

On Current Situation and Improvement Approach of National Procurement Program

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Abstract. The government procurement program is one of important public expenditure management strategy. It can deal with several things such as strengthening fiscal function, removing corruption, enhancing macroeconomic regulation and control. Its essence is an open competition. Whereas, sometimes implementing of this program is not smooth because some intentionally or unintentionally man-made trip affect the program procedures. As a result, it is necessary to strengthen the application of supervision and information technology, further improve government procurement program, finally realize the objectives so called “trade in sun shine”. In this study, we review the government procurement program over all and the problem situation of national government procurement, and carefully give the suggestion of how to improve national government procurement.

Introduction

Government procurement was originated from the Europe. The western countries have carried out the government procurement program since 18th century, and have established the relative system of management, regulation and legal law [1]. In China, the government procurement was applied after opening up and reforming program, and nowadays it becomes an important part of fiscal system as main means of macroeconomic regulation, and implementing policy of financial, currency, and industrial.

In recent years, the government procurement program (GPP) has been significantly progressed, and the scale of it is gradually increasing due to the requirement of “reforming management of government procurement from program guide type to resultant guild type”. Statistics data from Finance Ministry showed that the scale of government procurement was 1.83 trillion RMB in fiscal year of 2016, more than 98.4 billion RMB in 2015, the increase rate was 5.8%. However, national GPP recently meet some challenges, and demand us to regularly improve related programs in order that it becomes important guarantee of effectively regulating government fiscal fund expenditure.

Problems in National GPP

Although GPP has been playing an important role on saving national financial fund, building incorruptible government, and restraining from under table operations, its implementation has met some serious problems as follows.

The Problems of Small Scale and Narrow Scope of GPP

In the eyes of the implementing situation, GPP was mainly concentrated on administrative office work, teaching and scientific research facilities, office car purchasing, building decoration, and some products that was easy to be operated and standardized. Whereas, GPP did not cover the unstandardized products such as goods over the guide line, and engineering/personnel service.

Purchasing Staff’s Incapability in GPP

GPP is different from common business trade, it is required to not only master the knowledge of finance and economics, but also have to understand the circumstance of bid and tender, contract

management, business negotiation, market inspection, commodity, engineering, and service. Along with gradual development of GPP, it must be necessary to have a high-quality team to meet the demand in mastering purchasing technique, be familiar with quality of commodity, follow ethic regulation, and have a high sense of responsibility [2-3]. However, at present the personnel capability of national GPP is relatively insufficient. Namely, the ability of GPP manager, because of lack of professionalization, has a large gap between the capability in carrying out program of GPP and real situation. For example, many purchasing managers could not recognize the complexity of GPP, and have not totally understand the international GPP and relative programs. Some are even not familiar with bidder's credibility, quality of commodity, market analysis, and related national police of GPP.

Imperfect Supervisory Mechanism of GPP

Essence of GPP authority was decided to follow the regulation of supervision and prevention. GPP is an important part of government expenditure. The fund resource of GPP is from the public fund collected from tax paid by the enterprises or individuals. As is well known, the government applies administrative power to implement public duties [4]. When this administrative power is not suitable controlled or supervised, it is easily to be inappropriately used and lead to corruption. It was thoroughly proved by the recent serious illegal and undisciplined case in recent years. Moreover, the way of GPP is commonly carried out by centralized purchasing, mainly by open tendering, so if it is not tightly controlled, it will generate the phenomenon of "seeking power rent". As a result, it would give rise to hurt the public interest, even generate a catastrophic damage for health development of society. Apparently, this unexpected result goes against the initial intention of GPP, therefore it is significantly important to implement the supervisory program while carrying out GPP. At present, the appearance of supervising inefficiency in GPP is lack of standardization of fund and after-service management, and unbalanced internal control system.

Improvement Suggestion of GPP

As an important program of government expenditure, the essence of GPP is open and fair competition. the effect of GPP is able to strengthen the financial function, reduce the corruption, and reinforce the macroeconomic regulation and control. Therefore, in order to avoid or effectively curb the violating operation, it is necessary to produce tight regulation, improve the information technology, enhance staff's professional skills. If so, GPP will really reach the status so called "trade in sun shine" in near future.

Expanding the Scope of GPP

Nowadays, the reality is that the national fiscal fund only occupies a small part among the public functional expenditure for procurement. Large part of public funding project was carried out by other form of fund, for example, overseas' government loan, international organization loan, domestic loan package, and state policy-related loan etc. Even, some route of public funding is capital endowment. In another word, if we just identify that the government fiscal funding is the only source of public funding, then much of the rest funding would be located in the outside of scope of control. Therefore, the application scope of GPP should be confirmed within the all kinds of government fund. According to the above situation, we have to deal with it as follows. First, it is necessary to put more goods, projects, and service operation into GPP, and reduce the threshold of GPP limit standard to expand the scope of GPP. Second, government have to increase the scope of GPP budget fund and area coverage, and comprehensively exercise GPP within the government agency, public institution, and incorporation.

Constructing Improved Public Bidding and Tendering Mechanism

Bidding and tendering (BT) mechanism is one kind of GPP. through exercising the BT mechanism, it is significant to regulate the GPP trading program, promote fair competition, prohibit corruption, and increase the efficiency of GPP. All level of government should put the BT mechanism into the institutionalized and legislated route, correctly select the way of BT and operational procedures, stick

to competition principle of justice, open, and impartial, and totally adopt the supervision of monitor, public notary organization, and public personnel. In addition, as GPP is related to different kind of BT and content, it is a priority or principle to construct and improve the pool of experts. The experts that have practical experience should be selected in a wide scope covering every special situation in order to construct the higher tier and level operational system.

Constructing Supervisory Mechanism of GPP

Law-enforcing systems such as discipline inspection, supervision, and audit have to be used to supervise the operation procedure, improve the supervision mechanism, and prohibit corruption occurring. Financial department should coordinate and cooperate with law-enforcing department, exchange the information of supervision data and form a three-dimensional comprehensive supervision power. In addition, we need to construct the supervision system to deal with pre-budget restriction, dynamically supervising operation process in order to keep from generating and spreading corruption. At the same time, we should establish the media and social supervision system, totally open the GPP information, enhance the transparency during GPP operation in order to guarantee the quality and efficiency of GPP.

Constructing the Professionalized Team of GPP

In order to improve the quality and efficiency of GPP operation procedure, we should construct the professionalized GPP team. GPP is different from the common goods purchasing and administrative management, it need for experts to have specialized trading knowledge, and master the related national law and trading regulations. As a procedure to training the team members of GPP, first, government has to establish the professional qualification system of staffs, set out job standard, and improve the quality of the staffs. Specifically, the government not only increases basic training program, but also let the staffs to learn about the national law related the knowledge in order to enhance the quality of staffs. Second, it is necessary to carry out the ideological, moral, and self-discipline training program. The purpose of it is to realize the target of open, justice, impartial, and high efficiency.

Implementing Computer-Assisted GPP

Computer-assisted GPP is defined as the application of management, implementation, assessment, and report process at the platform of information technology (IT) and on-line network system. By taking advantage of IT, not only the GPP purchasing efficiency and cost effectiveness, but also transparency and information balancing will be improved significantly. From micro perspective view of point, compared with GPP carried out by common procedures, it can save cost about 30%, in addition, it can prevent from errors happened in the traditional procedures, and improve the efficiency, and finally it let the procedures be easier. From macro perspective point of view, computer-assisted GPP can reduce price and management cost, shorten bidding period, and reduce the man-made mistakes. Computer-assisted GPP can specify the behavior of GPP procedures, and be easy to be supervised by the related law or regulations, and then, guarantee the GPP principle of justice, open, and impartial. From national perspective point of view, at present, the total construction purpose of computer-assisted GPP must be as follows, unifying technical standard, specifying the procedures, establishing safety mechanism, realizing information sharing in order to construct the nationwide standardized computer-assisted GPP.

Institutional Innovation of GPP Operation

GPP process must be carried out through the scientific procedures and steps under the organization of GPP center. Scientific purchasing mainly covers the following three procedures. First, confirm the requirement of purchasing. The purchasing requirement is proposed by the purchasing institution, and is approved by the financial department after considering the budgetary quota and rationality of requirement. Second, implement the purchasing. At present, the way of purchasing is including open tendering, enquiry, single-source, and competitive negotiation etc. which kind of purchasing way is suitable depend upon the specific project. If reasonable procurement method is selected, the cost of

man power and material source will be significantly reduced. So, once the procurement method is decided, we have to follow the relative purchasing procedures and operating requirement [5]. Unfortunately, if we have to change the procurement method, it is compulsory to notify the suppliers. At the same time, it is necessary to initially inspect the qualification of the suppliers or to demand suppliers to fit some standard. Finally, regardless of any kind of the procurement method, it is necessary to sign a contract. Suppliers must provide certain sum of performance fund in order to implement the contract. Third, check and accept. At this period, suppliers must provide goods, engineering or service upon the regulation of signed contract. The receivers and suppliers are responsible to follow the signed contract. If any part violated the contract, the related part will pay the compensation according to the contract. Moreover, acceptance inspection is consisted of experts, which inspect the contract implementing circumstance and finally sign in the acceptance certificate. Financial department will carry out the fund settlement with suppliers according to the regulations of acceptance certificate and procurement contract. Finally, all related data or document must be permanently filed in order to receive audit.

Summary

GPP has many economic and social function, it plays the important role on national economic and social life. GPP is greatly significant to enhance fund efficient use, strengthen the national macro economical control, maintain the national and social interests, construct the incorruptible government and promote fair competition. we have to clearly understand the purpose and principle of GPP, and take example by the international rule about GPP, and efficiently use the fund. In addition, it is compulsory to insist on the principle of open, justice, impartial and full competition, maintain the team of suppliers and receivers to be incorruptible, prevent from fraud and discrimination. Finally, we must put GPP as a lever to regulate the national macro economical control, gradually implement the government function, promote the government system revolution, and improve the economic structure.

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