PRUDENT PUBLIC FINANCIAL MANAGEMENT THROUGH TRANSPARENCY AND ACCOUNTABILITY IN PUBLIC PROCUREMENT

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Abstract - One of the most important factors that brings development especially in developing nations is prudent management of finance which is a function of transparency and accountability in public procurement. This is because huge amount of funds are allocated annually in a nation's budget expenditure for procurement purpose. The purpose of this paper is to determine the effect of transparency and accountability in nation's development. More often, people found the application of transparency in their mindsets as a struggle force difficult to overcome especially in the developing societies. The earning desires or expectancy for nation's development is largely a mechanism in their capability and self conscious to give adequate account of their resources entrusted in their disposals of the accounting people. This paper was written with the aim of delivery into the process of encouraging all sectors to handle procure items i.e. goods, works, services and consultancy in their possession in such a manner that accountability will be achieved. It was also anticipated that it will assist the general public to contribute and monitor strategically the syndrome of high level corruption in the developing countries. The paper offer recommendations to solicit all that matters in acquiring resources for the development of nations.

Keywords - Transparency Accountability Public procurement Corruption National development

I. INTRODUCTION

Determining the effect of transparency and accountability in development of every nation is of paramount importance. This is because large amount of money is allocated annually is the country's budget expenditure for procurement purpose. Hence, a good control system needs to be put in place so that all possible leakages will be avoided. In Nigeria, the recent enactment of public procurement acts into law is a milestone in the history of this country. As recent research suggests there are three primary aspects of transparency relevant to management practice: information disclosure, clarity, and accuracy. To increment transparency, managers actively infuse greater disclosure, clarity, and accuracy into their communications with stakeholders.

In view of the above, a review of transparency in public procurement in the country would assist all stakeholders in the sector so that the overall objectives of optimal procurement process can be achieved. Also, the increasing application of information and communication technology (ICT) has assisted in no small measure in achieving this goal.

For example, ICT can provide relevant and timely information in large quantities and makes the governmental process more open and democratic. Snyder (2004) predicts that pervasive computing and documentation ultimately will make all things transparent in all public and private enterprises, with total transparency finally becoming international law in 15-20 years. disclosure; managers that limit the use of technical terminology, fine print, or complicated mathematical notations in their correspondence with suppliers and customers are demonstrating clarity; and managers that do not bias, embellish, or otherwise distort known facts in their communications with investors are demonstrating accuracy. The strategic management of transparency therefore involves intentional modifications in disclosure, clarity, and accuracy to accomplish the organization's specific objectives.

Thus, as observed by Wall (2001), public sector managers do rationally respond to these negative incentives by ensuring that their appropriations are exhausted by the end of the current fiscal year and engage in defensive actions to preserve their current budgetary allocations. In all these, financial leakages become pervasive in the system with the consequent distortion and misappropriation of development funds. It has equally led to the defeat of efficiency in the implementation and management of government development plans. Consequently, Melese (1997) argued that this observed negative incentives structures and their consequences have necessitated budgetary reforms in many countries.

Such a reform shifts focus from resource allocation to result (or output) generation (Brown, 1999; Mullins and Zorn, 1999; William and Melhuish, 1999). The specific features of this new budgetary reforms rest on goal congruence (that departments or ministries with multiple principals can develop relevant and useful strategic plans), measurement (that goals can be qualified so that success in achieving the goals or outcomes can be checked in performance reports), and incentives (that controlling budget systems can be redesigned to tie budgets to outcomes and sufficient motivation exists for organization to effectively allocate resources and administer programmes) (Joyce, 1999).

CONCEPT OF TRANSPARENCY

Transparency is operating in such a way that it is easy for others to see what actions are performed. It has been defined simply as "the perceived quality of intentionally shared information from a sender". It refers to operating in such a way that it is easy for others to see what actions are performed. For example, a cashier making change after a point of sale transaction by offering a record of the items purchased (e.g., a receipt) as well as counting out the customer's change on the counter demonstrates transparency.

Accountability and transparency are of high relevance for governmental and non-governmental organisations. In view of their responsibilities to stakeholders, including donors, sponsors, programme beneficiaries, staff, states and the public, they are considered to be of even greater importance to them than to commercial undertakings. For example, the International NGO Accountability Charter, linked to the Global Reporting Initiative, documents the commitment of its members international NGOs to accountability and transparency, requiring them to submit an annual report, among others. Signed in 2006 by 11 NGOs active in the area of humanitarian rights, the INGO Accountability Charter has been referred to as the “first global accountability charter for the non-profit sector”. In 1997, the One World Trust created an NGO Charter, a code of conduct comprising commitment to accountability and transparency.

MEDIA, POLITICS AND TRANSPARENCY

Media Transparency is the concept of determining how and why information is conveyed through various means. If the media and the public know everything that happens in all authorities and county administrations there will be a lot of questions, protests and suggestions coming from media and the public. People who are interested in a certain issue will try to influence the decisions. Transparency creates an everyday participation in the political processes by media and the public. One tool used to increase everyday participation in political processes is Freedom of Information legislation and requests. Modern democracy builds on such participation of the people and media.

In politics, the right and the means to examine the process of decision making is known as transparency. In politics, transparency is used as a means of holding public officials accountable and fighting corruption. When a government's meetings are open to the press and the public, its budgets may be reviewed by anyone, and its laws and decisions are open to discussion, it is seen as transparent, and there is less opportunity for the authorities to abuse the system for their own interests. While a liberal democracy can be a plutocracy, where decisions are made behind locked doors and the people have fewer possibilities to influence politics between the elections, a participative democracy is more closely connected to the will of the people. Participative democracy, built on transparency and everyday participation, has been used officially in northern Europe for decades.

PUBLIC EXPENDITURE ADMINISTRATION IN NIGERIA

The Nigeria experience It is evident from the literature that Nigeria’s PEM system under Obasanjo’s administration was founded on the same philosophy and principles that guided that of his predecessors. They all pursue economic growth as expressed in GDP. Also contended that procedurally, the process of information/data gathering, decision making and its nature remain the same both during the military and civilian regimes, only that things were treated with military dispatch under the military. on their part observed that, in all the regimes, consolidated fund/revenue is only spent when approved through an appropriation act as stipulated by the 1979 constitution the Nigeria’s PEM system evolved and operated on principles that disregarded the main objectives of public financial management. On the contrary, the entire PEM system that Nigeria has practiced, are generally guided by revenue derivation principle. The Obasanjo’s “Due Process PE” has been guided by and has continued to battle with the crises of fiscal federalism structured by the derivation principle. The “Due Process” PEM, like its predecessors remained indifferent to the diversification of the economy. Instead, the percentage of non-oil revenue decreased from 26.8% during the Abacha and Abdul Salami Abubakar eras (that is, 1993 to 1997) to 19.3% within the reformation period.

PROBLEMS OF PROCUREMENT & INSTITUTIONAL REFORMS POLICIES IN NIGERIA

The concept of governance probably stems from the Greek kybernan meaning to pilot, steer or direct, which was translated into Latin as gubernare. Our modern concepts of “government” and “governance” are indirectly related to this basic idea. One reason that made governance such an important concept in the social sciences is that it carries images and meanings of change. This "newness", and its relation to "change", is reflected in the following quotation from Rhodes: Governance signifies a change in the meaning of government, referring to new processes of governing; or changed conditions of ordered rule; or new methods by which society is governed. It captures a "shift" in thinking that suggest that authority is institutionalized, or at least can be

institutionalized in different spheres, and by implication these arenas can compete, bargain, or coordinate among themselves or ignore each other.

To this end the following are identified as the problems of procurement system in Nigeria.

1. Absence of economic cost/benefit analysis of projects as a way of justifying the need for the project.
2. Lack of competition and transparency in project procurement leading to high cost of projects. Where advertisement was made, the applicable rules were tilted in favour of a predetermined winner.
3. Projects were not prioritized and harmonized. Consequently, several Ministries were pursuing similar programs simultaneously without coordination.
4. Unjustifiable gap existed between budget and actual released leading to underfunding, delayed completion, price escalation and project abandonment.
5. Preference for new projects to the detriment of the completion of current projects and needed maintenance/refurbishment of existing ones.
6. Absence of efficient and effective project monitoring aimed at ascertaining compliance with original project plans and targets.
7. Frequent Government policy reversal.

ELECTRONIC PROCUREMENT SYSTEM

E-Procurement (electronic procurement, sometimes also known as supplier exchange) is the business-to-business or business-to-consumer or business-to-government purchase and sales of supplies, work and services through the Internet as well as other information and networking systems, such as Electronic Data Interchange and Enterprise Resource Planning. Gone are the days of routing paper forms from desk to desk; the wave of the future is electronic procurement (e-Procurement). E-procurement can be an invaluable tool for enterprises experiencing difficulties in their supply chain. If purchase orders are not being processed in a timely fashion and delivery dates are not being met through manual purchasing methods, e-Procurement can be extremely useful in streamlining the procurement process.

CONCLUSION

Although there are new, innovative mechanisms of accountability, transparency and participation, their creation alone does not ensure their transformative possibility. Despite the progress made in participatory governance, major segments of society continue to be excluded from the benefits of development: the rural and urban poor, ethnic and religious minorities, and women and children. ICT can be utilized for citizen participation in governmental processes at all levels; it depends on the critical assumption that ICT is universally accessible throughout society. But there is a limitation in access. Civil society needs to show positive leadership by setting up a peer review process like we find in some other countries. Transparency and accountability are not problems of government agencies alone. There are lessons to be learnt from Egypt and other places where popular uprising is promoting change.

The government should recognise the inevitable roles of the civil society organisations in the mainstream of democratic governance. This has to be demonstrated by providing concrete opportunities for civil society organisations to participate meaningfully and positively in the national decision making process. Bringing in' civil society – technical, financial and logistical support for grassroots monitoring of most of the reform measures such as procurement. NEITI and FRA compliance is crucial. Civil society and government have roles to play in educating local communities on the provisions, and implementation in engaging with political actors on their accountability to the electorate, fiscal discipline and transparency.

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