Determinants of Compliance with Access to Government Procurement Opportunities (AGPO) Regulations for Special Groups by Public Universities in Kenya

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**ABSTRACT**
Public procurement has become an issue of public attention and debate. It has been subjected to reforms, restructuring, rules and regulations. Despite statutory provisions and internal controls, public sector institutions have not fully complied with AGPO regulations for special groups. Millions of shillings are wasted due to non compliance. Little is known on determinants of compliance with AGPO regulations. This study sought to analyze the determinants of compliance with AGPO regulations for special groups by Public Universities in Kenya. This study used a mixed research design as it allowed the researcher to use both quantitative and qualitative research methods. The target population consisted of supply chain officers in all public universities in Kenya. The sample size for this study was therefore 62 respondents from all the public universities. Data was collected using two instruments; a semi-structured questionnaire and an interview guide. The results revealed that prequalification criteria negatively contributed to level of compliance with AGPO regulations. The results also show that selection procedures positively contributed to level of compliance with AGPO regulations. The study findings revealed that contract management significantly and positively contributed to level of compliance with AGPO regulations but it was not statistically significant. The study established that internal processes positively contributed to level of compliance with AGPO regulations. The study concluded that higher threshold of prequalification criteria leads to a lower level of compliance with AGPO regulations while an elaborate selection procedure leads to a higher level of compliance with AGPO regulations for special groups. This study also concluded that the contracting management has significant impact on level of compliance with AGPO regulations for special groups. The study also concluded that a higher threshold of internal controls leads to a higher level of compliance with AGPO regulations for special groups.

**Keywords:** Pre-qualification, Selection, Compliance, Internal controls, Contract Management, and Access to Government Procurement Opportunities (Agpo)

**INTRODUCTION**
Public institutions are prominent actors in the modern economy and it follows that by their choices in public procurement, governments can have a discernible impact on trade patterns. Worldwide, public procurement has become an issue of public attention and debate, and has been subjected to reforms, restructuring, rules and regulations. Public procurement refers to the acquisition of goods, services and works by a procuring entity using public funds (World Bank, 1995). The major obstacle however, has been inadequate regulatory compliance. Jaafar (2014) confirm that non-compliance problem affects not only the third world countries but also countries in the developed world. This position is further supported by Gelderman et al., (2006) who contend that compliance in public procurement is still a major issue. Compliance with AGPO in manufacturing companies in countries such as Japan is influenced by situations such as new product development, modifications to a set of existing suppliers due to a bad performance, the end of a contract, expansion to different markets, current suppliers' capacity is not
sufficient to satisfy increases in demand that triggers the need for supplier selection (Monczka et al., 2005).

The introduction of the Public Procurement and Disposal Act (PPDA) of 2005 and the Procurement Regulations of 2006 introduced new standards for public procurement in Kenya. In 2010 Public Procurement was anchored in the New Constitution under Article 227 and in 2013 Preference and Reservations came into place (Erick, 2006). The Access to Government Procurement Opportunities (AGPO) Program aim is to facilitate the youth, women and persons with disability-owned enterprises to be able to participate in government procurement. Government tenders amount to billions each year hence it is a great opening for the Youth, Women and Persons with Disability. In 2013, procurement rules were amended to allow 30 percent of contracts to be given to the youth, women and persons with disability without competition from established firms (Gatere & Shale, 2014). Ngeno, Namusonge and Nteere (2014) noted that the regulations provide that a procuring entity shall allocate at least thirty percent of its procurement spend for the purposes of procuring goods, works and services from youth, women and persons with disability owned enterprises. The criterion for this allocation is centered on compliance with AGPO regulations. Registration and pre-qualification of Youth, Women and Persons with Disability owned enterprises is done for basic foundation of accessibility to government tenders and contracts. Although many enterprises owned by youth, women or persons with disabilities are legal entities, registered with the relevant government body; and have at least seventy percent membership failed to be prequalified (Public Procurement and Disposal Regulations, 2013). The regulations also provide that the Procurement Unit in procuring entity shall select suppliers through appraisal of potential suppliers in order to compile and maintain a suppliers’ database or list for award of contracts for supply of specific goods and or services (Public Procurement and Disposal Regulations, 2013). There have been concerns by procuring entities because small and micro enterprises are not consistent and are also not known to produce quality goods and services.

**Statement of the Problem**

Many MSE owned by youth, women and persons with disability in Kenya have been applying to access government procurement opportunities. There will be a need to determine the extent to which pre-qualifications influence access to government procurement opportunities (AGPO) regulations for special groups by public universities in Kenya. However, the set of criteria to be selected prominently depends on the organization's objectives and the type of industry in which the organization competes. The current study seek to determine the extent to which selection procedures has a significant influence on compliance with Access to Government Procurement Opportunities (AGPO) regulations for special groups by public universities in Kenya. Adequate contract management is indicator that access to government procurement opportunities by special interest groups is successful. Effective contract management influence accessibility to government procurement opportunities by small and medium enterprises (SMEs) run by specialized groups playing a significant role in development of national economy (Orwa, 2007). However, access to public sector contracts by smaller entities and cooperatives is often unsuccessful, at national and global level, for many organizations in different sector of an economy. While accessing government procurement opportunities sustaining development impacts is key, it is the majority at grassroots that accelerate and sustain poverty reduction efforts (Gichure, 2007), hence the need to target the rural poor to achieve overall economic growth by funding them to be able to access public procurement. Gatere and Shale (2014) observes that contract management influence implementation of access to government procurement opportunities for special interest groups. However, based on government report by the Authority, there was zero compliance to AGPO by all county government entities, public schools, public universities; co-operative societies a number of parastatals reported their contract awards.

All central government ministries reported their contracts and it was noted there was 100% non-compliance of submission of procurement plans. This study seeks to determine whether there exist a significant relationship between contracting management process and compliance with AGPO regulations for special groups by Public Universities in Kenya (GOK, 2015). The internal controls at an institution
affect compliance with public procurement laws (Mwangi & Kariuki, 2013). Weak internal controls may lead to increasing non-compliance and loss of substantial public revenue due to inefficient and ineffective procurement structure, policies and procedures and failure to impose sanctions for violation of such rules resulting to poor service delivery (Ntayi, 2009). Despite statutory provisions and internal controls, youth, women and persons with disability owned enterprises have not adequately accessed government procurement opportunities (Adhiambo & Kamau, 2003). This means that public institutions such as public universities have not fully complied with AGPO regulations. Ntayi (2009) observed that millions of shillings are wasted due to non compliance. Little is known on determinants of compliance with AGPO regulations. This study sought to analyze the determinants of compliance with AGPO regulations for special groups by public institutions with a focus on Public Universities in Kenya.

**Research Objectives**

i. To analyze the effects of pre-qualification criteria on compliance with AGPO regulations for special groups by Public Universities in Kenya

ii. To determine effects of selection procedures on compliance with AGPO regulations for special groups by Public Universities in Kenya

iii. To analyze the effects of contracting Management on compliance with AGPO regulations for special groups by Public Universities in Kenya

iv. To examine effects of internal Compliance controls on compliance with AGPO regulations for special groups by Public Universities in Kenya

**LITERATURE REVIEW**

Procurement can be used to support socio-economic policies using a number of approaches that includes reservation, preferencing, indirect strategies and supply side measures. The procurement of supplies, services and engineering and construction works has been used internationally to support a number of socio-economic or political (secondary) objectives. Transaction cost economics theory broadly involves an interdisciplinary field of law, economics and organization and attempts to explain the governance of transactions based primarily on the assumptions of bounded rationality and opportunism (Erick, 2006). Government agencies engage the private sector and other providers through outsourcing, contracting out and public private partnerships to delivery public services at a cost (Nduta, Ayuma, Langat & Yego, 2015). In this arrangement, governance of the contractual arrangements becomes critical. Transaction cost economics approaches the debate with the bounded rationality which suggests that in decision making, rationality of individuals is limited by the information they have, the cognitive limitations of their minds, and the finite amount of time they have to make decisions (Antonio, 2004). Public procurement is a rules bound function with specific timelines dictated by the law.

**Prequalification Criteria**

Pre-qualification is the preliminary stage in a bidding process where it is determined if an applicant has the requisite resources and experience to complete the job as required. Pre-qualification is used to identify contractors who would be allowed to tender for certain contracts. Therefore, an advertisement for pre-qualification does not amount to an advertisement of a tender for a contract because all the former does is allow those interested to express their desire to be eligible to tender. Once a company is pre-qualified for a particular contract it is then eligible to tender for that contract. A firm applying for pre-qualification has no expectation to be awarded any contract based on the application for pre-qualification. Its only expectation is that once it has been approved for pre-qualification, then it is free to bid for the contract. Pre-qualification therefore precedes the tender and an advertisement for pre-qualification should not be confused with an advertisement inviting tenders for the award of the substantive contract (Ngai, Drew, Lo & Skitmore, 2002). Pre-qualification is not used for all contracts. In fact, it is only used in certain cases where it is felt necessary to do so. The vast majority of contracts are publicly advertised without the need for prequalification which is often reserved for large contracts and those with requiring highly technical expertise. The pre-qualification is merely for companies to demonstrate that they have the ability to undertake the work or supply of whatever it has to be sourced (Ngugi & Mugo, 2011).
Selection Procedures
The first step in supplier selection usually implies the identification of the need for a specific product or service. Different situations may trigger the need for supplier selection. Supplier selection is complicated because of the multiple criteria involved in the decision process. Additionally, many times these criteria may conflict each other. Therefore, defining the proper criteria becomes critical. Some of the most widely used criteria in supplier selection are supplier's capacity, quality, and purchasing price. However, the set of criteria to be chosen largely depends on the organization's objectives and the type of industry in which the organization competes (Ombuki, Arasa, Ngugi & Muhwezi, 2014). Sourcing requires that organizations to clearly define the strategy approach to be taken during the supplier selection process. Single sourcing tends to minimize total costs by determining the best supplier for each purchased part or product.

Contract Management
Good management of the operational phase of the procurement is key to successful service delivery (Banaitiene & Banaitis, 2006). Contract administration & change management—handles the formal governance of the contract and changes to the contract documents (Russell, 2004). Poor documentation and records management, along with weak coordination between the Government’s representative, the procuring unit and the accounting unit undermine payment controls and lead to payments in excess of contract ceilings, especially in multi-year contracts. It is imperative that the Accounting Unit maintain accurate and up to date ledgers that properly track all contract payments and record contract totals and approved contract variations to serve as payment ceilings. Several procurement reviews in Kenya and elsewhere around the world have identified weak contract administration as a major source of loss and a significant area of abuse and corruption (Fong & Choi, 2000). A procurement Contract is a written agreement between a procurement entity and a supplier, contractor or consultant which is enforceable by law. Administration is defined as the activities involved in managing a business organization or institution (PPOA, 2009).

Internal Controls in Compliance
The internal controls at an institution affect compliance with public procurement laws (Mwangi & Kariuki, 2013). This is very important especially where other alternative methods of procurement other than open tender system are applied. Low utilization of consultants and procurement experts created vulnerability of the system to misuse and corruption. Weak internal controls may lead to increasing non-compliance and loss of substantial public revenue due to inefficient and ineffective procurement structure, policies and procedures and failure to impose sanctions for violation of such rules resulting to poor service delivery (Soundry, 2007). Internal controls comprises of accountability, information communication technology adoption, internal processes and ethics (Ngugi & Mugo, 2010). Accountability is government's obligation to demonstrate effectiveness in carrying out goals and producing the types of services that the public wants and needs (Segal & Summers, 2002). Lack of accountability creates opportunities for corruption (Russell, 2004) identifies three key components of accountability, including the measurement of goals and results, the justification or explanation of those results to internal or external monitors, and punishment or sanctions for non-performance or corrupt behavior.

Empirical Review
Zadawa, Hussin and Osmadi, (2015) examined determinants of compliance with public procurement guidelines in the Nigerian Construction Industry. The Nigerian Construction industry through its procurement activities was contributing immensely to the economic development of the country. The study adopted descriptive survey research design. Nigeria as a developing nation is still working hard to strengthening the public procurement sector through which public infrastructural facilities are developed. Public Procurement Guidelines are the procedural manual guiding public procurement processes. The guidelines are as provided by the public procurement Act PPA 2007, since then compliance with the guidelines has been facing a lot of obstacles. The findings revealed determinants of compliance with the procurement guidelines to include Familiarity with the procurement guidelines, Fraudulent Practices, and
influencing projects awards. The study focus on construction industry in Nigeria while the current study focused on public universities in Kenya.

Jaafar, Ramli and Aziz (2014) investigated the extent of compliance with Government Procurement Policy in public institutions in Malaysia. Although compliance with the Government Procurement Policy is mandated by regulations, cases of non-compliance, irregularities and frauds in government procurement do still occur. Mandating compliance with procurement standards by law does not necessarily resulting in full compliance without concerning other relevant factors. This research focuses on voluntariness of compliance behaviour and factors that affect compliance with Government Procurement Policy among procurement practitioners in Malaysia. A factor relating to procurement ethics is also introduced to increase the scope and going beyond the proposed framework from prior studies. Survey questionnaires were administered to 104 government organizations, and 177 responses were received from procurement officers. Based on multiple regression analysis, the results indicate that familiarity with the policies; enforcement, professionalism and ethics have a positive impact on compliance.

Osei-Tutu, Mensah, and Ameyaw (2011) examined the level of compliance with the Public Procurement Act (Act663) in Ghana. The objective of the law was to promote fairness, transparency and ensure that public procurement is non-discriminatory. The purpose of the study was to observe and compare the extent to which selected public procurement entities have complied with the processes and requirements of the Law during the year 2008. The implementation of the Public Procurement Act 2003 (PPA) has been quiet challenging coupled with a number of inefficiencies. The entities were chosen from the Ashanti and Brong Ahafo regions of Ghana. Structured questionnaire and face-to-face interviews were used to obtain data for this study. The overall compliance levels in the Ashanti and Brong Ahafo Regions lies at 19.58% and 17.8% respectively. This indicates low compliance levels of public entities. The study confirms that the Public Procurement Act 2003 (Act 663) was observed to proffer solutions but not without challenges.

Nancy and Muturi (2015) investigated determinants of compliance in public procurement regulations in the public sector focusing on Kisii county government in Kenya. The concerns were that compliance levels to supplier continue to be low in Kenya despite efforts by the public procurement oversight authority (PPOA). The study was guided by specific objectives which were to establish the extent to which ethics, awareness levels and supplier training on compliance of public procurement regulations influence performance in the public sector. The study adopted a descriptive research design approach. The target population was made of 260 staff working in Kisii County government. The study employed a descriptive statistical analysis and inferential statistics. The results revealed that existed a significant correlation between procurement ethics and compliance increases the performance of the public sector.

Nduta, Ayuma, Langat, and Yego (2015), carried out a study on the factors affecting youth participation in public procurement. The independent variable of analysis was opportunity awareness, finance availability, regulatory requirements and patronage perception whereas youth participation was the dependent variable. The researcher used descriptive and inferential statistics. A population of 345 youth owned enterprises operating within Mombasa County were used with a sample size of 135 enterprises. The study revealed that Pearson’s correlation between the youth Participation with awareness and Finances was .600 and .510 respectively. However patronage perception and regulatory requirements had a negative correlation of -.445 and -.260 respectively with the dependent variable. Multiple linear regression was used to analyze the relations between the variables at a 0.05 significance level. This study however failed to determine factor affecting compliance with AGPO regulations for special groups in public universities.

Lagat, Namusonge and Berut, (2016) carried a study to determine the factors affecting youth, women & persons with disabilities on accessing procurement opportunities in Transnzoia County Government. The objectives of the study were to determine the effect of availability financial resources by youth, women and persons with disabilities on accessing procurement opportunities in Transnzoia county government, to establish the effect of procurement procedures on youth, women and persons with disabilities in accessing procurement opportunities in Transnzoia county government and to ascertain the effects of
enforcement and compliance on youth, women and persons with disabilities in accessing procurement opportunities in Transnzoia county government. The study was aimed at identifying the factors affecting youth, women and persons with disabilities in accessing procurement opportunities in Transnzoia County Government. The study revealed that availability of financial resources, procurement procedures and enforcement and compliance contributes to accessing procurement opportunities in Transnzoia County Government.

**Conceptual Framework**
A conceptual framework is very important in any research study. According to Mugenda and Mugenda (2003), a conceptual framework refers to a conceptualization of the relationship between variables in the study and it is shown diagrammatically.

**Pre-Qualification Criteria**
- Technical competence
- Financial resources

**Selection Procedures**
- Evaluation and award criteria
- Tender opening

**Contract Management**
- Monitoring contract performance
- Resolving disputes

**Internal Controls**
- Accountability
- Internal processes

**Dependent Variable**
- Number of contracts
- Value of contracts

**RESEARCH METHODOLOGY**
This study used a mixed research design as recommended by Saunders, Lewis and Thornhill (2009). This allowed the researcher to use both quantitative and qualitative research methods to establish the determinants of compliance with AGPO for special groups regulations. Quantitative methods emphasizes data analysis using measurements and in numerical form. Statistical measures were used to test hypothesis and make predictions. Qualitative methods on the other hand emphasizes on data analysis based on content or words rather than in numerical form.

The target population consisted of supply chain officers in all public universities in Kenya. According to the Commission for University Education, there are 22 public universities and 9 constituent colleges in Kenya. The target population for this study was therefore 106 supply chain officers. The sampling frame for this study was all supply chain officers in public universities. The sample size for this study was therefore 62 respondents from all the public universities. Two supply chain officers were selected from
each public university. The following sampling matrix shows the sampling procedure. Primary and secondary data was collected. Secondary data was obtained from publications and reports. Primary data was collected using two instruments; a semi-structured questionnaire and an interview guide. Interview guide was used to collect data from chief procurement officers. This category of respondents was selected purposively owing to their experience as decision and policy makers in public procurement.

Data Analysis and Presentation

Quantitative data was analyzed using descriptive and inferential statistics. Descriptive statistics such as frequencies, mean scores, percentages and standard deviation were used to analyze quantitative data. Correlation and multiple regression analysis were also used to analyze quantitative data. Quantitative data analysis results were presented in tables and charts. The Statistical Packages for Social Sciences (IBM SPSS Statistics 20) was used to aid in data analysis. Qualitative data was analyzed using content analysis. Results of qualitative data analysis were presented in descriptive narrative form. Multiple regression analysis is a tool that uses two or more independent variables to predict a dependent variable.

RESEARCH FINDINGS AND DISCUSSION

Reliability for all the five variables was tested using Cronbach's Alpha. The results show an overall reliability of 0.832. The number of items tested for reliability was 21 distributed across the five variables of the study. This figure is above the minimum threshold of 0.7 based on which we can conclude that items on prequalification criteria were reliable.

Correlation Matrix Analysis

Pearson Correlation analysis was used to examine whether there existed correlation between variables. Correlation coefficient is a measure of bivariate association between two variables. Values of the association coefficient lies between -1 < 0< +1. The correlations between compliance with AGPO regulations and Pre-Qualification, Selection Procedures, contract management and internal controls are indicated by Table 1. The findings were in agreement with Lam et al. (2002) and Fong and Choi (2000) who found fault with subjectivity and uncertainty of prequalification criteria hinders compliance with public procurement regulations. The results also concurred with Ng’eno (2014) who revealed that combination of preservation practices and preferencing practices explained 75.7% of variations in State Corporations performance in Kenya.

Table 1: Correlation Matrix Analysis

<table>
<thead>
<tr>
<th></th>
<th>Compliance</th>
<th>Prequalification Criteria</th>
<th>Selection Procedure</th>
<th>Contract Management</th>
<th>Internal Processes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Compliance</td>
<td>Pearson Correlation</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Prequalification</td>
<td>Pearson Correlation</td>
<td>.391 *</td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Criteria</td>
<td>Sig. (2-tailed)</td>
<td>.002</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Selection Procedure</td>
<td>Pearson Correlation</td>
<td>.548 **</td>
<td>.782 **</td>
<td>.391 **</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>.000</td>
<td>.000</td>
<td>.000</td>
<td>.009</td>
</tr>
<tr>
<td>Contract Management</td>
<td>Pearson Correlation</td>
<td>.442</td>
<td>.391 **</td>
<td>.329 **</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>.743</td>
<td>.002</td>
<td>.009</td>
<td>.0897</td>
</tr>
<tr>
<td>Internal Processes</td>
<td>Pearson Correlation</td>
<td>.597 **</td>
<td>.376 **</td>
<td>.329 **</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>.000</td>
<td>.003</td>
<td>.009</td>
<td>.0897</td>
</tr>
</tbody>
</table>

Table 1, indicated there exist positive and significant association between prequalification criteria and compliance with AGPO regulations (r=0.391, P=0.002<0.05). The results revealed that there existed a positive and significant correlation between Selection Procedure compliance a Pearson correlation (r) =0.548 P=0.000<0.05. This implied there would be a positive relationship between selection procedure and
compliance with AGPO regulations. The results were supported by Osei-Tutu, Mensah, and Ameyaw (2011) who revealed that level of compliance with the Public Procurement Act (Act 663) in Ghana was promoted by fairness, transparency and enhance public procurement non-discriminatory. Results in Table indicate there exist correlation between contract management and compliance with AGPO regulations a Pearson correlation ($r=0.442$ $P=0.003>0.05$. This implied there would be no relationship between contract management and compliance with AGPO regulations. However, the study established strong, positive correlation between contract management and pre-qualification criteria as $r=0.782$, $P=0.000<0.05$.

The findings depict that there exist correlation between internal processes and compliance with AGPO regulations. The Pearson correlation was weak, positive and significant ($r=0.597$ $P=0.000<0.05$. This implied that internal control significantly effects on compliance. However, the study established strong, positive correlation between contract management and pre-qualification criteria as $r=0.782$, $P=0.000<0.05$. The results of this study ranked internal control as having the highest determinant that correlate highest to compliance with AGPO regulations. The second contributor to compliance is Selection Procedure ($r=0.548$ $P=0.000$). The finding was supported by Lagat, Namusonge and Berut (2016) who revealed that procurement procedures and enforcement and compliance contributes to accessing procurement opportunities in Transnzoia County Government affecting youth, women & persons with disabilities on accessing procurement opportunities in Transnzoia County Government.

**Multi Regression Analysis Results**

Multiple linear regression analysis was conducted to establish the contribution of each independent variable to level of compliance with AGPO regulations and results presented in Table 2. The results in model summary show that independent variables that comprised of internal controls, selection procedures, contract management and prequalification explain 80.7% of change in level of compliance with AGPO regulations by public universities (Adjusted $R^2=.807$). Through Analysis of variance (ANOVA) the study revealed that the model used for the analysis was fit as F value was statistically significant ($F=64.962$, $p=0.000$). The results indicated prequalification criteria contributed negatively to level of compliance with AGPO regulations by a factor of 0.968. This contribution was also found to be statistically significant ($\beta=0.968$, $p=0.000$). This implied that efficient prequalification criteria positively contribute to level of compliance with AGPO regulations in public universities. Although prequalification criteria was found to be beneficial to the procuring entity in compliance with procurement regulations by Ngai, Drew, Lo & Skitmore (2002) Poor formulation of prequalification criterion disadvantages the special groups in public procurement process.

**Table 2 : Coefficients**

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>(Constant)</td>
<td>3.26</td>
<td>1.569</td>
<td>2.083</td>
</tr>
<tr>
<td></td>
<td>Prequalification Criteria</td>
<td>.968</td>
<td>.100</td>
<td>.819</td>
</tr>
<tr>
<td></td>
<td>Selection Procedure</td>
<td>.970</td>
<td>.074</td>
<td>.857</td>
</tr>
<tr>
<td></td>
<td>Contract Management</td>
<td>.480</td>
<td>.373</td>
<td>.431</td>
</tr>
<tr>
<td></td>
<td>Internal Contract Controls</td>
<td>.591</td>
<td>.088</td>
<td>.568</td>
</tr>
<tr>
<td>a. Dependent Variable: Compliance</td>
<td></td>
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<td></td>
<td></td>
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</tbody>
</table>

The results also reveal that selection procedures contributed positively to level of compliance with AGPO regulations by a factor of 0.970. This contribution was found to be statistically significant ($\beta=.970$, $P=.000$). This implied that adhering to specifications of products and services required by a procuring entity help in selection procedures of contractors. The findings of this study therefore confirms observations by Monczka, Trent and Handfield (2005) that elaborated selection procedures positively contribute to level of compliance with public procurement regulations. The study findings revealed that
contract management contributed negatively to level of compliance with AGPO regulations by a factor of -0.180. This contribution was however found not to be statistically significant (β=0.480, P=.631, t=7.483). This implied that contract management is supposed to play a central and fundamental part in the delivery of public sector services. The findings of this study revealed that contract management positively contributed to level of compliance with AGPO regulations this relationship was statistically significant. This could be attributed to a strong contract administration. This was supported by as Banaitiene and Banaitis, (2006) who revealed that major source of loss and a significant area of abuse as well as corruption hinder compliance with AGPO regulations in public sector organizations.

The study established that internal processes contributed positively to level of compliance with AGPO regulations by a factor of 1.001. This contribution was also found to be statistically significant (β=0.591, P=.000, t=11.356). The findings of this study have shown that internal controls are critical in complying with public procurement regulations. These findings are congruent with observations by Mwangi and Kariuki (2013) that the internal controls at an institution affect compliance with public procurement laws while weak internal controls may lead to increasing non-compliance and loss of substantial public revenue. This could be due to inefficient and ineffective procurement structure, policies and procedures. Failure to impose sanctions for violation of such rules may result to poor service delivery as demonstrated by Adhiambo and Kamau (2003) and Ntai (2009). Ngugi and Mugo (2010) elaborated the key elements of internal controls as comprising of accountability, information communication technology adoption, internal processes and ethics. The importance of internal controls for compliance with public procurement laws is also supported by Segal and Summers (2002), Brinkerhoff (2004), Vian and Collins (2006).

**Summary of Findings**
Pre-qualification criteria were found to affect compliance with AGPO regulations in public universities as it was supported by all (100%) of the respondents. There exist positive and significant association between prequalification criteria and compliance with AGPO regulations (r=0.391, P=0.002<0.05). The study had hypothesized that prequalification criteria has no effect on compliance with AGPO regulations for special groups by Public Universities in Kenya However, results revealed that prequalification criteria contributed significantly and negatively affected level of compliance with AGPO regulations (β=0.968, P=0.000, t=9.631). The finding revealed that there existed a positive and significant correlation between selection procedure compliance with AGPO regulations a Pearson correlation (r) =0.548 P=0.000<0.05 demonstrating that there positive relationship between selection procedure and compliance. This demonstrated that selection procedures determinants hinder compliance AGPO regulations for special groups by Public Universities in Kenya. Ineffective selection procedures had a negative and significant contribution to level of compliance with AGPO regulations (β=0.970, p=.000<0.05, t=13.192). The results on Pearson correlation between contract management and compliance with AGPO regulations a Pearson correlation (r) =0.042 P=0.743>0.05 depicting no relationship between contract management and compliance but positive correlation between contract management and pre-qualification criteria as r=0.782, P=0.000<0.05. The study findings revealed that contract management positively and significantly contributed to level of compliance with AGPO regulations (β=0.480, P=.001, t=7.483). Failure to address regulations on accountability in procurement, slow in adoption of ICT and improper disclosure of protected information affect compliance with AGPO regulations for special groups by Public Universities in Kenya. The study further revealed that inadequate ethics training and seminars to increase awareness on ethical behavior constrained compliance with AGPO regulations for special groups by Public Universities in Kenya. Inefficient internal processes contributed negatively to level of compliance with AGPO regulations (β=0.591, P=0.000, t=11.356) The results indicated that there exist positive, significant correlation between internal processes and compliance with AGPO regulations. The Pearson correlation was weak, positive and significant (r) =0.597 P=0.000>0.05. This demonstrated there a significant correlation between internal control and compliance. However, the study established strong, positive correlation between contract management and pre-qualification criteria as r=0.782, P=0.000<0.05.
CONCLUSION
The study concluded that failure to adhere to set Pre-qualification criteria affects compliance with AGPO regulations in public universities as special groups owned enterprises experienced challenges in financial resources, equipment and technical competence technical competence, inadequacy physical facilities, low managerial capability, experience and personnel. The study concluded that a higher threshold of prequalification criteria leads to a lower level of compliance with AGPO regulations for special groups. There existences of complexities in selecting contracting partner and awarding the contract, complex evaluation responses to the solicitation and completion of terms and conditions of performance was inadequate and complex publishing or advertising the procurement opportunities and disseminating the solicitation or tender documents to interested parties affected compliance with AGPO regulations for special groups by Public Universities in Kenya. The study concluded that existence of elaborate procedural selection leads to a higher level of compliance with AGPO regulations for special groups. The concluded that contract process and contract performance through monitoring contract performance, negotiation in enhancing compliance with AGPO regulations and modification of contract to accommodate changing needs. Inadequate conflict management among special groups owned enterprises, low accountability and poor contract management special groups owned enterprises hinders compliance with AGPO regulations for special groups by Public Universities in Kenya. Effectiveness of Internal control process in public universities play a significant role in enhancing compliance with AGPO regulations for special groups by Public Universities in Kenya. The results depicted that high level of accountability, efficiency in internal processes and adhering to ethical behavior were high in improving compliance with AGPO regulations for special groups by Public Universities in Kenya.

REFERENCES


