

AN INVESTIGATION OF FACTORS AND CHALLENGES INFLUENCING NON-COMPLIANCE WITH PROCUREMENT GUIDELINES WITHIN THE KZN DEPARTMENT OF HEALTH

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Abstract

Despite the reforms and employment of Supply Chain Management (SCM) as a strategic tool, South Africa is still facing enormous challenges in its procurement practices. The country is hugely affected by a critical situation of non-compliance with the legislative frameworks governing public procurement and contract administration, which conveys significant costs to the government and the community as taxpayers. Particularly, the Head office supply chain management directorate and hospitals within eThekweni District in the Kwa-Zulu Natal province have been experiencing enormous problems aligned to non-compliance with the public procurement and contract management guidelines. This paper examines the factors influencing non-compliance with procurement practices within the Kwa-Zulu Natal Department of Health. Mixed methods facilitated the process of data collection and analysis by combining both qualitative and quantitative techniques to identify factors and challenges influencing non-compliance with procurement guidelines within the KZN Department of Health, as well as to identify incurring irregular expenditure on procurement and contract management following non-compliance with procurement guidelines. This study revealed that the unavailability of SCM staffing norms, shortage of staff, lack of supervision, shortage of skills, unavailability of modern technology, negligence, etc., are among the major factors causing non-compliance with public procurement and contract management guidelines. This paper resolves to recommend to the Kwa-Zulu Natal Department of Health that public procurement and contract management policies and guidelines need to be complemented by human resources, appropriate skills, updated technologies, implementation of consequences management, and the best practice of monitoring and evaluation.

Keywords: Public procurement, procurement guidelines, supply chain management, and contract management.

INTRODUCTION

This study investigated the factors influencing non-compliance with procurement practices within the Kwa-Zulu Natal Department of Health. The interest in conducting this study was fueled by the Auditor General's reports for the financial year 2017/2018 and 2018/2019. This report showed that the Department of Health had received qualified audit opinions for two consecutive years for incurring irregular expenditure on procurement and contract management following non-compliance with procurement guidelines (South Africa, Auditor General Report, 2020). Therefore, non-compliance with the public procurement and contract management guidelines remains a huge challenge for the country. Despite the reforms and the

employment of Supply Chain Management (SCM) as a strategic tool, South Africa continues to experience immense challenges in its procurement practices. One of the critical challenges is the non-compliance with the legislative frameworks governing public procurement and contract administration, which is causing significant costs to the government and the public as taxpayers (South Africa's Department of Health Report, 2019). This paper intends to unveil the approach through which public procurement and contract management could be transparently and ethically processed. Thus, to ensure compliance with public procurement and contract management, this paper examines the best practice of policies and guidelines as an unconditional approach to promoting human resources accountability, appropriate skills development, efficient/innovative technologies, implementation of consequences management, and monitoring and evaluation (Kiss flow, 2020). The background to the study, material, and methodology, as well as argument aligned with the factors and challenges influencing non-compliance with procurement guidelines within the KZN Department of Health, are discussed in this paper.

Background of factors and challenges influencing non-compliance with public procurement guidelines within the KZN Department of Health

Public procurement first emerged in 1990 as governments around the world aimed to increase efficiency, equality, and impartiality in their purchasing activities (Thai, 2009). Public procurement was established to positively enhance governments' social and political objectives to ensure that government procurement meets the needs of the public to the best of its abilities (Ambe and Badenhorst, 2012). This implies that a large portion of the government budget is used towards procuring goods, services, and infrastructure. Most international and local literature review indicates that challenges in the administration of procurement and contract management (in line with the relevant guidelines) are common in many countries (Hackett Group, 2021). Mazibuko (2018) shares the view that waste, fraud, irregularities, and non-compliance with legislation are always associated with public procurement. The World Bank (2012) argued that in most countries, public procurement systems are not measured by compliance with procedures and by the achievement of developments and other policy objectives. Although public procurement is subject to political pressure and public scrutiny, its goals are similar to the private sector". Unfortunately, the big amount of money involved in public procurement exposes the officials to waste, fraud, and corruption (Ambe, 2016). According to Khan (2018), most countries base their public procurement processes on the seven principles, namely: value for money, economy, and integrity, fit for purpose, efficiency, transparency, and fairness. Unfortunately, in Africa, and particularly in South Africa, non-compliance with the legislation governing public procurement comes with a high cost to the government and taxpayers. In South Africa, the Kwa-Zulu Natal Department of Health is one of the public entities that showed critical non-compliance with procurement and contract management guidelines. According to South Africa's Department of Health Report (2019), the Kwa-Zulu Natal Department of Health received a qualified audit opinion for incurring irregular expenditure on procurement and contract management. The qualified audit outcomes showed that there was non-compliance with procurement and contract management practices.

Furthermore, Mnguni (2012) attested that these critical deficiencies and some existing challenges are hindering the appropriate implementation of procurement and contract management practices, which are related to irregular expenditure, and which are resulting in qualified audit opinion. Mazibuko (2018) added that public procurement is most exposed to irregularities and non-compliance with legislation. Furthermore, Mazibuko (2018) acknowledged that the South African public sector has challenges in the administration of procurement practices. He further reported that despite having government policies and supply chain management codes of conduct, there seems to be an ongoing exhibition of unethical procurement practices. Thus, according to Thai (2009), public procurement refers to an evolution that started during the 1990s as governments from rich and poor countries came under increasing pressure to do more with less and to provide efficiency, fairness, and equity in the procurement system. Therefore, the Constitution of South Africa (1996) makes provision a regulation that promotes contracts for goods or services, which must be done following a system that is equitable, transparent, competitive, and cost-effective (Mazibuko, 2018). Thus, to mitigate non-compliance to public procurement; taking into account corruption, inefficiency, waste, etc., the authorities will need to intensify public procurement regulations (Pule, 2014).

MATERIALS AND METHODS

1. MATERIALS

1.1 Theoretical perspectives on procurement and contract management

The international perspectives on procurement and contract management refer to the process of procuring and receiving goods or services from external sources through tendering or competitive bidding (Global Compact Network India, 2017). It is a process that begins with procurement planning and moves towards advertising, invitations to bid, bid evaluation, contract award, and contract administration (Van, 2022). Lister (2021) stated that public procurement consists of a regulated system by which government purchases goods and services from private entities by following a set of guidelines. According to Mantzaris (2014), public procurement is simply a process of obtaining goods and services with the assistance of a marketable business. Furthermore, Khan (2018) described the concept of public procurement management as a critical approach, system, or method of controlling the spending of state and taxpayer money on the procurement of goods and services required for the attainment of public programs and projects. In addition, Khan (2018) emphasized that the procurement planning process consists of estimating government agencies' needs, preparing budgets, and finally executing procurement plans after budget allocations have been made. Moreover, public procurement involves techniques and means used by the government to rationalize the procurement process to achieve desired results while cutting costs, reducing time, and strengthening supplier relationships (Kissflow.com, 2021). Procurement and contract management play an important role in the government's financial management process and it is at the center of center delivery, results, and performance. Therefore, most governments' goals consist of promoting an effective and successful procurement system that enhances value for money and improves public service delivery (World Bank (2020).

1.2 Role of public procurement and contract management in the government's financial management process.

According to Kissflow (2020), public procurement processes involve many components that include needs determination, provider analysis, price analysis, raising an acquisition request, conversion to buy order, contract administration, monitoring/evaluation of received order, and tripartite matching, payment fulfilment, and record-keeping. Therefore, public procurement plays an important role as a component of economic policies and programs that aim to improve the effectiveness of public financial management (Mazibuko, 2018). It involves principles that provide a transparent structure where governments acquire goods and services through value for money. It also encourages economic development, which needs to be followed to achieve an open and competitive procurement process. Wisner et al. (2016) defined public procurement as the management of purchasing and supplying in the government and non-profit sectors. The European Union (2015) postulated that procurement and contract management practices play various roles consisting of the following:

- Establishing a clear strategic direction and ensuring that the importance of efficient procurement is recognized throughout the partners, including at the political level;
- Ensuring that current legislation and good practice are applied to all procurement and contract management activity;
- Exploring creative and innovative solutions to improve contributions to sustainable development through procurement;
- Exploring opportunities for partnering and collaborative procurement to aggregate purchasing power and reduce risk;
- Clarifying appropriately about anything each partner wants to achieve with robust business cases and visibly drafted tender specifications based on outcomes;
- Reducing budget expenditure by providing more for less through continuous review and improvement;
- Encouraging all partners to continuously improve their procurement practice through consideration of environmentally and socially preferable goods and services when purchasing. Where possible, this should be consistent with best and social value, defined as an optimum combination of whole life costs and community benefits;
- Maximising the value of e-procurement to increase the value for money of goods, services and works procured;
- Stimulating local economy and supporting local businesses and communities by continuing to reduce the number of suppliers and by increasing the proportion of total spending against contracted and approved key suppliers;
- Consolidating invoices, deliveries, and payments to reduce transaction processing costs and ensure that suppliers are paid promptly; and

- Developing the performance management system for procurement and delivering contract management training to key personnel by taking into account duties that promote equalities, diversity, and safeguarding at each stage of the procurement and contract management process.

In addition to the above, the Asian Development Bank (2018) postulated that effective public procurement provisioning ads to the principle of value-for-money (VFM) as part of a universal procurement system. Khan (2018) argued that public procurement can serve as a device for governments to reap their intention of enhancing the lives and financial prosperity of the people. Fourie (2020) reported that public procurement has become an important factor in the public and business spheres globally. This implies that public procurement is regulated in the national legislation of countries to give direction on procurement practices. In addition, Pautz et al. (2003) suggested that for public procurement to be successful, it must be accepted as part of the management's strategic function because it cannot be effective unless it is supported by a fiscal policy and dedicated budgetary cycle.

Therefore, public procurement must be perceived as an important system that is used by governments for spending public funds on the acquisition of goods and services needed for public programs and projects (Khan, 2018). According to Ambe (2016), governments must recognize the potential of procurement in enhancing public sector efficiency through savings and economies. The United Nations (2020) denoted that evolving a strategic approach to public procurement is a vital component that is required for the effective implementation of projects for the successful procurement of goods and services. It requires an understanding of the nature of the requirements, the capacity of the contractors, the complexity of the operating environment, the risks involved, and the available internal capacities and resources. The World Bank (2012) argued that public procurement systems should not be measured by compliance with procedures only, but also by the achievement of developments and other policy objectives. It also acknowledges that public procurement is at the centre of service delivery, results, and performance.

Wisner et al. (2016) described public procurement as the management of purchasing and supply in the government and non-profit sectors. Although public procurement is subject to political pressure and public scrutiny, its goals are similar to the private sector". Khan (2018) affirms that most countries base their public procurement processes on the seven principles, namely: "value for money, economy, and integrity, fit for purpose, efficiency, transparency, and fairness". The World Bank (2020) added that most governments' goals were to promote an effective and successful procurement system that will enhance value for money, improving public service delivery. Unfortunately, if procurement processes fail to conform to openness and competition, it could imply that the processes are purposely manipulated by politicians and public officers for their own and relative benefits. Thus, government procurement should be managed in such a way that maximizes value for money and the process should incorporate effectiveness, efficiency, economy, transparency, accountability, competition, and fairness (Jamaican Auditor General's report, 2019).

1.3 Challenges related to public procurement management

According to Hackett Group (2021), there are several procurement key issues. The most prevailing issues include the following:

- **Issue of reducing cost:** reducing purchasing costs has consistently been a top priority for procurement organizations, indicating that providing core services is a basic requirement for success;
- **Issue of reducing supply risk to ensure supply continuity:** Following the early impact of Covid-19, procurement's ability to assure supply was a critical capability. Procurement must continue to invest and reinforce third-party risk management;
- **Issue of acting as a strategic advisor to the business:** Top-performing organizations recognize that a strong relationship with the business enables early involvement with greater spending influence;
- **Issue of accelerating procurement digital transformation:** Adoption of modern digital tools will allow procurement to make drastic improvements across the entire suite of services from customer centricity to predictive analytics to process efficiencies;
- **Issue of improving procurement agility:** Becoming an agile enterprise is increasingly important for business, but that means developing agile behavior at the functional level;
- **Issue of aligning skills and talents with changing business needs:** Organizations increasingly understand the need for top talent. For procurement, this means leveraging cross-training and investing in developing talent;
- **Issue of improving analytical and reporting capabilities:** The potential of analytics is increasing quickly. Organizations should prioritize leveraging external data, optimizing dashboards, and adopting predictive and smart analytics;
- **Issue of enabling corporate sustainability goals:** Corporate social responsibility is climbing the ranks of priorities at many companies in recent years. Sustainable procurement is among the most critical areas in which procurement can make a big impact;
- **Issue of increasing spend influence:** Spend influence is among the top measurement's performance, leading to reduced purchasing costs, improved quality, and better strategic outcomes like product innovation.

Considering the challenges above, Mazibuko (2018) shared the view that waste, fraud, irregularities, and non-compliance with legislation are always associated with public procurement. According to Ambe (2016), the big amount of money involved in public procurement exposes the officials to waste, fraud, and corruption. Gabela (2016) agreed that non-compliance with procurement can negatively affect the country's economy and disadvantage members of society that solely depend on public services. Therefore, Zitha (2016) provided five major effects of non-compliance with procurement processes, including:

- I. Undermining the constitutional democracy and the rule of law;
- II. Wasting taxpayers' money;
- III. Contributing to the growing scourge of unemployment and poverty;
- IV. Poor quality service delivery; and
- V. Violent service delivery protests".

According to the South African National Treasury (2015), non-compliance with public procurement deprives those that need public services such as education, health, and infrastructure, and it also decreases wealth to hard-working entrepreneurs who supply goods and services to the government and reduces jobs. Pule (2014) is of the view that to mitigate corruption, inefficiency, and wastefulness, the authorities need to intensify public procurement regulations. Therefore, Grandia and Meehen (2017) argued that, more often, irregularities in public procurement occur because public institutions lack strategic maturity and critical issues, particularly concerning the approach to demonstrating and evaluating its impact and success. Even though several studies have been conducted on this phenomenon, researchers still have a desire for exploring much in aspects of public procurement processes, because poor performance has been observed regarding procurement practices despite the set regulations and guidelines (Ivambi 2016). Relatedly, Majemula (2014) affirmed that if public procurement can be done carefully, it could help to save the government's finance. They, therefore, recommended that the public sector should consider procurement activities as one of the activities which should be taken into consideration and be given priority. Moreover, it can then be argued that the effective implementation of public procurement practice remains a global challenge that all governments from both rich and poor countries are faced with, regardless of government policies and procedures. Public procurement generally assumes that bids that do not meet the minimum requirements outlined in a bid document are non-responsive and will be rejected without further consideration (Volmink, 2014). In other words, the elementary structures for public procurement best practices should be well known and rooted in the procurement guidelines that are used by multilateral development banks.

Therefore, guidelines should embrace guaranteeing transparency and inspiring the employment of competition through open tendering to stop collusion between bidders. Clarity on the analysis criteria that may be accustomed should confirm the winning bid together with the relative weight that may incline to cost as opposition qualitative criteria or technical quality and whether or not there'll be a preference given; providing feedback to bidders when the award is made; and complaints mechanisms allowing suppliers to contest perceived non-compliance by procuring entities with domestic law and acquisition rules (World Bank 2018). Thus, public procurement and contract administration are expected to be regulated and administered by legislation and policies. It should also be based on the principles of transparency, non-discrimination, equal treatment, and proportionality, and emphasize compliance with the legislative governing procurement (World Bank, 2018 and the European Union, 2015).

1.4 Factors causing non-compliance with procurement practices

Challenges causing irregularities or affecting the best practice of public procurement are not different factors causing non-compliance with procurement practices. According to Dza et al. (2019), most factors causing non-compliance to public procurement and contract management are related to critical components such as knowledge of the regulations, staff competency, political interference, poor monitoring, and instituting strict rules still need to be strengthened as they can have negative effects on procurement practices. Furthermore, a study conducted by the Anti-Corruption Evidence Global Integrity in more than 100 countries, reported eight red flags associated with different ways of non-compliance with the public procurement process (Anti-Corruption Evidence Global Integrity, 2020), that is:

- Single bidding, i.e., where only one bid is received;
- Use of non-open procedures;
- Spending on consultancy, which is more difficult to scrutinize;
- Signature period longer than 14 days, which may signal negotiations over kickbacks;
- Advertisement period less than 14 days, which can exclude bidders without warning;
- Share of contract awards that are published, an indicator of transparency;
- Cost over-runs: final spend higher than the original budget; and
- Supplier being registered in a tax haven”.

Moreover, the Global Fund (2018) dictated that the procural of products and services should adapt to the core principles, which incorporate getting worth for cash. Zadawa, Hassin, and Osmadi (2018) argued that even though most developing countries have already endorsed their procurement laws and policies, they are still facing similar problems of non-compliance with these policies. According to Mazibuko (2018) and Fourie (2017), additional factors causing non-compliance with procurement practices involves non-competitive bidding; inadequate contract management; awarding quotations of family members; non-disclosure by suppliers; and acceptance of fewer than 3 quotations without being granted authority for deviation. In South Africa, the strategic importance of procurement has not been well understood by the key role-players in procurement.

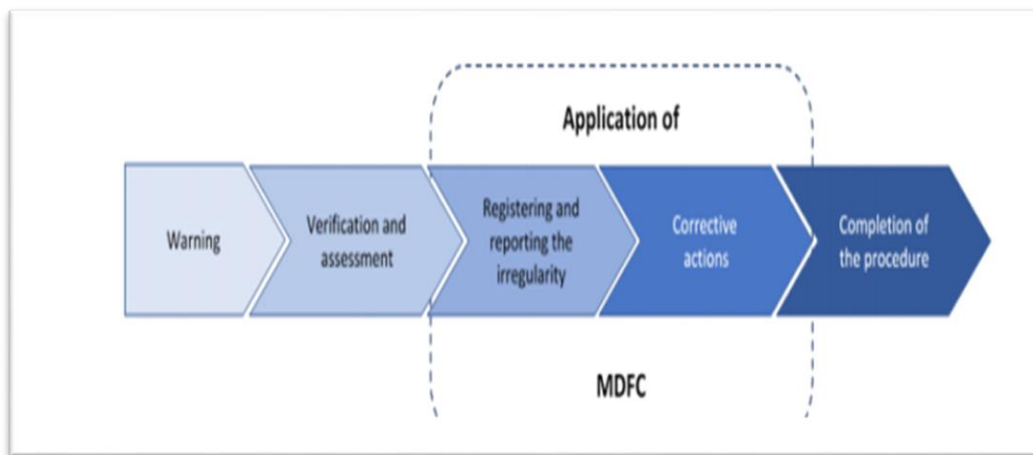
This situation prevents public sector procurement from performing well (South African National Treasury, 2015). Also, the negative procurement audit outcomes, unclear and standard directives, insufficient human resource capacity, and lack of competency in the public procurement division are consistently found to be a result of non-compliance with procurement guidelines (Godi, 2015). Mazibuko (2018) emphasized that Lack of commitment and motivation; fraud and corruption; and consequence management, as well as the lack of professionalism and unethical procurement practices contribute to non-compliance with public procurement guidelines, even though the code of conduct for public procurement officers and other procurement guidelines are in place. Mujemula (2014) indicated that non-compliance

with procurement guidelines hampers the smooth operation of the organization. Therefore, organizations must strengthen their control measures and strive to improve performance.

1.5 Process or steps in managing irregularities

The OECD (2017) suggested that managing irregularities entail detecting procurement irregularities, entering them into irregular registers, and reporting and making a follow-up on each case. Furthermore, The OECD (2017) proposed that the officials responsible for managing procurement and contracts must be forced to maintain regular expenditure registers for all warnings by following the processes as shown in Figure 1.

Figure 1. Process of managing irregularities



Source: Adapted from OECD (2017)

Figure 1 shows the process of managing irregularities aligned with public procurement management. In South Africa, the Auditor General South Africa (2019) highlighted that adherence to the above process and to the segregation of duties in the process of managing and addressing procurement and contract irregularities is key to ensuring effective management of irregularities. Therefore, the officials responsible for initiating the contract must not be the same official to manage it after it has been awarded. Contracts must be managed according to their terms and conditions and should not deviate from the values, conditions, prices, and defined goods and services awarded (OECD, 2017) and the Auditor General South Africa (2019). Moreover, control measures must be in place for scrutinizing the contract and checking if all requirements of the contract were met before processing the payment.

Thus, the accounting officers have to take the following steps to prevent procurement and contract irregularities (Auditor General South Africa, 2019):

- Conduct preliminary investigations to determine the facts and collect information on what caused the transgression, including who is responsible for it;
- Avoid any further losses;

- Institute a formal investigation if there are confirmed cases of fraud and corruption, report the matter to the South African Police Services;
- Recover any financial losses from an external party;
- Implement consequence management against the responsible official; and
- Recover any financial loss from the official responsible”.

In addition to the above, the United Nations Office on Drugs and Crime (2016) advocated a series of control measures that must be implemented in managing procurement and contract irregularities at all levels and in all functions. These include the following (United Nations Office on Drugs and Crime, 2016):

- Authorization and approval procedures;
- Segregation of duties, authorizing, processing, recording, and reviewing;
- Controls over access to resources and records;
- Verifications;
- Reconciliations;
- Reviews of operating performance;
- Reviews of operations, processes, and activities; and
- Supervision, assigning, reviewing and approving, guidance and training.

Uromi (2014) and Majemula (2014) argued that the benefits of public procurement regulations and standard operating procedures are not understood by the procurement officers. The Association of Corporate Counsel (2014) confirmed that South Africa does not have special authorities to review claims of non-compliance with procurement legislation. It adds that although the National Treasury, the Auditor General, and the Public Protector can investigate procurement non-compliance claims and assist, the regulated authority may have an internal appeal procedure, but once this has been exhausted, matters may be taken to the courts. According to Zitha (2016), compliance with procurement guidelines remains a critical accomplishment for the government. He adds that even though the government made efforts in introducing legislative frameworks for improving compliance in procurement processes and enhancing service delivery, there is still much that needs to be done to ensure that the policies are effectively implemented.

2. METHODS

This study investigated factors influencing non-compliance with procurement practices using the case study of the Head office supply chain management directorate and hospitals within eThekweni District in the Kwa-Zulu Natal province. The investigation targeted factors influencing non-compliance with procurement practices using the case study of the Head office supply chain management directorate and hospitals within eThekweni District in the Kwa-Zulu

Natal province. One of the key objectives discussed in this study was to investigate the factors and challenges influencing non-compliance with procurement guidelines within the KZN Department of Health. The Convergent parallel design assisted the researcher with fieldwork, as well as for the analysis of data collected. Van Rensburg et al. (2017) briefly described the research design as a specific procedure chosen by the researcher for conducting the actual study. Creswell (2014) postulated that the research design is choosing a data collection approach and that the main constituent in the research framework is the specific research methods that involve the types of data collection, analysis, and interpretation that researchers propose for their studies. Therefore, Edmond and Kennedy (2017) defined the convergent parallel design as a methodology that comprises the simultaneous gathering of quantitative and qualitative data. According to Creswell (2014), Van Rensburg et al. (2017) and Edmond and Kennedy (2017), this design allows the researcher to collect quantitative and qualitative data concurrently; analyze the two data sets separately, and mix the two databases by merging the results during interpretation. Furthermore, this design (convergent parallel mixed methods) facilitated the researcher to compare the quantitative and qualitative findings which provided corroboration with the study (convergent parallel mixed methods). Razali et al. (2019) agreed that convergent parallel mixed methods have numerous advantages, including obtaining supplementary understanding from two databases; corroborating results from diverse methods; comparing various levels within a system; both qualitative and quantitative data have equal value for understanding the research problem, and providing quantitative and qualitative research skills. In data collection, mixed methods played a vital role in balancing the shortfalls of qualitative and quantitative methods. It provided more clarity and enhanced coverage (Barbour, 2014). However, in this study, the qualitative method was used in conjunction with the quantitative method to achieve the desired study objectives (Van Rensburg et al., 2017).

Venter et al. (2017) described the survey method of gathering information about a population and stated that there is a range of methods used to collect numerical data, including interview-based surveys, which involve personal face-to-face interviews, telephone interviews; and questionnaire-based surveys, which comprise mail/postal surveys, systematic observation, and web-based surveys. This study adopted a web-based survey because the researcher wanted a system that was easy and convenient for both the researcher and respondents. The purposive sampling for qualitative data collection, as well as the web-based survey questionnaire for quantitative data, were adopted and applied to collect data. Therefore, the web-based survey questionnaires were sent to 380 participants, which included Finance managers, Supply Chain Management Supervisors, and Supply Chain Management Officers from various hospitals within eThekweni District. Moreover, 20 interviews were planned to be conducted from different hospitals within the eThekweni District and Head Office Supply Chain Management component which involved Finance Directorate Managers and Chief Executive Officers. Thus, 321 responses were collected from the web-based survey questionnaires and 15 in-depth interviews were conducted with the members of the eThekweni District. A total of 336 respondents participated in this study, out of 400 respondents that were targeted. The web-based survey was found to be the most effective way of collecting data for this study, given

that the study was conducted during the Covid-19 pandemic where social distancing was enforced.

Hence it helped the researcher to comply with Covid-19 regulations. This method of data collection, therefore, empowered the researcher to get feedback from a large number of participants, as it was intended. According to Vettel et al. (2017: 11), this technique was relevant and appropriate for this study because participants were selected according to their pre-specified criteria based on the characteristics of the population (e.g., senior management, line managers, supervisors, and officers) working in Supply Chain Management components. Probability sampling and simple random sampling were used in this study. These techniques were selected because the researcher wanted to get participants from each site who were directly involved in procurement and contract management as she wanted to get suitable and relevant answers to the research problem. Questionnaires were formulated in a manner that enabled the respondents to express their opinions (e.g.: 1 = Agree and 2 = Disagree), which were emailed to the participants with an attached invitation letter with instructions on what was required to be done during the survey submission as well dates. Furthermore, this study adopted the descriptive statistics approach for analyzing numerical data to understand the views of the details of the sample better. The survey results were loaded onto the SPSS statistical software package (Version 25) and the necessary statistical tests were conducted. Graphs and charts were utilized to analyze and present the data. In addition, this study used thematic analysis as this method was found to be relevant to the study's aims and objectives to learn about people's experiences and views on the determinants for non-compliance with procurement and contract management guidelines.

The qualitative data generated from the interviews were transcribed and analyzed by the use of a thematic approach through NVIVO software. A pilot testing was conducted on three finance managers and two SCM supervisors that were selected randomly and who were not part of the sample population. Pre-testing assisted in the checking of the formulation of questionnaires to ensure that instruments met the requirement for validity. In maintaining anonymity and confidentiality in this study, the questionnaires were distributed by the researcher electronically through emails directly to the selected participant's email address.

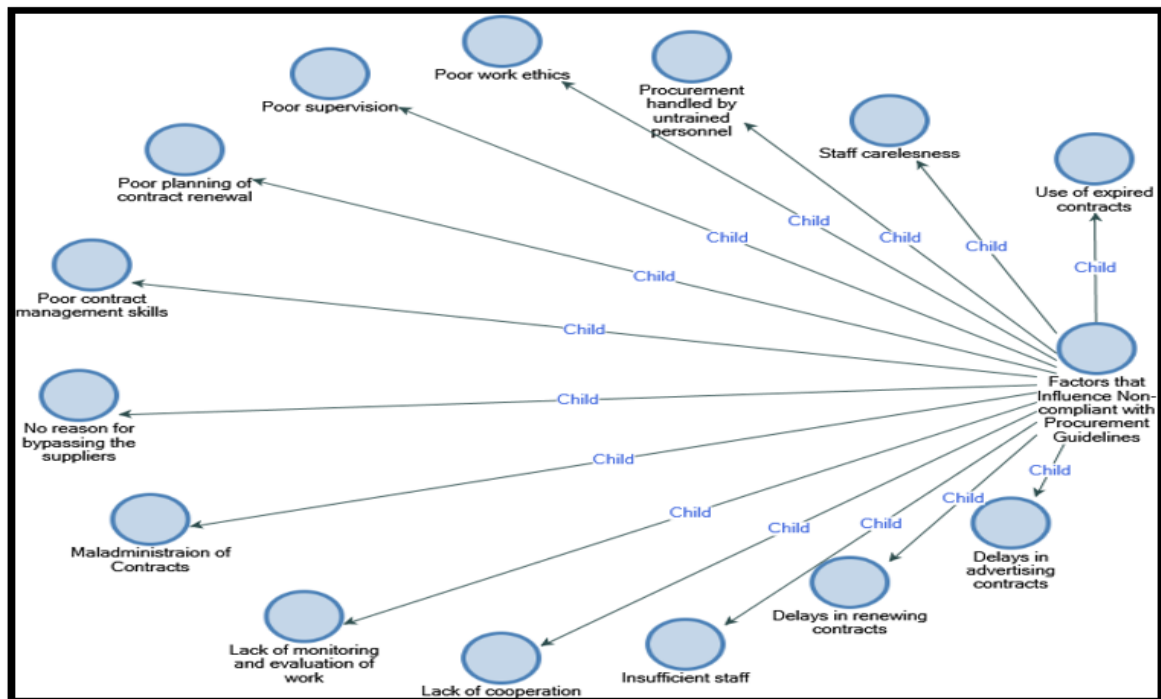
The results of the study, including personal details regarding respondents' names, sex, age, profession, and rank, were anonymously processed for the study used only. However, the following abbreviations were applicable in this paper:

- **KZN:** Kwa-Zulu Natal
- **OECD:** Organization for Economic Co-operation and Development
- **QI:** Qualitative Interview
- **QS:** Quantitative Survey
- **SCM:** Supply Chain Management
- **SPSS:** Statistical Package for Social Science
- **VFM:** Value-for-money

FINDINGS AND DISCUSSIONS

Findings and discussions in this paper are mainly focused on factors and challenges influencing non-compliance with procurement guidelines. A web-based survey was applied to gather quantitative data from 321 participants, while the qualitative data from the interview included 15 participants in the Kwa-Zulu Natal (KZN) health department. Quantitative data were analyzed by applying the Statistical Package for Social Science (SPSS) IBM version 23, while the interview data were transcribed and analyzed using deductive and inductive approaches via NVivo 12 software. The results related to the factors and challenges influencing non-compliance with procurement guidelines are presented in Figure 2.

Figure 2. Factors that influence non-compliant with procurement guidelines



Source: Self-generated by the researcher

Figure 2 illustrates the results based on the question that required respondents to indicate or give their opinions and views in line with the objective which consisted of understanding the factors and challenges influencing non-compliance with procurement guidelines. Therefore, the results from the Quantitative Survey (QS) in Figure 2 reveal fourteen factors. These include poor planning of contract renewal, poor supervision, delays in advertising contracts, poor contract management skills, delays in renewing contracts, lack of monitoring and evaluation of work, use of expired contracts, no reason for bypassing the suppliers, staff carelessness, lack of cooperation, poor work ethics, insufficient staff, procurement handled by untrained personnel, and Maladministration of Contracts. The opinion of respondents from the Qualitative Interview (QI) on the same question revealed that the head office does not renew

contracts on time; expired contracts are extended on a month-to-month basis, e.g., contracts for provision are irregular for five years. The institution does not have a contract management practitioner. As such, staff are careless and do not check documents for correctness. Additionally, the QI revealed that the administration of the procurement process is poorly done by the most incapacitated staff due to a lack of training. However, the salaries of staff lead to fraud and corruption. This implies that poor remuneration of staff can be a factor that contributes to corrupt practices in procurements and contract management. However, when respondents were also required to demonstrate their consideration by agreement or disagreement based on factors influencing non-compliance with procurement guidelines within the KZN Department of Health, the following results were found:

- 81% of respondents agreed that factors and challenges influencing non-compliance with procurement guidelines are those illustrated in Figure 2, while
- Only 19% of respondents disagreed that not all these factors are influencing non-compliance with procurement guidelines.

This implies that non-compliance with procurement guidelines is a critical challenge affecting the country as a whole and particularly the KZN Department of Health. Therefore, by combining both, the QS and QI results, this study exposed that the most critical factor influencing non-compliance with procurement guidelines consists of poor maintenance of contract register, poor planning, poor time management, and unavailability of contract management officials. In addition, a sub-question investigated respondents' opinions on the possible causes of non-compliance with procurement guidelines from the SCM. The results indicate that current SCM staff are careless, delayed procurement causes deviation, delays in drafting of specification, duties are not segregated, existing staff does not take full responsibility for their work, logistics are compromised, officers are not directly supervised, and other staff does not have sufficient skills in SCM, overburdened the available SCM expert, quotation documents are not checked, quotation documents are not prepared properly, specifications are not constructed correctly, transaction orders are issued out by junior officers, unnecessary expenditure incurred, and vulnerable to being manipulated.

Furthermore, respondents argued that there are delays in contract advertisement, delays in contract review, delays in submitting specifications to end-user, inadequate human resources, lack of commitment, lack of monitoring, lack of skills, lack of training, and no consequence management to officials, lack of planning and commitment, poor contract appeal management, poor contract management, as well as lack of monitoring of expiry date concerning the contracts to assure that adverts are completed well in advance to give ample time for evaluation process in a case where contracts need to be canceled and re-advertised. Therefore, it was highlighted in this paper that factors and challenges influencing public procurement guidelines differ from country to country. Zitha (2016) confirms that compliance with procurement guidelines remains a critical accomplishment for governments. According to the World Bank (2019), the big step that needs to be taken consists of reformulating legislative frameworks that will regulate Public Procurement and Contract Management. The government of South Africa, and particularly, the KZN Department of Health will have to engage and capacitate all relevant

stakeholders on procurement legislative frameworks. This is because the procurement and contract management policies and standard operating procedures that are put in place to eradicate non-compliance are not enough and need to be supplemented by skilled human resources and direct supervision. Godi (2015) attested that the determinants for non-compliance are a result of unclear and standard directives, insufficient human resources capacity, and a lack of competency in the public procurement division.

Additionally, the Kwa-Zulu Natal Department of Health does not have a standardized structure for public procurement for all hospitals. Antwerpen and Ferreira (2016) advised the regulators about the importance of the staffing norm concerning service delivery, which is compromised because the public sector does not employ sufficient staff to meet the demands. Mazibuko (2018) also advised regulators about the provision of the standardized structure and emphasized that procurement frameworks and guidelines are not self-implementing but require to be supported by human resources. Thus, the Supply Chain Management model will include and regulate the creation and the implementation of standardized staff establishment taking into consideration adequate SCM human resources to complement it (The National Treasury, 2004). Moreover, considering the current SCM staff establishment on procurement and contract management, the governments should adopt a procurement framework and a well-managed system, which should have an appropriate procurement structure within each procuring entity (the World Bank, 2018). Human resources are perceived to be a crucial need for the success of any business whether private or public sector (Cheema and Asrar-ul-Haq, 2017).

According to UC San Diego (2017), Insufficient SCM staff could continue to harm public procurement and contract management because of the lack of segregation of duties done by officers and lack of direct supervision. Also, UC San Diego (2017) suggested that the procurement units must have sufficient staff to promote segregation of duty and mitigate risks. This study revealed that the quotation documents are not checked since there are no supervisors, and there is an unavailability of critical senior staff like practitioners and managers in the procurement and contract management component, which should be an audit query in itself. Furthermore, this suggests that public procurement and contract management Standard Operating Procedures (SOPs) and regulations would be just like an archived document that does not add value if the Kwa-Zulu Natal Department of Health cannot invest in the filling of critical posts required to implement its SCM policies. Therefore, the Kwa-Zulu Natal Department of Health is encouraged to establish adequate procurement personnel because the shortage of individuals could continue to cause a delay in the procurement process, which will negatively affect the delivery of services.

CONCLUSION

This paper examined the factors and challenges influencing non-compliance with public procurement guidelines within the KZN Department of Health. Public procurement was described as a critical approach, system, or method of controlling the spending of state and taxpayer money on the procurement of goods and services required for the attainment of public programs and projects. Most often, issues like improving procurement agility, aligning skills

and talents with changing business needs, improving analytical and reporting capabilities, enabling corporate sustainability goals, increasing spending influence, accelerating procurement digital transformation, reducing supply risk to ensure supply continuity, and reducing cost, etc., are common to many developing countries. In South Africa, and particularly in the KZN Department of Health, this study revealed that non-compliance with public procurement guidelines and contract management is a very critical and alarming issue, which is causing high costs to the government and taxpayers.

In addition, this study revealed that among the factors and challenges influencing non-compliance with public procurement guidelines, there are issues like poor planning of contract renewal, poor supervision, delays in advertising contracts, poor contract management skills, delays in renewing contracts, lack of monitoring and evaluation of work, use of expired contracts, no reason for bypassing the suppliers, staff carelessness, lack of cooperation, poor work ethics, insufficient staff, procurement handled by untrained personnel, and maladministration of Contracts. It was also highlighted that there are many factors related to SCM, which are causing non-compliance with public procurement guidelines. These include delays in contract advertisement, delays in contract review, delays in submitting specifications to end-user, inadequate human resources, lack of commitment, lack of monitoring, lack of skills, lack of training, and no consequence management to officials, lack of planning and commitment, poor contract appeal management, poor contract management, as well as lack of monitoring of expiry date concerning the contracts to assure that adverts are completed well in advance to give ample time for evaluation process in a case where contracts need to be canceled and re-advertised.

Thus, the government of South Africa, as well as the KZN Department of Health will have to take drastic measures/actions and put in place accountable policies that will hold officials responsible for managing procurement and contracts, and that will enforce them to maintain regular expenditure registers for all warnings, through following transparently and ethically step-by-step compliance with processes that guarantee the best practice of public procurement guidelines and contract management. Efforts, awareness campaigns, workshops or training sessions, and resources will be required to improve compliance with public procurement guidelines and contract management. Change may be difficult to embrace, but without it, innovation and transformation may never be expected.

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