

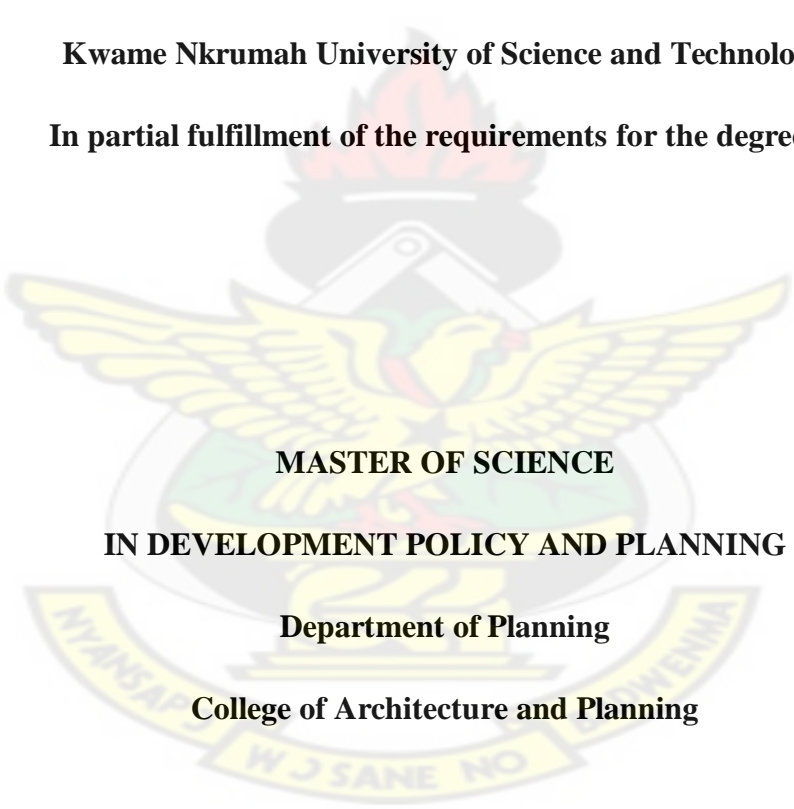
**ASSESSING THE EFFECTS OF THE PROCUREMENT ACT (663) ON
PUBLIC FINANCIAL MANAGEMENT IN ASHANTI REGION**

BY

ADU SARFO, PATRICK

(B.Ed Social Studies)

**A Thesis submitted to the School of Graduate Studies,
Kwame Nkrumah University of Science and Technology
In partial fulfillment of the requirements for the degree of**



**MASTER OF SCIENCE
IN DEVELOPMENT POLICY AND PLANNING
Department of Planning
College of Architecture and Planning**

May, 2011

CERTIFICATION

I hereby declare that this submission is my own work towards the MSc in Development Policy and Planning and that to the best of my knowledge, it contains no material previously published by another person nor material which has been accepted for the award of any other degree of the University, except where due acknowledgement has been made in the text.

ADU SARFO PATRICK

(20066331, PG 2000208)

Signature

Date

Certified by:

Prof. S.E. Owusu

Supervisor

Signature

Date

Certified by:

Dr. Imoro Braimah

Head of Department

Signature

Date

ABSTRACT

The government has since 2001 made various efforts to correct the uncontrolled expenditure of public funds that characterised the national economy and led to a rather unstable economic climate. The government therefore set itself the task of regulating expenditure and instilling discipline in public finances through Public Procurement Act (663) and Financial Administration Act (654).

According to Osafo-Marfo (2003) government embarked upon an exercise to reform the Public Procurement System in 1996 as an integral part of a wider Public Financial Management Reform Programme (PUFMARP). Public procurement accounts for about 50% to 70% of total government expenditure, represents 14% of Gross Domestic Product (GDP) and accounts for about 24% of total imports (Ministry of Finance, 2003).

This study sought to find out how far the Public Procurement Act has achieved transparency in the use of state resources, causes of delays in the procurement process and effects of the Procurement Act on government expenditure. Geographically, Ashanti Region was the focus of the study, the reason being that, there were a lot of agitations in the region about lack of transparency in procurement activities and long delays in payment of contractors and suppliers. Explanatory research design was used to explain and analyse causal relationship between the Public Procurement Act and public financial management in Ashanti Region. The study relied on both probability and non probability sampling techniques.

The study revealed that procurement activities and procedures were transparent in that decisions on procurement activities followed the rules and regulations of the Act and these decisions were available and accessible to the public. The study again revealed that contractors were not paid on time after execution of contracts and this affected their organizational management. It was concluded that the Procurement Act had reduced government expenditure considerably in the sense that the Procurement Act has reduced wastage and leakage of financial resources through effective auditing, expenditure monitoring and cost effectiveness and competition which has brought value for money.

It was therefore recommended that Procurement entities comply with the contractual agreement with contractors/suppliers by honouring prompt payment upon completion of contracts/projects. In addition, Government should endeavour to review the Act to limit the number of steps in the procurement process so as to reduce the delays in the procurement process.

ACKNOWLEDGEMENT

My first and foremost thanks go to the Lord God Almighty, the fountain of all knowledge; indeed He has been gracious to me throughout my life and I am very grateful to Him.

I am very grateful to my supervisor, Prof. S.E Owusu, for his priceless guidance in the successful completion of this thesis. You have not only been a lecturer and a supervisor but also a father. Your encouragement and direction throughout my master programme and your humble nature will forever influence my life.

My heartfelt thanks go to members of my family for their spiritual and financial support throughout my academic life. I dedicate this thesis to my lovely mother, Elizabeth Adu Serwaah for being a good mother.

I wish to thank the Assistant Headmaster –Academic of Kumasi High School, Mr. Adomako Frimpong and all the staff of Kumasi High School, especially messrs Ernest Adomako Ansah, Lawrence Amoako Nyanor and Annang Sarfo, without whose diverse support, this thesis would not have been completed. I also thank the following friends for their contributions toward the production of this thesis; Baah-Minta Richard, Linda Osei Akoto and Agyemang Duah.

TABLE OF CONTENT

| | |
|--|--------|
| ABSTRACT | iii |
| ACKNOWLEDGEMENT | iv |
| TABLE OF CONTENT | v |
| LIST OF TABLES | viii |
| LIST OF FIGURES | ix |
| ABBREVIATION AND ACRONYMS | x |
| CHAPTER ONE..... | 1 |
| GENERAL INTRODUCTION | 1 |
| 1.0 Background to the Study | 1 |
| 1.1 Problem Statement | 4 |
| 1.2 Research Questions | 5 |
| 1.3 Objectives | 6 |
| 1.4 Justification for the Study | 6 |
| 1.5 Scope of Study | 7 |
| 1.6 Organisation of the Study | 7 |
| CHAPTER TWO..... | 8 |
| OVERVIEW OF PUBLIC FINANCIAL MANAGEMENT AND PUBLIC PROCUREMENT SYSTEM | 8 |
| 2.0 INTRODUCTION | 8 |
| 2.1 The Definition of Concepts | 8 |
| 2.2 Public Financial Management | 12 |
| 2.3 Transparency and Accountability | 15 |
| 2.4 Bureaucracy | 18 |
| 2.4.1 Effects of Bureaucracy in Public Financial Management | 20 |
| 2.5 Government Expenditure | 21 |
| 2.6 Conceptual Definition of Procurement | 21 |
| 2.6.1 Good Practices and Importance of Procurement | 24 |
| 2.6.2 Procurement Challenges and Consequences of Poor Procurement | 25 |
| 2.7.0 Swedish Public Procurement Experience | 26 |
| CHAPTER THREE | 29 |
| RESEARCH METHODOLOGY AND CONCEPTUAL FRAMEWORK | 29 |
| 3.0 Research Design | 29 |
| 3.1 Sample and Sampling Procedure | 29 |
| 3.2 Sources of Data | 31 |
| 3.3 Data Collection Instrument | 31 |
| 3.4 Pre-Test | 32 |
| 3.5 Data Analysis and Presentation | 32 |
| 3.6 Distribution of Respondents | 32 |
| 3.7 CONCEPTUAL FRAMEWORK | 33 |

| | |
|--|--------|
| CHAPTER FOUR | 34 |
| RESULTS AND DISCUSSION OF THE FIELD DATA ON PROCUREMENT ACT AND PUBLIC FINANCIAL MANGEMENT IN ASHANTIN REGION | 34 |
| 4.0 Introduction | 34 |
| 4.1 PROFILE OF THE STUDY AREAS | 34 |
| 4.2 Weakness in Public Financial Management in Ghana..... | 38 |
| 4.3 Improving Public Expenditure Management in Ghana | 38 |
| 4.4 Procurement Rules and Procedures in Ghana | 40 |
| 4.5 Procurement System in Ghana | 41 |
| 4.5.1 Pre Public Procurement Act Era in Ghana | 41 |
| 4.5.2 Procurement Act Era in Ghana..... | 41 |
| 4.6.0 Procurement Cycle in Ghana..... | 43 |
| 4.7 Background and Characteristics of Respondents | 44 |
| 4.7.1 Number of Years Spent at Workplace | 44 |
| 4.8.0 TRANSPARENCY IN PROCUREMENT | 45 |
| 4.8.1 Availability of Written Records of Procurement..... | 45 |
| 4.8.2 Access to Procurement Information | 46 |
| 4.8.3 Advertisement of Contract and Medium of Advertisement | 47 |
| 4.8.4 Tender Invitation and Opening..... | 48 |
| 4.8.5 Methods of Tendering | 49 |
| 4.8.6 Appeal Cases/ Protests and Resolution of Disputes | 50 |
| 4.8.7 Period for Opening Tendering and mode of Opening | 52 |
| 4.9.0 CAUSES OF DELAYS IN PROCUREMENT | 54 |
| 4.9.1 Preparation of Procurement Plan and Duration | 54 |
| 4.9.2 Duration for Advertisement and Evaluation | 55 |
| 4.9.3 Duration for Paying Contractors..... | 56 |
| 4.9.4 The Procurement Act as Cause of Delays in Procurement | 58 |
| 4.9.5 Compensation for Delayed Payment and Effects on Contractors | 59 |
| 4.9.6 Cumbersome Procedures in Procurement | 61 |
| 4.10.0 EXPENDITURE CONTROL..... | 62 |
| 4.10.1 Auditing of Procurement Activities | 62 |
| 4.10.2 Market Survey | 62 |
| 4.10.3 Procurement Act and Value for Money | 63 |
| 4.10.4 Expenditure and Budgetary Control of Procurement..... | 64 |
| CHAPTER FIVE..... | 68 |
| SUMMARY OF FINDINGS, RECOMMENDATIONS AND CONCLUSION | 68 |
| 5.0 INTRODUCTION | 68 |
| 5.1 Summary of Findings..... | 68 |
| 5.2 Recommendations..... | 70 |
| 5.3 Conclusions | 72 |

| | |
|---------------------|----|
| REFERENCES | 73 |
| APPENDIX ONE | 76 |
| APPENDIX TWO | 79 |
| APPENDIX THREE..... | 80 |
| APPENDIX FOUR..... | 83 |
| APPENDIX FIVE | 87 |

KNUST



LIST OF TABLES

| | |
|--|----|
| Table 1: Number of Years Spent at Workplace | 44 |
| Table 2: Medium of Advertisement of Contracts..... | 47 |
| Table 3: Methods of Tendering..... | 49 |
| Table 4: Appeal Cases by Tenderers | 51 |
| Table 5: Resolution of Appeals and Protests | 51 |
| Table 6: Duration for Preparing Procurement Plan..... | 55 |
| Table 7: Duration for Advertisement..... | 56 |
| Table 8: Payment of Contractors..... | 57 |
| Table 9: Delays in Procurement | 58 |
| Table 10: Compensation for Contractors..... | 60 |
| Table 11: Cumbersome Procedures in Procurement | 61 |
| Table 12: Procurement Act and Cost of doing Business | 63 |
| Table 13: The Procurement Act and Cost Savings..... | 65 |

LIST OF FIGURES

| | |
|--|----|
| Figure 1; conceptual framework | 33 |
| Figure 2: Procurement Cycle | 43 |
| Figure 3: Availability of Written Records of Procurement | 45 |
| Figure 4: Access to Procurement Information | 46 |
| Figure 5: Tender Invitation and Opening 0..... | 48 |
| Figure 6: Period for Opening Procurement..... | 52 |
| Figure 7: Mode of Opening Tenders | 53 |



ABBREVIATION AND ACRONYMS

| | |
|--------------|---|
| BPEMS... | Budget and Public Expenditure Management System |
| EU..... | European Union |
| GPRS II..... | Growth and Poverty Reduction Strategy |
| MDAs..... | Ministries, Department and Agencies |
| MOF..... | Ministry of Finance |
| MTEF... .. | Medium Term Expenditure Framework |
| NPP..... | New Patriotic Party |
| ODA..... | Official Development Assistance |
| PFM..... | Public Financial Management |
| PNDCL | Provisional National Defense Council |
| PPA..... | Public Procurement Act |
| PPB..... | Public Procurement Board |
| PUFMARP..... | Public Financial Management Reform Programme |
| RFQ..... | Request for Quotation |
| SOE..... | State Owned Enterprise |
| SPSS..... | Statistical Package for Social Science |
| UN..... | United Nation |
| WB..... | World Bank |
| VFM..... | Value for Money |
| DACF..... | District Assembly Common Fund |
| IGF..... | Internally Generated Fund |

CHAPTER ONE

GENERAL INTRODUCTION

1.0 Background to the Study

Financial Management consists of all the activities concerned with obtaining money and using it effectively. Effective financial management involves careful planning and efficient use of resources. Proper financial management can ensure that financial priorities are established in line with organizational goals and objectives; spending is planned and controlled in accordance with established priorities and sufficient financing is available when it is needed both now and the future (Pride, Hughes & Kapoor, 2002).

Good financial management reduces government expenditure by ensuring that the services needed by the citizens especially the poor are actually delivered, maintained and worked properly. It ensures accountability to citizens for the use of public resources. Public financial management is an attempt made by government to ensure that consistently the budget is either a balanced or a surplus budget. These are largely achieved through ensuring adequate receipts from taxes and non-tax sources, and reducing public expenditure levels. It is a deliberate fiscal policy of government that aims at exercising power on tax and spending for the purpose of bringing the nation's output and employment to desired levels. These are done through the assessment of expenditure policies, revenue drive or revenue diversification and tax reforms among others (World Bank, 2001). The key objectives of financial management are to create wealth for the government, generate cash and provide an adequate return on investment. There are three elements of the process of financial management. These are;

- Financial planning: management needs to ensure that enough funding is available at the right time to meet the needs of the government. Funding may be needed to invest in equipment, stocks and pay employees.
- Financial control: it is a critically important activity to help the government to ensure that the government meets its objectives. It addresses the following questions

- a. are assets being used efficiently?
- b. are government assets secured?
- c. does management act in the best interest of shareholders?
- Financial decision making: it deals with investment and how investment is financed.

Public financial management emphasizes the following three words; economy, efficiency and effectiveness. Public procurement is at the heart of cost control the public sector. Basic principles of procurement are more important for cost control rather than rigid rules to help protect the public and its citizens against abuse (Kurtz and Boone, 1993).

Governments of both developed and developing countries spend a lot of money on goods and services needed to deliver public services. To achieve value for money (VFM) for the taxpayer, effectively managed procurements, properly planned and executed are essential. Public procurement is the process whereby public sector organizations acquire goods, services and works from third parties. It also includes money spent by public sector to provide key services directly to citizens in areas such as welfare, education, social care and health. Such services are delivered through procurement mechanisms with a formal competitive process. Effective public procurement is essential for good public services and good governance. The public sector in the UK for example spends well over £150 billion a year on the goods and services necessary to deliver public services (European Commission, 2007).

Governments are expected apply the highest professional standards when they spend money on behalf of taxpayers to ensure they get a good deal and to provide appropriate and necessary goods and services to the quality required to meet user needs.

The procurement process spans a life cycle from identification of the need, through the selection of suppliers, to post-contract award management, including disposal.

There is a duty on procurers in central governments to apply the key principles of public procurement. These require the delivery of value for money (VFM), appropriate quality and service to meet public needs and appropriate governance (ie, adherence to government rules concerning the use of public money in procurement) as described in Managing Public Money.

The procurement approach and procedure must be relevant and appropriate for what is being purchased and the market must be able to provide it at an affordable price.

Contracting authorities are required to promote sustainable development objectives through procurement in a way that is consistent with value for money and the legal framework for public procurement. In particular, they must contribute to achievement of the targets and commitments on *sustainable operations of the government* and in the *governments sustainable Procurement Action Plan*. Authorities should also incorporate social issues into procurements where they are relevant and proportionate to the subject matter of the contract.

The procurement process does not end at the commissioning or contract award stage, but spans the entire life cycle of the product or service from inception and design through to contract management and disposal of any redundant assets. Effective procurement supports the countries' aims and objectives, helping the countries to deliver high quality services which meet the current and future needs of local people and are based on value for money (London Contracts and Suppliers Group, 2009).

Ghana's public procurement is a major activity of government that generates important financial resources and makes the state one of the largest economic actors in many developing countries (Chêne, 2009). The public procurement reform programme is part of a wider reform agenda targeted at improving public financial management. The objectives of the procurement reform are: to promote national development; enhance harmony with other local and international laws; foster competition, efficiency, transparency and accountability; facilitate ease procurement administration; and ensure value for money (Ministry of Finance, 2001). Annual savings of about US\$150 million are envisaged through better management of government-financed procurement alone (World Bank, 2003). A key deliverable of the Ghana's procurement reform was a draft Public Procurement Act, which was enacted into law by Parliament in 2003. Direct measures also undertaken by Government include: the issuance and monitoring of expenditure ceilings for each Ministry, Department and Agency consistent with the annual budget and updated cash flow forecasts and implementing new anti-corruption strategies including codes of conduct for state officials. All procuring entities seek clearance from the Ministry of

Finance through certification as proof of the availability and adequacy of funding before any works contract is awarded.

Public Financial Management Reform Programme (PUFMARP) identified shortcoming and organizational weaknesses inherent in the country's procurement system. These include the absence of a comprehensive public procurement policy and the lack of a comprehensive legal regime to safeguard the integrity of the public procurement system. Others are the absence of a central body with the requisite capability, technical expertise and competence to develop a coherent public procurement policy. This Act provides for a comprehensive public procurement system and establishes the Public Procurement Board. The Bill takes into account the country's decentralisation policy and local industry development. Finally, the Act revokes the District Tender Board Regulations, 1995 (L.I.1606) and repeals the Ghana National Procurement Agency Decree 1976 (SMCD 55) and the Ghana Supply Commission Law, 1990 (PNDCL 245).

1.1 Problem Statement

Procurement is part of the fiscal policies and programmes directed toward achieving effective and efficient public financial management and national development. As an economic instrument for guaranteeing national development, when well planned and implemented, has the potency of contributing to the realization of the following; improves resource mobilization, promote debt sustainability and effective management of debt, improves public expenditure management, enhances national income generation and reduce economic and financial dependency (Chowdhury and Kirkpatrick, 2009).

The main objectives of the Public Procurement Act 663 are to harmonize public procurement processes in the public service, secure judicious, economic and efficient use of state resources, ensures fair public procurement, transparent and non-discriminatory and to reduce or eliminate corruption in the procurement process (Public Procurement Act 663, 2003).

Despite the important role played by the Procurement Act, it appears that government institutions in the Ashanti Region go through a lot of lengthy bureaucratic processes

in acquiring goods and services due to the passage of the Procurement Act. This, according to Nketia-Asante (2009) leads to low productivity, inefficiency and loss of money and detrimental effect on government budget. Instead of the Act improving public financial management, it has rather weakened public financial management in the region. Some contractors and suppliers in the region have complained about lack of transparency in the procurement procedures and long delays in their payment after they have executed the project or supplied the goods. Poor procurement practices have led to accumulated interest on late payments and the frequent price changes due to extensive renegotiations which further exacerbate the funding act problem and have increased government expenditure and reduced savings (World Bank, 2003). There is also the issue that the passage of the procurement Act has increased government domestic debt management burden and reduced government investments.

Unfortunately, no attempt has been made to assess the causes of delay in the implementation of the act, the effects of the act on government savings and expenditure and government debt burden as well as transparency in the use of state resources.

The research therefore is an attempt to collect data to examine the causes of the delay, assess the effects of the act on government savings and expenditure (public financial management) as well as the effects of the act on transparency in the use of state resources.

1.2 Research Questions

A genuine desire to derive maximum benefits from the PPA would require frank answers to these questions and genuine actions taken to address the problem areas.

1. What are the causes of the delay in procurement activities?
2. To what extent has the PPA achieved transparency in the use of government financial resources?
3. Has the implementation of Public Procurement Act affected government expenditure?
4. How has the Public Procurement Act affected government debt management?
5. What are the challenges associated with the procurement process?

1.3 Objectives

The main objective of the study is to examine the effects of the Public Procurement Act on Public Financial Management in the Ashanti Region

The specific objectives of the study are as follows:

- To examine the causes of the delay in procurement activities and their effects;
- To examine the extent to which the Public Procurement Act achieves transparency in the use of state resources;
- To assess the effects of Public Procurement Act on government expenditure; and
- To make recommendations for possible improvement in the Public Procurement Act.

1.4 Justification for the Study

In order to further improve financial management, the Public Procurement Act, 2003 was promulgated to make administration and institutional arrangement for proper procurement in the Ashanti region. With its passage, studies reveal that not much scientific and systematic enquiry has been conducted to assess the effect of the public procurement act on financial management. It is against this back drop that this study is important to be carried out to unearth the effect of the public procurement act on financial management.

Another reason for the study lies in the importance of the passage of the Public Procurement Act and its ripple effects on ensuring effectiveness, efficiency and more importantly reducing corruption. The issue of financial management has also gained currency in the discourse of development and business. Ensuring proper financial management leads to growth and development. It is in light with this and others that this study is relevant to find out whether the public procurement act has had significant effect on the management of finance in Ghana.

The study will further provide policy makers and other individuals and groups like contractors and consultants who have interest in the implementation of the public procurement act with information on the effectiveness of the act on financial management.

Lastly, the study will produce a document that could be useful to other scholars intending to undertake research on the Public Procurement Act and financial management. Ashanti region was selected because there were a lot of speculations by contractors and the general public of corruption and delays in procurement activities in the region.

1.5 Scope of Study

Geographically, this research was conducted in the Ashanti Region. Ashanti Region has been chosen because it has twenty-seven administrative districts, the highest in the country. It means that a huge amount of budgetary resources are allocated to this region and it is important to assess how this money is used through procurement.

Again, Ashanti region is selected mainly due to the fact that many people complain about procurement activities in the region more than any other regions as well as proximity and easy accessibility of data to the study.

Contextually, the study will be looking at effects of the public procurement act on public financial management. The time frame is from 2003 to 2010.

1.6 Organisation of the Study

The research has been grouped into five chapters. The first chapter provides background information of the study which includes introduction, problem statement, research questions and objectives, justification and scope of the study. The literature on procurement and public financial management was reviewed in chapter two. Research design, population, sample and sampling procedure, sources of data, data collection instruments and data analyzes which form the methodology of this study are captured in chapter three. Chapter four analysed the data while chapter five presents a summary of the findings, recommendations and the conclusion of the study.

CHAPTER TWO

OVERVIEW OF PUBLIC FINANCIAL MANAGEMENT AND PUBLIC PROCUREMENT SYSTEM

2.0 INTRODUCTION

This chapter focuses on the literature review on the subject. The broad areas of this chapter include: the definition of finance, public finance, financial management, transparency and accountability, bureaucracy and its effect on public sector, weakness in Ghana's public financial management as well as government expenditure.

Also, this chapter considers procurement in terms of its definition, procurement rules and procedure, importance of procurement, challenges and consequences of procurement, procurement cycle, Ghana's Procurement system and Swedish Public Procurement experience. The idea of this chapter is to unearth all the variables in the subject to enable analysis and discussion of the situation in the study area.

2.1 The Definition of Concepts

(i) Finance

Finance is concerned with determining an organization's long-term investments, how funds are obtained to pay for the investment, conducting the firm's everyday financial activities and managing the firm's risks. To finance is to ensure that an organization has enough funds to run the day-to-day activities of the organization. Financial control is the process of checking actual expenditure performance against plans or desired financial results (Griffin and Ebert, 1999).

According to Wikipedia (2009) finance is the ways in which individual business, organizations and government institutions raise and use monetary resources over time, taking into account the risks entailed in their projects, the term finance may thus incorporate any of the following;

The study of money and other asserts, the management and control of those asserts and how profits are made to manage project risks and provide funds for business or

an organization. The activity of finance is the application of a set of techniques that individuals and organizations use to manage their financial affairs, especially the difference between income and expenditure and the risk of their investments. The goals of each of the above activities are enhanced through the use of appropriate financial instruments with consideration to their institutional setting.

Finance is the function in an organization that acquires funds for the firm and manages funds within the firm (e.g. preparing budget, doing cash flow analysis, and planning for the expenditure of funds on assets such as plant, equipment, and machinery). Without a carefully calculated financial plan, an organization has little chance for survival regardless of its product or marketing effectiveness (Nickels et al, 1999).

According to Rosse (2001), finance, no matter the type, answers the following questions;

- What long-term investment should the government take on? That is, what lines of economic activity is the government in and what sorts of buildings, machinery, and equipment will the government need?
- Where will the government get the long-term financing to pay for its investment. Will the government bring in other owners or borrow the money?
- How will the government manage its everyday financial activities such as collecting taxes from citizens and paying wages and salaries?

In view of the above definitions by different authors, finance can be defined as the act of planning, obtaining and managing organization's day-to-day income and expenditure (assets and liabilities) in order to accomplish its objectives in the most effective and efficient manner. It involves the acquisition of investments and how to manage and sustain the acquired investments as well as managing monies accrued from investments: ensure sufficient fund is available when it is needed so that the organization does not go bankrupt.

(ii) Public Finance

Prest (1985), explains that a public finance is the field of economy that deals with planning, budgeting, revenue collection and expenditure control of a public sector entity, usually government institutions. It is concerned with identification of the required expenditure of a public sector entity, sources of that entity's revenue, and budgeting process. Public finance is related to attempts made by a government to ensure that consistently the budget is either a balance or a surplus budget. These are achieved through ensuring adequate receipts from taxes and non-taxes sources, and reducing expenditure levels. Fiscal policy is the deliberate exercise of the government to tax and spend for the purpose of bringing total output of all sectors of the economy and employment to desired levels. These are done through the assessment of expenditure policies, revenue and tax reforms among others Adjei (2009).

In public finance, efficient cash management and revenue collection contribute to efficient goods and service delivery. Further, efficient goods and services delivery is achieved through effective monitoring and allocation of resources. For example, there are areas that Botswana has had much success in contributing to efficient goods and service delivery including sound payroll management, cash management and timely financial reporting. One factor that appears to have adversely affected the efficiency of goods and services delivery has been some areas of concern of competition in procurement management.

(iii) Financial Management

Financial management is concerned with accounting for and controlling the sources and uses of the funds that an organization employs in its operation. It aims at providing the needed money in the most economical way from borrowing owner's investments or sale. Financial management regulates the use of the money to produce the greatest output. Management is a process that decides on the specific goals of an organization and directs the efforts of other people to accomplish actions needed to meet the goal (Burke and Bittel, 1991).

According to Nickel (1999), financial management is the managing of public and private resources so as to meet their goals and objectives. Financial management could be in the hands of chief financial officer, a person who serves as company

treasurer or vice president of finance. His function is to obtain money and then control the use of that money effectively. Financial managers are responsible for collecting overdue payment and making sure that the organization does not lose too much money to bad debts (people or organizations that do not pay). Financial planning and control are aspects of financial management. Financial planning involves analyzing short-term and long term money flows to and from the organization. The overall objective of financial planning is to optimize the organization's profitability and make the best use of its money. Financial control is the process in which a firm periodically compares its actual revenues, costs and expenses with its projected ones. Most companies or organizations hold at least monthly financial review as a way to ensure financial control.

Financial Management consists of all the activities concerned with obtaining money and using it effectively. Effective financial management involves careful planning and efficient use of resources. Proper financial management can ensure that financial priorities are established in line with organizational goals and objectives; spending is planned and controlled in accordance with established priorities and sufficient financing is available when it is needed (Pride, 2002).

Good financial management reduces government and private expenditure by ensuring that the services needed by the citizens especially the poor are actually delivered, maintained and worked properly. It ensures accountability to citizens for the use of public resources. Public financial management is an attempt made by government to ensure that consistently the budget is either a balanced or a surplus budget. These are largely achieved through ensuring adequate receipts from taxes and non-taxes sources and reducing public expenditure levels. These are done through the assessment of expenditure policies, revenue drive or revenue diversification and tax reforms among others (World Bank, 2001). The key objectives of financial management are to create wealth for the organization, generate cash and provide an adequate return on investment.

According to Griffin and Ebert (1999), financial managers must ensure that their organizations have enough funds on hand to purchase the materials and human resources that they need to produce goods and services.

Financial management must be concerned with three basic types of questions. The first question concerns the firm's long-term investments. The process of planning and managing an organization's long-term investment is called capital budgeting. In capital budgeting, the financial managers try to identify investment opportunities that are worth more to the firm than they cost to acquire. Financial management is concerned with how much cash is expected to receive from investment and when it is expected to be received. In evaluating capital investment, timing, size and risk of cash flow are important things to consider. The second question is concerned with how the organization obtains the financing it needs to support its long-term investments. An organization's capital structure (financial structure) refers to the specific mixture of long-term debt and equity the firm uses to finance its operations. The financial managers have issues to address which include how much should the firm borrow and what are the least expensive sources of funds for the organization? The third question concerns working capital management. The working capital refers to an organization's short-term assets, such as inventory, and its short-term liabilities, such as money owed to suppliers. Managing the organization's working capital is a day-to-day activity that ensures the firm has sufficient resources to continue its operations and avoid costly interruptions.

Reducing the fiscal deficit (external and domestic) and consequently government borrowing is a key objective of the macro-framework. To this end, assessing the debt stock and its maturity profile is a prerequisite for designing an appropriate strategy for amortization.

The elements of the strategy to improve fiscal discipline are:

- Improved debt management;
- Improved public expenditure management; and
- Improved fiscal resource mobilization.

2.2 Public Financial Management

Good public financial management promotes a system of accounting that shows the effective utilization of the financial resources of the country; provides a window to the public to ascertain the financial status of the government; and serves as a major instrument in the formulation and implementation of government policies. Good

public financial management includes; Cash management, Aid and debt management, Revenue management, Audit and Procurement.

Cash management: This aims at achieving an efficient provision of the cash resources of a Government while avoiding the immobilization of resources and minimizing the costs of borrowing.

Aid and debt management: This aims at strengthening the management of the acquisition, servicing and retirement of public debt as well as avoiding increasing debt stock.

Revenue management: This ensures the promotion of system of administration which aims at achieving greater taxpayer compliance and convenience and to increase the efficiency of revenue collection, reporting and forecasting.

Audit: This promotes timely and effective assessment of transactions to ensure that resources are being used for the specified purposes. Both external audit and internal audit are concerned that value for money is achieved; appropriate controls are in place so that expenditure is reliably recorded to check impropriety and minimize fraud.

Procurement: To streamline the purchasing of goods, works and services, and establish an effective monitoring and tracking system that reduces government expenditure to achieve balance budget or surplus budget. According to Shand (2005), the Public Financial Management (PFM) framework sets out the following as key components of a good PFM system:

- The internal control system should ensure that the budget appropriations are not exceeded, that funds are spent as intended as well as ensuring that reliable information is produced.
- There is full transparency of budget processes and information. The budget should be developed and implemented through an orderly and understood process. The legislature and the public should have full information on budget results in relation to targets, the government's financial position and the assumptions and risks involved in the budget.
- The budget is credible; it is realistic and can be implemented. In many countries much effort may be put into preparing budgets which cannot be implemented because they are not realistic. Predictability of donor funding may be an important issue here. It should be clear to line ministries,

departments and agencies how much funding they may expect to receive during the year and what results are expected from that expenditure.

- It is comprehensive, covering all government activities. Off budget accounts should be minimized, particularly those for which there is little transparency.
- The budget is a reflection of the government's policies and priorities – the expected results of expenditures should be known, as far as they can be reasonably measured.
- There are accounting systems which provide timely and reliable reporting at all levels of decision making for internal management and control and for external accountability purposes. Good external reporting needs to be based on good internal reporting.
- The expost systems of external scrutiny by the legislature and by external audit, by holding public officials accountable should help keep the budget on track and improve performance. A good public financial management system, through comprehensive budgeting, sound internal control systems, reliable information systems and fiscal transparency can assist in this.

According to Shand (2005), there is now a general consensus among donors and partner countries on what constitutes good public financial management which is developed through extensive diagnostic work, in many cases undertaken collaboratively by many donors and collaboratively with the partner countries. This consensus is best expressed in the public financial management performance indicators framework. There is also a consensus that the need now is to move beyond diagnostics to work with development partners in improving their public financial management systems through capacity development programmes and the extent to which public financial management systems are improving over time, using the performance measurement framework.

There are four generally accepted objectives of a public financial management system. It should provide for;

- Aggregate fiscal discipline (between and within years);
- Strategic prioritization in composition of expenditure - the budget is a key instrument to implement government policies;

- Operational efficiency in the use of resources, the budget system should promote efficiency not discourage it; and
- Fiscal Transparency: to assist in social control, and thus an objective in its own right.

According to Shand (2005) Public financial management should achieve the following objectives;

- Good and simplified financial reporting and accounting systems,
- Establish clear and strong cost controls,
- Link programme responsibility and budget of the ministries, departments and agencies.
- Bring transparency to government activities.

It needs to be recognized that improving public financial management is not just a 'technical' exercise. For public financial management to improve the budget, procurement must be perceived by the country as a key mechanism for controlling government expenditure, increasing transparency and accountability in the use of public monies, determining government priorities and for delivering services. Procurement deals with the deficiencies in financial management since it involves proper planning, accounting and auditing, reporting, providing information and deals with complaints.

Again, there is no doubt that transparency and accountability, expenditure or cost control and bureaucracy run through the components and objectives of public financial management. All of these subsystems are relevant to the success of public financial management. Therefore, it is necessary to discuss these components as stated by Shand (2005).

2.3 Transparency and Accountability

Greuning (2005) also asserts that transparency refers to the principle of creating an environment where information on existing conditions, decisions and actions are made accessible, visible and understandable to all individual participants. Disclosure refers to the process and methodology of providing the information and making policy decisions known through timely dissemination and openness. Accountability refers to

the need for all participants, including the authorities, to justify their actions and policies and accept responsibility for their decisions and results. Transparency is necessary for the concept of accountability to take hold among the major groups of market participants: borrowers and lenders; issuers and investors; and national authorities and international financial institutions. Transparency and Accountability have become strongly debated topic in discussions of economic policy over the past decade especially in the use of public funds. Policy makers had become accustomed to secrecy. Secrecy was viewed as a necessary ingredient for the exercise of authority, with an added benefit of hiding the incompetence of policy makers. However, secrecy also prevents policies from having the desired effects. The changed world economy financial flows which brought increasing internationalization and interdependence, have put the transparency issue at the forefront of economic policymaking. National governments, including central banks, increasingly recognize that transparency improves the predictability and hence, the efficiency of policy decisions. Transparency forces institutions to face up the reality of a situation and makes officials more responsible, especially if they know they will have to justify their views, decisions, and actions afterwards.

Transparency means that the same rules apply to all suppliers of goods, works and services and that these rules are publicized as the basis of procurement decisions prior to their use. Transparency enables the creation of open, fair and transparent procedures. It promotes inward investment and competitiveness as the public sector is seen as a responsible business partner. Accountability is the process of holding an individual or organization fully responsible for all aspects of the procurement process over which they exert authority. Accountability strengthens the perception of transparency and fairness and reduces corruption (Public Procurement Authority, 2007). The use of public money must be conducted in a transparent and open manner, allowing stakeholders and the general public access to information on procurement activities by the government as well as a means to control and audit all procurement cases. Furthermore, the rules governing public procurement must be readily available to all interested parties.

The government requires that all public officials and practitioners of procurement shall be held accountable and responsible for their actions; all suppliers, contractors and consultants will be treated fairly and given equal opportunity to obtain contracts with the Government. Procurement shall be done in the most efficient manner, upholding the principles of value for money, transparency and fairness and funds will be used solely for the purposes for which they have been entrusted. Appropriate procedures of the government or the Development Partners are applied; all transactions are properly authorised and fully supported by written records; value for money can be demonstrated by comparison with market rates; and an appropriate Code of Ethics is followed by all staff involved in the procurement process.

According to Osafo-Marfo (2003), transparency means decisions taken and their enforcement is done in a manner that follows rules and regulations. It also means that information is freely available and directly accessible to those who will be affected by such decisions and their enforcement. It also means that enough information is provided and that it is provided in easily understandable forms and media. In the context of this study, it means that information concerning procurement must be known and accessible to all who participate in procurement process. For Public Procurement Act to achieve transparency, it needs to follow all the rules and regulations in the public procurement.

Transparency is also a means of fostering accountability, internal discipline, and better governance. Transparency and accountability improve the quality of decision-making in policymaking institutions as well as in institutions whose own decisions depend on understanding and predicting the future decisions of policy making institutions. The general public will be better able to monitor public sector institutions and therefore poor decisions will not go unnoticed or unquestioned. Transparency and accountability are mutually reinforcing. Transparency enhances accountability by facilitating monitoring also and accountability enhances transparency by providing an incentive for agents to ensure that the reasons for their actions are properly understood. Both transparency and accountability impose a discipline that improves the quality of decision-making in the public sector and lead to more efficiency in public sector (Greuning, 2005).

Transparency refers to the action of those in government being visible rather than hidden or covert. Its underlying premises relate to accountability and ethics, a meaning that suggests not only that things should be done right but that they should be seen to be done so. This is not about the appearance of doing things accountably and ethically, to the point that governments in their day-to-day practices create a culture of making their activities easy to see. Decision makers are required to abide by due procedure and record for accountability purpose the reasons for a particular decision (Faircheallaigh et al. 1999:211). He believes that transparency in decision making reduces the number of appeal cases. It allows aggrieved citizens to discover the formal reasons for a decision and if it is perceived to be flawed or unfair to challenge the decision.

Transparency requires that governments not only do not prevent the flow of information to the public, but also an active involvement on their part to make the necessary provisions to ensure that public information can have a feedback effect on governmental activities since it empowers the public to put pressure on government to deliver services and to do so effectively. It can also enforce the legitimacy of government.

Looking at the indicators that attempt to evaluate government transparency, one can select, for instance, an indicator of administrative transparency, such as whether procedures for the procurement process are undertaken through a transparent and regulatory manner. Another indicator of transparency is the existence of an ombudsman office, which is fully staffed and funded and whether there are regular and independent financial audits of governmental and parastatal bodies. The above definition suggests that monitoring and auditing are crucial in transparency and public financial management. It is therefore imperative to monitor and audit procurement if it aims at achieving financial management.

2.4 Bureaucracy

In discussing public financial management, bureaucracy cannot be left out since it ensures due process and prevents some level of corruption. According to Weber (1920), bureaucracy is an organizational form based on a hierarchy of offices and systems of rules with the purpose of ensuring the permanence of the organization,

even though employees within it might come and go. The knowledge, practice and experience of the organization would be preserved in files, thus ensuring permanence and continuity. The organization is hierarchical, with one level subject to control by that above it. Everything done in the name of the organization and its officials is recorded. The purpose of bureaucratic structure is to attain the maximum degree of efficiency and to ensure the permanence of the organization. Failure to do this leads to red tape, excessive procedures and obscure and conflicting rules and regulations. All organizations are bureaucratic in the sense that they all go through some sort of procedure for getting things done.

Bureaucracy connotes an administration standing above and beyond the reach of the people, an administration which sometimes collaborates with power-groups beyond democratic control. In state administration, bureaucracy has been used for denoting the prominent position given by the centralized state power to permanently employed public officials and has been applied as an instrument of critique against state power. It is the type of administration in which the officials exert power in order to implement their own interests. For example, the Encyclopedia of the Social Sciences, (1930:70-74) defines bureaucracy as a system of government, which the control power is completely in the hands of officials and that their power jeopardizes the liberties of ordinary citizens. Bureaucracy is used to describe the rational organization. The usage is in accordance with max Weber's ideal type, it denotes a form of organization characterized by a hierarchy of officers.

Bureaucracy has the following features; the rules are known by all, the purpose of the rules is clear and based on a valid theory of cause and effect, rules are consistent with each other, it is clear when rules are to apply and the scope for subjective interpretation is limited.

In view of the above definitions, bureaucracy is a system of government where professional officers who perform rationalized functions in organizations, especially public institutions go through laid down procedures in performing their duties. Thus organization is said to be bureaucratized when its procedures for actions and decisions have become formalized and impersonal through highly structured rules that are open. Other characteristics of bureaucracy are rules which describe the duties of members of

an organization, a set of standard operating procedures, and impersonal relations between members. In bureaucracy, initiatives and policy directions come mostly from the top management. The growth of modern government has been intimately tied to the development of bureaucracy and no modern state could operate without bureaucracy because it checks the abuse of power and regulate people's activities and conducts in an organization.

2.4.1 Effects of Bureaucracy in Public Financial Management

In public sector organization, bureaucracies produce unintended consequences which may conflict with the goals of those in authority and inhibit the efficient and effective operation of the organization. Bureaucracy can bring dictatorship of the officials, problems of supervision, rules can become ends in themselves and rules can bring inefficiency. One of the criticisms of bureaucracy is that some politicians use it to maximize votes which eventually tend to be expensive (Lawton and Rose, 1994).

One of the effects of bureaucratic process is delay. Delay is the extra time taken to complete a task beyond the planned period agreed upon especially a contract between two or more parties. According to Antill and Woodhead (1989), one of the classifications of delay is the origin. Delay can be caused by the owner of the contract, and in this case the contractor receives a fair and reasonable compensation in cost and time. Antill and Woodhead did tell the method to measure the reasonable compensation of delays in contracts. They believe that inflation and interest rates should be used to measure compensation since contractors borrow from banks and loans with interest. Delays due to bureaucratic process affect financial management since it adds more cost to the organization as a result of inflation and interest rate. Interest rate is the price paid for the use of financial assets (Colander, 2001).

Procurement Act is aimed at reducing government expenditure and checking leakages of government funds but bureaucratic process in procurement brings delays in procurement activities, which eventually increases expenditure and has detrimental effect on public financial management.

2.5 Government Expenditure

Government expenditures are all outlays from the government budget, including those for current expenditures such as public service salaries, maintenance, interest payments as well as capital expenditures such as outlays for construction of irrigation canal, road, schools, and purchase of equipment owned by government (Malcolm, 1987).

Budgetary control involves the monitoring of actual income and expenditure against planned income and expenditure on a regular basis, identifying variances, investigating the reasons for significant variances and taking corrective action to ensure a balanced budget at the end of the year. Having identified variances, it is important to investigate the one of the causes of variance.

2.6 Conceptual Definition of Procurement

Procurement is the process of acquiring goods, works and services, covering both acquisitions from third parties. It involves option appraisal and the critical “make or buy” decision which may result in the provision of goods and services in appropriate circumstances (PPB, 2003).

Again, according to Ghana Integrity Initiative (2007), Public Procurement “is the acquisition of goods and services at the best possible total cost of ownership, in the right quantity and quality, at the right time, in the right place for the direct benefit or use of governments, corporations, or individuals, generally via a contract”. It can be said to be the purchase of goods, services and public works by government and public institutions. It has both an important effect on the economy and a direct impact on the daily lives of people as it is a way in which public policies are implemented (Ghana Integrity Initiative, 2007).

Procurement is to purchase the right quality of material at the right time, in the right quantity, from the right source, at the right price. The main objectives of procurement include: supplying the organization with a steady flow of materials and services to meet its needs, to buy efficiently and wisely, obtaining by ethical means the best value

for every money spent, to manage inventory so as to give the best possible service to users at lowest cost and protect the government's cost structure (Barly, 1994).

Public procurement can be described as centrally negotiated legal processes which are guided by political decisions and practically implemented by various local purchasers. It should be acknowledged that public procurement has both economic and social benefits, but the social benefits of public procurement are primarily seen as indirect positive effects from economic savings and environmental improvements (Björn Wickenberg 2004). Procurement is a potential instrument of integrating socially and economically sustainable benefits to stimulate employment programmes.

According to Waara (2007), Public Procurement is any purchasing performed by any public authority within the classical sector or within the utilities sector. The public procurement rules applicable to purchasing entities also depend on whether the total purchase value is over or below certain so-called "threshold values", which differ as regards goods, services and construction works. All procurements above the threshold values apply procurement directives and must be advertised in the Supplement to the Official Journal for public tenders. There are a number of different procurement procedures to choose from, depending on whether it is a purchase above or below the threshold values. Many minor purchases are subject to so-called "direct procurement", which do not have to be publicly advertised. However, due to principles of market competition, direct procurement should not take place repeatedly, and purchases should not be divided into smaller units in order to avoid exceeding the threshold values.

Public procurement is the process by which organizations acquire goods and services using public funds. It includes planning, inviting offers, awarding contracts and managing contracts. For procurement to achieve its goals, it should follow these two principles: Professionalism and Value for Money (Economy).

- Professionalism is the discipline whereby educated, experienced and responsible procurement officers make informed decisions regarding purchase operations. The role of procurement professionals is critical to Ghana's economic development. It is in the recognition of this fact that the

procurement Board's object includes; "the professional development, promotion and support for individuals engaged in public procurement and ensure adherence by the trained persons to ethical standard".

- Value for Money (Economy): this is to secure a judicious, economic and efficient use of state resources at a reasonable cost. Value for money is not about achieving the lowest initial price: it is defined as the optimum combination of whole life costs and quality.

International experience suggests the following four basic principles upon which procurement system is based (World Bank, 2000).

- Maximizing economy and efficiency.
- Promoting competition and encouraging maximum participation by suppliers and contractors for the supply of goods, construction or services to be procured.
- Fair and equitable treatment of all suppliers and contractors.
- Transparency in procedures and minimizing opportunities for corruption and collusive activities.

In dealing with procurement issues, the goal of regulators should be to ensure the best deal for citizens and to apply the tools necessary to allow the best decisions to be made. Inevitably, this means removing any bias that unfairly tilts a procurement decision.

According to Sarpong (2007), procurement is the management of sustainable acquisition of goods, works and services to optimize value for money through a professional, auditable and transparent framework. He believes that any good procurement should have the following principles;

- Efficiency and Effectiveness: all procurement functions should aim at achieving the right quantity and quality at the minimum cost
- Competitiveness: the procurement process should ensure some competition among the competing parties
- Ethical approach: procurement process should avoid all practices that could lead to possible conflict of interest

- Fairness: all procurement should aim at achieving fairness and ensuring that all participating bidders are given equal opportunity to bid
- Transparency: the procurement process should be open enough to avoid giving competitive bidders advantage over other bidders. These are in line with the World Bank's principles of procurement and it is therefore imperative to see these principles in all procurement. Any procurement without these principles and objectives should not be considered as a good procurement and it is not in the interest of the nation since all forms of procurements have these principles.

2.6.1 Good Practices and Importance of Procurement

According to Public Procurement Authority (2007), Public Procurement has a direct impact on the following; the successful delivery of government projects and public services, sound public financial management by achieving value for money in government expenditure, reducing corruption, more competition, budgetary savings, reduce debt levels, and encouraging private sector. Social impacts of public procurement include enhanced respect for rule of law, improved social sector services, improved prospects of achieving other government objectives, increased access by local market to government contracts, and enhanced reputation for government institutions. It is obvious from the above discussing that procurement has multi-dimensional importance which cuts across all spheres of lives. Governments of developing countries must ensure that they implement procurement laws fully and remove all bottlenecks so as to achieve this importance as stated by PPA.

Empirical studies about government procurement auctions show the importance of the competitive environment to achieve savings in government procurement, investigates the competitive effect in the Japanese Official Development Assistance (ODA) projects. Iimi 2007, reports that winning bid decreases as the number of bidders increase. Thus, increasing local firm participation in auctions strengthens bidding competition and results in more efficiency at the auction level. Tas et. al. (2008) analyzes 130,094 government procurement auctions for the years 2004 to 2006 in Turkey and finds that the number of bidders positively and negatively affects the procurement price. They show that competitive environment significantly improves efficiency of government procurement auctions in Turkey. As a result, theoretical and

empirical studies show that competitive environment is essential to achieve lower (cost saving) procurement prices in government procurement auctions.

A study conducted by PPA revealed that the Government of Ghana could save about 25 percent of its domestic revenue from prudent public procurement practices and it reduces government expenditure. He is of the view that public procurement system in Ghana is in conformity with international best practices (Ghanaian Times, 2009).

2.6.2 Procurement Challenges and Consequences of Poor Procurement

An effective public procurement system is essential for good governance. A poor procurement system results in higher costs to government and the public. It delays project implementation which further increases costs, leads to poor project execution performance and delays the delivery of benefits to the beneficiaries. Procurement problems also increase scope for corruption, generate more complaints and raise concerns about the integrity of the procurement process. Finally, poor procurement discourages good firms (both national and foreign) from participating in bidding, thus deprive the country of receiving better prices and goods, works and services (World Bank, 2000).

There is less participation in economic activities by the private sector if the government is not seen as a reliable or fair business partner. This reduces private competition and value for money obtained by the government and also reduces private sector growth and investment. It can result in higher tax levels, higher levels of debt (or the inability to repay existing debts) or reduced public service. Reduced public services mean reduced standards in health care, education, infrastructure etc negatively affecting the country's development and poverty reduction initiatives. Donors have less confidence in the governments of developing countries and reduce levels of assistance or insist on their own procurement procedures. When Goods, works and services are delivered or completed late, it affects the delivery of public services and completion of projects. Stores are not managed well, leading to stock-outs becoming obsolete as a result of excessive stock-holding. Goods, works and services are of poor quality and quickly deteriorate or fail for example; a sub-standard road will quickly break up, requiring repair (PPB, 2007). Fluctuation of prices in developing economies has a negative impact on government's gross expenditure,

thereby affecting the overall procurement's yearly budget. Price is one of the components of evaluating procurement (Agyenim , 2009).

The procurement process is complicated because of the size and bureaucratic nature of government. Even though public procurement has similarities with the private sector, such as its focus on value, competitiveness, and accountability, it also has some special characteristics that make it different. For example, the procurement process which includes selecting bidders, evaluating tenders, and selecting contracts should be transparent to the public. In addition, public organizations must follow certain rules and restrictions imposed by the government.

According to Weele (2000), purchasing procedures are usually embedded in lots of bureaucracy and require that every superior puts his signature under the intended order. The extensive authorization procedures make procurement a tedious, laborious and slow process. It explains why most procurement entities within the governments of developing countries are more procedure rather than result oriented. He argues that his experiences with governmental procurement projects show that lack of proper procurement procedures and a professional approach to purchasing may lead to significant cost overruns and overruns of time schedules. According to him, the European Commission (EC) estimates that its member countries annually would save at least 4% of their purchasing budgets, provided that they would apply consistent and competitive tender procedures in their dealings with suppliers.

This means that bureaucracy and undue procedures in Procurement process may lead to loss of money through over spending and it affects government budget. It is also clear that Weele's view is not far different from the World Bank's assertion that delays as a result of bureaucratic system increase government expenditure.

2.7.0 Swedish Public Procurement Experience

Sweden has been a member state of the European Union (EU) since 1995 and its public procurement procedures are therefore closely intertwined with EU regulations. Swedish Public Procurement Act entered into force on January 1994, and since then there have been several minor amendments to the Act of which latest entered was in July 2002. The Act contains rules for procurement both above and below the

European Community (EC) thresholds (200,000 Euro). The Act stipulates that for any contract exceeding the €5 million threshold, procurement officers should choose the open competitive procedure where all contractors are permitted to submit tenders. The restricted procedure is where contracting entity invites certain suppliers to submit tenders and then negotiates with one or several of them (European Union, 1996).

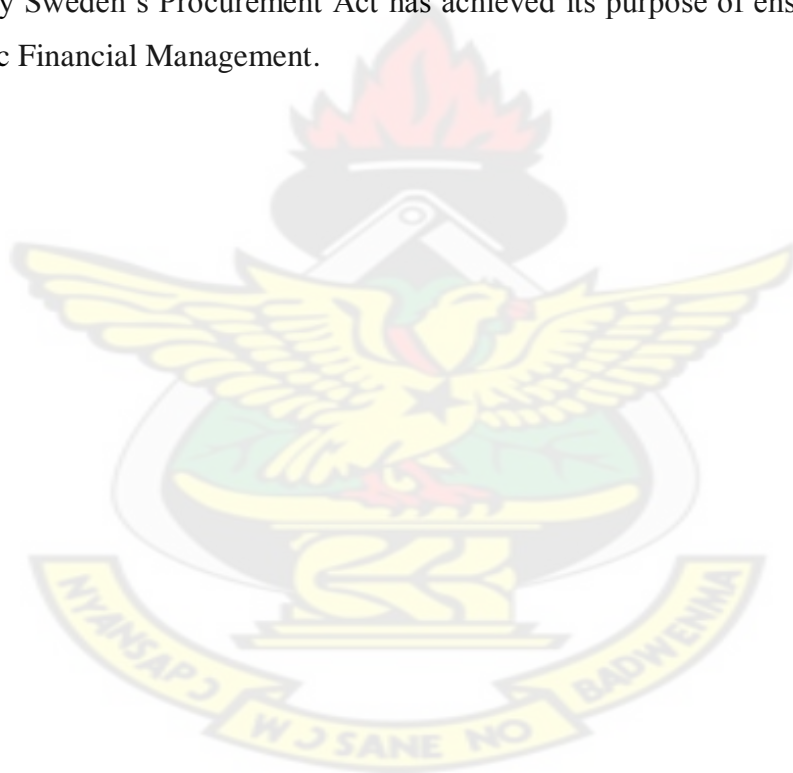
The Act allows procurement officers to exclude tenderers from participation if their firms are bankrupt, have been guilty of gross professional misconduct, or have not fulfilled obligations relating to the payment of social insurance charges or taxes. The Procurement officer may also specify minimum requirements concerning the tenderer's financial and economic standing and its technical abilities and capacity. Tenderers who fail to meet such requirements will be excluded. Contract may be awarded either to the lowest tender or to the tender that is judged to be the economically most advantageous (Waara 2007). Dini et al, (2006), report that in Sweden, all tenders that meet the particular quality requirements compete on price and the contract is normally awarded to the lowest tender. According to him, competition in Swedish procurement has saved government a lot of money, brought transparency and competition in the use of government resources as well as achieving accountability. Dini was quick to add that open procedure results in delays in the procurement process as it takes a long period to evaluate all tenders, but according to him this method reduces the number of complaints.

According to Lukas Vogel (European Commission, 2009) efficiency gained in public procurement brought tangible macroeconomic benefits. Cheaper procurement relaxed the budgetary pressure and created fiscal space and increased productivity in sectors due to increasing competition among procurement suppliers and contract.

The few empirical studies (Coppens, 2009, European Economics, 2006, Estache and Iimi, 2008) quantified the cost savings from transparency and competition in procurement markets; they concluded that rules and procedures that promote transparency and competition tend to reduce procurement prices substantially. Europe Economics (2006) estimated that EU Procurement legislation, adopted by Sweden increased supplier competition, and has led prices to decline by 2.5-10 percent in

about 20 percent of the procurement market in Sweden. They argued that costs savings in procurement led to lower labour income taxation. Higher transparency and discipline in Public Procurement was expected to increase competition for work, supply and service contracts and to raise the number of bids per tender. Survey-based analysis in Europe Economics (2006) found costs savings for contracting authorities of 2.5-10% of the intended contract value, varying across sectors and industries; the savings are a positive function of the number of bids per tender. Similarly, the econometric evidence in Coppens (2009) suggests average costs savings of 5.5% of the contract value from European procurement legislation reform.

Sweden's Procurement Act aimed at improving public sector efficiency, transparency, and accountability and stimulate entrepreneurship. Evident indicates that truly Sweden's Procurement Act has achieved its purpose of ensuring efficiency in Public Financial Management.



CHAPTER THREE

RESEARCH METHODOLOGY AND CONCEPTUAL FRAMEWORK

3.0 Research Design

Explanatory research was used for this study. According to Gay (1990) explanatory research involves collecting data in order to test hypothesis or to answer questions concerning the current status of the subject of the study. It is economical and convenient for the study of this nature. Yin (1993) stated that explanatory research explains causal relationship between cause and effect of a phenomenon. It aims at explaining causal relationship between variables.

Explanatory research emphasizes detailed contextual analysis of a limited number of events or conditions and their relationships. Researchers have used the explanatory research method for many years across a variety of disciplines. Social scientists, in particular, have made wide use of this explanatory research method to examine contemporary real-life situations and provide the basis for the application of ideas and extension of methods. Yin (1993) defines the explanatory research method as an empirical inquiry that investigates a contemporary phenomenon within its real-life context; when the boundaries between phenomenon and context are not clearly evident; and in which multiple sources of evidence are used (Yin, 1993). In order to understand the effects of the Public Procurement Act on public financial management, explanatory research was used to explain the effect of the Public Procurement Act on Public Financial Management in Ashanti Region.

3.1 Sample and Sampling Procedure

The target population for the study was made up of procurement officials, finance officers, planning officers, contractors and consultants. The inclusion of the procurement officials helped in bringing to bear the extent to which PPA has affected efficient and transparent use of public resources. Also, procurement officials (procurement entities) helped in bringing out the causes of delay in payment of contracts and also other problems in the procurement process. The inclusion of contractors and consultants on the other hand facilitated the researcher to know the problems those contractors and consultants go through in the procurement process.

In selecting samples to be included in the study, both probability and non-probability sampling techniques were used. Particularly the purposive sampling technique which is a non-probability sampling technique was used to select the procurement, planning and finance officials. This is because it was believed that all the officials at the procurement outfits were in the best position to respond to the research questions. In all, five districts (ie Kumasi Metropolis, Adansi North, Bosomtwe, Bekwai and Obuasi) were randomly selected due to easy accessibility, financial and time constraints, as well as the fact that all the districts in Ashanti Region are homogeneous in character; five is enough to make generalization. Sample frame was collected from Ashanti Regional Coordination Council and all the districts were assigned numbers from one to twenty-seven. The five districts were randomly selected with the use of table of random numbers and this sample frame is found in appendix 2.

With regard to the selection of contractors and consultants included in the study, the simple random sampling method was used. This technique was appropriate because it ensured equal, calculable and non-zero probability in the selection of the respondents (Sarantakos, 1997: 138). This was done to ensure true representations from the selected contractors.

A sample frame was derived from the associations of contractors and consultants as well as other agencies. Simple random technique was employed to select the sample size of 60 contractors and six consultants. The overall population was 80 and each contractor was assigned a number from 1 to 80 and table of random numbers was used to get the required number (Scheffler 1988).

In all, 66 contractors and consultants were selected for this study. This sample size was selected because according to Sarantakos (1998:163), for a population of 80, the suggested minimum number that should be used as sample size could be 66. This constituted the sample size used for the study. In order to ensure fairness in the distribution of the sample among the two groups, the sample was selected proportionately among the two groups. Out of 66 questionnaires administered 50 were returned to the researcher.

3.2 Sources of Data

Both primary and secondary sources of data were obtained for the study. The primary data was obtained directly from respondents through the administration of questionnaires and structured interviews. The primary data provided reliable and accurate first hand information relevant to this study about the implementation of the Procurement Act in relation to the effect on public financial management and other issues necessary for the research. The secondary information was obtained from the library, internet, journal articles, news papers and research reports. The idea of secondary data was to gather necessary information to guide the conduct of the research project in order to confirm or reject the primary data.

3.3 Data Collection Instrument

Questionnaire was the main data collection instrument used for the study. The questionnaire was appropriate because it was assumed that the procurement officials as well as the contractors and consultants were literate and for that matter they could be able to respond to the questions unaided. Questionnaire facilitated the collection of data that ensured the best matching of concepts with reality; it provided the same responses from a given set of respondents and helped reduce inconvenience caused by unfavourable interview times and busy schedules.

According to Saunders, (2007), questionnaire is used for explanatory research which will enable the study to examine and explain relationships between variables, in particular cause-and-effect relationships. In all 140 questionnaires were sent out for this study, out of this figure, 74 were given to procurement, planning, finance, works, budget officials and administrators and the rest were given to contractors and consultants. One twenty questionnaire were retrieved and this made the response rate stood at 86 percent. Both sample frames are found in appendices 1 and 2 respectively. The researcher personally administered the questionnaire to the respondents. The structured questionnaire was used to guide the researcher in interviewing the consultants. The questionnaire consisted of both open and closed ended questions, based on the objectives of the research and can be found in appendices 4 and 5.

3.4 Pre-Test

In order to test the reliability and validity of the data collection instrument, pre-test was carried out. There was a reconnaissance study in order to pre-test the instruments. This stage revealed the suitability of the methods and instruments that were employed in the study. This consequently led to early detection of errors and distortions in the questionnaire which were corrected in the process. This helped the researcher to familiarize himself with the research environment and also offered the opportunity to practice research in real situation before the main study began (Sarantakos, 1998: 292-293).

3.5 Data Analysis and Presentation

This section deals with the methods of analysis of the data. Quantitative and qualitative methods were used to analyse the data. The results were computed into percentages and subsequently presented in the form of pie charts, bar charts and tables.

Computer data analyses software such as the use of Statistical Package for Social Sciences (SPSS) and other relevant software such as Microsoft Excel were the main tools employed to analyse the data in order to help interpret results. The justification for the choices of these programmes was that, these techniques facilitated word processing and data analysis very easy and accurate pictorial presentations.

The other questions that were open-ended were analysed by listing all the important responses given by the respondents. The responses were considered based on the relevance to the study. This gave the general idea of the study with respect to the impact of the public procurement Act on financial management.

3.6 Distribution of Respondents

The data showed the distribution of respondents among the five administrative locations and the ministries they were drawn from.

Respondents were selected from the Kumasi Metropolis, Bekwai Municipal, Adansi North District, Obuasi Municipal and Bosomtwe District. As can be seen from Table 1, 15 respondents were drawn from each of the above mentioned metropolis, municipality and district assemblies. Out of the total number of 70 selected, 45

representing 64 per cent were drawn from the Ministry of Local Government and Rural Development, 10 representing 14 per cent were drawn from the Ministry of Health with the remaining, 15 respondents representing 22 per cent were drawn from the Ministry of Education. Fifty contractors and consultants were also included in the study.

3.7 CONCEPTUAL FRAMEWORK

Transparency, fairness and competition in procurement bring to public light mistakes, errors in judgments and bad practices that affect the management and administration of a country. They allow citizens to challenge unfair public officials and make them more accountable to the people. Efficiency and effectiveness in procurement ensures expenditure control since they minimize cost and ensures value for money. Again ethical approach as a principle of procurement leads to bureaucracy in financial management. The relationship between ethical approach and bureaucracy is to avoid personal interest and promote public interest.

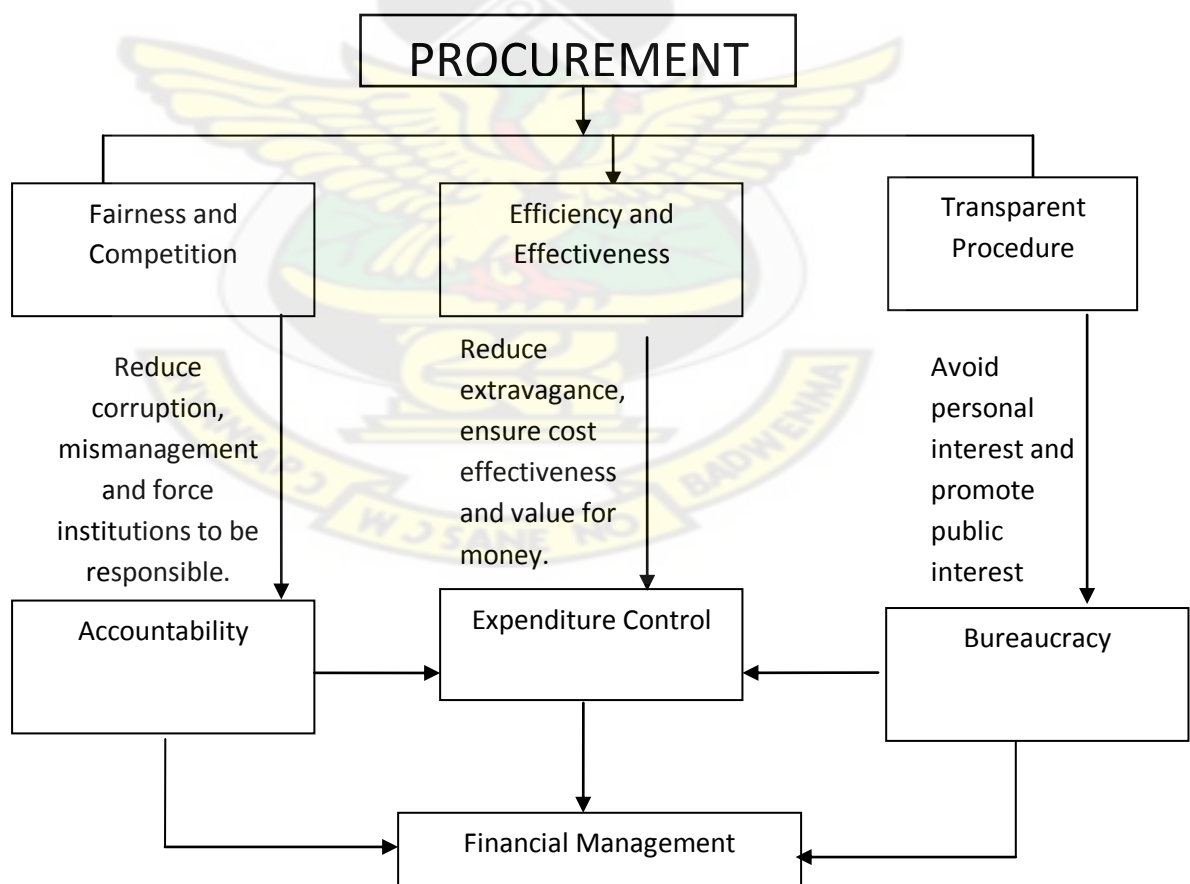


Figure 1; conceptual framework Source: Author's Construct

CHAPTER FOUR

RESULTS AND DISCUSSION OF THE FIELD DATA ON PROCUREMENT ACT AND PUBLIC FINANCIAL MANGEMENT IN ASHANTIN REGION

4.0 Introduction

This chapter seeks to analyze the issues of public financial management in Ghana, the Procurement Act and Rules in Ghana, the profile of the study areas and analysis of the results of the study. The result of the study focuses on the number of years that respondents have spent on their work place, the issue of transparency in public procurement, some causes of delays in procurement and expenditure control mechanisms in the act of procurement as well public financial management. The responses from procurement, finance, budget, planning and administrative officers and contractors and consultants have been discussed and analyzed logically.

4.1 PROFILE OF THE STUDY AREAS

This section provides a brief description of the location, population and political (administrative) characteristics of the study areas. It also assesses some specific socio-economic activities and their impacts or implications on procurement activities in these areas. By the local Government Act 462, the District Assemblies are the highest political, administrative and planning Authorities and responsible for the overall development of their areas. They perform these functions through the elected and appointed members of the Assemblies and the public officials. Department and Agencies which fall under the study areas include; education and health.

(i) Kumasi Metropolis

The city of Kumasi was founded in the 1680's by King Osei Tutu I to serve as the capital of the Asante State (Fynn, 1971). Given its strategic location and political dominance, Kumasi as a matter of fact, developed into a major commercial centre with all major trade routes converging on it (Dickson, 1969). Kumasi is located in the transitional forest zone and is about 270km north of the national capital, Accra. It is between latitude 6.35° – 6.40° north and south and longitude 1.30° – 1.35°, east and

west an elevation which ranges between 250 – 300 metres above sea level with an area of about 254 square kilometres. The unique centrality of the city as a traversing point from all parts of the country makes it a special place for many to migrate to. During the 2000 Population Census it recorded population of 1,170,270 with a growth rate of 5.4% p.a.

Kumasi is predominantly a commercial city (service economy inclusive) with an employment level of 71 percent and established itself as a major commercial centre in the region. Sources funds of KMA come from three major sources. Internally Generated Funds (IGF), transfers from central government and transfer from international sources.

The major expenditure items of KMA are; Personal emoluments, Operational expenditures and Maintenance, repairs, locally financed capital expenditure and capital expenditure financed through external sources such as the DACF. Capital expenditures include buildings, vehicles, equipment for waste management and projects within the social sector such as schools, health and housing. It is estimated that IGF accounts for about 65.8% of the total budget on average. The capital budget is financed mainly by transfers from the Central Government through the DACF. By implication, development in the Metropolis is dependent upon transfers. This situation is by virtue of the weak revenue mobilization system of the Assembly. The Metropolitan Chief Executive is at the centre of financial management of the Assembly and authorizes all expenditures.

(ii) Adansi North District

The Adansi North District covers an area of approximately 1140sq km representing about 4.7% of the total area of Ashanti Region. It is bounded to the north-east by Bekwai Municipal, to the south by Adansi South District and South-West by Obuasi Municipal Assembly and to the West by Amansie Central. The capital is Fomena; an ancient historical town where the treaty of Fomena was signed in 1879; and it is about 28km from Obuasi and about 85km from Kumasi; the regional capital. The District population stands at about 92,834 people based on the last population census conducted in 2000 with growth rate of 2.6% per annum. The population density is

about 67 persons per square km. The male –female ratio is 48.6% to 51.4%. The major expenditure items include; Personal emoluments, Operational expenditures and Maintenance and repairs.

(iii) Bosomtwe District

The Bosomtwe District is located at the central part of the Ashanti Region. It lies within latitudes 6° 24' and 6° 43' North and longitudes 1° 15' west and 1° 46' west. It is bounded on the North by Kumasi Metropolis and Ejisu Juaben District, on the south by Bekwai Municipal, on the west by Atwima-Kwanwoma and on the East by Bosomtwe District. The District covers a land area of 900sq.km and has 65 communities with Kuntanase as its administrative capital. It is divided into three area councils, namely; Jachie, Kuntanase and Boneso. The district has a total population of about 93,000 (2000 census) comprising 50.8% females and 49.2% males

Agriculture is the main economic activity in the district and absorbs about 58% of the labour force while industry, service and other commercial activities take 18%, 13% and 11% respectively. The general district economy is therefore agrarian and rural with low commercial activities especially in the remote and smaller communities.

The major expenditure items of the District are; Personal emoluments, Operational expenditures and Maintenance and repairs. These items constitute the recurrent expenditure of the District. In addition to these items are two other expenditure items. These are locally financed capital expenditure and capital expenditure financed through external sources. Capital expenditures include buildings, vehicles, equipment for waste management and projects within the social sector such as schools, health and housing.

(iv) BEKWAI MUNICIPALITY

Bekwai Municipal Assembly is located in the southern part of the Ashanti Region. It shares boundaries with Amansie West and Central Districts to the West, Bosomtwe to the North, Adansi North and South Districts to the East and is approximately 29km from Kumasi the Regional capital. The District lies within the forest dissected plateau physiographic region with an average height registering between 150 metres and 300

metres above sea level. The topography is relatively flat with occasional undulating uplands, which rise around 240 metres to 300 metres around Lake Bosomtwe.

Politically and administratively, the Municipality has only one Constituency called Bekwai constituency and traditionally the Municipality can boast of occupying a unique position as far as Chieftaincy is concerned. The District has seven (6) Paramount Chiefs.

The Paramountcies are the following; Bekwai Traditional Area, Kokofu Traditional Area, Essumeja Traditional Area, Denyase Traditional Area, Asamang Traditional Area, and Amoafu Traditional Area. The Municipality has a total population of about 20,022 with the growth rate of 3.2% (GSS, 2005). The sex ratio stands as males 52% and female 49%.

Bekwai Municipal Assembly exists to ensure the improvement of the quality of Life of its people through the formulation and implementation of policies on a sustainable Manner to step- up Human Development, Reduce Poverty and provide good governance by a well motivated and highly skilled staff.

(v) OBUASI MUNICIPALITY

Obuasi Municipality is located between latitudes 5°35'N and 5 °65N, and longitudes 6°35'W and 6°90'W. It covers a total land area of 162.4 square km. It is located in the Southern part of Ashanti Region of Ghana about 64km from Kumasi, the regional capital. There are 62 communities in the municipality with 30 Electoral Areas, and one (1) zonal council. The Municipality is bounded on the south by Upper Denkyira District of the Central Region, East by Adansi South, West by Amansie Central, and North by Adansi North and has Obuasi as its capital town.

The Municipality abounds in natural resources like mineral reserves (gold), rocks and hilly formations which are suitable for quarrying and constructional works. The favourable climatic conditions and fertile soils also combine to provide suitable conditions for the production of various crops like cocoa, citrus, cassava, plantain and cocoyam and make the Municipality a potentially agricultural area.

The main objective of development is not the provision of infrastructure or the realisation of favourable economic indicators but also the improvement of human lives. Human beings have basic needs such as food, shelter, education, health, security among others and that all development efforts should be geared towards enhancing people's access to these basic needs.

The level of participation in the development programmes and projects of the municipality is quite encouraging. This is borne out by the fact that communities are consulted and their views incorporated in activities within the various sectors in the municipality. Companies, Businesses and Property owners pay their taxes regularly due to the fact that the assembly's activities are transparent. There is also a vibrant Assembly which deliberates on all issues in the Municipality. In fact one can also assess the level of participation of the people during election of public officers i.e. Unit Committee members, Assembly members, Parliamentarians and Presidents.

4.2 Weakness in Public Financial Management in Ghana

In Ghana it appears that public financial management is characterized by the following problems: lack of proper accounting, auditing, and reporting, Ineffective public expenditure monitoring, lack of budget ownership and control, lack of broad based budgeting, no linkage between recurrent and capital budget, lack of strategic planning, lack of accurate and timely financial information for decision making and Weak compliance with financial regulations.

To ensure effective and efficient management of state revenue, expenditure, asserts, liabilities resources of government consolidated fund and other public fund, financial management Act was enacted.

4.3 Improving Public Expenditure Management in Ghana

Efforts are being intensified to further improve public expenditure management started under Public Financial Management Reform Programme (PUFMARP), such as the adoption of computerized accounting and financial management systems. The Medium Term Expenditure Framework (MTEF) and PUFMARP initiatives aim at strengthening and controlling government expenditure. Other strategies include developing a more effective mechanism for data collection, commitment, control and

procurement, transparency in the use of special statutory funds, enforcing budget controls on the State Owned Enterprises (SOEs) and strengthening payroll management.

Efforts to manage the existing debt stock are being put in place to measure and forestall an accelerated and unsustainable growth of the deficit. Government has been strengthening institutional structures and mechanisms that minimize the deficit by ensuring that expenditures keep pace with revenues must be created (where they do not exist) or strengthened where they are ineffective. Improving the management of public expenditure constitutes one mechanism for reducing the deficit. Achieving this objective requires improved forecasting and monitoring of commitments and cash transactions of Ministries, Departments and Agencies to ensure that such expenditures are within their allocated expenditure ceilings. It also requires that government expenditures pass the litmus test of cost-effectiveness to ensure value for money and reduce extravagance. The Procurement Act was introduced to ensure that these objectives are achieved.

To this end, under the Budget and Public Expenditure Management System (BPEMS), a Cash Management module is being implemented in Ghana. The system will also detail financial analysis of cash and banking transactions at all MDA levels, facilitate cash forecasting at the national level by MoF and provide for automated reconciliation of GoG accounts to ensure fiscal transparency. The creation of the Economic Policy Coordinating Committee (EPCC) to monitor government expenditure is another example of the institutional reforms directed at improving expenditure management, (GPRS I&II Documents).

Procurement brings efficiency in the use of government fund and reduces cost since competition in procurement activities lead to efficient service delivery. Contractors try to deliver efficiently because they always want to be in competition. Also, procurement law allows monitoring and evaluation of all procurement activities to check misuse of government fund.

4.4 Procurement Rules and Procedures in Ghana

The Public Procurement Act (663) and Regulations define the rules for public procurement in Ghana. The rules in the public procurement system cover;

- Procurement plan: the act requires procurement entities to prepare a procurement plan for each fiscal year, and prepare quarterly updates for approval by the Tender Committee. Procurement planning is expected to be part of budget preparation process which includes: a detailed breakdown of goods, works, and services required a schedule of the delivery, implementation or completion dates for all goods, an estimation of the value of each package of goods, works and services required and the source of funding.
- Qualification of tenderers: tenderers are expected to possess the necessary technical and professional qualifications which include finance, personnel, equipment and physical facilities.
- Form of communication: the act requires all communication between procurement entities and tenderers to be in writing.
- Record of procurement proceedings: the act requires a comprehensive record of each procurement proceeding to be maintained and requirements for disclosure when it is needed. The record should contain or indicate the location and source of documents.
- Rejection of tenderers, proposals and quotations: the rejection of individual tenders, proposals or quotations is subjected to the grounds stated in the tender documents or in the request for proposal or quotation. The following are grounds for rejection; when there is evidence of corruption, fraud, coercion, collusion among tenderers and insufficient funding is available for the procurement.
- Entry into force of the procurement contract awards: successful tender shall be accepted and notice should be sent to the tenderers within 30 days.
- Inducement from suppliers, contractors and consultants: Procurement entity or officials should reject all forms of inducement directly or indirectly in award of contracts.
- Description of goods works and services.

- Language: the Act requires that English language should be used to submit a tender and all other arrangements concerning Procurement.

4.5 Procurement System in Ghana

Government institutions have been given guidelines for procurement of works, goods and services. Provisions vary between the pre- and post- procurement bill era. However, contract administrative practices still stand out unique and have been classified into;

- Project planning/ Budget Stage
- Pre contract stage
- Contract stage
- Post contract stage

4.5.1 Pre Public Procurement Act Era in Ghana

During the pre-procurement bill era, under the NPP Government (from 2000-2002) consultants and contractors were selected by the Ministries Departments Agencies (MDAs) Tender Boards from a random list of consultants and contractors in their good books. Contractors and consultants were appointed after they have submitted their company profile with experience in relevant field of experience. After negotiations with the MDAs Tender Board/ planning unit, the contractors and consultants were appointed, they then proceeded on their duties as directed in the contract.

4.5.2 Procurement Act Era in Ghana

As provided by the PPA 2003, all MDAs and other government institutions are required unless otherwise to publish in the public media for interested contractors to express interest in the procurement services of government institutions. Consultants were later required to submit technical and financial proposal on the services to be offered to the MDAs Tender Boards for evaluation (Section 33, 34 of PPA). It would be subjected to scrutiny by the Tender Board based on financial, technical proposals and the term of reference, which embodies the type of services to be provided, and

proposed cost, the duration of services and associated cost of the services to be rendered as a basis of evaluation and award of contract. The following methods are available for awarding public contracts depending on the situation and threshold;

Competitive Tendering- the Act endorses the use of competitive tendering for work, goods and consultancy services. It involves the use of standard tender documents to draft tender documents inviting potential suppliers, contractors or consultants to tender for public procurement opportunities. Such opportunities are always advertised and open to all tenderers who are interested and the following are the various methods for tendering under the Public Procurement Act.

Restricted Tendering: procurement method is limited to few short-listed contractors or suppliers. It involves formal procedure with detailed invitation to tender documents. Tender documents available to short-listed suppliers with minimum of three and maximum of six suppliers and it requires specific approval from PPB. Notice of award should be published in the Procurement bulletin.

Single Source Procurement: this method involves procurement from a supplier without any competition. It is normally used for procurement of sole or single sourced requirements. This method is required when procurement is justifiably urgent needs, or if the goods and services can only be supplied by one source or concerns national security.

Request for Quotations: procurement entities should engage in Request for Quotation (RFQ) where the items to be bought are readily available for technical services that are not specially produced or provided to a particular specification of the procurement entity. Under this system each supplier is required to give only one price quotation. No negotiation is allowed to take place between procurement entity and supplier prior to evaluation of quotation.

Request for Proposal: this method is appropriate for the purchase of consultancy services and involves two-stage approach when value is above what is stated in schedule 3 of Act 663,

Stage 1-Seeking expression of interest

Stage 2-Formal request for proposal

It can be done by using restricted tendering or sole sourcing procedures to obtain proposals from pre-qualified consultants.

4.6.0 Procurement Cycle in Ghana

Procurement cycle is the direction of the procurement process. It establishes the main activities required at every stage of the procurement process. It does not only direct the approach to the implementation of the procurement activities but also provides a road map for monitoring and evaluation of procurement activities effectively.

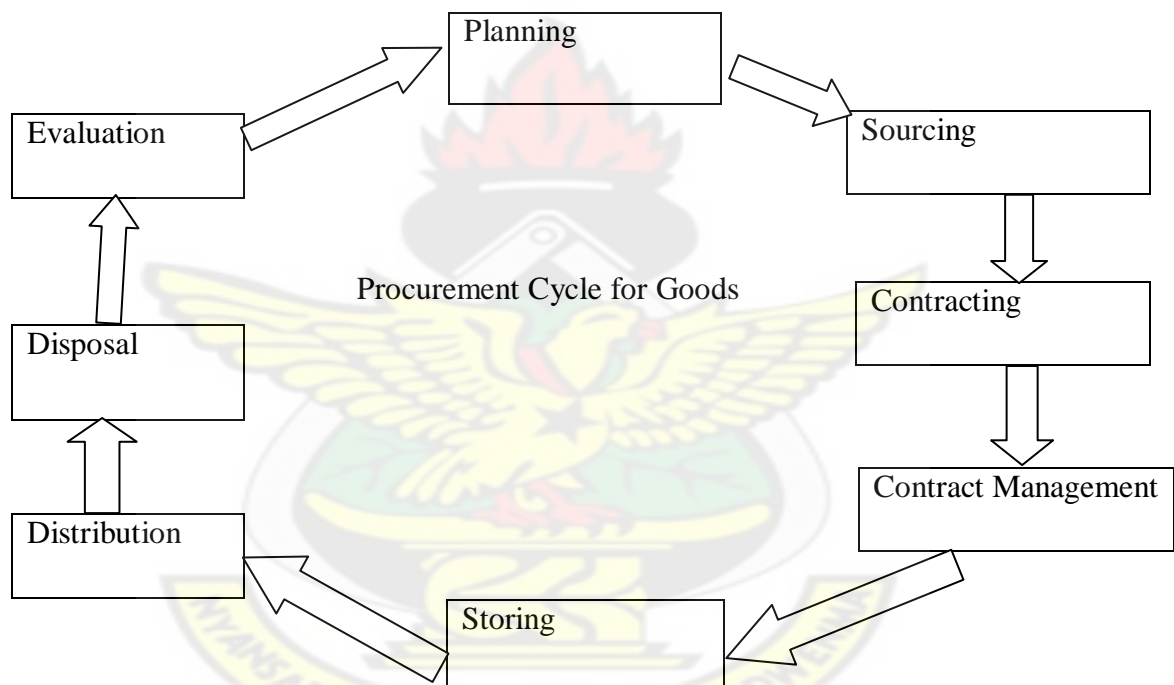


Figure 2: (Procurement Cycle) Source: (Public Procurement Act, 2007).

From figure 2, it is seen that procurement starts from planning and ends at evaluation. It indicates the key activities needed at every level in the procurement process. It does not only give the direction of implementation process but also a yardstick for monitoring and evaluation. At the planning stage the following activities are required: contract packages, source of fund, cost estimation, technical and performance specification. Sourcing stage deals with procurement method, supply sources, criteria for evaluation and negotiation.

At the contracting stage, the following activities are needed: notification of award, contract document and communication channels. At the contract management stage, the following activities are considered: selection of a contract manager, allocation of responsibilities and performance benchmarks, communication channels, expediting and dispute resolution and contract modification. Storing activities include inventory control and management, storage requirements and material handling. Distribution includes available storage and transportation facilities; these facilitate the delivery of goods, works and services. Evaluation stage activities include review of performance of procurement function, to assess compliance, efficiency and effectiveness and procurement audits.

4.7 Background and Characteristics of Respondents

This section describes the background and characteristics of respondents. The characteristics of the respondents were analyzed in terms of district, name of ministry, department and agency and the number of years spent at work place.

4.7.1 Number of Years Spent at Workplace

The study sought to find out the number of years respondents have spent at their workplace.

Table 1: Number of Years Spent at Workplace

| Years | No of Respondents | Percentage of Respondents |
|---------|-------------------|---------------------------|
| 1 – 5 | 30 | 43 |
| 6 – 10 | 34 | 49 |
| 11 – 15 | 4 | 6.0 |
| 16 – 20 | 2 | 2.0 |
| Total | 70 | 100 |

Source: Fieldwork, 2010

With regard to the number of years respondents have spent at their work places, 49 percent responded that they had been at their work places for 6-10 years while 2 percent of the respondents responded that they had been at their work places for 16-20 years with a respondent saying that he/she had been working for the past 20 years. It

is evident that many of the respondents (procurement officers) had worked long before the introduction of the Public Procurement Act and therefore they were more knowledgeable to answer the questionnaire.

4.8.0 TRANSPARENCY IN PROCUREMENT

4.8.1 Availability of Written Records of Procurement

The study sought to find out from procurement officers whether respondents have written records of procurement.

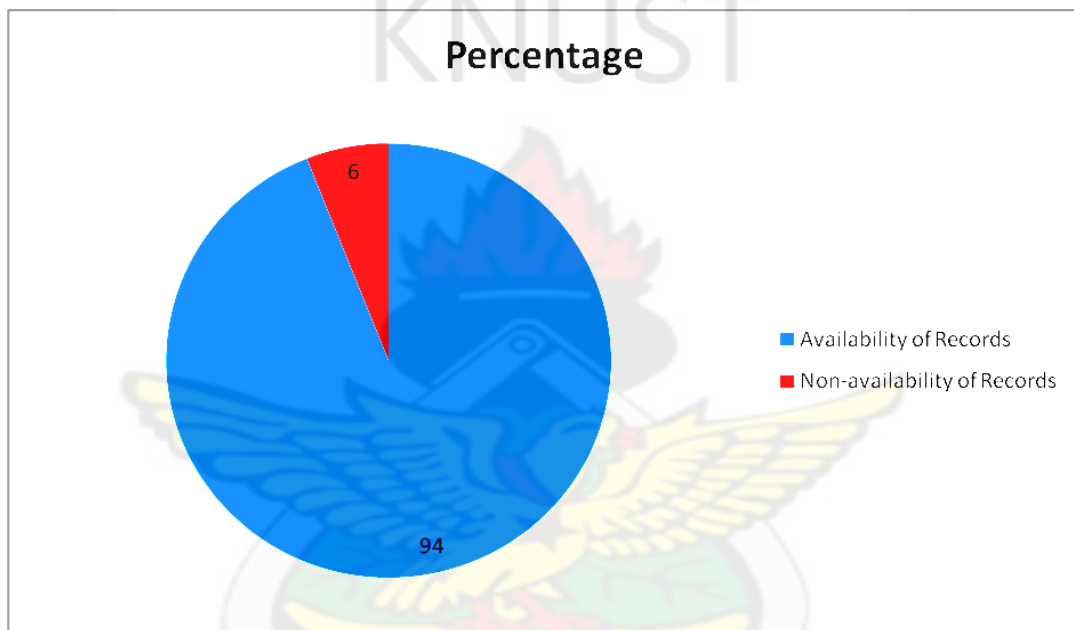


Figure 3: Availability of Written Records of Procurement

Source: Author's Fieldwork, 2010

As it can be seen from Figure 3, 66 of the respondents representing 94% responded that they had written record of procurement at their workplaces. However, only respondents representing 6% indicated that, they do not have written records of procurement at their workplaces. This revelation is an indication that procurement entities keep tangible evidence and the appropriate records of their activities. Record keeping has the advantage of enhancing auditing, transparency and accountability as well as reducing the problem of poor record keeping in public financial management. Therefore if procurement entities are able to keep procurement records, then

transparency and accountability will be ensured in any procurement they make and facilitate proper management of state resources.

4.8.2 Access to Procurement Information

Access to information in any economy or a country is one of the indicators of transparency. It is revealed from the field study that 94 percent of procurement entities contacted published information on procurement whereas 6 percent did not publish information on procurement. On the part of contractors and consultants, 86 percent confirmed that they had access to procurement information while 14 percent of the respondents did not have access to summarized information on procurement. According to Greuning (2005) transparency refers to the creating of an environment where information on existing conditions, decisions and actions are made accessible and visible to all individual participants. If this assertion is something to go by, then procurement is transparent, since most people have access to procurement information.

Access to Procurement Information

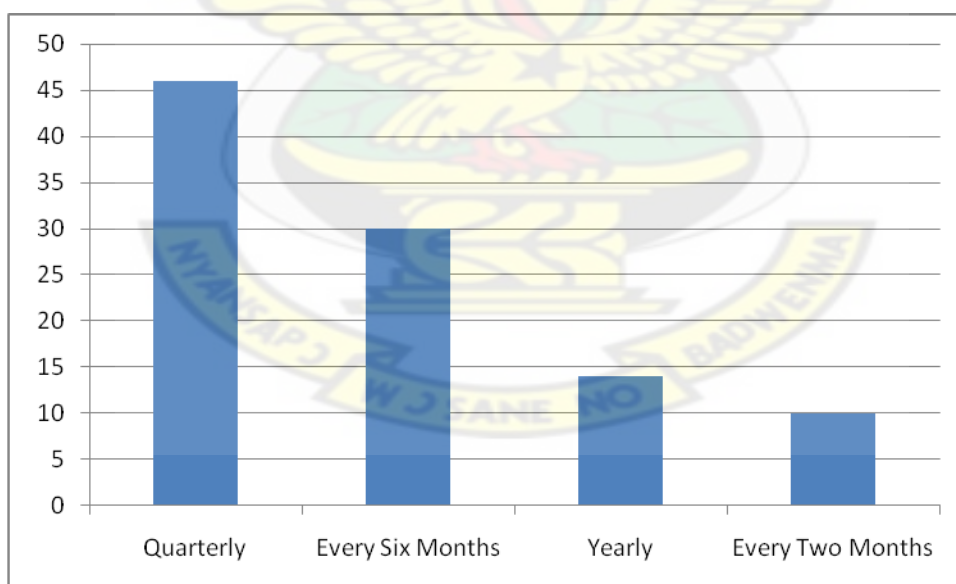


Figure 4: Access to Procurement Information Source: Author's Fieldwork, 2010

With regard to how frequent the information is accessible to contractors; figure 4 above indicates that 46 percent of respondents said that they had access to

procurement information quarterly. This means in a year they received information about procurement four times while 14 percent received summarized information annually. The data indicate that information on procurement gets to people on time. Timely dissemination of information to contractors helped them to abreast themselves of procurement activities and was an indication of transparency; therefore, if people receive procurement information timely, it can be said that procurement activities are transparent.

4.8.3 Advertisement of Contract and Medium of Advertisement

It was clear from the Public Procurement Act that all contracts should be advertised and interestingly the study revealed that contracts awarded were publicly advertised for the consumption of all potential contractors. The study revealed that 87 percent of respondents (both contractors and procurement entities) who awarded or have been awarded contracts before responded in the affirmative that they advertised or had the contracts awarded them advertised to the general public. They (contractors) did not in any way influence the selection process and they were given the contracts on merit. This buttresses and entrenches the importance of transparency in the act of procurement since advertisements of contracts attract competition and create platform for transparency.

Table 2: Medium of Advertisement of Contracts

| Medium | No. of Respondents | Percent |
|--------------------|--------------------|---------|
| National newspaper | 66 | 94.0 |
| Journals | 3 | 3.0 |
| Magazines | 3 | 3.0 |
| Total | 70 | 100 |

Source: Author's Fieldwork, 2010

As revealed in Table 2, 94 percent admitted National newspapers as the medium through which they get access to information about procurement advertisement whereas 3 percent indicated that they derived information about procurement from other sources like magazines and journals. Again, this revelation indicates that

procurement activities in Ghana are exposed to all the stakeholders that allow for a strong competition which leads to value for money. This outcome collaborates with Greuning's (2005) view that transparency refers to the principle of creating environment where information on existing conditions, decisions and actions are made accessible and visible.

4.8.4 Tender Invitation and Opening

The data sought to find out the minimum time period allowed for tender invitation.

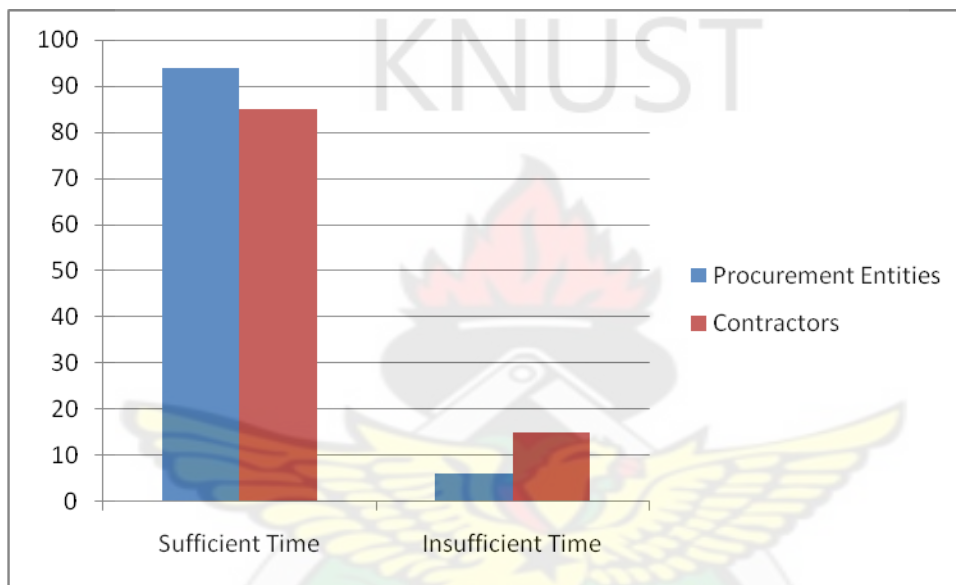


Figure 5: Tender Invitation and Opening Source: Author's Fieldwork, 2010

Figure 5 indicates the minimum time period allowed for tender invitation. It is measured as the difference between the date the tender notice appeared in the newspapers and the date of the tender opening. The figure revealed that, 94 percent of procurement officers responded that sufficient time was allowed for contractors to prepare and respond to invitation. Also, 85 percent of the contractors confirmed that they were given enough time to prepare whereas the remainder responded that they were given insufficient time period. On the other hand, 70 per cent and 68 percent of the respondents respectively reiterated that, 1- 4 weeks were allowed for tender participation. This helped in data collection on tender which avoided under or over estimation of contract values.

4.8.5 Methods of Tendering

Application of the required procurement method is important for any successful procurement activity. In connection with the response to tendering method which aimed at unraveling if there is always the application of the required procurement method, all the 70 respondents representing 100 per cent responded in the affirmative and therefore, admitted that they really adhered to the appropriate procurement methods. In order to be sure of the claim by procurement officers, contractors were asked if they are convinced with the application of methods and procedures of procurement. However, contractors admitted that they were convinced that appropriate methods and procedures are being used.

Table three depicts the responses of procurement entities on the various methods used.

Table 3: Methods of Tendering

| Methods | No. of Respondents | Percent |
|-----------------------|--------------------|---------|
| Competitive tendering | 66 | 94 |
| Selective tendering | 4 | 6.0 |
| Total | 50 | 100 |

Source: Author's Fieldwork, 2010

With regards to the methods used in the procurement, Table 3 revealed that 94 percent used competitive tendering method. Under this method, each member is awarded a contract based on merit other than any other reasons. The tendering is therefore keenly contested and the best competitor wins the contract. However, 6 percent admitted that they employed selective tendering method. With this method, not everyone who applies for a contract is given the chance to compete. Procurement entities select individuals or companies to be awarded contracts based on certain laid down criteria. Contractors also admitted that procurement entities apply appropriate procurement methods and that national competitive tendering is often used.

From the foregoing analysis, it presupposes that National Competitive Tendering is rated the highest among the procurement methods employed by the entities. The study revealed that the National Competitive Tendering was appropriate for lower value procurements where the goods, works or service by their nature or scope do not

require attracting foreign competition or even entities give justifiable reasons for restricting tendering to domestic suppliers. The Act 2003 (Act 663) requires that the district assemblies should adopt NCT for the procurement of goods, works and services based on the threshold specified in Schedule 3 of the Act which is found in appendix 1. From the above analysis, NCT among the methods benefits suppliers as it ensures fair and transparency in the tendering process. The applications of these methods were in conformity with the Public Procurement Act and this endorses Tas (2008) assertion that competitive environment improve efficiency and cost saving in government procurement which improves financial management.

4.8.6 Appeal Cases/ Protests and Resolution of Disputes

From Table 4, it is discernible that, 93 percent of the respondents from procurement entities responded that there had not been any record of tenderers registering appeal or registering any protest by contractors annually. However, the remainder which forms 7 percent of the respondents admitted that they record 1-5 cases of appeals and protests annually. On the part of contractors, 46 contractors representing 92 percent indicated that they had never protested any procurement procedure whereas 18 percent responded that they had appealed and protested about cases of procurement procedures. A very marginal or low number of protests show that procurement process is transparent and this supports Faircheallaigh et al.'s (1999) view that transparency in decision making reduces the number of appeal cases and allows aggrieved citizens to discover the formal reasons for a decision. The following reasons were assigned to their protest; breaking the lot, unfair award of contracts, favouritism and procurement officials breaking the rule by leaking information on procurement documents to other bidders. The table below depicts the responses from the field study and discussion made so far.

Table 4: Appeal Cases by Tenderers

| Appeal/Protest | No. of Respondents | | Percentage (%) | |
|----------------|----------------------|-------------|----------------------|-------------|
| | Procurement Entities | Contractors | Procurement Entities | Contractors |
| No case | 65 | 46 | 93.0 | 92.0 |
| 1-5 cases | 5 | 4 | 7 | 18.0 |
| Total | 70 | 50 | 100 | 100 |

Source: Author's Fieldwork, 2010

The study also found out the extent to which cases of appeal and protests were resolved or unresolved and the outcome is presented in the table below.

Table 5: Resolution of Appeals and Protests

| Status | No. of Respondents | Percent |
|-------------------|--------------------|---------|
| Resolved amicably | 7 | 78.0 |
| Unresolved | 2 | 22.0 |
| Total | 9 | 100 |

Source: Author's Fieldwork, 2010

Table 5 revealed that 78 percent of the cases that were reported and recorded in connection with procurement procedures were resolved amicably to the extent that consensus was built. However, number of the respondents who represent 22 percent indicated that their protests were never resolved. Efforts to get them resolved have proved futile. Most of the respondents also agreed that the decisions on their cases were made publicly through procurement bulleting. This act is an indication of transparency in procurement procedure and this revelation affirms the assertion by PPA (2007) that transparency enables the creation of open, fair and transparent procedures. Amicable resolution of procurement related disputes reduces concerns about the integrity of the procurement process in Ghana. It again saves time, energy, resources and builds investors, donors and Ghanaians confidence in the economy.

4.8.7 Period for Opening Tendering and mode of Opening

Generally, the study indicated that 96 percent of procurement entities opened tender application immediately after the deadline while 4 percent responded that they opened their tender application two weeks after the deadline. In order to ascertain the true picture of the situation, the contractors were asked for their response. The responses of all the contractors (100 percent) confirmed that indeed procurement entities opened tenders immediately after deadline. This therefore, means that the entities follow the rules in the Act that recommend that the time of tender opening should be the same as the deadline for submission or promptly in accordance with Public Procurement Act. This clearly shows that procurement processes in Ghana do not violate the rules.

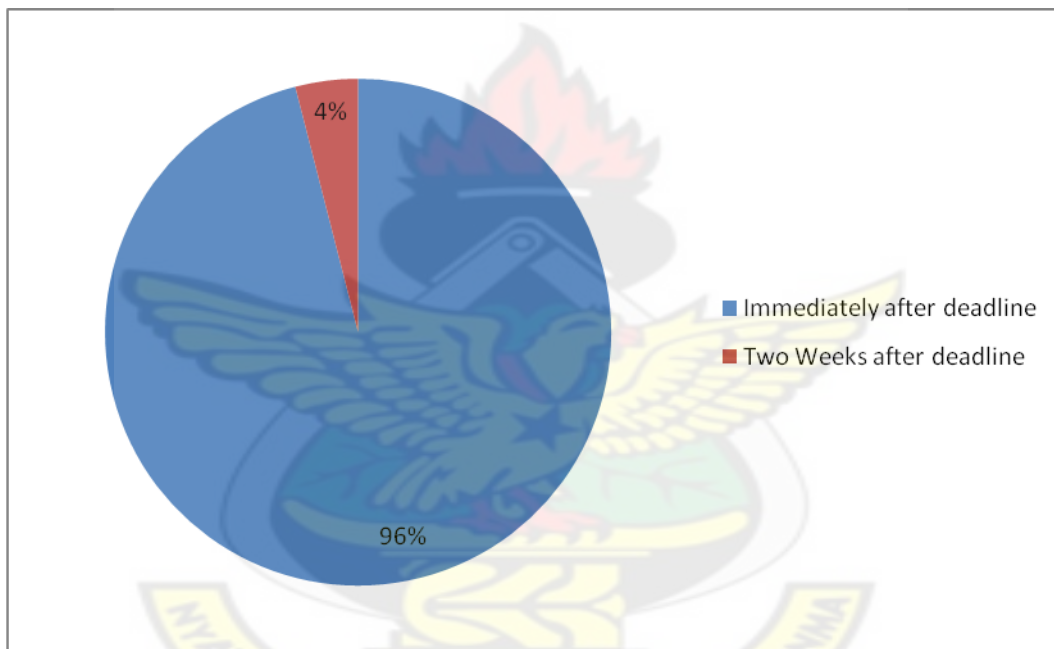


Figure 6: Period for Opening Procurement Source: Author's Fieldwork, 2010

The study revealed that 96 percent agreed that tenders were opened according to the defined rules of procurement whereas 4 percent think that tender opening does not follow the defined procedure of procurement Act. All (100 percent) contractors and consultants confirmed procurement entities claim that tender opening follow the defined procedure. This means that procurement entities follow the laid down rules on opening tender documents and this avoids or reduces suspicions in the general public on procurement activities in Ghana. This study supports the view of Baa-Ennumh

(2009) that transparency means decisions are taken and their enforcement is done in a manner that follows rules and regulations.

The mode of opening tenders to contractors and consultants was also considered and the result is presented in the figure below.

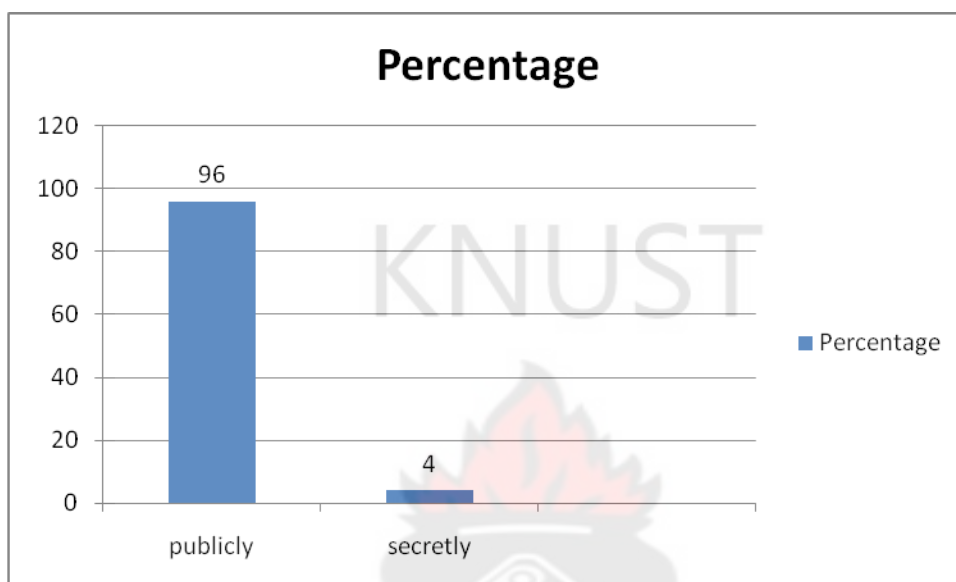


Figure 7: Mode of Opening Tenders

Source: Author's Fieldwork, 2010

From Figure 7, it is discernible that procurement officials opened tenders publicly. This assertion was drawn from the responses given by contractors. From the figure, 96 percent of the respondents agreed with the assertion that tenders are opened publicly. However, 4 per cent of the contractors disagreed with the assertion that tenders were opened publicly. This is an indication that there is openness and fairness in the procurement process. It affirms one of the principles by Sarpon (2007) that procurement process should be open enough to avoid giving competitive bidding advantage over the other bidders.

Procurement Act stipulates that procurement entities open tenders publicly in the presence of the tenders or their representatives. It was evident from both groups of respondents that procurement entities open tender immediately after deadline and in the presence of tenderers or their representatives. According to the data 67 of the respondent representing 96 percent indicated that they open tenders in the presence of tenders while 3 representing 4 percent opened tenders at the Assembly's meetings. However, 100 percent of the contractors acknowledged that procurement entities

opened tenders in their presence. This revelation is in line with section 56 of the Public Procurement Act that allows procurement entities to open tenders immediately after deadline of bidding and in the presence of the bidders or their representatives.

4.8.8 Internal Quality Control and Auditing of Procurement

Auditing and quality control are cardinal components in public financial management. According to Shand (2005), internal quality control and auditing ensure effective resource utilization, value for money, avoid impropriety and minimize fraud that Public Procurement Act seeks to address in public financial management

The study conducted revealed that 96 percent had internal quality control and also had their activities of procurement regularly audited. However, three of the respondents representing 4 percent did not have internal quality control mechanisms and also never had their procurement activities audited regularly. It is clear from the ongoing discussion that procurement activities are audited and this supports Shand's assertion. Auditing brings checks and balances in public spending which ensures expenditure control, reduces extravagance, ensures cost effectiveness and achieves value for money.

4.9.0 CAUSES OF DELAYS IN PROCUREMENT

4.9.1 Preparation of Procurement Plan and Duration

One of the challenges of public financial management in Ghana is proper planning. In order to have a viable public financial management, there is the need to strengthen day-to-day planning activities. The study revealed that all the procurement entities (100) percent indicated that they prepare their procurement plans themselves. This is an indication that all the procurement entities consulted followed the laid down procedures or the provision of the Act. The Act (21) states that all the procurement entities shall prepare procurement plans to support their approved programmes. The preparation of procurement plans by procurement entities avoids unplanned expenditure by the entities and allows them to spend within their budgetary allocation for the fiscal year. It determines performance standards, establishes overall direction, reduces uncertainties and enhances coordination of various activities.

The study revealed that 57 percent,(ie more than halve of the respondents) indicated that it takes them between 1-2 months to prepare procurement plans while 40 percent indicated that it takes them between 1 and 3 weeks to prepare their procurement plans; 3 percent indicated that they used between 2 and 4 months to prepare their procurement plans. It is clear from Table 6 below that preparation of procurement plans take a lot of time and therefore delayed the process. It is an affirmation of the existing literature that the Act delays procurement process, Nketia-Asante (2009). However, the information gathered from the field shows a total violation of the Public Procurement Act which stipulates that not later than a month to the end of the financial year the procurement plan for the following year must be submitted for approval.

Table 6: Duration for Preparing Procurement Plan

| Status | No. of Respondents | Percent |
|------------------------|--------------------|------------|
| 1-3week s | 28 | 40.0 |
| Between 1 and 2 months | 40 | 57.0 |
| Between 2 and 4 months | 2 | 3.0 |
| Total | 70 | 100 |

Source: Author's Fieldwork, 2010

4.9.2 Duration for Advertisement and Evaluation

This indicator was made to find out how long it takes procurement entities to advertise and evaluate tender documents. It is discernible that 44 percent responded that the duration for advertisement was more than one month. Twenty respondents admitted that the period for advertisement was 3 weeks. It is clear that a lot of time is spent on advertisement alone and that definitely delays the procurement Process. Previously, Procurement could have taken place without advertisement. However, with the introduction of the Public Procurement Act, advertisement is a pre-requisite for procurement with values above five thousand Ghana cedis. The table below indicates the responses of procurement entities.

Table 7: Duration for Advertisement

| Status | No. of Respondents | Percent |
|-------------------|--------------------|------------|
| 1 week | 4 | 6.0 |
| 2 weeks | 15 | 22.0 |
| 3 weeks | 20 | 28.0 |
| 1 month and above | 31 | 44.0 |
| Total | 70 | 100 |

Source: Author's Fieldwork, 2010

Again, it was very interesting to note that 79 percent indicated that it takes between 1-3 weeks to evaluate procurement documents while 21 percent responded that it takes them between 1-2 months for evaluation. It is evident from the above figures that it really takes time to evaluate tender documents and this causes delay in procurement Process.

4.9.3 Duration for Paying Contractors

The importance of making payment promptly upon completion of contracts was picked as a determinant in the cause of delays in procurement. It measures the rate of payments made by procurement entities to their contractors and suppliers. From the study, it was clear that 85 percent of the contractors said that there were delays in payment to them (contractors) upon completion of their contracts. Fifteen percent of the contractors on the contrary responded positively of prompt payments to them on completing their projects and most of these contractors were from Obuasi. Although the Act made it clear that before issuing of the contract, a formal commitment of the required funds against the budget of the Procurement Entity must be approved so that prompt payment can be made, however the study revealed otherwise.

Among the reasons assigned for the late payment of contracts upon completion of projects were that, the cash flows were irregular, bureaucracy and centralized payment system.

The study sought to find out how long it takes procurement entities to pay their contractors after execution of contract and the results are indicated below.

Table 8: Payment of Contractors

| Period of payment of Contract | No. of Respondents | | Percentage (%) | |
|----------------------------------|-------------------------|-------------|-------------------------|-------------|
| | Procurement Entities | Contractors | Procurement Entities | Contractors |
| 1-6 months | 34 | 20 | 49.0 | 40.0 |
| 7 months- 1year | 24 | 25 | 34.0 | 50.0 |
| 1 year and above | 12 | 5 | 17.0 | 10.0 |
| Total | 70 | 50 | 100 | 100 |

Source: Author's Fieldwork, 2010

From Table 8, it can clearly be observed that 34 of the procurement entities and 20 of contractors representing 49 percent and 40 percent respectively responded that contractors were paid between 1 – 6 months. Thirty-four percent and 50 percent of the entities and contractors respectively admitted that contractors were paid between 7 to 12 months. However, 12 procurement entities and 5 contractors responded that contractors were paid within a period of 1 year and above. The above table is a confirmation that contractors were not paid on time and it endorses the assertion of Nketia-Asante (2009). The effects of the delays in payment on public financial management include low participation of the private sector in procurement activities which eventually increase government expenditure since government has to pay interest on delays. Again, it raises suspicion and questions the integrity of the procurement activities in the country.

4.9.4 The Procurement Act as Cause of Delays in Procurement

Many people have been complaining about the delays in procurement activities in Ghana due to the passage of the Public Procurement Act. The study sought to find out whether the procurement act itself delays the award of contracts.

Table 9: Delays in Procurement

| Procurement Delays | No. of Respondents | | Percentage (%) | |
|--------------------|----------------------|-------------|----------------------|-------------|
| | Procurement Entities | Contractors | Procurement Entities | Contractors |
| Strongly Agree | 17 | 4 | 24.0 | 20.0 |
| Agree | 48 | 12 | 68.0 | 60.0 |
| Disagree | 4 | 2 | 6.0 | 10.0 |
| Strongly Disagree | 1 | 2 | 2.0 | 10.0 |
| Total | 70 | 50 | 100 | 100 |

Source: Author's Fieldwork, 2010

As indicated in Table 9, both groups of respondents (procurement entities and contractors) agreed that the Procurement Act causes delays in procurement. Twenty-four percent of procurement entities and 20 percent of contractors strongly agreed that the Procurement Act causes delays in procurement. Forty-eight procurement entities and 12 contractors representing 68 percent and 60 percent respectively also agreed that the Procurement Act causes delays in procurement. However, 6 percent of procurement entities and 10 percent of contractors disagreed with the assertion that the Procurement Act causes delays in the award of contracts. This means that the Procurement Act delays the award of contracts since most of the respondents, both procurement entities and contractors agreed to that effect.

In connection with the causes of delays in procurement other than the Procurement Act, several reasons were assigned by both procurement entities and contractors. These include: unavailability of funds, bureaucratic process in procurement, centralized payment system, inability of contractors to finish projects within stipulated period and breach of contract. Among the reasons assigned to the delays in

procurement, bureaucracy and lack of funds gained the highest frequency as well as the period for evaluation, approval and signing of the contracts. The Act stipulates that accepted contracts should be signed within 30 days after tender opening. However, evidence from the field indicates that procurement entities exceed tender processing lead time of 30 days which violates the Act. These other causes as gathered from the field are in line with Antill and Woodhead (1989) and World Bank's (2000) assertion that, one of the effects of bureaucracy in procurement is delay of project implementation. Late payment of contracts was prominent in Adansi-North and Bomsmtwe Districts, the reason being that, these districts are deprived of sound financial background.

4.9.5 Compensation for Delayed Payment and Effects on Contractors

It is discernible that most of the respondents (both procurement entities and contractors) responded that contractors were not compensated for any delays in the payment made to them. Seventy-six per cent and 70 percent of procurement entities and contractors respectively responded that they were not compensated for any delays in the payment of the amount due them. However, 17 and 15 procurement entities and contractors respectively responded that they were compensated for any delays in the payment of the amount due them. This is an indication that most of the procurement entities do not compensate contractors for delays in payment and this action of the entities violates the provisions of the Act which states that contractors shall be entitled to interest at the rate stated in the contract for each day the employer fails to pay beyond the agreed date payment. Table 10 represents the response from the field study.

Table 10: Compensation for Contractors

| Compensation for Contractors | No. of Respondents | | Percentage (%) | |
|------------------------------|----------------------|-------------|----------------------|-------------|
| | Procurement Entities | Contractors | Procurement Entities | Contractors |
| Payment of Compensation | 17 | 15 | 24.0 | 30.0 |
| No payment of Compensation | 53 | 35 | 76.0 | 70.0 |
| Total | 70 | 50 | 100 | 100 |

Source: Author's Fieldwork, 2010

Procurement entities and contractors, who responded positively of paying and receiving compensation respectively, were as follows; 24 percent of procurement entities and 30 percent of contractors indicated that price negotiations were used to determine the rate of compensation while 1 respondent out of this category responded that they used the prevailing interest rate to compensate contractors.

The effect of payment of compensation on the management of procurement entities was also considered during the study. It was disclosed that most of the procurement entities do not pay compensation and therefore it does not affect management. However, the contractors indicated that delay in payment negatively affected their companies in the following ways; increased their financial burden due to the fact that they had to borrow money at high interest rate, inability to pay their workers and bankers which creates confusion in the organization, bankers and workers. Again, these responses from respondents are clear confirmation of the existing literature that delays as a result of bureaucratic process affect financial management of an organization since delays add more cost to the organization due to inflation and high interest rate as claimed by Lawton and Rose (1994).

4.9.6 Cumbersome Procedures in Procurement

The study sought to find out if the procedures involved in procurement were cumbersome and the table below depicts the responses from the field.

Table 11: Cumbersome Procedures in Procurement

| Cumbersome Procedures | No. of Respondents | | Percentage (%) | |
|-----------------------|----------------------|-------------|----------------------|-------------|
| | Procurement Entities | Contractors | Procurement Entities | Contractors |
| Not cumbersome | 11 | 3 | 16.0 | 5.0 |
| Little cumbersome | 50 | 8 | 71.0 | 15.0 |
| Much cumbersome | 9 | 40 | 13.0 | 80.0 |
| Total | 70 | 50 | 100 | 100 |

Source: Author's Fieldwork, 2010

From Table 11, 50 procurement officers representing 71 percent were of the view that the procedures for procurement were a little cumbersome. Nine respondents representing 13 percent indicated that the processes and the procedures in procurement were much cumbersome while 11 of procurement officers representing 16 percent responded that the procedures in procurement were not cumbersome. With regard to the contractors, 80 percent of them lamented that the procedures for procurement are much cumbersome. Fifteen per cent of the contractors responded that the procedures for procurement were a little cumbersome. However, 5 percent responded that the procedures involved in procurement are not cumbersome. It is evident from the above table that there is some sort of bureaucracy in the procurement process which makes it cumbersome. This confirms what some authors have already said including Nketia-Ashanti (2009) and Weele (2000) that procurement procedures were embedded in a lot of bureaucracy and this delays the procurement process.

4.10.0 EXPENDITURE CONTROL

4.10.1 Auditing of Procurement Activities

Whether or not procurement entities are regularly audited, the data collected indicated that 96 percent pointed out that procurement activities were regularly audited while 4 percent indicated that their activities were not regularly audited. It is evident that most of the entities' activities were regularly audited to ensure value for money, control of expenditure and effective utilization of resources. For effective financial management, there is the need to audit activities in connection with funds or expenditure. This confirms the existing literature that procurement Act ensures value for money and expenditure. A check at the various audit units ascertained that indeed procurement activities were regularly audited and were backed by records.

4.10.2 Market Survey

To achieve value for money, the study sought to elicit from procurement entities whether they conduct market surveys on current market prices of goods and works to update themselves with current prices. The study revealed that 68 out of 70 procurement officers representing 97 percent indicated that they conduct market survey to compare prices whereas the remaining 3 percent do not conduct market survey. This is an indication that almost all the entities conduct market survey to help procurement entities to be abreast with current prices, control project cost and choose the lowest bidder in order to minimize cost or expenditure and save money. This action of the entities is in line with the PUFMARF which requires that government expenditures pass the litmus test of cost-effectiveness to ensure value for money and reduce extravagance. It also aims at strengthening institutional structures and mechanisms that minimize the deficit by ensuring that expenditures keep pace with revenue.

4.10.3 Procurement Act and Value for Money

One of the objectives of Public Procurement Act is to achieve value for money and therefore the study intended to find out from procurement entities and contractor their views on the relationship between procurement Act and cost of doing business.

Table 12: Procurement Act and Cost of doing Business

| Value for Money | No. of Respondents | Percent |
|-------------------|--------------------|---------|
| Strongly Agree | 18 | 26 |
| Agree | 38 | 54 |
| Indecisive | 6 | 08 |
| Disagree | 7 | 10 |
| Strongly Disagree | 1 | 2 |
| Total | 70 | 100 |

Source: Author's Fieldwork, 2010

It was revealed that 18 out of 70 representing 26 percent Strongly Agreed that the Procurement Act had reduced cost of doing business. Fifty-four percent also agreed that the Procurement Act had reduced cost of doing business. Ten percent disagreed with the statement that the Procurement Act reduced cost. From the above discussion, it is clear that the Procurement Act reduced cost of doing business and this endorsed Agyenim's assertion that the Procurement Act saves money and reduces government expenditure (Ghanaian Times, 2009).

For a strong and effective Public financial management, there is the need to achieve value for money in all public expenditures. The Procurement Act is one of the instruments that aim at achieving this objective in public financial management. It was revealed that some level of success had been achieved since 39 percent strongly agreed and 60 percent agreed that procurement had brought value for money. However, two percent were uncertain whether the procurement act had really brought about value for money. This is an indication that most respondents agreed that the Procurement Act had brought value for money and it confirmed existing literature (World Bank, 2000). This has been achieved for the fact that procurement entities

were able to conduct market survey to acquaint themselves with the current market price to avoid arbitrary price from contractors and suppliers.

4.10.4 Expenditure and Budgetary Control of Procurement

The research sought to find out whether the Procurement Act had brought budgetary control as stated or mentioned in the literature by Nickel et al. (1999) that for effective financial management, organizations periodically compare their actual revenues and that of planned expenditure. The study revealed that 78 percent of the respondents agreed that the Procurement Act had brought budget balance in their respective entities and 11 percent also strongly endorsed the earlier views. It is clear that this revelation strongly confirms Nickel et al. and Rose and Lawton's views.

Excessive government expenditure in Ghana's economy has been the fact that government institutions were not able to monitor and track government spending. The research was set to find out whether the Procurement Act had helped in monitoring expenditure to control and correct anomalies in expenditure. The study revealed that 40 percent and 60 percent strongly agreed and agreed respectively that the Procurement Act had strengthened, controlled and monitored government expenditure in Ashanti Region. Again, regular review and analysis of procurement entities' expenditure as against their resources was an indicator to measure expenditure patterns which is relevant to this study. The result indicated that most of the respondents (78 percent) held the view that they review and analyze procurement expenditure while 6 percent indicated otherwise. This affirms Rose and Lawton's (1994) assertion that budgetary control involves the monitoring of actual income and expenditure as against planned income and expenditure on regular basis, identifying variances and investigating the reasons for the variances to ensure balanced budgets.

This is supported by facts and figures from the field, data from the districts indicate in value term the effect of Public Procurement Act on Public Financial Management for selected projects in Ashanti Region.

Table 13: The Procurement Act and Cost Savings

| INSTITUTION | PROJECT/ CONTRACTS AWARDED | ESTIMATED COST | TENDER COST | AMOUNT SAVED | PERCENTAGE SAVED |
|---------------------|--|-------------------|----------------|-----------------|---------------------|
| Bekwai Municipality | Construction of a 6 unit class room block at Etwereso in Bekwai Municipality | GH 150,000 | GH 148,912.85 | GH1087.15 | 0.72% |
| | Construction of 6 unit class room block at sumkyerekrom in Bekwai Municipality | GH 150,000 | GH 149,637.60 | GH362.4 | 0.24% |
| Bosomtwe District | Construction of 6 units class room block at Anyinatiase in Bosomtwe District | GH 148,000 | GH 146,000 | GH2000 | 1.35% |
| K.M.A. | Construction of 12 unit class room block for Prempeh College Basic “A” School Kumasi | GH 260,000 | GH254,405.03 | GH5594.97 | 2.15% |
| K.M.A. | Construction of 3 Storey Guest House for K.M.A. | GH 530,000 | GH 502,599.04 | GH27400.96 | 5.16% |
| | Construction of assembly hall complex for K.M. A. – Phase 1 | GH 4247,086.12 | GH4,195173.64 | GH51912.48 | 1.22% |
| | Procurement of procure switch 2524 to replace old ones at | GH 2,000 | GH 1,610 | GH 390 | 19.5% |

| | | | | | |
|-------|--|---------------|---------------|-------------|--------|
| KNUST | the office of the Dean of students, KNUST | | | | |
| | Procurement of white Boards for College of Science, KNUST. | GH 5,000 | GH 4030 | GH 970 | 19.4% |
| | Procurement of Split 1.5HP Air conditioner for College of Architecture and Planning, KNUST | GH 900 | GH 810 | GH 90 | 10% |
| | Procurement of Photocopies MF 5350D for Unity Hall, KNUST | GH 2,000 | GH 1300 | GH 700 | 35% |
| | TOTAL | GH 5494986.12 | GH 5404478.16 | GH90507.96 | 94.74% |
| | AVERAGE Cost Saved | GH 549498.612 | GH 540447.816 | GH 9050.796 | 9.5% |

Source: Author's Fieldwork, 2010

Competition is the cornerstone of public sector procurement. It underpins the pillars of fairness and transparency and is the primary driver of value for money in virtually all procurements.

Value for money is often primarily established through the competitive process. A strong competition from a vibrant market generally delivers a value for money outcome and saves cost. The above data show that certainly competition in procurement activities in Ashanti Region has saved cost and discouraged tenderers

from over quotation or over pricing of contracts. The data indicated that ten projects selected from Ashanti Region, 9.5% of the total cost is saved. This authenticates Coppens' (2009) assertion that the Procurement Act saves contract value.

The responsibility of the procurement entities to deliver value for money procurement is essential to good governance. With limited resources available to the public sector, ensuring value for money procurement results in the optimum utilization of scarce budgetary resources in the country.



CHAPTER FIVE

SUMMARY OF FINDINGS, RECOMMENDATIONS AND CONCLUSION

5.0 INTRODUCTION

This chapter presents the summary of the study, conclusions that have been arrived at and recommendations. Also presented in this chapter are areas for further research which were identified during the conduct of the study.

5.1 Summary of Findings

This study was set out to assess the effect of Public Procurement Act on Public Financial Management in Ashanti Region. The research work was undertaken purposely not only to fulfil the academic pursuit but also to ascertain the actual effect of Public Procurement Act which is a component of (PUFMARP) on Public Financial Management to inform policy makers.

After a series of intensive review and analysis of materials relating to Public Procurement, the following findings were made.

- i. The study revealed that procurement entities have reliable and credible records of procurement activities. Record keeping enhances auditing, transparency and accountability in public financial management. These records of information are available and accessible to contractors quarterly. Procurement Act stipulates that all procurement entities are to keep tangible records of procurement.
- ii. It was revealed that, the media through which the public gets to know the procurement advertisements or opportunities were the national newspapers. This was in conformity with the Procurement Act 2003 that requires procurement entity to publish tender invitation in a wide nationally circulated newspaper as stated in Section 47 (2) of Act 663.
- iii. It came to light that contracts were publicly advertised and keenly contested. Procurement entities mostly adopt National Competitive Tendering method that enhances fairness and transparency in the procurement practices. The Daily Graphic and Ghanaian Times were among the newspapers through which tender invitation were published.

- iv. The time allowed for tender invitation and opening was manageable. Eighty-nine per cent of the respondents acknowledged that between one and four weeks were the maximum time period allowed for tender invitation and opening. Procurement entities allow enough periods for contractors to prepare for bidding. This step enhances procurement activities.
- v. The study found out that, tender agitations, protests and appeals that could have resulted in disputes were not recorded in the activities of the tender committee. This meant that the entities undertake their procurement activities carefully and diligently and that has avoided conflict that could have prolonged the procurement procedure. Few protests against procurement procedures by contractors were amicably resolved. This meant procurement procedures are transparent. Among the reasons assigned to the late payment upon completion of projects were that cash flows were irregular, bureaucracy, centralized payment system and political interference.
- vi. The law has helped the procurement entities to obtain value for money hence saved money. Competitive tendering has prevented contractors/suppliers from exercising monopolistic power with its associated problems of charging an exorbitant price for contracts.
- vii. Auditing is a crucial ingredient for a successful implementation of the Public Procurement Act. The study revealed that procurement entities had quality control and auditing in their respective offices and their activities were regularly audited to check arbitrary expenditure and achieve accountability.
- viii. Most Procurement entities consulted followed the laid down procedure or the provision of the Act which states that all the procurement entities should prepare procurement plans. This provision has been achieved since all procurement entities prepare procurement plans and the process of preparation takes a long time thus delaying procurement activities in the country.
- ix. Again, it was realized that advertisement for procurement opportunities and evaluation periods take an amount of time and that affect the smooth procurement activities and delay the procurement process.
- x. Furthermore, one significant challenge that was realized from the study was in respect of late payment upon completion of contract (project). The study revealed that contractors were not paid on time after execution of contract and this affected

their organizational management which included high payment of interest rate, inability to pay their workers and conflicts between their organizations and bankers. Few entities which paid compensation to contractors did not use the prevailing interest rate but rather use negotiation to pay contractors.

- xi. On the issue of value for money, the study indicated that the Act had brought cost-effectiveness and efficiency in the use of government funds due to strong competition in procurement activities.
- xii. Additional information gathered from the field indicated that removal or change of government or District Chief Executives affect procurement activities and sometimes some politicians influence the award of contracts. Some procurement entities complained about the fact that they (Procurement entities). Again procurement entities in the Districts Assemblies do not have procurement units and qualified personnel.

5.2 Recommendations

The following recommendations were made to improve procurement activities in order to achieve its aim as a tool for improving public financial management in the country;

Payment of Contract

- i. It is recommended that the Procurement entities comply with the contractual agreement with contractors/suppliers by honouring prompt payment upon completion of contracts/projects. This would enhance contractor's ability to become resourceful to improve upon their financial capabilities on subsequent execution of projects/contracts. Entities should identify sources of internally generated funds to meet their financial obligations and to decentralise contract payment system to reduce the time, cost and energy of chasing payment by contractors.

Delays in Procurement Activities

- ii. Government should endeavour to review the Act to limit the number of steps in procurement process so as to reduce the level of bureaucracy in the system. Bureaucracy delays the smooth procurement process and eventually affects public financial management since it adds more cost to contractors and government if they are to pay interest rate. Again, the review is in right direction since people complained on the total threshold of entities' head. It is therefore important to increase the threshold.

Procurement Capacity

- iii. Additional information gathered during the study revealed that District Assemblies do not have procurement units. It is therefore recommended that procurement entities should be provided with procurement units that are managed by quality personnel who have the necessary knowledge and requisite procurement training and competencies. This can be done by giving procurement practitioners with in-service training and opportunities to gain professional procurement qualifications and this will help government to meet the demanding standards required to deliver Government policy of Procurement Act and achieve value for money now and in the future.
- iv. It is suggested that the procurement entity should be independent in discharging of their duties without any form of political influence that could impede the entities' performance negatively. Most of the times, procurement process delays when there is change of government or District Chief Executives. This results in waste of the public resources in terms of money, materials and time of which if the project was to be completed timely, could have improved upon the living standards of the people in the districts.

Areas for Further Research

Lastly, the following areas were identified for further research;

- Impact of Procurement Act on good governance.
- The impact of skilled procurement personnel on procurement practices.

5.3 Conclusions

In keeping with government's commitment to financial discipline in public sector management, there has been a mechanism for effective management of government funds. The government has since 2001 made various efforts to correct the uncontrolled expenditure of public funds that characterised the national economy and led to an unstable economic climate. The government therefore set itself the task of regulating expenditure and instilling discipline in public finances by obtaining value for money, ensuring transparency in the use of state resources. Upon these and many others, that the government of Ghana as part of (PUMARP) introduced the Public Procurement Act to achieve the stated objectives. After seven years of the implementation of the procurement Act, people have been complaining of the fact that the Procurement Act has brought bureaucracy in acquiring goods and services, lack of transparency and delay in payment of contractors and implementation of the Act. This research was therefore set out to examine the causes of the delays, the extent at which procurement Act achieves transparency in the use of government resources, and the effect of the Act on government expenditure.

Based on the strength of the findings of the study, the following conclusions were drawn:

1. The Procurement Act has brought transparency in the use of state resources since the study revealed that there is openness and fairness in procurement activities in Ghana now. Again, the decisions of procurement entities follow the rules and regulations of the Act and these decisions are available and accessible to the public.
2. In the area of expenditure control, it is concluded that the Procurement Act has reduced government expenditure drastically in the sense that the Procurement Act has reduced wastage and leakage of resources through effective auditing, budgetary control, expenditure monitoring, cost effectiveness and value for money.

The implementation of the Act has caused a lot of delays in acquisition of goods and services in public organization. The causes of the delays according to the study were the bureaucratic nature of the Act (from planning to evaluation), centralized payment system and inadequate funds.

REFERENCES

- Antill and Woodhead (1989) Factors influencing construction time and cost. Primavera system inc. Genome.
- Anvuur A. (2006) *Taking Forward Public Procurement Reforms in Ghana*. Hong Kong Unpublished MSc Thesis, Department of Civil Engineering, and University of Leeds.
- Azeem Vitus (2007) "Impact of the Public Procurement Act, 2003 (Act 663) Accra, Ghana.
- Björn Wickenberg (2004), Translation of Sustainability into Public Procurement Practices in Swedish Municipalities. Unpublished, MSc Thesis, Lund University.
- Boone and Kurtz (1993). Contemporary Business, Dryden Press (Fort Worth)
- Burke and Bittel (1991). Introduction to Management Practice, Macmillan/McGraw Hill, Columbus, Ohio
- Chowdhury A. and Kirkpatrick C. (1994) Development Policy and Planning: An Introduction to Models and Techniques, London, Routledge.
- Colander D. C, (2001) Economics, McGraw-Hill Companies. New York, US.
- Coppens, O. (2009), "Does Competition Save Taxpayer's Money in Public Procurement?" mimeo
- Estache, A. and A. Iimi (2008), "Benefits from Competition for Infrastructure Procurements and Financial Needs Reassessed," ECARES Conference on Emerging Competition Issues in the Procurement of Infrastructure Services, February 2009; available on: <http://www.ecares.org/ecaresdocuments/ws/bvo2/iimi-paper.pdf>
- Gareth (2000), Contemporary Management, McGraw-Hill Companies, U.S.
- Gay, I. R. (1990). *Educational research, competencies for analysis and applications*. Merrill Publishing Company.
- Government of Ghana (1999) Management and Reform Programme (PURFMARP), Accra: Ministry of Finance, Ghana.
- Government of Ghana (2003) Budget Statement, 2003, Accra, Ghana
- Government of Ghana (2003) *country procurement assessment report* .Accra, Ghana
- Government of Ghana (2003) Public Procurement Act, 2003 (Act 663) Accra, Ghana.

- Government of Ghana (2005) *Procurement Principles and Ethics*. Accra, Ghana
- Greuning, (2005) International Financial Reporting Standards. EPP Book Service. Accra, Ghana. (pg. 6-7)
- Griffin Ricky W. and Ebert Ronald J. (1999). Industrial Management, Prentice Hall.
- Harrigan and Younger (2000), 'Aid, Debt and Growth' in Aryeetey el tal, Economic Reforms in Ghana: The reality and Mirage. London: James Currey, 51-67.
- Iimi, A. 2007, "Aid and Competition in Procurement Auctions: A Case of Highway Projects" Journal of International Development 19, 997–1015.
- Janowitz (1977), Bureaucracy or Participation. Sega Publication, London, California.
- Levacic and Rebmman (1982) Macroeconomics. Macmillan Ltd, London
- Lovis E. Boone and David L.Kurtz (1993) Contemporary Business (7th edition) Druden press, US
- Malcolm G, el tal (1987) Economics of Development, Norton Company Inc. US, New York.
- Marie Chêne (2009) *The Political Economy of Public Procurement Reform*, Transparency International
- McConnell and Brue (2001) Microeconomics Principles, Problems and policies. McGraw-Hill Companies. New York, US.
- Ministry of Finance (2001) Procurement Reform Proposals. A component of the Public Financial Management Reform Programme.
- Muriithi, N and Crawford, L (2003) Approaches to project management in Africa: implications for international development projects. International Journal of Project Management
- Nickels (1999), Understanding Business (5th ed), McGraw-Hill companies, U.S.
- NOU - the National Board for Public Procurement (2004)"A brief description of LOU – The Public Procurement Act in Sweden". <http://www.nou.se>,2009.
- O' Faircheallaigh (1999), Public Sector Management in Australia. 2d ed. Melbourne: Macmillan.
- Osafo-Marfo Y. (2003) improving efficiency and transparency in public procurement. Accra, Ghana
- Pettinger, (2002) Introduction to Management. Palgrave, New York. pg 4

- Prest A.R (1985), Public Finance in Developing Countries (3rd ed) Weidenfeld and Nicolson Limited, London.
- Pride, Hughes and Kapoor (2002). The Environment of Business, Harvest Publishing.
- Republic of Ghana, (2003). Role of Procurement and Legal Framework, Public Procurement Authority. Accra, Ghana.
- Rose and Lawton, (1994). Improving Public Service Management, Pearson Education Limited. Harlow, England.
- Rosse C. A el tal (2001) Essentials of Corporate Finance. McGraw-Hill Companies, US
- Sarantakos, S. (1998). *Social Research* (2nd ed.). London: MacMillan Press Ltd.
- Sarpong A. C (2007), Procurement Management and its Associated Risks, Lecture Presented at Workshop for Committee of Internal Auditors, KNUST, 12th April, 2007.
- Saunders M el tal (2007), Research Methods for Business Students (7th edn), Pearson Education Limited. England, UK. Pg 356.
- Tas, B K. O., Rasim Ozcan and Ilke Onur, 2008, "Public Procurement Auctions and Competition in Turkey", TOBB ETU Working Paper No: 08-14. Available at <http://ikt.web.etu.edu.tr/RePEc/pdf/0814.pdf>, 2009.
- Van Weele (2000) Purchasing and Supply Management, Thomson press, Ohio.
- Waara F. (2007), Mitigating Contractual Hazards in Public Procurement, a study of Swedish local authorities. Journal of Construction Management and Economics. Vol. 26, no 1-3, Pg 237-145.
- William M. Pride, Robert J. Hughes and Jack R. Kapoor (2002) Business. Houghton Miffling Company, Boston, New York.
- World Bank (2001) Global Development Finance: Building Coalition for Effective Development Finance, Washington DC
- Yin, R. (1993) Application of case study research. Newbury Park, CA: Sage Publishing.

APPENDIX ONE

Threshold for Procurement Methods

| Procurement Method/Advertisement | | Contract Value Threshold |
|----------------------------------|----------------------------------|---|
| 1 | Pre-qualification | |
| | Goods | Above GH¢ 35 billion |
| | Works | Above GH¢ 35 billion |
| | Technical Services | not more than 10% of cost works |
| 2 | International Competitive Tender | |
| | Goods | Above GH¢ 35 billion |
| | Works | Above GH¢ 35 billion |
| | Technical Services | Above GH¢ 2.0 billion |
| 3 | National Competitive Tender | |
| | Goods | More than GH¢ 200 million up to GH¢ 2.0 billion |
| | Works | More than GH¢ 500 million up to GH¢ 15 billion |
| | Technical Services | More than GH¢ 200 million up to GH¢ 2.0 billion |
| 4 | Restricted Tendering | Subject to Approval By PB |
| 5 | Price Quotation | |
| | Goods | Up to GH¢ 200 million |

| | | |
|---|--|---------------------------|
| | Works | Up to GH¢ 500 million |
| | Technical | |
| | Services | Up to GH¢ 200 million |
| | Single Source Procurement and | |
| 6 | Selection | Subject to Approval by PB |
| 7 | Advertisement for Expression of Interest for Consulting Services in Local Newspapers | Above GH¢ 700 million |
| 8 | Least-Cost Selection | Up to GH¢ 700 million |
| | Selection based on Consultant's | |
| 9 | Qualification | Up to GH¢ 350 million |

Decentralized Procuring Entities. Thresholds for Review/Approval Authority (Amount in GH¢)

| Authority | Goods | Works | Technical Services | Consulting Services |
|----------------------------|--------|-------------|--------------------|---------------------|
| | Up to | | | |
| 1 Head of Entity | 50m | Up to 100m | Up to 50m | Up to 50m |
| 2 Entity Tender | >50m- | | | |
| Committee | 250m | >100m-500m | >50m-250m | >50m-100m |
| 3 District Tender | >250m- | | | |
| Review Board | 1.0b | >500m-2.0b | >250m-1.0b | >100m-500m |
| 4 Ministerial and Regional | >1.0b- | | | |
| Tender Review Board | 8.0b | >2.0b-1.5b | >1.0b-8.0b | >500m-3.8b |
| Central Tender Review | Above | | | |
| 5 Board | 8.0b | Above 15.0b | Above 8.0b | Above 3.5b |

Other Procuring Entities-Thresholds for Review/Approval Authority
(Amount in GH¢)

| Authority | Goods | Works | Technical Services | Consulting Services |
|--|------------|-------------|--------------------|---------------------|
| | Up to | | | |
| 1 Head of Entity | 50m | Up to 100m | Up to 50m | Up to 50m |
| 2 Entity Tender Committee | >50m-1.0b | >100m-2.0b | >50m-1.0b | >50m-500m |
| 3 Ministerial and Regional Tender Review Board | >1.0b-8.0b | >2.0b-1.5b | >1.0b-8.0b | >500m-3.8b |
| 4 Central Tender Review Board | Above 8.0b | Above 15.0b | Above 8.0b | Above 3.5b |

Source: Public Procurement Authority,(2003)



APPENDIX TWO

Names of Districts and their Capital

| | Name of District | Capital |
|----|----------------------|---------------|
| 1 | Kumasi | Kumasi |
| 2 | Obuasi | Obuasi |
| 3 | Ejisu-Juabeng | Ejisu |
| 4 | Bekwai | Bekwai |
| 5 | Asante Akim North | Konongo |
| 6 | Mampong | Mampong |
| 7 | Ofinso | Ofinso |
| 8 | Ejura Sekyedumasi | Ejura |
| 9 | Ahafo Ano North | Tepa |
| 10 | Ahafo Ano South | Mankranso |
| 11 | Amansie West | Manso Nkwanta |
| 12 | Asante Akim South | Juaso |
| 13 | Atwima Nwabiagya | Nkwawie |
| 14 | Adansi North | Fomena |
| 15 | Adansi South | New Edubiase |
| 16 | Amansie Central | Jacabu |
| 17 | Atwima Mponua | Nyinahin |
| 18 | Sekyere Afram Plains | Kumawu |
| 19 | Sekyere Central | Nsuta |
| 20 | Bosome Freho | Asiwa |
| 21 | Atwima Kwanwoma | Foase |
| 22 | Ofinso North | Akomadan |
| 23 | Afigya Kwabre | Kodie |
| 24 | Kwabre East | Mampong |
| 25 | Sekyere South | Agona |
| 26 | Skyere East | Effiduase |
| 27 | Bosomtwe | Kuntenase |

APPENDIX THREE

LIST OF REGISTERED CONTRACTORS IN ASHANTI REGION

| NO | NAME OF BUSINESS | ADDRESS/TEL |
|----|--|-------------|
| 1 | Geodemens Complex ltd | 0244646689 |
| 2 | VOA Company ltd | 0244317466 |
| 3 | A . Sekyere ltd | 244144892 |
| 4 | Abaishi Construction Ent. | 278083642 |
| 5 | Mayfata Ventures | 242902758 |
| 6 | J G & Sons ltd | 244669537 |
| 7 | J .M. P Ventures | 275692409 |
| 8 | Bonfrim Business Services | 244623797 |
| 9 | T.L. G Trans. Enterprise | 208373908 |
| 10 | Markages M. Company ltd | 266393335 |
| 11 | Takma Company ltd | 246961859 |
| 12 | Maymens Construction Ltd | 208182793 |
| 13 | Wadata Printing Press | 244872373 |
| 14 | Sahulu Enterprise | 0244959501 |
| 15 | Unique Environment Services | 244580017 |
| 16 | Europe Autoland Ghana ltd | 243606176 |
| 17 | F. K. Owusu Construction ltd | 208161062 |
| 18 | Logwood Industries & Construction ltd | 243234381 |
| 19 | Egyirock Construction Work | 244728078 |
| 20 | Boapokas Company Limited | 243838968 |
| 21 | Link – Dee Company Limited | 276779515 |
| 22 | Franklin Kwame Myame Ent | 243547097 |
| 23 | Emmanuel Tsifoako Enterprise Limited | 0266874397 |
| 24 | Richway Construction Limited | 244925727 |
| 25 | A.S Bashit Enterprise | 244077694 |
| 26 | Konaj Company (Gh) Limited | 208130100 |
| 27 | Jaleosas Carpentry And Construction Co.Ltd | 0273856518 |

| | | |
|----|-----------------------------|------------|
| 28 | Fazarat Enterprise | 244768600 |
| 29 | Destex Enterprise | 207612753 |
| 30 | Geosmads Enterprise | 0244479323 |
| 31 | Osabon .B. Company Limited | 208120264 |
| 32 | T\$K Enterprise Limited | 0208173173 |
| 33 | Musanba Limited | 0208171476 |
| 34 | Danquamoah Ventures | 024259926 |
| 35 | B.B. Acheamfour Company | 246868568 |
| 36 | Philip Duba Company Limited | 208129503 |
| 37 | Pakosal Co. Ltd | 027210746 |
| 38 | Facol Roads | 0244468747 |
| 39 | Mmariab Co. Ltd | 0262961830 |
| 40 | Jeff-Kay Enterprise | 0264988477 |
| 41 | Loninf Co. Ltd | 0244253821 |
| 42 | Princia Ventures | 0244371255 |
| 43 | Ebony Concepts | 0244371255 |
| 44 | Prinaff Enterprise | 0246777843 |
| 45 | Sefwiman Construction Ltd | 0244686380 |
| 46 | K. Kyeremateng Construction | 0244589576 |
| 47 | Napo Construction | 0244462307 |
| 48 | Abokina Enterprise | 0244749647 |
| 49 | Samcol ventures | 0245631363 |
| 50 | Ali Issah Ent. | 0243335222 |
| 52 | Eugiss Co. Ltd. | 0247552229 |
| 53 | Seal Engineers | 0208173172 |
| 54 | O. K. Willie Ent. | 0244874397 |
| 55 | E. N. H. Engineers Gh. Ltd. | 0244733353 |
| 56 | K'Pos Limited | 0243830508 |
| 57 | Alisarf Co. Ltd. | 0246510143 |
| 58 | Laford Co. Ltd | 0276710080 |
| 59 | Aboukina Construction works | 0244064782 |
| 60 | Sanbout Ent. | 0244371255 |

| | | |
|----|------------------------|------------|
| 61 | Royal Pearl Co. Ltd. | 0244795496 |
| 62 | M. A. Chorks Co. Ltd | 0244783231 |
| 63 | Floral Life Co. Ltd. | 0244256733 |
| 64 | Ama Afrakoma Ent. | 0207661230 |
| 65 | Segarb Ent. | 0242570883 |
| 66 | N. K. Afrom Ent. | 0200688626 |
| 67 | Begmart Co. Ltd. | 0244874397 |
| 68 | Micheal Osei Akro Ent. | 0244256450 |
| 68 | S. F. C. Ltd. | 0243409709 |
| 70 | Mendas | 0240800805 |
| 71 | Philida Ent. | 0244621971 |
| 72 | Justord | 0244460946 |
| 73 | Comfort Amih Sefei | 0243324205 |
| 74 | Bobie Ansah | 0249445356 |
| 75 | Frimok Co. Ltd. | 0245749922 |
| 76 | Kofi Job | 0246417231 |
| 77 | Justmoh | 0209466949 |
| 78 | Adnus | 0277531100 |
| 79 | K. Adu Emmanuel | 0244648221 |
| 80 | Charity Amponsah | 0207735141 |

APPENDIX FOUR

KWAME NKRUMAH UNIVERSITY OF SCIENCE AND TECHNOLOGY
COLLEGE OF ARCHITECTURE AND PLANNING
FACULTY OF PLANNING AND LAND ECONOMY
DEPARTMENT OF PLANNING
MSc DEVELOPMENT POLICY AND PLANNING

Assessing the effect of procurement Act on public financial management in Ashanti Region

This research is part of a Master's Thesis being conducted in the Department of Planning, Kwame Nkrumah University of Science and Technology, KNUST, Kumasi. The study is based on a selected sample in Ashanti Region, so your participation is important. The outcome of this study will enhance knowledge on effect of Public Procurement Act on public financial management.

Participation in this study is voluntary, and all who participate will remain anonymous. Your name is not needed. All information offered will be treated confidentially, and the results will be presented in such a way that no individuals may be recognized.

SECTION A

OCCUPATIONAL DATA FOR CONTRACTORS AND CONSULTANS

Please provide the correct information by ticking ☐ in the appropriate box ☐ and fill in the blank where necessary

1. Name of Organization.....
2. Number of years spent in your organization.....

TRANSPARENCY

3. Are summaries of information about public procurement available to you? (e.g. number of bids received, number of contracts awarded, names of successful bidders)

Yes ☐ No ☐ If yes, how often?

they are published quarterly ☐ b. they are published every six months ☐

c. they are published yearly ☐ d. uncertainty ☐

4. Are contracts to be awarded publicly advertised? Yes ☐ No ☐

If yes, where?

a. National news papers ☐ b. Internet ☐ c. local radio ☐

d. journal ☐

5. Is sufficient time allowed to prepare for bidding and obtain tender documents?

Yes ☐ No ☐

If yes, a. one week ☐ b. two weeks ☐ c. one month ☐

d. two months ☐ e. three months and above ☐

6. Are you convinced about the application of appropriate procurement procedures and methods used as required? Yes ☐ No ☐

If yes, which method is usually used?

a. National Competitive Tendering ☐ b. Request for Quotations ☐

c. Restricted Tendering ☐

7. How many appeals/complaints cases have you made within a year

a. One to five cases ☐ b. Six to ten cases ☐ c. Ten and above ☐

d. No case ☐

8. What were the reasons for the appeal?.....

.....
.....
.....
.....

9. How were your appeal cases handled by procurement entity (contracting authority)?

- a. Unresolved ☐ b. Resolved amicably ☐

10. Were decisions publicly made on your complains? Yes ☐ No ☐

If yes, where were they published?

- a. Notes board ☐ b. procurement bulletin ☐
b. Send letters to concern tenderers ☐ d. newspapers ☐

12. When does procurement entity (contracting authority) open tenders?

- a. immediately after deadline ☐ b. two weeks after deadline ☐
c. a month after deadline ☐ d. between two-three months ☐

13. Does the procurement entity open tenders publicly according to defined procedure? Yes ☐ No ☐

- If yes, where do they open them? a. In the presence of tenderers ☐
b. At the tender committee's meetings ☐ c. Assembly's /General meetings ☐

CAUSES OF DELAYS

14. How long does it take you to prepare for bid?

- a. One week ☐ c. between one and two months ☐
b. Between three and four months ☐ d. five months and above ☐

15. How long does it take you to respond to contract advertisement?

- a. One week ☐ b. two weeks ☐ c. three weeks ☐
b. d. one month ☐

16. How long does it take contracting authority to evaluate and respond to tender documents that you submit?

- a. One week ☐ b. One month ☐ c. Two months ☐
d. Three months ☐

17. Are you paid promptly after execution of contracts? Yes ☐ No ☐

If no, why?

- a. Many payment steps ☐ b. centralized payment system ☐

18. In your own estimation how long does it take you to receive your money after execution of a contract?

- a. one month ☐ b. Four months ☐ c. six months ☐
d. one year ☐

19. Do you agree that Procurement Act causes delays in awarding contracts?

- a. Strongly agree ☐ b. Disagree ☐ c. Agree ☐
d. strongly disagree ☐ e. Uncertain ☐

20. What are some of the causes of the delay in paying contractors?

.....
.....
.....

21. Are you compensated for the delay in payment? Yes ☐ No ☐

If yes, how is the rate of compensation determined?

- a. Interest rate ☐ b. price negotiations ☐ c. uncertain ☐
b. d. others (specify).....

22. Does the delay in payment affect the management of your company in any way? Yes ☐ No ☐

If yes, how.....

.....
.....

23. Are there unnecessary levels of approvals or cumbersome procedures for procurement? Yes ☐ No ☐

If yes

- a. Too much ☐ b. much ☐ c. little ☐ d. not at all ☐

24. Please if you have any additional comment or suggestion you can share with us.....
.....
.....

Thanks for your contribution.

APPENDIX FIVE
KWAME NKRUMAH UNIVERSITY OF SCIENCE AND TECHNOLOGY
COLLEGE OF ARCHITECTURE AND PLANNING
FACULTY OF PLANNING AND LAND ECONOMY
DEPARTMENT OF PLANNING
MSc DEVELOPMENT POLICY AND PLANNING
Assessing the effect of Procurement Act on Public Financial Management in
Ashanti Region

This research is part of a Master's Thesis being conducted in the Department of Planning, Kwame Nkrumah University of Science and Technology, Kumasi. The study is based on a selected sample in Ashanti Region, so your participation is important. The outcome of this study will enhance knowledge on effect of Public Procurement Act on public financial management.

Participation in this study is voluntary, and all who participate will remain anonymous. Your name is not needed. All information offered will be treated confidentially, and the results will be presented in such a way that no individuals may be recognized.

SECTION A

OCCUPATIONAL DATA FOR PROCUREMENT, FINANCE, PLANNING
ANADMINISTRATIVE OFFICERS

Please provide the correct information by ticking in the appropriate box ☐ and fill in the blank where necessary

14. Name of District.....

15. Name of Ministry/Department/Agency.....

16. Number of years spent at your work place.....

TRANSPARENCY

17. Do you have written records of procurement? Yes ☐ No ☐

18. Are summaries of information about public procurement published (e.g. number of bids received, number of contracts awarded, and names of successful bidders)?

Yes ☐ No ☐

If yes, how often? a. quarterly ☐ b. every six month ☐ c. yearly ☐
d. every two years ☐

19. Are contracts to be awarded publicly advertised? Yes ☐ No ☐

If yes, where

National news papers ☐ b. Internet ☐ c. Local radio ☐ d. Journal ☐

20. Is sufficient time allowed to obtain procurement documents and prepare bids?

Yes ☐ No ☐ If yes, how long?

a. Two weeks ☐ c. One month ☐ d. Two months ☐
e. Three months and above ☐

21. Do you apply appropriate Procurement method as required? Yes ☐ No ☐

If yes, which method do you often use?

a. Competitive tendering ☐ b. Selective tendering ☐
c. Others ☐

9. How many appeal cases do you record annually?

a. One to five cases ☐ b. six to ten cases ☐ c. Ten and above ☐

10. What were the reasons for the appeal?.....

.....
.....
.....

11. How did you handle the appeal? (Please describe)

a. Unresolved ☐ b. Resolved amicably ☐

12. Do you make the public decisions on complaints? Yes ☐ No ☐

If yes, where do you publish the complaints?

- a. Notice board ☐ b. Procurement bulletin ☐ c. Newspapers ☐
c. Send letters to concerned tenderers ☐

13. When does procurement entity open tenders?

- a. Immediately after deadline ☐ b. Two weeks after deadline, ☐
c. A month after deadline ☐ d. Between two-three months ☐

14. Do you open tenders publicly according to defined procedure?

Yes ☐ No ☐

If yes, where do you open them? a. In the presence of tenderers ☐

b. at the tender committee's meetings ☐

c. assembly's /General meetings ☐

15. Does procuring entity have internal quality control mechanisms? Yes ☐ No ☐

Are they regularly audited? Yes ☐ No ☐

CAUSES OF DELAYS

16. Do you prepare a procurement plan? Yes ☐ No ☐

17. How long does it take your outfit to prepare a procurement plan?

- a. One week ☐ b. Between one and two months ☐
c. Between three and four months ☐ d. Five months and above ☐

18. How long does it take your entity to advertise a contract?

- a. One week ☐ b. Two weeks ☐ c. Three weeks ☐
d. One month ☐

19. How long does it take your entity to evaluate tender documents submitted by tenderers?

a. Between one and three weeks ☐ b. Between One and three Months ☐

c. Three months and above ☐

20. How often does the tender committee meet?

a. Monthly ☐ b. Quarterly ☐ c. Every six months ☐

d. Yearly ☐

21. Do its meetings have any effect on procurement process?

Yes ☐ No ☐

If yes, how?.....

.....

.....

.....

22. Do you pay contractors promptly? Yes ☐ No ☐

If no, why? because (which of them occur most frequently, eg 1st, 2nd, 3rd etc)

a. Many payment steps ☐ b. centralized payment system ☐

c. unavailability of funds ☐

23. In your own estimation how long does it take a contractor to receive his money after execution of contract?

a. Within a month ☐ b. Two to four months ☐ c. Six months ☐

d. a year and above ☐

24. Do you agree that Procurement Act causes delay in awarding contracts?

a. Strongly agree ☐ b. Disagree ☐ c. Agree ☐

d. Strongly Disagree ☐ e. Uncertain ☐

25. What are some of the causes of the delay in paying contractors?

.....
.....
.....

26. Do you compensate contractors? Yes ☐ No ☐

If yes, how do you determine the rate of compensation?

- a. Interest rate ☐ b. Price negotiations ☐ c. Uncertain ☐
d. Others (specify).....

27. Does the payment of compensation affect management of your organization?

Yes ☐ No ☐

If yes how?.....

.....
.....
.....

28. Are there unnecessary levels of approvals or cumbersome procedures for procurement?

- a. Too much ☐ b. Much ☐ c. Little ☐ d. Not at all ☐

EXPENDITURE CONTROL

29. Do you audit procurement activities regularly? Yes ☐ No ☐

If yes, how often?

a. Quarterly ☐ b. Every six months ☐ c. Yearly ☐

30. Does the Procurement unit regularly conduct market surveys to update its knowledge of prevailing prices for goods and works?

Yes ☐ No ☐

If yes, how have these surveys helped your unit?

.....
.....
.....

31. The implementation of the Public Procurement Act reduces cost of doing business.

a. Strongly agree ☐ b. Disagree ☐ c. Agree ☐
d. strongly disagree ☐ e. Uncertain ☐

32. Procurement has brought value for money

a. Strongly agree ☐ b. Disagree ☐ c. Agree ☐
d. strongly disagree ☐ e. Uncertain ☐

33. Procurement has brought budgetary control? (i.e monitoring of actual income and expenditure against planned income and expenditure)

a. Strongly agree ☐ b. Disagree ☐ c. Agree ☐ d. strongly disagree ☐
e. Uncertain ☐

34. Do you agree that procurement has saved government's money?

Yes ☐ No ☐ If you do, how?

a. check all leakage of government funds ☐ b. encourage savings ☐

35. Procurement Act has strengthened and controlled government expenditure.

a. Strongly agree ☐ b. Disagree ☐ c. Agree ☐

d. strongly disagree ☐

e. Uncertainty ☐

36. Are there regular review and analysis of the Procurement entity's total expenditure to identify trends on how much is spent? Yes ☐ No ☐

37. Is procurement plan recorded against budget to identify anomalies in recorded expenditure? Yes ☐ No ☐

38. Please if you have any additional comment or suggestion please you can share with us

.....
.....

Thanks for your contribution

