

## ABSTRACT

This researchwork has seriously analyzed procurement reforms act as tool for cost savingsand accountability MKRPIC. Where the data was collected and used for the compilation of this research. An introduction was made which comprises thestatement of general problem, the background of the subject matter, objectivesof the study and the significance of the study. Existing literature on procurementreforms act, determination of needs, some purchasing objectives, purchasingpractice and techniques, some management function were also discussed andreviewed. Random Sampling method was used as the basis of this study. A samplesize of 39 out of total populations of 130 was selected. The research workshows that procurement reforms act n NNPC is always influenced or ratherineffective. The study recommends that due process should be complied with in orderto enhance cost savings and accountability in NNPC. Also total commitment ofthe entire staff of NNPC.

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**CHAPTER ONE**

**INTRODUCTION**

In the past, huge sums of government money have been siphoned through the processes of contract awards. A major thrust of this administration therefore, is the acceptance of Procurement Reforms Act as a tool for embracing transparency, competition, fairness, integrity, openness and value for money in the procurement reforms Act and seek the support of all governance for the implementation of the scheme in various ministries and government parastatals.

The researcher intends to analyze on procurement reforms Act as a tool for cost savings and accountability in Kaduna Refining Petrochemical Company (NNPC) considering the several abuses to rules and standards in the award and execution of contracts. These abuses are in the form of over-invoicing, inflation of contract costs, proliferation of white elephant projects, poor project delivery, overpayment as well as manipulations of the processes leading to the award of contracts.

The Nigerian National Petroleum Corporation is in the business of refining Crude oil into valuable petroleum and petrochemical products and manufacturing and packaging products efficiently. And the way and manner in which procurement practices are carried out is of great concern to the researcher.

The edifice is a process plant designed to run steadily with minimum operating costs so as to make profit. In order to achieve this notable objective, it is imperative that replenishment drives are made to ensure that operational spare parts are readily available in the warehouse.

Since over seventy percent (70%) of the company's expenditure is in the area of materials procurement. It is with this realization in mind that several efforts have been made by both corporate and the subsidiaries management to control and regulate materials management activities, especially in the area of procurement of materials in order to save cost and enhance company's operations. In this project the terms procurement and purchasing would be used interchangeably.

### **1.1 Background of the Study**

The researcher developed interest to write on this topic because of personal interest in procurement reforms act and personal interaction with some staff who work in the procurement department under the umbrella of material management department (MMD) in Nigerian National Petroleum Corporation (NNPC).

The researcher got an insight into the procurement activities of the company, the company and the problems facing them and therefore feels that it would be of great benefit to the company to conduct a detailed study into its purchasing departments with the aim of identifying the problems and after necessary suggestions toward the solution of such problems for effective and efficient operations of the company, Nigerian National Petroleum Corporation (NNPC).

### **1.2 Statement of the Problem**

The Material Management Department (MM) of the NNPC Ltd operates in an integrated form to make materials available in the warehouses because the spare parts are stored.

“JUSTIN CASE” for timely maintenance intervention or as the need may arise.

However, NNPC has taken a back seat in the implementation of the provisions of the Procurement Refining Act. Also, the statement of the general problem is the non-adoption

of the Procurement Refining Act in NNPC Ltd.

And over the years there have been incessant cases where critical material needed for maintenance intervention and other requests, are either over-stocked, under-stocked or out of stock. The scenario depicts the existence of procurement deficiencies in the area of planning, replenishing, coding and inventory control which affects plant sustainability in NNPC Ltd. Besides 2008 annual stock taking in NNPC revealed the available materials to the value of N8 billion which could be used for other purposes.

### **1.3 Objectives of the Study**

The study is geared towards achieving the following objectives:

- Outline the risks associated with non-implementation of the provisions of the procurement Act in NNPC Ltd.
- Determine the impact of the non-implementation of Procurement Reforms Act to the organization.
- Examine the factors responsible for the non-implementation of the Act in KRP Ltd.
- Suggest or proffer solutions to the problems.

### **1.4 Significance of the study**

The benefits derivable under this study can be seen below:

- It serves as a guide for the organization in which the researcher is chosen as a case study i.e. NNPC.
- It is meant for students who are willing to embark on further studies in this perspective.

### **1.5 Scope of the Study**

The scope of this research work shall be limited to Nigerian National Petroleum Corporation particularly the department under the umbrella of material management department.

The researcher also aimed at analyzing the procurement reform act as a tool for cost savings and accountability in NNPC.

Also, comparative notes shall be made where necessary with other departments within NNPC.

### **1.6 Research Questions**

- i) What are the risks associated with the non-implementation of Procurement Reforms Act in NNPC?
- ii) How does the non-implementation of the Procurement Act affect the organization?
- iii) What are the factors responsible for the non-implementation of the Procurement Reform Act?

iv) What are the remedies for solving these problems?

### 1.7 Definition of Terms

- **Procurement:** Means purchasing and/or supplies.

- **Supplier:** This is the term used to describe a seller of goods or items in a given place.

- **Inventory:** This refers to the list of goods or items in a given place.

- **Quotation:** Is a list showing the prices of items.

- **Purchase Order:** It is an order in a printed form to transmit the company's requirement to supplies.

- **Negotiation:** Is a term used to arrive at a final and reasonable price.

- **Specification:** This is the information by the buyer to supplier indicating descriptions, dimension and analysis performance of a product.

- **Public Procurement:** Means the acquisition by means of goods, works or services.

- **Efficiency:** Means the ability to minimize the use of resources in achieving organization's objectives i.e. doing the right thing.

- **Effective:** Means producing the result that is wanted or intended.

- **Due Process:** Is a mechanism for ensuring strict compliance to rules and procedures that should guide contract award.

- **BMPIU:** Budget Monitoring and Price Intelligent Unit. This is the unit tasked with implementing Nigeria's public procurement reform programmes.

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