

## **ADOPTION OF FINANCIAL APPLICATION SYSTEM IN PLANNING AND BUDGETING ON PROCUREMENT MANAGEMENT AT HERMANN GMEINER SCHOOL AT SOS ELDORET, UASIN GISHU, KENYA**

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### **ABSTRACT**

Proper planning and budgeting in Financial Application Systems improves procurement management process by raising efficiency through reduction of pilferages. An institution that plans and budgets is perceived to have benefits in acquisition of quality goods, optimization and utilizations of available resources. Organizations adopting use of FAS in planning and budgeting viz: Item identification, costing, scheduling resource allocation in procurement management enhances transparency, accountability in the process. However, issues arise from improper planning and budgeting using FAS resulting in mismanagement of funds and delay. Schools are susceptible to frauds and malpractices associated with manual functioning of planning and budgeting in procurement management process. The study assessed adoption of planning and budgeting in Financial Application Systems on procurement management at SOS Eldoret, Uasin Gishu, Kenya. Census research design was employed with target population of Program Director, 10 Board Management Committee, 16 Finance officers and 52 Teacher of HGS. Census sampling technique was used. Data was sourced using structured questionnaire and interview schedules which was classified and tabulated to generate tables and figures. Finding showed that costing mechanism (Cost management, cost estimates cost benefit analysis and price fluctuation) in FAS was found to provide controls for procurement planning. FAS is useful in making cost estimates of services and goods to be procured raising efficiency and reduction of pilferages. Identifying right items in procurement ensures quality goods and services within limited resources and institutional capabilities. Scheduling in procurement process help listing all product milestones, duty allocation intended start and finish dates. Finding further showed that resource allocation for procurement planning process is value adding and cost effective. Study recommends HGS policy on planning and budgeting using FAS to account for steps in procurement planning process, recruit right staff to run system effectively to achieve best results and customize costing mechanism to compute all cost involved and cost overrun.

**Keywords:** Financial Application systems, Planning and budgeting, Procurement management, Costing Mechanisms, Resource allocation.

### **BACKGROUND OF THE STUDY**

Increasing effectiveness, efficiency and transparency of procurement process is an ongoing concern in institutions (Knight, 2007). Proper planning and budgeting using FAS raise quality of goods and services procured; procurement management using FAS ensures efficient sourcing of goods which are quality using minimum resources within set timelines. Effective use of FAS tends to raise efficiency hence hastening process of thinking and organizing activities required to achieve desired goal. Procurement planning is essential for effective and timely solicitation of bids, proposals, award of contracts and delivery of goods and services required for operations of organization (Henderson, 2008). Procurement management committees are responsible for developing procurement plans in consultation with Procurement team and account officers. An institution that uses FAS in planning and

budgeting is perceived to reap benefits that are brought into practice; transparency, accountability and usage of available resources therefore enhancing openness and clarity of Procurement Management policy and system (World Bank, 2003). Ineffective use of FAS may result in pilferages, fraud, and favoritism in selection of suppliers, misuse of resources and manipulation. Institutions that have proper planning policy in FAS influence procurement process by acquiring goods and service that quality and meet institutional need driven by efficient and effective FAS procurement management process (Mendoza, 2008). Planning and budgeting in procurement using FAS hasten process of thinking and organizing activities required namely; item identification, costing mechanism, and scheduling and resource allocation to acquire desired goods. This entails creation of internal controls that guides planning process from end to end, such as psychological aspects that require conceptual skills (Henderson, 2008).

Procurement planning is coordinated and integrated action to fulfill need for goods, services or work in timely and reasonable cost. Early and accurate planning is essential to avoid last minute, emergency or ill-planned procurement, which is contrary to open, efficient and effective and consequently transparent procurement process. In addition, most potential savings in procurement process are achieved by improvements in planning stages such as information gathering and sourcing of goods. Situations where planning is inefficient proactive measures can be taken to ensure contingency planning and be better prepared to address upcoming procurement requests. (Ward, 2009). Planning combines forecasting with preparation of scenarios and how to react to m (Teubner, 2005). A budget is a quantitative expression of a plan for a defined period of time. It may include planned sales volumes and revenues, resource quantities, costs and expenses, assets, liabilities and cash flows.

### **Planning and budgeting, item identification and procurement management using FAS**

In planning and budgeting, item identification in FAS specifications should be generic in nature, in order to facilitate fair competition for goods and services being acquired. Set guidelines in FAS underlines specifications that brand names are not specified, products of one company or features which are particular to products of one company, unless determined in writing by requisitioner that particular products have particular features which are essential to school requirements, products of another company would not meet the requirements (Paned et al., 2000). Proprietary items are specified or standardization is evoked, the requisitioner must provide justifications in writing to the procurement management committee approval before the procurement action is initiated.

Planning Requires description of what needed to be procured, collecting information, identifying appropriate solutions and specifying these in specifications for goods and equipment, terms of reference (TOR) for services, or statement of works (SOW) for works as outlined in FAS. Specifications, TOR and SOW constitute technical basis for the solicitation and the evaluation of offers to determine if they satisfy the requirements as stipulated in internal controls in FAS (Bohnstedt, A. 2008). Planning becomes the heart of procurement process around which all purchases, contracts are written and goods acquired. Planning has an effect on procurement that lasts in entire procurement process; bid evaluation, award and contract performance up to completion and post-contract evaluations (Teubner, 2005). Requirement definition should identify the exact need (technical and quality), aiming at avoiding over-specifications (as this may increase the cost) or under-specifications (where needs will not be met), as well as the “when” it is needed (timing), in order to avoid progress delays or losses for example due to extra storage and handling charges if delivered earlier

than required. Sourcing using FAS aims at collecting and analysing information about capabilities within the market to satisfy the organization's requirements, such as obtaining updated cost information, determining the appropriate technology and alternative products, as well as identifying appropriate supplier qualification criteria. (Kumar et al, 2007). The specifications should be generic in nature, in order to facilitate fair competition for the goods and services being acquired. Specifications shall not specify brand names, products of one company or features which are particular to the products of one company, unless it has been determined in writing by the requisitioner that these particular products or those particular features are essential to the school requirements, and that products of another company would not meet the requirements. Where proprietary items are specified or standardization is evoked, the requisitioner must provide justifications in writing to the procurement management committee approval before the procurement action is initiated.

According to (Gošnik, 2006). Sourcing is defined as technical activity with purpose of identifying existing suitable products and services on the market and qualified suppliers available to provide those products and services. During procurement management, planning information gathering should be defined with the aim of opening up competition, i.e. no use of brand names or other unnecessary restrictions. According to (Nishiguchi&Toshihiro 1994) sourcing plan is as result of all planning efforts in procurement process. In planning, sourcing of goods and services are organized and detailed with all tactical and operational information sourcing team responsible, goods required, begin and end each RFX steps (RFI, RFP, RFQ), the requirement, specifications of all services or materials and negotiations/cost. The objective of sourcing is to manage time and quality of the all sourcing events in the strategic sourcing program. A budget process is a system of rules governing the decision-making that leads to a budget, from its formulation, through its legislative approval, to its execution. Budgeting involves planning & controls through forecasting& planning and control and evaluation (Aruwa, 2014)

Prequalification in FAS in organizations is undertaken systematically on all potential suppliers. Procurement management uses internal controls in FAS for the purpose of short listing to reduce number of bidders to be generally 3 to 5(Chenhall, 2013).. Evaluating bidders is time consuming exercise but with well planning procurement team only picks bidder who have qualified and capable meeting their requirement. Budgeting in planning using FAS documents how the overall plan will be executed month to month, specifying expenditures. Budgeting in FAS in procurement consolidates and centralizes financial information, which can make it easier for finance managers to produce more accurate budgets and perform what-if scenario analysis.

### **Planning and budgeting, Costing mechanism& procurement management using FAS**

Studies by Premkumar,( 2014) Indicates that Costing using FAS in procurement management have been made easier for the procuring team. Computing cost of acquiring products or running cost in the process of getting required product in organization, by allocating expenditure to various stages of production or to different operations in the organization. In procurement, planning is done to ensure the projects finish on time, within budget and achieving other project objectives. It is a complex task undertaken by project managers, which involve constantly measuring progress; evaluating plans; and taking corrective actions when required. Premkumar, (2014) further stated Costing planning optimizes delivery of the project without compromising quality of design, reliability, performance or goals ;Cost estimating Evaluation of design and/or material alternatives to identify the most cost effective

options, Optimizing value for money through value management ,Risk identification, analysis and management ,Cash flow forecasting and analysis (Hawking, 2006) top variables causing only cost overruns were revealed as price fluctuation, inaccurate estimates, delays, additional work .

Cost management in procurement management using FAS is strongly linked with accounts department where financial information is available. However procurement team is involved since it forms centre of procurement cost management. Cost management in FAS is executed in 3 steps; search cost information, the buyer determines the cost of components like raw materials, machines and labour that are used to manufacture the purchased item. The second step, calculate cost, the direct cost is calculated by adding material and labour costs (Hawking, 2006).. The direct cost is the cost that will disappear if the manufacturing of the item is cancelled at a certain point. The indirect cost, also called overhead, is the cost that is not directly related to the manufacturing process. It includes administration, resources such as procurement staff, sales resources, management resources, office space and taxes. Lastly cost management process, reduce cost, comparisons are realized between the calculated cost and the agreed price. (Canton et al, 2012).

During planning product selection occurs, economic factors are consideration when choosing between competing projects. Financial application system compare simple paybacks or internal rates of return between products, an estimate of the cost of each product is made. The estimates must be accurate enough so that the comparisons are meaningful, but the amount of time and resources used to make the estimates should be appropriate to the size and complexity of the organization (Andreasen, 2012). The methods used to estimate the cost of the product during planning are faster and consume fewer resources than those used to create detailed estimates in procurement process. Planning procurement committee rely more on the expert judgment of experienced managers who can make accurate estimates. (R.zhang, 2011) Procurement planning involves Cost/ Benefit Analysis (CBA) which is an economic assessment tool/ technique for comparing the anticipated benefits of proposed good or service with the corresponding costs to help users identify the alternative with the maximum net benefit (benefits minus costs). The more the benefits exceed the costs, the more the organization will benefit from the procurement process thus reducing cost (Raisuddin.A &Andrew.B, 1989).

To manage the risk of planned goods from price fluctuating FAS ensures that ensures set internal controls takes into consideration of fluctuating prizes. During planning procurement team assess risks and opportunities from price volatility accurately and adapt its inventory and pricing decisions accordingly. Effectively managing the inventory may also mitigate the risk of fluctuating input costs. A better forecast of price and cost is essential in the input cost is predicted as up-sloping, the firm should adjust the inventory up (Schwarz and Zhao 2011).

### **Planning and budgeting, scheduling and procurement management using FAS**

Adopting FAS helps Scheduling in procurement process by listing all products milestones, activities, and deliverables, usually with intended start and finish dates. Those items are often estimated in terms of resource allocation, budget and duration, linked by dependencies and scheduled events. A schedule is commonly used in procurement planning. (Pasquire, & Collins, 2006). The basic inputs viz: time, cost, and resources for each activity which are not deterministic and are affected by various sources of uncertainty (Andreasen, 2012). Procurement team comes up with work breakdown structure showing critical organizational

element task to be performed in procurement management process illustrating their relationship while using FAS in procurement process. Specifications should be comprehensive and unambiguous, and the description of scope of work in the requisition must be clear. A complete description or detailed specifications which may be available should be listed on the requisition for each item. It is of utmost importance for evaluating officers and for the winning supplier that Certifying Officers make sure that technical specifications of goods and services are sufficiently detailed. Project manager and procurement team predicts outcomes based on stages on of procurement, this ensures that optimum decision are made whether to adopt or change. Work break down structure provides credibility, accuracy, and respect for procurement process (Davies .A, 2002).

Further analysis by Vijayakumar, A. N. & Nagaraja, N. (2012) indicates that Risks is identified at an early stage in the procurement planning. Risk management is an iterative process consisting of well-defined steps, which support better decision making by contributing a greater insight into risks and their impacts. It is the systematic application of management policies, procedures and practices to the tasks. Adopting FAS helps Scheduling in procurement process by listing all products milestones, activities, and deliverables, with intended start and finish dates. Those items are often estimated in terms of resource allocation, budget and duration, linked by dependencies and scheduled events (Andreasen, 2012).

The Product milestone is undertaken to ensure that products (goods and services) are ordered, delivered and received in accordance with the Project Procurement Plan and that the performance of the supplier providing the products is adequately managed. The Product milestone contains lists the products, suppliers and timeframes for acquisition. The Product milestone ensures that the products outlined within the Project Procurement Plan are acquired on time, are within cost and at the level of quality required(Pasquire, & Collins, 2006).. During the Planning process a number of product review milestones will have been identified and documented (as part of the Project Procurement Plan). Each review milestone may be triggered by the completion of a particular project process, deliverable or date Allocation of roles and responsibilities for all personnel (both internal and external members) involved with the Procurement process and management. Procurement management committee are responsible for ensuring that the entire Procurement Management process is executed appropriately. Project Manager acts as checkpoint to ensure that the Procurement Management Process is being undertaken properly (Croom, S. & Brandon Jones, A. 2004).

### **Planning and budgeting, resource allocation & procurement management using FAS**

Efficient use of FAS in procurement process assists in allocation of resources for procurement planning activities that requires determination of resource requirements to be undertaken on a value-adding and cost-effective basis. Allocation is the assignment of available resources to various uses. In procurement management, resource allocation or resource management is the scheduling of activities and the resources required by those activities while taking into consideration both the resource availability and the project time. Allocation is a plan for using available resources especially in the near term, to achieve goals for the future. It is the process of allocating scarce resources among the various projects/department in an institution (Mendoza, 2008). The time and the resource estimations provide the duration and resource requirements for each activity as well as temporal constraints between activities that are connected by precedence relationships.



In planning and budgeting there are minimum timelines laid down regarding publication of notices, invitation to tender and receipt of document. Set time limits for receipt of tenders and request to participate, accounting for the complexity of the contract and timelines required in acquisition of goods or services. Timelines can be drawn with responsibilities assigned for each activity within procurement team and suppliers. This approach gives an overall timescale for the process and enables procurement to be managed efficiently and effectively to achieve fast delivery. Organizations differ with their procurement requirements. Complexity of organization covers wide spectrum of requirements, from the simplest purchasing of supplies to the most complicated, lengthy procedures which vary with degrees of risk. Procurement team identifies when a procurement contract is complex and to ensure there is proper planning, skills and resources in place to effectively manage the whole procurement process.

Globally, policies to enhance the usage of Financial Application Systems have been enacted with an aim of ensuring effectiveness of the procurement management (OECD, 2008). Private sector is often used as a benchmark for efficiency, procurement managements cannot still be said to be efficient (Tadelis, 2012). Transparency and corruption prevention in private sector in the use of procurement funds view the institutionalization of additional controls and checks and balances as limiting to the agility and responsiveness of procurement practices. Procurement management in Africa has been characterized by manual procurement management with few institutions in the continent ready to take up the challenge of automating procurement management (Yadav, 2007). Few organizations in Africa have managed to fully automate their procurement management (Mahmood, 2010). Countries such as South Africa and Nigeria have their public and private institution automates procurement management (World Bank, 2007). This helps in dealing with the malpractices associated with the procurement management and also improves the image and confidence of the organization and that of suppliers respectively (OECD, 2008).

Procurement in Kenya has undergone series of interesting transformations (Awiti, 2008). Bohnstedt (2008) and PPOA (2007) noted that procurement in the country has evolved from a rudimentary system with no universal control framework to the gradual automation of procurement management in the country (Bohnstedt, 2008). Kenya government has been in the forefront in championing changes in the procurement sector. Consequently, private institutions have borrowed leaf from the public institutions and even adopted some of the regulations provided by the public sector relating to procurement managements (Verdina 2011). The private sector is in the processes of improving its procurement management as it adopts financial application systems and tightens its procurement regulations.

Locally, schools have adopted the use of Financial Application Systems. The schools procurement function is guided and controlled by the use of the Financial Application System however the institution is not protected from the malpractices associated in the procurement department (Ngugi, 2010). The school has made tremendous progress in the management of procurement functions. Institutions face procurement issues despite using FAS (Chenhall, 2013). This has necessitated the undertaking of this study to clearly assess the best ways in which the Financial Application System can be utilized in the institution to achieve recommendable results in the use of Procurement management.

### **Statement of the Problem**

Procurement management process should be effective, reliable, efficient and accountable to enable the management to operate with both long term and short term goal (Knight, 2007).

Effective planning and budgeting in FAS enhances procurement management as fundamental function in forecasting, control and evaluation. Planning and budgeting in FAS in organizations has benefited procurement management committees by hastening the process of thinking and organizing the activities required to acquire quality goods and services. Financial Application Systems have been proposed to assist procurement management in organization private and public sector (Kai, 2006). However, this is not the case in most organisation in Kenya due to persistent fraud, pilferages and procurement of low quality goods delays in the procurement management being indicators that even where Financial Application Systems are in place malpractices prevail. This necessitated institutions to come up with controls. planning and budgeting in FAS has guidelines that govern its utilization in procurement process; Item identification that assist in information gathering on requirement of institution. Costing mechanism computes cost of acquiring products or running cost in the process of getting required product in organization, by allocating expenditure to various stages of production or to different operations in the organization Premkumar, (2014). Scheduling using FAS in procurement process assists in allocation of resources for procurement planning activities that requires determination of resource requirements. Despite having Financial Application System in planning and budgeting institutions are still experiencing shortcomings in the management of its procurement operations: delays, procurement of low quality products due to poor supplier optimization, inflexibility in the planning process associated with design FAS.

### **Purpose of the study**

The broad objective of this study was to establish influence of internal controls in financial application system on procurement management at Hermann Gmeiner School at SOS Eldoret, Uasin Gishu County, Kenya. The exercise was intended to provide useful information procurement managers of the school and The Procurement Management Team (PMT). Specifically the study set out to encourage institutions to adopt the use of FAS in procurement process.

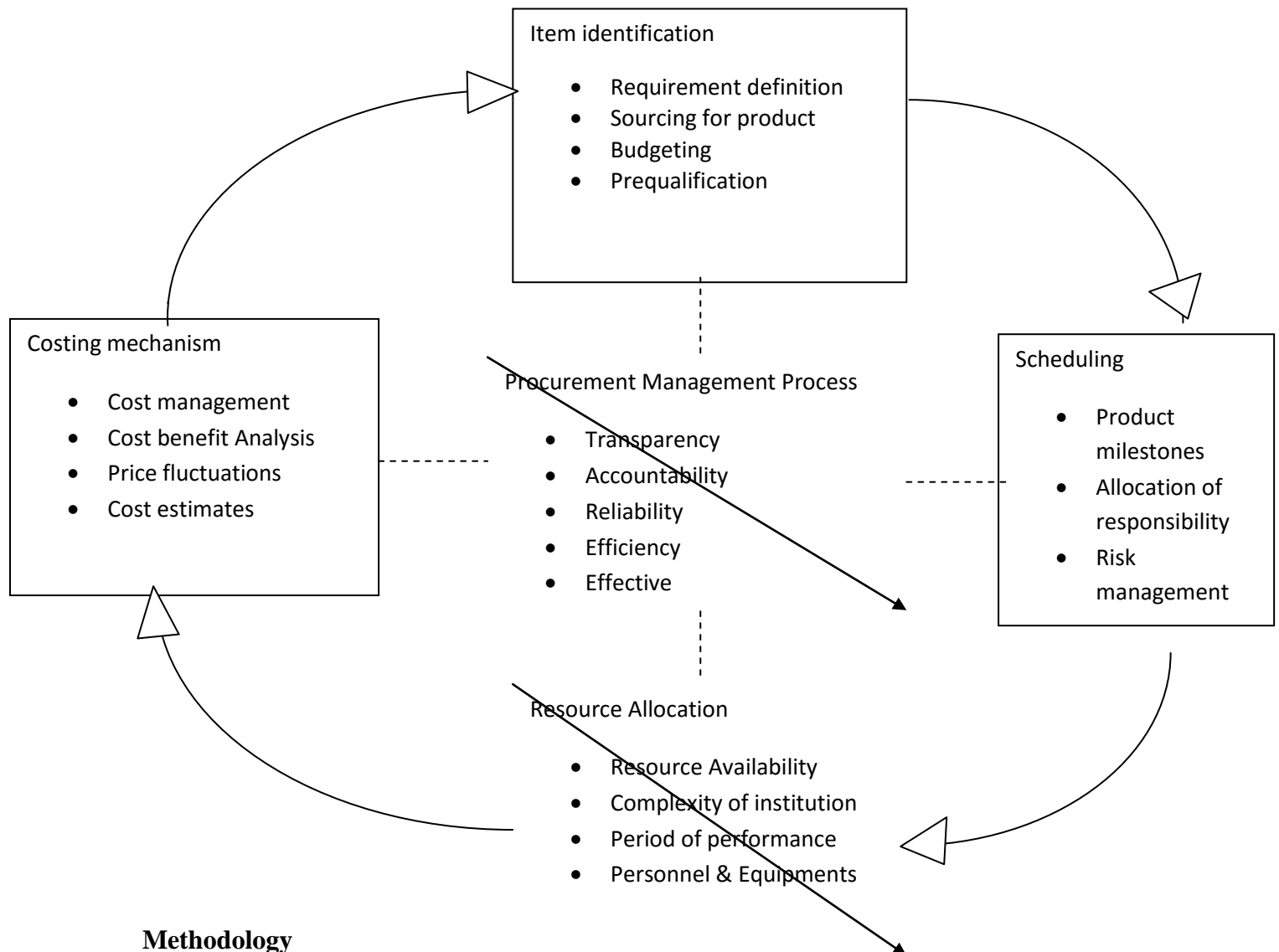
### **Theoretical Framework**

This study was propounded on Institutional theory by Scott (2004); Institutional theory attends to the deeper and more resilient aspects of social structure. It considers the processes by which structures, including schemas; rules, norms, and routines, become established as authoritative guidelines for social behavior. It inquires into procurement planning process elements; item identification, costing mechanism, scheduling and resources allocation are created, adopted, and adapted using FAS taking into consideration of resources available and time. Institutional theory was applied to information system by people, critical application such as procurement and communication at different levels. This theory is important when it comes to the implementation procurement planning policy and practice in organizations. Institutional theory examine financial application system and extent which system influence procurement management process. The theory analyzes the components of financial systems (item identification, resources allocation, costing mechanism and scheduling of available resources). Institutional theory considers rules that are put in place during planning as set in FAS, ensures guidelines/procedures identified in planning and budgeting are adhered to considering institutional complexity and resources available to effectively manage procurement process (institution).

## Conceptual Framework

The conceptual framework used in this study helps to explain the influence of planning and budgeting allocation in financial application systems on procurement. Proper planning and budgeting in procurement process necessitates purchasing activity for specific period of time. In the institution, each department is required to budget for staff, expenses, and purchases. In procurement planning, items to be procured are defined first, then defining the process of acquiring such items and finally scheduling the timeframes for delivery.

**Figure 1 conceptual framework**



## Methodology

The study employed case study research to gather data from the Teachers, procurement management committee, school directors and finance officers. The case study research design was preferred because it ensured complete description of the situation, making sure that there were minimal bias in collection of data findings to determine the where and how of a phenomenon (Kothari, 2008). The study covered a target population of 94 employees of HGS Eldoret in Uasin Gishu County. The study therefore targeted program director, 10 board management committee, 16 finance officer and 52 teachers' respondents. Census sampling



technique is a procedure of systematically acquiring and recording information about the members of a given population (Ader 2008). Census sampling technique was used to identify 94 respondents for the study. The instrument for collecting data were questionnaires for Teachers and Procurement management committee and an interview was conducted to school directors and Finance officers. Validity of the instrument were tested by conducting a pilot study to ascertain if the questionnaires were collecting correct information, construct validity was used Vance (2011). Instruments were consistent and they presented similar information over time and accurate therefore reliable.

## FINDINGS AND DISCUSSIONS

This study presents finding of information gathered from employees of SOS Hermann Gmeiner School and discussion of quantative data based on findings. The study was done to assess adoption of FAS in planning and budgeting on procurement management

### Stakeholders in the procurement planning process

Stakeholders are key in any planning and budgeting process using FAS in procurement management as they give views that ensures the process output represents the interests of all parties in any organization. Stakeholders are person or organization that is actively involved in Procurement process, or whose interests may be affected positively or negatively by execution of project. Stakeholders can be internal to the organization or external. In an institution procurement management committee are major stakeholder to be considered during acquisition of goods and services (Apiyo, 2014).

The study therefore sought to establish the stakeholders who participate in the planning and budgeting process at Herman Gmeiner School.

**Table 1. Distribution of Stakeholders in the procurement planning process**

Stakeholders	Frequency	Percentage
Teachers( HOD)	12	14.5
Procurement staff	37	44.6
User Department	29	34.9
External members	5	6.0
Total	83	100

**N = 83**

The findings indicated that out of 83(100%) respondents 37 (44.6%) stated that procurement staff are the ones who majorly participate in the planning and budgeting process while 29 (34.9%) revealed that the user departments are the main stakeholders who participate in the planning and budgeting process, 12 (14.5%) noted that teachers participate in planning and budgeting while 5 (6%) were opinionated that there were other external members of the school who participated in the planning and budgeting process.

This findings implied that the procurement staff have a better understanding of the operations of the FAS and hence are key stakeholders in the planning and budgeting process where they will mainly collect the view of the other user departments and used a customized application in the system to plan and budget utilization of funds from allocated revenues every financial year. These finding agrees with Apiyo (2014) who noted that mainly departmental heads and procurement staff were engaged in procurement planning process. This also ensures that the

user needs are matched to the budget of the school. Without the FAS it would be difficult to allocate school needs to available funds and ensure that all needs are catered for. In one incident external member (supplier-caterer) commented *we are stakeholder in planning and budgeting since we were qualified and incase of change of procedure we should be communicated to,there is a system that was put in place we were not informed how it works but most of the time we are left out, we are informed during reviews.*

### ***Item identification and costing mechanism in Planning and Budgeting on Procurement Management***

Item identification using FAS in planning enhances procurement process by evaluating individual items or groups of items identified to be procured by institutions considering institutional requirement. Costing mechanism entails computing costs required for acquiring product and services in organization.

Table 2. Item identification and costing mechanism in Planning and Budgeting

		SD	D	U	A	SA	Total
FAS assists in item identification	F	2	1	20	39	21	83
in planning of procurement goods	%	2.4	1.2	24.1	47	25.3	100
FAS provides a costing mechanism necessary for	F	1	2	15	35	30	83
planning of procurement goods	%	1.2	2.4	18.1	42.2	36.1	100

From table 2 the study found that 2 (2.4%) out of 83 respondents strongly disagreed that item identification in FAS influence procurement while 1(1.2%) disagreed. Similarly 20(24.1%) were undecided. Further findings indicated that 21(25.3%) strongly agreed on the other hand 39(47%) agreed that item identification in FAS influence procurement process. These finding indicate that majority of HGS staff conformed that item identification is key tool in procurement planning. These finding corroborate with findings of Dye & Pennypacker (2000) that identifying right items is considered as one of the most important tasks for procurement management of the organizations to ensure quality goods and services within limited resources and capabilities of the organizations.

Cumulatively 35(42.2%) out of 83 employees of HGS agreed that costing mechanism are necessary for planning of procurement goods while 30(36.1%) strongly agreed. On the other hand 2(2.4%) disagreed that costing mechanism influence planning of procurement goods while 1(1.2%) strongly disagreed. Additionally 15(18.1%) were undecided. These findings indicate that Costing mechanism using FAS in procurement management has been made easier for the procuring team. These finding agree with the argument of (Premkumar, 2014) Computing cost of acquiring products or running cost in the process of getting required product in organization is by allocating expenditure to various stages of production or to different operations in the organization. In one incident a teacher *argued every year during budgeting we get three quotations from from qualified suppliers and use them for planning and budgeting I am tired of getting quotations ,procurement team ask us to write cost of books all time when they are" budgeting" Why can't they buy books from bookshop direct," There need to do that every year since price keep on changing."*ooh I understand.

### ***Scheduling of resources and allocation of available resources on Planning and Budgeting on Procurement Management***

Adopting FAS helps Scheduling in procurement process by listing all products milestones, activities, and deliverables, with intended start and finish dates. Efficient use of FAS in

procurement process assists in allocation of resources for procurement planning activities that requires determination of resource.

Table 3. Scheduling of resources and allocation of available resources on planning and budgeting

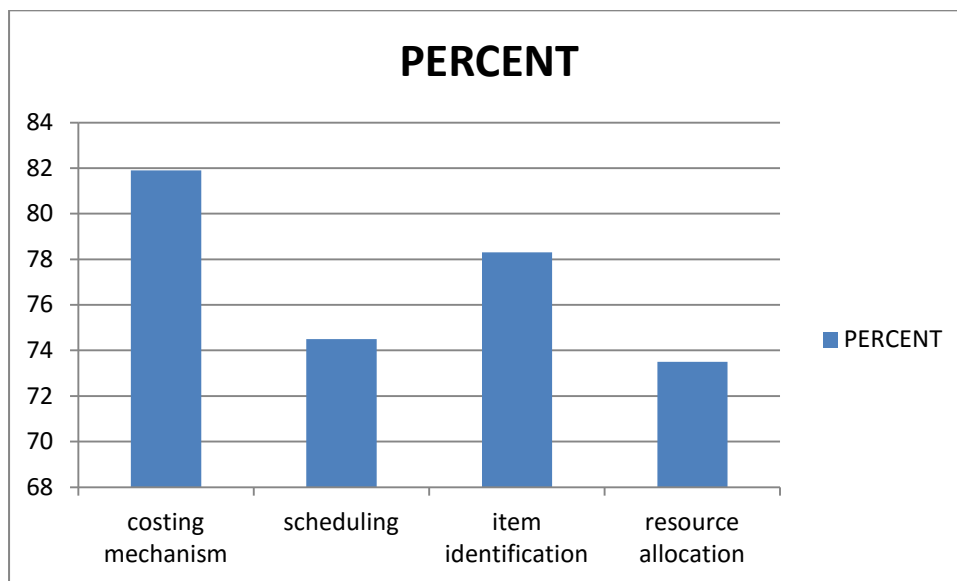
		SD	D	U	A	SA	Total
Scheduling of resources in FAS	F	1	10	17	38	17	83
	%	1.2	12	20.5	45.8	20.5	100
Allocation of resources in planning & budgeting on procurement management	F	0	7	23	43	10	83
	%	0	8.4	27.7	51.8	12	100

N = 83

From table 3 the study found out that 1(1.2%) out of 83 respondents strongly disagreed that scheduling of resources is not effectively in FAS while 10(12%) disagreed. The finding also indicated that 17(20.5%) strongly agreed that scheduling of resource is done using FAS while 38(45%) agreed. Further finding indicated that 17(20.5%) were undecided due to lack of information about use of FAS. These findings indicate that adoption of FAS in scheduling in procurement process help listing all product milestones duties allocation and intended start and finish dates. This studies agree with studies by Andreasen (2012) resource scheduling inevitably involves basic inputs (time, cost, and resources for each activity) are not deterministic and are affected by various sources of uncertainty. In one incident a member of procurement team commented *Recently after adoption of FAS this has made our work easier by inputting all required data in the system and scheduling is done learning where there is a deficit, when we schedule resources it makes implementation process easier and avoid meeting all the time but department do not cooperate they feel they are given a lot of work but when done it usually makes budgeting easier especially nowadays there is FAS.*

Further finding showed that 7(8.4%) out of 83 stakeholders disagreed that allocation of resources in planning and budgeting in FAS are done considering available resources while 23(27.7%) were undecided how financial application systems work during allocation of resources. Consequently 43(51.8%) agreed that allocation of resources is efficiently done in FAS while 10(12%) strongly agreed. This finding indicated that efficient use of FAS in procurement process assists in allocation of resources for procurement planning activities that requires determination of resource requirements to be undertaken on a value-adding and cost-effective basis. These findings agree with the finding of time Mendoza( 2008) Allocation of available resources to various uses in procurement planning, resource allocation or resource management in the scheduling of activities and the resources required by those activities while taking into consideration both the resource availability and the product and service .In one incident Head of department (Humanities) *commented planning and budgeting in HGS is well coordinated and in time, for the past three years I have been budgeting but This days I don't care if I budget or not, I always budget but my department is sidelined as compared to others "Accounts" the money allocated during planning & budgeting it is usually reduced by half claiming that I over estimate cost and I compare prices at least in three qualified shops therefore I can't do what I planned for.*

**Figure 2** Influence planning and budgeting in financial application system on procurement management



From figure 2 the study found that 78.3 item identification, 81.9 costing mechanism, 74.5 scheduling of resources and 73.5 resource allocation in planning and budgeting influence procurement management. These finding imply that costing mechanism and item identification in planning and budgeting influence more on procurement management.

## CONCLUSIONS

The study investigated the influence of planning and budgeting in financial application system on procurement. Planning and budgeting have great influence on procurement management process. Planning and budgeting is perceived to have benefits brought by acquiring quality goods, optimization and utilizations of available resources. The role item identification, costing, scheduling and resource allocation is to hasten the process of thinking and organizing the activities required to acquire desired product in management of procurement process which is effective and reliable. The literature review identified trends concerning procurement management as item identification, costing, scheduling and resource. Organization can use the FAS to make cost estimates of services and goods to be procured by Computing cost of acquiring products or running cost in the process of getting required product in organization, by allocating expenditure to various stages of production or to different operations in the organization. Identifying right items to be procured is important tasks for procurement management to ensure quality goods and services within limited time resources and organization capabilities. Planning Requires description of what needs to be procured, collecting information, identifying appropriate solutions and specifying these in specifications for goods and equipment, terms of reference (TOR) for services, or statement of works (SOW) for works as outlined in FAS. Scheduling in procurement planning process, FAS develops procurement schedule for the entire procurement process listing all product milestones duties allocation and intended start and finish dates. Resource allocation for procurement planning process requires resource availability that is value adding and cost effective for various products and services that institution requires.

## Recommendation

Based on the conclusion, the researcher made the following recommendations:

### **Develops policy to continuously customize FAS**

Persistent fraud and mismanagement of fund deprives institution of the much needed resource to raise quality of service delivery curbed through customizing FAS to suit procurement management needs.

### **Right persons recruited to run the system effectively**

Unqualified persons running FAS gives rooms for manipulation of set control therefore resulting to unqualified suppliers who deliver substandard goods and making the whole process inefficient. Institution comes up with recruiting process that is transparent

### **Financial application system to be adopted in procurement**

Mismanagement of funds in government organisation leading to loss of money that can be used for developments. organization more so the government adopt FAS to mitigate mismanagement of funds to prevent malpractices during procurement process.

### **Financial application system to be redesigned to consider resource available and time**

Over estimation of prices on item to be procured without considering available resources and completion of procurement process. Financial application system to be customized taking into account funds available.

### **Customize financial application system costing mechanism**

Lack of proper planning for all costs involved in acquisition of goods and services, institution spends more resources trying to acquire needed products. FAS to be customized to compute all cost involved and cost overrun in planning and budgeting from start to end of procurement process.

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