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FACULTY OF COMMERCE

DEPARTMENT OF ACCOUNTING

RESEARCH TOPIC

BRIDGING THE FUNDING GAP IN PUBLIC CONSTRUCTION PROJECTS: (A CASE OF MINISTRY OF LOCAL GOVERNMENT, PUBLIC WORKS AND NATIONAL HOUSING)

BY

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*This dissertation is submitted in partial fulfillment of the requirements of the **Bachelor of Commerce (Honors) Degree in Accounting** in the Department of Accounting at Midlands State University.*

GWERU: Zimbabwe, 27 September 2014

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DEDICATION

I dedicate this project to my sons, Chief Tinevimbo and Advocate and the woman who matters most my wife Abina and my source of inspiration my parents Funuel and Estinah. The almighty God is our pillar

ABSTRACT

The research project is about bridging the fund gap in public construction projects, the case of Ministry of Local government, Public works and National Housing. The research was carried out concurrently with the final semester as a visiting student at the Midlands State University. The major objectives of the study were to establish the existence of the funding policy for construction projects, identifying policy implementation guidelines which are in place, determining controls in place to ensure that the policy implementation guidelines are applied, to establish whether controls are reviewed for adequacy are in place and to recommend best ways of funding construction projects.

The research data was collected through questionnaires and interviewing of the senior officers and management. Questionnaires were distributed to officers in the construction, engineering, administration, audit and accounts departments.

The major findings drawn out of the research study were that the management is not operating in compliance with the macroeconomic policy and budget framework, implementation guidelines are not documented and communicated to employees, there is no risk based internal auditors, risk management policy, project managers, ineffective procurement and no risk identification, assessment team and the ministry has not develop public private partnerships.

The major recommendations made were that the management should maneuver in compliance with the funding policy as delineated in the macro-economic planning and budget framework, government should document the policy implementation guidance and training be done to communicate the implementation guidelines to employees, government should set up risk based internal auditors, formulate risk policy, come up with risk identification, assessment, management team, appoint project manager and employ network analysis in managing public construction projects, the government develop a public private partnership framework for construction project.

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CHAPTER ONE

Introduction

1.0 Introduction

The chapter gives background of the study, statement of the problem, research questions, and objectives of the study, significance of the study, delimitation of the study, limitations of the study, assumptions, definition of terms and summary.

1.1 Background of the study

The Ministry of Local Government, Public Works and National Housing (MLGPWNH) is a government ministry responsible for local governance, construction and maintenance of government buildings in Zimbabwe. The ministry has a mandate to give guidelines and direction in the construction industry in Zimbabwe to ensure provision of a well built environment.

According to the Minister of MLGPWNH (Strategic Plan : (2009-2014), the threat identified within the Ministry was unavailability of funds which result into many project being unfinished.

According to Auditor General (2009), Value For Money audit report states that the delay in completion of construction projects was due to delay in payment of Contractor's payment Certificates which was taking more than six months after issue a certificate for payment. Some Contractors were abandoning construction sites due to cash flow constraints causing delays in payments.

With reference to the Chronicle (5/12/11) the Minister of MLGPWNH stated that some of the incomplete projects date back to the 1990s. He highlighted that more than Five hundred million dollars is needed to complete the outstanding projects countrywide.

According to web page <http://www.amazingvictoriafalls.com> (11.28hours(08/07/14).The Acting Secretary for MLGPWNH states that the building of the flats started in 1997 during the tenure of the late national hero ,cde Enos Chokowore when he was the MLGPWNH minister. Construction took a downturn with the economic meltdown experienced during the last10 years from 1999 to 2009.

With reference to the Herald (4/07/14) The Minister states that Government was also partly blamed for uncompleted projects as it sometimes failed to disburse sufficient funds.

The table below shows amount that was budgeted for, amount spent and amount that is available for use.

Table 1.1 Projects Amounts

Project	Amount budgeted for the project US\$	Amount Spent US\$	Amount Available For Use US\$	Amount Needed To Complete The Project US\$
Central Registry	5 071 160	350 000	150 000	4 571 160
Lupane Composite Office	7 883 848	1 500 000	1 500 000	4 883 848
Chinhoyi Magistrate Court	8 000 000	1 800 000	200 000	6 000 000
Joshua Nkomo Polytechnic	893 731	185 000	65 000	643 731
Marondera Provincial Hospital	1 242 547	215 000	285 000	742 547
Nyanga Central Registry	950 895	105 500	58 500	786 895
Totals	24 042 181	4 155 500	2 258 500	17 628 181

Source: Budget Estimates for the year ending 31 December 2013

The Director of Construction and Maintenance highlighted that the ministry is failing to refurbishment its existing facilities that had received little or no maintenance due to variety of

reasons but mainly for lack of adequate funding. The current trend of infrastructure maintenance allocations.

Table 1.2: The current trend of infrastructure maintenance allocations.

Year	Bids Submitted (Us\$)	Allocated By Treasury(Us\$)
2009	13 000 000.00	1 344 300.00
2010	8 038 859 .00	1 200 000.00
2011	9 038 859 .00	2 500 000.00
2012	33 099 077.23	3 500 000.00
2013	35 000 000.00	4 200 000.00

Source: Ministry of Local Government, Public Works and National Housing Bulletin 2013

1.2 Statement of the Problem

MLGPWNH has been experiencing funding problems to complete public construction projects. This has motivated the researcher to carry out a research on how the ministry can solve the funding problem that it is currently experiencing as depicted by backlog of uncompleted projects.

1.3 Main Research Problem

Bridging the funding gap in public construction projects.

1.4 Sub Research Questions

The main problem gives rise to the following sub research questions:

- What is the funding policy for construction projects?
- What policy implementation guidelines are in place?
- What controls are in place to ensure that policy implementation guidelines are applied?
- Are the controls reviewed for adequacy?
- How can construction projects be best funded?

1.5 Research Objectives

The research shall be guided by the following objectives:

- To establish the existence of funding policy for construction projects.
- To identify policy implementation guidelines which are in place.
- To determine controls in place to ensure that policy implementation guidelines are applied.
- To establish whether controls are reviewed for adequacy
- To recommend best ways of funding construction projects.

1.6 Significance of the Study

To the researcher

The research is done in partial fulfillment of Bachelor of Commerce Honors Degree in Accounting.

To Midlands State University

The University would use the findings as a source of reference for future studies by other students when carrying out their researches.

To Ministry Of MLGPWNH

The research study would make recommendations to management for their consideration.

1.7 Delimitation of the study

Research was centered on construction projects supervised by MLGPWNH Head Office from the years 2009 to December 2013

1.8 Limitations of the study

Time Limitations

The time to carry out the project was limited. The researcher had to share time available for the research project, family and working for long hours.

Financial Constraints

The financial resources to carry out the research was limited .The researcher prioritized resources towards the research project.

Confidentiality

The Ministry officials were reluctant to divulge confidential information. The researcher assured the respondents confidentiality maintenance

1.9 Assumptions

The researcher's assumptions are:

- Management would be available and willing to work with the researcher throughout the research period.
- The respondents' would provide enough and accurate information on the questionnaires distributed to them.

1.10 Definition of terms

Strategic Plan

Is a document that clarifies the overall purpose and desired results of an organization and how those results should be achieved.

MLGPWNH : Ministry of Local Government, Public Works and National Housing

BOOT : Built Own, Operate and Transfer

CPA : Critical Path Analysis

CPM : Critical Path Method

PERT : Programmed Evaluation Reporting Technique.

SWOT : Strength Weakness Opportunities Threat

PPP : Public Private Partnership

PSIP : Public Service Investment Programmed

UK : United Kingdom

BOT : Built Operate and Transfer

ACCA : Association Certified Chartered Accounts

1.11 Summary

This chapter covered the background of the study, the statement of the problem, main research problem, sub research questions, objectives of the study, and significance of the study, assumptions, limitations, delimitations and definition of terms. Chapter two is on literature review.

CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

This chapter reviews the related literature on the bridging the fund gap in public construction projects. The policy in funding projects, implementation guidelines, controls in place for policy implementation, review of controls and best funding of construction projects. In development of the chapter theoretical literature is discussed based on the research questions. The structure of the literature review follows the research questions set out in Chapter one. A summary of the chapter concludes this part of the study.

2.1 Definition and purpose of literature review

According to Macmillan et al (1992:139) literature review helps to light and deliberate both the strengths and limitations of information of the problem. A literature review is an account of the literature relevant to a particular field or topic.

According to Gray (2009:26) literature review validates the essential theories, opinions and disagreements in the field and highlights the methods in which the research in the area has been undertaken by others. He further highlighted that the determination of literature review is to recognize gaps in knowledge that are well-intentioned for further study.

2.2 Definition of a policy

According to [http://sydney.edu.ac,\(23/07/14,11:49hrs\)](http://sydney.edu.ac,(23/07/14,11:49hrs)) a policy is a development or code of act, approved or planned by organizations. Policy is used in variety of methods depending with the organization. A policy document it's like a chart of accounts as it prescribe what should be done and how. Policy for it to be successfully it should be fair and effective and should solve the problem on hand. To come up with a good policy, the policy should pertain to the entity .It should live its purpose. If the policy is useless it will not stay for longer in the organization. Top management commitment towards policy formulations important for the organization to come up with a sound policy.[http://profwork.org\(31/07/14,11:19hrs\)](http://profwork.org(31/07/14,11:19hrs)).

Bardach (2005) highlighted procedures to be followed in formulation of framework. The author describe various tools and how they can be used to come up with a policy. The authors describe drawbacks that can be encountered

According to Sathish et al (2010) highlighted that the main policy in the public construction is the use of Foreign Direct Investment (FDI), The 100% FDI is allowed .The government set out a limit for foreign owned organizations and organizations owned by the natives.

According to [http://www.zda.org.zim\(25/07/14,09:57hrs\)](http://www.zda.org.zim(25/07/14,09:57hrs)) the government of Zambia has developed a PPP framework through an Act Number 14 of 2009. This act enables the private sector to contribute in infrastructure projects .This result in the provision of social service sector .This unburden the government in financing infrastructure development. Private sector is contributing in construction, rehabilitation and maintenance of the infrastructure. According to Myers (2002:10), with inadequate funding the project may face continuity challenge. Public construction project financing it's a mammoth task for project managers.

2.3 Policy implementation guidelines

According to Low Sui Pheng et al, (1999) highlighted that project manager has a crucial role in construction projects .The project manager should exercise over resources to ensure successful implementation of the projects .The project manager should control the manpower and enforce discipline among the project team. The project manager should ensure instructions are taken as prescribed .The project manager should be able to control the taskforce so that project controls can be observed. This enhances profitability .This helps the organization to achieve the desired goals and objectives. Project measures should be implemented with consistency and fairness.

According to [http://nirn.fpg.unc.edu\(04/08/14,19:25hrs\)](http://nirn.fpg.unc.edu(04/08/14,19:25hrs)) Describe project implementation as itemized group of activities planned to achieve a desired goal .It should be documented and is very important for project success. Implementation processes are purposeful and are described in sufficient detail such that independent person can discover the presence and strength of the specific set of activities related to implementation. Implementation guideline should be sufficiently detailed so that independent people can be able to observe its presence and strength. The programs and activities should be described in length.

According to [http://policylibrary.colombia.edu\(01/08/14,16:37hrs\)](http://policylibrary.colombia.edu(01/08/14,16:37hrs)), the construction policy in Columbia University itemizes the guideline for determining the mandate of projects committee for capital construction projects. The University approve these roles and responsibility at the commencement of the project. These clear roles and responsibilities for capital construction projects helps in timely decision making at planning. These helps to control over expenditure and delays in construction. The project policy establish different types of committees, committee members, stakeholders and extend their of decision making.

.According to [http://www.justice.gld.gv.au\(05/08/14,08:15hrs\)](http://www.justice.gld.gv.au(05/08/14,08:15hrs)), implementation guidelines in Queensland are itemized in the Queensland Code of 2000 for development. The guidelines help or assist in effective workforce management in construction industry. These helps the construction projects to achieve its objectives. The guidelines support the construction industry. It helps management to actively manage the workforce affairs. Workforce relations helps to protect the interests of both parties the employee and employer from unlawful conduct. The code helps the taxpayer to get value of their money through well managed projects. The Code helps the projects to be cost effective and increased productivity. The Code improve innovation and improvement. In Queensland building construction industry the government outlines the principles and standards of procedures expected.

According to [http://www.internationaltransportforum.org\(24/07/14,18.20hrs\)](http://www.internationaltransportforum.org(24/07/14,18.20hrs)), India has positively implemented PPP in funding projects. Construction projects of public projects undergoes detailed planning before approval. This is only relevant to public projects. A ministerial private public partnership supervise public construction projects. The secretary responsible for financing has an oversight on all government agreements in terms of financial matters. A team for PPP has to supervise the whole project. The responsible department will come up with a project to be financed under PPP and study its viability. The work of experts is required on different matters. The bidders are selected for consideration at first.

The request for qualification is formulated the supporting Ministry seeks clearance of public private partnership appraisal committee before inviting the financial bids. The approval is done by the top management based on the recommendations of public private partnership team.

The Government has a scheme for PPP projects .it is used when seeking PPP as a financial method of pubic construction projects. The tender is awarded to lowest bidder.

In 2010, Uganda government developed guidelines for local governments, potential private sector bidders for implementing the Public Private Partnerships as other means of enhancing revenue in local governments for delivery on infrastructural .

Guidelines provide a framework for applying of the PPP Framework Policy for Uganda. It was approved in March 2010. The guidelines are planned to be used by the Local Governments to assess whether a public private partnership is to be preferred over other forms of procurement.

The application of the public private partnership guidelines for Local Governments is guided by various principles which are ownership, simplicity, minimizing tender costs and flexibility. The Government would not promise private sector borrowings for implementing PPP projects. [http://www.ug.undp.org\(02/08/14,15.58hrs\)](http://www.ug.undp.org(02/08/14,15.58hrs)) .

According to the World Bank, from 1990 to 2009 Brazil had the leading amount of private sector investment in infrastructure of all developing countries. As of 2010, total investments reached US\$270 billion, over US\$100 billion more than second largest program in India. The legal framework allowed for public subsidies at either the national and sub-national levels to make projects financially viable.

2.4 Controls are in place to ensure that policy implementation guidelines are applied.

Meckler defined control as an important aspect of the organization .Management should establish controls to ensure the organization can achieve its objectives. Top management to compare with actual output. Any variations should be investigated. significance, and to take any action required to assure that all corporate resources are being used in the most effective and efficient way possible in achieving corporate objectives.

According to Pettit (2009) states that managing capital projects is difficult because it involves complicated issues. Projects involves serious risks that need close monitoring and supervision .Project risk may result in project failures. Project funds may lost through high risk. Costs of the project may exceed the budgeted costs through unbudgeted expenditure incurred. The project

manager need to accurately budget for the project. Project funds are misappropriated through procurement.

According to Masambaji et al (2008) highlighted that an effective project control system should provide a project manager with adequate and timely information for decision making especially for taking corrective action to ensure that a project stays within the planned parameters and hence meet its intended objectives. To achieve this the control system must have a quality project baseline plan and monitoring plan, recording, measuring and analyzing data and reporting performance.

According to ACCA study text (2014), describe internal control as controls designed by those who are responsible for corporate governance that is the top management. They are designed to make sure the process or project will achieve the intended objectives Top management is responsible for design the internal controls and to check whether they work as prescribed .Controls may be physical, Controls need to be monitored overtime to check whether they are still operating as intended .The design and operational of the internal controls need to be assed overtime. The project need an internal audit function .They should regularly be responsible for examining internal controls, evaluating and writes report to management on whether internal controls are adequate.

According to Zwikael (2008) highlighted that management function is important for the success of the project. Top management commitment is inevitable in all projects .Project success depends on the attitude of the management .Management are responsible for performance of the projects. They are responsible for the design and implementation of internal controls.

According to Adekunle (2009) states project procurement and stores management cause a major fall of viable projects .Projects materials are acquired at high prices no for the best advantage of the project. This cause cost overruns and the project will be requiring extra funds for it to be completed. Procurement need to be effective for effective execution of projects.

According to [http://www.mtdtraining.com\(04/08/14,16:52\)](http://www.mtdtraining.com(04/08/14,16:52)) controls grouped into four main categories. The controls are physical, human, information and financial.

Physical control safeguard assets like the inventory on hand, quality control guidelines, and equipment and facilities are maintained. Human control is very important for the project survival

Information control of the project is very important for decision making purpose and for effective costing.

A manager has responsibilities for each category of controls. The manager responsibility for personnel control for the project to achieve its objectives.

In Ireland, they set up a responsible department in 2005 for procurement of goods and services for construction projects. The Department of public Expenditure was set for the project to gain from procurement through efficient tender process that benefit the project expenditure of most projects .The department will be responsible for setting controls for public procurement to ensure tax payer money is not misappropriated .The capital Works Management framework details how to run public construction projects covering tendering and consultation fees. The use of framework result in cost efficient in most of public construction projects.[http://control.constructionprocurement.gov.ie\(05/08/14,15hrs\)](http://control.constructionprocurement.gov.ie(05/08/14,15hrs))

According to Low Sui Pheng et al (1999) highlighted that a project manager has a role of that of a star in execution of construction projects. The manager should has a strong leadership qualities to lead the organization. The qualities of a manager help for the success of the project. Projects split management between manager and construction specialist. The need the knowledge and service of specialist since the manager does not possess specialist skills. The project manager should motivates taskforce towards achievement of the project goals.

According to Zwikael (2009) the project manager should identify all activities at planning stage for the success of the project. Quality plans should approved by the key stakeholders. Procurement scheduling of activities guarantee project success. The activity definition and project plan development are critical for the project success.

The National Oceanic and Atmospheric a Us department has a policy of conducting management control review. The review is based on statutes and documents. Management control in construction projects are used by management to accomplish the identified objective of the project. The controls are grouped into preventive and detective. The preventive are there to

dampen mistakes or wrongdoings on a project .Detective are there to detect mistakes subsequently it has happened. Management should be documented in terms of the project policies and procedures .Management control review are there to review the entire system or projects controls. They help the projects to operate efficiently and provide reasonable assurance for perfect process and products. Management control review are of a benefit to the project success. They ensure project risk are adequately addressed they may remove impediments build previous years therefore more effective processing can be executed according to the predefined standard.

According to Masambaji et al (2008) states there is delay and cost overruns in construction projects in developing countries .There is need to control projects scheduling and costs .The inadequate of controls in project implementation is the cause of costs overruns.

According to <http://www.ip3.org>,(24/07/14,11.24hrs) South Africa has a well-developed public private partnership legal framework in Southern Africa. The 1999 Public Finance Management Act and the Treasury regulations number 16 governs the implementation of the projects The 2003 Municipal Finance Management Act governs the implementation. The management partnership agreement is done by the PPP unit which was established by the treasury .It has a duty to oversee the implementation of the PPP. In 2004 The South Africa government issued a standardized PPP provision and PPP manual. These documents contain detail instructions and guidelines for the implementation of PPP. The implementation of PPP result in construction of buildings and maintenance of government buildings.

According to Adeleke (2011) highlighted that the control of projects can be done by employing planning and management. It breaks down projects in activities .The result is recoded into flow charts or network diagram. The outcome that can be used to determine cost and time to be taken with the project. Project management and efficient allocation of resources are important elements of the production and operations manager's responsibilities. Each activity should be done within allowable cost and specified time by management. The project can be broken down into separate activities precedence relationship .Network analysis uses two different techniques the PERT and CPM. The CPM deals with costs and duration of the project. . PERT manages instability in activity to be completed. When more money is spend the CPM has the advantage of

reducing the completing time and it is used for supervision projects. Activities are divided into small units and results of each unit are recorded on a chart. This information may be used to determine the times, resources and the overall expenditure of the project.

According to Samantiago et al (2009) describe that Critical Path Method or Critical Path Analysis as a set of project activities scheduled mathematically. It is a tool for management of projects in construction. There is need to list activities required to completed, it is also called breaking down structure, and it also involve the time and interdependence of activities. The CPA may calculate the path for each activity from start to the end of each activities. There is need to prun critical path activities to shorten the planned critical activities .There is need to priotises activities for effective management .For fat tracking there is need to perform activities in parallel.

In 1957, DuPont developed the CPM for managing projects. The advantage of CPM is that it provide graphical review of the project. It provide the prediction of the time required to complete the project. It shows the activities that are important and the one which are not. The CPM project planning has the following steps which are separate events, order of these events a system illustration, approximation of achievement duration on behalf of every event, classifying the critical path analysis that is the longest and bring up-to-date the diagram.

2.5 Controls reviewed for adequacy

According to Marasco (2007) describe internal controls as a measure to safeguard the organization from financial loss ,maintaining reliable financial reporting and effective operations .The organization need to review its controls for it to operate efficiently. The internal control review highlighted weakness in internal control. It may also strengthen the operations.

According to Masambaji et al (2008) alluded that management of a project plan involves monitoring of process of data collection and comparison of the actual to plan there is need to record the actual costs incurred on the project from the inception to the reporting date. There is need to generate reports on performance, including variance and performance efficiency .These shows the variance from plan.

According to Pettit et al (2009), highlighted in construction there is need an independent risk assessment to be directed to identify the problems. There could have fraud and waste and abuse of .All important participants should include in the independent risk assessment team. Through risk assessment key operational and financial risk can be identified and developed the mitigatory measures .The team is important for the success of capital projects. This helps to deliver capital projects on time and within budgets.

According to Andy(2013) states that Hong Kong developers use SWOT analysis to analysis project failure factors.

According to [http://www.coso.org\(04/08/14,18:56\)](http://www.coso.org(04/08/14,18:56)) controls need to be monitored as they w unmonitored controls tend to deteriorate over time. Monitoring, ensure that internal control be irrelevant. This will help the project to achieve its intended purpose.This will result in operations confirm with the predefine standards .They need to be reviewed with time timely to reduce project loss of resources through fraud or inefficiency. Monitoring will result in less errors and the information produced can be used for planning.

According to King 111 code of governance for South Africa states that entities need to employ risk based internal auditors .These help the to ascertain whether internal controls are organizations need to setup risk based internal audit. The auditor should produce a report to top management on how the internal controls are performing. A compliance based internal audit function is of little importance to the governance of the organization as it only check the existence with the existing standing orders.

In Queensland they setup a department for implementation and management of public construction projects guidelines. They should have to report every year to the Cabinet. Monitoring involves the site inspection, field, audit activities, copying of relevant documents and interview relevant stake holders. [http://www.justice.gld.gv.au\(05/08/14,08:15hrs\)](http://www.justice.gld.gv.au(05/08/14,08:15hrs)) .

In Uk the Major projects Authority has a mandate to oversee and direct the management of all large scale projects that are funded by the government. This department analysis all projects to ensure accountability and it recommends to Treasury for approval. This comes as a result of poorly delivery of government projects

Delouche et al (2009) highlighted that construction project should be audited quarterly. This helps to ensure amounts charged are appropriated and allowable based on the executed contract. This makes sure the manager, general contractors are not misappropriate project funds.

2.6 Best ways to fund construction projects

According to Luiz (2010) the delivery of infrastructure projects requires larger capital outlay. It requires broad financial base and the capacity to deliver capital projects in efficiently manner. Since Africa d development does not have the financial muscles they can develop infrastructure through utilization of PPP.

According to Gallera et al (2011) in Brazil the construction of housing is done through the provision of global contract and the task force system. The provision of Global contract, the government enters as the funder and oversight and the private sector produces the dwellings. Under the task force system the labour is unpaid the community work voluntarily the government intervene by funding for the community associations.

According to Tambach et al (2008) In Dutch the government finance construction projects using revolving fund. The revolving fund provide low-interest called preferential loans to support homeowners in financing home improvements.

The Zimbabwe Institute of Local Government (2005:7) highlighted that construction projects funded through fiscal budget and Public Service Investment Programmed (PSIP). And this amount released is not sufficient to finish all projects on hand.

Fozzard (2000:16) highlighted that fiscal budget is the key funding strategy if the government does not want to commit its source of income on debt.

According to Brealey (2002:25), alluded that construction projects are funded by government collections. Other forms of funding may also be used depending on the cost of the capital.

Trevor (2012) et al alluded that budget consist of estimates of income and expenditure for both current and capital expenditure.

Public Private Partnerships (PPP)

According to Partnerships British Columbia (2003), defined PPP as an agreement between government and private company. The private company provide funds and the bear the risk associated with the project.

According to Bruno (2013) PPP is successfully being implemented in construction of public projects in Hong Kong.

Sauvas (2000:10) highlighted that PPP agreements need to be scrutinize before awarding the tender to the bidder .The private sector should provide the infrastructure without the assistance of government.

Farlam (2004:4-5) in south Africa PPP is described as an agreement between the government and the private company .The private company assumes responsibility and risk of providing the infrastructure .The private company will be paid from revenue collected from the facilities .In south Africa over hundreds of the PPP projects have been completed.
[http://www.ppp.gov.za\(24/07/14,12:18hrs\)](http://www.ppp.gov.za(24/07/14,12:18hrs))

According to [http://www.kdheks.gov,\(23/07/2014,13:00hrs\),In](http://www.kdheks.gov,(23/07/2014,13:00hrs),In) Kansas PPP are used for construction .It is defined as agreement enter by the government and private company. In this contractual relationship the private company is responsible for constructing the facility..

The contract result in capitalization of a number of private sector resources, it helps to reduce public debt, savings are realized by using private financing, procurement and construction result in efficiency and savings realized, the private sector provide specialized expertise and technology that is not available in public sector. There is transfer of financial burden from this agreement. Time taken is reasonable but the government may encounter problems in the future as it may lose control.

According to Ruiz, (2008),highlighted that in Mexico, public private partnership are used to develop infrastructure critical to the health and quality of living of residents, institutions and business and the government itself. Budget deficit force the government to accept PPP agreements.

Build Own Operate Transfer (BOOT)

According to [http://www.thepresidency.gov\(24/07/14,11:40hrs\)](http://www.thepresidency.gov(24/07/14,11:40hrs)) In South Africa they use BOOT. The private sector is responsible for design and construction, finance, operations, maintenance and commercial risks associated with the project. The private provider owns the project throughout the concession period, with asset transferred back to government at the end of the term, often at no cost

Build Operate Transfer (BOT)

According to Dey et al (2004), said that the government's inability to provide infrastructure has result on them implementing BOT. This concept is employed worldwide.

According to Asian Development Bank, (2000), the (BOT) has used in many countries .It is a means whereby the government projects will be financed by private .All major roads in Asia were constructed using BOOT.

Funding projects from rates collections

According to [http://www.kdheks.gov,\(23/07/2014,13:00hrs\)](http://www.kdheks.gov,(23/07/2014,13:00hrs)) in Kansas increasing rental collection results in generating revenue. This amount can be used for construction .This lowers the cost of borrowing.

Capital improvement reserve fund

According to [http://www.kdheks.gov,\(23/07/2014,13:00hrs\)](http://www.kdheks.gov,(23/07/2014,13:00hrs)) in Kansas communities form capital improvement reserve fund. The community contribute to a fund. The funds may be used to construct new facilities. The cost per head is calculated.

Developer Financing

According to [http://www.kdheks.gov,\(23/07/2014,13:00hrs\)](http://www.kdheks.gov,(23/07/2014,13:00hrs)), in Kansas the developer financing, is used to finance projects. The government control of the use of the facilities. They receive revenue as payment for the cost of constructing.

Lease-purchase

According to [http://www.kdheks.gov,\(23/07/2014,13:00hrs\)s](http://www.kdheks.gov,(23/07/2014,13:00hrs)s) The private builds a facility to which it lease to the government for a specified time .The government will have an option to purchase facility.

2.7 Summary

This chapter looked at what other authors said about policy in funding construction projects implementation guidelines, controls in place to ensure policy implementation, review of controls for adequacy and the best ways of funding. . Chapter three tackles on research methodology.

Chapter 3

Methodology

3.0 Introduction

This chapter outlines and justifies the selection of the research methodology used in bridging the funding gap for construction projects. It is concerned with explaining, examining and analyzing research instruments used to gather data. It covers the research design, sources of data, and population, and sample size, data collection methods through use of questionnaires, interviews and secondary data from publications.

3.1 Research design

According to www.socialresearchmethods.net (26/08/14:1240hrs), it is the collection of variety procedures that is suitable to be employed by the researcher to achieve the research goals.

Shajahan (2005:55) is a consistent and orderly plan organized guiding a research study. This stipulate the goals of the research and methods to be used.

According to Cooper et al (2003:81), it is a plan used accomplishing goals and responding to questions. The research may find it difficult to choose a research design as there are many techniques.

Kumar (2011:94) said it helps in the documentation and enlargement of methods to be used for the research study .It stress the value of information produce from the research.

3.2 Types of Research Designs

3.2.1 Descriptive research design

De Vaus (2008), is a plan to be used when the researcher is carrying out the research .It helps to address the main research question. The research plan to be used is determined by the research question.

Schindler et al (2000:125) said that the research method shows description of the research question .it describe the connection between two components. This method was used by the researcher to get data of the present situation.

Shajahan (2005:62), said this method explains the connection of two items .A statistical method of data presentation can be used. The results can be used by the researcher to draw conclusion of the whole population.

Advantages of Descriptive Research Design

The researcher has used the descriptive research design as it has got many advantages which include:

The descriptive research design explains and gives more information of the research question, it shows the cause of the main research question, it give direction of information to the research problem and there is better understanding of bridging the funding gap for construction projects.

3.2.2 Exploratory Design

According to Shajahan (2005:62) highlighted the major purpose of explanatory design which are selecting of question, preparation and the alternative course of accomplishment.

This study gives details of the procedures whilst descriptive study examines the feature of a study (Brink & Wood 1994:106).It examines the procedure and how it is established and the other features which it is linked to. Polit and Hunger (1999).

3.2.3. Quantitative Research Methods

Maykut and Morehouse, (2004), said this method enumerates the responses and statistical method can be used to present and analyses data.

According to Hopkins (2008:4) said this method explains the connection of two items.They can be either descriptive or exploratory. In descriptive quantitative study no attempt is made to change behaviour or conditions of items under study.

Advantages of a Quantitative Research

The quantitative approach was characterized by certain ‘preoccupations’ such as measurement, reliability, causality and generalizations. This method helps to eradicate bias on the research data obtained.

Disadvantages of Quantitative approach

The outcome is inadequate as there are no description of figures. It collects a narrower and sometimes superficial data

3.2.4 Qualitative Research Methods

Leedy (2010:35) said it involves different research methods that at serve different purposes. Dawson (2002:14) argued that, this method searches different human attributes through data collection methods.

Advantages of a Qualitative Research method

According to [http://hive.library.uwa.edu.au\(16/09/14,19:02\)](http://hive.library.uwa.edu.au(16/09/14,19:02)) ,it deals with less population ,does not need much resources as compared with other methods. Its strength is it gives details of population's attributes

Advantages of a Qualitative Research method

It is not appropriate for gathering numerical information. However the problem on hand requires statistical data. The data gathered cannot be used for statistical inference.

Justifying the choice of research method

The researcher used both the quantitative and the qualitative approach in gathering research data. This helps to minimize the weakness and/or overcoming the problems of these methods. The researcher used a mixed approach.

3.3 Population

According to Kline (2004:123) defines as items the researcher will gather data from. These are objects with comparable attributes (Calisto 2009).

The research is composed of top, middle management and senior employees in the MLGPWNH.

3.3.1 Targeted Population

The targeted population is the top management, middle management and senior officers in all departments in the MLGPWNH

3.4. Sampling

It is part of the population items that the researcher is study in and the outcome is used to inference of the whole population items.([www.socialresearchmethods.net\(27/08/14:08:30.\)](http://www.socialresearchmethods.net(27/08/14:08:30.)))

Saunders (2007:223) said that it signifies part of the whole population features .These features

are identical to the whole population. According to Chikoko and Mhloyi (1995), define a sample as part of the cluster of a population being studied.

3.4.1 Sampling Methods

According to Wegner (2001:30) said that probability and nonprobability sampling can be used. Probability is used in surveys and non-probability is used in case study. Kumar and Rajit (2011) states that sampling methods can be divided into probabilistic and non-probabilistic methods.

3.4.2 Simple Random Sample

Dooley (2003:553) said that this method eliminate bias in choosing the items of population to study.

According to Shajaham (2005:250) he items being selected have the same opportunity of being selected to be part of the sample.

Advantages of Simple random sampling

This method provided a sample that is highly representative of the population if all subjects respond. It allows the researcher to make generalizations on the population using the sample since a sample is produced using probabilistic methods.

It eradicates distortions by the investigator in selection and possible to ascertain the efficiency of the estimates by considering the standard errors of their sampling distributions.

Disadvantages of Simple Random Sampling

It is uneconomical to achieve, the timescale to get results will be too long, it requires an up to date frame that is complete and up-to-date list of the population units to be sampled.

3.4.3 Stratified Random Sampling

According to Shajaham (2005:252) said it is putting of population into small clusters called layers. This method puts the population into small clusters called layers .Each item in the population need to have a representative. The population is divided into sub clusters. The random sampling is used to select items in each cluster. The selection of a sample should ensure each cluster is uniformly represented.

Advantages of Stratified Random Sampling

It can provide greater precision, requires small sample, guard against unrepresented sample and division of population into homogeneous subgroups leads into administrative convenience than random sampling.

Disadvantages of Stratified Random Sampling

Stratified random sampling is also costly and time consuming. The success of the stratified random sampling depends on the following factors effective stratification of the universe into homogeneous strata and appropriate size of the samples to be drawn from each of the stratum.

The researcher used a stratified random sampling as it ensures that there is a proportionate representation of population groups.

3.4.4 Non Probability Sampling

Saunders (2000; 34). Said this method is used to draw up a sample and solve the research problems and objectives.

According to Wegner (2001:171), said it the most suitable method to use to come up with a population sample.

3.5.0 Types of Data

3.5.1 Primary Data

According Shajahan (2005:117), defined primary data as general data composed by the researcher from methods such as surveys, observations, interviews and experiments.

Advantages of primary data

There is direct gathering of information from respondents and the researcher can rest on. Data can be accurately gathered.

Disadvantages of Primary data

Elimination of bias can be difficult and information gathered can be questionable. Sample selection is a problem if the conclusions of the study are to be meaningful, the researcher must

select a representative sample and the gathering of primary data is more expensive in terms of both time and money.

3.5.2 Secondary data

It uses data that was collected by others in their previous studies (Crossen 1997; 7). The researcher used data from the central government regulations, circulars, books, journals management minutes, internal audit, management reports, and auditor general reports.

Advantages of secondary data

It is cheaper and it informs and complements primary data analysis.

Disadvantages of secondary data

Since the function or use of data may differ with the original researcher, the original researcher's purpose and goals can potentially bias the study. Data may not be authentic.

3.6. Research Instruments

Biddix (2005:15) said are methods used to gather data. Gube (1997:153) said are procedure used to gather data .The research instruments such as questioners, interviews were used

3.6.1 The questionnaire

According to Shajahan (2005:133) highlighted that a questionnaire is used to obtain data from respondents. Kumar (2011:145) it's a list of questions to answer the problem on hand. They should be easy to answer.

Advantages of Questionnaires

Shajahan (2005:146) highlighted that the advantages of questionnaires are economy, elasticity and applicability.

Disadvantages of Questionnaires

Response rate may be very low hence and cannot educe replies from people who are illiterate and less educated. It is possible to consult others when answering the questions and response cannot be supplemented with other information.

3.7 Types of Questions

According to Shajahan (2005:134) said that the closed ended and open ended question can be used.

3.7.1 Closed ended questions

According to Shajahan (2005:134), closed end questions have no substitute answers, yes or no can be used. (<http://www.mediacollege.com,27/08/14,10:17hrs>).

Advantages of closed questions

They are used when no detailed answers are needed, the respondents can answer the questions without difficult and less time is needed to answer questions.

Disadvantages of closed questions

The answers provided are not detailed, the feelings of the respondents are not reflected and the layout of the question may disappoint the respondents.

3.7.2 Open ended Questions

The respondent has a chance of expressing his or her feelings and explaining the answers. (<http://www.mediacollege.com,27/08/14,09:57hrs>) Shajahan (2005:134) the respondents have a greater choice of answering questions.

Advantages of open ended questions

The questions enhances levels of cooperation, understanding and it provide more freedom to the respondent.

Disadvantages of open ended questions

Some of the answers may not have the same meanings due to coding the response rate for open ended questions is usually lower than those of closed questions.

3.8 Likert scale

According to Shajahana (2005:95) said that it uses scores from 1 to 5 to show the points or degrees of agreement or disagreement. These are scores against each opinion. The Likert scale has five variables which are as follows:

Strongly agree (5) [] Agree (4) [] undecided (3) [] disagree (2) [] strongly disagree (1) []

Advantages of Likert scale

It is not difficult for the researcher to build and administer because it can be done without the panel of judges. It is easy for the respondent to understand since the respondent is included in the instrument.

Disadvantages for the Likert scale

The extend of favorable or less favorable cannot be ascertained and the total score for individual respondents is of less importance since it can come from unreliable design of answers.

3.9. Triangulation

De Vos et al (2002), it is the use of qualitative and quantitative methods. Polit and Hungler (1999), said this method is used to eliminate bias and the data obtained will be reliable.

3.10 Interview

Francis (2005:5-10) said that it is an interactive discussion of two or more people to solve problem on hand. Denzin (2001) said the researcher should carefully the method of interview. Burns (1997:329) asserted that an interview can be face to face.

Shajahan S (2005:123), highlighted that an interview is a powerful is a purposeful discussion between two or more people. Interviews help one to gather valid and reliable data that are relevant to the research questions and objectives. It may help the research to formulate research questions and objectives.

Advantages of using interviews

There are many advantages for using interviews for collecting data and using it as a research instrument. Wegner T (2001:15-16) has given the following advantages and disadvantages:

It is more appropriate for complex situations, collecting in-depth information and studying sensitive areas as the interviewer has the opportunity to prepare a respondent before asking sensitive questions.

Disadvantages of using interviews

Personal interviews are time consuming, expensive and there is a possibility of gathering biased data is introduced by the interviewer influence.

3.11 Justifying the choice of research instruments

The researcher used modest language when structuring the questionnaire and the interview guide to be used in data collection. This enhanced the reliability and authenticity of the data collected.

3.12 Data presentation

Data can be presented in a number of ways. For the purpose of this study, tables, bar charts, graphs and pie charts were used in the presentation of data and comment were given after presentation. According to Schindler (2007:271) a table is used for systematic arranging of data or information in a format that allows any reader to observe variations or trends to make comparisons.

3.13 Data analysis

The study used both qualitative and quantitative research analyses. Lillis (1999:321), highlighted that the credibility and veracity of work relies on the attention to the rigorous, complete and impartial analysis of the available data.

In this research study data was classified and presented as percentages, mode, median and mean from different responses that have been obtained.

3.14 Summary

This chapter conversed various issues concerning research design, methodologies, population to be studied, sampling and sampling techniques, types of data and their merits and demerits, research instruments .The chapter also examined the issues relating to data collection, analysis and presentation. Chapter four presents the findings.

Chapter 4

DATA PRESENTATION AND ANALYSIS

4.0 Introduction

The chapter presents and analyses the findings of the research on the bridging the fund gap on public construction projects by MLGPWNH. The period covered is 2009 to 2013. The responses obtained from interviews and questionnaires will be presented in graphs, charts and tables. The last paragraph is the summary which highlights major issues raised and gives focus of the following chapter.

4.1 Targeted population

The targeted population was top management, middle management and senior officers in the MLGPWNH.

Table 4.1 Analysis of interviews response rate

Population items	Population	Interviewed	Not interviewed	Percentage (%)
Accounting Officer	1	1	0	9
Principal Directors	2	1	1	9
Directors	6	5	1	46
Legal Advisor	1	1	0	9
Provincial Administrator	1	1	0	9
Total	11	9	2	82

Table 4.2 Analysis of the response rate on questionnaires administered

Population items	Questionnaires issued	Questionnaire Returned	Questionnaires Not returned	Percentage Response rate (%)
Departmental Chiefs	8	6	2	10
Deputy Directors	10	9	1	15
Engineers	5	4	1	7
Construction Officers	15	13	2	22
Quantity Surveys	4	4	0	7
Legal officers	1	1	0	2
Administration Officers	5	3	2	5
Accountants	3	2	1	3
Internal Auditors	8	8	0	14
Total	59	50	9	85

4.2 Sampling Procedures

A random sampling was used by the researcher to come up with a representative of 70 sampling of the targeted population.

4.3 Response rate

There was an overwhelming response rate as 50 out of 59(85%) questionnaires issued to MLGPWNH officials were completed and returned and only 9 out 59(15%) were not returned. The response gives the decision to proceed with the research.

The researcher planned to interview 11 ministry officials and 9 positively responded. The response rate was 82% .The response rate of 82% was significant to the researcher to justify proceeding with the study.

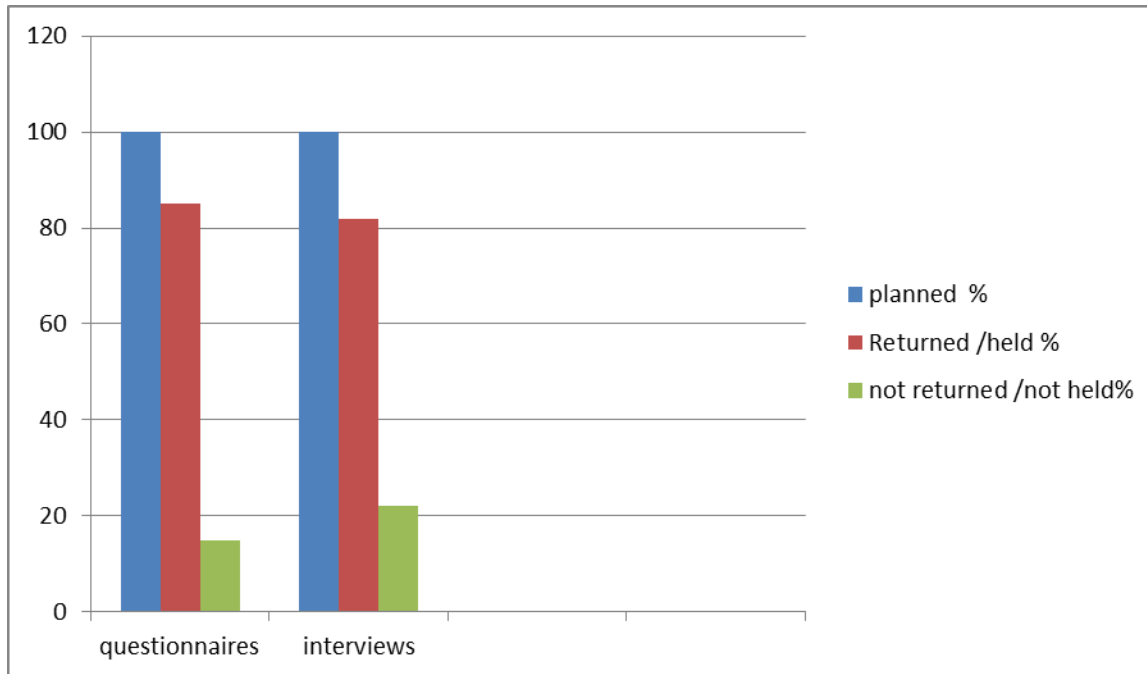


Fig 4. 1: Graph showing response rate

The researcher obtained 85% and 82 % as overall response rate from questionnaire and interviews conducted.

4.4 Analysis of responses

The researcher used both questionnaires and interviews in collecting data. The responses obtained are analyzed below.

4.5 Analysis of responses from Questionnaires

The following responses were obtained from questionnaires administer by the researcher.

Question 1: Please state your position

This question was asked to determine the seniority of the employees and this warranties the awareness of the issues concerning the administration of public construction projects. The position with the highest frequency is the senior officers .The data collected is shown below.

Table 4.3: Respondents and their position in the organization

Position	outcome in number	Outcome in %
Middle management	18	30.5
Senior officers	41	69.5

Question 2: What is your highest level of qualifications.

The question was intended to establish the qualifications of the respondents and the appreciation of the research topic. The table below shows the qualifications of the employees.

Table 4.4: Level of qualifications of the employees

Item	Diploma	Degree	Others
Outcome	28	30	1
Percentage outcome (%)	47%	51.8	1.7%

28 out of 59(47%) of the respondents possess diploma qualification, 30 out of 59(51.8%) have degrees, and 1 out of 59(1.7%), holds a higher national diploma. This result shows that the respondents have an appreciation of the researcher topic.

Question 3: How long have you been in the ministry?

The question was asked to determine the experience of respondents in the Ministry. This gives the respondents an understanding of how the Ministry works. The table below shows the responses to the question.

Table 4.5: Experience of respondents in the Ministry

Years	>5	5	<5	10 ≥
Outcome	5	10	15	20
Outcome (%)	10%	20%	30%	40%

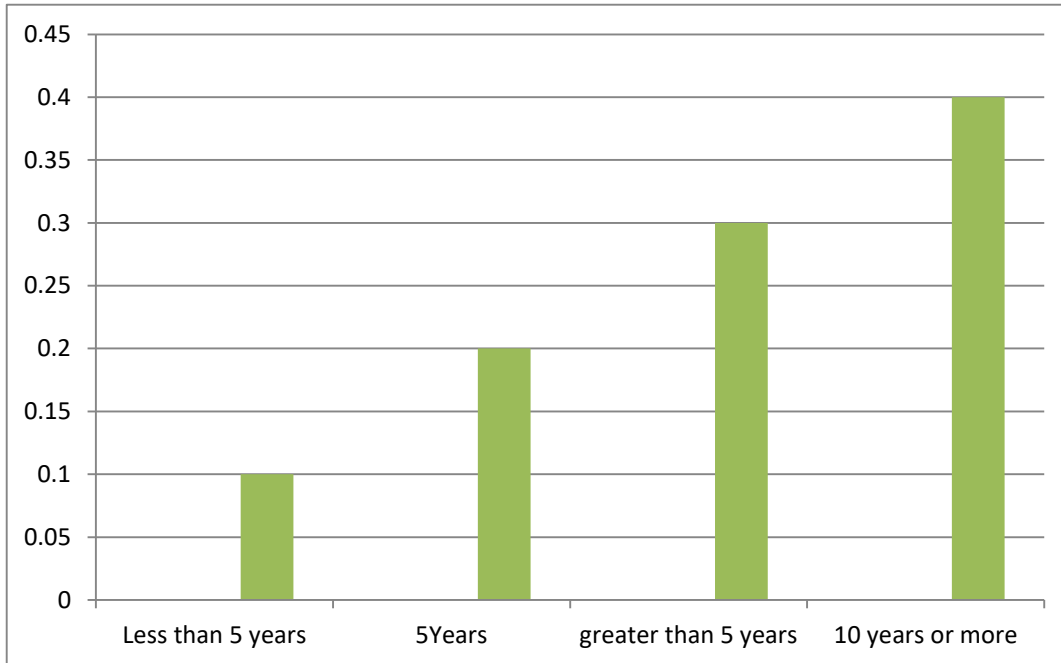


Fig 4.2 Experience of the respondents in the Ministry.

5/50(10%) of the respondents had less than 5years of experience in the Ministry, 10/50 (20%) had five years ,15/50(30%) had more than 5 years but less than 10 years and 20/50 had more than 10 years in the Ministry. The response from these respondents is more credible since 90% of the respondents have more than five years in the Ministry. This show s that the respondents have an appreciation of how the ministry conducts the construction of public projects.

Question 4: The Government has a funding policy for construction projects.

The question was asked to determine whether the Ministry has a funding policy for construction projects.

Table 4.6: The existence of funding policy in the ministry for construction projects

	Strongly agree	Agree	Disagree	Strongly Disagree	Undecided	Total
Outcome	30	18	0	0	2	50
Outcome %	60%	36%	0%	0%	4%	100%

The above data can be shown on a pie chart overleaf.

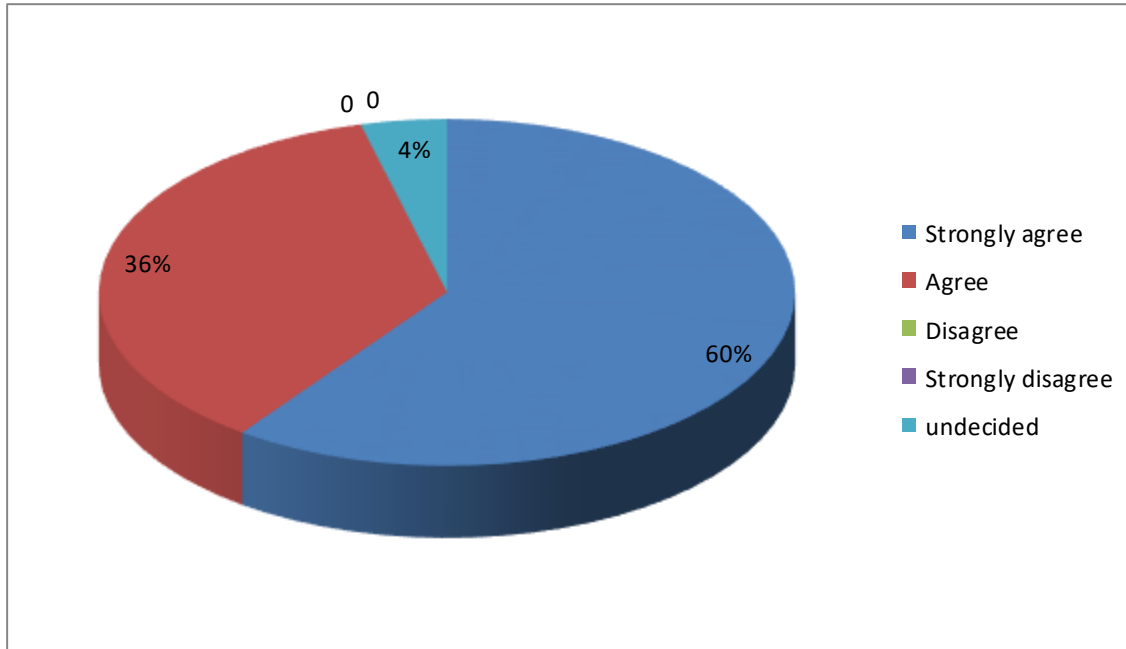


Fig 4. 3 The existence of funding policy for construction projects in the Ministry.

The response shows that 30/50(60%) strongly agreed, 18/50(36%) agree,2/50(4%) undecided,0/50(0%),disagree and strongly disagree. This shows that the funding policy for construction projects is in existence as 48/50(96%) agreed whilst (2/50)4% disagreed.

Question 6: The funding policy is communicated to employees.

The question was asked to determine whether the employees were aware of the Ministry's funding policy for construction projects.

Table 4.7: The funding policy is communicated to employees.

	Strongly agree	Agree	Disagree	Strongly Disagree	Undecided	Total
Outcome	31	15	3	0	1	50
Outcome %	62%	30%	6%	0%	2%	100%

The above data can be shown on a pie chart below.

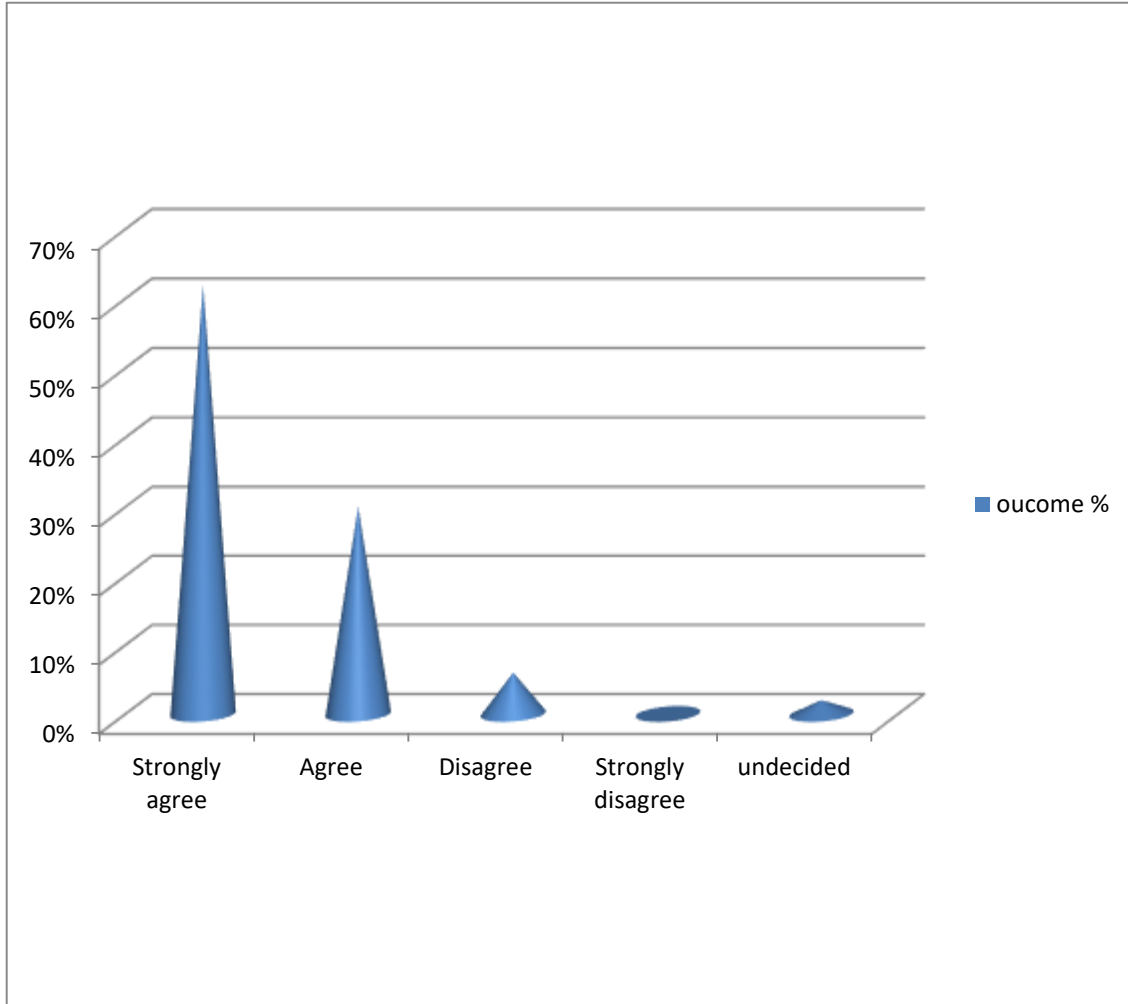


Fig 4. 4: The funding policy is communicated to employees.

The response shows that 31/50(62%) strongly agreed, 15/50(30%) agree, 1/50(2%) undecided,3/50(6%),disagree and 0/50(0%) strongly disagree. This shows that the funding policy for construction projects is communicated to employees as 46/50(92%) agreed and only (4/50) 8% disagree.

Question 7: The funding policy documented.

The question was asked to determine whether the Ministry’s funding policy for construction projects is documented.

Table 4.8: The funding policy in documented.

	Strongly agree	Agree	Disagree	Strongly Disagree	Undecided	Total
Outcome	29	19	0	0	2	50
Outcome %	58%	38%	0%	0%	4%	100%

The data above is show by the chart below

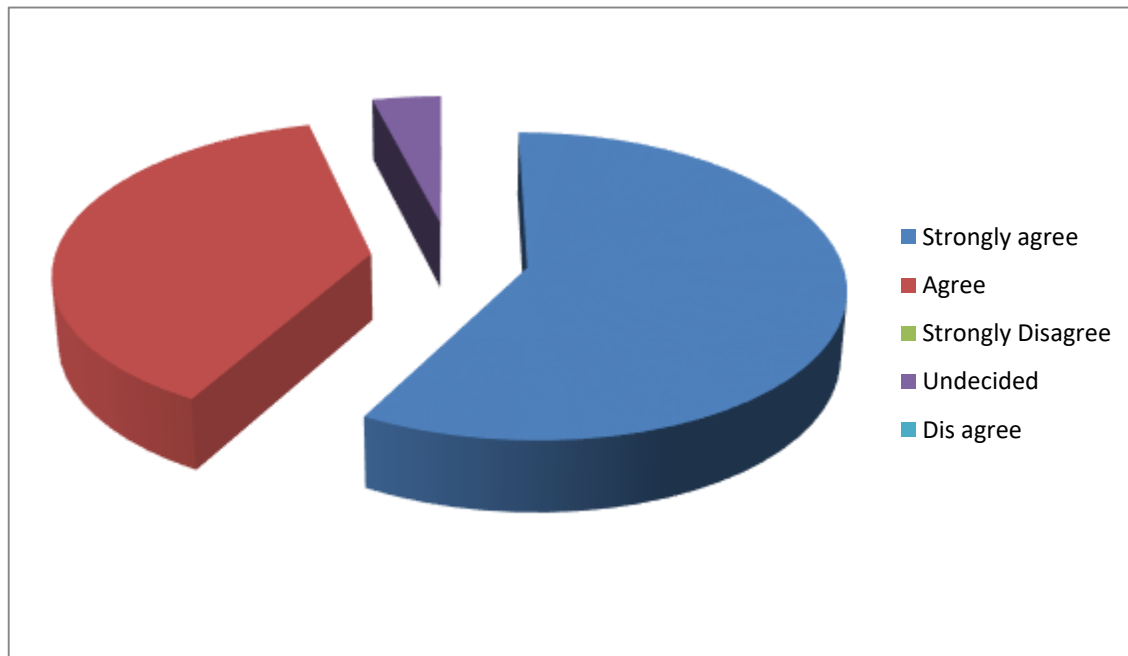


Fig 4.5: The funding policy documented.

The response shows that 29/50(58%) strongly agreed, 19/50(38%) agree, 2/50(4%) undecided,0/50(0%),disagree and 0/50(0%) strongly disagree. This shows that the funding policy for construction projects is documented as 48/50(96%) agreed and 2/50(4%) disagreed.

Question 8: The Ministry has policy guidelines to facilitate policy implementation.

The question was asked to assess whether there are procedures which assists employees in the implementation of construction policy.

Table 4.9: The Ministry has policy guidelines to facilitate policy implementation

	Strongly agree	Agree	Disagree	Strongly Disagree	Undecided	Total
Outcome	15	25	0	0	10	50
Outcome %	30%	50%	0%	0%	20%	100%

The data above is show by the chart below

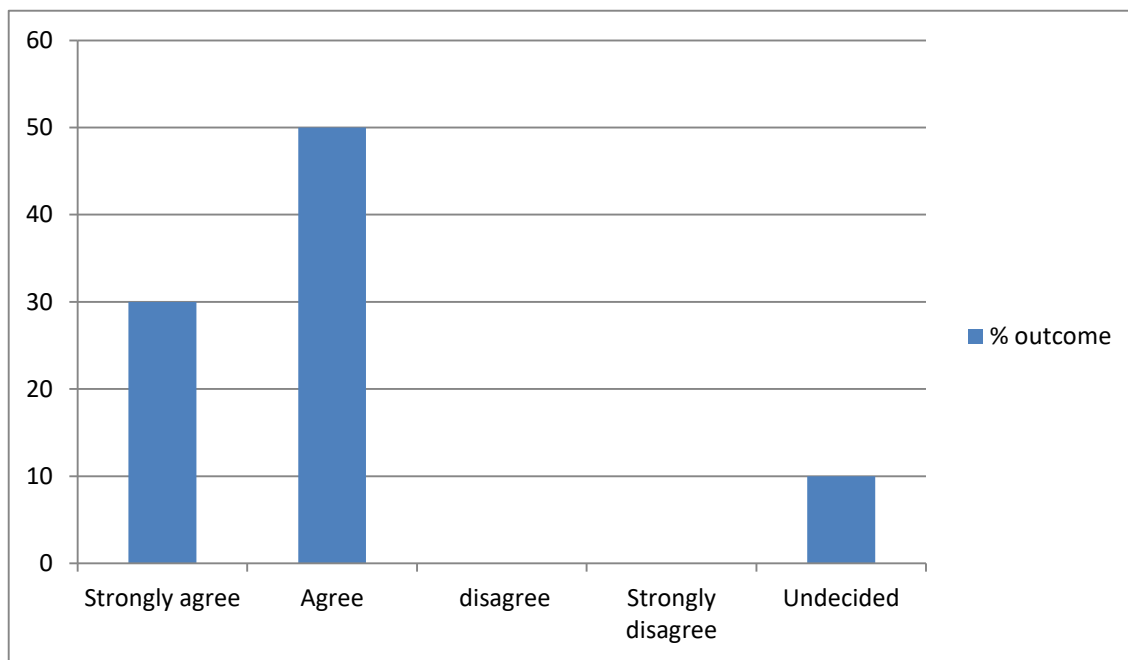


Fig 4. 6: The Ministry has policy guidelines to facilitate policy implementation

The response rate shows that 15/50(30%) strongly agreed,25/50(50%) agree,10/50(20%) undecided,0/50(0%),disagree and 0/50(0%) strongly disagree. This shows that the Ministry has guidelines to facilitate policy implementation as 40/50(80%) agreed and 10/50 20% disagreed.

Question 9: The implementation guidelines documented.

The question was intended to assess whether the procedures are documented.

Table 4.10: The implementation guidelines documented.

	Strongly agree	Agree	Disagree	Strongly Disagree	Undecided	Total
Outcome	0	5	15	25	5	50
Outcome %	0%	10%	30%	50%	10%	100%

The data above is shown by the chart below

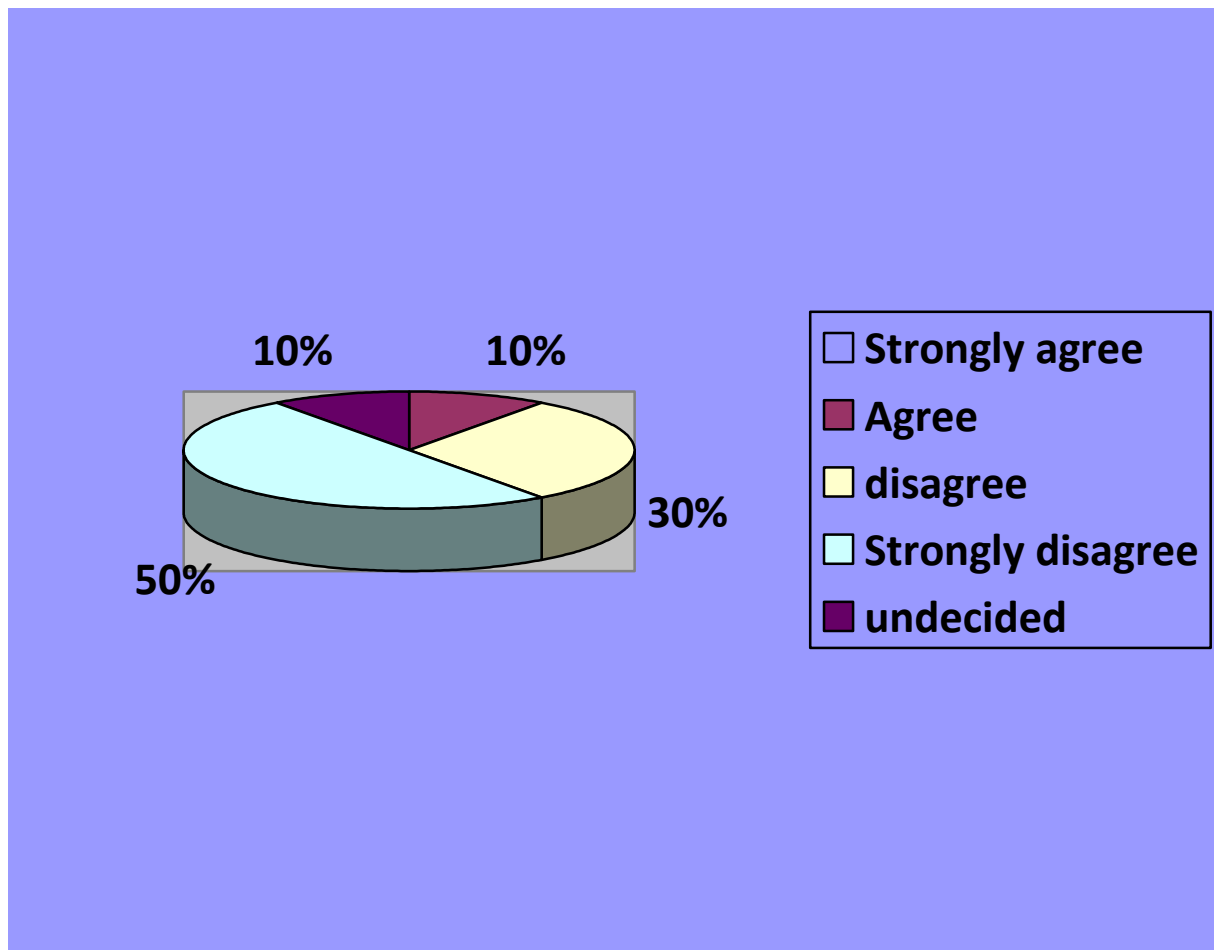


Fig 4. 7: The implementation guidelines documented.

The response rate shows that 0/50(0%) strongly agreed, 5/50(10%) agree, 5/50(10%) undecided, 15/50(30%), disagree and 25/50(50%) strongly disagree. This shows that the Ministry has

guidelines to facilitate policy implementation are not documented as 45/50(90%) disagreed and 5/50(10%) agreed.

Question 10: The employees are aware of implementation guidelines on construction projects.

The question was intended to assess whether the procedures are documented.

Table 4.11: The employees are aware of implementation guidelines on construction projects.

	Strongly agree	Agree	Disagree	Strongly Disagree	Undecided	Total
Outcome	0	5	10	23	12	50
Outcome %	0%	10%	20%	46%	24%	100%

The data above is shown by the chart below

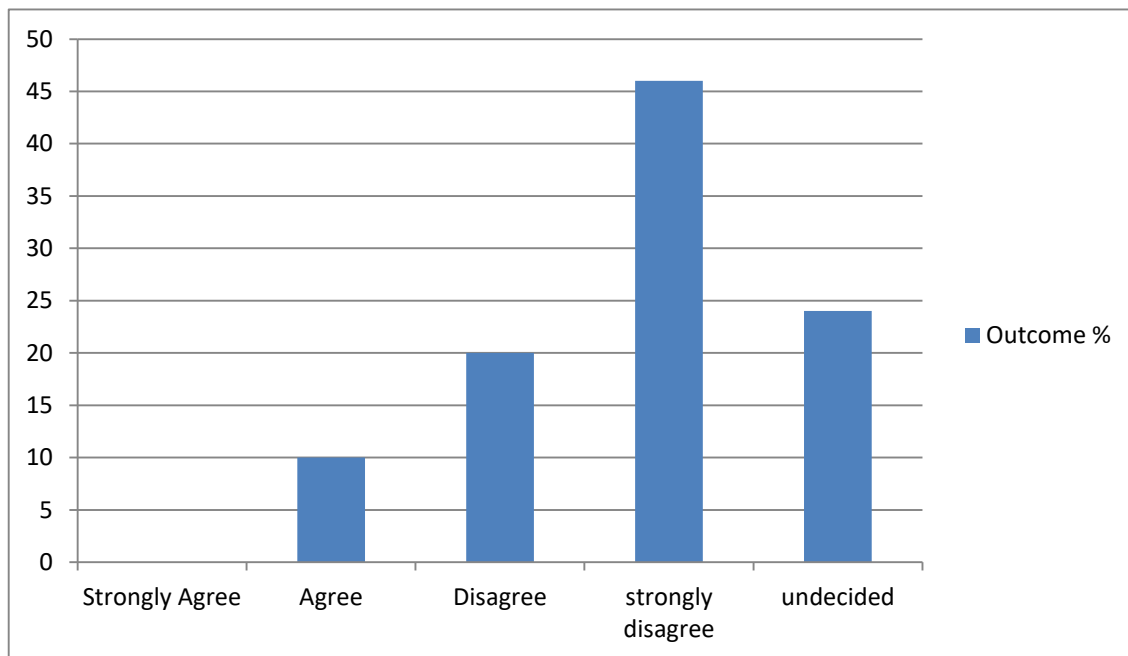


Fig 4. 8: The employees are aware of implementation guidelines on construction projects.

The response rate shows that 0/50(0%) strongly agreed,5/50(10%) agree,10/50(20%) undecided,12/50(24%),disagree and 23/50(46%) strongly disagree. This shows that there is no communication of implementation guidelines on construction projects.

Question 11: Management has established controls to ensure that policy implementation guidelines are applied

The question was intended to assess whether the procedures are documented.

Physical Controls

Table 4.12: Physical Controls

	Strongly agree	Agree	Disagree	Strongly Disagree	Undecided	Total
Outcome	30	15	5	0	0	50
Outcome %	60%	30%	10%	0%	0%	100%

The responses shows that 30/50(60%) strongly disagree, 15/50(30%) agree, 5/50(10%) disagree, 0/50(0%) strongly disagree, 0/50(0%) undecided. From this responses the researcher concluded that sound physical controls exist as overall 90% of the respondents agreed and 5/50(10%) disagreed.

Financial Controls

Table 4.13: Financial Controls

	Strongly agree	Agree	Disagree	Strongly Disagree	Undecided	Total
Outcome	20	25	0	0	5	50
Outcome %	40%	50%	0%	0%	10%	100%

The responses shows that 20/50(40%) strongly disagree, 25/50(50%) agree, 0/50(0%) disagree, 0/50(0%) strongly disagree, 5/50(10%) undecided. From this responses the researcher concluded that sound financial controls exist as overall 90% of the respondents agreed and 5/50(10%) disagreed.

Human resource controls

Table 4.14: Human resource controls

	Strongly agree	Agree	Disagree	Strongly Disagree	Undecided	Total
Outcome	24	18	3	0	5	50
Outcome %	48%	36%	6%	0%	10%	100%

The responses shows that 24/50(48%) strongly disagree, 18/50(36%) agree, 3/50(6%) disagree, 0/50(0%) strong disagree, 5/50(10%) undecided. From this responses the researcher concluded that sound Human resource controls exist as overall 84% of the respondents agreed and 8/50(16%) disagreed.

The controls are line with what Pettit (2009) alluded that capital projects are risk and they need to be monitored as unmonitored project may result in cost overruns..

Question 12: Management is operating in compliance of the funding policy

The question was intended to assess whether the officers are complying with the funding policy.

Table 4.15: Management is operating in compliance of the funding policy

	Strongly agree	Agree	Disagree	Strongly Disagree	Undecided	Total
Outcome	0	5	30	10	5	50
Outcome %	0%	10%	60%	20%	10%	100%

The data above is shown by the chart overleaf

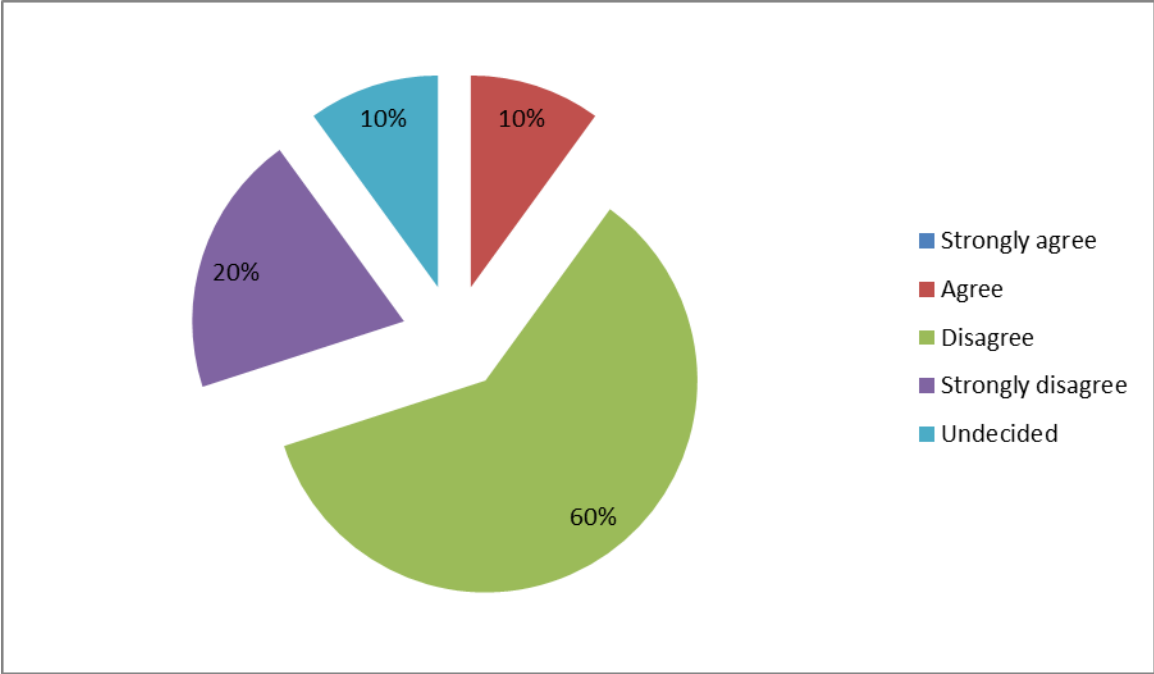


Fig: 4. 9 Management is operating in compliance of the funding policy

The responses shows that 0/50(0%) strongly disagree, 5/50(10%) agree, 30/50(60%) disagree, 10/50(20%) strongly disagree, 5/50(10%) undecided. From this responses the researcher concluded that the management is not operating in compliance with the funding policy as 5/50(10%) agreed and 45/50 (90%) disagreed.

Question 13: The funding policy is implemented according to government national policy.

The question was asked to establish the funding policy was in compliance with the government national policy.

Table 4.16: The funding policy is implemented according to government national policy.

	Strongly agree	Agree	Disagree	Strongly Disagree	Undecided	Total
Outcome	0	0	15	30	5	50
Outcome %	0%	0%	300%	60%	10%	100%

The data above is shown by the chart overleaf

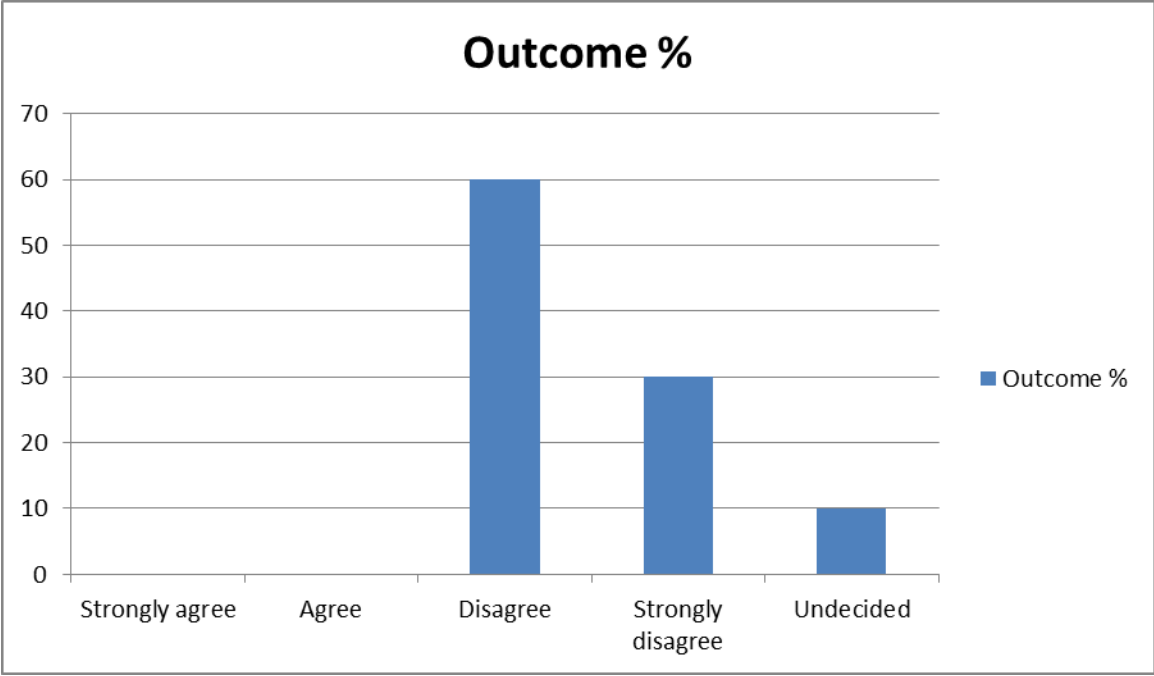


Fig: 4. 10 The funding policy is implemented according to government national policy.

The responses shows that 0/50(0%) strongly disagree, 0/50(0%) agree, 30/50(60%) disagree, 15/50(30%) strongly disagree, 5/50(10%) undecided. From these responses the researcher concluded that the Ministry is not operating according to government national policy as 100% disagreed and 0/50(0%) agreed.

Question 14: The Ministry has a risk management policy.

The question was intended to assess whether a risk management policy exist.

Table 4.17: The Ministry has a risk management policy.

	Strongly agree	Agree	Disagree	Strongly Disagree	Undecided	Total
Outcome	0	0	25	20	5	50
Outcome %	0%	0%	50%	40%	10%	100%

The data above can be shown by the chart below.

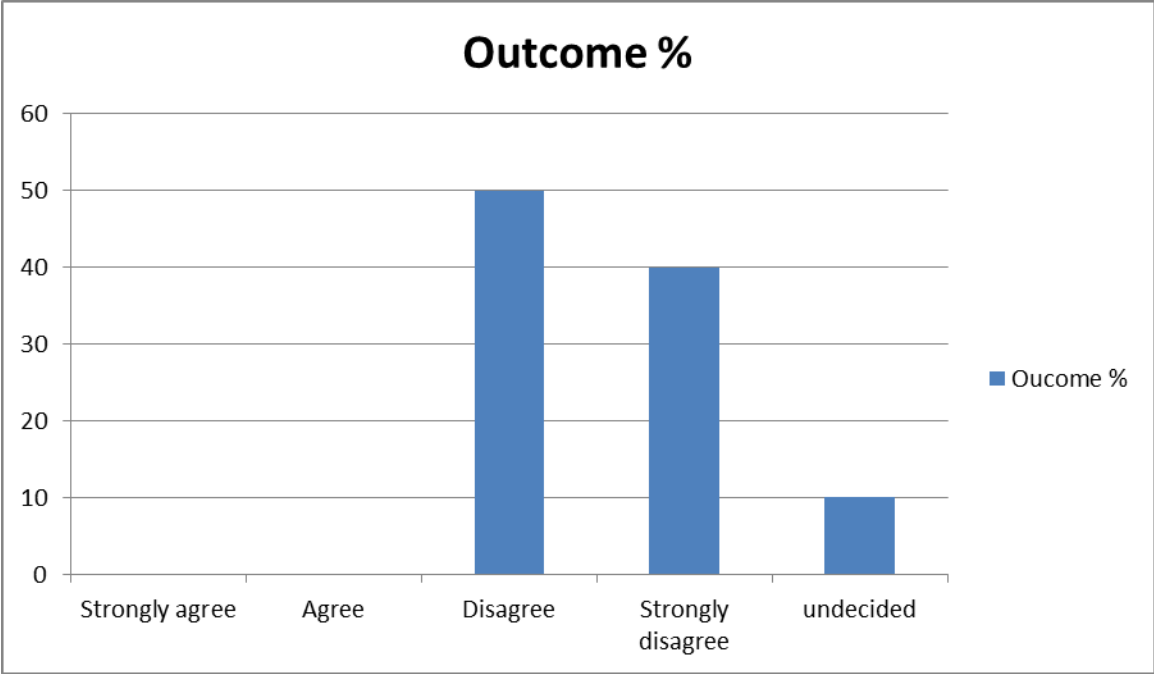


Fig: 4.11 The Ministry has a risk management policy.

The responses shows that 0/50(0%) strongly disagree, 0/50(0%) agree, 25/50(50%) disagree, 20/50(30%) strongly disagree, 5/50(10%) undecided. From these responses the researcher concluded that the Ministry has no risk management policy as 0/50(0%) and 50/50 (100%) disagreed.

Question 15: The construction projects are managed by project managers.

The question was intended to assess whether the management of construction projects.

Table 4.18: The construction projects are managed by project managers.

	Strongly agree	Agree	Disagree	Strongly Disagree	Undecided	Total
Outcome	0	5	30	10	5	50
Outcome %	0%	10%	60%	20%	10%	100%

The data above is shown by the chart overleaf

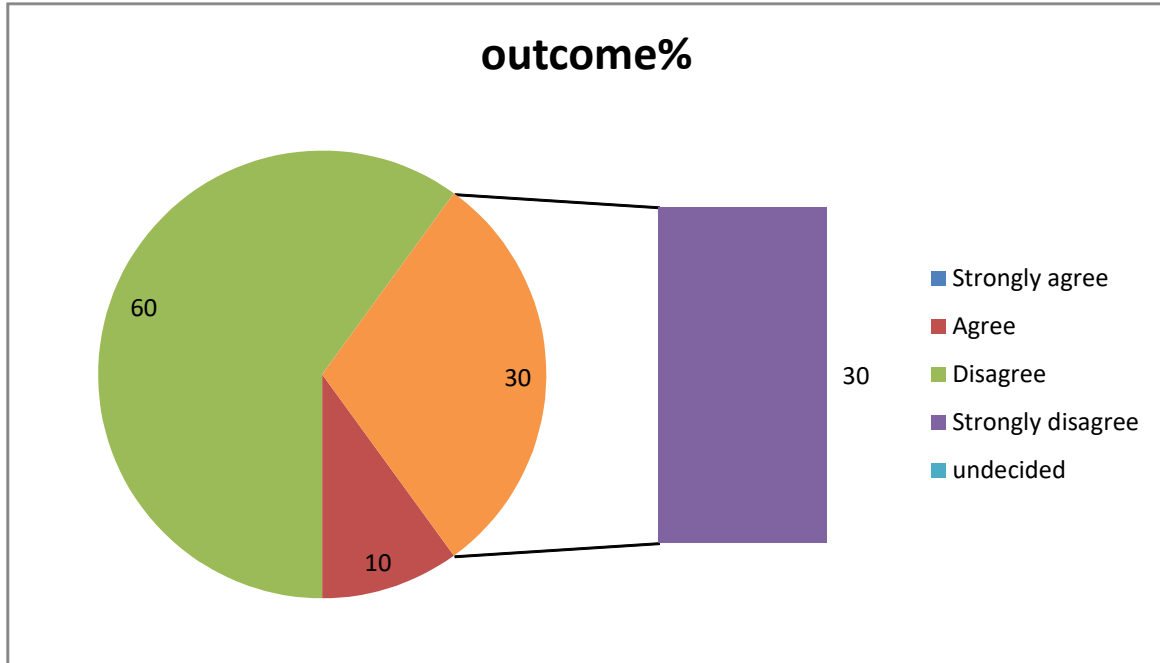


Fig 4.12: The construction projects are managed by project managers.

The responses shows that 0/50(0%) strongly disagree, 5/50(10%) agree, 30/50(60%) disagree, 20/50(40%) strongly disagree, 5/50(10%) undecided. From these responses the researcher concluded that the Ministry has no project managers in most of its projects as 5/50(10%) agreed 45/50(90%) disagreed.

According to Zwikael (2008), highlighted that projects need top management support for it to be successfully.

Question 16: The procurement system of material of construction projects is effective.

The question was intended to assess whether the procurement of materials was the best advantage to the ministry' construction projects.

Table4.19: The procurement system of material of construction projects is effective.

	Strongly agree	Agree	Disagree	Strongly Disagree	Undecided	Total
Outcome	0	0	10	35	5	50
Outcome %	0%	0%	20%	70%	10%	100%

The data overleaf is shown by the chart below

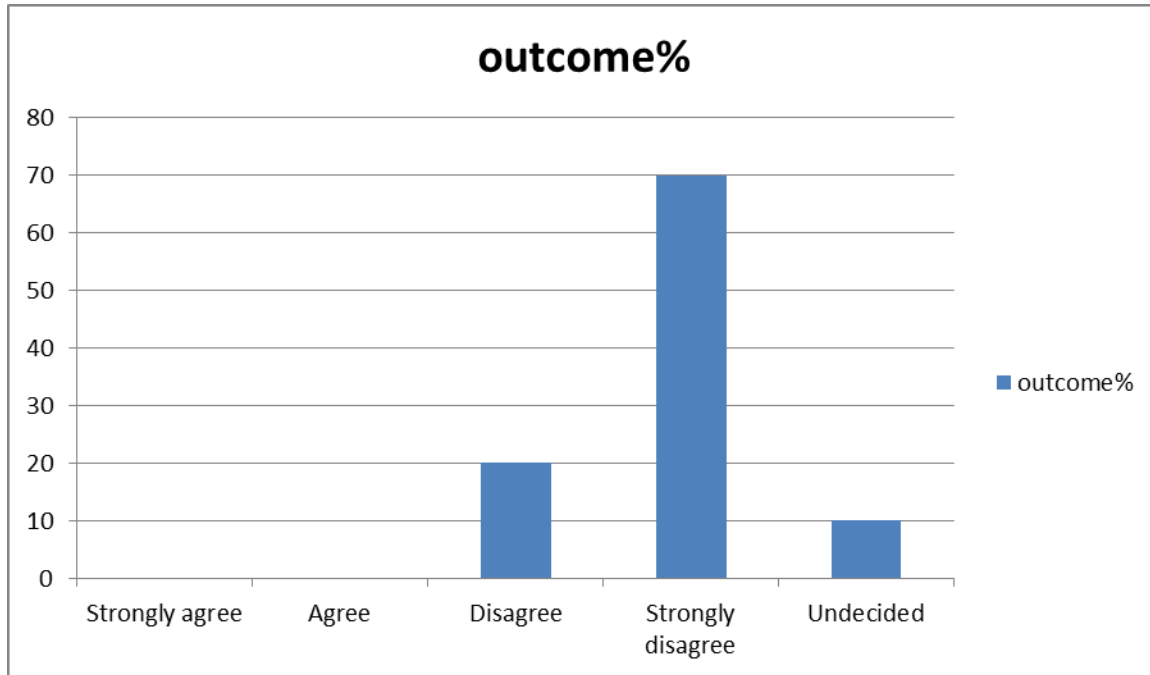


Fig: 4.13 The procurement system of material of construction projects is effective.

The responses shows that 0/50(0%) strongly disagree, 0/50(0%) agree, 35/50(70%) disagree, 10/50(20%) strongly disagree, 5/50(10%) undecided. From these responses the researcher concluded that the Ministry has no effective procurement system of material of construction projects as 0/50(0%) agreed and 50/50 (100%).

Question 17: The Ministry has risk identification, risk assessment, management team.

The question was intended to assess whether the ministry has a team which identifies, assess and managers it.

Table 4.20: The Ministry has risk identification, risk assessment, management team.

	Strongly agree	Agree	Disagree	Strongly Disagree	Undecided	Total
Outcome	0	0	10	28	12	50
Outcome %	0%	0%	20%	56%	24%	100%

The data above is shown by the chart overleaf

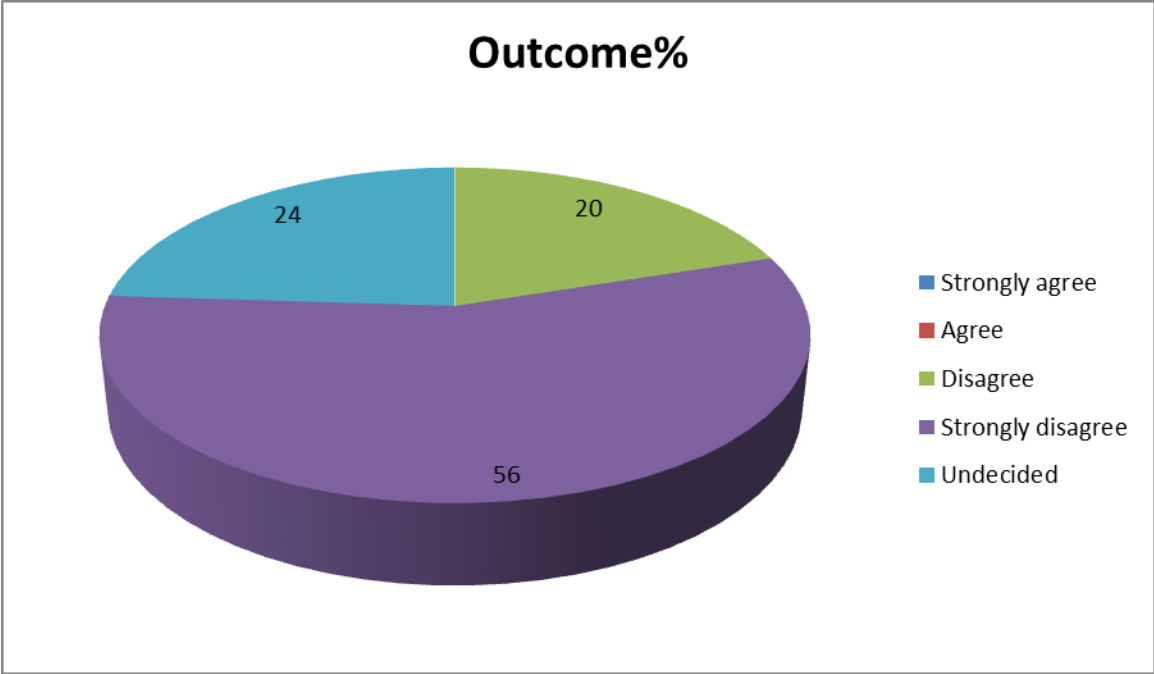


Fig: 4.14 The Ministry has risk identification, risk assessment, management team.

The responses shows that 0/50(0%) strongly disagree, 0/50(0%) agree, 10/50(20%) disagree, 28/50(56%) strongly disagree, 12/50(24%) undecided. From these responses the researcher concluded that risk identification, risk assessment, management team do not exist in the Ministry as 0 /50(0%) agreed and 50/50 (100%) disagreed.

Pettit (2009) highlighted the need of an independent risk assessment to be conducted to identify problems and manage them.

Question 18: The review of controls is done

The question was intended to assess whether the internal controls pertaining to construction of public projects are reviewed annually, after 5 years and after 10 years.

Review of controls annually

Table 4.21: Review of controls annually

	Strongly agree	Agree	Disagree	Strongly Disagree	Undecided	Total
Outcome	0	5	10	23	12	50
Outcome%	0%	10%	20%	46%	24%	100%

The data overleaf is shown by the chart below

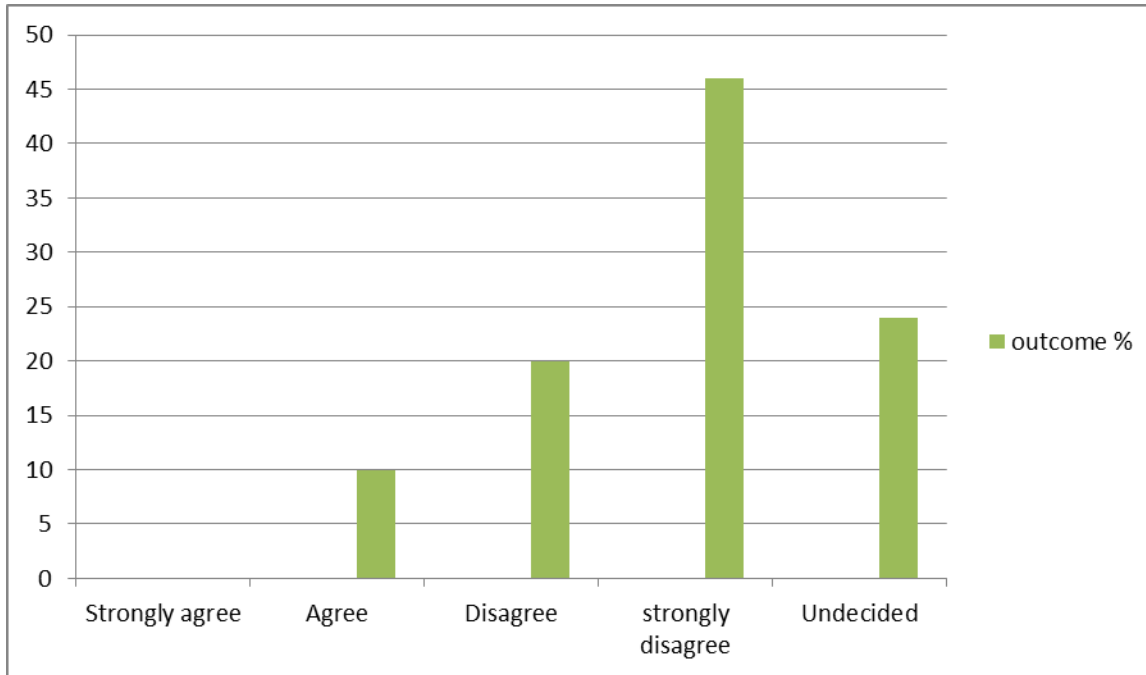


Fig: 4.15 Review of controls annually

From responses it shows that 0/50(0%) strongly disagree, 5/50(10%) agree, 10/50(20%) disagree, 23/50(56%) strongly disagree, 12/50(24%) undecided. From these responses the researcher concluded that there is no review of controls annually in the Ministry as 45/50(90%) strongly disagrees with it and 5/50(10%).

Review of controls after 5 years

Table 4.22: Review of controls after 5 years

	Strongly agree	Agree	Disagree	Strongly Disagree	Undecided	Total
Outcome	0	10	8	24	8	50
Outcome %	0%	20%	16%	48%	16%	100%

The data above is shown by the chart overleaf

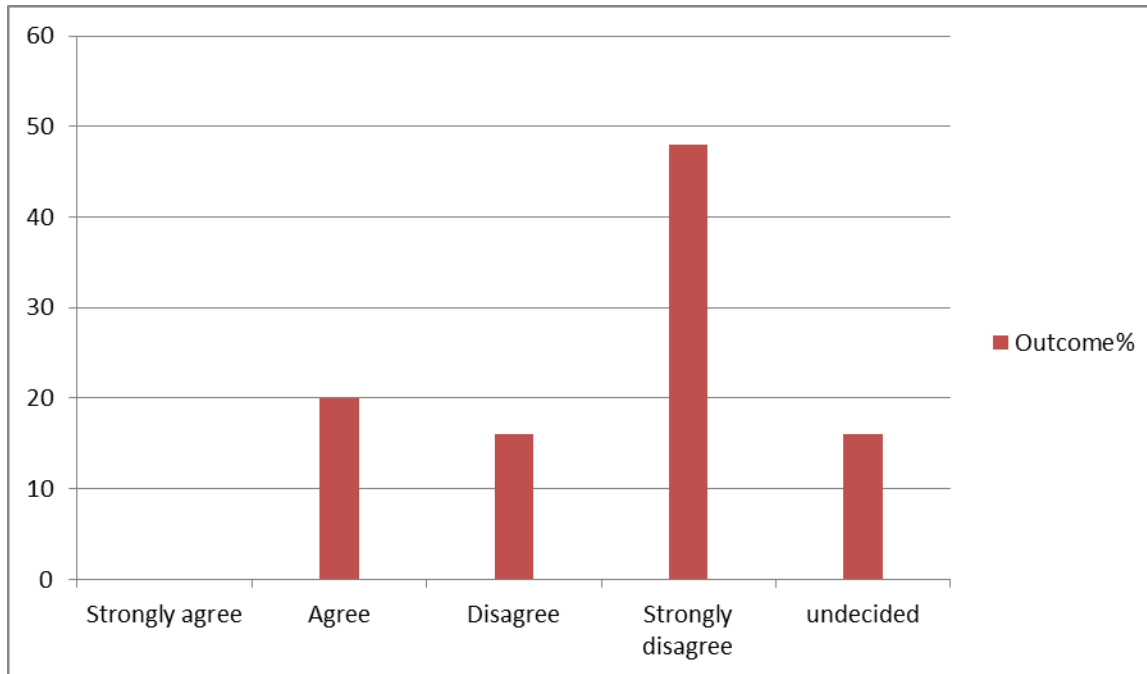


Fig: 4.16 Review of controls after 5 years

From responses it shows that 0/50(0%) strongly disagree, 10/50(20%) agree, 8/50(16%) disagree, 24/50(48%) strongly disagree, 8/50(16%) undecided. From these responses the researcher concluded that review of controls of control after 5 years is not being done by the Ministry as the 10/50(20%) agreed and 45/50(90%) disagrees with it.

Review of controls after 10 years

Table 4.23: Review of controls after 10 years

	Strongly agree	Agree	Disagree	Strongly Disagree	Undecided	Total
Outcome	0	5	15	23	7	50
Outcome %	0%	10%	30%	46%	14%	100%

The data above is shown by the chart below

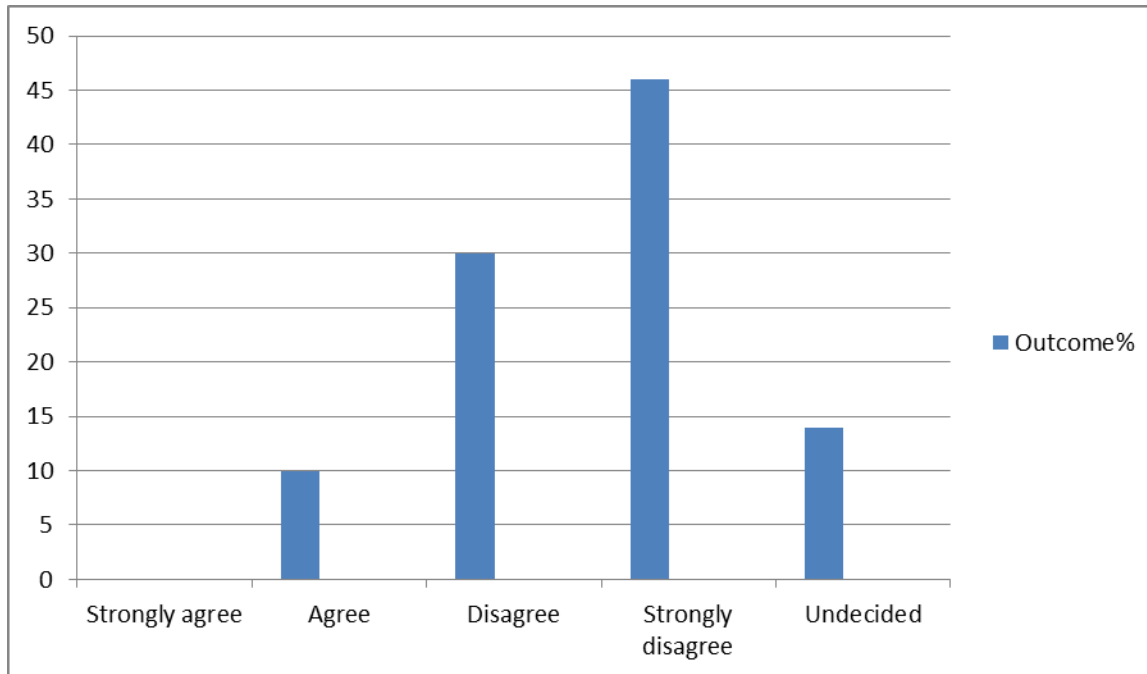


Fig: 4. 17 Review of controls after 10 years

From responses it shows that 0/50(0%) strongly disagree, 5/50(10%) agree, 10/50(20%) disagree, 35/50(70%) strongly disagree, 7/50(14%) undecided. From these responses the researcher concluded that review of controls after 10 years is not being done by the Ministry as the 5/50(10%) agreed and 45/50(90%) disagrees with it.

Question 19: The Ministry has risk based internal auditors.

The question was intended to assess whether the internal auditors are risk based.

Table 4.24: The Ministry has risk based internal auditors.

	Strongly agree	Agree	Disagree	Strongly Disagree	Undecided	Total
Outcome	0	5	10	35	0	50
Outcome %	0%	10%	20%	70%	24%	100%

The data above is shown by the chart overleaf.

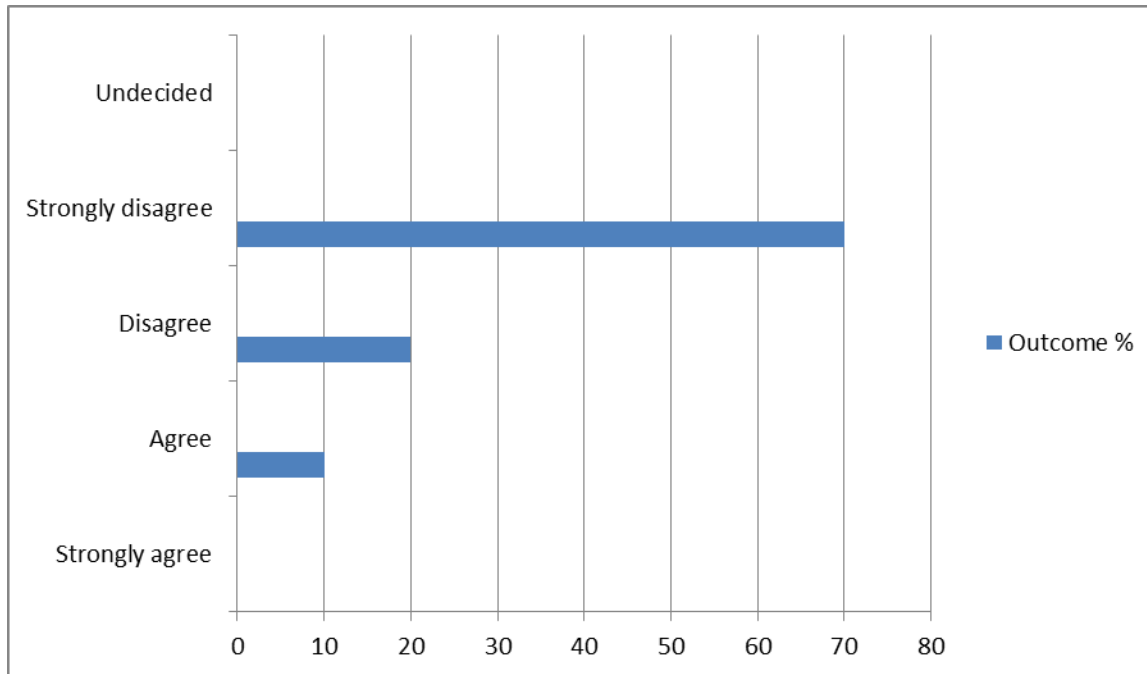


Fig: 4.18The Ministry has risk based internal auditors.

The responses shows that 0/50(0%) strongly disagree, 5/50(10%) agree, 10/50(20%) disagree, 35/50(70%) strongly disagree, 0/50(0%) undecided. From these responses the researcher concluded that the ministry internal auditors are not risk based internal auditors as overallly 90% disagreed.

This practice seem to be not in line with what the King 111, code of governances states that organizations need to employ risk based auditors.

Question 20: The Ministry has network analysis for managing construction projects.

The question was intended to assess whether the ministry uses network analysis in managing projects.

Table 4. 25: The Ministry has network analysis for managing construction projects.

	Strongly agree	Agree	Disagree	Strongly Disagree	Undecided	Total
Outcome	0	0	10	40	0	50
Outcome %	0%	0%	20%	80%	0%	100%

The data overlaid is shown by the chart below

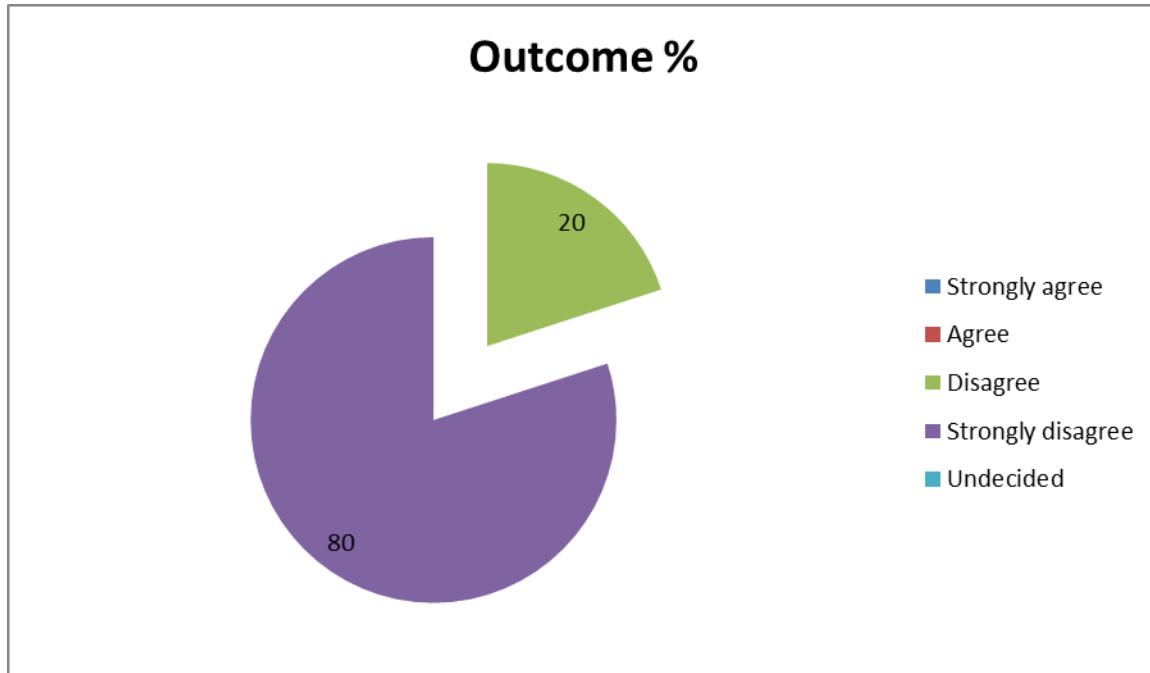


Fig: 4.19 The Ministry has network analysis for managing construction projects.

The responses shows that 0/50(0%) strongly disagree, 0/50(0%) agree, 10/50(20%) disagree, 40/50(80%) strongly disagree, 0/50(0%) undecided. From these responses of 100% disagreement the researcher concluded that the ministry does not apply network analysis in managing construction projects.

Relating to Adeleke (2011) highlighted that the control and management of projects can be done using network analysis.

Question 21: The Ministry has a best funding strategy for construction projects.

The question was intended to assess whether the ministry has an effective funding strategy for construction projects.

Table 4.26: The Ministry has a best funding strategy for construction projects

	Strongly agree	Agree	Disagree	Strongly Disagree	Undecided	Total
Outcome	0	10	21	19	0	50
Outcome	0%	20%	42%	38%	0%	100%

The data overlaid is shown by the chart below

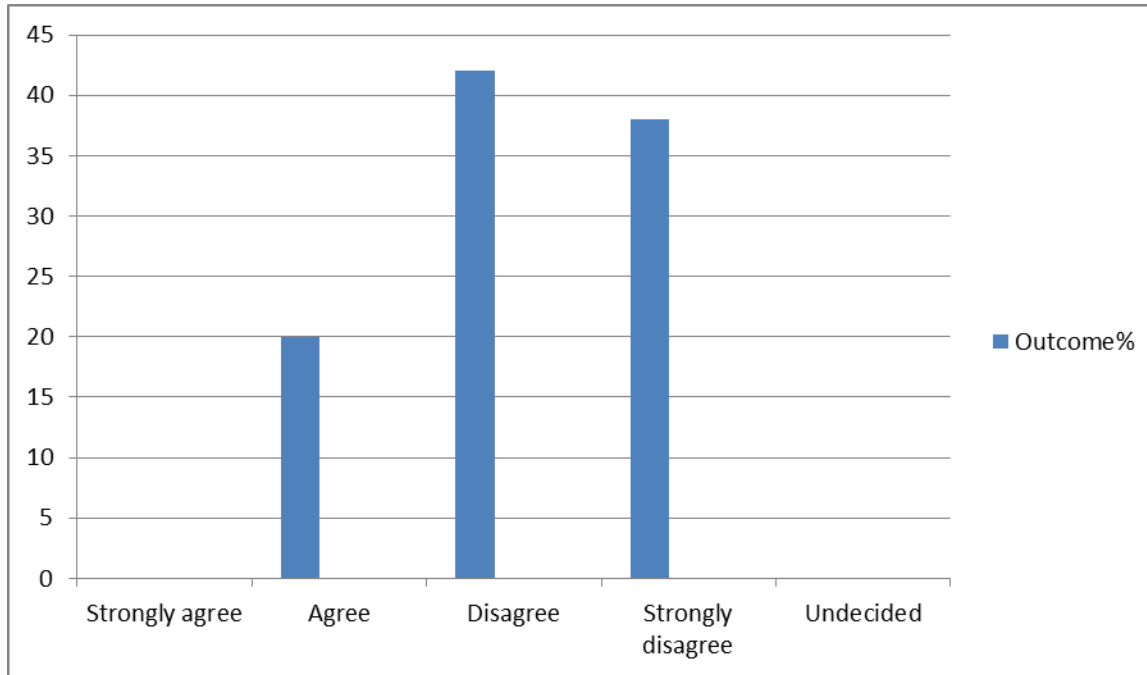


Fig: 4. 20 The Ministry has a best funding strategy for construction projects.

The responses shows that 0/50(0%) strongly disagree, 10/50(20%) agree, 21/50(42%) disagree, 19/50(38%) strongly disagree, 0/50(0%) undecided. From these responses the researcher concluded that the ministry does not have a best funding strategy for construction projects as only 10/50(20%) agreed and 45/50(80%) disagreed.

Question 22: The Ministry has a well-developed public private partnership framework for construction projects.

The question was intended to assess whether the ministry has a well-developed public private partnership framework.

Table 4.27: Public private partnership framework for construction projects.

	Strongly agree	Agree	Disagree	Strongly Disagree	Undecided	Total
Outcome	0	0	21	29	0	50
Outcome %	0%	0%	42%	58%	0%	100%

The data overleaf is shown by the chart below

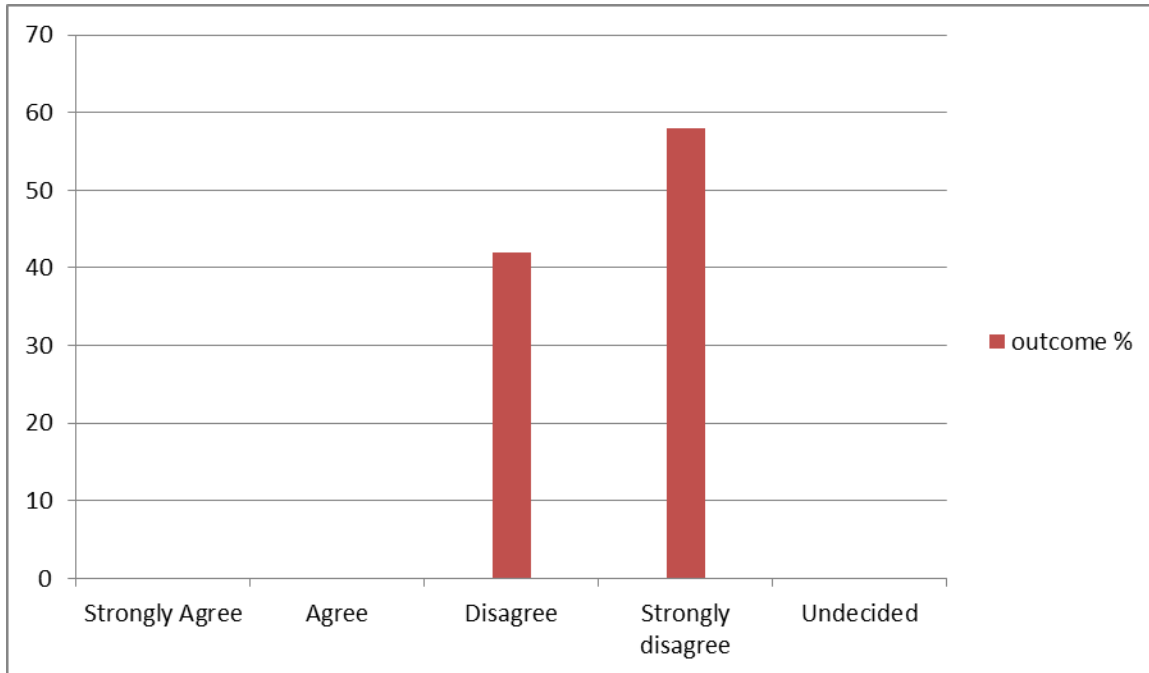


Fig: 4.21 The Ministry has a well-developed public private partnership framework for construction projects.

The responses shows that 0/50(0%) strongly disagree, 0/50(0%) agree, 21/50(42%) disagree, 29/50(58%) strongly disagree, 0/50(0%) undecided. From these responses the researcher concluded that the ministry does not have a well-developed public private partnership framework for construction projects as 100% disagreed.

According to Luiz (2010) alluded that Africa does not have financial muscles and thy can develop their infrastructure through utilization of PPP.

Question 22: The Ministry funding construction projects from.

The question was asked to assess source of funding of construction projects

Budget support.

Table 4.28: Budget support.

	Strongly agree	Agree	Disagree	Strongly Disagree	Undecided	Total
Outcome	40	10	0	0	0	50
Outcome%	80%	20%	0%	0%	0%	100%

The data above is shown by the chart below

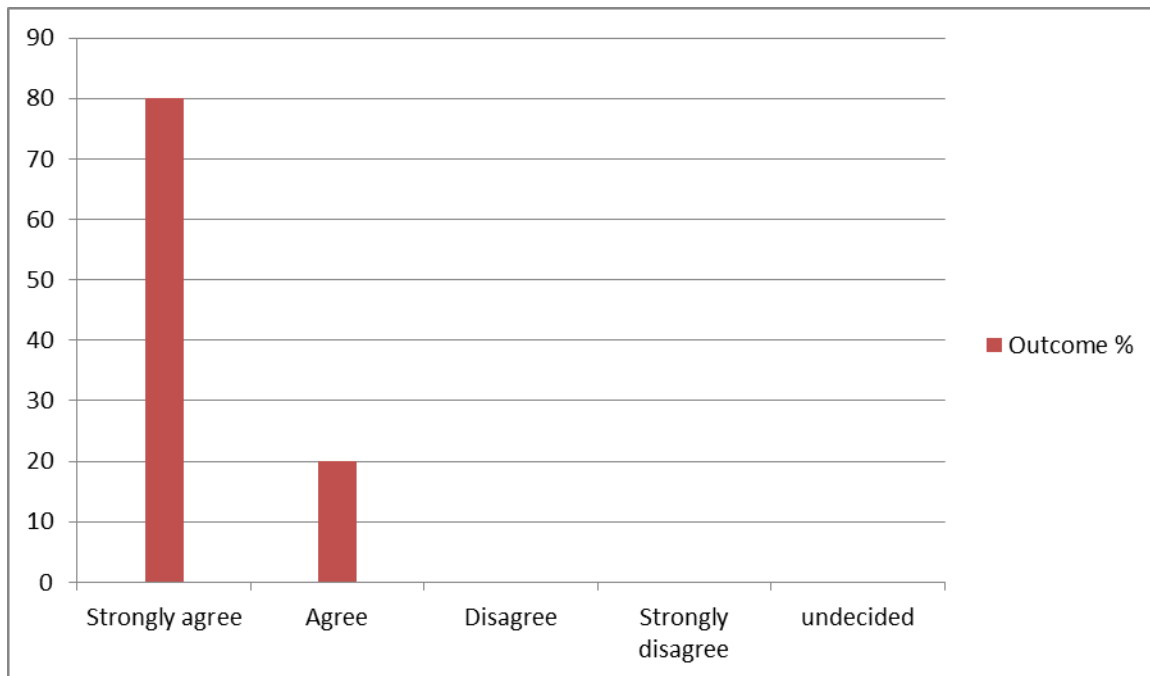


Fig: 4.22 Budget support.

The responses shows that 40/50(80%) strongly disagree, 10/50(20%) agree, 0/50(0%) disagree, 0/50(0%) strongly disagree, 0/50(0%) undecided. The respondents agreed the ministry; projects are financed from fiscal budget funds as 100% agreed

BOOT.

Table 4. 29: BOOT

	Strongly agree	Agree	Disagree	Strongly Disagree	Undecided	Total
Outcome	0	0	15	35	0	50
Outcome %	0%	0%	30%	70%	0%	100%

The data above is shown by the chart below

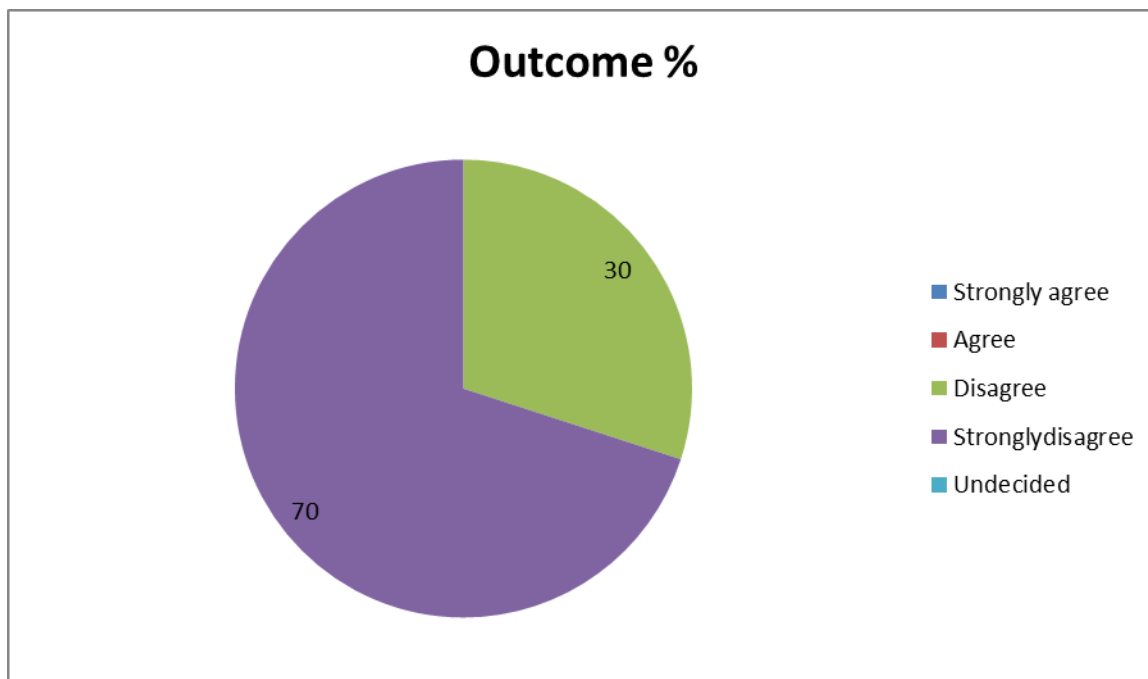


Fig: 4.23 BOOT.

The responses shows that 0/50(0%) strongly disagree, 0/50(0%) agree, 15/50(30%) disagree, 35/50(70%) strongly disagree, 0/50(0%) undecided. The respondents disagreed (100%) that the ministry projects are financed from BOOT.

Rates Collection

Table 4.30: Rates Collection

	Strongly agree	Agree	Disagree	Strongly Disagree	Undecided	Total
Outcome	0	0	20	30	0	50
Outcome %	0%	0%	40%	60%	0%	100%

The data above is shown by the chart below

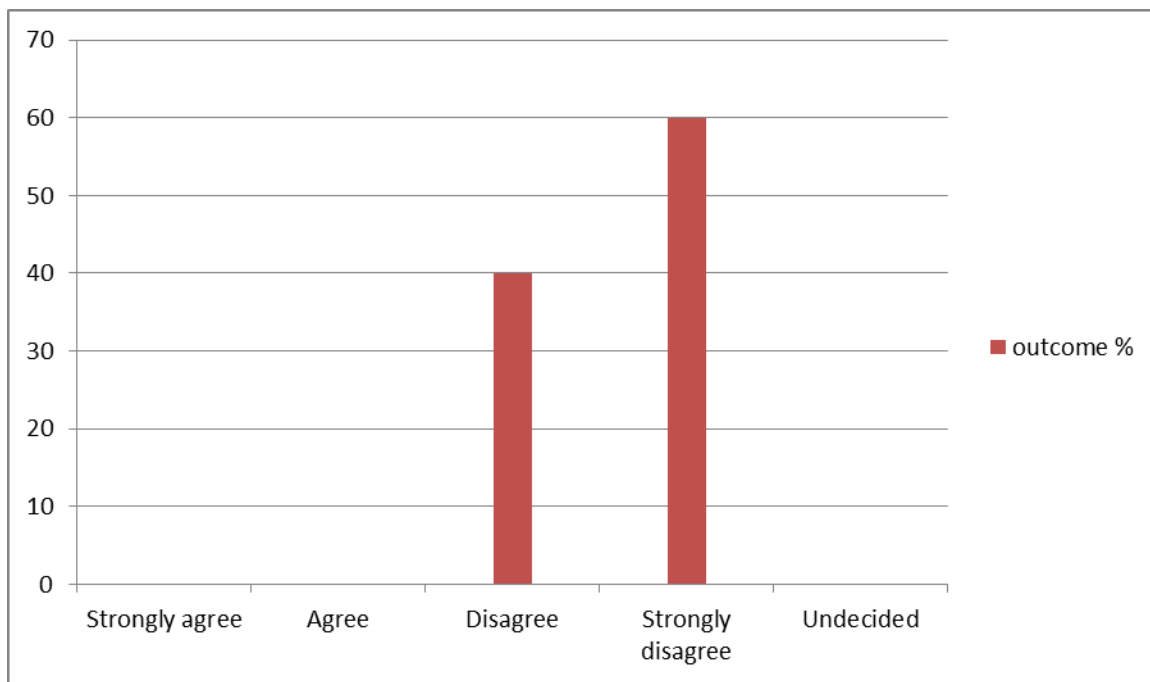


Fig: 4.24 Rates Collection.

The responses shows that 0/50(0%) strongly disagree, 0/50(0%) agree, 20/50(40%) disagree, 30/50(60%) strongly disagree, 0/50(0%) undecided. The respondents disagreed that the ministry projects are financed from rates collection.

Capital improvement reserve fund

Table 4.31: Capital improvement reserve fund.

	Strongly agree	Agree	Disagree	Strongly Disagree	Undecided	Total
Outcome	0	0	20	25	5	50
Outcome	0%	0%	40%	50%	10%	100%

The data above is shown by the chart below

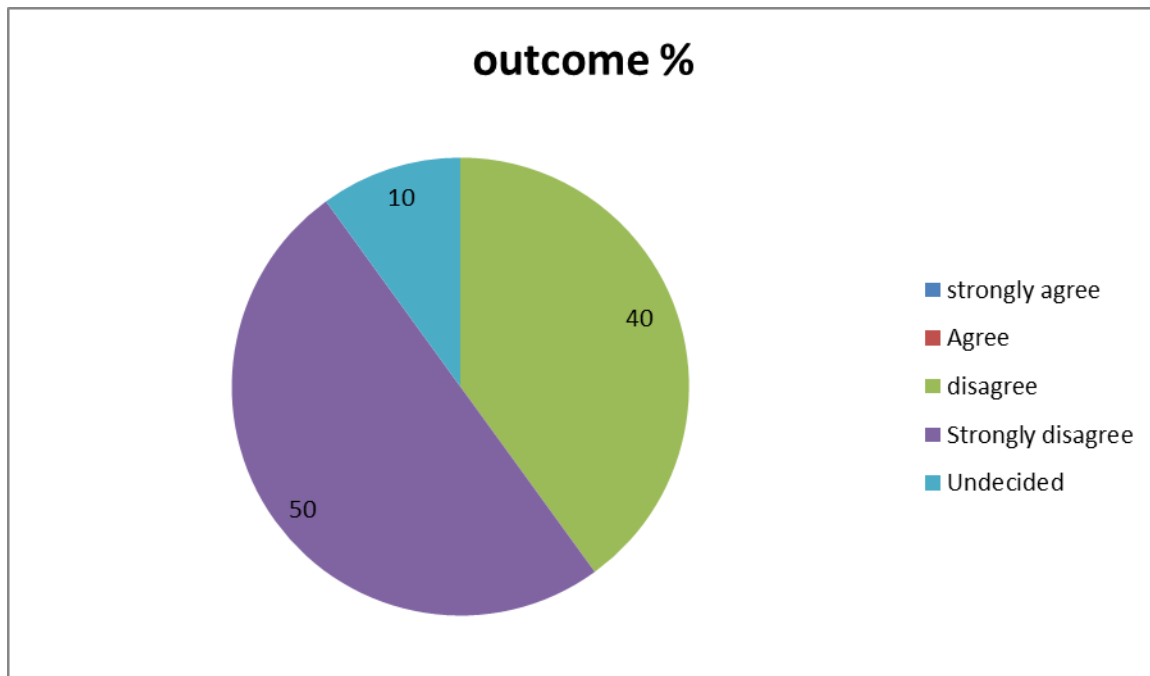


Fig: 25 Capital improvement reserve fund.

The responses shows that 0/50(0%) strongly disagree, 0/50(0%) agree, 20/50(40%) disagree, 25/50(50%) strongly disagree, 5/50(10%) undecided. The respondents disagreed that the ministry projects are financed from capital improvement fund.

Developer Financing.

Table 4. 32: Developer Financing.

	Strongly agree	Agree	Disagree	Strongly Disagree	Undecided	Total
Outcome	0	0	26	19	5	50
Outcome %	0%	0%	52%	38%	10%	100%

The data above is shown by the chart below

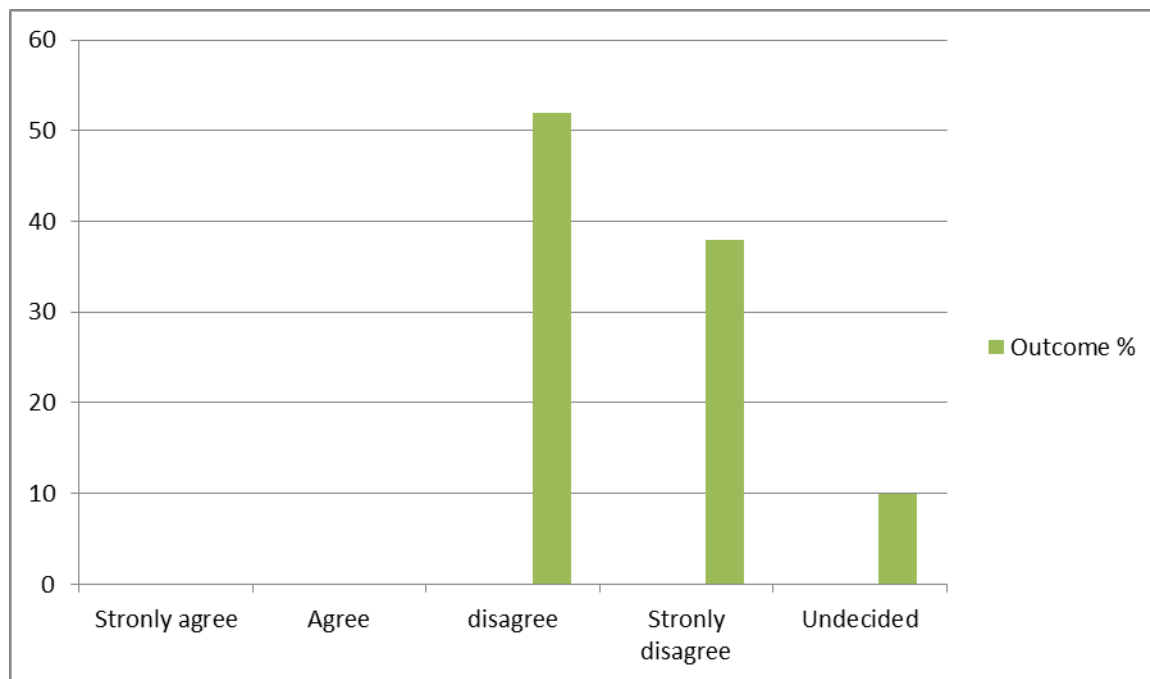


Fig: 4.26 Developer Financing.

The responses shows that 0/50(0%) strongly disagree, 0/50(0%) agree, 26/50(52%) disagree, 19/50(38%) strongly disagree, 5/50(10%) undecided. From these responses the researcher concluded that the ministry does not finance construction projects from developer financing.

4.6 Analysis of interview responses

The responses of policy makers from interviews conducted are presented and analyzed below.

Question 1: Explain the ministry's funding policy?

The question was asked to establish the existence of the funding policy.

9/9(100%) of the respondents agreed that the ministry has a funding policy for public construction projects.

Question 2: How is the policy formulation communicated to the employees?

The question was intended to establish the effectiveness of the method used for communication of policy formulation to employees.

The respondents states that policy formulation is communicated to employees through circulars, internal memorandum, notices and policy document.

Question 3: Are you satisfied by the way the funding policy for construction projects is being implemented?

The question was asked to establish if the respondents are satisfied by how the funding policy is being implemented.

Majority 6/7(78%) of the respondents disagreed that the funding policy is implemented according to government regulation. While 2/9(22%) of the respondents agreed that the funding policy is implemented according to the government blueprint. The researcher concluded that the funding policy is not implemented according to the government blueprint.

Question 4: Are the policy implementation guidelines in place?

The question was asked to determine whether the ministry has guidelines in place to facilitate project implementation.

9/9(100%) agreed that the ministry has guidelines in place to facilitates project implementation and they highlighted that some of the guidelines are not documented.

Question 5: What controls in place to facilitate policy implementation?

The question was asked to establish if controls are in place to facilitates implementation of construction projects

The 8/9 (89%) said that there is internal audit department which help in pre-auditing construction projects payment vouchers and certificates before the are passed for payment .The ministry has competent staff and the management team appraise their subordinates to determine whether what they have agreed to do have been achieved .

The researcher concluded that there are controls to facilitate policy implementation.

Question 5: Are the controls reviewed for adequacy?

The question was asked to establish whether the control place are reviewed for adequacy

7/9(78%) of the respondents disagreed that the ministry internal control are reviewed for adequacy while 2/9(22%) of the respondents agreed. This indicates that the ministry does not review its internal controls.

4.5 Summary

Data collected from respondents through questionnaire and interviews were presented and analyzed using tables, graphs and pie charts. Conclusions were drawn from the respondents in relation to literature. Recommendations to the findings from the research are presented in Chapter 5

Chapter 5

Summary, conclusions and recommendations

5.0 Introduction

Chapter 5, summaries and gives conclusions on the main findings of the research. This chapter highlights the important of the study gives a summary of the research objectives. The deliberation on the main findings conclusions and recommendations for the research study.

5.1 Chapter summaries

Chapter one covered the background of the study, the statement of the problem, main research problem, sub research questions, objectives of the study, and significance of the study, assumptions, limitations, delimitations and definition of terms.

Chapter two is on literature review. This chapter looked at what other authors said about policy in funding construction projects implementation guidelines, controls in place to ensure policy implementation, review of controls for adequacy and the best ways of funding.

Chapter three tackles on research methodology. This chapter conversed various issues concerning research design, methodologies, population to be studied, sampling and sampling techniques, types of data and their merits and demerits, research instruments .The chapter also examined the issues relating to data collection, analysis and presentation.

Chapter four presents the findings. Data collected from respondents through questionnaire and interviews were presented and analyses using tables, graphs and pie charts. The qualitative and qualitative were used for data analysis. Conclusions were drawn from the respondents in relation to literature.

5.2 Major Findings

Existence of funding policy for construction projects.

Responses from respondents from the questionnaire and interviews shows that the ministry is not operating in compliance with the macroeconomic policy and Budget framework.

Policy implementation guidelines which are in place.

The government has policy implementation guidelines for public construction projects but the implementation guidelines are not documented and they are not communicated to the employees.

Controls in place to ensure that policy implementation guidelines are applied.

The evidence from research indicated that there was an inadequate controls as there is no risk based internal auditors, risk management policy, project managers, ineffective procurement system and no risk identification, risk assessment, management team and network analysis for managing construction projects.

Controls are reviewed for adequacy

The research findings highlighted that shows that there is no review of controls being done for public construction projects.

Best ways of funding construction projects

The research findings shows that the ministry has not develop public private partnership framework for construction project.

Evidence from research has indicated that best ways of funding public construction projects has not been implemented such as BOOT, rates/rental collection, capital improvement reserve fund, and developer financing.

5.3 Conclusion

The researcher concludes that the research was a success as all aspects of the research questions were covered.

5.4 Recommendations

From the research findings above the researcher recommends the following systems for bridging the fund gap on public construction projects.

Existence of funding policy for construction projects.

Senior management should maneuver in compliance with the funding policy as delineated in the macro-economic planning and budget framework.

Policy implementation guidelines which are in place.

Government should document the policy implementation guidance and training be done to communicate the implementation guidelines to employees. The government should come up with

a code of development or an Act which stipulate how to manage public construction projects as was done in Queensland in 2000.

Controls in place to ensure that policy implementation guidelines are applied.

The government should set up risk based internal auditors ,formulate risk policy, come up with risk identification ,assessment ,management team, appoint project manager and employ network analysis in managing public construction projects. This was recommended in King 111, corporate governance.

Controls are reviewed for adequacy.

Management should timely review controls for safeguarding and improving operational efficiency. This was also recommended by Pettit (2009).

Best ways of funding construction projects

The government develop a public private partnership framework for construction project.

The government should formulate policies to incorporate the best ways to finance its public construction projects like BOOT, BOT, PPP, capital improvement reserve fund, and developer financing. This was recommended by Luiz (2010) and also successfully applied in South Africa according to Farlam (2004).

5.5 Area for future research

A further evaluation is ideal based on the recommendations made.

5.6 Summary

The chapter focused on presenting the previous chapter summaries, major findings, conclusion to the study, recommendations and area for future research.

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APPENDIX A

COVER LETTER

Midlands State University

P. Bag 9055

Gweru

18 September 2014

The Chief Internal Auditor

Ministry of Local Government, Public Works and National Housing

Harare

Dear Sir

REF: RESEARCH PROJECT ASSISTANCE

I am a student at the Midlands State University, and currently studying towards a Bachelor of Commerce Accounting Honours Degree. The research study is in pursing partial fulfilment for the degree programme. My topic is:-

“Bridging the funding gap for construction projects by Ministry of Local Government, Public Works and National Housing” I wish to obtain responses from the Directors, Deputy Directors and senior officers. It will be appreciated if the respondents complete the attached questionnaires. All the information provided will be treated with confidentiality as the research is strictly for academic purpose only.

Yours faithfully

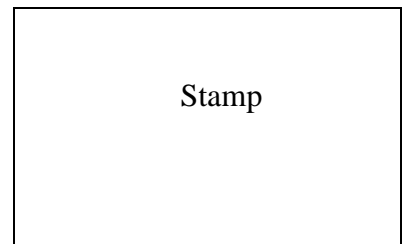
.....

Madzinga Justice

Approved/Not Approved

A Nyoni

Chief Internal Auditor



For Secretary for Ministry of Local Government, Public Works and National Housing

Appendix B

QUESTIONNAIRE TO MIDDLE MANAGEMENT AND SENIOR OFFICERS

Dear Respondent

My name is Madzinga Justice., a final year student undertaking a Bachelor of Commerce Accounting Honours Degree at Midlands State University (MSU).I am currently working on my dissertation entitled Bridging the funding gap for construction projects in the MLGPWNH. I will be grateful if you could spare a few minutes and attend to my questionnaire.

1. Please state your position

Top management middle management senior officers

2. What is your highest level of qualification?

Diploma Degree Other (specify).....

3. How long have you been in the Ministry?

Less than five (5) years [] Five (5) years [] More than five (5) years [], Ten (10) years or above []

4. The government has funding policy for construction projects

Strongly Agree [] Agree [] Disagree [] Strongly Disagree [] Undecided []

5. The formulation of policy involve consultation of various stakeholders

Strongly Agree [] Agree [] Disagree [] Strongly Disagree [] Undecided []

6. The funding policy is communicated to employees.

Strongly Agree [] Agree [] Disagree [] Strongly Disagree [] Undecided []

7. The funding policy is documented.

Strongly Agree [] Agree [] Disagree [] Strongly Disagree [] Undecided []

8. The Ministry has policy guidelines to facilitate policy implementation.

Strongly Agree [] Agree [] Disagree [] Strongly Disagree [] Undecided []

9. The implementation guideline documented

Strongly Agree [] Agree [] Disagree [] Strongly Disagree [] Undecided []

10. Employees are aware of implementation guidelines on construction projects.

Strongly Agree [] Agree [] Disagree [] Strongly Disagree [] Undecided []

11. Management has established controls to ensure that policy implementation guidelines are applied.

	Strongly Agree	Agree	Disagree	Strongly Disagree	Undecided
Physical					
Human					
financial					

12. Management is operating in compliance with funding policy

Strongly Agree [] Agree [] Disagree [] Strongly Disagree [] Undecided []

13. The funding policy is implemented according to government national policy

Strongly Agree [] Agree [] Disagree [] Strongly Disagree [] Undecided []

14. The Ministry has a risk management policy.

Strongly Agree [] Agree [] Disagree [] Strongly Disagree [] Undecided []

15. The construction projects are managed by Project Managers.

Strongly Agree [] Agree [] Disagree [] Strongly Disagree [] Undecided []

16. The procurement system of material for construction projects is effective.

Strongly Agree [] Agree [] Disagree [] Strongly Disagree [] Undecided []

17 The Ministry has an independent risk identification, assessment, management team.

Strongly Agree [] Agree [] Disagree [] Strongly Disagree [] Undecided []

18. The review of controls is done

	Strongly Agree	Agree	Disagree	Strongly Disagree	Undecided
Annually					
After two years					
After ten years					

19. The Ministry has a risk based internal audit department.

Strongly Agree [] Agree [] Disagree [] Strongly Disagree [] Undecided []

20. The Ministry has a well-developed network analysis for managing construction projects

Strongly Agree [] Agree [] Disagree [] Strongly Disagree [] Undecided []

21. The Ministry has best funding practise for construction projects.

Strongly Agree [] Agree [] Disagree [] Strongly Disagree [] Undecided []

22. The Ministry has well developed public private partnership framework.

Strongly Agree [] Agree [] Disagree [] Strongly Disagree [] Undecided []

23. The Ministry funding its construction projects from.

	Strongly Agree	Agree	Disagree	Strongly Disagree	Undecided
budgets support					
BOOT					
Rates collection					
Capital improvement reserve fund					
Developer					

Appendix C

INTERVIEW QUESTIONS FOR POLICY MAKERS (ACCOUNTING OFFICER AND PRINCIPAL DIRECTORS AND DIRECTORS)

Explain the Ministry's funding policy?

How is the policy formulation communicated to the employees?

Are you satisfied by the way the funding policy for projects is being implemented?

Are the policy implementation guidelines in place?

Is there adequate guidelines to facilitate policy implementation?

What controls are in place to facilitate policy implementation?

Are the controls reviewed for adequacy?

THANK YOU FOR YOUR COOPERATION

MADZINGA JUSTICE

REG NUMBER R12364B