

TAXPAYERS ARE FIGHTING BACK: TRANSPARENCY AND ACCOUNTABILITY DOES NOT MEAN INEFFICIENCY

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ABSTRACT. Government procurement processes, no matter what the country or jurisdiction, demands a high level of transparency and accountability through its purchasing of goods and services. The need for increased approval levels in the process is seen as a requirement in order to protect taxpayers' funds and is cited as a reason for not being able to implement best or emerging practice as seen in private organisations. However, today's taxpayers are perhaps much smarter than ever before. As taxpayers, it is extremely rare that we sing the praises of governments who are undertaking inefficient procurement practices but use the excuse that it is in our own interests to do so! Taxpayers are fed up with inefficiency and want their governments to reduce the cost of the procurement process so more funds can be diverted to issues such as healthcare and other programs. This paper and presentation will discuss what some of the issues are and will quote some examples of inefficient practices and how they can be overcome, without necessarily losing transparency. The paper will also outline that within government accountability is held up as an ideal, but often given lip-service and this lack of true accountability is hampering the path towards efficient government procurement practices.

INTRODUCTION

Australia is no different to most other Governments around the world, in that they are required to treat taxpayers' funds with the utmost transparency and accountability, which are the hallmarks of good governance for any organisation. However, in my experience there are

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potentially two things wrong with this situation in reality; first, that transparency and accountability must come at any cost and second, that this fact can be used to justify inefficient processes or a lack of effort in optimising processes to provide value for money to taxpayers. Even the United Nations lists 'Effective and Efficient' as one of the eight characteristics of good governance (UNESCAP, 2008). In my experience, taxpayers, although at times apathetic, are more and more concerned in how their hard-earned taxes are being used by Governments. Further, the need for accountability within Governments is often cited but most frequently absent in dealing with situations or individuals. Individuals are not held accountable in the true sense of the word; even for major infractions related to procurement policy or tendering situations, individuals are simply slapped on the wrist and allowed to get on with what they do.

TRANSPARENCY AND EFFICIENCY?

According to the Australian Commonwealth Procurement Guidelines Section 7.5 (2005, p.22):

Transparency provides assurance that procurement processes undertaken by agencies are appropriate and that policy and legislative obligations are being met. Transparency involves agencies taking steps to support appropriate scrutiny of their procurement activity.

However, based on my discussions with senior government staff, transparency is frequently used to justify cumbersome processes that make no sense, are inefficient, do not provide value for money and are not considered *appropriate* given the circumstances. An example is where a separation of financial and procurement delegation allows for separation of duties, which is appropriate; however, in some cases up to six people are involved in the process to purchase an item of relative low value, which shows a clear disregard of providing value for money. In many cases, levels of delegation are not appropriate to the purchase value, resulting in inefficient processes and unacceptable delays.

The issue of transparency in relation to processes is that they should be open to scrutiny and be defensible to the public at large as being appropriate given the expenditure levels. However, there is an equal

importance for processes to represent good value for money in terms of transaction costs. This is where much of the inefficiency resides.

EFFICIENCY IN GOVERNMENT PROCUREMENT

The definition of efficient according to the Oxford Dictionary is '*productive with a minimum of waste or effort*'. This implies that productivity is still possible without involving effort that is greater than that which is appropriate to the situation. Are Government processes and efficiency two opposing ideals? Certainly this is not the case! Yet in my experience in dealing with Governments for many years, training over 2,500 government staff in procurement processes and based on *anecdotal* evidence, transparency is often held up as an excuse not to improve processes and increase efficiency. The fact that procurement inefficiencies exist is evident from some of the findings from the 2007 Report on Review of Purchasing and Logistics in the Queensland Government:

'Almost half of the agencies (44 percent) reported that they had no performance measures in place for assessing procurement efficiency and effectiveness' (p. 18)

'There is no governance mechanism currently in place to ensure that a consistently high level of procurement performance is achieved across all areas of supplies, services, and capital expenditure.' (p.19)

'Procurement performance management provides a basis for effective control and stewardship of resources and demonstrates the value of the procurement function. This is not currently optimised in the Queensland public sector' (p.25).

I would suggest that issues such as those outlined above are not restricted to the Queensland Government, but in all probability exist in many public procurement institutions in general. There are many ways to increase efficiency and retaining an appropriate level of transparency in procurement processes. Some of these include:

- a. Increased levels of training for existing staff. The Queensland Government model provides eight courses at Levels 1 to 4 from simple procurement processes to strategic procurement and advanced contract management. Even at Level 1, students are

encouraged to question outdated and ineffective practices in procurement and find alternatives that meet transparency, yet provide better value for money to taxpayers;

- b. Increased levels of delegation for staff based on higher levels of training. These levels of delegation obviate the need for multiple layers of approvals, when only two levels are needed in most instances.
- c. Reduced duplication of processes. There has been a trend towards the creation of shared services agencies to create efficiencies, but in reality they have also led to increased duplication and confusion of responsibilities. In other cases duplication exists that can be avoided.
- d. Incentives (monetary?) for government staff in coming up with ideas to reduce inefficiencies and provide greater value for money. While this may seem radical, the private sector has been doing this for decades with some fantastic results.
- e. Improved quality of management (through performance appraisals and training) by ensuring that managers encourage staff to use their initiative to increase innovation and efficiency in procurement processes.

There is no doubt that many more opportunities exist than those listed above. However, it must be seen that transparency can be achieved in addition to efficiency; that they are not mutually exclusive.

ACCOUNTABILITY

According to the Queensland Government's Better Purchasing Guide (2001, p.6), accountability is *'the obligation to account for the way particular duties have been performed'* and further, *'accountability shows how the public interest has been protected in the expenditure of public funds'*. The Oxford Concise Dictionary of Politics (2003) suggests that accountability is: *'The requirement for representatives to answer to the represented on the disposal of their powers and duties, act upon criticisms or requirements made of them, and accept (some) responsibility for failure, incompetence, or deceit.'*

Finally, the Merriam-Webster Concise Dictionary of English Usage (2002) suggests accountability is: ‘The quality or state of being accountable; especially: an obligation or willingness to accept responsibility or to account for one’s actions’

The above definitions suggest that public servants involved with procurement activities (indeed, any activities), should be held accountable and responsible for their actions. Accountability therefore could act as an incentive to ensure the actions of individuals are of a consistently ethical nature. However, true accountability for a person’s actions does not seem to exist – instead, all employees are held equally accountable for an individual’s actions, which appears to be an easier route for management. In one case, an high-ranking individual within a major Government hospital was found to have deliberately flaunted corporate procurement guidelines over a long period of time, at the detriment of procurement staff who felt bullied in carrying out the instructions. This individual concerned received a ‘slap on the wrist’, and was in fact subsequently promoted! In another case, fraud was discovered by an employee using a corporate procurement card. After the ensuing investigation, not only did this person retain their job, but also the existing level of procurement delegation and expenditure on the procurement card! In other departments however, these instances are often held up as reasons not to have corporate procurement cards. In yet another case, senior purchasing staff in a large government department were responsible for a tendering situation that could have resulted in the department being sued for breach of contract by two suppliers. The government minister responsible became involved and ordered the tender be re-let; however, the employees concerned remained in their posts without any penalty. How is it that these circumstances demonstrate true accountability?

My suggestion is that efficiency improvements are hampered by not holding people accountable – why should they bother? There is a belief that no matter what happens, your job will not be in jeopardy. Is this what taxpayers consider to be accountability? There is no incentive to become efficient if accountability is given lip-service!

CONCLUSION

This paper is designed to provide food for thought in relation to transparency and accountability. It provides some anecdotal evidence that in many cases this is held up as an ideal, but often at the expense of common sense and efficiency. Although far from exhaustive, it proposes a number of suggestions to turn this around and would benefit from further research. The idea that the taxpayers are fighting back stems from the fact that they are becoming more and more vigilant in relation to government practices and are demanding more value for money in general. It is therefore imperative that public procurement, no matter what the jurisdiction, considers not only transparency of procurement processes an ideal; but also greater levels of accountability and efficiency of processes in order to provide true value for money for taxpayers and other customers.

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