

**KWAME NKRUMAH UNIVERSITY OF SCIENCE AND TECHNOLOGY**

**KUMASI**

**DEPARTMENT OF ACCOUNTING AND FINANCE**

**TOPIC: ASSESSING THE PUBLIC PROCUREMENT ACT IN THE  
MANAGEMENT OF DRUGS AT SUHUM GOVERNMENT HOSPITAL**

**BY**

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**A THESIS SUBMITTED TO THE DEPARTMENT OF ACCOUNTING AND  
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**ACCOUNTING OPTION**

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## DECLARATION

I declare that, this thesis is based on a study undertaken by me personally. Where other persons ideas have been used or utilized, this have been duly acknowledged by me.

I wish to state that, this thesis does not contain materials which have been used to earn a degree from this prestigious university or any accredited institution.

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## **ABSTRACT**

The goal of this study is to improve the efficiency of procurement and management of logistics (drugs) in a District Hospital in Ghana. The study adopted a case study approach in which Suhum Government Hospital; a district health facility in the Suhum Municipality was used as the research location.

The study employs both qualitative and quantitative research approaches through the use of questionnaires administered to sixty- three (63) employees. Interviews were also conducted for 4 managers involved in procurement activities. Microsoft excel spread- sheet was used to analyze the quantitative data. Also, respondents' opinions were grouped under sub- headings reflecting the research objectives.

In this research, the respondents were of the opinion that, they were aware of the existence of the Public Procurement Act which reference could be made to serve as a guide. However, they could not express how they heard about it. The study indicates that respondents knew about the Public Procurement Act 2003 (Act 663) to be an Act of parliament and also reveals that the Act seeks to achieve right procurement procedures, judicious use of government funds, equity and fairness and value for money. The study also indicates that Suhum Government hospital does not have spacious storage facility though all items in the store are listed in stores receipt vouchers. Furthermore, the study reveals that, internal auditor does store quantity checks before items are received into stores. The study shows that value for money, accountability, cost reduction and transparency with reference to health delivery have been achieved since the inception of the Public Procurement Act 2003 (Act 663).

The Ministry of Health or Ghana Health Service should ensure that there is avoidance of bureaucratic corruptions, availability of funds, institution of proper internal controls and training sessions for procurement staffs to ensure that there is strict adherence to the Public Procurement Act.

## **DEDICATION**

This research work is dedicated to my lovely wife Comfort Yaa Asantewaa and my two lovely children namely; Ama Asabea Effah and Kofi Nyamikye Effah for their Physical and spiritual Support

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## **LIST OF ABBREVIATIONS**

GDP	-	Gross Domestic Product
SGH	-	Suhum Government Hospital
PPA	-	Public Procurement Act
MOH	-	Ministry Of Health
GHS	-	Ghana Health Service
ATFRR	-	Accounting, Treasury and Financial Reporting Rule
BMC	-	Budget Management Center
FAR	-	Financial Administration Regulations
LMIS	-	Logistics Management Information Systems
USIAD	-	United State Agency for International Development
MMDA's	-	Metropolitan, Municipal, Department and Agencies
VFM	-	Value for Money
WHO	-	World Health Organization
HMT	-	Hospital Management Team
NHIA		National Health Insurance Authority

## **CHAPTER ONE**

### **INTRODUCTION**

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

Every institution, being it government or non - governmental, profit or non-profit making, undertakes a certain level of purchases. Public procurement takes between the ranges of 50-70% of the national budget of the country, 14% of Gross Domestic Product (GDP) and 24% of total imports brought into the country (World Bank CPAR 2003)

As institutions strives to accept cost and focus on their core competencies, procurement or the purchasing activity come under strict supervision. It is now crucial than before for procurement to accept timely and cost effective procedures.

Public procurement can be explained as the steps by which government follows to make purchases of goods, services and works using funds generated by states through imposition of taxes, loans solicited by the state and finds paid into the consolidated account by the various state agencies. It involves organizing, directing, planning, controlling, invitation of offers, evaluating offers and contract management.

With regards to the activities using Suhum Government Hospital as a case study, it was established that, the procurement department cannot effectively perform without taking into consideration the purchasing process. It is not out of the blue that the government has expressed its intentions supported by the Public Procurement 2003 (Act 663).

With reference to these indications, it is important to look into the conditions at Suhum Government Hospital to offer a well – to - do contributions as well as recommendations for expected or accepted results.

From a cost reduction base, stores management contributes to maximize the profit earnings of an institution like Suhum Government Hospital. It is important for every store department to give out efficient and provision of good services to the various units within the institution for smooth flow of drugs within the hospital so as to meet targeted objectives. With this, It is essential to institute well-establish and professionally controlled stores in the institution.

Logistics management in the health sector involves the procedures used to manage the supply of health commodities, including essential medicines, non-medicine consumables such as medical supplies and disposables, dental and laboratory supplies (Logistics Management of Public Sector Commodities in Ghana, GHS, and July, 2002)

Continuous availability of basic quality logistics in health facilities is very key for their proper functioning. Effective and efficient management of logistics are therefore very crucial in health facilities.

The Ministry of Health (MOH) and the Ghana Health Service (GHS) have come out with rules and regulations to manage drugs, procurement of quality and affordable drugs (value for money) with the accepted specifications and appropriate storage facilities among others. The MOH Accounting, Treasury and Financial Reporting Rules and obliged Manual 2010 page 58, Budget Management Centers (BMCs) are enjoined by rules, regulations 182 and 183 of Financial Administration Regulations( FAR 2004), to fuse sound inventory controls in their management.

## **1.2 Statement of the problem**

Due to most District Hospitals inability to raise enough revenue internally to settle their numerous debts coupled with lack of transparency when it comes to procurement of drugs and National Health Insurance Authority (NHIA) inability to reimburse the various hospitals in the country on time. This has affected most hospitals when it comes to generation of funds to procure drugs and continuing auditors report lamenting on abuse of purchasing procedures that has been made clear through the report of Public Accounts Committee of Ghana. Government took a decision to come out with steps or procedures to curtail procurement irregularities, some of which emanate from bureaucratic corruption which SGH is not an exemption. This contributed into government passing the procurement bill into an Act in the year 2003 (Act 663) to bring sanity in the procurement processes.

As it stands now Suhum, Government Hospital has many difficulties when it comes to procurement and management of drugs due to;

- Lack of qualified store keepers
- Inadequate storage facilities
- The challenges of having to follow the lay down procurement procedures
- The random manner in which management orders for goods and services in the mist of the above mentioned contentious statement, it is important to look into the situation of Suhum Government Hospital and to come out with necessary control measures and to establish recommendations for expected outcome.

### **1.3 Research objectives**

The following objectives are expected to be achieved at the end of the research;

#### **Main objectives**

To examine the process of procurement and management of drugs consumables at Suhum Government Hospital in the Suhum municipality and to see whether they are effective and efficient.

#### **Specific objectives**

- 1) To assess the level of awareness of employees at Suhum Government Hospital of the Public Procurement Act 2003 (Act 663)
- 2) To ascertain the extent to which the stores procedures of Suhum Government Hospital comply with the Public Procurement Act.
- 3) To ascertain the impact or the effect of the Public Procurement Act on the operations of the Suhum Government Hospital.

### **1.4 Research Questions**

- 1) What is the level of awareness of the Public Procurement Act of employees at Suhum Government Hospital?
- 2) What is the extent of compliance of the stores procedure of Suhum Government Hospital with the Public Procurement Act (PPA)?
- 3) What is the impact/effect of the Public Procurement Act on the operations of the Suhum Government Hospital/

### **1.5 significance of the study**

The outcome of the study could be of use to the government of Ghana, Ministry of Health (MOH), Ghana Health Service (GHS), Regional and District Hospitals in Ghana that have expressed willingness to the effective and efficient use of the PPA Act 2003 (Act 663). It is expected therefore that the end result from the research when published in the print media, Medical journals and economic magazines would have a significant influence in various disciplines to health think tanks, medical officers, auditors, accountants, administrators, pharmacists, procurement officers, and the entire staffs at the various Hospitals in Ghana, and the Health sector as a whole.

Notwithstanding the outcome, the research will give way for future studies in other aspects of procurement and management of logistics (drugs) to be used by hospital managers in Ghana.

### **1.6 Scope/Limitations of the study**

Ministry of Health in collaboration with Ghana Health Service has various Health facilities in the Eastern Region of Ghana. However, due to lack of time constraints, the SGH is chosen as the area of the study.

The chosen sample may not truly reflect that of a district Hospital and that may lead to sample inconsistencies.

The personal interviews and questionnaires may show case inconsistencies in the research study upon inability to derive appropriate responses from questionnaire administration and interviews. This may lead to the inability of using the findings of the research/ work to generalize an outcome.



## **1.7 Organization of the study**

This research/ study falls under the broad headings of Introduction, Literature review and Conceptual frame work, Methodology, Analysis of the data collected and finally Summary of findings, Conclusion, and Recommendations.

Chapter one involves the introduction of the research, background of the study, statement of the problem, objectives of the study, research questions, significance of the study and how the study was organized.

Chapter two dealt with the literature review of the research/ Study where other peoples work, idea, findings and opinions contributed to establish the nature and significance of the research topic are located.

Chapter three focuses on the methodology adopted of the research/ study in terms of research design, population, sample and sampling procedures, data and data collection procedures, pilot-testing, scientific credibility, analysis of data, limitations of the study, ethical consideration, profile of SGH and overview of activities.

Chapter four centered on data analysis, discussions and findings of the study. It was grouped into two. Part one focused on the findings from the questionnaire and the part two centered on the findings established from the interviews conducted.

Chapter five focused on summary of findings, conclusion, and recommendations of the researcher.

## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.0 Introduction**

Chapter two reviewed previous research studies and publications conducted concerning the effect of Public Procurement Act (PPA) on government finance policy at the procurement unit, amidst of government trying to cut cost. This chapter contains overview of procurement system; empirical literature, meaning of procurement, logistics management, the Public Procurement Act, the Reform Program, Procurement Cycle, Procurement Objective, the five right under PPA and the conceptual framework.

It also covered the sampled opinions of peoples work on the procurement of goods and services in different categories.

#### **2.1 Empirical Literature**

According to a research carried out by Anvuur A. et. al (2006), it came out that there was no comprehensive guidance on the scope and procedures of public construction procurement in Ghana. The study identified five (5) pillars of the PPA (World Bank, 2003) of which when followed will lead to the achievement of Value for Money, Transparency, Accountability, Cost Reduction and elimination of Bureaucratic corruption. The 5 pillars identified are; (1) Comprehensive, Transparent Legal and Institutional framework; (2) clear and standardized procurement procedures and standard tender documents; (3) independent control system; (4) proficient procurement staff; and (5) anti-corruption measures. The procurement and construction have all along been controlled through issuance circulars emanating from the

Ministry of Finance which brought together a series of instruction centered on adoptions with reference to the exercising laid down rules on procurement by the Ministry Finance. However, executers of World Bank projects dwelled on the rules emanated from the World Bank with reference to procurement (World Bank, 1995) and advisors rules of the World Bank (World Bank, 1997). The procurement rules adopted on public works was existed traditional guidelines pertaining to construction. Guidelines were compulsory made available towards the classification and registration of contractors into construction controlled by the Ministry of Works and Housing. It was mandatory for MMDAs have different steps contractors who are pre-qualified by use of special rules and regulations for works on procurement.

The categorization of the Ministry of Works and Housing was seen as outmoded rules of registration steps and the number of required contractors supported by the required financial base checked at regular interval (Eyiah and Cook (2003) and World Bank (1996).

With reference to World Bank (1996), the treaming- down of contractors and consultancy services have been seen over the years to be a repetition of same chosen civil engineers and works superintendents (World Bank, 1996).

There are multiple of registered names or firms to execute projects that was surely won by the same persons (Crown Agents (1998) and Westring (1997)

It was established that execution of construction works was badly done in Ghana coupled with a lot complaints and reports that castigated lack of commercial stints of public sector of execution of public procurement functions. Consultancy advice was delayed without any justification prolonging project execution. (Crown Agent (1998) and Westring (1997).

The courses of project delay execution coupled with negotiations after the award of works and services led to the halt of expert opinion and recommendations, hindrance in project evaluation, and multiples of checks, review and acceptance and tittles to property leading to injunctions on constructions it came to light that execution of construction works and services in Ghana led to project variations by contractors which led to some times poorly done works by contractor of various projects, (Crown Agent (1998), Westring (1997) and World Bank (1996, 2003).

It was established that contractors and suppliers are delayed in being paid, due to unnecessary processes starting from issuance of invoices to receipt collection and writing of cheque which were over delayed due to bureaucratic processes, thus coming out with delay of payment to contractors upon execution of projects, works and services. (Eyiah and Cook (2003), Westring (1997) and (World Bank (2003).

According to World Bank (1998), government excessive implementation of policies to control the economy and badly managed procurement activities stated fro the unset brought insecurity of funding of construction works and provision of unexplained reasons for delayed payment of contract sum and arrears to contractors and consultants. It was established that the unnecessary delay of contractors by MMDAs led to court actions to claim interest due to delayed payment and intermittent changes of prices based on long agreement to reach consensus leading to funding difficulties. World Bank (2003).

In the end, it was established that, contractors and consultants struggles a lot to complete their works and be able to lay hand on their claims emanating from frequent increases in prices (World Bank (1996). Moreover, various private contractor who provide services to government tried unabated to cut cost by preventing losses through manipulations and

abandoning projects in the mid- way has negatively impacted on execution of project which brought bad relationship between contractors and their beneficiaries. Westring (1997).

Lastly, a number of MMDAs are obliged to make advance contractual payment way ahead the expected period in other to overcome lapses made in the allocation of budget, payment of mobilization to contractors can go beyond acceptable rate of 15% all in attempt to prevent the work being abandoned. (Westring (1997) and World Bank (1996)

A research work done by Dowling (2011) ' Healthcare Supply chains in Developing Countries'- Situational Analysis of Low and Middle income Countries. In this instance, it was realized by the researcher that, due to lack of capacity in terms of infrastructure led to insufficient storage facilities of logistics (drugs) in developing countries coupled with limited capacity and often poor storage conditions.

## **2.2 Meaning of Procurement**

Procurement is the over heading functions that describe the activities and process to acquire goods and services. Importantly it differentiates from “purchasing” fundamental requirements, sourcing activities such as market research and vendor evaluation and negotiation of contract. It can also be purchasing activities required to order and receive goods.

## **2.3 Logistics Management**

According to Wikipedia.org, logistics management is defined as the part of supply chain management that plans, implement, and controls the efficient, effective forward, and reverse

flow and storage of goods, services, and related information between the point of origin and the point of consumption in order to meet customers' requirements.

According to Gyimah et al (2009), the process of managing efficient, effective and concise logistics with reference to drugs, is the adoption of management information systems, establishment of the needed funding, putting in place the channel of distributions and the operations of the supply chain and improving, predicting and strategically establishing procurement laid down procedures to be executed on works and services. Bossert et al (2000) concluded that, Management of Information Systems (LMIS) on logistics are recognized as very important weapon by the experts minus the basic and needed systems of logistics for the very important information needed effectively and efficiently manage procurement of construction works. United State Agency for International Development, USAID/DELIVER (2011) echoed the effective and efficient manage and use of non-drugs consumables and drugs by dwelling on appropriate delivery of goods and services needed by health institutions needed for their day to day activities to save human life coupled with provision of affordable healthcare to all. Provision of basic essential health commodities (non- drugs consumables and drugs) is the establishment of security in logistics provision. Poulin (2007) queried the assistance offered through processes in light of the management of health commodities being the main target when it comes to healthcare delivery and practices towards empowering regional, district hospitals and district health administrations in their operations for effectiveness and efficiency.

## **2.4 Public Procurement Act (PPA)**

The Government of Ghana in the year 2003, enacted and accented the Public Procurement Act 2003,(Act 663) into law to govern the procurement of Metropolitan, Municipal, Department and Agencies (MMDAs) and all other state funded agencies in their activities to conform to rules and regulations of the Act in August, 2004.

## **2.5 The Reform Program**

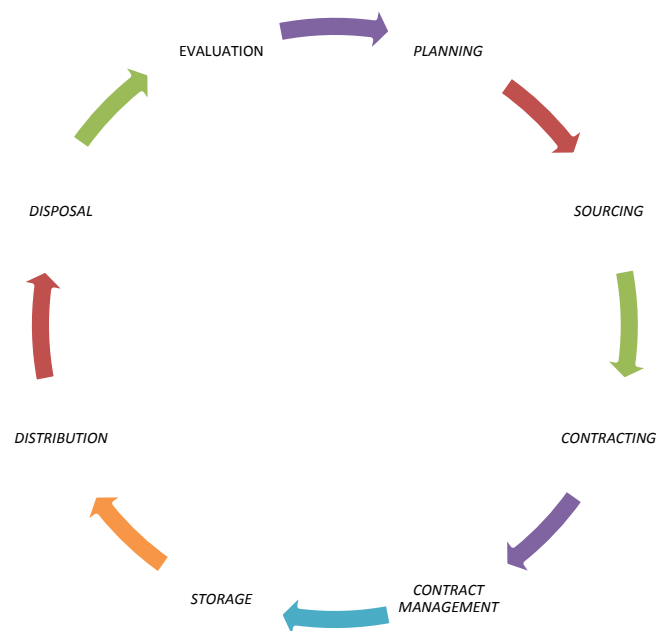
The overall changes to the Public Procurement Act are a wider activity planned to achieve or come out with smooth and efficient management of public funds. The objective of the various reforms of the PPA is to encourage total national development, to bridge both local and international rules systems and regulations, encourage healthy competition, genuine business dealings, accountability, reliability and transparency, to bring about better procurement management to ascertain value for money. Ministry of Finance (2001); proposed an annual estimation of US \$150million through proper management of procurement activities leading to cost. (World Bank, 2003). The introduction of government funding ceiling on public expenditure to MMDAs with strict adherence from the budgeted figures based on cash flow analysis and internal controls to check abuse of government funding and prosecution of people culpable in addition to standards of procedures to follow by holders of public offices. Purchase of goods and services must come with approval from the ministry of finance indicating funding availability prior to award of any contract or what so ever.

## 2.6 Procurement Cycle

According to the Public Procurement Act 2003(Act, 663) the underlining steps must be adhered to when it comes to procurement of goods and services towards achieving fairness, cost reduction, best offer, value for money.

### THE PROCUREMENT CYCLE

Figure 1.



Source: PPA Act, 663 (2003)

### 2.6.1 Planning

Planning of procurement brings about the decision as to what to buy in terms of procurement activities, when to buy it and from what funding.

During planning, procurement procedures and methodology are determined by the requirement of procurement expectations in fulfillment of procurement outcome. Planning of procurement plays a crucial role below



First and foremost, it helps improve on buyer's expectations and realistic outcomes. Secondly, it encourages the involvement of management processes by managers to come together to elaborate on procurement requirement. Thirdly, it gives way for procurement strategies to be established for procurement plans that would be factored into the procurement requirements. Lastly, stakeholders can lay bare procurement processes and requirement for the award of contract and the time expected to execute the contract.

### **2.6.2 Sourcing**

The procurement steps are reached at this level. The expected outcome at this stage in procurement activities is sieving of potential supplier, issuance of tender document, responses evaluated and the choosing tenderers who are successful.

### **Contracting**

The acceptable steps are factored into awarding of contract to a start of any contract and agreement terms reached by parties into the contract. The underlining principles is the order purchase.

### **Contract Management**

Regulation of contract management is the exercising of responsibilities attached to handling of contracts such evaluation of bids, award of contract, implementation of contract, steps of completed works and calculation of payments to be made. It also involves monitoring contract relationship, addressing related problems incorporating necessary changes and modifications in the contracts to ensure that both parties meet or exceed each other's expectations.

### **2.6.3 Storage**

In procurement, storage or stores is where logistics or accoutrements that are not being used immediately are stored, making sure that no damage or loss happens. The value of stock can be high and timely availability can be crucial to organization's operations. Logistics may require particular storage conditions or have limited shelf life, so effective storage, handling and management of stock levels are important

### **.2.6.4 Evaluation**

Procurement processes and efficient purchasing function is the end product of performance control to have efficient, effectiveness to management of procurement. It is of importance to look at procurement processes and evaluation done to establish comport level, come out with weaknesses and draw a strategy to prevent it from occurring in the future. PPA Act 663 (2003).

### **2.6.5 Distributions**

Goods in storage need to be delivered to their final destination in accordance with customer requirement. Distributions may involve issuing of the drugs from store to the main dispensing area for onward sale to the client or patient.

### **2.6.6 Disposal**

Public tendering is used to dispose of obsolete, unserviceable, and surplus stocks based on the condition and nature of the goods involved. The unserviceable items may be disposed off through an auctioneer or deploying to another organization or through public tender or destroying the items in question and finally to adjust the prices down to meet the value of the goods disposed and any income realized must be accounted for. PPA 2003 (Act 663).

## **2.7 Procurement Objectives**

The bottom-line of the introduction of Procurement into the daily activities of the nation is importance and to serve specific objectives and the strict adherence of it leads to achievement of value for money.

### **2.7.1 Professionalism**

With the training of procurement professionals at our tertiary institutions followed by the recruitment, plays a vital role in the rendering of procurement services towards the development of the Ghanaian economy. PPA 2003(Act 663).

### **2.7.2 Transparency**

The existing rules being the five pillars of procurement are applied to have transparency in procurement dealings. Fellow competitors should not have an edge over other competitors based on leaked inside dealings. There should be fairness, openness and transparency to all competitors and this will go a long way to enhance procurement activities devoid of suspicion.

### **2.7.3 Value for Money (VFM)**

Value for money in the Ghanaian context bothers on the lowest bidder. However being the lowest bidder does not equate corresponding good jobs and services but the crucial yardstick is the measure of the effectiveness of the procurement procedures depending on the output and the outcome but also considers quality of goods, availability of resource, the cost involve and its usefulness for the destined purpose, delivery on time and to establish the convenience to judge when put the under mentioned together will lead to value for money. To come out with value for money, there is the need for strategic planning to have that.

#### **2.7.4 Competitiveness**

Potential bidders must be given equal opportunity of platform to bid for tender documents when it comes to award of contract. There should be fair competition coupled with required documentation and openness of competitive procurement activities to bring about;

- Potential for cost savings
- Increase the potential supplier base
- Greater awareness of new development
- Greater understanding of the Act and the confidence in the public sector

#### **2.7.5 Accountability**

Is an attempt to hold individuals and organizations who are involved in procurement activities to render vivid accounts of stewardship of which they have authority to do. PPA Act 2003(Act, 663)

The merits of being accountability leads to change of perception about transparency and fairness. These zeros down corruption.

#### **2.7.6 Fairness**

There should be impartiality towards all bidders when it comes to competing for goods, services and works by giving everyone the equal opportunity to win the contract provided all necessary procurement are met.

#### **2.7.7 Efficiency**

This is timely manner in which procurement activities are executed devoid of personal issues and bureaucracy.

## **2.8 The Five Rights Under Public Procurement Act**

The supplier and the purchaser must adhere to the right under the procurement Act 2003 (Act 663).

### **2.8.1 The right quality**

The right quality seen by the consumer is based on a prototype normally given to check its efficacy to human consumption, fitness of purpose, waste elimination and continuous improvement.

### **2.8.2 The right quantity**

It is the measurement of the appropriate expected quantities out of a contract and the requirement of the parties involved. Prices can be negotiated down for voluminous of goods and this may come in conflict with storage, production, and capabilities.

### **2.8.3 The right time (To buy and to deliver)**

The following factors; availability of product, the market state (competition) and policies on procurement, influences the right time to procure. Re- order level brings about when to deliver goods and services based on the needs of the customer.

### **The right place**

Procuring from the authentic source is a guarantee of quality goods and services which leads to a guarantee of efficient and effective procurement

### **2.8.5 The right price**

There should be a window shopping or soliciting of prices from various quarters of product specification to give room for price comparison and subsequent price bargain to achieve value for money.

### **2.8 Notification of Unsuccessful Tenderers**

Notices with fruitful or reasonable explanation must be sent to or be posted to bidders who were not successful in their attempt secure contract of goods or services after provision and going through all the necessary procedures to be selected. It informs the unsuccessful tenderer why he lost his bid and prevents legal action to be instituted upon failure by the public procurement board to inform him PPA 2003 (Act 663).

### **2.9 Controlling and Supervising the Procurement Cycle**

The various steps in achieving value for money are the strict adherence to the various steps that are needed to be respected in terms of procurement from the beginning to the end. Management and other members who form the procurement team should be educated on the various steps available for their strict compliance which involves planning the procurement, preparation of bid document, issuing of tenderers and tender evaluation, awarding and management of the contract.

## **2.10 Ensuring quality of the Product**

Project management team should be put in order to monitor project specifications and the strict adherence by the executor of the project from the beginning to the end. Steps must be taken to ensure that quality product to the receiver from the supplier, meet the standards set in the contract document to execute the project in question (WHO 1999). Under listed are the four procedures to have quality assurance;

1. The picking of dependable suppliers of drugs and pharmaceutical consumables, 2. Adoption of a strategy or mechanism of quality assurance and authentication procedure of WHO towards achieving pharmaceutical products (WHO 1996). 3. Institution of systems to check expired drugs and products are defective and the reporting lines to uncover them. 4. Institution of mechanisms to check on and after transporting test. More significantly, contractors of good track records are encouraged to most at the times awarded contracts for provision of quality of service

More importantly suppliers that have record of providing very high-quality product in the previous procurement is vital to ensuring the receipt of quality goods.

## **2.11 The Outcome of Effective Procurement System**

To efficiently and effectively manage a sound procurement system, the institution concerned must adhere to legislation rules and regulations in their supervision. The under listed must be adhered to achieve effective procurement system.

**Compliance with government policy and legislation:** To enhance to usage of public funds having in mind to achieving value for money, MMDAs per by virtue of being under that state must adhere to all the rules both locally and internationally to acquires and services. They should also follow the institution of good and sound provision of healthcare as a whole.

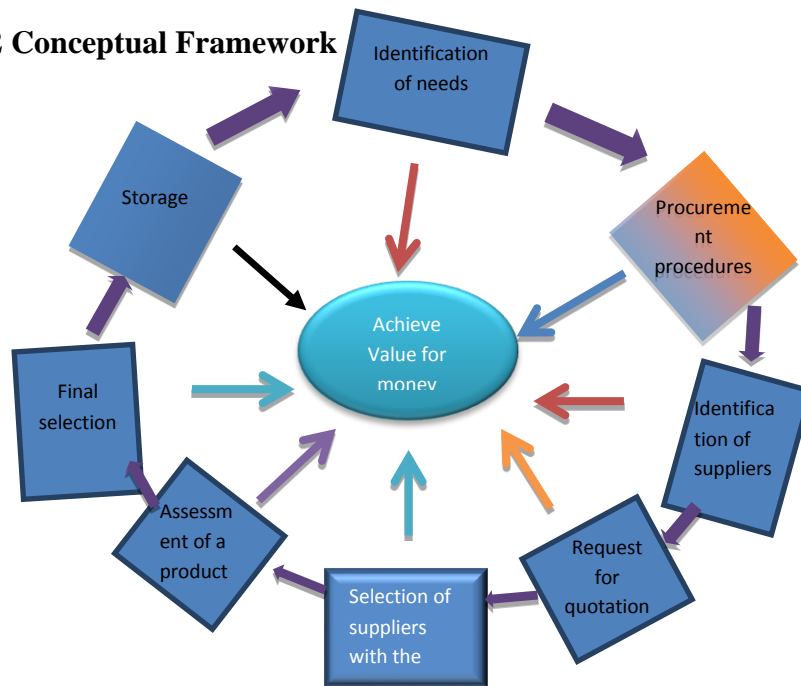
**Enhancing logistics and service delivery:** Government did not come by rules and regulations governing procurement activities out of the blue. It was specifically brought up to do away with unnecessary shortage of goods and services when it emanate from MMDAs to put the government of the day in bad state of its citizenry. For effective procurement, the onus lies on the procuring and the managing entity to have the right thing done.

**Addition of value to logistics and service management:** Crucial processes to honor or to acquire procurement of goods and services indicate that the public procurement processes adhere to their rules and regulations which must be linked to accountable to ascertain value for money.



## 2.12 Conceptual Framework

**Figure 2 Conceptual Framework**



**Source:** Researcher's construction, 2015

The Procurement Processes (PPA) (Act 663, 2003) which helps towards achieving value for money starts from identification of needs followed by procurement procedures, which enhances procurement of logistics leading to identification of suppliers of the needed logistics. Request for quotation and prices are made which culminates into the selection of supplier with the right product coupled with the economized price. However, an assessment of a prototype is made and upon satisfaction, final acquisitions of the good(s) are made and sent into stores for safe – storage. These are served to clients upon request made by the healthcare provider

## **CHAPTER THREE**

### **RESEARCH METHODOLOGY**

#### **3.1 Introduction**

This chapter focuses on the research design, target population, sample and sampling procedures, data collection methods, analysis of data, scientific credibility, limitation of the study and ethical consideration. It also discusses the profile of the study area.

#### **3.2 Research Design**

Research design is a detailed outline of how an investigation took place. It is the framework that has been created to seek answers to research questions. They are sometimes used to challenge traditionally held scientific theories. It leads to new theories about psychological phenomena either through pilot research or through case study on their own and allows researchers to study the sample relationship between phenomena, context and people. The following research designs were used in the research, namely; case study, quantitative, qualitative and descriptive studies.

Case study is an approach to research that focuses on gaining in-depth guidelines for designing and conducting research. As Willing (2008) asserts, case studies “are not characterized by the methods used to collect and analyze data, but rather, it focus on a particular unit of analysis”.in this research, SGH was used as a case study to obtain in-depth knowledge of assessing PPA in the management of drugs because it was bounded in examining a specific set of individuals to obtain result of the research. However, questionnaires were administered to the individual respondents to ascertain their opinions or

inputs to help take a decision which came to support quantitative aspect of the research. Furthermore, results of the interview conducted on four managers were also analyzed and the results put together with that of the questionnaires to come with the various findings obtained. Once again, the reason for the use of this methodology helped the researcher to obtain the necessary data and the corresponding outcome of the research.

Quantitative research is a more logical and data- led approach which provides a measure of what people think from a statistical and numerical point of view. It is about asking people for their opinion in a structured way so you can produce hard facts and statistics to guide you to get reliable statistical results. The researcher applied a mixed method involving the quantitative as well as the qualitative approaches. At SGH, the population was stratified and simple random and purposive sampling methods were used to select the respondents.

Qualitative research is a method of enquiry employed in many different academic disciplines, traditionally in social sciences. It is about exploring issues, understanding phenomena and answering questions by analyzing and making sense of unstructured data. Qualitative research was used when 4 managers were interviewed to solicit their responses to draw a conclusion on the research.

The study is descriptive in the sense that information is collected without changing the environment (i.e. nothing is turned around). Descriptive study can involve a onetime interaction with a group of people (cross sectional studies) or a study might follow individuals over time (longitudinal studies). To do this the researcher interacted with participants through interview to collect the necessary information.

### **3.3 Population**

The entire staff of SGH formed the population of the study. This comprised staff in the following departments; Records, Statistics, Procurement, Public Health, Nursing, Medical Doctors, Accounts, Family Planning, Eye, General OPD, Pharmacy, X-Ray and Laboratory.

### **3.4 Sample and Sampling Procedures**

Sixty- three (63) respondents were chosen out of the total population. The sampling techniques applied were simple random, stratified sampling and purposive sampling. The choice of the sampling technique depends on the research questions and objectives. Stratified sampling is a method of sampling from a population. In statistical surveys, when sub populations within an overall population vary, it is advantageous to sample each sub population independently. A stratified sample is made up of different ‘layers’ of the population, for example; selecting sample from different age groups. The advantages of using stratified sampling in a research are that, it makes measurement becomes more manageable and / or cheaper when population is grouped into strata’s and it often desirable to have estimates of population parameters for groups within the population. At Suhum Government Hospital stratified sampling was used to select the various respondents from the various units or strata namely, Records, Statistics, Procurement, Public Health, Nursing, Medical Doctors, Accounts, Family Planning, Eye, General OPD, Pharmacy, X-Ray, Laboratory and questionnaires were administered to the respondents for the solicitation of raw data to serve as a guide for the researcher.

Random sampling is a method in which individuals are chosen from a group randomly and entirely by chance, such that, each individual has the same probability of being chosen at

any stage during the sampling process. Simple random sampling was used at SGH to select the respondents after the total population had been stratified into groups shown in the table below

<b>Unit</b>	<b>Number of respondents</b>
Records	1
Statistic	1
Procurement	3
Public health	2
Nursing	23
Medical doctors	4
Accounts	5
Family planning	2
Eye	2
General OPD	5
Pharmacy	8
X- Ray	2
Lab	5
<b>Total</b>	<b>63</b>

**Source: Researcher's work**

Purposive sampling relies on the judgment of the researcher when it comes to selecting the unit (e.g. people, cases/ organizations, events, pieces of data) that are to be studied. Usually, the sample being investigated is quite small especially when compared with probability

sampling techniques. The main goal of purposive sampling is to focus on particular characteristics of a population that are of interest, which will be best to enable you to answer your research questions. In this regard, the researcher selected four managers, namely the Medical Superintendent, the Health Service Administrator, the Pharmacist, and the Procurement Officer for the purpose of conducting interview under the various sub-headings emanated from the research objectives and the results analyzed to aid findings.

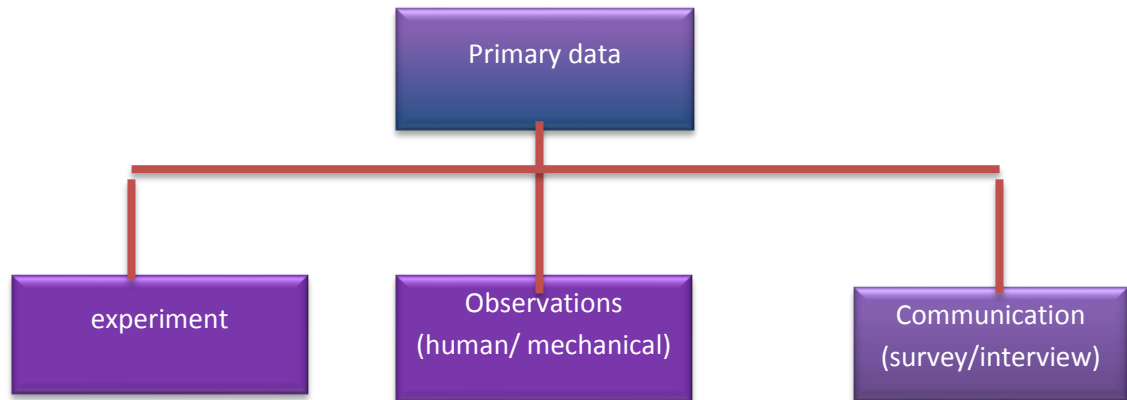
### **3.5 Data and data collection procedures**

Two types of data were used for the research. These were primary and secondary data.

Primary data is that which is collected by sociologists themselves during their own research using research tools such as experiment, survey questionnaires, interviews and observation.

Primary data is the best source of information and always good for surveys. It goes with various advantages; original data, unbiased information, data from primary market/population, basic data and data direct from the population. Questionnaires and interviews were mainly used to obtain the primary data or information for analysis from the respondents. These instruments helped the researcher to have the needed information to complete and make a good analysis of the research.

The diagram below depicts primary data collection steps.



Source: Ghauri and Gronhaug (2005). Reviewed; Chen Y. et. al (2011)

The most perfect process to generate input from the respondents is the usage of interviews and questionnaires. Qualitative interview comes out with important knowledge of communications inputs. Respondents are expected to state their feelings or opinions without fear of favor. (Lindlof,1995). Various ways to conduct interviews include; structured interview and unstructured interview. Structured interview method was used for the research work. At SGH questionnaires interviews were used to obtain the data from the respondent to form the basis for the primary data for the research studies.

The researcher did some pilot studies. Polit and Hungler, (2003), see pilot testing as a miniature version or trial done prior to the actual study. The reason for conducting pilot or pre- testing study is to ensure an appropriate level of accuracy and dependability of the data collection instruments. Pilot testing further helps the researcher to go straight to what his demands are.

One of the merits of organizing pilot or pre- testing is that, it might indicate where the main research could fail way ahead of time. It may also indicate where research protocols may not be followed or whether the suggested procedures or instruments are not in order or too

cumbersome. According to De Vaus, (1993), pre- testing is essential for the under listed reasons;

Firstly identifying logistical problems, this might crop up upon the usage of the proposed methods. Secondly, coming out with the needed resources for the planned research (finance, staff).

Thirdly, developing and organizing accuracy testing of the instruments to be used for the research.

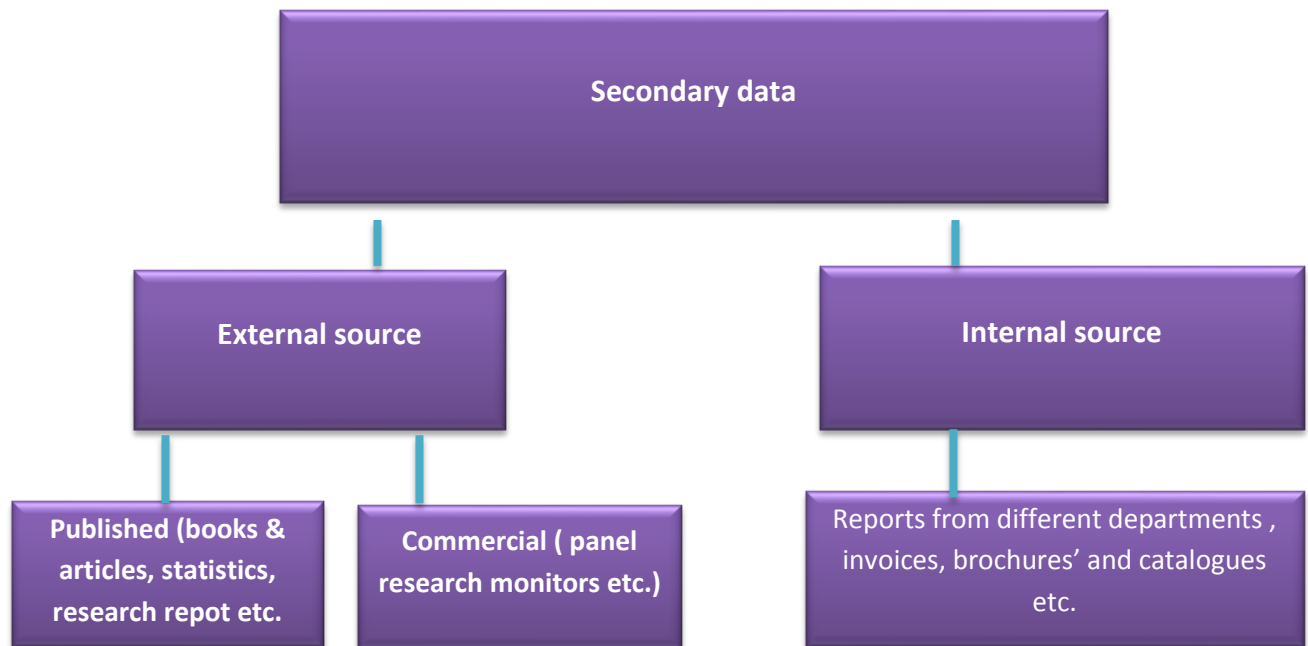
Lastly, forecasting variability in establishing the outcome to offer assistance in establishing the sample size.

The research instruments were piloted at New Abirem Government Hospital in the Eastern Region of Ghana. Ten (10) respondents were chosen from the various units randomly using simple random sampling techniques (lottery method) to represent the total sample size.

Secondary data is the data that have been already collected and readily available from other sources. Such data are cheaper and more quickly obtainable than primary data and also may be available when primary data cannot be obtained at all.



The diagram below depicts secondary data collection steps;



**Source:** Ghauri and Gronhang, (2005). Reviewed; Chen Y. et. al (2011)

Secondary data used in this research was picked from internal and external sources. Inputs and reports taken from the procurement department formed part of the thesis write – up.

For the purpose of this research, other peoples work, journals and manuals on procurement and management of drugs were read through and very vital information picked and the source credited. These were used in addition to the primary data to draw conclusions to confirm or not, previous conclusions by other researchers and recommendations made upon the outcome that could also be used by future researchers for the same indicators.

### 3.6 Scientific credibility

With time credibility is ascertained when it comes to in both agreed and precise ways. It indicates our coexistence with friends and supporters. In principle, it is about the genuine and sincere evaluation of other people's work and credit accorded accordingly. It is about

documentation, storage of our final findings vis-à-vis the transparency and special attention in the experiment reporting. In cases of inability to showcase credibility, our work will not be built upon by others of which the movement of scientific development is put on hold. The genuineness of an empirical outcome of research would be sincerely based on credibility, dependability and trustworthiness. Yin, (2008).

### **3.7 Analysis of data:**

It is the process of inspecting, cleaning, transforming and modeling data with the goal of discovering useful information, suggesting conclusion and supporting decision making. Data generated from the respondents of the various units within the hospital was processed with excel spread- sheet to come out with tables, percentages and bar charts, and these aided the discussion and interpretation leading to conclusions on the objectives of the research.

### **3.8 Ethical consideration:**

The chance to conduct the thesis research was given a green light by the Medical Superintendent of Suhum Government Hospital and his management team of which a promise was made to keep all information strictly private and confidential. This led to total cooperation of all employees of the hospital without obstacles.

### **3.9 Profile of Suhum Government Hospital**

The Suhum Government Hospital was started as a Health center in 1958 and was upgraded to a District Hospital in 1959. The hospital is located in the Suhum Municipality and is found on the main highway between East Akyem Municipality and Kraboa Coaltar District. The hospital serves a catchment population of 87,514 (2010, population census) and has a bed capacity of 131 with a work force of 250.

#### **Vision**

The vision of the Suhum Government Hospital is to become a center of excellence in the provision of quality, affordable and accessible health care to all people living within the catchment area.

#### **Mission**

Suhum Government Hospital is committed to the delivery of health care through client focused activities, with a well-trained, motivated, disciplined and result -oriented staff.

#### **Overview of activities**

The Suhum Government Hospital offers the under listed range of services: Eye services, Outpatient care, Inpatient care, Pharmacy, X-ray, Laboratory, Public health and Family planning among others.

## CHAPTER FOUR

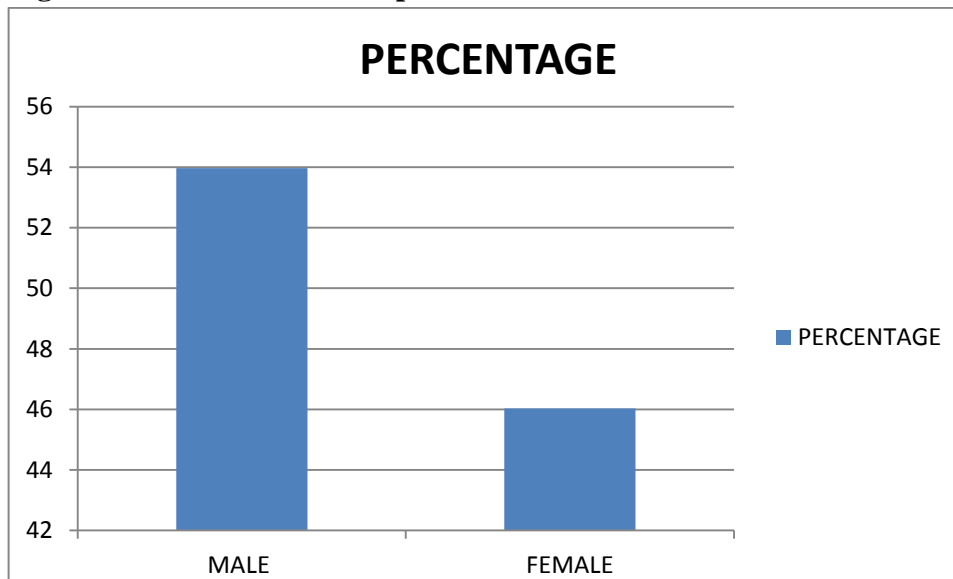
### RESLUTS AND DISCUSSIONS

#### 4.1 Introduction

This chapter indicates the analysis of data obtained from the 63 respondents which the researcher took from the study area to address the objectives of the study.

#### 4.2 Background Attributes of Respondents in Percentages

**Figure. 3: Gender of the Respondents**



**Source: Field Data June 2015.**

Figure 3 depicts that, out of the 63 interviewees, 54% were males and 46% were females. The figure indicates, that the male workers out numbered the female workers of the Suhum Government Hospital.

### 4.3 Department of Respondents

**Table 1:**

DELPARTMENT	FREQUENCY	PERCENTAGE %
RECORDS	1	1.59
STATISTICS	1	1.59
PROCUREMENT	3	4.76
PUBLIC HEALTH	2	3.17
NURSING	23	36.51
MEDICAL DOCTORS	4	6.35
ACCOUNTS	5	7.94
FAMILY PLANNING	2	3.17
EYE DEPARTMENT	2	3.17
GENERAL OPD	5	7.94
PHARMACY	8	12.70
X- RAY	2	3.17
LABORATORY	5	7.94
TOTAL	63	100

Source: Field Data June 2015

From table 1, the nurse's grade formed the highest respondent group with 36.51%, followed by the pharmacy with 12.70%. Accounts, general OPD and laboratory were next after the pharmacy. Medical doctors, Procurement officers, X- ray staff, Eye unit, Public health,

Statistics, Family planning and Medical records on their part formed 6.35%, 4.76%, 3.17%, 3.17%, 3.17%, 1.59% and 1.59% respectively.

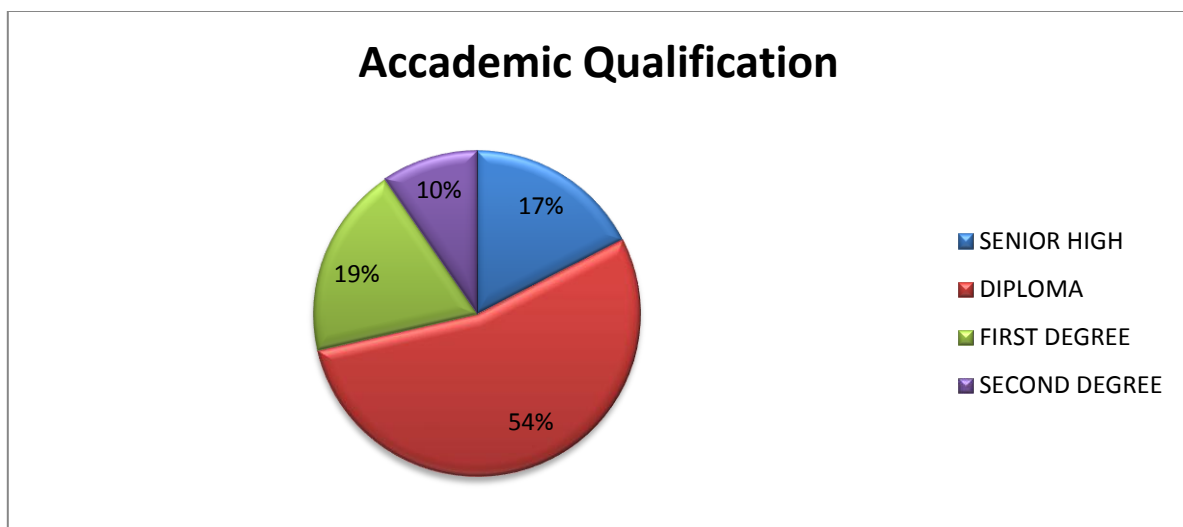
#### 4.4 Academic Qualification of Respondents

**Table 2**

QUALIFICATION	FREQUENCY	PERCENTAGE %
SENIOR HIGH	11	17.46
DIPLOMA	34	53.97
FIRST DEGREE	12	19.05
SECOND DEGREE	6	9.52
TOTAL	63	100

Source: Field Data June 2015

Table 2 indicates the educational qualification levels of the respondents. Majority of the respondents had diploma followed by first degree holders with a percentage of 19.05%. Following was Senior High School education with a percentage of 17.46% and lastly holders of Second Degree with a percentage of 9.52%. It can be established that, the chunk of staff of Suhum Government Hospital have a very good academic qualifications which will affect their final output positively. Below is a pie chart of the academic qualification of the respondents as explained in table 2 above.



#### 4.5 Existence of the Procurement Act (PPA)

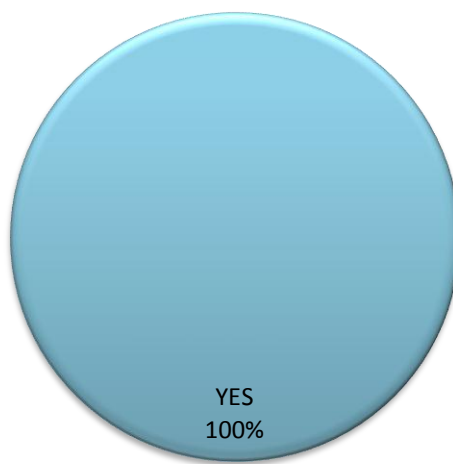
**Table 3**

VARIABLE	FREQUENCY	PERCENTAGE %
YES	63	100
NO	0	0.00
TOTAL	63	100

Source: Field Data June 2015

In response to the question whether respondents know about the existence of the PPA, 100% indicated, that they knew about the existence of the Public Procurement Act 663, (2003). This indicates that all the respondents were aware of the existence of the Public Procurement Act.

### Existence of Procurement Act



The pie chart above further explains the tabular presentation of the existence of the procurement Act.

#### **4.6 How Respondents got to know about the Public Procurement Act**

As to how respondents got to know about the PPA, it was indicated from table 4 below that, 42.86% heard about the PPA during training and staff durbars. Whilst 28.5% knew the existence of the public procurement Act through the media, 15.87% got to know it during management meetings and 12.70% through friends. This indicates that the majority of the staff at Suhum Government Hospital have heard about the Public Procurement Act 2003 (Act 663).



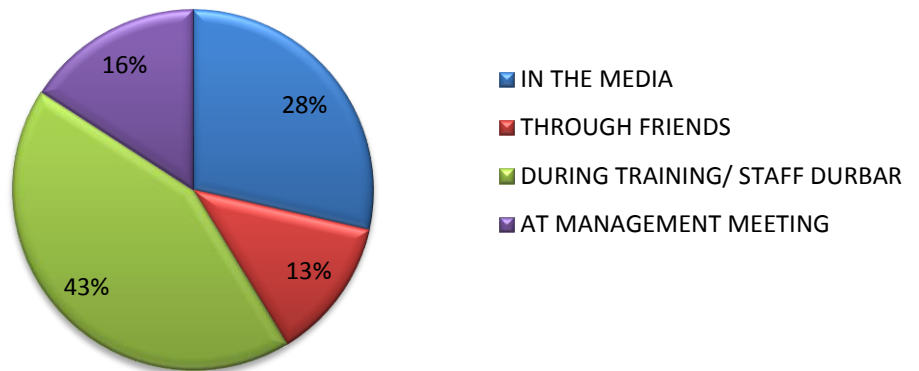
**Table 4**

VARIABLE	FREQUENCY	PERCENTAGE %
IN THE MEDIA	18	28.57
THROUGH FRIENDS	8	12.70
DURING TRAINING/ STAFF DURBAR	27	42.86
AT MANAGEMENT MEETING	10	15.87
TOTAL	63	100

Source: Field Data June 2015

In the next page is a pie chart pictorial view of how respondents got to know about the PPA at SGH.

### How respondents heard about the PPa Act.



#### **4.7 What the Public Procurement Act, 2003 (Act 663) Stands For.**

To ascertain from respondents what the PPA stood for, it was established from table 5 that, 42.86% described it as an Act of parliament while sixteen (16) respondents, representing 31.75%, described it as a Procurement guideline. Moreover, 15.87% of the respondents described it as tender documents and 9.52% of the respondents knew it to be just a mere policy document. It can be realized that, many of the respondents at Suhum Government Hospital knew the Public Procurement Act 2003 (Act 663) as an Act of parliament.

**Table 5**

VARIABLES	FREQUENCY	PERCENTAGE %
A MERE POLICY DOCUMENT	6	9.52
AN ACT OF PALIAMENT	27	42.86
PROCUREMENT GUIDELINES	20	31.75
TENDER DOCUMENT	10	15.87
TOTAL	63	100

Source: Field Data June 2015

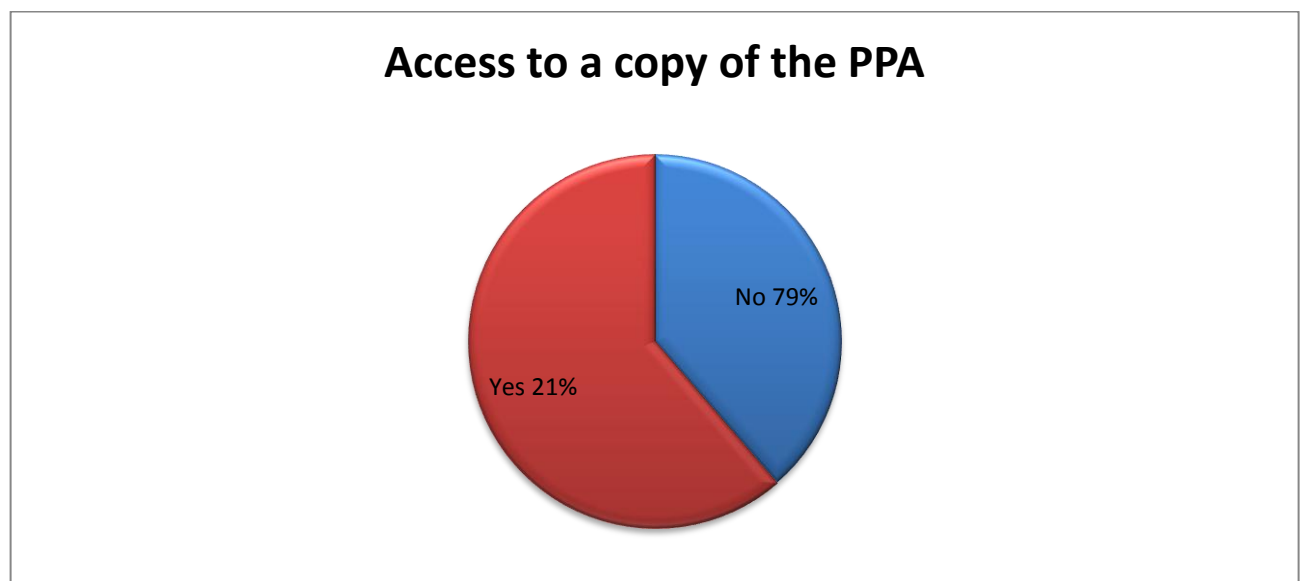
#### 4.8 Access to a Copy of the Public Procurement Act?

**Table 6**

VARIABLE	FREQUENCY	PERCENTAGE %
YES	13	20.63
NO	50	79.37
TOTAL	63	100

Source: Field Data June 2015

To know whether the respondents have had access to copies of the PPA, it was realized as shown in table 6 that, 79.37% have not had access to a copy of the Public Procurement Act. However, 20.63% of the respondents indicated otherwise. It can be deduced from the result that majority of the respondents have not had access to a copy of the Public Procurement Act. The pie in the next page further enhances table 6 above.



#### **4.9 Reading Through or Making Reference to the Public Procurement Act?**

**Table 7**

VARIABLE	FREQUENCY	PERCENTAGE %
YES	11	17.46
NO	52	82.54
TOTAL	63	100

Source: Field Data June 2015

To ascertain whether the respondents have read through or made reference to the PPA, it came out clearly as indicated in table 7 that 82.54% have never read through or made reference to the Public Procurement Act, while 17.46% have read through and also made references to the Public Procurement Act. It can be realized that the majority of the respondents have not read through the Public Procurement Act 2003 (Act 663).

#### **COMPLIANCE WITH PPA WITH REGARDS TO STORES PROCEDURE**

The researcher through interview solicited the views of management members, namely; the Medical Superintendent, the Health Service Administrator, the Pharmacist and the Procurement Officer, to find out whether Suhum Government Hospital complies with the provisions of the PPA in its stores procedures.

Information received from all the four officers indicated that the hospital has a well-established store unit where goods bought are kept for onward distribution to the various units that need them.

As to whether Suhum Government Hospital has qualified stores personnel, the four(4) managers of the hospital interviewed, came out clearly that, the hospital has qualified stores

personnel who have the requisite qualification coupled with in-depth stores management skills to man the hospital's stores unit.

As to the educational background of the store keeper of the hospital, the 4 officials interviewed clearly stated that, he holds a Higher National Diploma (HND) in purchasing and supply and that, he is very capable to handle the activities of the stores especially in respect of receipts and issues of drugs and proper documentation of stores transactions. They supported this claim by the fact that, auditors occasionally examine the stores management of the Suhum Government Hospital and give a very good report.

It was realized from the interview that, the stores personnel holds the rank of a supply officer which is, equivalent to the Higher National Diploma in Purchasing and Supply and a Senior Officer grade in the Ghana Health Service. This indicates that the majority of the Health Management Team (HMT) of Suhum Government Hospital knew about the rank of the store keeper.

It was realized from the interview that, three officers work at the hospitals stores unit in addition to the storekeeper also known as supply officer. The supply officer among other duties oversees the day- to- day running of the store in addition to maintaining the cleanliness of the stores and its environs and also ensuring proper arrangement of items in the store for easy retrieval.

It came out clearly from the interview that, the hospital has no spacious storage facilities to keep items due to lack of building infrastructure. It was further realized from the interaction that, they are unable to put up a spacious building to be used as stores due to the suspension

of capital expenditure by government and the inability of the hospital to raise sufficient internally generated fund (IGF) for the purpose.

The officers interviewed said that all items were listed in the stock register as well as stores receipt voucher before they are received into the stores and issued out of the store upon demand, indicating that there was a procedure for accepting drugs into stores and issuing drugs out of the store.

It was established as a fact that, the hospitals internal auditor does checking of each and every item received or issued out of the store and this is done by way of the certification of all requisition books from various units of the hospital to the stores for items. The officers interviewed further stated that the internal auditor does on the spot check of the hospital stores once every week with the stores keeper and issues a report to management for consideration.

All the interviewees disagreed that the poor procurement organization and procedures led to employees of the Suhum Government Hospital not complying with the PPA.

The interviewees strongly agreed that, the PPA is an act passed by parliament and all departments and agencies are supposed to comply and that under no circumstance will one attribute lack of qualified procurement staff as a basis for non-compliance.

The interviewees disagreed that, poor stock management prevented staff of Suhum Government Hospital from complying the Public Procurement Act 2003 (Act 663).

## THE EFFECT OF THE IMPLIMENTATION OF THE PPA ON THE PERFORMANCE OF THE HOSPITAL

### 4.10 What does the Public Procurement Act Seek to Achieve?

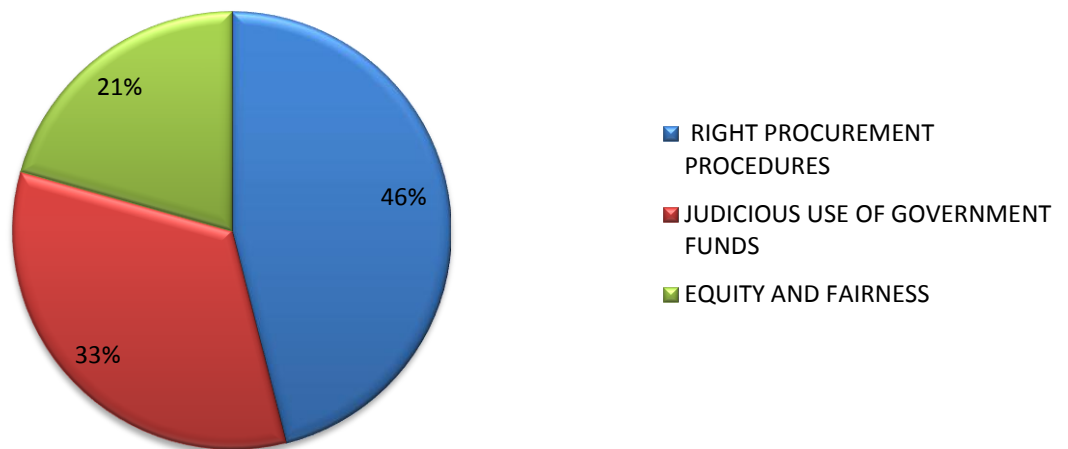
**Table 8**

VARABLE	FREQUENCY	PERCENTAGE %
RIGHT PROCUREMENT PROCEDURES	29	46.03
JUDICIOUS USE OF GOVERNMENT FUNDS	21	33.33
EQUITY AND FAIRNESS	13	20.64
TOTAL	63	100

Source: Field data June 2015

To solicit from respondents what the PPA seeks to achieve, the result in table 8 above shows that, 46.03% are of the opinion that, the Public Procurement Act seeks to achieve right procurement procedures, while 33.33% indicated that, the Public Procurement Act seek to achieve the judicious use of government funds. 20.64% thought the Public Procurement Act seeks to achieve equity and fairness. It can therefore be established that, many of the respondents were of the opinion that the Public Procurement Act defined the right procurement procedure. Furthermore to boost table 8 above is the pie chart below.

### What does the PPA seek to achieve?



#### 4.11 The PPA is Useful in the Conduct of Business of the Hospital

**Table 9**

VARIABLE	FREQUENCY	PERCENTAGE %
HIGHY AGREE	44	69.84
AGREE	10	15.87
DISAGREE	4	6.35
HIGHLY DISAGREE	5	7.94
TOTAL	63	100

Source: Field Data June 2015

To establish whether the PPA is useful in the conduct of business of the hospital; as shown in table 9, 69.84% highly agreed that it is useful, while 15.87% agree that it is useful. 14.92% of the respondents disagreed that it is useful. It was realized that the majority of



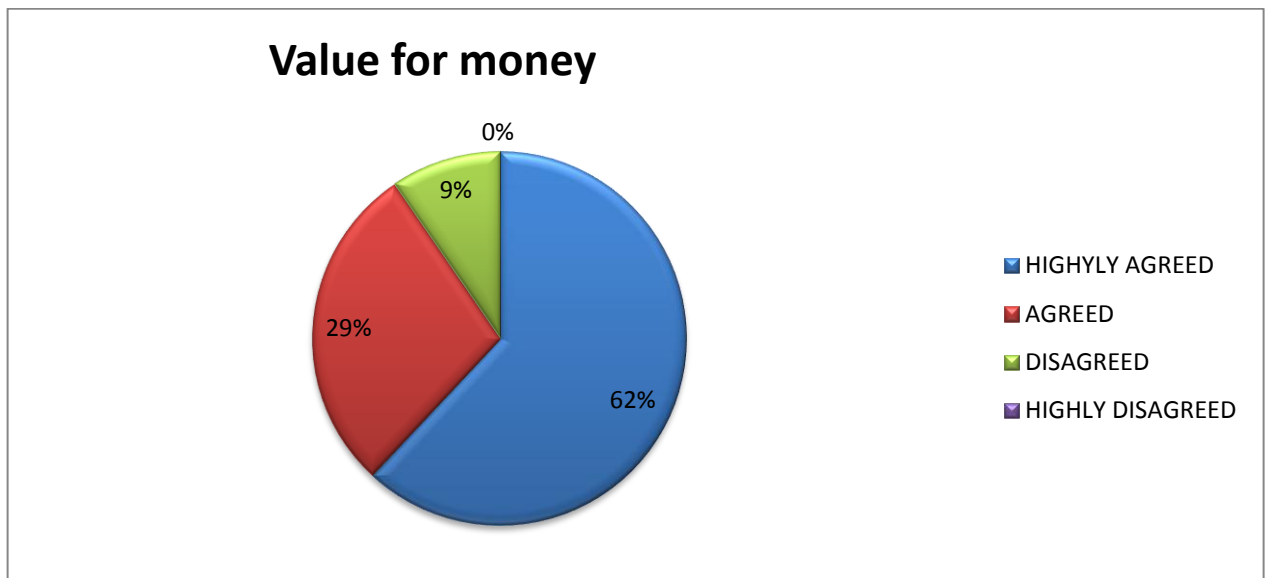
respondents agreed that, the application of the Public Procurement Act at Suhum Government Hospital was useful.

As to the question whether the implementation of PPA has resulted in value for money, Table 10(a) and the pie chart below, indicates that 61.91% of the respondents who were in the majority highly agreed that, the Public Procurement Act has achieved value for money.

**Table 10 (A) Value For Money;**

VARIABLE	FREQUENCY	PERENTAGE %
HIGHYLY AGREED	39	61.91
AGREED	18	28.57
DISAGREED	6	9.52
HIGHLY DISAGREED	-	-
TOTAL	63	100

Source: Field data June 2015



**Table 10(B) Accountability**

VARIABLE	FREQUENCY	PERCENTAGE %
TO A LARGE EXTENT	27	42.86
TO SOME EXTENT	30	47.62
TO LITTLE EXTENT	6	9.52
TO NO EXTENT	-	-
TOTAL	63	100

Source: Field Data June 2015

Table 10(b) shows that, 42.86% of the respondents were of the opinion that to a large extent the Public Procurement Act brought about accountability while 47.62% agreed with the assertion to some extent; inferring that the implementation of the Public Procurement Act brought about accountability. Below is a pie chart to highlight the presentation in table 10(b) above.

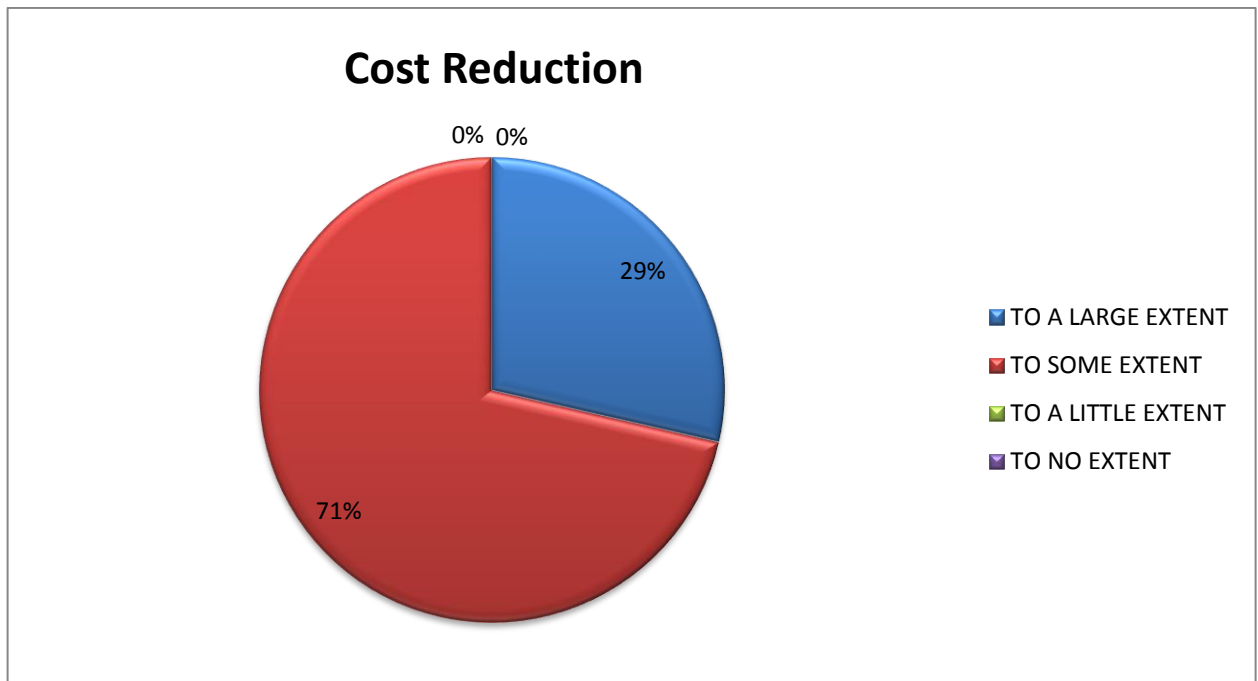


**Table 10 (C) Cost Reductions**

VARIABLE	FREQUENCY	PERCENTAGE %
TO A LARGE EXTENT	18	28.57
TO SOME EXTENT	45	71.43
TO A LITTLE EXTENT	-	-
TO NO EXTENT	-	-
TOTAL	63	100

Source: Field data June 2015

Table 10 (c) indicates that 28.57% and 71.43% were of the opinion that the implementation of the Public Procurement Act to a large and some extent respectively brought about cost reduction. Below is a pie chart of table 10 (c).

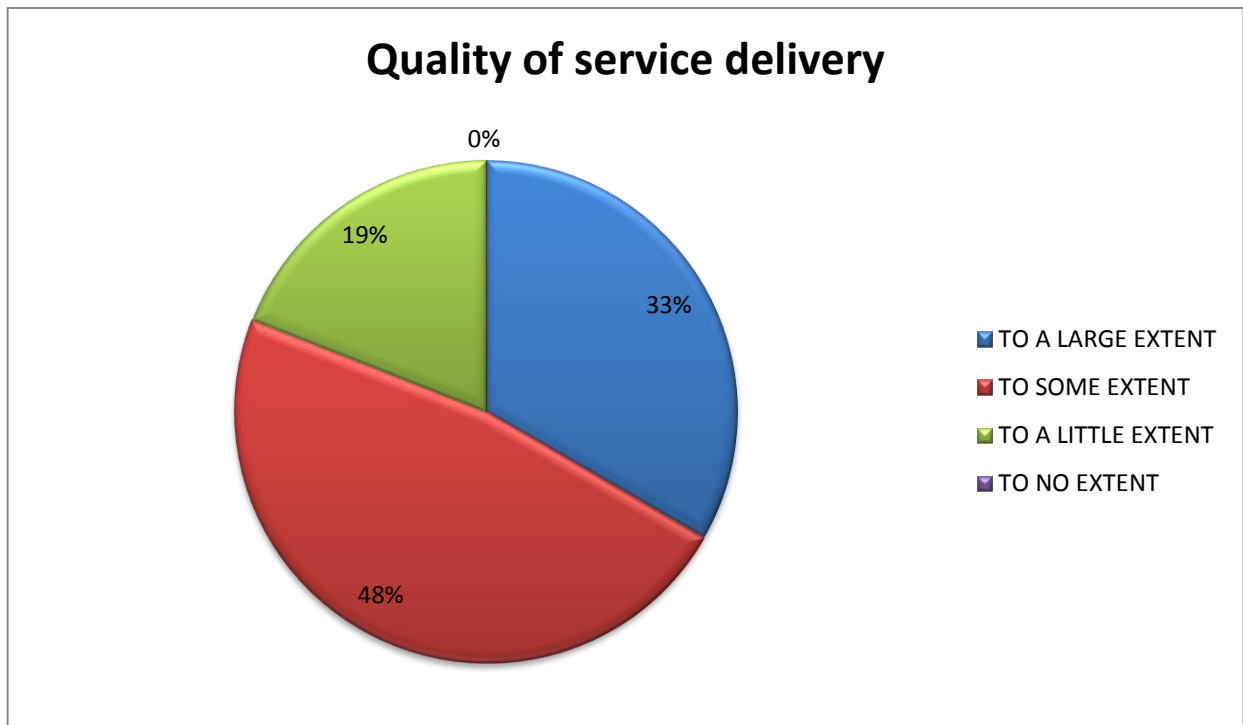


**Table 10 (D) Quality Of Service Delivery.**

Table 10(d) and the pie chart below shows that, 21 and 30 of the respondents, representing 33.33% and 47.62% respectively agree to some extent that the Public Procurement Act has led to quality service delivery.

VARIABLE	FREQUENCY	PERCENTAGE %
TO A LARGE EXTENT	21	33.33
TO SOME EXTENT	30	47.62
TO A LITTLE EXTENT	12	19.05
TO NO EXTENT	-	-
TOTAL	63	100

Source: Field Data June 2015

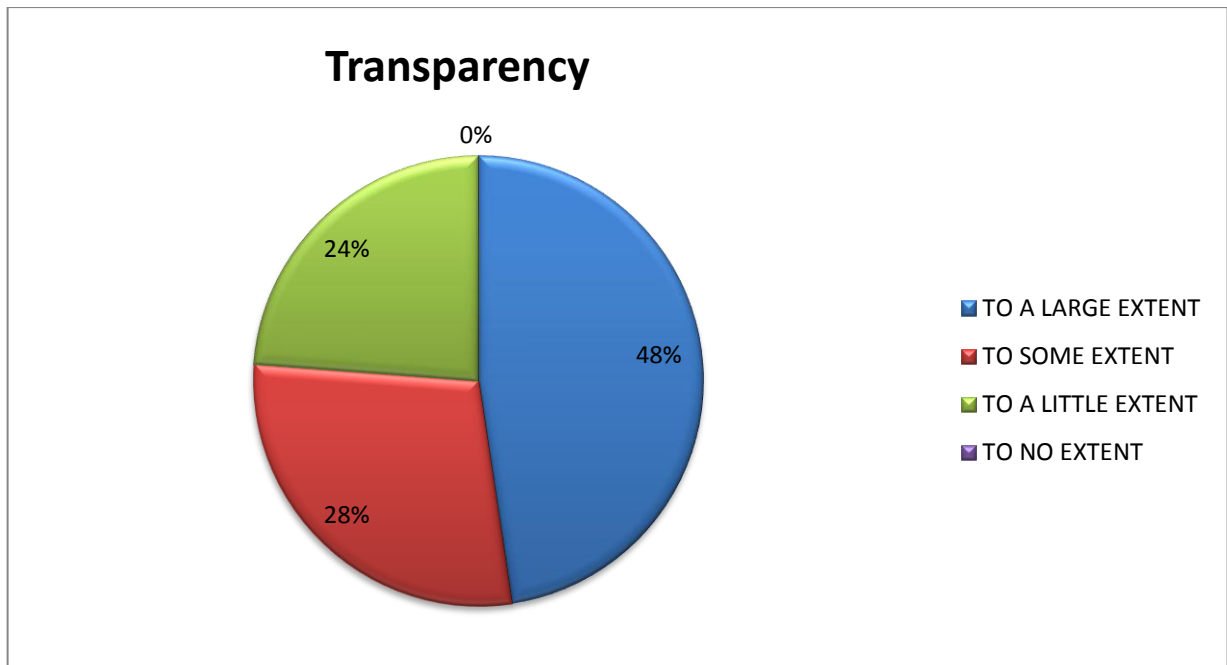


**Table 10 (E) Transparency**

VARIABLE	FREQUENCY	PERCENTAGE %
TO A LARGE EXTENT	30	47.62
TO SOME EXTENT	18	28.57
TO A LITTLE EXTENT	15	23.81
TO NO EXTENT	-	-
TOTAL	63	100

Source: Field data June 2015

As to the extent to which PPA has affected transparency in the management of stores in the hospital; table 10(e) and the pie chart shows that, 47.62% of the respondents concluded that it has to a large extent brought about transparency while 28.57% indicated that it has to some extent resulted in transparency. This shows that the implementation of the Public Procurement Act 2003 (Act 663) brought about transparency.



## **CHAPTER FIVE**

### **SUMMARY OF FINDINGS, CONCLUSIONS AND RECOMMENDATIONS**

This chapter discusses the summary of findings, conclusions and recommendations of the research.

#### **5.1 Summary of Findings**

The following findings were established from the analysis of the result of the study;

It was established that, staff of SGH were aware of the existence of the Public Procurement Act 2003(Act 663).

It was realized that, staff in SGH have heard about the Public Procurement Act 2003 (Act 663).

It was realized from the study that, Suhum Government Hospital considers the Public Procurement Act 2003 (Act 663) as an Act of parliament.

From the study, it was clearly established that; staff of SGH have either not seen or got copy of the Public Procurement Act 2003 (Act 663).

It came out explicitly, that the staff of SGH have not read through or made reference to the Public Procurement Act in their endeavors.

It was established that the application of the Public Procurement Act is very useful at SGH.

It was established that, the Public Procurement Act seek to define the right of procurement.

It was highly agreed that the application of the PPA was useful in the conduct of the business at Suhum Government Hospital.

It was established that, Suhum Government Hospital indeed had a store unit where drugs procured are kept for safe keeping and for onwards transmission to the user unit upon request.

It was also revealed that, Suhum Government Hospital had qualified stores personnel to manage the day- to day activities of the store, which confirms Omari- Siaw B. (2014) work on “Assessment of Pharmaceutical Supply Chain” done at Kwahu Government Hospital (KGH), Atibie in the Eastern Region of Ghana. This also attest to the fact that personnel involved in the procurement processes indeed had knowledge and requisite training in the handling of procurement activities which goes contrary to Dowling, (2011) work on “Healthcare Supply Chains in Developing Countries” which indicated that, in lower and middle income countries, there is lack of skilled personnel with requisite training for them to function appropriately.

It also came out that the stores personnel are highly qualified and have an in-depth knowledge when it comes to delivery on their work and this was confirmed by Omari- Siaw. B. (2014).

It was established that the rank of the stores personnel at SGH was known.

It established that three staffs work at the Suhum Government Hospital stores to facilitate the smooth running of the stores.

It was realized that there wasn't enough space at the stores where drugs are kept. This confirms Dowling (2011)'s Analysis of Poor Supply Chain System compounded by insufficient storage space in developing countries. It furthermore came to confirm Omari-Siaw, B. (2014)'s research conducted at KGH, Atibie in the Eastern Region of Ghana.

It was established that the procedure for accepting drugs into stores is the listing of all items in stores receipt vouchers, which confirms Dowling's situational analysis on healthcare supply chains in developing countries.

It was established that, the internal auditor does the checking of drugs before they are received into stores.

It was established that the Public Procurement Act had to a large extent contributed to the achievement of value for money. This confirms Anvu et. al, (2006) assertion that a structured approach putting into consideration all the necessary procurement arrangements and project outcomes as well as laid down procedures is the best way to ascertain value for money.

It was also realized that the Public Procurement Act contributed towards accountability. This came to confirm Anvuur et. al (2006) research which spells out that when the five pillars of the procurement are adhered to, it leads to the achievement of accountability. It once again came out that the introduction of the Public Procurement Act has brought cost reduction. In addition to that, the Public Procurement Act has led to the delivery of quality of service and has brought transparency in the day - to - day activities of Suhum Government Hospital, which confirms Anvuur et. al (2006) position.



Finally, it was established from the research that the 4 managers knew their roles when it comes to procurement activities and had detailed knowledge of the Public Procurement Act 2003 (Act 663).

## **5.2 Conclusion**

In conclusion, it was established through the research that, the staff of SGH knew about the PPA which references could be made to it to serve as a guide during procurement activities. The existence of the PPA as an Act of parliament seeks to achieve the procurement procedure, judicious use of government and the hospital's funds, fairness and equity in value for money. It also came to light through the research that, the SGH does not have spacious storage facility and the internal auditor checks every item before they are sent into or out of the stores. It however came to light also that, there was a qualified stores personnel manager in charge of the stores of SGH and the inception of the PPA has led to achieving health services delivery since its inception or when it was passed into a law.

The research conducted can be used by future researchers. The idea put across shows a decision reached and a performance for each activity needs further testing and be validated in other studies. The methodology used or implemented is an approach to a quantifiable and step by step investigation. This research study has added to the knowledge in the area of the implementation of the PPA in Ghana and recommendations prescribed. This study indicates the benefits of looking at public procurement and the management of logistics towards achieving accountability, transparency and value for money. What came out of the research is a credible conclusion of what the PPA and management of logistics put together seeks to achieve in terms of health services delivery in a district hospital in Ghana as a whole.

### **5.3 Recommendations**

Depending on the findings of the study to achieve the stated objectives, the following recommendations are made to improve the practice of procurement and management of drugs in the Suhum Government Hospital.

#### **Avoidance of Bureaucratic corruption**

The Ministry of Health (MOH)/ Ghana Health Service (GHS) should ensure that, there is a strict adherence to the Public Procurements Act to prevent collusion of top managers, procurement officers and suppliers to manipulate the procurement system to their advantage. In doing so, a lot of savings could be made to affect other areas which might need attention to help proper delivery of health care to Ghanaians in general.

#### **Training sessions**

The MOH/GHS should ensure that, in service and external training should be organized for GHS staffs preferably the procurement officers, Hospital Management Team (HMT) and internal auditors to update them at regular interval the current issues that crop- up in the procurement activities to enhance proper accountability, transparency, value for money and availability of logistics (drug) in the various regional, district and other health facilities in the country as a whole. This could even be fused into the thought courses of all health related training institutions in the country in collaboration with the Universities, Polytechnics and various health institutions.

### **Availability of funds**

The government of Ghana as matter of importance must see to it that funds are readily made available to all health institutions in the country to purchase adequate logistics (drugs) into their stores to fore- store any intermittent shortages of very important drugs and non drugs consumables in all health facilities.

### **Avoidance of corruption in the procurement system**

To prevent or minimize corruption in the procurement processes of Suhum Government Hospital, the researcher is of the opinion that, the suppliers of logistics for both drugs and non-drugs should not be limited in terms of numbers of qualified suppliers but the hospitals doors in terms of registration of suppliers should be opened and suppliers evaluated at regular interval to check pricing and provision of quality products to the hospital.

### **Internal controls**

In order to avoid waste and purchase of shoddy products, the management team of Suhum Government Hospital should ensure that duties are segregated in terms of procurement to ensure transparency and value for money. The government should also empower the Ghana Audit Service (GAS) to initiate prosecution against whoever goes contrary to the Public Procurement Act 2003 (Act 663).

### **Empowerment of the procurement committee of Suhum Government Hospital**

The hospital management team should be committed to empower and strengthening their procurement committee. This could be done based on at regular interval meetings with the

procurement committee members to give recommendations of products or items that would be of importance to the hospital for a period.

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**APPENDIXES**  
**RESEARCH QUESTIONARE**

This study is purely for academic purposes. All responses will be treated with due confidentiality. This instrument is designed to draw out responses from employees at Suhum Government Hospital as part of a research on the procedures of procurement and management of Logistics (drugs) to assess whether they are effective and efficient to the organization.

**SECTION A: SOCIO- DEMOGRAPHIC CHARACTERISTICS**

1. Gender a) male ☐ b) female ☐
2. Grade/ Position at the hospital.....
3. Academic Qualification.....

**SECTION B: EXISTENCE OF THE PUBLIC PROCUREMENT ACT**

4. Have you heard about the Procurement Act? A) Yes ☐ b) No ☐
5. If yes, how did you hear about it?
  - a) In the media
  - b) Through friends
  - c) During training/ staff durbar
  - d) At management meeting

e) Other (specify)

**6.** What do you know about the Public Procurement Act, 2003 (Act 663)?

a) A mere policy document

b) An Act of parliament

c) Procurement Guidelines

d) Tender Document

e) Other ( specify)

**7.** Have you seen or got a copy of the Public Procurement Act?

a) Yes ☐ b) No ☐

**8.** If yes, have you been reading it or making it a reference source at regular interval?

a) Yes ☐ b) No ☐

**9.** What does the Public Procurement Act seek to achieve?

a) Defined right procurement procedures

b) Judicious use of government funds

c) Equity and fairness

d) Value for money

e) Other (specify)

**10.** How is it applied at the hospital?

a) Highly agree

- b) agree
- c) disagree
- d) strongly disagree
- e) Other (specify)

## **SECTION C: COMPLIANCE WITH PPA WITH REGARDS TO STORES**

### **RECEIPTS AND ISSUE PROCEDURE**

**11.** Does your hospital have a store unit?

- a) Yes ☐                      b) No ☐

**12.** Do you have qualified stores personnel?

- a) Yes ☐                      b) No ☐

**13.** What is the educational background of the personnel?

- a) MSLC/JSS ☐      b) SSCE/WACCE ☐      c) DBS ☐      d) HND ☐

e) Other (specify) .....

**14.** What is the rank of the stores personnel?

- a) Storekeeper
- b) Senior storekeeper

c) Principal storekeeper

d) Supply officer

e) Other (specify)

**15.** How many staff works at the stores?

a) One ☐ b) Two ☐ c) Three ☐ d) Four ☐

e) Other (specify) .....

**16.** Does your Hospital have spacious storage facilities at the stores?

a) Yes ☐ b No ☐

**17.** What procedure does your hospital follow in accepting logistics (drugs) into the stores?

a) Listing all items in a notebook

b) Listing items in stock register

c) No documentations made upon receipt

d) Listing all items in the stores receipts voucher

e) Other (specify) .....

**18.** Who does the inspection and the quantity checks of stocks of logistics (drugs) received?

- a) Internal auditor
- b) Accountant
- c) Storekeeper
- d) Administrator
- e) Other (specify) .....

#### **SECTION D: CONTRIBUTIONS OF THE PUBLIC PROCUREMENT ACT**

Please indicate by ticking the appropriate responses to each of the following indicators ( to a larger extent, some extent, a little extent, to a no extent).

19. What is the effect of the implementation of the PPA on the performance of the hospital?

Effect of the Public Procurement Act	To a larger extent	To some extent	To a little extent	To a no extent
a) Value for money				
b) Accountability				
c) Cost reduction				
d) Quality of service				
e) Transparency				

**20. What factors prevents employees from complying with the Public Procurement Act**

**theories at Suhum Government Hospital? Please tick the appropriate response to each of the**

**following indicators(strongly agree, agree, strongly disagree)**

Factors	Strongly agree	Agree	Disagree	Strongly disagree
a) Unclear statutory basis and absence of procurement code				
b) Inadequate procurement policy, strategy, planning and management capacity				
c) Poor procurement organization and procedures				
d) Lack of qualified procurement staff				
e) Poor stock management				
f) Lack of availability				
g) High prices				



21. How can the above problems be controlled? .....

**Awareness Level of the Public Procurement Cycle**

22. Do you know about the existence of the Public Procurement Cycle?

a) Yes ☐ b) No ☐

23. If yes, do you know the composition of the Public Procurement Cycle?

a) Yes ☐ b) No ☐

24. If yes do you know the membership of the entity tender committee?

a) Yes ☐ b) No ☐

25. What work does the evaluation members do? Please comment

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

26. Do you have an annual procurement plan for the hospital?

a) Yes ☐ b) No ☐

## **SECTION E: INTERVIEW GUIDE**

Open- ended question was used as an interview guide by the researcher. the interviewees of which the interview guide was used were; the Medical Superintended of the Suhum Government Hospital, the Health Services Administrator, the Accountant, the Head of pharmacy and Head of the procurement unit. The questionnaires for the interviewees are structured below;

- 1) Do you have annual procurement plan for the hospital?
- 2) What role do you play in procurement as a manger?
- 3) Do you know about the existence of the procurement cycle?
- 4) How well does the institution adhere to the procurement ACT?
- 5) What procedure does your hospital follow in accepting logistics (drugs) into stores?