistics Analysis

### Preparation and Planning Auditing and Organization Performance

The first specific objective of the study was to assess the effect of preparation and planning auditing on the performance of state corporations in Kenya. The respondents were requested to indicate their level of agreement on statements relating to preparation and planning auditing and the performance of state corporations in Kenya. A 5 point Likert scale was used where 1 symbolized strongly disagree, 2 symbolized disagree, 3 symbolized neutral, 4 symbolized agree and 5 symbolized strongly agree. The results were as presented in Table 1.

From the results, the respondents agreed that object and value auditing plays a significant role in cost reductions. This is supported by a mean of 3.968 (std. dv = 0.905). In addition, as shown by a mean of 3.959 (std. dv = 0.885), the respondents agreed that procurement strategy plays a significant role in cost reductions. Further, the respondents agreed that procedure and schedule plays a significant role in cost reductions. This is shown by a mean of 3.920 (std. dv = 0.605).

With a mean of 3.815 (std. dv = 0.981), the respondents agreed that object and value auditing plays a significant role in reducing lead time. Further, with a mean of 3.811 (std. dv = 0.873), the respondents agreed that procurement strategy plays a significant role in reducing lead time. The respondents also agreed that procedure and schedule plays a significant role in reducing lead time. This is shown by a mean of 3.798 (std. dv = 0.786).

From the results, the respondents agreed that object and value auditing plays a significant role in improving quality of works and services. This is supported by a mean of 3.764 (std. dv = 0.723). In addition, as shown by a mean of 3.721 (std. dv = 0.825), the respondents agreed that procurement strategy plays a significant role in improving quality of works and services. Further, the respondents agreed that procedure and schedule plays a significant role in improving quality of works and services. This is shown by a mean of 3.698 (std. dv = 0.843).

**Table 1 Preparation and Planning Auditing and Organization Performance**

	MeanStd. Dev.
Object and value auditing plays a significant role in cost reductions	3.9680.905
Procurement strategy plays a significant role in cost reductions	3.9590.885
Procedure and schedule plays a significant role in cost reductions	3.9200.605
Object and value auditing plays a significant role in reducing lead time	3.8150.981
Procurement strategy plays a significant role in reducing lead time	3.8110.873
Procedure and schedule plays a significant role in reducing lead time	3.7980.786
Object and value auditing plays a significant role in improving quality of works and services	3.7640.723
Procurement strategy plays a significant role in improving quality of works and services	3.7210.825
Procedure and schedule plays a significant role in improving quality of works and services	3.6980.843
Aggregate	3.7310.867

### Information and Publicity Auditing and Organization Performance

The second specific objective of the study was to establish the effect of information and publicity auditing on the performance of state corporations in Kenya. The respondents were requested to indicate their level of agreement on the statements relating to information and publicity auditing and the performance of state corporations in Kenya. The results were as shown in Table 2

From the results, the respondents agreed that drafting tender documentation plays a significant role in cost reductions. This is supported by a mean of 4.084 (std. dv = 0.997). In addition, as shown by a mean of 3.967 (std. dv = 0.831), the respondents agreed that advertising plays a significant role in cost reductions. Further, the respondents agreed that providing clarifications plays a significant role in cost reductions. This is shown by a mean of 3.958 (std. dv = 0.563). The respondents also agreed that drafting tender documentation plays a significant role in reducing lead time. This is shown by a mean of 3.931 (std. dv = 0.851). With a mean of 3.851 (std. dv = 0.935), the respondents agreed that advertising plays a significant role in reducing lead time.

From the results, the respondents agreed that providing clarifications plays a significant role in reducing lead time. This is supported by a mean of 3.832 (std. dv = 0.745). In addition, as shown by a mean of 3.812 (std. dv = 0.876), the respondents agreed that drafting tender documentation plays a significant role in improving quality of works and services. Further, the respondents agreed that advertising plays a significant role in improving quality of works and services. This is shown by a mean of 3.784 (std. dv = 0.784). The respondents also agreed that providing clarifications plays a significant role in improving quality of works and services. This is shown by a mean of 3.698 (std. dv = 0.743).

**Table 2 Information and Publicity Auditing and Organization Performance**

	Mean	Std. Dev.
Drafting tender documentation plays a significant role in cost reductions	4.084	0.997
Advertising plays a significant role in cost reductions	3.967	0.831
Providing clarifications plays a significant role in cost reductions	3.958	0.563
Drafting tender documentation plays a significant role in reducing lead time	3.931	0.851
Advertising plays a significant role in reducing lead time	3.851	0.935
Providing clarifications plays a significant role in reducing lead time	3.832	0.745
Drafting tender documentation plays a significant role in improving quality of works and services	3.812	0.876
Advertising plays a significant role in improving quality of works and services	3.784	0.784
Providing clarifications plays a significant role in improving quality of works and services	3.698	0.743
<b>Aggregate</b>	<b>3.736</b>	<b>0.818</b>

### Inferential Statistics

Inferential statistics in the current study focused on correlation and regression analysis. Correlation analysis was used to determine the strength of the relationship while regression analysis was used to determine the relationship between dependent variable (the performance of state corporations in Kenya) and independent variables (preparation and planning auditing, information and publicity auditing).

### Correlation Analysis

The present study used Pearson correlation analysis to determine the strength of association between independent variables (preparation and planning auditing, information and publicity auditing) and the dependent variable (the performance of state corporations in Kenya) dependent variable. Pearson correlation coefficient range between zero and one, where by the strength of association increase with increase in the value of the correlation coefficients. The current study

employed Taylor (2018) correlation coefficient ratings where by 0.80 to 1.00 depicts a very strong relationship, 0.60 to 0.79 depicts strong, 0.40 to 0.59 depicts moderate, 0.20 to 0.39 depicts weak.

**Table 3 Correlation Coefficients**

		Organization Performance	Preparation and Planning Auditing	Information and Publicity Auditing
Organization Performance	Pearson Correlation	1		
	Sig. (2-tailed)			
	N	181		
Preparation and Planning Auditing	Pearson Correlation	.880**	1	
	Sig. (2-tailed)	.001		
	N	181	181	
Information and Publicity Auditing	Pearson Correlation	.842**	.279	1
	Sig. (2-tailed)	.002	.061	
	N	181	181	181

\*\* . Correlation is significant at the 0.01 level (2-tailed).

From the results, there was a very strong relationship between preparation and planning auditing and the performance of state corporations in Kenya ( $r = 0.880$ ,  $p$  value = 0.001). The relationship was significant since the  $p$  value 0.001 was less than 0.05 (significant level). The findings are in line with the findings of Burke (2015) who indicated that there is a very strong relationship between preparation and planning auditing and organization performance.

Moreover, the results revealed that there is a very strong relationship between information and publicity auditing and the performance of state corporations in Kenya ( $r = 0.842$ ,  $p$  value = 0.002). The relationship was significant since the  $p$  value 0.002 was less than 0.05 (significant level). The findings conform to the findings of Gunasekeran (2015) that there is a very strong relationship between information and publicity auditing and organization performance.

### Regression Analysis

Multivariate regression analysis was used to assess the relationship between independent variables (preparation and planning auditing and information and publicity auditing) and the dependent variable (the performance of state corporations in Kenya)

**Table 5 Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.934	.872	.873	.10120

a. Predictors: (Constant), preparation and planning auditing and information and publicity auditing

The model summary was used to explain the variation in the dependent variable that could be explained by the independent variables. The  $r$ -squared for the relationship between the independent variables and the dependent variable was 0.872. This implied that 87.2% of the variation in the dependent variable (the performance of state corporations in Kenya) could be explained by independent variables (preparation and planning auditing and information and publicity auditing)

**Table 6 Analysis of Variance**

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	8.027	4	2.007	53.81	.000 <sup>b</sup>
1 Residual	6.568	176	.0373		
Total	14.595	180			

a. Dependent Variable: performance of state corporations

b. Predictors: (Constant), preparation and planning auditing and information and publicity auditing,

The ANOVA was used to determine whether the model was a good fit for the data. F calculated was 53.81 while the F critical was 2.423. The p value was 0.000. Since the F-calculated was greater than the F-critical and the p value 0.000 was less than 0.05, the model was considered as a good fit for the data. Therefore, the model can be used to predict the influence of preparation and planning auditing, information and publicity auditing on the performance of state corporations in Kenya.

**Table 7 Regression Coefficients**

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error			
1 (Constant)	0.205	0.038		5.395	0.000
Preparation and Planning Auditing	0.369	0.099	0.367	3.727	0.004
Information and Publicity Auditing	0.486	0.107	0.487	4.542	0.001

a Dependent Variable: The performance of state corporations

The regression model was as follows:

$$Y = 0.205 + 0.369X_1 + 0.486X_2 + \varepsilon$$

According to the results, preparation and planning auditing has a significant effect on the performance of state corporations in Kenya ( $\beta_1=0.369$ , p value= 0.004). The relationship was considered significant since the p value 0.004 was less than the significant level of 0.05. The findings are in line with the findings of Burke (2015) who indicated that there is a very strong relationship between preparation and planning auditing and organization performance

The results also revealed that information and publicity auditing has significant effect on the performance of state corporations in Kenya, ( $\beta_1=0.486$ , p value= 0.001). The relationship was considered significant since the p value 0.001 was less than the significant level of 0.05. The findings conform to the findings of Gunasekeran (2015) that there is a very strong relationship between information and publicity auditing and organization performance

### Conclusion

The study concludes that preparation and planning auditing has a positive and significant effect on the performance of state corporations in Kenya. Findings revealed that Object and Value, Procurement Strategy and procedure and Schedule influence the performance of state corporations in Kenya.

In addition, the study concludes that information and publicity auditing has a positive and significant effect on the performance of state corporations in Kenya. Findings revealed that drafting tender documentation, advertising and providing Clarifications influence the performance of state corporations in Kenya

### **Recommendations of the Study**

The study found that preparation and planning auditing has a positive and significant effect on the performance of state corporations in Kenya. This study therefore recommends that the management of state corporations in Kenya should put into considerations object and Value, Procurement Strategy and procedure and Schedule during preparation and planning auditing

In addition, the study found that information and publicity auditing has a positive and significant effect on the performance of state corporations in Kenya. This study therefore recommends that the management of state corporations in Kenya should ensure effectiveness in drafting tender documentation, advertising and providing Clarifications during information and publicity auditing stage.

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