

Procurement Audit on Organizational Service Delivery in Uganda

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ABSTRACT

The researcher was interested in investigating the impact of procurement audits on organizational service delivery in Uganda. The article revealed that the government must enhance its procurement audit procedures to facilitate the efficient use of resources by public bodies and to support democratic governments. This can be achieved by promoting accountability and transparency, which can enhance operations and decision-making. All work in government bodies must ensure that goods and services, including works, are based on value for money, with due regard to propriety and regularity. Value for money does not aim to achieve the lowest initial price, but rather to satisfy the demands of stakeholders. On this note, the study calls for the government to establish systems and procedures for quality assurance, especially for auditors. Government officials should document and adhere to the budget and timetable. Government officials should monitor progress towards these targets. The audit manager and audit committee management should take responsibility for completing procurement audits within budget and on time. The design of quality control procedures should guarantee that all audits adhere to relevant standards and policies without any deviation.

Keywords: Audit, Government, Organizational service, Procurement, Service delivery

INTRODUCTION

Worldwide, procurement audit systems are the bridge between public requirements such as roads, hospitals, and defence needs, among others, and private sector providers. The government provides goods and services to meet the diverse needs of its citizens [1]. The government obtains the necessary inputs to meet these needs from either internal government organisations such as hospitals and public works departments, or from external sources in the private sector, including domestic or international suppliers. In this sense, the government traditionally uses its budget process to decide what to make or buy through the procurement system, just as a private company makes similar decisions in its enterprise resource plan [2]. However, unlike private sector procurement, public procurement auditing is a business process within a political system, with distinct considerations of integration, accountability, national interest, and effectiveness [3]. Okoro et al. [44] observed that various elements of society are impacted by the business operations of governments, which are governed by public procurement systems. First are the procuring entities that provide assistance (e.g., roads, hospitals, desks, educational supplies, and others) to fulfill their designated national missions. To properly consider the needs of a government agency, a supplier must articulate them clearly, align them with public policies that encompass areas such as competition, social and economic goals, and ensure transparency of basic rules and procedures. Procurement actions should encourage suppliers to value government business and provide satisfactory quality services and prices in a timely manner to the auditor general's office. Professional associations, academic entities, and public interest groups also hold important perspectives on the performance of public management institutions. The general public is more likely to feel satisfied when they know that expenditures made through the public procurement system are economical. In Ghana, public procurement accounts for 24 percent of national imports, between 50 and 70 percent of the national budget (excluding personnel emoluments), and roughly 14 percent of the GDP [5]. Diggs and Roman [6] report a trend in governments to privatize traditional government services and activities to maintain proper accountability and auditing procedures. This has increased the use of public sector procurement to secure the services of private contractors who enter into relationships with public bodies to provide these services or to undertake these activities on behalf of such bodies. The context substitutes the private sector for the government itself. This is achieved through a contractual relationship, wherein the government enters into agreements with

private organizations to provide such services. The auditing of books ensures accountability for services, goods, engineering and construction works, or any combination thereof [7]. Government budgets make significant contributions to public sector infrastructure financing, often allocating 20–50% of the budget to road construction [8]. Numerous local and international conferences took place prior to the enactment of the Public Procurement Act. One of them was the 9th International Anti-Corruption Conference, October 10–5, 1999, held in Durban, South Africa [9]. The conference focused on domestic and international imperatives for public procurement reform, providing specific insights into the state of public procurement in selected African countries and exploring effective auditing practices. The public procurement sector is often the largest domestic market in less developed countries. International Trade Centre, an international agency providing technical assistance, has a long history of helping countries develop their export potential and improve import operations to lower costs through improved purchasing techniques. According to the International Trade Centre's experience in developing countries, auditing firms can effectively perform public procurement, which can account for up to 50%–70% of imports. Governments must deliver services, construct, and maintain infrastructure for the people they serve. The Uganda Roads Authority bears this responsibility, ensuring the planned use of its funds and providing auditors with accountability to prepare their reports on the expenditure of tax payers' money. This system remains weak, leading to the procurement of goods from the private sector and payment to them for services and work performed on their behalf. Auditors must fill this gap to ensure proper accountability and achieve value for money [10]. The central government in Uganda, including the Uganda National Roads Authority, has reported instances of fund misuse. However, the government has not given serious attention to auditors' reports, resulting in inconsistent treatment of those found guilty and sometimes leaving them free. As a result, procurement auditors have lost confidence in their work and cannot control or influence their outcomes, resulting in poor performance in central government. This has heightened the researcher's interest in exploring procurement audits and organisational service delivery through the lens of the Uganda Road Authority.

CHALLENGES ENCOUNTERED BY PROCUREMENT AUDITORS

Samuels et al. [11] state that procurement auditors may encounter significant variety and ambiguity in their work. They require expertise in analyzing activities and management practices. They may need to familiarize themselves with a diverse range of organisational contexts and subject matters. They need the ability to write logically and thoroughly on complex issues. These guidelines can offer some assistance in these areas, but it is primarily the responsibility of the procurement auditors themselves to enhance their skills in these areas through alternative methods. Masoud et al. [12] argue that it is not possible to produce guidelines applicable to all kinds of procurement auditing since comparisons between the practices of procurement auditing in different countries show considerable variations in mandate, organisation, and methods used. Guidelines for procurement auditing cannot comprehensively embrace all possible approaches, methods, and techniques, because in practice, that would include everything in the social sciences. Furthermore, procurement audits deal with a multitude of topics and perspectives spanning the entire government sector, and it would not be possible to develop detailed standards and procedures that work equally well in all of these situations. It is impossible to create a universally applicable manual for procurement auditing that yields good results. According to Cook et al. [13], procurement auditing has the advantage that it is often easier to carry out and corresponds to the conventional picture of auditing. The problem, however, is that efficiency and effectiveness are complex issues that demand more comprehensive analyses of conditions and circumstances outside the control of the auditors. Procurement auditing also entails risks, necessitating a limited perspective and scope, which in turn significantly restricts the potential for independent analysis. On the other hand, focusing on observed problems and their potential causes enables audits that encompass the responsibilities of multiple parties. This creates the conditions for comprehensive analyses. However, this approach places greater demands on the skills of auditors. The form of public management employed will necessarily influence priorities in procurement auditing. Audits tend to focus on observing and enforcing rules in countries where public management prioritizes means over ends, rather than whether the rules serve their intended purpose. In countries that have acknowledged management by objectives and results, the audit focus is different. Public-sector management generally displays a combination of these philosophies. Management by objectives and results tends to promote interest in auditing efficiency and effectiveness. Consequently, the procurement auditor may not encounter a conventional, rule-bound government administration, but rather one with a significantly expanded mandate that dictates the implementation of legislative intentions and the methods to accomplish them [14]. In the case of goods and services that have a working life of many years, there is a need to ensure they are cost-effective over their whole working life. This entails taking a long-term view rather than focusing on the lowest purchase price at the expense of long-term value for money. Long-term procurement commitments also need to be able to deal with change; for example, a department may wish to take advantage of changes in technology [15]. Babina et al. [16] assert that acquiring goods and services through competition is the most effective method for achieving the optimal balance between whole-life costs and quality. But it is not always appropriate or cost-effective for low-value items, sufficient on its own for complex goods and

services, or where no well-developed market exists. Increasingly, value for money depends on combining competition with innovative procurement methods while effectively managing risks. The wide diversity in the value and type of goods and services that departments purchase means that no single procurement method is appropriate to promote value for money.

STRATEGIES TO OVERCOME THE CHALLENGES COUNTERED BY PROCUREMENT AUDITORS

A research study by Flakengard et al. [17] has shown that in order to attain superior performance by procurement organisations in an evolving role, procurement auditors must have an uncommonly varied mix of both technical and behavioural competencies. In addition, the procurement auditors must identify, develop, and disseminate relevant competencies at the appropriate levels within the procurement hierarchy. This calls for self-efficacy to further complement procurement auditors' competencies and enhance procurement performance. According to Hancher et al. [18], market-based systems work best when constructive pressure exists (through competition) to change and improve the pricing, quality, or performance of a product to satisfy customer needs. Only when we minimise corrupt practises and enhance financial accountability can we achieve good governance. However, procurement auditing is the only way to minimise corruption in Uganda, which still stifles competition at all levels despite the creation of new laws. The auditors should undergo ongoing, intensive, and wholesome training to improve their competence and integrity. The global environment is too dynamic, complex, and thus turbulent, requiring flexibility in the execution of procurement functions. Products Specifications and procurement auditors must be fully knowledgeable of these constant changes in order to perform effectively. If necessary, the department should receive financial support to outsource some expertise in complex areas that necessitate expert auditors [19]. In order for anyone else to reach the same conclusions as the procurement audit report, it is necessary to conduct the procurement audit thoroughly and collect relevant, reliable, and sufficient evidence [20]. This necessitates the use of sound judgment in determining the audit objective, the scope of the audit, the issues to report, and the overall audit conclusion. Good communication with the auditors and experts from different backgrounds is important during the entire audit process. Similarly, procurement audit managers must also be vigilant. It is important that the factual basis of final descriptions, analyses, and recommendations be accurate. The report should be objective and balanced, with a sober tone, with the goal of adding value for the government [12]. David [21] suggests adhering to the principles of proper administration. The audit process should be well recorded. Write down any important decisions made during the audit and the underlying considerations. Keep accessible files and a logbook. In addition to assisting the auditing team, the primary goals of documentation are to document the audit evidence supporting conclusions and decisions, to provide records for audit management and monitoring, and to facilitate work review by senior officers.

RELATIONSHIP BETWEEN PROCUREMENT AUDIT AND ORGANIZATIONAL SERVICE DELIVERY

Public accountability holds those in charge of government programs or ministries accountable for their efficient and effective operation. Accountability implies that the public has insight into the program or ministry's activities. Procurement auditing is a way auditing enables taxpayers, financiers, legislatures, executives, ordinary citizens, and the media to exercise control and gain insight into the operations and results of various government activities [22]. Procurement auditing also answers questions like: do we get value for money, or is it possible to spend the money better or more wisely? Governance programs are subjected to auditing. Good procurement audit practices could serve as the foundation for reducing poverty, achieving social and political goals, and maximizing the use of state funds. Good procurement audit practices contribute to the sound management of public expenditures, the growth of small-scale enterprises, and ultimately the local economy [23]. Good practices not only attract donors and investors but also have the potential to influence access to foreign markets. Poor practices that corrupt the process result in extra expenditures for public budgets, reduced competition and service quality, discouraged investment and innovation, and disabled an economy, discourage investment and innovation.

To ensure a balance between propriety, regularity, and value for money, we aim to reassure citizens that the current controls and their associated costs align with the potential to achieve value for money benefits, such as closer customer-buyer-supplier relationships, as per the principle of proportionality. We will determine appropriateness by assessing procurement risks and ensuring a well-thought-out management strategy is in place. To enhance the efficiency of the joined-up audit, it should incorporate elements from internal audits whenever possible. Internal audit's examination of procurement may be part of a planned, regular cycle or in response to an unforeseen occurrence [24]. Legitimacy and trust are essential values in all government undertakings, and procurement auditing may contribute to strengthening these values by producing public and reliable information on the economy, efficiency, and effectiveness of government programs. The independence of procurement auditing from the government ministries whose activities it audits facilitates this [25]. This approach provides an independent and reliable perspective on the performance of the audited program or objects. The procurement audit does not represent any vested interest and has no ties to the audited objects, financial or otherwise. By producing

independent assessments, procurement auditing may also serve as a basis for decisions on future investments and activities. The basis for this instrument, which provides incentives for change by conducting independent analyses and assessments of public sector performance, is the importance of learning and reliable information. In a rapidly changing, complex world with limited resources and many uncertainties, there is a need for procurement auditing [26]. Teams of professional staff, including specialists such as architects, legal experts, engineers, economists, and accountants, carry out performance audits. Depending on the extent of the coverage and complexity, it normally takes between six months and one year to complete a procurement audit, thus making it more expensive than a traditional financial audit. Effective procurement audits can lead to better use of resources by public bodies and provide support to democratic governments by bringing about accountability and transparency, improved operations, and better decision-making [27].

To deliver their core services, departments depend on the range of goods and services they purchase. These can range from basic, low-value items like pens and paper to sophisticated, high-value items like IT-enabled services for business transformation, technical advice, or equipment for research and development. Purchasers must purchase goods and services of the appropriate quality at the most cost-effective price, in the most economical quantities, and ensure that they are available when needed [28]. Failure to meet any of these requirements can seriously affect a department's ability to meet its objectives and outputs, and ultimately, to deliver services to citizens. Procurement is, therefore, strategically important to departments. Civil procurement (excluding military equipment) spends an estimated £13 billion annually, which is equivalent to 2-3 pence on income tax. Procurement covers every aspect of the process of determining the need for goods and services, as well as buying, delivering, and storing them [29]. Departmental agencies and non-departmental public bodies are responsible for determining the goods and services they need and how they acquire them. Since 1993, a number of reviews have attempted to improve procurement by these organizations, culminating in the establishment of the Office of Government Commerce (OGC) in April 2000. OGC's remit is to improve the efficiency and effectiveness of the estimated £13 billion annual civil procurement budget and to become the centre of excellence in procurement [30]. All public procurement of goods and services, including work, must be based on value for money, with due regard to propriety and regularity. Value for money is not about achieving the lowest initial price; it is defined as the optimum combination of whole-life costs and quality. Guidelines issued to departments and reproduced in government accounting set out this policy. The procurement's value and complexity should determine the form of competition, and we should remove barriers to suppliers' participation [31].

CONCLUSION AND RECOMMENDATIONS

The government must enhance its procurement audit procedures to facilitate the efficient use of resources by public bodies, and to support democratic governments by promoting accountability and transparency, which will enhance operations and decision-making. All work in government bodies must ensure that goods and services, including works, are based on value for money, with due regard to propriety and regularity. Value for money does not aim to achieve the lowest initial price, but rather to satisfy the demands of stakeholders. On this note, the study calls for the government to establish systems and procedures for quality assurance, especially for auditors. Government officials should document and adhere to the budget and timetable. Government officials should monitor progress towards these targets. The audit manager and audit committee management should take responsibility for completing procurement audits within budget and on time. The design of quality control procedures should guarantee that all audits adhere to relevant standards and policies without any deviation.

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CITE AS: Natukunda Joyce (2024). Procurement Audit on Organizational Service Delivery in Uganda. NEWPORT INTERNATIONAL JOURNAL OF RESEARCH IN EDUCATION 4(3):38-43
<https://doi.org/10.59298/NIJRE/2024/4338430>