

**EFFECTS OF PUBLIC PROCUREMENT REGULATIONS ON PUBLIC FINANCIAL
MANAGEMENT**

A CASE OF PUBLIC HOSPITALS IN SOUTH EASTERN KENYA

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**A research project report submitted to the School of Business and Economics in partial
fulfillment of the requirement for the Award of Degree of Master of Business
Administration of South Eastern Kenya University**

DECLARATION

I hereby declare that this research project report is my original work and has not been presented in any other institution of learning for any academic award.

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DEDICATION

I dedicate this work to my lovely mother Margaret Maithya and my aunt Rosalia Mbuvi for being good mothers to me and encouraging me throughout my life and also ensuring that I got quality education.

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ABSTRACT

In considering the volume of government expenditure in procurement, it was found necessary to have a law to govern public procurement system in the public sector for the purpose of having an effective public financial management. As a result there was the establishment of the public procurement and disposal regulations (2006). These regulations were meant to ensure that the public procurement process is fair, just and that there was sound financial management. The study sought to find out how far the Public Procurement Regulations (2006) had achieved its key role of ensuring effective public financial management. The research also sought to establish the effects of the regulations in financial planning and financial control as well as its effects in public financial debt. In the study the population of interest was procurement and finance staff in Kitui, Machakos and Makueni Hospitals. The study sampled 45 employees in the procurement and finance department who were given questionnaires. A sample of 20% of the suppliers and contractors was randomly selected from the list of 280 suppliers and contractors to respond to the questionnaires. The data collected was examined and checked for completeness and comprehensibility and analysed using SPSS. The study found that public procurement regulations had greatly improved financial planning as well as financial control in public hospitals. The study however found that the public procurement regulations had not improved financial debt management in public hospitals in South Eastern Kenya. The researcher therefore concluded that public procurement regulations had positively improved financial planning as well as financial control but had not improved financial debt management.

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ABBREVIATIONS

PPD	Public Procurement Directorate
PPR	Public Procurement Regulations
PPOA	Public Procurement Oversight Authority
GDP	Gross Domestic Product
GNP	Gross National Product
GOK	Government of Kenya
KACC	Kenya Anti Corruption Commission
OECD	Organization for Economic Co-operation and Development
CGP	Central Government Procurement
COMESA	Common Market for East and Southern Africa
TGE	Total Government Expenditure
EU	European Union
ODA	Official Development Assistance
EC	European Commission
PFC	Public Financial Control