

Institutional Capacity Critical for Effective Record Management towards enhanced Transparency and Accountability in Public Procurements

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Abstract

Enhancing transparency and accountability is widely recognized as an indicator for improved governance and pre-requisite for enhancing service delivery and development. In a bid to promote transparency and accountability in public procurements, Uganda's Public Procurement system, through the Public procurement and Disposal of Assets Act and the PPDA authority is committed to ensure that all Public Procurement Entities keep records of public procurements to desired regulatory standards. However, poor record keeping has remained persistent in public procurements compromising accountability, transparency and public service delivery. Records are scattered, kept on separate files or different departments. In other cases, they miss completely for some procurements or specific procurement activities. This paper provides empirical evidence in account of this phenomenon. The paper is based on findings from analysis of primary qualitative and quantitative data which was collected from a sample of 76 record management stakeholders in Local Government Procurement and Disposing Entities. The study established prevalence of critical capacity gaps, institutional and technological challenges which constrain record keeping and management in the districts. These are typically institutional capacity challenges which should be addressed looking forwards to improve record keeping for enhanced transparency and accountability in public procurements. The paper finally provides possible measures to address the challenges.

Key words: **Institutional capacity, transparency, accountability, record keeping, public procurements**

Introduction

Enhancing transparency and accountability is widely recognized as an indicator for improved governance and pre-requisite for enhancing service delivery and development (Grindle, 2007; Bunse & Fritz 2012). Uganda is committed to enhance transparency and accountability with the help of institutions like the OAG, IGG and MoFPED. This is expected to contribute towards achievement of the desired transformation from a peasant to a modern and prosperous country by 2040 (NDP, 2010). Transparency and accountability remain among the guiding principles in delivery of public services. In a bid to enhance transparency and accountability, capacity building has been extended to institutions like the OAG through programs such as Support for Good Governance (ISPGG) program implemented between the periods 2005 to 2009. This program assisted in the creation of a Value for Money (VFM) audit units and manned the units with trained officials resulting into unanimous improvement in the accountability environment and performance of OAG with 10 VFM reports averagely produced annually. It is believed that effective records management can foster even more transparency and accountability

(Fust & Graf, 2002; Ngoepe, 2008; Michael, 2009; Lowell, 1994). Consistently, Uganda's Public Procurement system, through the Public procurement and Disposal of Assets Act and the PPDA authority is committed to ensure that all Public Procurement Entities keep records of public procurements to desired regulatory standards. Section 56 of the Public Procurement and Disposal of Assets Act, 2003; Regulations 90–91; Local Government Procurement and Disposal Regulations as well as Guidelines 8-10).

However, poor record keeping has remained persistent in public procurements (PPDA, 2009; 2010; 2011; 2012), a threat to transparency and accountability in public service delivery as has been observed too in other countries (Venter 2004; OECD 2005; PPOA, 2010). For example, compliance with record declined significantly, averaging at 24% over the period 2008-2012 as indicated in Figure 1.

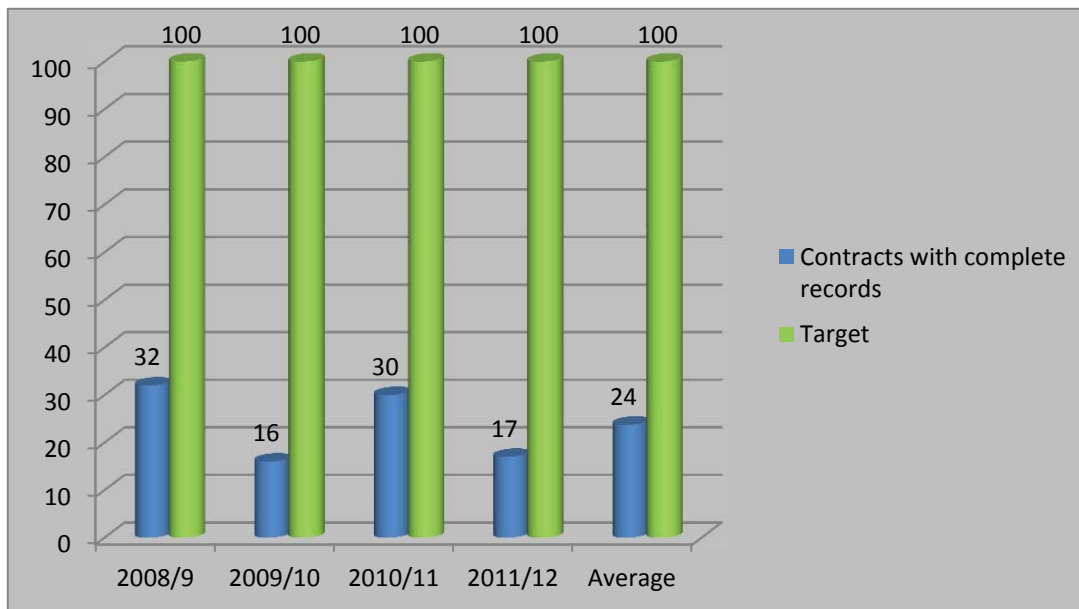


Figure 1: Procurement performance on record keeping between the period 2008-2012

Source: PPDA, Compliance Assessment Report, 2008/2009, 2009/2010, 2011/2012

In monetary terms for example, procurements amounting to Ug Shs 114 billion (28.5 per cent of the total value of procurement) had no complete records. The problem is more pronounced in Local Government Procurement and Disposing Entities (PDEs) where compliance is estimated at only 40.2 per cent compliance compared to 44.5% in Central Government PDEs (PPDA, 2011). Kyenjojo and Kibaale PDES are identified among the poor performing entities compared to other districts (PPDA, 2009; 2011). In the two districts, records are scattered, on separate files or are kept in different departments. In addition, procurements do not contain all the required documents on file. For example, lack of records ideally implies that the prevailing problem of irregularities in other procurement implementation aspects which also bear significant implication on transparency and accountability cannot be traced. Ultimately the non-compliance results into poor service delivery (Tukamuhabwa, 2012). The status has

prevailed despite existence of regulatory standards, monitoring and measures like training support for compliance with record keeping (PPDA, 2010). To address the challenge, the need for a clear understanding to understand the barriers to effective record keeping has been called for (Alinda and Mugisha, 2014).

Previous studies elsewhere, for example, Gelderman et al., (2006); Guinipero, *et al.*, (2006); Eriksson, *et al.*, (2009) identify the factors that affect compliance with the public procurement regulations. In Uganda a recent study by Eyaa and Nagitta (2011) identifies the factors in account of non-compliance with procurement regulations but in the context of Central Government Procurement and Disposing Entities. Besides, the study did not have specific focus on a particular compliance area yet compliance assessment reports (PPDA, 2009; 2010; 2011; 2012) increasing non-compliance with record keeping amidst the improving state of overall compliance across all parameters. This calls for empirical evidence specific to the record keeping parameter. Besides, there is need to understand compliance factors in the Local Government context where the working environment in the rural areas differ from Central governments in the urban areas. This is a critical information gap which the study sought to bridge.

Theoretical and empirical evidence on determinant of compliance

The study drew to the theoretical perspectives in the principal agent theory (Health & Norman, 2004), human capital theory (Becker, 1962) and the institutional theory (Lowell, 1994). The principal guides this study in conceptualizing PDEs' compliance to the record keeping standards as set in the PPDA regulations. The theory deals with situations in which the principal is in a position to induce the agent to perform some tasks in the principal's interest, but not necessarily in the agents interest (Health & Norman, 2004). Donahue (1989) explains that procurement managers including all public servants concerned with public procurement must play the agent role. As argued by Krawiec (2003) compliance may represent a principal-agent problem. When compliance is forced, dissonance is created between their cognition Festinger (1957) Forced public law compliance on maintenance and keeping of procurement records may end up into dissonance (Langevoort, 2002). The human capital theory opens insight into the potential role adequate capacity (staff competence) in enhancing compliance with record keeping standards. The institutional theory emphasizes the rule of law and sanctions as potential enforcement mechanism while recognizing the potential effect of cultural norms and values to enhance compliance with record keeping in public procurements. This study utilized the assertions of these theories to explore the capacity and institutional capacity factors in attempt to account for the increasing non-compliance with record keeping regulatory requirements in Uganda's PDEs.

Elsewhere in the Netherlands and EU, compliance to the public procurement regulations in municipalities was reported to be influenced by familiarity with the regulations (Gelderman, et al., 2006). Consistently, Eyaa and Nagitta (2011) attributes non-compliance with public procurements in Uganda to limited familiarity with the procurement regulations. Eyaa and Nagitta (2011) measures familiarity on four proxies (familiarity with applicability, familiarity with exceptions, overall knowledge of the rules and perceived clarity of the rules). Moreover Basheka and Mugabira (2008) identify low professionalism in public procurements and high

staff turnover which according to the PPDA Audit Report (2008) influences non-compliance to procurement regulations. The Ministry of Finance Planning and Economic Development in its Ministerial statement 2009 confirms challenge of inadequate staffing on low compliance to the procurement law.

From the above, there is diverse literature on factors that contribute to non-compliance with record keeping in public procurements in Uganda. The Rationalist, normative and institutional theories of compliance highlighted in the literature open insights into capacity and institutional factors as key factors that influence compliance. These theories have been used in previous studies to explore the factors that influence compliance. Capacity factors relate to adequacy of staff numbers their knowledge, skills, experience and job motivation. The institutional factors relate to complexity of the regulations, monitoring and supervision compliance, performance incentive systems and sanctions. These factors were adopted to study those contributing to non-compliance with record keeping regulatory requirements in Kibaale, Kyenjojo and Kyegegwa Districts.

Methodology

To ensure a comprehensive analysis, (Thai, 2008; Witting 1999), the study took a case of Kyenjojo, Kyegegwa and Kibaale Districts Local Governments which were reported to have performed unsatisfactorily in regard to record keeping. A cross sectional survey was carried out to collect primary data through face-to-face interviews on a sample of 76 record management stakeholder comprising of Chief Accounting Officers, Contracts Committee member, staff of PDUs, User Departments, and District governing Councils. The sample size was determined based on the study population as recommended by Krejcie and Morgan (1970). Respondents were selected using purposive sampling to ensure representation of stakeholders in the three districts and represent all categories of stakeholders. The data measured the extent of stakeholder's agreement with the statements on institutional capacity and technological challenges.

Analysis of capacity entailed statements testing the aspects of staff adequacy and competence vis a vis record keeping workloads and complexity of the record keeping processes, staff motivation availability and implementation of performance incentives such as rewards and sanctions. The analysis of capacity further drew to the adequacy and appropriateness of available facilities, and tools as well as technical and financial support to the record keeping function in the PDEs. Regarding technology, the aspects of awareness and integration of ICT in the procurement record keeping function and associated constraints were explored. The statements explored opinions of stakeholder with regard to prevalence of challenges hypothesized and reflected in the statements. For each statement in the questionnaire open-ended questions were included to probe the respondent further on response provided during face-to-face interviews. To a minimal extent, secondary data was used and entailed evidence on procurement record keeping provided in PPDA's assessment studies on compliance with procurement regulations in Uganda and was gathered through review of relevant documents. The quantitative data was analyzed using descriptive statistics. Specifically percentages of respondents who agreed or disagreed with the statements elicited in the questionnaire were estimated. The percentages indicated the extent to which a specific individual capacity,

institutional capacity or technological challenge is perceived to be prevailing or not in the PDEs. Quantitative data was manually analyzed for content and recurrent themes in the texts, the recurrent themes and corresponding quoted verbatim identified.

Results and Discussions

The study established prevalence of critical capacity gaps, institutional and technological challenges which constrain record keeping and management in the districts (Figure 1).



Figure 2: Percentage of respondents who consented to prevalence of particular capacity gaps and institutional challenges in the PDEs

As indicated in Figure 1, the procurement record management units are characterized by staff who lack motivation, job commitment and who deliberately choose not to keep records to pave way for fraud. This partly is attributed to the fact that they work under an environment of limited performance incentives such as low salary enumerations, are quite often not sanctioned for poor performance or not rewarded for performance excellence in records management. To the worst, the monitoring function is weak to identify record management faults or fraud intentions. Besides, they lack vital tools and facilities like shelves, files, automated filing systems to keep records safe and secure. These capacity gaps are anchored on limited funding to Local Governments and the record keeping and management function in particular, as exemplified in the following excerpts from the filed notes:

Monitoring is crucial to keep track of record compilation and tracking as events arise. This is particularly more important in instances where the staff don't take responsibility. Some officers do not keep records or even put some documents off-record to allow for or cover up fraud.

It was also indicated:

I consider weak monitoring to be a crucial factor. The fact is that internal monitoring is almost non-existent in most districts. Even when monitoring is done, it is not tailored to execution of tasks and responsibilities. Attention is often drawn to checking whether they are present or absent on duty. In the event, officer experience a backlog of tasks and do not deliver. This is the case with the record keeping and management function. You find the person to the task with cumulative minutes and reports for many procurement proceedings such as bid opening, bid evaluation among others.

In addition, it was established:

Non-compliance with record keeping an institutional culture issue. Activities along the procurements process are executed but documentation done later. The culture of service managers is to think of and request for documents in response to compliance assessments. This leads to inaccuracies and inconsistencies information rendering some documents to be considered non-authentic during compliance assessments, investigation of procurement queries and fraud. Surprisingly, due to weak record tracking systems, some information will be altered or put off record to compromise investigations of procurement, queries, irregularities or fraud.

The menace of limited staff motivation and commitment on record keeping is consistent with the assertion by Robert & Stanković, (2006) and Kagaba (2010) that motivation is crucial to enhance implementation of the procurement processes. Similarly, the observed un ethical conduct in record keeping coincides with the general literature on institutional challenges in procurement management (Fred Tang, 2009; Basheka, 2008) and the Social value orientation and regulatory compliance in Ugandan public procurement (Ntayi et al., 2011) which identify monitoring and unethical conduct among the institutional factors which affect the procurement process.

The record keeping and management function was yet to adopt automated systems. Record keeping remains reliant on manual filing and retrieval of information, a system that is far behind the technological trend, cumbersome and subjects the information and documents to a risk of manipulation and insecurity. Record keepers and managers appreciate the value an automated system would offer in easing filing, retrieval and security of information. They however consider that the automated system would be more relevant with an e-procurement system which is the way to go in the near future. The sentiment below validates this stakeholders' view on the technological gap in keeping and management of procurement records.

Automated record keeping is a way to go particularly with the latest advances in the technological world. We need an online system for compiling and filing records and managing procurement information kept. With such a system, accuracy, swiftness in access and above all security of documents can be more guaranteed. "Record managers should be relieved of the burden of checking documents manually. The physical records can be a back-up to the online records. The automate system comes with

security features-passwords that can limit access and manipulation of information by some self-interest individuals to allow fraud in public procurements”. While measures to adopt automated systems would be costly, they should be considered priority in planning, budgeting and soliciting of support funds to the procurement function.

The significance of technology in record keeping is consistent with the findings by Guinipero, et al. (2006) that calls for greater reliance on the use of information technology to support the procurement function while the NPPPU (2005), considers information technology a key compliment to the effectiveness and efficiency of the procurement process.

Conclusion

The paper identifies critical capacity gaps, institutional and technological challenges which constrain record keeping and management in public Procurement and Disposing Entities of Local Governments. More specifically, the staff in record keeping lack motivation and job commitment. They also lack adequate and appropriate record handling facilities and adequate budget support to finance potential measures to enhance proper keeping. Besides, there is a low likeliness of identifying faults, best performance is often not rewarded while unsatisfactory performance is not severely sanctioned. And finally, there is limited integration of ICT in keeping of public procurements records. These are typically institutional capacity challenges which should be addressed looking forwards to improve record keeping for enhanced transparency and accountability in public procurements.

Recommendations

To address, the constraints, the following are recommended. First, management of the record keeping function should offer a work environment that offers incentives, tools and facilities for performance excellence in records management. The entities which excel in record keeping and management should be rewarded while those which perform poorly be sanctioned. Secondly, the record management function should be automated to enhance accuracy, swiftness in access and above all security of documents. Monitoring and Evaluation of the records management function should be strengthened with emphasis on increasing the likeliness of identifying faults and frauds. Finally, considering that implementation of these measures will necessitate a boost in financial resources to the records management function, the planning committees districts are argued to prioritize resource mobilization and allocation towards building capacity for improved management of procurement records.

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