

Public Procurement Process - A Project Management Concept: A Panacea to a Successful Project

BY Engr. G . E. Odiase
Civil Engineering Department
Benson Idahosa University, Benin City, Nigeria

Abstract: The Management of project has for long been a problem in the public sector of the Nigerian Economy. The standard rules guiding Project Procurement and Implementation from conception, through planning, award and execution were usually not followed. This has caused many government projects to remain uncompleted or abandoned. The introduction of “Due Process” in the procurement and management of Government contract brought in some control and streamline the implementation process. This paper discuss the origin of the public procurement programme, the reason for the establishment of the Budget monitoring and Price Intelligence Unit (BMPIU) popularly known as “Due Process” in the presidency, and the Bureau of Public Procurement (BPP) as well as their mandate. The provision of the procurement Act was also enumerated. The principle and stages of Project Management, the focus point of which is the efficient accomplishment of the objective of a project were discussed and the correlation between public procurement process and project management were enumerated. Also, the criteria for a successful project were highlighted. Among other recommendations is that deliberate effort must be made to ensure that only persons who have the professional expertise and experience should be saddle with the responsibility of planning, designing and execution of projects.

Keywords: Implementation, Procurement, Streamline, Accomplishment, Planning, Design and Execution

I. INTRODUCTION

The introduction of Due Process in the implementation of Government contract by the Federal Government put some sanity in contract administration in the public Sector of Nigeria economy. The process started with Government directive to all ministries departments and agencies (MDA's) to ensure the implementation of the finance circular and treasury circular (FTC) of 27th June 2001 and 30th October, 2001 respectively. The circular was tagged “New Policy guideline on procurement and award of contract in government ministries and parastatals” and spelt out the due process for procurement and expenditure activities in the implementation of the annual budget. Along the line there were additional due process guidelines (FTC 2002) setting out the threshold, the tender process and the sequence in the administration of contracts.

In other to actualize the Government lofty idea, the Budget monitoring and Price intelligence Unit (BMPIU) was set up in 2001 in the presidency. The function was to implement a robust public procurement Reform Programme as part of the massive Reform Initiated by the administration. In the forward to the manual on Public Procurement Reform Programme in Nigeria, the BMPIU popularly known a Due Process was set up to check-mate open abuses to rules and standard in the award and execution of Public Contract in Nigeria (BMPIU 2006)

It was due to the success of the Due process Reform Programme that the BMPIU metamorphosed into the Bureau of Public Procurement (BPP) and subsequently the Promogation of Public Procurement Act 2007. The Act among other things promogated the rules and regulations governing Procurement of Government Contract as well as penalty for breach of the Act. It also gave legality to the existence of BPP.

The Public Procurement Programme can be said to be the application of the Project management Principles on Project implementation which aim is the successful implementation of projects.

II. 2.0 BACKGROUND OF STUDY

The efficient management of available resources has been the concern of every government. Between 27 to 30 percent of government expenditure is usually allocated to capital expenditure in our national budget. As population increases there is growing demand for infrastructure which is serviced from the capital component of the budget. The lapses in the country's procurement system over the years had lead to economic waste due to abandoned government projects. This has also brought about corruption, poor service delivery and denied of social amenities to the people (BMPIU, 2006)

The establishment of Public Procurement Reform Programme has brought about improvement in the administration of Government contracts in Nigeria and it is inline with the project management principles and practice.

1.0 *Objective Of Budget Monitoring And Price Intelligent Unit (Bmpiu)*

The implementation of Government Procurement Programme commenced with the establishment of the Budget Monitoring and Price Intelligent Unit (BMPIU) in the presidency with the following objectives:

- To harmonize and update all Federal Government Policies and Practices on Public Procurement
- To ensure that project conceptualization and packaging match the defined priorities and targets as set in annual appropriation
- To strictly enforce the Due Process principle of transparency, competition, efficiency and value-for-money in the procurement of public goods, works and services.
- To ensure efficient and integrity -based monitoring of the implementation of all Federal Government Projects in line with Due Process principles.
- To prevent extra budgeting spending by ministries, department and agencies by ensuring that only projects with due appropriation by the National Assembly are certified and thus funded for execution.
- To prevent contract inflation by ensuring cost reasonableness, accuracy and comparability of all public contracts with national, regional and global cost.

1.1 *Function Of BMPIU*

Among the functions of the BMPIU, was to regulate and set standard to enforce harmonized Bidding and Tender Document for all Federal Government Contracts, monitor prices of Tendered items and Documents Federal Government Project from point of award until completion (BMPIU, 2006)

The Due process mechanism is base on systematic application of rules of the game. The standard criteria for compliance review do not lend itself to subjective interpretation or arbitrary use of discretion and sentiments. The three core objective parameters that public contracting is judged internationally for compliance with best practice are the same that the BMPIU seek to promote always.

The three core parameters are:

- The process must be right
- The winner must be right
- The cost must be right (BMPIU, 2006)

The BMPIU issued guidelines for the implementation of Due Process certification of contract in the following area:

- Advertisement for award contract
- Pre-qualification of contractors

- Bid opening and evaluation
- Contract agreement
- Transmission of Due Process to Account General
- Stage of work completion certificate
- Finalization of Internal Due Process cycle

1.1 Establishment of Bureau of Public Procurement (BPP)

Following the success recorded by the BMPIU in the implementation of Public Procurement Programme, the Bureau of Public Procurement was established with the following objectives:

- To harmonize the existing government policies and practices on public procurement and ensuring probity, accountability and transparency in Procurement Process;
- To establish pricing standard and benchmarks on procurement
- Ensure the application of fair, competitive, transparent, value-for-money standards and practices for the procurement and disposal of public assets and services and
- To ensure attainment of transparency, competitiveness, cost effectiveness and professionalism in the public procurement system.

1.2 The Procurement Act:

The procurement Act was promulgated to provide for the establishment of BPP. The scope of the procurement Act covers all procurement of works, goods and services carried out by the Federal agencies and parastatals that is wholly funded or derives at least 35 percent of its fund from the Federal Account (BPP 2007)

The Act provides the guidelines for the composition of the Approving Authority, the Procurement Planning, Procurement Implementation, tenders board, pre-qualification and award of contract for the procurement of goods, works and service

It is worthy of note that many state governments have also enacted their state procurement law to provide for the establishment of their respective procurement Agencies for monitor public procurement, set standard guidelines threshold for the procuring entities as well as developing, professional capacity.

III. PROJECT MANAGEMENT

Project Management is the act of mobilizing and managing people, material, equipment and money known as resources to complete the assigned project work on time, within budgeting cost and specified technical performance standard (Chitkara, 2007)

Project Management provides an organization with power tools that improve its ability to plan, implement and control its activities as well as ways in which it utilizes its people and resources.

3.1 Definition of Project: A guide to the project management body of knowledge (published by the project management institute define project as a mission undertaken to create a unique facility, product or service (Chatfield and Johnson 2013)

Project usually has definite starting and ending points and also specified scope, quality and cost.

3.2. Project "Life Cycle"

From conception to implementation, the phases or stages in the development of a construction project fall broadly into consistent pattern, but timing and degree of emphasis each project takes on its own unique character depending on the magnitude and resources available for the prosecution. (Barrie and Paulson Jr 1980)

3.2.1 Phases of a construction Project

The “Life cycle” of a construction project can be summarized in four phases depending on the project size and resources available for the implementation.

The phases are enumerated below and illustrated in Fig 1 in the form of a bar chart

- i. Planning - from conceptualization up to feasibility stage
- ii. Engineering and Design stages
- iii. Construction Stage
- iv. Operation and maintenance

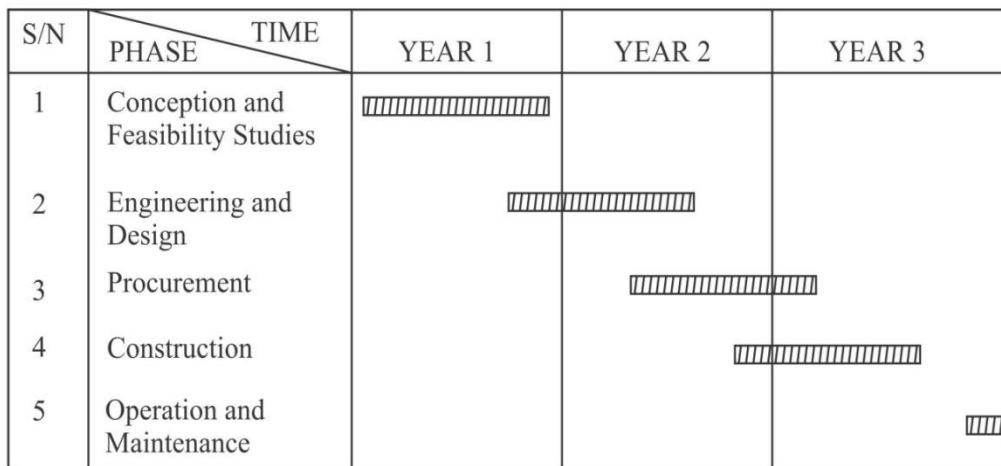


Fig 1 - Phases of a Construction Project

3.2.2 The stages of a construction project

The phases of a construction project can be further expanded into eleven stages to form of the project “life cycle” shown in Fig 2.

The stages are as follows:

- i. Objective
- ii. Conceptualization/project identification
- iii. Prioritization of project (programme)
- iv. Feasibility study
- v. Appraisal/evaluation
- vi. Go /No Go Decision
- vii. Initial project implementation (Engineering and Design)
- viii. Tender and award of contract
- ix. Project construction
- x. Post Audit and maintenance
- xi. Operation and utilization

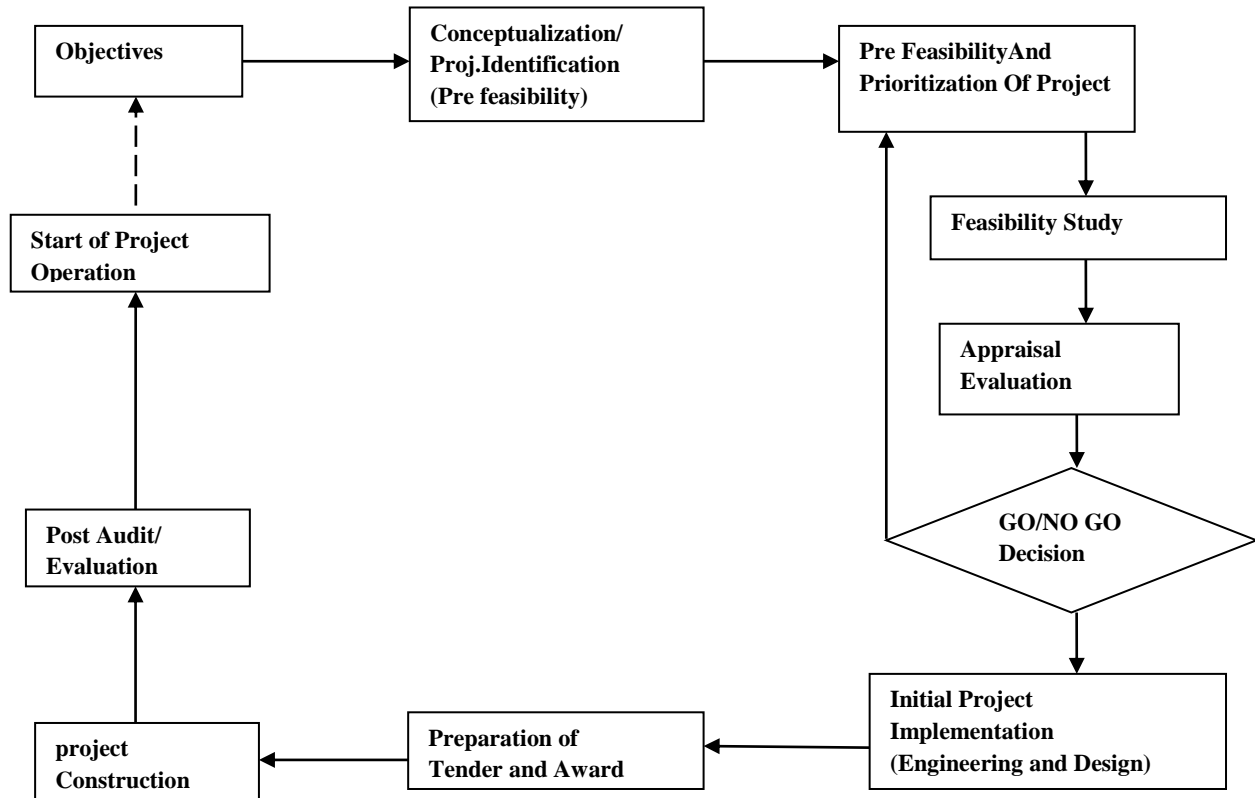


FIG. 2. Stages of a Construction Project

Objective: The corporate objective determine the type of project an entity could undertake. Most government projects are guided by statutory objective on the basis of which projects are conceptualized by the implementing agency.

3.1 Conceptualization/project identification (feasibility)

In order to achieve the set broad objective related projects are conceive and identified by the relevant ministry, department and agency of the government aim at carrying out their mandate and achieve the programme of the government. Organize private entities and individual also carried out this aspect of planning before the actual implementation commences.

Having identify potential project, the entity invites proposal from various capable consultancy firms. These proposals are evaluated base on the following criteria.

- i. Technical proposal which spell out the methodology of carrying out the study and various types of data, analysis and investigation
- ii. Financial proposal which consider the consultancy remuneration being charged and cost of other logistic to be involved.
- iii. Quality and adequacy of manpower experience in similar project

From the above criteria a consultant is selected to carry out the pre-feasibility.

3. Pre-Feasibility And Prioritization Of Projects (Program)

The pre-feasibility will involve some preliminary data collection investigation, and preliminary report. The report will rank the project in other of feasibility and on this basis, a detailed feasibility study of the viable project is approved to commence.

4. *Feasibility Study:*

Element of this phase include detailed data collection, investigation, surveys, technical and economic analysis, environmental impact assessment and consideration of the various alternatives for achieving the objective of the project. It will also consider the cost-benefit analysis of the alternatives. The alternative with the lowest cost-benefit value will be presented for design.

5. *Appraisal/Evaluation:*

On completion of the feasibility report, the consultant submitted the design and report to the owner who may use in house or another consultant to appraise and evaluate to enable the owner take decision. The technical institutional and financial appraisal are carried out.

6. *Go/No Go Decision*

Based on the appraisal, and evaluation of feasibility report the owner is able to know whether the project is viable or not. If it is on the affirmative, approval for the preliminary Engineering and Design is made to the consultant to move ahead, otherwise the project is shelved and reference made to the scale of viability and alternative.

7. *Initial Project Implementation (Engineering And Design)*

When it has become obvious that the project is visible, the engineering and design are carried out.

The engineering and design have two main phases

- i. Preliminary engineering and design
- ii. Detailed engineering and design

The preliminary Engineering and design stress on Engineering concept, evaluation of technical process alternative, size and capacity decision and comparative economical studies. To a great extent these steps evolve directly from the concept and feasibility stage and it is sometimes difficult to see where one leaves off and the other begins.

Once preliminary engineering and design are essentially complete, there is generally an extensive review process before detailed work is allowed to proceed.

The detailed engineering and design involve the process of successively breaking down, analyzing and designing the structure and its element so that they complies with the recognized standards of safety and performance while rendering the design in the form of a set of explicit drawing and specification that will tell the contractors exactly how to build the structure on the field.

8. *Preparation and Award Of Tender (Procurement). The stage involves:*

- i. Preparation of tender document
- ii. Invitation to tender
- iii. Pre-bid conference where necessary
- iv. Open of tender and evaluation
- v. Award of contract

For direct labour project, it is at this stage some construction materials and equipment are procured.

9. *Project Construction:*The construction stage is when all designers plans and specification are converted to physical structure and facilities. It involves the organization and coordination of various resources- Labour, Material, Equipment, Money, Technology and Method.

10. Post-Audit And Maintenance Period

It is at these stage that testing of the installed facilities, correction and adjustment of components to ensure that they all function well together as a total system. Defect is rectified before and after the handing over. A specified period of maintenance is usually provided during which the contractor is called up to rectify defects without additional charges.

11. Operation And Utilization: This is the phase when all physical facilities are put into use. The functional value of the project will depend upon the decision and implementation objective developed during the proceeding phase.

Project could be designed for a functional live period of between 20-50yrs or more.

IV. CORRELATION BETWEEN PUBLIC PROCUREMENT PROCESS AND PROJECT

MANAGEMENT CONCEPT.

In line with the Project Management Concept, the Public Procurement Process design and enforce compliance with the list of document required for Due Process Review Certification.

These are as follow:

- A. Certificate of project readiness for implementation
 - a. Evidence of alignment of with the Federal Government of Nigeria Strategic and Sectoral Priorities
 - b. Technical and Financial appraisal of the project
 - c. Project Designs
 - d. Project cost and consultant/engineer estimates
 - e. Financing, procurement and implementation plan
 - f. Environmental impact Assessment Report
 - g. Operations and Maintenance Manual where necessary
 - h. Evidence of appropriation packaging
- B. Certificate of Procurement
 - a. Evidence of Advertisement - Invitation for pre-qualification
 - b. Pre-qualification document
 - c. Letters of Invitation to Bid
 - d. Bid Document in line with FGN guildlines
 - e. Project Design and Drawings
 - f. Engineer/Consultant or in-house estimate
 - g. Bid evaluation report
 - h. Bid bond
 - i. Appropriation/funding
- C. Certificate of Implementation
 - a. Contract agreement
 - b. Performance and security bond
 - c. Process report – Technical
 - d. Progress report - financial and others.

4.1 Correlation Analysis

- ❖ Items A1,2,5 and 8 depict the planning phase of the project management
- ❖ Items 3, 4 and 7 are the activities carried out during the Engineering and Design stages
- ❖ At the Construction stage, the plan, engineering and design of the project are put to reality
- ❖ The requirements under item C, “Certificate for Implementation are judiciously followed up by the BPP by monitoring compliance during execution of the Project.

The process ensure transparency, competition, openness, competence, integrity and value for money in the award and execution of Public contract. It also ensure budget discipline, optional cost and efficient project implementation in a planned and coordinates framework.

Project Management Process is also aim at achieving the same objective as in the Public Procurement Process.

V. CRITERIA FOR SUCCESSFUL PROJECT

A project can be said to be successful if the set objective of the project is accomplished. That is the purpose of the project is achieved.

Some of the criteria for a successful project are as follows:

- The project must have a definite purpose it aim to achieve
- It must be properly conceptualized to realize the goal
- If it is a project for a community the beneficiaries must be briefed and carried along from planning stage
- The project must be properly studied to ensure it feasibility
- Environment impact assessment (EIA) should be carried out to ensure the adverse effect of the project during and after construction are considered in the design
- Only persons who have the professional expertise and experience should be entrusted with the activities of planning, design, costing and execution of projects
- Contractors who are technically equipped should be given priority in the award of contract.
- Project should be awarded only when there is budgetary provision for the execution
- Project once started should be completed on schedule and approved cost.

VI. RECOMMENDATIONS

- To ensure the full realization of the benefit of the Public Procurement Programme, Government should consider the employment of professional construction manager in the implementation of Government contracts.
- Professionals who have been trained and adequately equipped should be involve at every stage of the project
- Environmental impact assessment must be carried out on project to avoid delay during execution.
- Uncompleted project should be rolled over to the following year budget plan until it is fully completed to avoid abandonment
- Government must be committed to the implementation of the budget and it provision
- Fund should promptly be released for the payment of certified work or approved completion certificate

- Stakeholders should be adequately informed of the purpose and benefit of the project to avoid vandalization of the facility.
- Operators of the project should be properly trained and brought in early enough during the implementation of the project to ensure smooth running of the project after completion.
- Operation and maintenance manual should be provided during commissioning and handing over of the project.
- As – built drawing or built in planned maintenance should be provided where necessary at the handing over of the project
- Government should ensure that due process and the provision of the procurement Act are judiciously followed and complied with by monitoring performance regularly.

VII. CONCLUSION

Projects are initiated and implemented to achieve a goal. The Public Procurement Process and Project Management are similar tools to ensure standard procedure are followed to achieve the objective at the specified time, cost and quality.

Since the adoption of Public Procurement Programme, significance achievement has been made in the management of Government projects resulting in saving from over-invoicing, inflation of contract costs, proliferation of white elephant projects and diversion of Public fund through all kind of manipulation of the contract system. Moreover, there has been significant increase in the number of completed project that were successful handed over. The system has ensure prudent project management.

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