

KWAME NKRUMAH UNIVERSITY OF SCIENCE AND TECHNOLOGY

KUMASI, GHANA

**A FRAMEWORK FOR PROCUREMENT PLANNING IN PUBLIC
PROCUREMENT ENTITIES IN GHANA**

BY

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(BSc. Building Technology)

**A Thesis submitted to the Department of Building Technology in partial
fulfilment of the requirements for the degree**

MASTER OF PHILOSOPHY

(Procurement Management)

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DECLARATION

I hereby certify that all material contained within this report is my own work towards the award of MPhil Procurement Management 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.

All sentences or passages quoted in this thesis from other people's work have been specifically acknowledged by clear cross-referencing to the author.

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ABSTRACT

Public procurement around the world is one major means by which government provide developmental needs for its country. In order to achieve the ultimate goal for public procurement, various reforms have been undertaken especially in developing countries like Ghana. Notwithstanding, it has been reported that challenges are encountered throughout the procurement process notably at the planning stage. Planning generally for goods, works and services entails making future decisions that will have an impact on the procurement need. However, as important as procurement planning is to the success of the process, it has been neglected by public procurement entities especially in the local government sector. The study therefore aimed at proposing a framework for procurement planning in public procurement entities in Ghana. The study adopted a qualitative approach by which qualitative data was collected and analysed. Primary data was collected from respondents by the use of unstructured and semi structured interview guide through face to face interaction. This helped to collect data on the current procurement planning practices in procurement entities. A review of literature identified challenges faced in procurement planning. The target population was procurement officers in all six (6) Metropolitan Assemblies in Ghana. The qualitative data obtained was analysed using the thematic data analysis technique. The study revealed eleven (11) stages of current procurement planning processes that procurement entities undertake to develop their annual procurement plan. In addition, the study identified sixteen (16) challenges faced in procurement planning. Among them are unfamiliarity with regulation, influence on the method of procurement, poor records management, poor coordination between departments, non-participation of key personnel and low ethical standards in procurement planning, small or low thresholds and loopholes in legislative provisions and others. However, some of these challenges were also in themselves causes of the challenges faced. These causes of challenges were therefore grouped into five categories namely; organisational, professional, political, legislative, economic and market conditions. Further, it was found that sustainable procurement planning and risk management were not currently part of the planning process, also there are challenges inherent in the planning process. The study, concludes that a team of relevant personnel should be constituted to

undertake procurement planning for every financial year. It is therefore recommended Public Procurement

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Authority should intensify training programs on procurement process. Further the review should incorporate sustainable procurement planning and risk planning in the process.

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DEDICATION

I dedicate this work to God Almighty, the father of life, in whom I live move and have my being. Thank you so much for revealing your love to me in a special way throughout my period of study, I am eternally grateful. I also dedicate this work to my loving parents, Mr. & Mrs. Anum for their relentless support and care.

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ABBREVIATIONS

APCC	Australasian Procurement and Construction Council
APP	Annual Procurement Plans
CPAR	Country Procurement Assessment Report
CIPS	Chartered Institute of Purchasing and Supply
CPE	Continuing Professional Education
DAC	Development Assistance Committee
DUPP	Department, Units, Projects and Programmes
EAT	Entity Administrative Time
ETC	Entity Tender Committee
FAK	Federal Acquisition Regulation
GDP	Gross Domestic Product
GHG	Greenhouse Gas
GPP	Guyana Procurement Planning
GPP	Green Public Procurement
HDUPP	Heads of Department, Units, Projects and Programmes
HND	Higher National Diploma
IAPWG	Interagency Procurement Working Group
ICT	International Competitive Tendering
LCC	Lifecycle Cost
MAs ^{ss}	Metropolitan Assemblies
MDA ^{ss}	Ministries Departments and Agencies
MMDA	Metropolitan Municipal District Assemblies
NCT	National Competitive Tendering
OECD	Organisation for Economic Co-operation and Development
PDU	Procuring and Disposing Unit
PEs ^{ss}	Procurement Entities
PPCC	Public Procurement and Concessions Commission
PP	Public Procurement
PPA	Public Procurement Authority
PPM	Procurement Procedures Manual
PPOA	Public Procurement Oversight Authority
ST	Statutory Time
STD	Standard Tender Documents
PDE	Procuring and Disposing Entity
QGPG	Queensland Government Procurement Guideline
RFQ	Request for Quatations
RPPA	Rwanda Public Procurement Authority
SADC	Southern African Development Community
SPPr	Sustainable Public Procurement

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CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Governments in most countries are the main providers of social needs such as health, education, infrastructure and other social amenities using public funds (Basheka, 2008; Ngwili and Were, 2014). Public procurement accounts for over 50% of Government budgets besides the cost of government wage bill and accounts for the largest share of government expenditure (Appiah, 2013). In most countries public sector procurement expenditure represents between 8 and 20% of national gross domestic product (GDP) (Payne, 2014). This shows the importance of procurement in the provision of goods, infrastructural works and services for a country. In Uganda, it is reported that 1.5% of GDP is lost yearly through corruption in public procurement (Estache and Iimi, 2008).

A large amount of money that goes into public procurement is the reason for which accountability, transparency and integrity must be ensured in the procurement process (Badaso, 2014; Hui *et al.*, 2011). Public procurement has proven to be of immense importance among policy makers, managers, procurement professionals and in academia; in facilitating government operations (Osei-Owusu and Gyapong, 2013). This explains why public procurement requires much attention to ensure the efficient use of state resources.

Value for money is the ultimate goal of every procurement system. The use of state funds for procurement demands that the principles guiding procurement especially transparency and fairness (Organisation for Economic Cooperation and Development, 2012). World widely in drafting legislative framework for procurement, various jurisdictions have used the core objectives of governance for procurement, such as transparency, value for money and efficiency (Schapper and Malta, 2011). Efficiency in procurement has been emphasized for over two decades; nevertheless, it is still arguable how efficiency can be achieved in procurement using a fragile government procurement system (Estache and Iimi, 2008).

Anvuur *et al.* (2006) revealed in their study that there are substantial inefficiencies in procurement systems resulting to unachieved value for money in both government and donor financed projects in developing countries. Public procurement entities (PEs) are expected to achieve efficiency in the use of tax payer's money. However, achieving such efficiency turns

to be difficult task because of the numerous challenges facing the procurement function (Carpinetti *et al.*, 2006). In every function, planning is the activity that begins the process, the same holds for procurement (Willy and Njeru, 2014). Given the enormous amounts of money involved and the belief that government funds must be utilised efficiently for the betterment of society gives the reason for which every stage of the procurement cycle must be taken seriously (Adam *et al.*, 2012).

Planning in the procurement process is one activity that has been noted as a challenging area for most procurement entities especially in developing countries. The Country Procurement Assessment Report (CPAR) of Tanzania highlighted some weaknesses in the operationalisation of the current regulations, among them was poor or the lack of procurement planning in most procurement entities (World Bank, 2003). Similarly, in Ghana, procurement planning was noted as being very weak across all entities (World Bank, 2004). In the mist of the challenges noted in procurement, Ghana needs a functional public procurement system that will alleviate their effects such as lack of economic and social infrastructure, high indebtedness, poverty and corruption (Etse and Asenso-Boakyee, 2014).

Proper planning and implementation contributes immensely to even distribution and allocation of resources (Willy and Njeru, 2014). Good procurement planning helps to achieve the primary goals of the procurement function of an organisation (Interagency Procurement Working Group, 2006). On the other hand, poor procurement planning results in failure to align procurement with budgetary allocation (Agaba and Shipman, 2007). This makes room for malpractices such as procurement corruption to show up at other stages of the procurement process (Achua, 2011; Ampofo, 2013). Poor procurement planning leads to abuse of the process and also provides a breeding ground for corrupt practices in the procurement system (Agaba and Shipman, 2007). Considering these challenges, Ghana needs an effective and efficient procurement system which is hinged on ensuring proper procurement planning.

1.2 Statement of Problem

Procurement planning starts the process for other stages of the procurement process (Abu Hassim *et al.*, 2010; Basheka, 2009). Despite its importance, little study has been conducted to assess the extent to which procurement can contribute to project success and good local governance (Basheka, 2009). Studies have revealed that poor procurement planning among procurement entities is one reason that has led to an over use of direct procurements or sole

sourcing and the failure to account for procurement in line with budgetary allocation (Agaba and Shipman, 2007; Ngwili and Were, 2014; Obanda, 2010; Schultz and Søreide, 2008). For instance, in Kenya, Public Procurement Oversight Authority reported that, as a result of poor planning a greater part of procurements are undertaken on an ad hoc basis, by quotations and direct procurements; the reason for this is the lack of or no procurement planning in the PEs" (Public Procurement Oversight Authority, 2007). This has resulted in high cost of procurements under the circumstances which they are used.

In Ghana, the excessive use of sole source and restricted method of procurements among procurement entities is not different. This has amounted to a breach of Section 38-41 of Act 663 which stipulates the conditions under which sole sourcing and restricted method of procurement can be used. As a result, the Public Procurement Authority (PPA) issued a directive that; "effective April, 2010, the Governing Board of the PPA will not consider the applications for the use of Sole Source and Restricted Procurements unless due reference is made to those packages as captured in their approved procurement plans" (Appiah, 2013, p. 4). It is important to note that poor or no planning is therefore the reason behind the excessive use of sole sourcing by procurement entities.

The inadequate capacity of procurement officers to undertake effective procurement planning has led to delays in procurement and other times demand for emergency procurement (Obanda, 2010). Statistics from PPA shows that most PEs" do not submit their annual procurement plans before the beginning of the next fiscal year. For example, as at 31st December, 2011, out of about 1,046 PEs", only 32 PEs" had submitted their annual procurement plans; and also for 2012 and 2013 only 24 and 49 PEs" respectively had submitted their annual procurement plan (PPA E-Bulletin, 2013; PPA E-Bulletin, 2014; PPA E-Bulletin, 2012; PPA Annual Report, 2011). This statistic is quiet worrying as it amounts to a breach of the Section 21 of Act 663.

In Tanzania it is reported that most procuring entities do not have an annual procurement plan (APPs), this has been one of the major factors fuelling procurement costs and thus rendering achievement of value for money a distant dream (Mamiro, 2010). Undoubtedly this situation is not different from Ghana as most procurement entities do not do procurement planning and therefore do not have procurement plans. This poses a question to accountability and transparency of the procurement process which form a basis for efficiency and effectiveness to be achieved in the procurement function (Kiage, 2013). It is against this backdrop of poor procurement planning and no procurement planning undertaken by procurement entities is the reason this study sought to identify the current procurement planning practices of PEs", the

challenges they face in procurement planning, the causes of these challenges and to propose a framework for procurement planning in public procurement entities.

1.3 Aim

To propose a framework for procurement planning in public procurement entities in Ghana.

1.4 Objectives

- i. To assess current practices of procurement planning in public procurement entities.
- ii. To identify challenges faced in procurement planning.
- iii. To determine the causes of challenges faced in procurement planning.
- iv. To propose a framework for preparing procurement planning.

1.5 Research Questions

- i. What are the current practices of procurement planning in public procurement entities?
- ii. What are the challenges faced in procurement planning?
- iii. What are the causes of challenges in procurement planning?
- iv. What framework can be used to enhance procurement planning?

1.6 Significance of the Study

The increase in the recent awareness of the general public concerning the use of public funds in an effective and efficient way by public officials give enough reasons for which achieving value for money in procurement must not be taken lightly. Public outcry has intensified about the misappropriation of state resources. Meanwhile, public procurement entities face challenges throughout the procurement process that undermine effectiveness and efficiency, especially at the planning stage.

The findings of this study will be of value to public procurement entities; to be informed and consequently put in measures to address the challenges confronting them in procurement planning. Secondly the study will make up for a gap in literature, by documenting the processes and procedures involved in procurement planning. The findings of the study will also augment future research work.

Finally, the study will provide policy makers and other stakeholders of public procurement with information on how to improve procurement planning of procurement entities that will consequently contribute to the total realization of the objectives of Act 663.

1.7 Research Methodology

The study adopted a descriptive research design. The sample size constituted selected Metropolitan Assemblies (MAs^{cc}) in Ghana. A qualitative approach was adopted, where unstructured and semi-structured interviews were used to elicit information regarding procurement planning in Metropolitan Assemblies in Ghana. Data collection comprised of primary and secondary sources. Primary data was obtained from the target respondents whereas secondary source of data collection involved review of literature contained in books, journal articles, magazines, published reports of world organisations and others in respect of the research subject. Non-probability sampling techniques was adopted for the selection of the sample size. Purposive sampling technique was used to collect data from respondents deemed to have in-depth knowledge on the subject of study. Qualitative data was used in the analysis of data; thus thematic data analysis technique was employed.

1.8 Scope of Research

The study sought to primarily propose a framework for procurement planning for public procurement entities in Ghana. The study limited its scope to the procurement planning stage of the procurement process. The study further focussed on the preparation of procurement plan for goods, works and services. In addition, it focussed on the stakeholders or personnel involved in the procurement planning process; primarily procurement officers of Metropolitan Assemblies (MAs^{cc}) in Ghana.

1.9 Structure of the Report

The report of the study has been organized into five coherent chapters. Chapter one gives the introduction covering the background of the study, the aim and objectives, statement of problem, research questions, research significance and scope of the study. The second chapter focussed on literature review comprising reviewed literature with respect to the research subject. Chapter three comprised of the methodology employed in study; it includes the research approach, population, sample frame and instrument for data collection and its presentation. Chapter four covered analysis of data, discussions and presentation. Chapter five concludes the report with the summary, conclusions and recommendations of the study.

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CHAPTER TWO

LITERATURE REVIEW

2.1 THEORITICAL FRAMEWORK

2.2 Principal-Agency Theory

An agency relationship is “a contract under which one or more persons (principals) engages another person (the agent) to perform some service on their behalf which involves delegating some decision making authority to the agent” (Jensen and Meckling, 1976, p. 306). Caers *et al.* (2006) described the assumption of principal-agent relationships as one that will always be characterized with conflict between the principals’ interests and that of the agent; and the agent is interested in pursuing his or her own goals.

Agency relations are all contractual arrangements, for instance between an employer and employee or the state and the governed, lawyer and the client, buyer and supplier and others. (Eisenhardt, 1989). This study focuses on the agency relationship which arises between procurement entities and elected representatives of the government. The public through the elected members of parliament are the principals on behalf of citizens, whereas the Metropolitan Municipal District Assemblies officials (heads of procurement entities, procurement officers, planning officers, engineers and heads of departments) are the agents.

2.2.1 Agency problem

Agency theory primarily resolves two problems that can occur in agency relationships. Firstly, the agency problem arises when (a) the desires or goals of the principal and agent conflict and (b) it is difficult or expensive for the principal to verify what the agent is actually doing. Both the principal and the agent have different preferential treatment towards risk. That is,

individuals make choices that maximize their own economic utility independent of the utility of others or abstract values such as honesty, duty or fairness (Stevens and Thevaranjan, 2003). Eisenhardt (1989) describes the agency problem in two aspects, namely; moral hazard which refers to the lack of effort on the part of the agent and adverse selection, which is the misrepresentation of the agents' ability.

2.2.2 Information Asymmetry

The agency theory functions on the assumption that the principal and agent do not have the same amount of information, as a result the agent is in the position to take decisions to his advantage, and many times it is to the disadvantage of the principal (McCue and Prier, 2008). Principal-agent relationships are mostly typified with uncertainty not only in the level of an agent's skills, knowledge and abilities but also how the agent achieves his required output, thus whether he acts in the principals' interest or not (McCue and Prier, 2008). Information asymmetry therefore describes the inability of the principal to properly measure the extent to which the agent makes decisions that coincide with the principal's best interest (McCue and Prier, 2008). This relates to the situation where procurement officials are in the position of being knowledgeable than the government (or the electorates) who put them in those positions and as such they act in their own interest.

2.2.3 Agency Costs

Agency costs refers to "the sum of the costs of structuring, bonding, and monitoring contracts between agents" (Jensen, 1983, p. 21). Agency relationships come with both monitoring and bonding costs for both the principal and the agent this can be both monetary and nonmonetary (Jensen and Meckling, 1979). There is some divergence between the principals' and the agent's decisions (Jensen and Meckling, 1979). To limit or curb this divergence from the principals' interest his interest, the principal makes provision incentives for the agent or putting in monitoring systems thereby incurring costs in an attempt to limit the agents' activities (Jensen and Meckling, 1979). In other cases, the agent will incur bonding cost in order to guarantee the principal that he will take actions or make decisions that will not be at the detriment of the principals' interest (Jensen and Meckling, 1979).

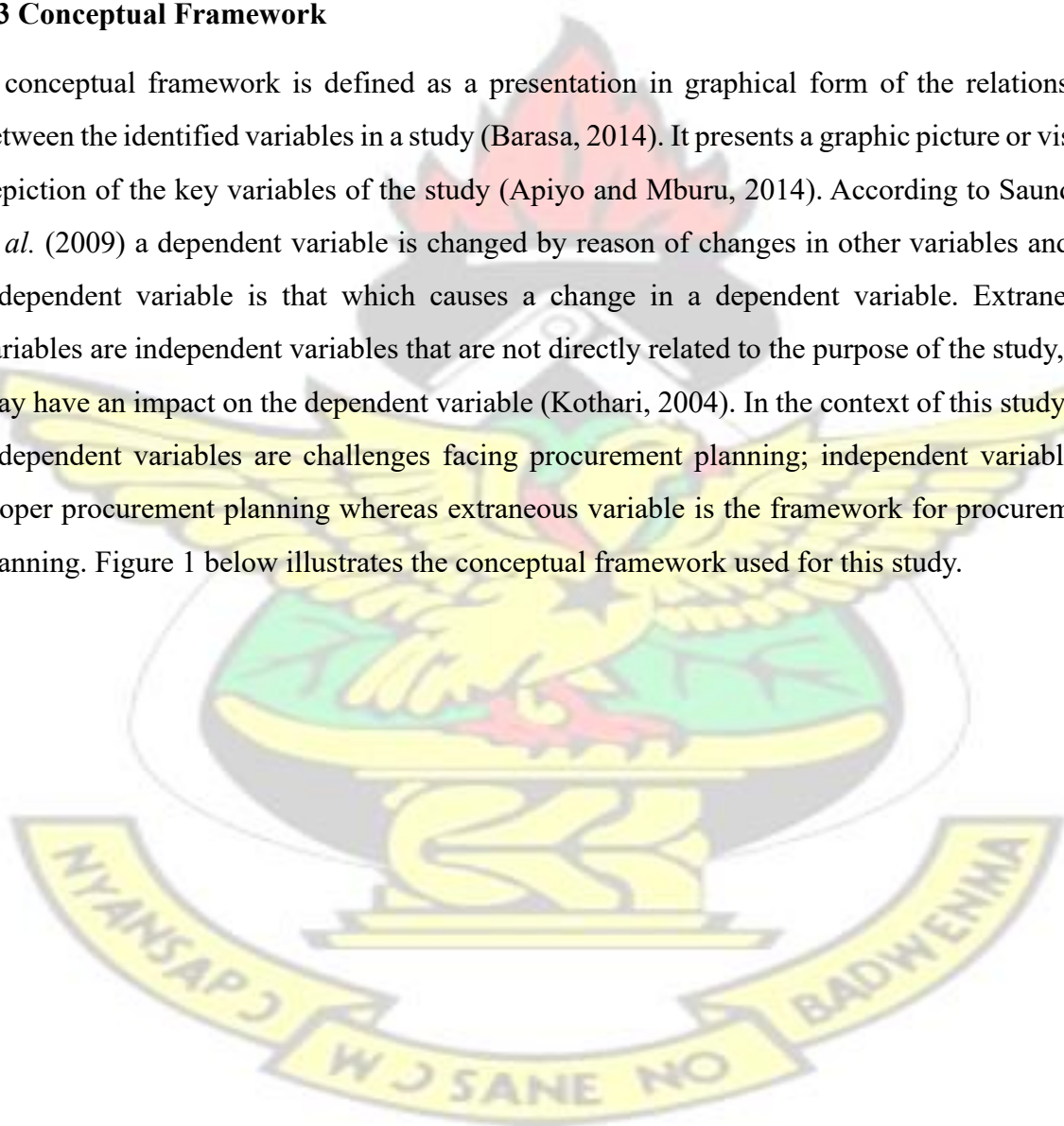
To sum up agency theory is an appropriate method for modeling public procurement because it helps to identify the various incentives of the stakeholders, monitoring systems that can be put in to check output and the bonding cost that can be put in place to ensure the agent acts in

the best interest of the principal. This will go a long way to ensure that effectiveness, efficiency and transparency and accountability are attained.

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2.3 Conceptual Framework

A conceptual framework is defined as a presentation in graphical form of the relationship between the identified variables in a study (Barasa, 2014). It presents a graphic picture or visual depiction of the key variables of the study (Apiyo and Mburu, 2014). According to Saunders *et al.* (2009) a dependent variable is changed by reason of changes in other variables and an independent variable is that which causes a change in a dependent variable. Extraneous variables are independent variables that are not directly related to the purpose of the study, but may have an impact on the dependent variable (Kothari, 2004). In the context of this study the independent variables are challenges facing procurement planning; independent variable is proper procurement planning whereas extraneous variable is the framework for procurement planning. Figure 1 below illustrates the conceptual framework used for this study.



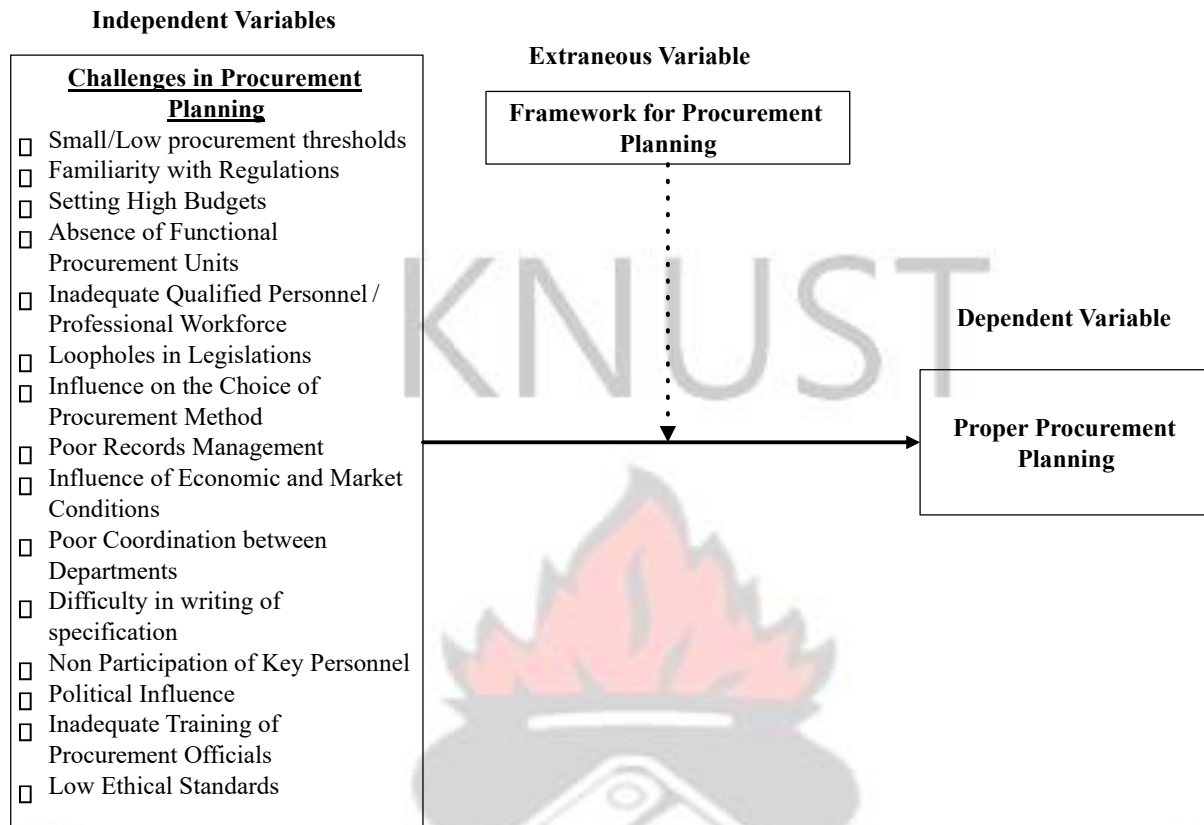


Figure 1: Conceptual Framework

Source: Author (2015)

2.4 PUBLIC PROCUREMENT

2.4.1 Definition

Odhiambo and Kamau (2003) defined public procurement as the purchase of goods and contracting of infrastructural works and services using government funds as well as foreign loans. Oyando *et al.* (2014) referred procurement “as the process of acquiring goods/services either through buying, leasing, renting, hire purchase or through any other legally acceptable means of acquisition which is allowed by the procuring entity’s policy and the existing laws”. Public procurement is a central instrument by which governments ensures efficient management of state resources and maintains a corruption-free procurement process (OECD, 2007).

Procurement stresses to the final disposal of the item at the end of its useful life (Manyenze, 2013; Basweti, 2013) disposing unnecessary acquisitions either by reason of obsolescence or depreciation in their value to the procurement entity (Kihara and Ngugi, 2013). The overall task of procurement is to acquire goods, works, consultancy services and other services in the right quantity, at the right quality, from the right sources, at the right time, right place and right price to achieve predetermined objectives (Chekol and Tehulu, 2014).

There are two forms of procurement, private and public procurement. The difference between the two is that public procurement is undertaken within stringent legislative regulations and requirements whereas private procurement is not (Tan, 2013; Odhiambo and Kamau, 2003). The reason for the stringent regulations in public procurement is to ensure that state funds are spent very judiciously and economically; suppliers are awarded with contracts on very fair grounds; avoiding any form of fraudulent practices by the buyers and/or suppliers; ensuring transparency and ultimately achieving value for money for the use of state resources (Tan, 2013). Aside the stringent regulations associated with public procurement it is also a function that runs within a political system (Odhiambo and Kamau, 2003).

2.4.2 The Procurement Cycle

Tan (2013) categorizes the public procurement process into six phases, namely; (a) procurement planning (b) solicitation planning (c) solicitation, (d) source selection (e) contract administration and (f) contract closeout. These processes when followed serves as a ground for an effective and economical manner by which acquisitions can be made (Tan, 2013). Figure 2 below is the traditional procurement process.



Figure 2: Procurement Process Model

Source: Kusi *et al.* (2014)

2.5 PROCUREMENT PLANNING

Procurement planning is a major issue in the practice of procurement yet little emphasis is placed on planning in most government financed projects, hence lack of planning has characterised most procurement entities (World Bank, 2004). Procurement planning is very relevant for the attainment of procurement major goal of value for money, however much attention has not been given to it in most developing countries like Ghana (World Bank, 2004). In Tanzania, it is reported that procurement budgeting is given less attention and also there is no definite procurement planning for most government projects (World Bank, 2003). Similarly, in Ghana most entities do not do planning for most government funded projects as required by law (PPA E-Bulletin, 2012; PPA E-Bulletin, 2013; PPA E-Bulletin, 2014). For example, the Auditor General's Office, estimates that 45 % of Ministries, Departments and Agencies (MDAs) do not have annual procurement plans (APP) in Ghana (World Bank, 2010).

The World Bank report on the use of Country Procurement Systems recommended amending of Act 663. This pointed at the making a mandatory use of the procurement planning tool and the timely publication on the PPA website for all procurement entities (World Bank, 2010).

This step will consequently enhance policy implementation and would lead to increased efficiency and transparency in the procurement process (World Bank, 2010).

2.5.1 What the Act Says

The use of annual procurement plans as been resorted to in most countries as a long term strategy in solving problems related to acquiring procurement needs (Mahmood, 2010).

Ghana's Public Procurement Act, Act 663 defines public procurement as the process by which goods, works and services are acquired government organizations using state funds. The procurement goods, works and services is financed from state funds either wholly/partly and funds or loans obtained foreign aids (Osei-Tutu *et al.*, 2014).

To ensure the smooth running of the procurement process and successful achievement of goals, Act 663 set out rules and requirement to guide procurement planning (Ampofo, 2013). Section 21 of Act 663 requires procurement entities to prepare a procurement plan for each financial year. With this, procurement entities are expected to prepare and submit one month before the end of the year their procurement plan for approval by the entity tender committee of that entity. This should be followed by a quarterly review and updating of the procurement plan, this must then be submitted to the ETC.

2.5.2 What the Manual Says

The Head of Procurement Entity is responsible for co-ordinating the preparation of the budget for the Procurement Entity, including procurement plans based on previous consumption and estimated requirements for stores replenishment, and the submissions of Departments, Units and Projects and Programs (Section 3.2 of PPA Manual). The Procurement Unit is to assist in compilation of works, costing and the prioritisation of expenditure for the procurement plan. The process of preparation of the Annual Procurement Plan should be started at least four months to the beginning of the next financial year (Section 3.2 of PPA Manual).

World Bank (2010) report on the assessment of Stage one (1) of Ghana's use of country procurement systems noted that the manual, which was initially prepared for training purposes, should be revised and focussed on details and explanations of the Act and the regulations. Similarly, PPOA (2007) recommended that rules and procedures relating to certain subjects in the procurement process for example procurement planning must be given particular attention when developing procurement guidelines and organising sensitisation activities. This recommendation suggests that procurement planning generally requires more detailed rules, procedures and a framework to guide procurement planning in developing countries like Ghana.

2.5.3 Key Stakeholders Involved in the Procurement Planning

The Public Procurement Authority Manual (PPA Manual, 2006) gives a detailed outline of the administrative actions of the stakeholders that should be involved in the procurement planning in a PE. The actions or responsibilities of the head of entity, procurement unit, stores department and the heads of department, units and programs are clearly listed (See section 3.2.2-6 of PPA Manual, 2006). In Schedule 1, section 17 of Act 663, the ETC is responsible for the review of procurement plans, confirming acceptable cost of procurement items and review of procurement schedules and specifications.

2.5.3.1 Plan Monitoring and Updating

Regular monitoring and updating of the original procurement plan is required during project execution. The essence of this is to see how actual performance matches or compares with the planned, to allow for possible changes to be effected (Section 3.4 of PPA Manual, 2006). A copy of the revised and updated plan must be submitted to the ETC for subsequent review and approval. This is to be done on a quarterly basis of every financial year (Section 3.4 of PPA Manual, 2006).

2.5.3.2 Summary

In summary, it's important to note that among the stakeholders mentioned to be included in the procurement planning process the Finance Department and the Budget officer are not included. Meanwhile, there are departments whose roles and responsibilities are so vital in the procurement planning process. For instance, in Uganda, Basheka (2009) revealed in his study that the finance officer has an indispensable role to play in the procurement planning process. Similarly, in Nigeria the Procurement Procedures Manual for Public Procurement stipulate that the procurement unit, the procurement planning committee and the finance team has the responsibility for developing the annual procurement plan for an entity. On the contrary, in Ghana the case is not so. The finance officer and the budget officer have no stated roles as part of the planning process. Meanwhile, procurement planning and budgeting are closely related and therefore need to go hand in hand (Basheka, 2009). Therefore, finance and budget departments, stores department, end users' departments and procurement units are vital departments that contribute to the effective procurement planning (Basheka, 2009). Procurement planning will yield the desired results if the right and key personnel that have a stake in the planning process are involved.

2.6 CHALLENGES FACED IN PROCUREMENT PLANNING

2.6.1 Introduction

Achieving efficiency in procurement practices is an important task as they ensure a reduction in wasteful activities (Carpinetti *et al.*, 2006). However, achieving such productivity remains a difficult task because of the challenges that the procurement function face. This section discusses the challenges confronting PEs in procurement planning.

2.6.2 Setting Budgets High

One form in which corruption manifests is at the procurement budgeting and planning stage. Usually quantities of procurement requirements are set unreasonably and artificially high and to justify these claims reports falsely prepared to authenticate them (Ampofo, 2013). The effect to these corrupt activities is that social amenities are channelled to people who can afford these social amenities to those who are in dire need of them (Wambui, 2013). These acts of corruption are mostly perpetuated with the hindsight of giving contracts to friends, preferred suppliers and political party financiers (Ampofo, 2013). Most of these projects or supplies are goods and services that the organisations may not presently need (Ampofo, 2013). When budgets are set artificially high, excess funds are misappropriated and sometimes used for unofficial projects (Ampofo, 2013; Matechak, 2002).

2.6.3 Absence of Procurement Unit in Entities

A study by Etse and Asenso-Boakye (2014) revealed that, inadequate training of procurement staff and the absence of procurement units in some public institutions in Ghana, remain one of the key challenges confronting the work of the Ghana Audit Service. Similarly, in Uganda there has been delays in establishing full time, operational procurement units (Obanda, 2010). Most procurement entities do not have qualified procurement professionals who handle procurement therefore the practice is undertaken by non-qualified personnel without the requisite background and or experience (Addai-Donkor, 2014). For instance, in most hospitals it is reported that Pharmacists have taken over the procurement of medicines even in some cases where procurement professionals are present in such institutions (Addai-Donkor, 2014).

A survey study conducted by Ogachi (2014) revealed that the existence of a functional procurement unit, other departments' perception about the unit, clear roles and responsibilities, adequate office facilities, own budget, and qualified head of procurement were found to have significant positive impact on successful projects. Undoubtedly, Addai-Donkor (2014)

concludes that in Ghana the capacity of the practitioners in terms of their knowledge of procurement, years of experience and their availability or number remains a challenge.

2.6.4 Small/Low Procurement Thresholds

The low threshold as stipulated by the Public Procurement Act (Act 663) of 2003, makes it very difficult to procure goods, services or works. This gives room for procurement entities to break the bulk (break up items into smaller packages) during procurement planning to avoid exceeding the financial threshold which changes the method of procurement (Baffour, 2014; Etse and Asenso-Boakye, 2014; Osei-Owusu *et al.*, 2014). Problems associated with this practice include incompatibility of parts and compromising quality and value (Baffour, 2014). This act violates the provision of the Act in Section 21 (5) which prohibits a procurement entity from dividing procurement into parts to allow for the use of other procurement method. However, the low nature of threshold specified in the Act is a contributing factor. Therefore, a review of thresholds upwards would provide a solution to this challenge (Baffour, 2014). This challenge undermines the object of value for money in government procurement.

2.6.5 Familiarity/Lack of Clarity and Understanding of Regulations

Familiarity implies having the right knowledge of governing rules, the due processes and procedures for any stated task (Migosi *et al.*, 2013). Procurement officials can be familiar with public procurement rules and regulations through training and practical experiences on public procurement (Chekol and Tehulu, 2014). The lack of familiarity with procurement rules has a significant effect on compliance (Eyaa and Oluka, 2011). Gesuka and Namusonge (2013) contend that compliance with procedures and rules implies that the rules are known. In the same light, lack of clarity increases the likelihood of non-compliance.

It has been argued that procurement officers must be trained and equipped with procurement regulations and procedures to improve compliance (Hui *et al.*, 2011; Sang and Mugambi, 2014). Procurement officials to a large extent will comply with the rules if they have clarity of same (Gelderman *et al.*, 2006; Migosi *et al.*, 2013; Sang and Mugambi, 2014). Knowledge is an essential requirement needed to ensure a well functional procurement framework, therefore the absence of it creates problems (Hunja, 2003; Migosi *et al.*, 2013). In essence, clarity and complete understanding of procurement rules, regulations and guidelines ensures effective procurement planning (Sang and Mugambi, 2014).

2.6.6 Inadequate Qualified Personnel/Professional Workforce

The lack of procurement professionals with the requisite knowledge in procurement has been a major challenge in most procurement units, especially in Ghana (Addai-Donkor, 2014). According to Thai (2001) as cited in Gesuka and Namusonge (2013, p. 6) public procurement in itself is a complex function which needs different skills and knowledge to be brought on board. Lack of adequate capacity to facilitate proper procurement planning is the cause of project delays and in other instances the demand for emergency procurement (Obanda, 2010).

Professionalism in procurement is a discipline where educated, responsible, and well experienced procurement officials make quality decisions regarding any acquisition (Frempong *et al.*, 2013). Professionalism has been generally defined by the status, methods or standards within a career, is one means by which corruption can be controlled (Basheka and Mugabira, 2008). The professionalization of procurement – whether it involves private or public practice – not only implies relevant knowledge and appropriate skills but assumes following moral expectations and ethical codes (Adam *et al.*, 2012). Good procurement practice (professionalism) yields a number of key benefits, in particular effective risk management and value for money (Badaso, 2014). Professionalism in public procurement enhances functionality, transparency and a major savings in public expenditure (Radović, n.d.).

The level of education, qualification, ignorance of procurement laws and regulation and the lack of willingness to implement procurement laws and regulations have an impact on the quality of the personnel in the implementation of procurement policies (Badaso, 2014). In Uganda for example, Obanda (2010) contended that, not only are professionals lacking in local government PDUs but even where they are present they are not acting professionally. Indeed, the lack adequately trained professionals staff in procurement department is still pervasive in developing countries like Kenya, Uganda and Ghana (Chesang, 2013; Ameyaw *et al.*, 2012).

2.6.7 Influence on Choice of a Method

Suppliers influence the choice of method many times by approaching procurement entities with their own proposals. Such incidents typically happen in circumstances where suppliers claim sole rights or have dealership rights for some procurement items (Vanderpuye, 2014). In other respects, procurement requirements are written to favour or disfavour particular suppliers (Matechak, 2002). Political pressure on procurement decisions has led to capricious decisions, this is usually seen in the choice of procurement method that is adopted by procurement officers

and the circumstances under which they are used (Ameyaw *et al.*, 2012; Schultz and Søreide, 2008)

2.6.8 Difficulty in Developing Specification

Specification is a detailed description of the features of a commodity or service that is required or needed (Mensah, 2013). It the exact requirements provided with a solicitation upon which procurement order or contract is to be based (Mensah, 2013). A poorly written specification has the potential of causing tender challenges, this can lead to project delay of poorly supplied goods (Mensah, 2013). Mensah (2013) argues that a good specification should do these things:

- Identify minimum requirements
- Allow for a competitive tender
- List reproducible test methods to be used in testing for compliance with specifications
- Provide for an equitable award at the lowest possible cost

2.7 CAUSES OF CHALLENGES FACED IN PROCUREMENT PLANNING

2.7.1 Introduction

Public procurement comes with its divers challenges irrespective of the particular country in question be it a developing or developed country. Public procurement globally has been noted as one function that is faced with many challenges (Ameyaw *et al.*, 2011), especially in developing countries like Ghana where the procurement profession is said to be in its infancy (Basheka and Mugabira, 2008; Etse and Asenso-Boaky, 2014; OECD, 2012). This section focusses on the discussion of challenges faced in procurement planning.

2.7.2 Inadequate Training of Procurement Personnel

Procurement training is a learning process that involves the acquiring knowledge, improving of skills, changing of attitudes and behaviours to improve the performance of employees in an organisation (Wanja and Gichuho, 2014). Training equips those officials involved in procurement process with the provisions of procurement law, regulations, and guidelines and improves their skills in specialized aspects of procurement (Wanja and Gichuho, 2014). Training of staff with the proper use of procurement tools are vital to the success of any procurement function (Mburu and Mwangangi, 2014). Procurement is increasingly being recognised as a tactical and a strategic function, this makes it important for procurement officials be developed on the job through training (Dza *et al.*, 2013).

The role of qualified procurement personnel is critical to countries economic development (Frempong *et al.*, 2013). Angokho *et al.* (2014) argue that absence of proper training for procurement officials remain a major challenge to procurement reforms. Meanwhile, Hui *et al.* (2011) argue that adequate training of procurement officers is a key strategy in fighting corruption, promoting transparency and ensuring value for money. Basheka and Mugabira (2008) contend that all key officials involved in the procurement process need training in procurement planning, writing of specifications, evaluation of bids, contract management and disposal of public assets. In essence, inadequate training programs to enhance professionalism of public procurement results in low capacity, high turnover and implementation deficiencies (Nkongwe and Ngugi, 2014).

2.7.3 Lack of Competent Professional Workforce

For a procurement system to be very functional the availability of a competent professional cadre furnished with the requisite skills and knowledge for any specified procurement jobs is paramount (Thai, 2008b). To have procurement personnel with the appropriate skills and capabilities can be a challenge (Thai, 2008a). This happens due to the changes in procurement processes, the introduction or extension of new contracting approaches, and the increased dependence on the private the for the provision of services Thai (2008a).

Thai (2008a) contend that procurement entities need to have an intensive training program and a strategic workforce plan to improve the current staff. The role of procurement professionals in every procurement function is essential to economic development (Frempong *et al.*, 2013). Obanda (2010) reported that the shortage of skilled professionals in purchasing and supply and inadequate resources to remunerate them also hold back the aim of strengthening procurement professionalism in Uganda. Amayi and Ngugi (2013), argue that to hire and retain dedicated and ethical officials with the right skills has remained a challenge for the public sector

Raymond (2008) described professionalism as not only relating to the levels of education and having qualifications but also the professional tactic by which business activities are conducted. The dearth of procurement professionals to effectively run procurement institutions and units continue to remain a challenge for procurement reform in most developing countries like Nigeria, Uganda, Kenya and Ghana (Achua, 2011; OECD, 2012). Expertise with a specialised knowledge does not meet the need at hand in most entities (Gesuka and Namusonge, 2013). The role of a competent and skilled staff to handle planning cannot be

taken lightly considering its contribution to the success of the procurement process (Onyango, 2014). In essence professionalism in the procurement function is a challenge that largely affects compliance, especially in procurement planning (Eyaa and Oluka, 2011).

2.7.3.1 Professional Bodies

Building professionalism among procurement officials with the same set of ethical standards is very important to achieving integrity in procurement (OECD, 2007). Professional bodies have been noted as bodies that give recognition and esteem professionalization of the procurement function (Williams-Elegbe, 2012). The existence of a national professional body with the purpose to control entry to the procurement profession and also regulate the conduct of its members is very essential (Agaba and Shipman, 2007).

2.7.4 Loopholes in legislative provisions

The OECD/DAC assessment report of Ghana's procurement system confirmed significant progress since 2003, but also indicated that some provisions of Act 663 have been noted to be ineffectual and therefore requires amendment (Dza *et al.*, 2013). Some of these provisions highlighted in the report include incorrect interpretation and application of some sections of the law and lack of training avenues for practitioners (Dza *et al.*, 2013; Tetteh, 2014). In support of this point Dabaga (2013) pointed out that there is no clause(s) in the Act which indicate where the Public Procurement Board (PPB) should get funds to carry out personnel development. This to some extent explains the reason for which procurement officers in public entities are reported to have a low capacity and training.

2.7.5 Political Interference

Around the world political interference in the procurement process remains a big challenge to the successful implementation of public procurement reforms (Dza *et al.*, 2013). In most developing countries procurement constitutes a basic instrument for exercising political patronage (Ngwili and Were, 2014). Achua (2011) in addressing corrupt practices in Nigeria stated that the Public Procurement Act has become a mere policy tool for achieving political objectives. Arguably, this could be linked to the fact that some procurement reforms are carried out by bureaucratic and political elites who have the hindsight of preserving their existing interests (Wescott, 2009). In addition, the core objectives are set by politicians who make choices by reason of their political interests (Denis and Kilonzo, 2014). This affects their

decisions in prioritization and the allocation of rear resources for state development (Denis and Kilonzo, 2014).

Procurement officials encounter difficulty in decision making as a result of political pressures and has been noted as a major hurdle for most procurement officers (Thai, 2008b; WilliamsElegbe, 2012). According to Aning and Edu-Afful (2013) procurement processes in Ghana are burdened with political interference both at the national, regional and district levels. Procurement corruption is dominant at the procurement planning and final account preparation stage, this makes the process prone to manipulation and fraudulent deals (Achua, 2011; Ameyaw *et al.*, 2013). Interferences of the procurement process from public officials, politicians, technocrats and the general public is very phenomenal in Ghana (Addai-Donkor, 2014). More worrying is the fact that politicians exert undue pressure on procurement personnel to award contract their preferred suppliers whom they have keen interest (Williams-Elegbe, 2012). These pressures compromise the effectiveness of decisions taken by procurement practitioners in running a fair and transparent procurement process (AddaiDonkor, 2014).

These interferences interrupt procurement process and deter transparency; weakens the motivation of public officers to remain honest and creates opportunities for corruption (Badaso, 2014). Hui *et al.* (2011) affirmed that interference by politicians have disrupted the procurement processes and in effect daunted procurement integrity. In Uganda government procurement officers viewed their actions as springing from the dictates of others than from their personal initiative (Ntayi *et al.*, 2010).

Even though some corrupt procurement officials may choose to break procurement rules, they perpetuate this mostly under the influence of powerful politicians (Odhiambo and Kamau, 2003). Political pressure on procurement decisions has led to capricious decisions (Ameyaw *et al.*, 2012; Dza *et al.*, 2013; Schultz and Søreide, 2008). An example is where politicians have personal interest or professional links to private firms and as a result they wrongfully use their power to their advantage. This has given rise to corruption at different levels of the procurement process (Ameyaw *et al.*, 2012). In determining the procurement requirement justification for current or future needs could be prepared. Other times, needs are falsely inflated or equipment falsely reported as damaged to give room for the creation of excess supply (Matechak, 2002).

2.7.6 Poor Coordination between Departments

Effective communication in organizations is crucial to ensuring the smooth flow of information from one part of the organisation to other parts in a timely manner (Tan, 2013). This comes in many forms including providing relevant data, sharing and obtaining necessary information (Tan, 2013). When the right, relevant, and full information are identified and processed at the right time it contributes to the overall achievement of organizational goals. However, procurement teams are constantly faced with the challenge of low co-operation with colleagues in other departments (Chesang, 2013). For example, most users always want to describe their needs in terms of using brand names, yet the law requires that the use of brand names be avoided. It is preferable to write specification using performance characteristics rather than design descriptions (Chesang, 2013). This has led to conflicts between users and procurement units upon receipt of goods and services that do not meet the user's specifications and has become a challenge in PEs" (Obanda, 2010).

One big and most costly problem in any organisation is the lack of communication (Barasa, 2014). Obanda (2010) asserts that poor communication of contract, content and specifications, has led to misunderstanding by stakeholders of services and works executed resulting in accusations and counter accusations. Poor communications between end user departments and the procurement unit account in part for reasons for which procurement plans are not prepared on time and in some cases not prepared at all.

2.7.7 Financial Constraints

A study by Kihwelo and Bullu (2014) reported that public institutions face financial constraints which make it difficult for their procurement entities to adhere to procurement plans. This happens especially when the method of procurement has to be changed because of unavailable funds. For instance, Section 21 (5) of Act 663 frowns on dividing procurements into parts or bits in order to use procedures other than what is appropriate. However, contrary to this provision, procurement staff and entities for reasons of lack of funds procure items in smaller quantities (Ameyaw *et al.*, 2012). This allows for the use of procurement methods that are susceptible to manipulation by procurement officials, for example RFQs (Ameyaw *et al.*, 2012).

2.7.8 Economic and Market Conditions

According to Thai (2008b) economic or market conditions have a considerable impact on procurement systems in an attempt to maximize competition. Market conditions determine the possibility of achieving the socioeconomic objectives of procurement. This determines whether a procurement entity can fulfil the acquisition of its needs or otherwise (Thai, 2008b). To add to this, the possibility of fulfilling timeliness, the quality and cost of goods and services are also key things that the market has influence on (Thai, 2008b). Market conditions in developed countries may be very favourable but may be less favourable in developing countries like Ghana (Thai, 2008b).

2.7.9 Poor Records Management

Records management is built on physical and intellectual control over records that are entering the records system (Chinyemba and Ngulube, 2005). Information management is a cornerstone for any organisation and more especially government institutions (Ngulube, 2007). Effective records management allows entities to document procurement operations and improve delivery of services and consequently promote accountability and transparency in the procurement process (Lusuli and Rotich, 2014; Shiundu and Rotich, 2014). Efficient records management has its own benefits such as effective storage, security, easy retrieval and maintaining confidentiality and integrity (Raymond, 2008).

Ngulube (2007) however, argue that the process of identifying the best suppliers and maintaining them is perhaps the single most important role of the procurement function in any forward looking organization (Oyando *et al.*, 2014). The absence of sufficient information on suppliers and the market has a significant impact of procurement planning. Inadequate and poor records management especially of micro procurement is a challenge identified in local government procurement, especially in developing countries like Kenya and Ghana (Ameyaw *et al.*, 2012; Dza *et al.*, 2013; Etse and Asenso-Boakye, 2014; Gesuka and Namusonge, 2013; Obanda, 2010).

Lusuli and Rotich (2014) assert that inadequate filing system, records and documentation concerning the procurement processes affect procurement output, for example delays in service delivery. Efficient record management is an indication of professionalism, facilitates improved decision-making and policy formulation based on reliable information and a demonstration of high level of accountability in the public procurement process (Bondzi, 2014). Efficient records

management is assured when it is managed by qualified personnel (Chinyemba and Ngulube, 2005). Especially the role of the procurement officer is essential in ensuring proper records management pertaining to every specific procurement activity (Act 663, 2003; Bondzi, 2014).

2.7.10 Lack of Effective Monitoring of Oversight Agencies

An effective system of monitoring and evaluation is founded on a reliable and up to date statistical data which covers procurements transacted and the whole procurement process itself (Agaba and Shipman, 2007). According to Ameyaw *et al.* (2011) the position of the head of the public procurement authority is vulnerable, because any change of government is likely to affect them, this greatly weakens acceleration of effective monitoring. This renders ineffective the function of oversight mechanisms which are to ensure that those responsible for procurement indeed perform their duties effectively (Obanda, 2010). For instance, in Uganda, contract management by the contracts committees is still inadequate due to poor facilitation to monitor the management of implementation plans (Obanda, 2010). Similarly, in Ghana key stakeholders like the private sector and audit institutions whose duty it is to ensure effective monitoring, lack procurement expertise (Dza *et al.*, 2013). A monitoring and evaluation system determines the risk prone areas and susceptible points of the procurement process (Agaba and Shipman, 2007).

2.8 PROCUREMENT PLANNING

2.8.1 Introduction

Procurement planning is a process that transcends beyond the mere entering of requirements into a procurement planning template. It encapsulates a whole lot prior to completing the procurement plan template. This section discusses the procurement planning process.

2.8.2 Definition

Planning is made up of several steps, however, the underlining reason is that planning is not just about making decisions that concern the future but impact of decisions made today (Basheka, 2009). Planning involves setting out goals and also includes an outline of the time and cost (Barasa, 2014).

Planning entails defining the activities, scheduling and sequencing, planning the requisite manpower and staff required in sufficient quantities and quality, planning the money that should be spent in a time-phased manner and finally

planning the information system necessary for effective communication to enhance project monitoring and control (Barasa, 2014, p. 52).

Tan (2013) discusses activities involved in the procurement planning stage, there are;

(a) definition of the procurement need, (b) market survey/research (c) developing requirement documents (thus specifications, statement of work or statement of objectives), (d) developing preliminary budgets and cost estimates, and considering (e) choosing initial contract types, (f) risk assessment and (g) special terms and conditions.

The planning process basically seeks to answer certain questions, these include; what to procure, when to procure, when will the item be needed, where will it be procured, when resources will be delivered, which procurement method is appropriate, what is the effect of untimely purchase on the user unit, which personnel will be involved in the procurement (Basheka, 2008). Answers to the above questions will generate three themes under public procurement, these include the data needed for procurement, the personnel to be involved in the process and the legal requirement/provision to be used or the due process to be followed (Basheka, 2008).

2.8.3 Importance of the Procurement Planning

Thorough planning has become of utmost concern because of high budgetary constraints (Basheka, 2008). The selection of a wrong procurement approach can cause an eventual failure of the procurement process and invariably project failure (More and Joshi, 2014). Compliance and cost saving is the outcome of an efficient and effective planning process (Basheka, 2009). Tan (2013) delineated the following as benefits of procurement planning;

(a) ensure procurements are within the budget (b) meet user's requirements and (c) that the supplier performs accordingly. Early and accurate planning is very important in order to avoid emergency or unplanned procurement, which is opposed to an open, efficient, effective and a transparent procurement process (IAPWG, 2006).

2.8.4 Effects of Poor Planning

Inefficient use of funds for the procurement process has its roots from the early stage of the procurement process through to the end; thus it begins with definition of the needs to poor contract administration (Basheka, 2009). Poor planning process of procurement results in inefficiencies that cost government large sums of money (Gesuka and Namusonge, 2013). Poor planning is mostly seen in inadequate identification and definition of needs, unrealistic

estimates and budgets (Mamiro, 2010; Willy and Njeru, 2014). These are setbacks in the public procurement planning and the process as a whole (Mamiro, 2010; Willy and Njeru, 2014). Poor planning has resulted in cost exaggerations and undue emphasis for emergency projects (Amayi and Ngugi, 2013; Schultz and Søreide, 2008).

2.8.5 PROCUREMENT PLANNING PROCESS

Procurement planning involves identification and determination of the needs of an entity, their source of funding and their delivery time in an efficient and timely manner (Kihara and Ngugi, 2013). Planning is the activity that sets the platform for the consequent processes or activities (Basheka, 2009; Kihara and Ngugi, 2013). For effective transaction of government business, procurement planning plays an enormous role (Appiah, 2010). In the same way, a mistake in planning process will have grievous implications on the entity taking into consideration accountability and participation (Basheka, 2009). Deme (2009) lamented that it appears planning is underemphasized at the initial stages of projects procurement, yet its impact on the success of the project cannot be overemphasized.

2.8.6 Determination of the Need/Identification of Need/Needs Assessment

The first step of procurement is the determination of the need (Kural and Alsac, 2006). Determining and defining the needed items initiates the planning process (Tan, 2013). These procurement needs must be consistent with organization's objectives (Apiyo and Mburu, 2014). It must include the needs of the entity be it supplies of a project and how these supplies will be purchased and allow for adequate budgeting and appropriate planning (Kiage, 2013). Dahl *et al.* (2007) argue that determining the needs are more important because all the processes and decisions that are later taken are connected to these needs.

2.8.7 Make or Buy Decision

The department conducts a "make vs. buy" analysis (Guyana Procurement Planning, 2010). An accurate forecasting of what is to be procured ensures the benefits of proper utilization of resources (Basheka, 2008). Therefore, in considering the decision to procure any need, the entity needs to examine the most efficient option to use, whether to make or to buy. The decision to make will take into account whether the entity has the expertise to produce the need or not, the risk involved, patent rights and others. In the same way in the absence of the required expertise the PE would need to procure by deciding to buy. A careful analysis of the situation should give the reason to buy or make.

2.8.8 Market Survey/Analysis

The ever changing business environment in today's world has made the need to consider the external environment more important than ever, this is mainly due to the fact that the environment is highly dynamic (Oyando *et al.*, 2014). After needs have been identified the next step is to conduct a market analysis/research on the needs to be procured. The purpose of the market survey is to gain knowledge and information of what the market has to offer in terms of availability of products and potential suppliers (Dahl *et al.*, 2007).

Market research involves activities such as collecting and analysing information, determining the availability of potential suppliers and alternate products available in the market to meet the organization's need (Lynch, 2014a; Tan, 2013). It is worth noting however, that the depth of the market research work is directly connected to the level of anticipated risk for the requirement, the level of complexity and value of the item to be procured (Lynch, 2014a; Tan, 2013). Small and simple procurements may involve just a simple check of past records of contracts whereas complex ones would require an extensive market survey (Tan, 2013).

A market study can be carried out by the use of the internet, where information on potential service providers can be sought but in other instances a specialized firm can be hired to carry out the study (Lynch, 2014a). The least expected results from a market study should include: identification of alternate products, interest levels of suppliers, availability of services providers, technical and financial capacity of suppliers and price trends (Lynch, 2014a). McCue and Gianakis (2001) assert that planning is not an analysis or more a form of analysis, rather planning makes room for the application of several analytical tools and techniques. Such analytical tools include cost-benefit analysis, cost effectiveness analysis, marginal utility analysis, sensitivity analysis, forecasting, net present value and other techniques (McCue and Gianakis, 2001).

2.8.9 Writing Procurement Specifications

A specification gives a detailed description of the goods, construction works and service (Musanzikwa, 2013). It gives a basis to which the requirements to be supplied or executed by the service provider must conform to. The basic objective of a good specification is to vividly describe the service or product to be acquired to the stakeholders (Musanzikwa, 2013). According to Kusi *et al.* (2014) specification serves as a tool used to describe or communicate the procurement need of the entity to service providers that has interest in the commodity or

service. The specification forms an integral component of a legally binding contract and therefore need to be drafted carefully (Gandy and Case-Upton, 2013).

The knowledge that is gathered from the market survey must be rewritten to conform to the general characteristic of the object (Dahl *et al.*, 2007). Dahl *et al.* (2007) discuss three types of demands that procurement entities can use when establishing specifications in a public procurement. These are (i) mandatory demands, (ii) the use of evaluation criteria and (iii) special conditions.

Mensah (2013) presents four methods for designing specifications; these include (a) Descriptive (b) Performance (c) Reference Standard and (d) Proprietary

Discussing the factors to consider in specifying a product, Musanzikwa (2013) enumerated the following; physical features, technical specification and the intended use. Technical specifications are those which demonstrate the technical details, conditions and criteria of the goods, services as prepared by the contracting entities (Kural and Alsac, 2006). The specified technical criteria aim for efficiency, functionality and ensures equal opportunity for all tenderers and does not consist of elements impeding competition (Kural and Alsac, 2006).

An unclear and ambiguous specification can be subject to different interpretations (Mensah, 2013). This will weaken the basic function of a specification which has to clearly spell out requirements of the item to be procured to all parties (Musanzikwa, 2013). Specifications sets limits and also restricts items that are not considered within the boundaries drawn. According to Onyango (2014) good specification has the following characteristics; (i) it identifies the minimum requirements (ii) allows for a fair and open procurement process, (iii) provides for testing/inspection to insure the goods/services received and ensures that it meets the standard set forth in the specification and (iv) provides equitable award at the lowest possible cost.

It is therefore important that procurement officers be well-informed about specifications and how to write adequate specification for each procurement. This will enable them to effectively perform their role of mediators between clients and service providers (Onyango, 2014). Poor preparation and communication of the specification to bidders would have a negative impact on the manner in which potential bidders would prepare their bids and subsequently implement the project contract arising from the specifications provided (Barasa, 2014). A specification generally must be Clear, Correct, Complete and Concise (Mensah, 2013).

2.8.9.1 Use of Brand Names

According to Chesang (2013) most users always want to describe their needs in terms of using brand names yet the law requires that the specifications should be in written in terms of performance rather than the use of design descriptive characteristics. Technical requirements on the other hand are required to lay emphasis on performance of the product or service than to the design or the descriptive features and should be mirrored against international or national standards (Barasa, 2014). Similarly, in Section 5.3.1 of PPA Manual 2006 of Act 663 it is explicitly clear on the use of brand names except in cases where a provision is made for others of approved quality or standards.

2.8.9.2 Special Terms and Conditions

There are standard terms and conditions that accompany the acquisition of procurement needs. However, in some cases unique or special procurement requirements may be required or set for which special terms and conditions must be determined during planning stage (Tan, 2013). Considering and inputting these terms and conditions early enough during specification writing is very essential, and so procurement officials must be aware of any such conditions and terms (Tan, 2013). Such special terms may cover the terms of payment, delivery of goods and others.

2.8.10 Writing Statement of Work

Statement of Work (SOW) identifies and documents the specifics of the intended work to be executed, the goods to be supplies and the services to be rendered (Guyana Procurement Planning, 2010). The following as some characteristics of a statement of work, these include; the purpose of items to be procured, the objective/goals of the item, the job classification for suppliers, the approximate skill level required, the estimated time schedule for procurement goods or services, completion or delivery criteria and others (Guyana Procurement Planning, 2010).

2.8.11 Budgeting and Cost Estimates

Public procurement is increasingly being recognized as a strategic function in local governments, for example in Ghana. This is manifested by the high number of designated stakeholders involved in procurement planning and budgeting (Obanda, 2010). To achieve value for every procurement, the budget of the procurement entity and the procurement plan

must be intricately linked (PPCC, 2007). Determination of price is one vital area of public procurement as it helps to determine the level of cost effectiveness in every procurement activity (Appiah, 2012).

Basheka (2009) contend that without a budget there can be no procurement. Price has a great effect for both service providers and entities at various stages of the procurement cycle (Appiah, 2012). During procurement planning entities make use of market intelligence, spend analysis and statistical survey to estimate costs of each package (Appiah, 2012). Contracting entities in determining the estimated cost do so in accordance with market conditions via conducting a detailed price and quantity research (Kural and Alsac, 2006). Kural and Alsac (2006), delineated factors which should be taken into account by contracting entities while determining the estimated cost for a purchase, among them are:

- For goods: type, class, quantity, delivery time, transportation and insurance should be considered;
- For services: service units (like workmanship, supplies, equipment and others) which are mentioned in the service identification should be considered; and
- For works: the factors in metric lists where the site lists, work items and work groups are listed should be considered; and price references (such as the price quotes determined by public entities, the updated values of the prices realized in the same or similar procurements concluded by the contracting entity or another entity before; prices announced by the related trade, industry or profession chambers; the price quotes received from the real or legal persons in the market; or the prices determined by specialists with the use of various sources like internet) are used. The price quotes which do not reflect real market prices are avoided.

2.8.12 Procurement Packaging/Aggregation/Consolidation

Through demand aggregation cost savings can be achieved and higher competition as a result of wider publicity to government procurement opportunities (Odago and Mwajuma, 2013). Schapper *et al.* (2006) assert that a well-planned procurement, typically aggregated buying can attain more value than the spot and auction markets. Packaging contracts involves classification, cataloguing and of coding of items. This should be done in such a way that suppliers with the relevant knowledge in the production or supply of those items will be successfully sourced (PPCC, 2007). In deciding where aggregation is appropriate, the

following factors require consideration, including; similarity of items, availability of storage facility, shelf life of item, delivery time implementation time, market structure, procurement unit capacity to manage contracts and others (Lynch, 2015; Section 3.2.1 of PPA Manual, 2006).

2.8.13 Time lines/Lead times

Time is of essence in every business endeavour. procurement entities are cautious of practices that results in undue delays (Appiah, 2012). Lead-times exceeded causes delays of the whole procurement process and in the end leads to cost overruns (Basweti, 2013). Basheka (2009) contend that for procurement planning to be successful, it must take into account the concept of total procurement time. This considers the period for the entire procurement process that is, how long it will take to completely go through the whole procurement process or cycle. Mamiro (2010) explains that proper scheduling of processes is an activity done during procurement planning, this ends up in significantly cutting down transaction costs and enhancing productivity.

Basheka (2009) listed three factors that determines the total procurement time; these are Entity Administrative Time (EAT), Statutory Time (ST) and Provider's Performance (or delivery) Time/ Delivery and Construction Installation period. Entity Administrative Time (EAT) is the period it takes the procuring entity internally to process and approve procurement (Basheka, 2009). Provider's Performance Time (PPT) is the period taken by the service providers to accept, sign and execute the contract. It can also be referred to as Manufacture, Delivery and Construction Installation period (PPA Manual, 2006). Statutory time on the other hand is the time schedules that is required by law to be adhered to during the procurement process. Figure 3 below illustrates determinants of Total Procurement Time. Basheka (2009), summaries that;

Total Procurement Time (TPT) = Statutory Time (ST) + Entity Administrative Time + Provider's Performance (or delivery) Time (PPT)

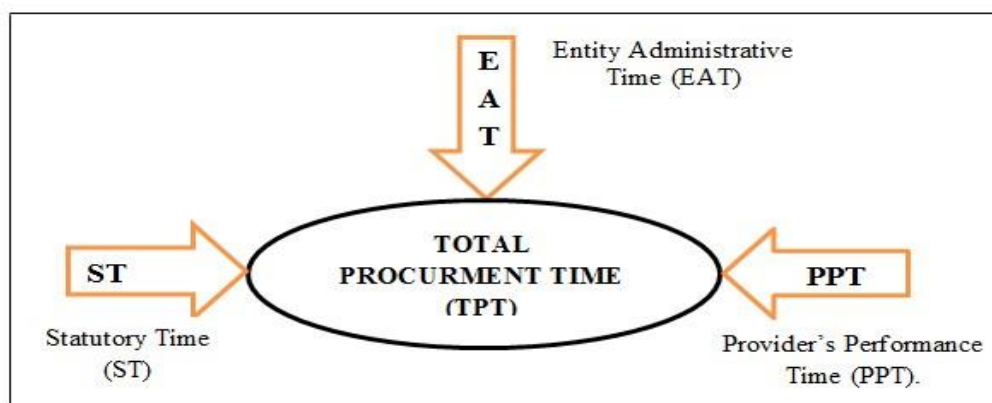


Figure 3: Total Procurement Time

Source: Author (2015)

2.8.14 Determining Contract Types

The type of contract type to use for every kind of procurement is of great importance to the success of the project. Most especially it should take into consideration the nature and type of requirement and the level of risk anticipated (Tan, 2013). When the contract type of procurement is determined early enough during the planning process, it presents the entity with advantage of addressing any concerns that may affect the contract in any way (Tan, 2013). Ogachi (2014) contend that procurement staff should focus on developing their skills in drafting quality documents, that increase chances of successful procurement with less bidder complaints and less time overrun in delivery.

Procurement entities make use of information gathered on risk assessment at the planning stage to make a good choice of the most appropriate type of contract to be used (Tan, 2013). The terms and conditions for payment (payment terms) of procurements can also depend on the type of contract (Kusi *et al.*, 2014). It is expedient therefore, that the payment terms for procurement need be set out in the contract, be it a pre-payment/finance of contract or after delivery and submission of the approved documentation (Kusi *et al.*, 2014). This is highly essential because of the cumbersome nature of payment in public sector procurement where there are inadequate funds for payment, especially in developing countries like Ghana (Kusi *et al.*, 2014).

2.8.15 Choice of Appropriate Procurement Method

When the appropriate method of procurement is selected a considerable amount of procurement cost can be beaten down (Mamiro, 2010). Without the selection of the appropriate

method of procurement, the wrong supplier could be selected. The consequence of selecting a wrong supplier will result in delays in project completion, incurring extra cost for corrective work, obtaining less value for money and suffering a high cost of procurement (Chesang, 2013).

In choosing an appropriate method of procurement, Tan (2013) outlined the following; the type of good/service, the estimated value, nature of specification, availability of potential suppliers, the contract period available and the framework agreement in place. The choice of a procurement method is also dictated by circumstance demanding that product for instance whether the procurement is for an emergency need (Barasa, 2014). In public procurement the most important thing to know what procedure follows the dictates of the law and also making a good use of competition among the potential suppliers (Dahl *et al.*, 2007).

In most government procurement the estimated value of the requirement (procurement thresholds) is the basis for which the method of procurement is chosen and in other instance the pertaining condition (PPCC, 2007). The thresholds set out in any legal framework should be the yardstick for choosing the method of procurement for need items, for example national competitive tendering (NCT), international competitive tendering (ICT), price quotation and others (PPCC, 2007). For example, Schedule 3 of Act 663 outlines the methods of procurement for every procurement need with the corresponding value, be it goods, works or services the amount involved will determine the method of procurement. The following are the methods of procurement stipulated in Act 663; namely;

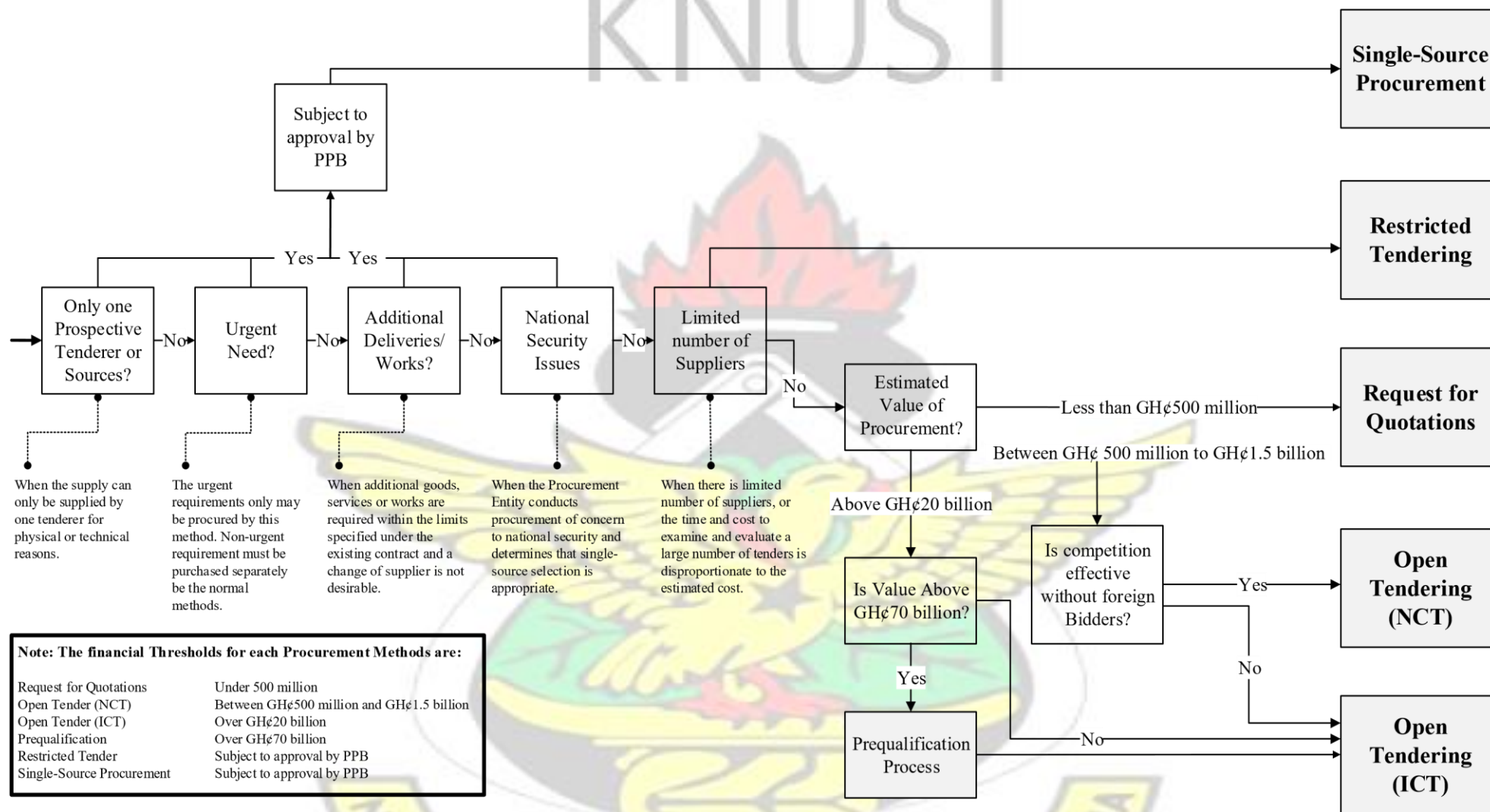
- i. Competitive tendering (National and International) (Section 35 and Part V)
- ii. Two-stage tendering (Section 36-37) iii. Restricted tendering (Section 38-39)
- iv. Single-source procurement (Section 40-41) v. Request for quotations (Section 42-43)
- vi. Request for proposals (Section 66-77)

However, there are exceptional situations under which only particular methods of procurement (thus Single-source and Restricted method) would be required. For instance, for procurement of services, under Section 72 (5) of Act 663, where only one eligible service provider may be available or under emergency situations and where a follow-up assignment is required. Moreover, sections (38) and (40) of Act 663 states the circumstances under which Single-source and Restricted method of procurement can be used. It's worth noting however, that

governments like the government of Ghana prioritizes the use of open competitive method of procurement, which is best to ensuring non-discrimination and transparency and guarantees value for money. Figure 4 and figure 5 shows the criteria for choosing a method of procurement for works and goods as required by Act 663.

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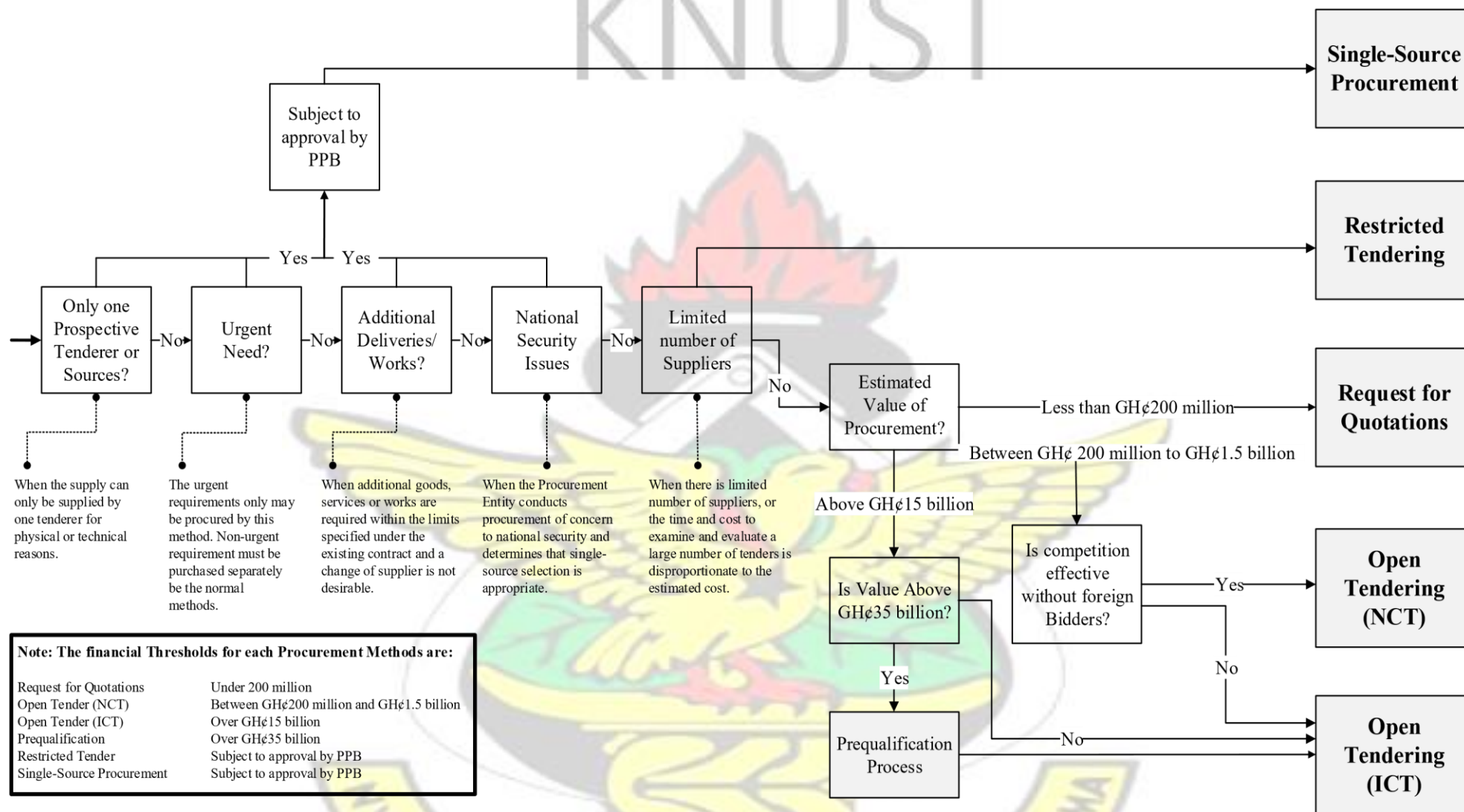
Important Note: This chart only illustrates the decision process to determine the procurement method to be used for a particular requirement. Procurement methods are approved by the Tender Committee/Tender Board for each requirement

Figure 4: Selection of Method of Procurement for Works
Source: Manuals - Public Procurement Act, 2003 (Act 663)

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Important Note: This chart only illustrates the decision process to determine the procurement method to be used for a particular requirement. Procurement methods are approved by the Tender Committee/Tender Board for each requirement

Figure 5: Selection of Method of Procurement for Goods
Source: Manuals - Public Procurement Act, 2003 (Act 663)

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2.8.16 Procurement Scheduling

Timing is the key ingredient to be considered when packaging of goods and services (PPM, 2007). After preliminary packaging of items into goods, works and services. The method of procurement is assigned to these items. The nature and size of procurement item forms the basis for packaging. The reason for packaging is to ensure goods and services are delivered and available when needed (PPM, 2007). The way to effectively schedule procurements is by working backwards from the expected date of delivery, and also calculate it there will be sufficient time available to carry out all the necessary procurement steps for package or element (PPM, 2007).

2.8.17 Determine Responsibility

For most government projects, every procurement need in relation to the value involved requires approval from designated committees, boards or persons. In the case of Ghana, this may be the responsibility:

- Head of Entity
- Entity Tender Committees
- District Tender Review Board
- Ministerial and Regional Tender Review Board
- Central Tender Review Board

2.8.18 Risk Management

Risk means a danger that occurs because of lack of certainty in the future and the higher is this lack of certainty, the higher risk (Pordanjani *et al.*, 2014). Risk is present at every level of the procurement process (GPP, 2010). It is therefore important that sound risk management practices are aimed at during the procurement process, to protect the interests of the government and ensure successful procurement outcomes (GPP, 2010). It is the systematic application of management policies, procedures and practices to the tasks of identifying, analysing, treating and monitoring those risks, which impact on organisations' objectives (GPP, 2010). The outcome of the risk management process is developed into a formal risk management plan to be used throughout the procurement process. The plan can be designed to include the following stages (i) Establish contexts (ii) Identify the risks (iii) Analyse the risks (iii) Manage the risks (iv) Monitor and review the risks (vi) Communicate and consult (Guyana Procurement Planning, 2010) Figure 6 below presents a summary of the risk management stages.



Figure 6: Risk Management Process

Source: Guyana Procurement Planning (2010)

Ahmad *et al.* (2013) also categorised the risk management process into five stages. They added that managing risks is a systematic process of identifying qualitatively and quantitatively, analysing, evaluating, monitoring, and controlling project risks as shown in figure 7.

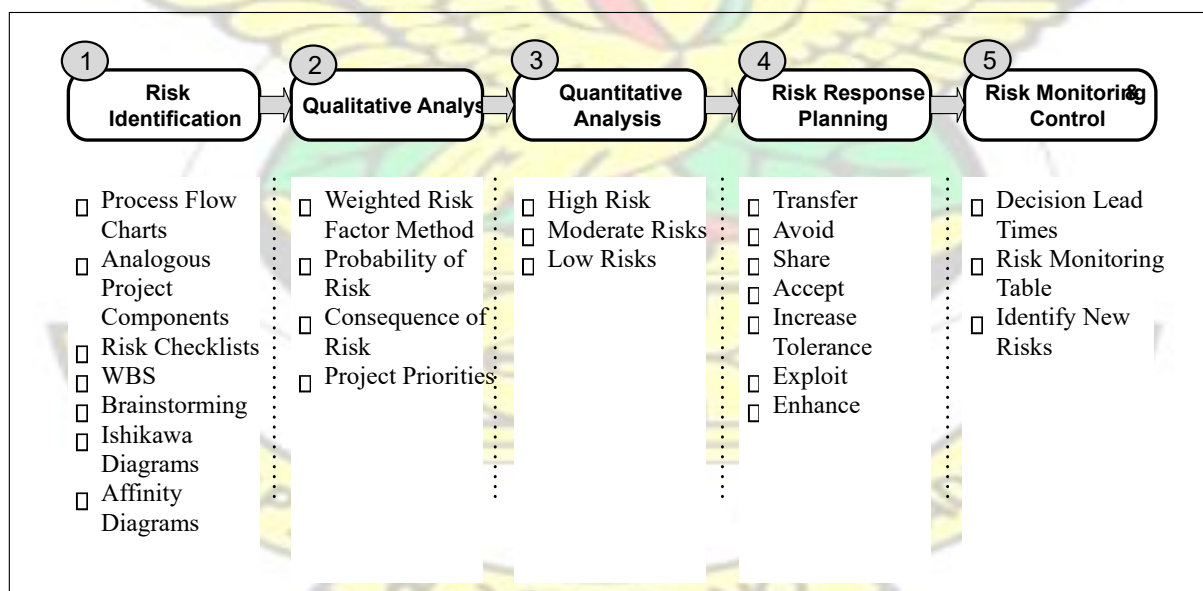


Figure 7: Risk Management Process

Source: Ahmad *et al.* (2013)

There are a number of risks inherent in the procurement process; a list of some risks in procurement planning has been delineated below by (GPP, 2010):

- a) Lack of understanding of the need
- b) Misinterpretation of the needs
- c) Insufficient funding
- d) Unrealistic timeframe
- e) Integrity issues
- f) Inappropriate definition of product or service
- g) Biased specification
- h) Inadequate statement of requirements
- i) Failure to identify potential sources
- j) Inappropriate Selection procurement method
- k) Failure to adequately address enquiries from bidders

OECD (2012) report on recommendation on enhancing integrity in procurement identified the planning and budgeting stage of the procurement process as a risk prone area, particularly the lack of adequate assessment of need. Notable among the major risk areas are the failure to prepare realistic budgets, interference from top officials and informal agreement on contracts. For instance, when assessing whether a new road or a hospital is needed, political considerations may prevail. Figure 8 below illustrates the role risk management plays in achieving value for money in procurement.

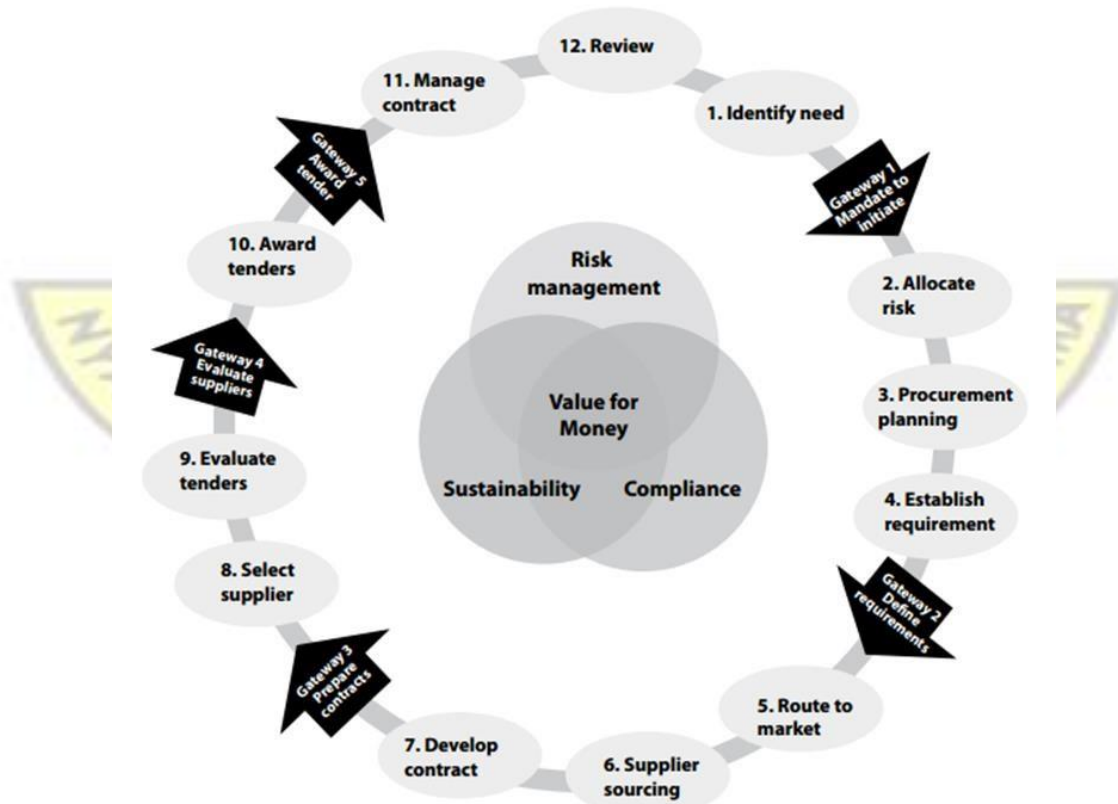


Figure 8: The Procurement Cycle

Source: Jackson (2010)

2.8.19 Sustainable Procurement Planning

Sustainability has become an important subject such that within each phase of the procurement lifecycle, sustainability goals and principles need to be factored in and applied in the phases of the procurement cycle (APCC, 2013). Sustainable procurement represents a wide range of government procurement activities with the overarching goal of lessening the direct and indirect environmental effect of procured goods and services (Payne, 2014). These activities include greenhouse gas (GHG) reduction programs, lowest lifecycle cost (LCC) purchasing programs, and hazardous materials reduction programs, among others (Payne, 2014).

Sustainable procurement attempts to balance social, environmental and economic objectives with sustainable development objectives through procurement (Chari and Chiriseri, 2014). It endeavours to address the social, environmental and economic consequences of procurement actions from design, through manufacturing, to use, and final disposal of products and services (Appiah, 2014). The three dimensions of sustainability, also referred to as the triple bottom line have been illustrated in Figure 8.

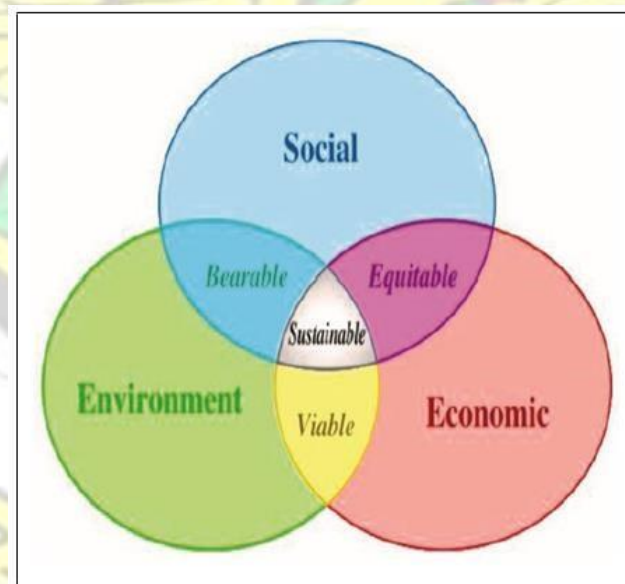


Figure 9: The Three Dimensions of Sustainability

Source: Appiah (2014)

Procurement entities or buyers are not only mere consumers instead they have control over what is manufactured and how they are made; this implies they can put in place systems to check how sustainable a product that they intend to buy will be (Appiah, 2014). It is reported

that procurement officials lack of the knowledge and capacity to successfully implement SPP, meaning there is the need for training and capacity building (UNEP, 2013).

According to Dza *et al.* (2013) in Ghana, that there are no sustainable procurement training programs put in place for practitioners to access, this somewhat accounts for the low capacity of procurement officer in the procurement function. The final report of the United Nations Environmental Programme outlined a number of the actions most needed at both national and international levels to grow SPP/GPP (UNEP, 2013), among them are; suppliers training, change of award criteria, lifecycle costing, knowledge transfers and others.

The benefits of SPP include a reduction of negative environmental impacts, improved social responsibility, more efficient use of resources and funds, improves risk management practices, can drive social and economic policies and reduce corruption (Appiah, 2014). To achieve a sustainable procurement practice it transcends just the decision to award contract to a firm but spreads to a wider cycle, thus from need identification to contract closeout (Jackson, 2010).

During procurement, it may be necessary to prioritise certain aspects of sustainability over others, this may be necessary because of the intrinsic nature of certain the goods/services, sustainability impacts and prevailing market conditions (QGPG, 2014). Figure 8 illustrates the role sustainable procurement plays in achieving value for money.

2.8.19.1 Planning Strategies to Incorporate Sustainability

Sustainable procurement should be factored in the overall planning process. To incorporate sustainability into procurement planning, it includes analysing the demand, measuring the sustainability impacts and the supply markets (Zeppel, 2014). The next thing is to incorporate key sustainability criteria into prequalification, specification, evaluation, negotiation and contract management stages of the procurement process (Zeppel, 2014). Elsewhere, APCC (2013) categorizes sustainable procurement of a project lifecycle into four (4) phases; namely,

- Phase 1 Procurement Planning;
- Phase 2 Supplier Engagement;
- Phase 3 Contract Management; and
- Phase 4 Dispose, Replace, Refurbish, Demolish or Sell.

An early consideration of sustainability in the early stages of the procurement process (thus planning stage) is quite essential than to do so later in other procurement stages. The reason is

that there is a progressively less scope to add value through improved sustainability outcomes when considered in other stages (QGPG, 2014). Incorporating green procurement into procurement follows the same process as the normal traditional procurement stages as illustrated in figure 10 below.

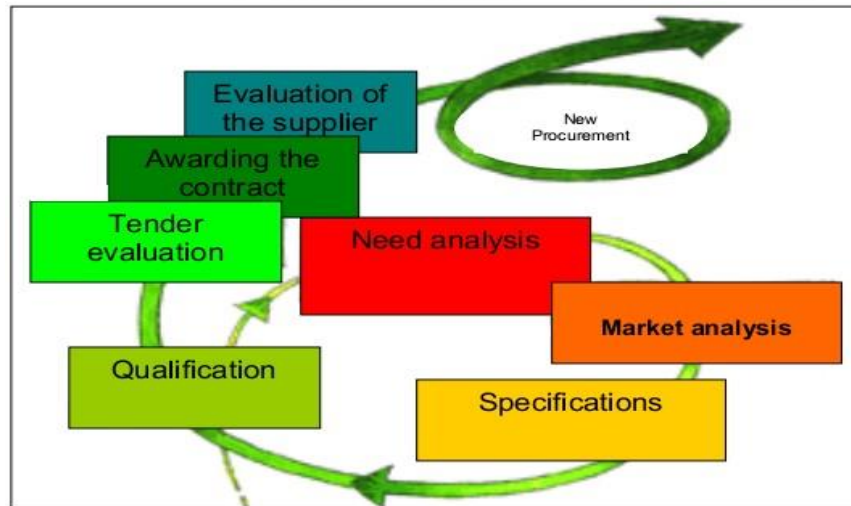


Figure 10: The Procurement Procedure in a Greener Way

Source: Dahl et al. (2007)

Sustainable procurement planning can be carried out in three areas, namely demand analysis (thus stakeholder requirements), sustainability impact analysis (thus risks issues and opportunities) and supply market analysis (QGPG, 2014). An intensive research in these three areas will be of help in identifying sustainability impacts or the intended product to be procured, which impact to focus on and consequently this will be used to develop the overall strategy for sustainable procurement (QGPG, 2014).

2.8.19.2 Demand Analysis

During demand (needs) analysis focuses on the desired output sought, whether there is a more sustainable way of meeting that same „need“ (QGPG, 2014). An early stage consideration of sustainable decision-making will help to identify avenues of opportunities to (i) avoid or reduce consumption by the use of alternatives (ii) identify a more sustainable alternative (iii) rethink and revise specifications having in mind sustainability outcomes. It's therefore imperative that sustainability considerations should be incorporated into procurement plans.

2.8.19.3 Sustainability Impact Assessment

This seeks to build an understanding of the whole life environmental and social impacts related to the procurement of a needed good or service (QGPG, 2014). This helps to determine the

specific sustainability issues, risks and opportunities that the procurement will address and support (QGPG, 2014). There are broad categories of sustainability impacts that can be considered when performing assessment (QGPG, 2014). These include climate change, energy, water, water use and quality, toxic substances/pollutants/emissions, resource use and intensity, including natural landscapes, habitats, social responsibility and ethical practices. These areas of sustainability greatly influence decision making.

2.8.19.4 Supply Market Analysis

QGPG (2014) describe supply market analysis as one that is conducted in order to;

- i. Develop an understanding of the current level of capability and performance in the market with regard to sustainability, and the capacity and potential of the supply base to move towards, and advance, best practice.
- ii. Determine the degree of influence the entity has within the supply market to drive sustainable procurement objectives.

2.8.19.5 Developing Sustainability Strategy

The results from the demand analysis and the sustainability impact assessment and the supply market analysis should be used to develop the overall sustainability strategy for the procurement arrangement (QGPG, 2014). The strategy for the procurement should address the following issues:

- the sustainability priorities and objectives for the procurement
- potential sustainable procurement responses for addressing the prioritized sustainability objectives, including consideration of the stage of the procurement process at which the identified sustainability impacts will be addressed
- the overall approach to market with regard to sustainability for the goods or service.

2.8.19.6 Significant Procurement Plan

The significant procurement plans contain sustainability considerations. The plan for significant procurement should document's each element of the procurement planning process, containing the demand and supply market analyses and the likely impact on the supply market (QGPG, 2014). In addition, an evaluation of potential sustainability options and the preferred strategy are incorporated into the plan (QGPG, 2014). As part of monitoring sustainability issues key performance indicators should be identified in the plan, which to a larger extent will

be included into the contract management process (QGPG, 2014). Figure 11 below illustrates how to develop a significant plan for a procurement need.



Figure 11: Sustainable Procurement Planning

Source: Procurement guidance (2014)

2.8.20 Reviewing and Updating the Procurement Plan

Basheka (2009) identified 14 steps which are the very critical and essential stages for procurement planning. Reviewing and updating procurement plan was identified among three others (Basheka, 2009). It helps to measure actual performance to what was planned (PPA Manual, 2006). It gives room for changes to be made to time lines, assumptions about institutional capacity, changed priorities and other factors that ensure the plan is successfully operationalised (PPCC, 2007). Changes to the plan does not really invalidate it, it simply reinforces that that planning is a dynamic process rather than a static picture (PPCC, 2007). Review or update of the plan brings focus and accountability in the procurement process (Kiage, 2013).

2.8.21 Evaluation and Monitoring of Plan

According to Appiah (2013) studies have showed that the simple enactment of laws and regulations are not enough to curb procurement corruption unless it is supported by severe monitoring and evaluation activities. Barasa (2014) argues that planning generally provides the basis for monitoring and control. Such activities include monitoring of risks, measuring how effective treatments given to risks have been on a regular basis and taking corrective actions

when needed to ensure continuous improvement of the system (Tan, 2013). The monitoring and evaluation system should also identify the risks and vulnerable points at each stage of the procurement process (Agaba and Shipman, 2007). This can be done by establishing key performance indicators and milestones to be used in monitoring and assessing progress (RPPA, 2010). Constant monitoring of practitioners and entities reduces the likelihood of the occurrence of any corrupt practices in procurement (Ampofo, 2013).

2.8.22 Key Personnel Involved in Procurement Planning

Procurement planning is a process by which the inputs of all personnel responsible for procurement are synchronised and integrated through a comprehensive plan for fulfilling the need requirement in a timely manner and at a realistic cost (FAR, 2014). It includes developing an overall strategy for managing the procurement (FAR, 2014). According to Thai (2001) as cited in Gesuka and Namusonge (2013, p. 6) public procurement is a very complex function which requires interdisciplinary skills and knowledge. In view of this, it requires that procurement planning be undertaken by a team of key officials with the appropriate background and knowledge to ensure all the necessary skill are available for the planning process. For instance, in Nigeria, a procurement planning team is constituted yearly to undertake procurement planning.

2.9 Summary

The procurement plan is the output of the procurement planning process. A procurement plan plays vital part in the management of the procurement process and is an essential tool in achieving the objectives of public procurement (PPCC, 2007). It can be developed for a specific need, a number for requirements and for one or many procurement entities (Lynch, 2014b). Procurements cannot be done on a piecemeal basis, but require a strategic and coordinated approach through the development of a formal procurement plan (Gandy and CaseUpton, 2013). Kiage (2013) described the procurement plan as an instrument for the implementation of the budget of procurement entities.

Procurement plans can be developed for departments and a consolidated procurement plan for the whole entity (Basheka, 2008). The procurement plan serves as a monitoring tool for assessing the performance of the various departments engaged in the procurement processes of the institution (SADC, 2012). The primary objective to be observed when putting together the

overall procurement plan is to look for similar needs among the various user departments in order to obtain economy of scale in procurement and management of contracts (SADC, 2012).

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The logo of the Kenya National University of Science and Technology (KNUST) is centered in the background. It features a stylized torch with a red flame at the top, a white and grey shield in the middle, and a yellow eagle with spread wings at the bottom. A yellow banner with black text is at the very bottom.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

In this chapter the methodology that was used to carry out the study is presented. The chapter is divided into sections that present the research approach, research strategy, research design, research method, sampling design and data analysis. This methodology was used in obtaining relevant data to address the aim and objectives of the study. The chapter concludes with data collection procedures and data analysis techniques that were adopted.

3.2 Research Philosophy

The study adopted the interpretism research philosophy. This philosophy focusses on to the study of social phenomena in their natural environment and where the researcher is more concerned with gathering rich insights into subjective meanings. This philosophy focuses on conducting research amongst people rather than on objects and adopting an empathetic stance so as to understand their social world and the meaning they give to it from their point of view.

3.3 Research Approach

The qualitative approach was adopted for the study. This approach was adopted because of its strength in exploring attitudes, behaviour and experiences through such methods as interviews or focus groups discussions. This approach aided in getting an in-depth opinion and information of participants on the procurement planning practices of public procurement entities in Ghana.

3.4 Research Strategy

Saunders *et al.* (2009) noted that, the choice of a research strategy is guided by a researcher's research question(s) and objectives, the extent of existing knowledge, the amount of time and other resources available, as well as his or her own philosophical underpinnings. Survey research was used by the researcher to collect data about people's thoughts, behaviours, preferences in a systematic manner by the use of interviews.

3.5 Research Design

Descriptive research design was adopted for the study because of its exclusiveness in its data collection and analysis. A descriptive study is undertaken in order to describe the characteristics of the variables of interest in a situation. In order to understand the characteristics of procurement entities and their common practices in procurement planning descriptive research design was employed.

3.6 Data Collection Instrument

Research methods are the practical techniques used to carry out a research. They are the tools that make it feasible to collect data and analyse it. The type of data needed to answer the research questions influenced the choice of data collection tools and techniques.

3.6.1 Data Collection

The most common sources of qualitative data are gotten from interviews, by observation of a phenomenon and data contained in documents and others, none of which can be manipulated easily by statistical software. Therefore, the study adopted an unstructured and semi structured interview as the data collection tool.

3.6.2 Interview

Interviews are the primary data collection techniques used for eliciting data in most qualitative methodologies. In using interviews for this study the interviewer had the opportunity to seek clarification or clarify any issues raised by the interviewee or ask more probing questions. The study made use of unstructured interview and semi structured interviews. The mode of administration of the interview was done face to face therefore allowing for clarity to be obtained on every subject of discussion. This data collection tool allowed for in depth information to be collected from respondents on procurement planning practices.

3.6.3 Type of Questions

The study employed the use of an unstructured interview and semi-structured interview guides. This enabled the interviewer to ask further questions in order to get insights into the attitudes, views and common practices of interviewees. The semi structured interviews generally began with a few specific questions and then was followed by further probing questions depending of the interviewees direction of discussion and subject matter of interest. Unstructured interview guide was used to elicit information from respondents on subjects which had no predefined parameters. In this study, the researcher adopted structured and unstructured types of interview in order to answer the research questions. To identify the current procurement planning practices, unstructured form of interview was used whereas a semi structured form of interview was adopted to answer research questions of objectives two (2) and three (3), which are the challenges faced in procurement planning and the causes of the challenges faced in procurement planning.

3.6.4 Pilot study

A pilot study serves as a trial run for the data collection tool, this involves testing the wording of questions and identifying any unclear questions. A pilot study was conducted in one Merotropolitan Assembly using questionnaires and interviews. Pilot testing or pretesting helped to ensure the researcher obtained the information that was required to answer the research questions. The findings of the pilot study helped to reorient the research method for collecting data. The target respondent that were reached include Heads of Department, Units, Projects and Programmes (HDUPP). However, the findings from the use of questionnaire and interviews revealed that HDUPP do not prepare procurement plans for their subordinate areas of control.

As a result, collecting quantitative data from respondents was changed to qualitative (using interviews) because of the limited number of respondents from which data was to be obtained.

3.7 Sampling Design

Sampling, is the process of selecting a few representatives called sample from a bigger group which is population, to be used as a basis for estimating or predicting the occurrence of an unknown piece of information, situation or outcome regarding a larger population (Kumar, 2011). The sample design chosen for the study was premised on the kind of information needed to the research questions.

3.7.1 Target Population

Cooper and Schindler (2014) describe target population as those people, events, or records that contain the needed information and can answer the research questions. The target population for the study was all Metropolitan Assemblies in Ghana numbering a total of six (6). The target respondents were procurement officers of Metropolitan Assemblies in Ghana.

3.7.2 Sampling Technique

The sampling technique that was used was the purposive sampling technique. In this method a group of people believed to be reliable for the study are targeted (Kombo & Tromp, 2009) cited in (Wanja and Gichuho, 2014). Purposive sampling was adopted because of its strength of getting rich and in-depth information on the central issues under study. Secondly, purposive sampling technique was used because of the suitability in choosing respondents subjectively and because of their unique characteristics, experiences, attitudes, or perceptions. For the purpose of this study which sought to elicit information from respondents involved in the preparation of the procurement plan in MASs, purposive sampling technique was considered the most appropriate technique.

3.7.3 Sample Selection

The study focussed on all the Metropolitan Assemblies in the country. The purpose was to obtain a thorough description, understanding and explanation of how the PEs go about their procurement planning practices in Ghana. The study focused on procurement planning in the local government. Metropolitan Assemblies were chosen because it required that contact be made with personnel with ultimate experience in the local government procurement. Hence, the respondents were required to have had a personal experience of local government

procurement in order to avoid any opinions and perceptions based on hearsay, rumours or conjecture. However, the sample size comprised not of the whole community of a metropolitan assembly but a subset of it. Ideally, those who are involved in the procurement planning process were targeted. In all six (6) procurement officers were selected for the interview. They were considered as being in the position with the required information to answer the research questions.

3.8 Data Analysis

In order to answer the research questions of the study qualitative data analysis techniques was adopted to analyse the data, this facilitated description, explanation and interpretation of the research findings.

3.8.1 Qualitative Data Analysis

Qualitative research involves a collection of interpretive techniques which seek to describe, decode, translate, and understand the meaning but not the frequency, of certain naturally occurring phenomena. In the context of this study, qualitative data were obtained from interview transcripts and field notes. This method of analysis is that it helped to categorise and organize data (text) into an understandable or meaningful format. The data was then reduced into very meaningful patterns and themes.

3.8.2 Framework for Data Analysis

Qualitative studies usually rely on an analytical framework to make meaning of data. It makes use of linked concepts in a network and classifications to make meaning of an underlining process. There are three ways of writing qualitative research findings; these are;

- i. Developing a narrative to describe a situation, episode, event or instance.
- ii. Identifying the main themes that emerge from your field notes or transcription of your in-depth interviews and writing about them, quoting extensively in verbatim format;
- iii. In addition to (ii) above, also quantify the main themes in order to provide their prevalence and thus significance.

of This study adopted the above ways of writing qualitative findings were a narrative of the data was presented and identifying if themes emanating from the interview transcripts.

3.8.3 Thematic Analysis

This is particularly suitable when the researcher wishes to examine the data in order to discover common themes, patterns and thoughts from more than one respondent (Alhojailan, 2012). Alhojailan (2012) expresses the importance of allocating a narrative to the data in order to gain a clear and meaning understanding of the respondents thoughts at the same time to convey their experience. The study made use of Miles & Huberman model (1994) of thematic analysis process.

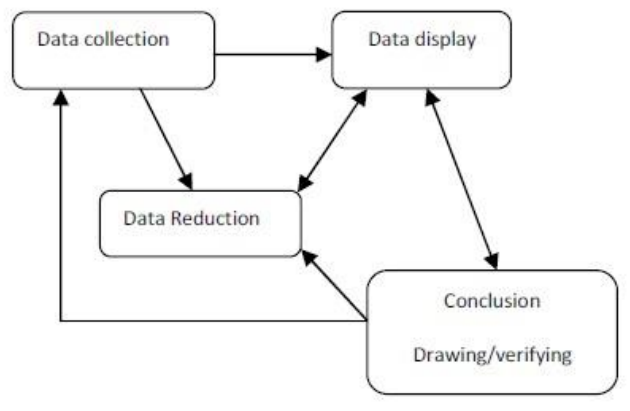


Figure 12: Component of Data Analysis: Interactive Model

Source: Alhojailan (2012)

3.8.3.1 Identifying Main Themes

In developing themes for the study the responses of participants were carefully scrutinised in each section or question in order to get a precise meaning of what they communicate. Further, the themes were developed or generated which giving meaning to the raw data that was collected.

3.8.3.2 Data Reduction

Data reduction is the first level of data analysis using the Miles & Huberman model (1994). It involves selecting, simplifying and transforming the data (Alhojailan, 2012). To achieve this codes were assigned to the data that were collected from the respondents, be it a single statement or a longer answer to a question. The purpose of the coding is that it helped to categories all of the data so that they could be compared systematically with other parts of the data set. Coding was done by a thorough reading of the interview transcripts and field notes multiple times, upon which an overall sense of the data was made and key themes were identified and classified under the various themes.

3.8.3.3 Data display

Data display is the organized, compressed form of information which purpose is to make sense out of the data collected (Alhojailan, 2012). This allowed the researcher to bring to light any similarities, differences and interrelationships. At this stage of the data analysis sections of the narrative data were displayed, a link between different sub groups of data were identified. Further, a cumulative meaning through an iterative process was established by comparing and contrasting of the raw data description and analysis with literature review findings. The use of direct quotations provided supportive meaning to the data's interpretation for some statements.

3.8.3.4 Data drawing and conclusions

Miles and Huberman's Model (1994) delineated some points to assist researchers to draw conclusions and meaning having displayed data in a variety of ways (Alhojailan, 2012). These points were employed in drawing data and conclusions in this study; these include:

- a. The identification of any patterns or themes and the relevance of any statement especially if similar or contrasting
- b. Grouping or establishing categories of „information that can go together“
- c. Identifying interrelations among factors and variables
- d. Building conceptual coherence and consistency, which at the end should be used to explore the validity of the findings so that they fit the theoretical framework of the study.

3.9 Testing

To establish the goodness of data collected there are two tests that the data can be subjected to; thus reliability and validity (Saunders *et al.*, 2009; Sekaran, 2003). This helps to prove the consistency, stability and goodness of the data.

3.9.1 Theme's Reliability and Validity

Saunders *et al.* (2009) defines reliability as „the extent to which your data collection techniques or analysis procedures will yield consistent findings“. Alhojailan (2012) contend that it is essential to validate themes at the early and later stages of the data analysis process. To establish the reliability of the data, multiple sources of data was used. In addition, a comparison of interviewees responses was used to ensure validity of data. Also there was an early involvement of an outside reviewer or independent coder who sampled the raw data and created codes during

the early stages of the analysis to evaluate and identify themes. This enabled the compatibility of the themes to be tested against the whole of the text (data).

3.10 Ethics

According to Kalof *et al.* (2008) a study that is designed in an ethical manner increases benefits to both the scientists and study participants, respects respondents' rights, and minimizes the risks to respondents. Some ethical issues that were used in this study include

- i. Voluntary participation and harmlessness.
- ii. Informed consent to participants; thus clearly describing their right to not participate and right to withdraw.
- iii. Participant's anonymity and confidentiality.
- iv. Disclosure of information about their study to potential subjects before data collection.
- v. Analysis and reporting and
- vi. Avoiding plagiarism and copyright infringement.



CHAPTER FOUR

DATA ANALYSIS, FINDINGS AND DISCUSSIONS

4.1 Introduction

This chapter presents analysis of data collected from the field in relation to the study objectives and research questions. The chapter also discusses the interpretation and presentation of the research findings drawn from the research instruments. The study sought to identify the current procurement planning practice, identify challenges and their causes, and to propose a framework procurement planning in public procurement entities. The data was analysed using Miles & Huberman model (1994) of thematic analysis adapted from the work of Alhojailan

(2012) to address the objectives of the study. The interview transcripts were read though a number of times, where the key points and themes emanating from the scripts were identified.

4.2 Interviewee's Profile

4.2.1 Working Experience of Respondents

The respondents of the study comprised procurement officers in the six (6) Metropolitan Assemblies in Ghana. Six procurement officers were interviewed with the aim of achieving an in-depth understanding of the procurement planning practices in the entities. According to Adjarko *et al.* (2014) people that remain longer in the same profession get to know their work and gain a lot of experience because of their constant involvement in same work over and over again. The interviewee's had a working experience of at most five (5) years, a situation which suggests that they have the relevant knowledge and experience to provide relevant information to answer the research questions. In addition, considering the homogenous nature of the local government structure of the local government ministry, procurement officers in the MAs" were considered to have worked longer in the local government and therefore should have the relevant skill and experience and therefore were selected for the interview. The conclusions drawn on this finding is that, though procurement officers are at the metropolitan level of the local government service, their years of experience in procurement appears to be little.

4.2.2 Level of Education and Professional Qualification

The study endeavoured to find out the level of education of participants. It was however found that the majority of respondents, four (4) out of six (6) respondents had a bachelor's degree in procurement management or logistics and supply chain management. The other two (2) had Higher National Diploma (HND) in logistics and supply chain management. This suggests that respondents are likely to have a good knowledge of procurement as reported by the association of Continuing Professional Education (CPE) that having qualifications and relevant training may improve exposure and knowledge and hence improve performance (Basheka and Mugabira, 2008). Nevertheless, the study found that only one respondent had professional qualification but none of them had a master's degree. This finding reinforce the work of Basheka and Mugabira (2008) who revealed that in Uganda only a few procurement officers hold a master's degree implying that the procurement profession was still in its infancy.

4.3 CURRENT PROCUREMENT PLANNING PRACTICES

The study sought to find out the current procurement planning practices of entities. This section therefore discusses the planning practice of entities. In order to answer the research questions, the manuscripts and notes obtained from the interview of procurement officers have been analysed and presented under themes.

4.3.1 Period of Commencing Procurement Planning

Section 3.2 of PPA Manual (2006) states that; „preparation of the annual procurement plan should be commenced at least four months before the start of the financial year to allow sufficient time for a realistic and accurately costed plan to be compiled“.

The period of commencing procurement planning in the entities fall within the range of the provision of the law as respondents reported that they begin their planning between the period of September to November. The process begin by first sending circulars to user units to submit their procurement needs for the next financial year. However, a few entities begin the process by reviewing procurements that have been completed so far, and that which are to be done by organising a consultative or strategic meeting to strategise on how to go about it.

This practice is consistent to the requirement of the manual and Act's provision. One of the respondent said:

“The whole process starts from the month of June. Where we do the mid-year review of the previous procurement. After the review, there is a budget committee that is formed.”

Another respondent said:

“The procurement planning starts in the month of September and we complete it by the end of November. Before the process begins we send letters to departments to submit their inputs.”

According to one participant:

“We send circulars around to the user units in October and by the end of November we send the procurement plan to the Entity Tender Committee...but by law it's supposed to be at least four months to the end of the year...it would be better if the process starts 6 months to the end of the year.”

4.3.2 Need Identification

Need identification by entities is done in two ways; the first is external needs identification. This has to do with the needs of communities within the jurisdiction of the metropolitan assemblies. The second is internal estimated requirements for stores replenishment, and the submissions of Departments, Units and Projects within the procurement entity. The needs are those that meet or are in synchrony with the objectives of the entities. The needs are captured in the entity's medium term development plan and further broken down into annual action plans. The procurement items outlined in the annual action plans are those that get into the annual procurement plan of the entities to be procured for the next financial year.

A respondent had this to say about how needs are identified during planning:

"The Assembly prepares a medium term development plan which spans a period of 4-5 years. It's upon this plan that an annual action plan is deduced and implemented. It is the annual term plan that contains all the procurement need that would be procured in a particular financial year."

One participant expressed this in his view:

"We plan the procurement under works goods and services. Most of our projects are works. We have a planning unit which go into the communities and communicate with the assembly members who represent the communities to give them their priority projects that they need in the various communities."

Another respondent highlighted that:

"The planning unit in consultation with the communities prepare an action plan for the assembly which contains all the needs of the communities...we send circulars out to solicit for the needs of the various units."

4.3.3 Budgeting and Estimating

When buying goods and services procurement officials need to ensure that the best possible outcome is achieved, this must take into account all relevant costs and benefits over the whole procurement cycle (Raymond, 2008). The budget office of the entities play a lead role and in some cases the planning unit in budgeting for procurement needs. When the budget is drawn for the financial year, it is then sent for approval by the General Assembly of the entity. After the

budgeting process by the budget office or the budget committees, the procurement unit then picks the approved budget and prepares that annual procurement plan from it using approved budgets for procurement items for that financial year.

An excerpt from a respondent highlighted this concerning budgeting:

“After the review, there is a budget committee that is formed. The various heads of departments prepare their budgets to appear before the budget committee. The budget committee will then have a discussion of the needs that the heads of departments have stated. The discussion is between the heads of departments and the budget committee. When the budget hearing process is done the next stage is to collate whatever procurement need has been budgeted for into the procurement plan.”

A respondent explained that:

“The procurement plan comprises the information from the action plan and the budget of the various units. The planning and budgeting is done in a team. The planning officers will plan the action plan, the budget officers will also prepare the budget and other functionary units like the works department.”

Another participant said:

“...the budget allocation is then forwarded to the general assembly or authority meeting for discussion and approval.”

4.3.4 Aggregation/Consolidation

Section 3.2.2 of PPA Manual (2006) requires that a PE should undertake packaging for where appropriate to achieve economies of scale. Aggregation is the next stage of the planning process after the budget has been approved. The procurement unit then identifies similar items and group them into goods, works and services. After procurement requirements have been classified; the needs are then aggregated to achieve economies of scale. Aggregation is done by the procurement unit of the entity. According to a respondent:

“From the annual action plan we identify all the procurement needs and then we classify them into goods works and services. After classifying the need items we aggregate the similar items to achieve economies of scale.”

Another respondent replied that:

“Aggregation is where we package the projects into lots or we classify the needs/projects that are of similar nature that will need to be procured at the same time.”

4.3.5 Specification Writing

Section 3.2.5 of PPA Manual (2006) states that: “Heads of departments, units, projects and programmes are required to ensure the analysis and preparation of Annual Procurement Plans for their own and subordinate areas of control.” Also Section 2.8 says Originating Officer, Department, Project, Programme or Unit should “Prepare the initial specification of the requirement”. Writing of specification in procurement entities is done jointly between the originating department and the procurement unit.

According to a respondent:

“The preparation of specification is done in conjunction with the originating/user departments.”

Another responded that:

“Yes, user units are involved in preparing procurement specifications but the aggregation is done by the procurement unit.” Another participant said that:

“It’s the user department that will give you the specification of what they exactly want.”

4.3.6 Choice of Procurement Method

Procurement method is the route which the entity decides to use to acquire a particular procurement need. The method of procurement chosen or used by the entities is dependent on the estimated cost of the procurement need and the thresholds stated in Schedule 3 of Act 663. Secondly, it is circumstance driven as stipulated in Section 40 of the Public Procurement Act.

A respondent highlighted that:

“As for the method of procurement it is what the Act has stated that guide us....including the amount involved in the project.” Another replied that:

“The method of procurement which we assign to each procurement is based on the amount of that procurement and taking a look at the threshold in the Act we choose the right method.”

4.3.7 Procurement Timelines

Section 3.3 has stipulated guidelines for determining completion timescales. This has been categorised under ICT (Goods), NCT (Goods), ICT (Works), NCT (Works) and Request for Quotation. Procurement entities make use of these guidelines to apportion lead times to the procurement process. According to one respondent:

“The time lines that we use are as set out in the manual. So we follow exactly what is in the manual.”

Another participant added that:

“We consider the time the procurement item will be needed by the users and then we plan for it.”

4.3.8 Approval Authority for Procurement

For every procurement that is undertaken by an entity, Section 3 of the Act has specified bodies or persons responsible for their approval. Therefore, depending of the estimated cost or value of the procurement, the appropriate body or person is selected for approval of the procurement need.

One participant said this:

“In the same way the estimated cost tells what the approval authority would be.” Another respondent said:

“The amount that a project will cost determines the approval authority to be used.”

4.3.9 Submission of Plan for Approval

Section 21 (2) of Act 663 says that „a procurement entity shall submit to its Tender Committee not later than one month to the end of the financial year the procurement plan for the following year for approval“. Currently procurement entities prepare their draft procurement plan and submit it to the Entity Tender Committee (ETC) for validation and approval. Upon receiving approval from the ETC, the plan is submitted for discussion at the general assembly meeting of the procurement entity. Concerning the approval process for the plan a respondent said:

“After we have finished with the planning we submit it to the entity tender committee for validation and approval.”

Another replied that:

“The draft procurement plan is then presented to the entity tender committee for validation and approval. After the entity tender committee has approved it; it is then sent to the general assembly.”

4.3.10 Monitoring and Updating

Section 3.4 of PPA Manual (2006) requires that „during project execution the original procurement plan should be regularly monitored and updated“. At the implementation stage of the procurement plan, the plan is subjected to periodic review and updating. Procurement entities review their plans quarterly; during this period procurements that have been completed and those that are pending are reviewed to address any challenge that has been encountered or may be met, this allows the necessary changes to be put in place. In addition the planned time lines are measured against the actuals to track progress. Procurement needs are prioritized at this stage of monitoring and updating.

One participant pointed out that:

“When we meet quarterly and we find out whether there are some problems with the first quarter.... then amendment or reviews are made to the plan for the following quarter.”

Another highlighted that:

“Monitoring and updating of plan is done quarterly; during this time we also do prioritization as to which project should be considered or is an emergency one.”

Another participant said:

“We do review quarterly...so for instance an emergency project may be reviewed from the third quarter to the second quarter.”

4.3.11 Participation of Key Personnel in Planning

Section of 3.2.2 to 3.2.5 of PPA Manual delineates the actions or responsibilities of the personnel that play a part in the planning process. These include the head of entity, the procurement unit (officer), the head of departments and stores (the head of stores). However, the study found that apart from the head of entity that plays an administrative role of initiating the planning process by instructing the procurement unit to commence development of the

annual procurement plan; the heads of departments including the stores department play very little role when it comes to procurement planning, especially the stores department.

This was response from a participant who said:

“I recommend that store keeper must be part of the key personnel involved in the planning process.”

This strengthens the observation of the study which found that stores officer was not mentioned as one of the key people involved at the budgeting stage. Section 3.2.5 of the Manual throws much light on the role that the Heads of Department, Units, Projects and Programmes (HDUPP) in the planning process. The section requires that HDUPP should “ensure the analysis and preparation of annual procurement plans for their own and subordinate areas of control.” Contrary to this HDUPP do not prepare procurement plan for their subordinate areas of control. Instead, they sometimes prepare budgets for their need items and then submit it to the budget office/committee. Concerning departmental planning this is an excerpt from a respondent:

“The various heads of departments prepare their budgets to appear before the budget committee.”

In the same vein another respondent said that:

“Departments do not prepare their own procurement plans. Rather they do prepare their budgets and action plans.”

In addition, Section 3.2.3 which states that the procurement unit shall “issue detailed instructions to the heads of departments, units, projects and programmes on the format and content of submissions for the procurement plan.” and also “Receive submissions, check quantities and costing, obtain clarifications and other responses to any queries, analyse and compile all submissions into a procurement plan for the procurement entity.”

Section 3.2.3 strengthens the fact that HDUPP are responsible for the preparation of procurement plan for their own subordinate areas of control and the procurement unit has the responsibility of receiving, checking quantities and costing and obtaining clarifications and responses to any queries; just as section 3.2.5 states that HDUPP shall „respond to any queries raised by the procurement unit“.

Meanwhile, from the responses gathered it suggests that it is the budget and the planning officers (units) that play a substantial role in the planning process, especially at the budgeting stage of the planning process. In a nut shell, procurement planning in entities is not carried out in a team manner rather it's the budgeting stage that is handled by a team. Respondents however made mention of some personnel that can be part of the procurement planning team. These include the Procurement Officer, Budget Officer, Planning Officer and heads of departments, units, projects and programs.

4.3.12 Sustainable Procurement Planning

In identifying the current procurement planning practices of entities, respondents were asked the extent to which they incorporate sustainable procurement planning into the procurement process. The study found that most of the respondents had no specific knowledge of sustainable procurement planning, whereas others had an appreciable knowledge of sustainability. However, respondents who had knowledge of sustainable procurement was skewed towards environmental safety as they expressed the importance they attach to any procurement that has environmental impact. Typical responses from the respondents concerning sustainable procurement planning are as follows:

One participant said:

"In considering sustainability we look and the energy efficiency, economical gain and the environmental safety of the procurement need." Another responded that:

"As a result of our CIPS background in training as a unit we have an idea of sustainability and we have been taking that into account before the recent workshop by PPA training in sustainability. The training highlighted on taking into consideration how environmentally friendly a procurement need will be in every procurement." Another respondent highlighted that:

"Before the training sustainable procurement I was not actually factored into the planning process. However, after the training whatever we do we factor it in to ensure that we obtain a sustainable product."

A participant replied that:

“Under the plan we have general services which include environmental issues and others so before we embark on any project we have to conduct an environmental assessment.”

4.3.13 Risk Planning

Considering the fact that risks are inherent in all the stages of the procurement process (GPP, 2010), respondents were asked the extent to which they incorporate risk management into their procurement planning process. The study found that respondents were not incorporating risk management into the procurement planning process because of their lack of specialised knowledge in it. There is no clear cut process which they go through to plan for risks that may be associated with a procurement process. In addition, they expressed concern that a training program and the provision of guidelines would be helpful for the planning process. The following excerpt from one participant captures this:

“Currently risk management is not captured by the procurement plan. But for procurement of works, after the signing of the contract there is a project management team that takes care of that, for instance checking the engineering works. For goods it's considered after purchasing; ways by which shall be disposed are considered.” Another respondent added this:

“Currently we do not have that incorporated in to the planning process.”

Another replied that:

“I have a general knowledge of risk consideration for a procurement need, but not a specialised knowledge of risk management and how to incorporate it into the planning process.”

4.3.14 Summary

The study identified eleven (11) themes under which procurement planning process is undertaken currently in PEs. The current procurement planning process that was identified has been summarized in figure 13 below.

2014) who observed that low thresholds give room for procurement entities to break into smaller components (break up items in parts) during procurement planning to avoid exceeding the threshold value which changes the method of procurement. An excerpt of a response from a respondent is this:

“That is perfectly true, the low level of the threshold gives room for splitting of procurements. It is something that the Act has to be amended... The difficulty is writing memos to solicit money for advert coupled with the duration of four weeks stated by the Act by which an advert has to last at least. This is what causes people to split procurements, considering the bureaucracy involved.”

4.4.2 Familiarity with Regulations

The study sought to find out how familiar procurement officials are with procurement rules regarding planning. Respondents reported that they are familiar with the legal frame-work, principles, procedures and processes which govern procurement planning. This they expressed that for procurement officers they are very much familiar with the rules governing planning. This finding therefore contradicts the assertion of (Eyaa and Oluka, 2011; Gesuka and Namusonge, 2013) who assert that procurement officials are not familiar with procurement rules and regulations. For instance, a respondent stated that:

“For people who do procurement planning in the assembly they do understand and are familiar with the regulations.”

However, a point worth noting is that respondents mentioned that management and other units who use the plan are those who are not familiar with the rules and regulations, this finding is also in synchrony with that of Frempong *et al.* (2013) study which reported that senior officers or management do not have any technical knowledge in procurement.

An interesting deduction from the response of respondents is that either they are conversant with some rules governing procurement planning or there is an incorrect interpretation and application of some provisions. For example, respondents mentioned that originating departments or user units are not responsible for preparing their individual procurement plan to be submitted to the procurement unit. This position is not in agreement with Section 3.2.5 of the Manual which stipulate that: „heads of departments, units, projects and programmes are required to ensure the analysis and preparation of Annual Procurement Plans for their own and

subordinate areas of control". This to some degree suggests the lack of understanding, unfamiliarity or incorrect interpretation of rules governing the role of user units in the planning process, a role which particularly important in the planning process. This was a typical response from a respondent:

"Departments do not prepare their own procurement plans. Rather they do prepare their budgets and action plans."

Another participant replied:

"We don't prepare procurement plan at units or departmental levels..."

4.4.3 Setting High Budgets

The planning and budgeting phase of the procurement process is one that has been reported as being plagued with corruption (Ampofo, 2013). Consistent with this assertion, respondents reported that setting of budgets high is one way by which corruptions manifests in the planning process. This they pointed out to be caused by management and political influence. This finding is in agreement with (Ampofo, 2013; Matechak, 2002) who reported that, budgets are usually set artificially high so that excess allocations can be misapplied, misappropriated or diverted to unplanned projects. This is an excerpt of a participant:

"I agree to some extent that sometimes budgets could be set high, but the reason is as a result of payments that delay and the influence of leaders." Another participant added that:

"Yes sometime there is over budgeting, where budgets could be set artificially high."

4.4.4 Absence of Functional Procurement Units

The existence of a functional procurement unit has been reported to have a significant positive impact on successful projects (Ogachi, 2014). The study found that procurements entities studied had functional procurement units. Therefore, the finding of this study contradicts findings elsewhere which says there is delay in establishing procurement units in entities and also there are no procurement units in entities (Etse and Asenso-Boakye, 2014; Obanda, 2010; Ogachi, 2014). A participant responded that:

"For our establishment we have functional procurement unit."

Another added that:

“Contrarily, there is a procurement unit in the assembly.”

4.4.5 Inadequate Qualified Personnel/Professional Workforce

Employee competence influences procurement efficiency to a large extent (Shiundu and Rotich, 2014). Addai-Donkor (2014) stated that the lack of procurement professionals with the requisite knowledge in procurement has been a major challenge in most procurement units especially in Ghana. The respondents reported that they have qualified personnel in their procurement units who handle procurement, thus taking into consideration their educational qualification as discussed earlier. This assertion however, is opposed to Raymond (2008) who described professionalism as not only relating to the levels of education and qualifications of the workforce but also includes the professional approach employed in the conduct of business activities. Nonetheless, their assertion is not in agreement to the finding of (Addai-Donkor, 2014; Obanda, 2010) who observed that procurement officers lack the requisite skill for procurement planning. Procurement officers reported that they have the professional workforce, this is an excerpt from one participant expressing his view:

“No, there is a lack of competent professional workforce, in our own case here we have the workforce to facilitate procurement planning.” Another respondent said:

“Just as we have a procurement unit we also have the professional workforce who man it.”

However, the study found that five (5) out of the six procurement officers who were interviewed, only one had professional qualification. Meanwhile, empirical literature posits that „building professionalism among procurement officials with a common set of professional and ethical standards is equally important“ in achieving integrity in procurement (OECD, 2007, p. 13). Building up a larger pool of trained procurement staff serves as an important tool for corruption control (Schultz and Søreide, 2008). This therefore reveals that procurement officers may not be considered as having the professional workforce in these entities. This assertion is in agreement with (Adam *et al.*, 2012; Raymond, 2008) who emphasize that professionalization of procurement – whether it involves private or public practice – not only implies having relevant knowledge only relating to the levels of education and qualifications of the workforce and appropriate skills. Instead it assumes following moral expectations, ethical codes and the professional approach employed in the conduct of business activities (Adam *et al.*, 2012; Raymond, 2008).

4.4.6 Loopholes in Legislations

Procurement practitioners face many challenges given the complexity of the set of laws, and government systems at times not in line with the Procurement Act (Denis and Kilonzo, 2014). Consequently, the absence of the law or a loophole in it could make room for malpractices. Respondents of the study reported that there were loopholes in the rules and regulations for procurement planning. A typical example that they put forward was the low threshold in the schedule three of Act 663 which states the method of procurement to be used for procurement items. For example, a classic response by one participant was:

“For instance clear procedures for procurement planning, that is beginning the budgeting process from the unit or departments level then to the budget committee, the budget committee will sit to analyse all the requests that have come from the departments and then from there we get any information about the procurement and then we start the procurement planning.”

Another respondent added that:

“A more detailed guideline on how planning should be carried out will be of good help to the work we do.”

Considering loopholes in the legislation guiding procurement planning, other areas which require noting are sustainability and risk management incorporation in the procurement process. It is interesting to note that the Act and Manual have no provisions for which these all important areas of planning. It appears important then to have the Act amended in order to make up for uncaptured areas of procurement especially sustainable procurement and risk management.

4.4.7 Influence on the Choice of Procurement Method

The public procurement Act has made provision for methods of procurement to be used for any particular procurement. The study found that the method of procurement is largely influenced by actions of management and political leaders. This substantiates the finding of (Hui *et al.*, 2011; Matechak, 2002; Vanderpuye, 2014) who stated that suppliers influence the method of procurement also interference from the local politicians, members of parliament and very influential top management individuals have interrupted the procurement processes and in effect daunted transparency. For instance, Osei-Tutu *et al.* (2014) posited that politicians influence the choice of contract, the nature of contract and who the winning contractors and

suppliers should be at the tendering and contracting stage. This was confirmed by respondents when they mentioned vividly that the planning process many times is influenced by top management and officials in political offices.

A respondents said:

“Yes, there exist influence on the choice of the method for procurement process. There is that influence on planning from suppliers, management and political leaders.”

Another respondent added that the choice of method of procurement is influenced, as captured below:

“As for this one you cannot avoid. There are instances where projects are given to particular people which conflict the provisions of the law. Sometimes these projects are tagged job for the boys. And these are people who are working under political officials.”

4.4.8 Poor Records Management

Records management is an essential aspect of the procurement function in organisations or entities. Meanwhile, many developing countries lack a systematic approach to managing records (Shiundu and Rotich, 2014). Respondents agreed to the assertion that procurement records management in entities is poor. The study found that there are challenges with the records management in terms of filing systems, difficulty in accessing documents among others. One participant attributed the cause of this challenge to financial constraints. This is an excerpt of a respondent highlighted that:

“Sometimes in our institution here, you need a document of complete a task and you just can’t seem to get. Because of the absence of good recording or you can’t find the documents needed completing the procurement planning on time becomes a challenge.”

This challenge poses a question on the level of professionalism at which procurement is carried out in these entities. This is because the quality of one's record keeping is also a reflection of his/her professional practice (PPCC, 2007). In addition, good record keeping is an indication of skilled practitioners, whereas careless or incomplete record keeping often highlights wider problems with the individual's practice (PPCC, 2007). This finding therefore suggests that professionalism is compromised given that efficient record management is an indication of professionalism, facilitates improved decision-making and policy formulation based on reliable

information and a demonstration of high level of accountability in the public procurement process (Bondzi, 2014; PPCC, 2007).

4.4.9 Influence of Economic and Market Conditions

Thai (2001) discusses five environmental factors influencing the public procurement system, these include market, internal environment, legal environment, political environment, and socio-economic environment. Economic and market conditions were noted as a contributing factor to the challenges of procurement planning. This is manifested in the rapid change of prices in the market which impact the procurement plan significantly. According to one respondent:

“The changes of prices in the market have an influence on the procurement plan.” Another one added that:

“Changes in the market affects planning in addition to tight budgets of the assembly.”

4.4.10 Poor Coordination between Departments

Organizations need effective communication to ensure that information flows in a timely manner to all and parts of the organization, both vertically and horizontally (Tan, 2013). Respondents mentioned that poor coordination is manifested in difficulty of receiving accurate, relevant, and up-to date information in a timely manner from departments or user units. In other instances, it is encountered in the inability of user departments to accurately write their specifications, and also the decision to use brand names for describing procurement items. Effective communication is therefore a challenge when it comes to coordination between departments. This finding substantiates other findings which observed that poor coordination between user departments and the procurement unit affect the procurement function in entities (Barasa, 2014; Chesang, 2013; Kenya and ECIAfrica, 2008; Obanda, 2010; OECD, 2007). The following excerpt from one of the participants expresses this view:

“This is true. There is difficulty in receiving accurate, relevant, and up-to date information in a timely manner from departments or user units.”

4.4.11 Difficulty in writing of specification, statement of work and statement of objectives

Specification in procurement planning is one that can determine the success or failure of the whole procurement process. From the current practices it was found that originating departments write their own specifications and in other instances it is done in conjunction with the procurement unit. Respondents however, reported that they do not have any difficulty in writing specification for procurement items, however, the difficulty has to do with user departments, especially when they are not explicit on what they want to be procured. For example, a one respondents said:

“Difficulty in developing specifications we do not have any difficulty” Another respondent said:

“In the writing of specification it’s not the duty of the procurement unit. It’s the user department. It’s the user department that will give you the specification of what exactly they want. But sometimes when there are specialist works we fall on special consultants for assistance.”

Moreover, an observation that was made was the fact that respondents were silent on how they write their statement of work and statement of objectives, even though further questions were asked to probe how they develop their SOW and SOO, yet their answers were linked to specification writing. This suggests that currently developing SOW and SOO is one aspect of the procurement planning process that is given attention.

4.4.12 Non Participation of Key Personnel

Basheka (2009) argues that the accounts or finance departments, the users of respective departments and procurement units are central when it comes to procurement planning. The study found that planning is currently not done in a team. It was observed that the team work only comes in at the budgeting level and needs assessment in communities, which involves the budget officer, planning officer and in some cases heads of departments. The procurement unit does not play an active part at this level, but only starts their process when the budget is approved. This finding strengthens the assertion of Basheka (2009) who contend on the important role that the finance officers play in the planning process. However, in Ghana the procurement law and its manual do not include the finance officer as key personnel in the

planning process. However, respondents stated that the planning process will be more effective if it's carried out in a team. This was a typical response of a respondent:

“Currently procurement planning is not done in a team, however it would be very helpful if it's done by a team so everyone can contribute to the plan. The team can comprise the following key people: finance officer, budget officer, stores officer, works engineer, procurement officer.”

4.4.13 Political Influence

Political interference affects the implementation of policies in the public sector (Badaso, 2014) and has been noted as one of the most significant challenges to the implementation of process and public procurement reforms (Ameyaw *et al.*, 2011). Respondents of the study mentioned that political interference or influence is one that poses a challenge to the planning processes. According to one participant, political influence is one that cannot be ignored when it comes to procurement. This observation explains why political influence remains a challenge in public procurement because it is a business process within a political system (Basheka and Mugabira, 2008). One respondent expressed his view in this excerpt:

“Sometimes these projects are tagged job for the boys. And these are people who are working under political officials. It's something that cannot be eliminated out rightly. Many times these come from political influences and also management.”

This finding is in agreement with (Ameyaw *et al.*, 2011; Ameyaw *et al.*, 2012; Aning and Edu-Afful, 2013; Badaso, 2014; Chesang, 2013; Addai-Donkor, 2014; Hui *et al.*, 2011; Odhiambo and Kamau, 2003; Osei-Tutu *et al.*, 2014; Williams-Elegbe, 2012), who unanimously agree that political influence is inherent in the procurement process.

4.4.14 Inadequate Training of Procurement Officials

According to Ambe and Badenhorst-Weiss (2012), lack of skills and capacity is one single and greatest impediment to the implementation of successful public procurement in most developing countries. Therefore, continuous development of staff through training has become essential as the procurement function progresses towards a tactical and strategic function (Dza *et al.*, 2013). Responses from the interview with procurement officers indicate that there is adequate training (on the job training) for procurement officials from time to time. Some of these training programs are organised by the Public Procurement Authority and World Bank. The study found that PPA in collaboration with the SWISS government had organised a training

program on sustainable procurement in the last quarter of year 2014. This is the first training program in sustainable procurement that PPA has organised. This is an indication of progressive work by the PPA to keep procurement officials up to date of new procurement trends. The following is an excerpt from one participant:

“There are training programs for procurement officials. So PPA organises training programs for procurement officials. For instance, just last year PPA organised a training program in sustainable procurement.”

Another participant added that:

“There is proper training for us from time to time. Especially PPA, local government service and International Development Agencies. For example, just the last quarter of 2014 PPA has organised a training workshop in Sustainable Procurement in conjunction with the Swiss Government. World Bank also organises training seminars. As for donor funded projects they are not afraid to pay and so they will spend to train you so to ensure that you do the right thing.”

Furthermore, a point worth noting is the familiarity of procurement officials (management) as reported as not being abreast with the rules and regulation guiding procurement (Eyaa and Oluka, 2011; Gesuka and Namusonge, 2013). The import of this is that if there is adequate training, why the deficiency in the familiarity of management. This confirms the assertion of Ameyaw *et al.* (2012) that most staff members of Ministries, Departments and Agencies (MDA’s) and District Assemblies (DA’s) responsible for procurement were not procurement proficient, even though they have been trained. This implies there is the need to intensify training programs that will equip management as well as procurement officers with the requisite knowledge resulting from the low level of procurement capacity, inadequate knowledge and training to ensure smooth running of procurement in entities (Hui *et al.*, 2011; Sarfo and Baah-Mintah, 2013; Williams-Elegbe, 2012). A respondent highlighted that:

“Our officers are familiar with the regulations and how they should be applied, but rather is management that has difficulty with familiarity.”

4.4.15 Low Ethical Standards

In enhancing professionalism, especially in procurement planning it requires not only management procedures but also a clear set of values and ethical standards clarifying how to

achieve these objectives (OECD, 2007). Respondents reported that there are ethical issues that are challenges currently. One major ethical issue that was noted in this study is conflict of interest. According to respondents, ethical issues will always remain in the procurement function given the environment within which procurement operates. Citing examples, they mentioned the involvement of management and political leaders whose actions concerning procurement contradicts the provisions of the law. This largely compromises the procurement processes and makes the goal of achieving value for money a distant dream. For example, right at the initial stage (planning stage) of the procurement process the winner of a project is known because of a political decision to give projects to preferred suppliers even before they are planned for. One of the respondent gave a typical example in this excerpt:

“As for this one you cannot avoid. There are instances where projects are given to particular people which conflict the provisions of the law. Sometimes these projects are tagged job for the boys. And these are people who are working under political officials. It’s something that cannot be eliminated out rightly. Many times these come from political influences and also management.”

Another added that:

“With all these challenges ethics are really an issue.”

This finding is in congruence with Williams-Elegbe (2012) who reported that undue pressure from such politicians and officials is one of the most challenging aspects faced by procurement personnel in conducting the procurement function. To sum up, Raymond (2008) who contend that best achievable procurement outcome would be a reality if procurement officials will avoid improper use of their positions and hold in high esteem ethical standards in the face of numerous challenges faced in their profession.

4.4.16 Poor Monitoring by Oversight Agencies

According to the respondents there is an effective monitoring by oversight agencies. These agencies do periodic monitoring in public entities. They mentioned internal auditor, external auditors, Public Procurement Authority and Functional Organization Assessment Tool as examples if those who monitor procurements. These bodies to some extent have been a check for the procurement function in entities (Ampofo, 2013). A constant monitoring of procurement practitioners and entities as well as education on the provisions of the Act reduces the

possibility of the occurrence of any corrupt practices, ensures that key stakeholders do to act with integrity and also helps procurement officials to account for their decisions and conduct. Concerning the monitoring of procurement planning processes, a respondent said:

“Yes PPA does monitoring every year. In additions the Regional Coordinating Council also does monitoring and also the external auditors always come in to do monitoring.”

Another participant added that:

“They come often these include both internal and external auditors, FUAT – Functional Organization Assessment Tool and PPA come to assess your work. For FUAT, the marks you score will determine whether you will benefit from their donor funds or not.”

4.5 CAUSES OF CHALLENGES FACING PROCUREMENT PLANNING

4.5.1 Introduction

This section of the study focuses on analysis, discussion and interpretation of the research finding on the causes of challenges in procurement planning. The study sought to identify the causes of the challenges and categorise them under various themes for discussion. A summary of the identified themes has been illustrated in figure 14 below.

4.5.2 Organisational Challenges

The uniqueness of every organisation as well as the organisational structure presents it with its own challenges. In the context of this study, organisational challenges were defined to include those that are caused or spring from the actions or capacity of personnel in the organisation, organisational activities and processes. The following challenges were identified: familiarity with regulation, influence on the method of procurement, poor records management, poor coordination between departments, non-participation of key personnel and low ethical standards in procurement planning.

4.5.3 Political Challenges

Very successful reform programs around the world have been traced to strong political will of governments (Ameyaw *et al.*, 2011). According to Osei-Tutu *et al.* (2014) political commitment is a necessary condition for procurement reforms. However, the absence of it gives an influx of challenges in to the procurement function. The study observed that political influence is one of the major root cause of the challenges faced in procurement planning. This

is usually manifested in the need identification, budgeting and choice of method of procurement; which undermines the ethical structures of the procurement profession. Political influence remains a challenge in developing countries like Ghana because public procurement constitutes a principal instrument for exercising political patronage (Ngwili and Were, 2014).

4.5.4 Professional Challenges

The lack of adequately trained professional staff in the procurement function is still pervasive in developing countries like Kenya, Uganda and Ghana (Ameyaw *et al.*, 2012; Chesang, 2013). The study classified challenges that result from the abilities of procurement officials as professional challenges. Among the challenges identified in procurement planning are familiarity with regulations, setting high budgets, inadequate qualified personnel or professional work force, influence on choice of procurement method, difficulty in writing specification and low ethical standards.

4.5.5 Legislative Challenges

Legislative challenges are those challenges that are faced as a result of a non-provision or short fall in the legal framework guiding procurement planning. Among the challenges reported by respondents are small or low thresholds and loopholes in legislative provisions. These were identified as challenges that surface by reason of the absence of areas of the procurement law that need to be amended.

4.5.6 Economic and Market Conditions

The study categorised these kinds of challenges as those that do not result from any of the above mentioned categories, but rather they are those that come about as external influence on procurement planning process. These include influence of economic and market conditions and influence on method of procurement by suppliers.

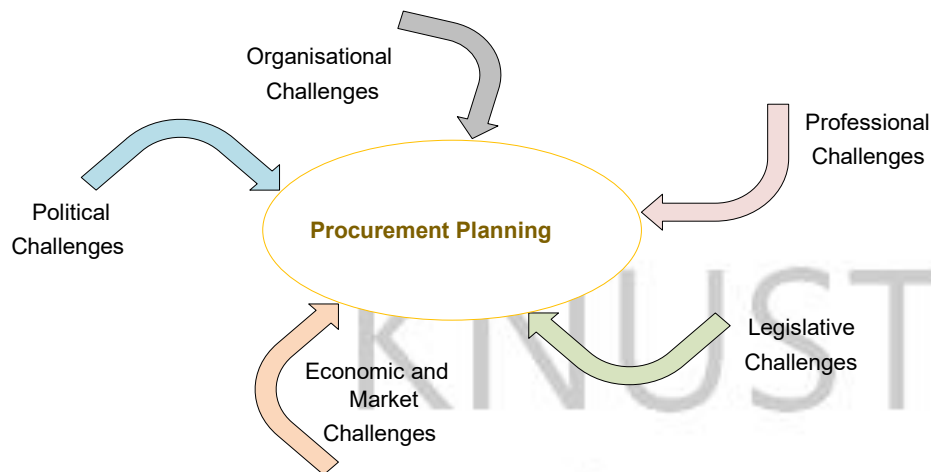


Figure 14: Cause of Challenges in Procurement Planning

Source: Author (2015)

4.6 FRAMEWORK FOR PROCUREMENT PLANNING

Generally, the lack of information about the legal frame-work, principles, procedures and processes of procurement among procurement staff in many PEs suggests the need for additional written guidelines, training and sensitisation (PPOA, 2007). Procurement planning transcends the mere choosing of the method of procurement for various goods, works and services contracts and when to schedule activities or better still inputting procurement needs into the procurement plan template. Even though these are some important parts of the planning process, they are rather at the end of the planning process or more so outputs of the planning process (PPM, 2007). It is therefore important to understand what goes into the procurement planning process. These includes the stages/processes, data/activities at each stage and finally the personnel involved in the planning process.

4.6.1 Data/Activities

Data in this framework refers to the information that is needed to be processed at every stage of the planning process. It includes the relevant information that each stage of the planning process has to make use of in order to achieve the objective of that stage. This can also be described as the activities that have to be undertaken at each stage of the planning process. For instance, under need identification, the information required would include the needs of departments, stores replenishment report, previous procurement plan and others. This will provide planning officers with the information that should be factored into each stage.

4.6.2 Stages/Process

This refers to the process that should be followed in planning procurements. It takes into account the legislative process (what is required by law), administrative process (internal processes of an entity) and the practice in principle. These form the basis for which the various stages of the framework were built.

4.6.3 Key Personnel

Public procurement is a complicated function which involves interdisciplinary skills and knowledge or persons (Gesuka and Namusonge, 2013). Examples of such discipline include economics, public administration, marketing, political science, law, operations research, accounting, engineering, architecture and others (Gesuka and Namusonge, 2013). Key personnel in this study therefore refers to the human expertise that is required to undertake the planning process. These personnel would include both those who are required by law and those whose services would be needed at certain stages of the planning process. Examples of such personnel include risk managers, procurement consultants and others. This is an answer to one of the questions that require an answer in procurement planning; thus who (personnel) will be involved in the procurement.

4.6.4 Objectives of the Framework

The framework sought to achieve the following:

- To understand the challenges faced in procurement planning.
- To understand the stages, process and procedure/activities at each stage and the personnel involved in the planning process.
- To highlight the outcomes of proper procurement planning.

Figure 15 below presents a step by step progression of procurement planning process based on the findings from the field in addition to planning processes identified in literature.

Evaluation

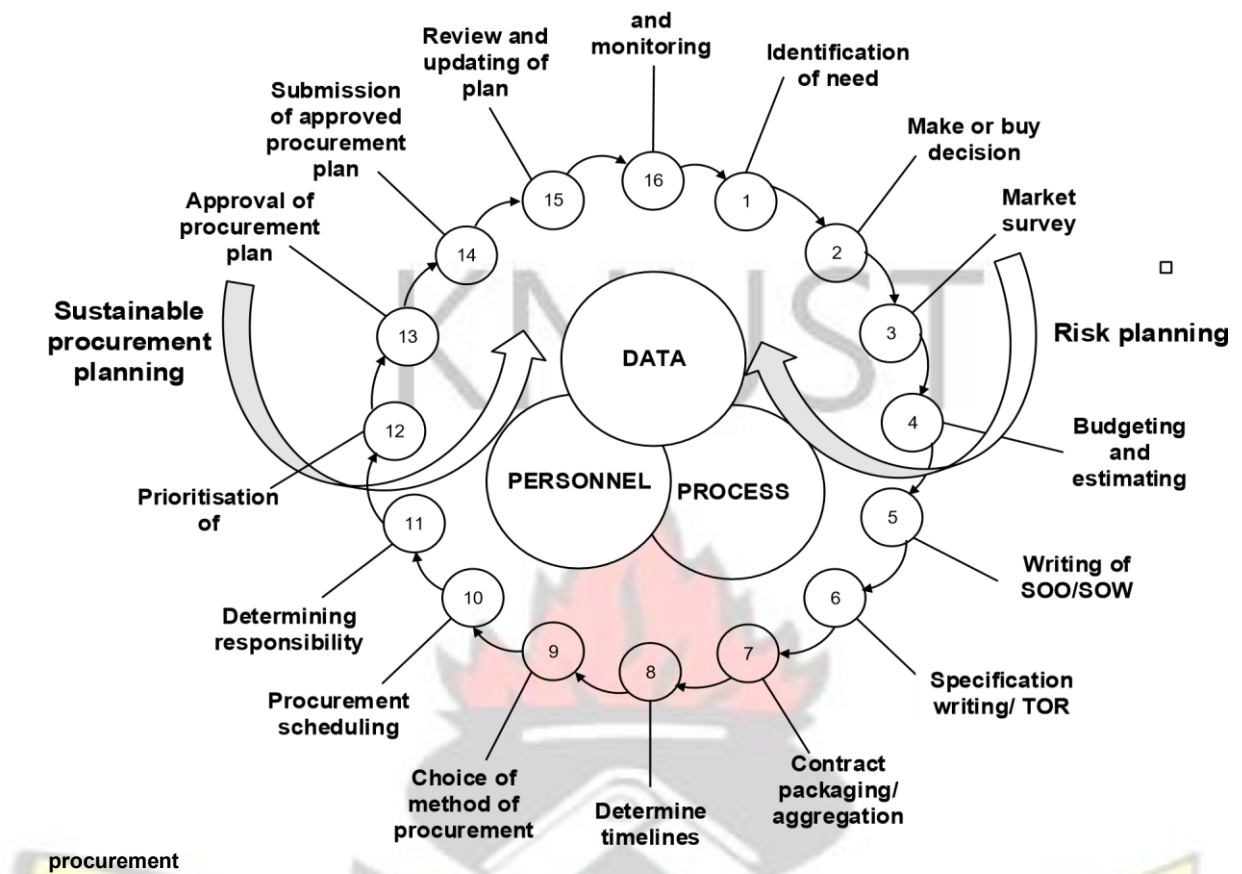
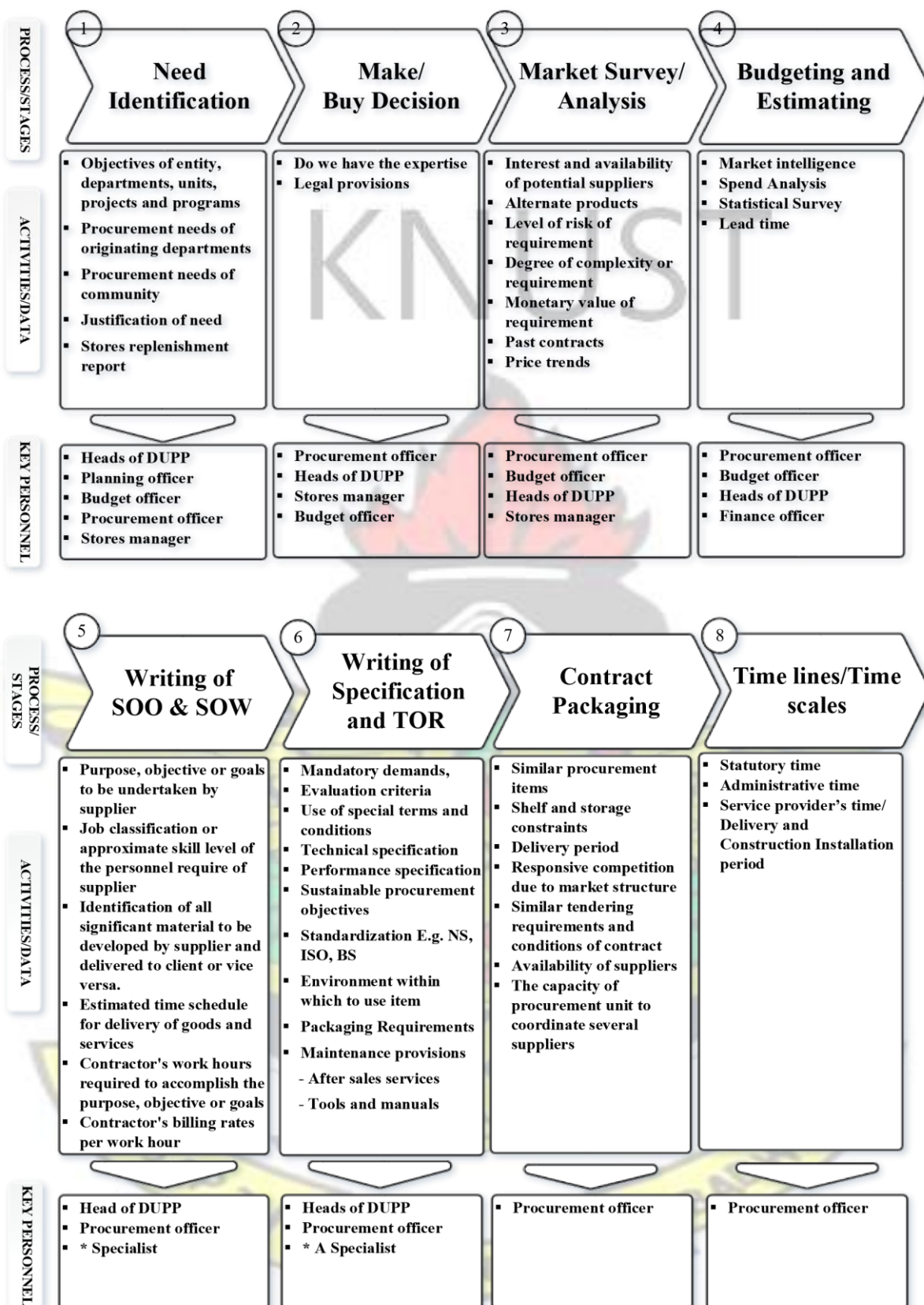


Figure 15: Procurement Planning Process

Source: Author (2015)

FRAMEWORK FOR PROCUREMENT PLANNING



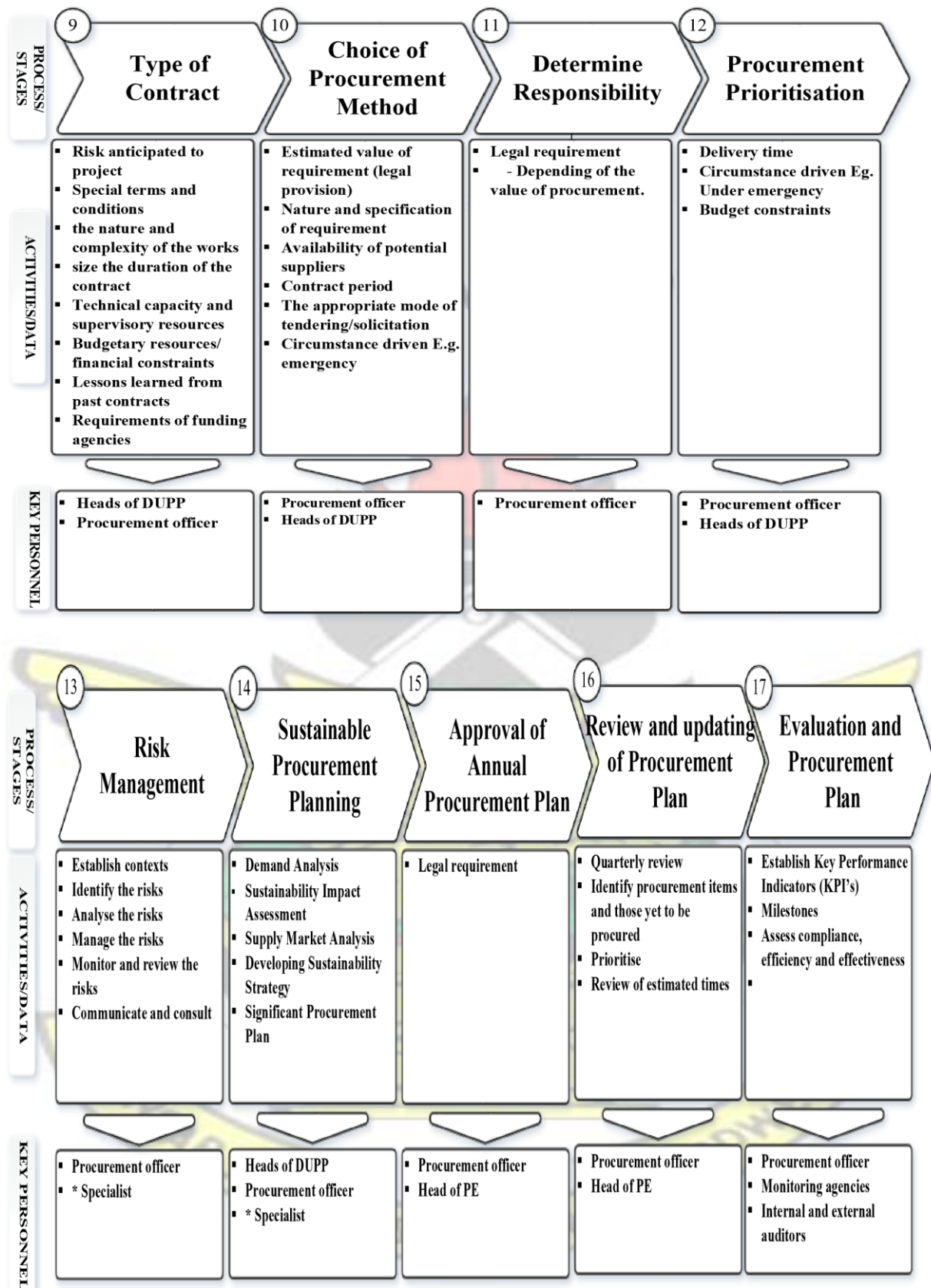


Figure 16: Framework for Procurement Planning Source: Author (2015)

Table 1: Summary of Framework for Procurement Planning

Inputs	Tools and Techniques	Output
<ul style="list-style-type: none"> • Key personnel • Records of previous procurements • Objectives of procurement • Funding • Procurement needs • Store replenishment report 	<ul style="list-style-type: none"> • Need Identification • Make/Buy Decision • Market Survey/Analysis • Budgeting and Estimating • Writing of SOO & SOW • Writing of Specification, SOO, SOW and TOR • Contract Packaging/Aggregation • Time lines/Time scales • Type of Contract • Choice of Procurement Method • Determine Responsibility • Procurement Prioritisation • Risk Management • Sustainable Procurement Planning • Approval of Annual Procurement Plan 	<ul style="list-style-type: none"> • Procurement Plan • Statement of Work • Specification • Statement of objectives • Terms of reference □ • Risk Management Plan • Plan for Significant Procurement

Source: Author (2015)

4.6.5 Summary

This chapter captured the findings is study and the analysis of the empirical data obtained from the field of study. The chapter started with data analysis, beginning with the background information of respondents. It further went on to identify and discuss the challenges faced in procurement planning in public procurement entities in Ghana. Five categories of causes of challenges were identified under which the cause of challenges faced in procurement planning were discussed. Finally, the chapter presents a framework for procurement planning in public procurement entities.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATION

5.1 Introduction

This chapter rounds off the study by presenting the summary, conclusion and makes recommendations on the study a framework for the procurement planning in public procurement entities in Ghana. In addition, the section also presents areas for further research which were identified during the conduct of the study.

5.2 Scope of Investigation

The study focused on the procurement planning in public procurement entities in Ghana. Procurement officers in Metropolitan Assemblies were the main focus for the study in order to identify the current procurement planning practices, challenges faced and their causes. The study adopted a survey strategy using interviews as the main data collection instrument. In addition, an extensive review of literature was conducted, which provided the researcher data on the challenges faced in procurement planning. The data collected was analysed using Miles and Huberman model (1994) of thematic analysis to gain an in-depth understanding of the qualitative data that was collected from participants.

5.3 Evaluation Summary of Aim and Objective of the Study

This section discusses how each of the objectives was achieved in order to attain the overall aim of the study. Prior to drawing valid conclusions for the study, it is expedient that an evaluation of the results obtained from the study be made and mirrored against the objectives of the study. The aim of the study was to propose a framework for procurement planning in public procurement entities in Ghana. To achieve this aim the under listed objectives were set:

- i. To identify current practices of procurement planning in public procurement entities.
- ii. To identify challenges faced in procurement planning.
- iii. To identify the causes of challenges faced in procurement planning.
- iv. To propose a framework for preparing procurement planning.

5.3.1 Objective 1: To identify the current procurement planning practices of public procurement entities in Ghana.

In order to identify the current procurement planning practices of procurement entities, the study adopted a survey strategy where an unstructured interview guide was used to elicit information from procurement officers in MAs. The thematic analysis conducted identified 12 themes under which procurement planning in MAs is conducted. These include period of commencing planning, need identification, budgeting and estimating, aggregation/consolidation, specification writing, choice of procurement method, procurement timelines, approval authority for procurement, submission of plan for approval, submission of plan on PPA website, monitoring and updating and participation of key personnel in planning. However, the study also found that new areas such as sustainable procurement planning and risk planning were not currently part of the planning process, giving a basis for which it was included in the proposed framework for procurement planning. It was also noted that certain key personnel were not involved in the planning process, for example the stores officer or manager and the finance officer. To sum up, the study found that heads of departments, units, projects and programs were not preparing procurement plans for their subordinated areas of control to be further forwarded to the procurement unit to be used to prepare that annual procurement plan for that procurement entity. From the above it is concluded that this objective of the study was achieved.

5.3.2 Objective 2: To identify the challenges faced in procurement planning.

To achieve this objective, an extensive literature review was conducted in chapter two of the study, where a number of challenges were identified to be encountered in procurement planning in public entities. These factors were set out in a semi structured interview guide where respondents were asked how these challenges affect their work in procurement planning. Respondents replied in affirmation that the following; small or low procurement threshold, familiarity with regulation, setting high budgets, influence on the method of procurement, poor records management, poor coordination between departments, nonparticipation of key personnel, influence of economic and market conditions, difficulty in writing specification, statement of work and statement of objectives, political influence, inadequate training of procurement officials and low ethical standards. It can therefore be concluded that, objective two (2) of the study was achieved.

5.3.3 Objective 3: To identify the causes of challenges faced in procurement planning.

A critical review of literature in chapter two of the study identified the challenges faced in procurement planning. However, some of these challenges were also the causes of the challenges in procurement planning. The causes of challenges were challenges as well. Therefore, they were categorised based on their similarities and the common theme under which they are identified. These are familiarity with regulation, loop holes in legislations, poor records management, poor coordination between departments, non-participation of key personnel, influence of economic and market conditions and political influence. These challenges were further categorised under five themes, namely: organisational challenges, political challenges, professional challenges, legislative challenges and economic and market conditions. It can therefore be concluded that, objective three (3) of the study was accomplished.

5.3.4 Objective 4: To propose a framework for procurement planning in public procurement entities.

In order to achieve objective four (4), the study relied on an extensive review of literature to gather information relevant for procurement planning especially relating to public procurement. In addition to this, the study took into consideration the factors identified by respondents as challenges faced and their causes in procurement planning. The framework is founded on three main components; these are the process/stage, data/activities and the key personnel involved in procurement planning process. The study also included new areas of procurement planning in the build-up of the framework. This was based on the findings of the study that sustainable procurement planning and risk planning was not part of the current procurement planning process.

5.4 Evaluation Summary

The aim of the study was to propose a framework for procurement planning in public procurement entities. Therefore, with the successful achievement of the objectives that were set it can be concluded that the aim of the study was accomplished.

5.5 Conclusion

In conclusion, the study a framework for procurement planning in public procurement entities in Ghana establishes that there is a current procurement planning practice in metropolitan assemblies by which an annual procurement plan is developed for every financial year. The

current planning practice, even though it is comprehensive in developing a procurement plan, still falls short of certain key areas of the planning process. Sustainable procurement planning and risk planning are areas of the planning process that require urgent attention considering the trend of modern procurement system. In addition, heads of departments, units, projects and programs do not oversee the preparation of procurement plans for their subordinate areas of control.

The study concludes that, there are challenges inherent in the procurement planning process the limit the successful achievement of procurement planning objectives. These challenges can be further broken down into organisational, political, professional, legislative and economic and market challenges.

Through the various chapters a number of challenges were identified in the procurement planning process as well as the current procurement planning practices. It is therefore hoped that an addition to strategies, policies and practices that can be undertaken in procurement planning would contribute to the attainment of procurement general objective of value for money.

5.6 Recommendations

Public procurement generally is far from achieving its set objectives as a result of poor planning and in other cases no planning. The effect of these are seen in high cost of procurement and overspending of budgetary allocations. Having identified the current planning practices in PEs and the identified challenges and their causes and subsequently a proposed framework for procurement planning the goals of procurement would be achieved in procurement processes. Based on the findings generated from this study, the following recommendations are proposed:

- i. The time frames set out in the manual for the procurement process should be reviewed to include adequate time for further sustainability research, sustainability requirement development and risk planning.
- ii. A government policy on sustainable public procurement to guide procurement should be developed.
- iii. Procurement planning should be conducted by a team, and this can be constituted or set up for every financial year, taking into consideration the procurement needs that will be procured in the next financial year. This will help know the special

personnel that will be needed to be brought on board to put in their inputs for every financial year.

- iv. The manual's requirements on procurement planning should be more explicit and detailed on the processes and personnel who should be involved in the planning process.
- v. More training programs in sustainable procurement planning should be organised for procurement officials.
- vi. Considering the skill level and capacity issues, it is recommended that the planning process begin earlier than stipulated in the law, preferably should be in line with the planning season of the entity.
- vii. Training programs should be organised in risk management for procurement officials in order to get them equipped with the necessary basics on risk associated to the procurement process.
- viii. A redesign of tender documents to include sustainable procurement planning.
- ix. There should be a review of thresholds in Act 663 upwards to avoid breaking of bulk procurements.
- x. The approved procurement plan should be distributed to HDUPP to ensure that end user departments are privy to the content of the approved procurement plan. Considering the high value, complexity of goods, works or services a projectspecific procurement plan can also be prepared in addition to preparing annual procurement plans for need items.

5.6.1 Recommendation for Further Study

- Detailed research is further needed to document procurement planning in other stages or phases of the procurement process; such as supplier engagement; contract management; and disposal.
- Procurement planning is the key function that sets the stage for the procurement process and also its successful completion. There is further need to study the impact of procurement planning on successful completion of projects.

5.7 Contribution to Knowledge

The aim of the study was to propose a framework for procurement planning in public procurement entities in Ghana. Upon a successful investigation to answer the research questions the study has brought light the following:

- Eleven stages of current procurement planning practices of procurement entities in Ghana.
- Fourteen challenges faced in procurement planning in public procurement entities in Ghana.
- Five categories of the causes of challenges in procurement planning in public procurement entities.
- A proposed framework for procurement planning in public procurement entities in Ghana.

5.8 Limitations and Delimitations of the Study

The study was constrained by some of the targeted respondents (Heads of user departments) who would not want to participate in the data collection because they claim they are not part of the procurement planning process. In addition, there was difficulty in contacting with some of the heads of procurement units. Finally, some respondents were quiet careful on giving salient information regarding management and political leaders.

The study was delimited to the planning stage of the procurement process. The target respondents for the study were all The study focussed on procurement planning for goods, works and services and data was collected from procurement officers in metropolitan assemblies in Ghana.

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APPENDICES

Appendix 1 – Sample of Semi Structured Interview Guide

College of Architecture and Planning

Department of Building Technology

Kumasi – Ghana

27th January 2015

Dear Sir/Madam,

Thesis-MPhil Procurement Management

I am a student undertaking MPhil Procurement Management at the Kwame Nkrumah University of Science and Technology, Kumasi. As part of my course, I am undertaking a research study titled: **A FRAMEWORK FOR PROCUREMENT PLANNING IN PUBLIC PROCUREMENT ENTITIES IN GHANA**. This survey intends to enhance procurement planning in public procurement entities in Ghana.

The research seeks to identify the current practices of public procurement entities; to identify challenges faced in procurement planning and to identify the causes of procurement planning challenges. You have been selected to participate in this study as one of the respondents.

My supervisor is Dr. Bernard K. Baiden he can be contacted through bkb.knust@gmail.com or 0242-229492.

The information you provide will be treated in the strictest confidence.

Thank you for your time and help. If you have any questions and contributions about this research, please email or contact me at the address below.

Yours sincerely,

Ernest Anum Sowah

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1. What academic qualification do you have?

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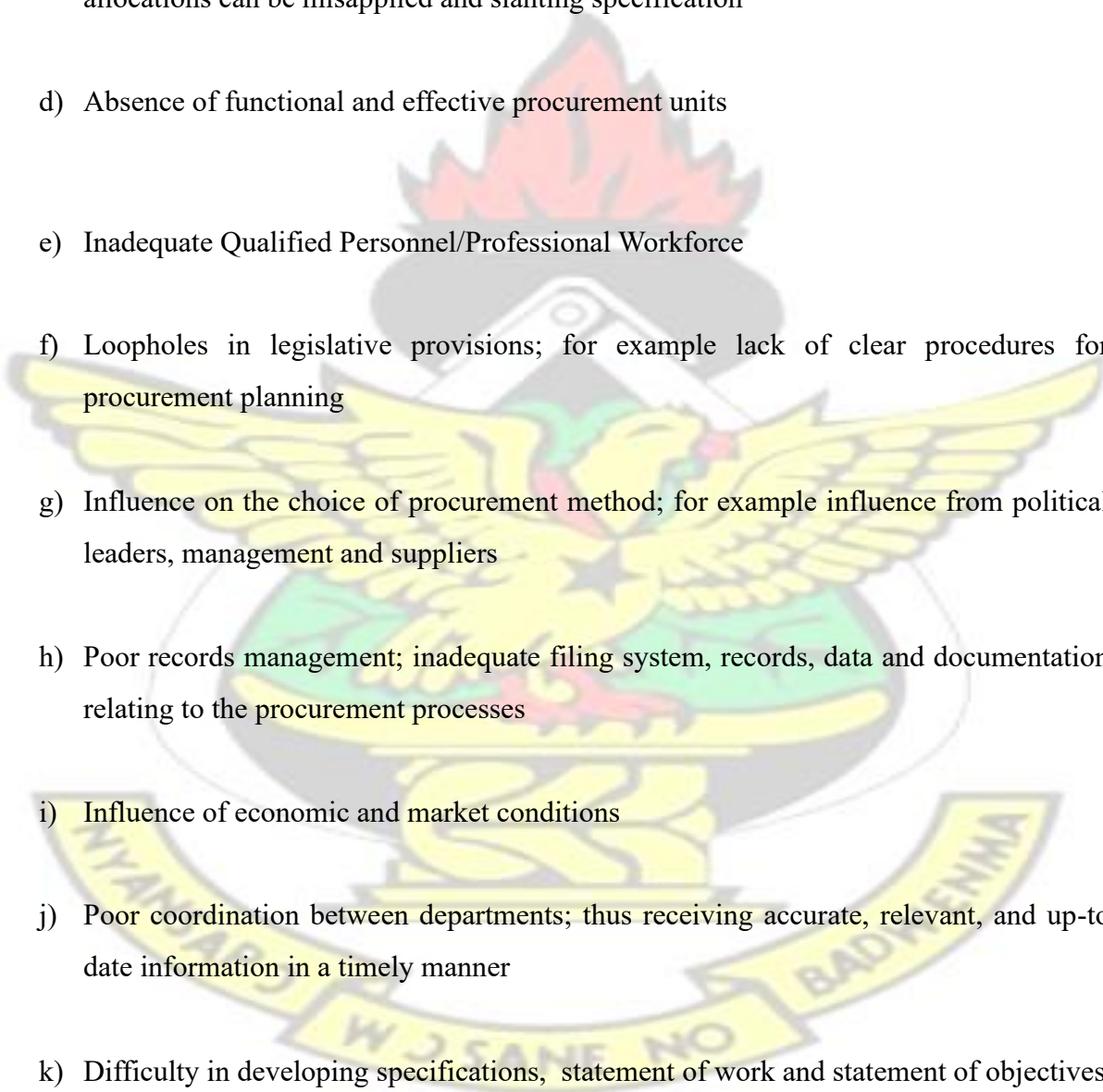
2. What professional qualification do you have?

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3. How many years of experience do you have in practicing procurement?

☐ 1 – 5yrs ☐ 6 – 10yrs ☐ 11 – 15yrs ☐ 16 – 20yrs ☒ 21 yrs
above

4. The following are challenges identified in procurement planning could you please share your opinion on them.

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- a) Small/Low procurement thresholds which makes room for splitting of procurements into smaller components
 - b) Unfamiliarity with regulations; for example a lack of understanding of Act 663, manual and procedures of procurement planning
 - c) Corrupt practices; for example budgets could be set artificially high so that excess allocations can be misapplied and slanting specification
 - d) Absence of functional and effective procurement units
 - e) Inadequate Qualified Personnel/Professional Workforce
 - f) Loopholes in legislative provisions; for example lack of clear procedures for procurement planning
 - g) Influence on the choice of procurement method; for example influence from political leaders, management and suppliers
 - h) Poor records management; inadequate filing system, records, data and documentation relating to the procurement processes
 - i) Influence of economic and market conditions
 - j) Poor coordination between departments; thus receiving accurate, relevant, and up-to date information in a timely manner
 - k) Difficulty in developing specifications, statement of work and statement of objectives
 - l) Non participation of key personnel in procurement planning
 - m) Political Influence

n) Inadequate training of procurement officials

o) Low ethical standards

p) Poor monitoring by oversight agencies



Appendix 2 – Summary of Stages Respondents Period of Commencing Procurement Planning	<p>planning begins is starts from the around to the user the month of month of June. units in October January.</p> <p>Where we do the and by the end of mid-year review of November we send the previous the procurement procurement. After plan to the Entity the review, there is Tender a budget Committee. committee that is formed.</p>	<p>Preparation of annual procurement plans begin in the month of October.</p> <p>We begin preparation of the procurement plan in the month of November.</p>	<p>various</p> <p>Respondent 6</p> <p>The procurement planning starts in the month of September and we complete it by the</p>			
Need Identification Respondent 1 Respondent 2 Respondent 3 Respondent 4	<p>Departments first The various heads The planning unit put their needs of departments in consultation together and then preparing their with the the send it to the budgets to appear communities procurement unit. before the budget prepare an action committee. The plan for the budget committee assembly which will then have a contains all the discussion of the needs of the needs that the communities.</p> <p>heads of departments have stated.</p>	<p>The Assembly prepares a medium term development plan which spans a period of 4-5 years. It's the annual term plan that contains all the procurement need that would be procured in a particular financial year.</p> <p>Respondent 5</p>	<p>We have a planning unit which go into the communities and communicate with the assembly members who represent the communities to give them their priority projects that they need in the</p>	<p>end of November. Before the process begins we send letters to departments to submit their inputs.</p> <p>From the annual action plan we identify all the procurement needs and then we classify them into goods works and services</p>		
<p>Our procurement process We send circulars</p> <p>The whole</p>						
					communities.	

Budgeting and Estimating	The budget office then prepares the budget for the things that are to be procured.	After the review, there is a budget committee that is formed. The various heads of departments preparing their budgets to appear before the budget committee. The budget committee will then have a discussion of the needs that the heads of departments have stated.	The planning officers will plan the action plan, the budget officers will also prepare the budget and other functionary units like the works department.	Procurement unit prepares the estimates for procurement needs in conjunction with the user departments. The budget allocation is then forwarded to the general assembly or authority meeting for discussion and approval.	Departments first send their needs to the budget office to be included in the budget. Estimating is done by the procurement unit.	Need items are extracted from the action plan.
Aggregation/Consolidation	The procurement unit puts all the need items together.	Aggregation is where we put together like items into goods works and services.	Aggregation is where we package the projects into lots or we classify the needs/projects that are of similar nature that will need to be procured at the same time.	We group like items of the procurements from user departments.	After all the needs have been forwarded to the procurement unit, we classify the similar items into goods, works and services.	From the annual action plan we identify all the procurement needs and then we classify them into goods works and services to achieve economies of scale.

Specification Writing	Departments write their own specifications.	User units are involved in preparing procurement specifications but the aggregation is done by the procurement unit.	User units are involved in preparing procurement specifications.	User departments draft their own specifications which they then forward it to the budget department.	The preparation of specification is done in conjunction with the originating/user departments.	It's the user department that will give you the specification of what exactly they want.
Choice of Procurement Method	The cost of the item of projects is what shows the procurement method to be used.	The method of procurement which we assign to each procurement is based on the amount of that procurement and taking a look at the threshold in the Act we choose the right method.	As the law demand every procurement need with its value. and the method to be used for it.	The method of procurement is dependent of the value of the procurement need. And also the circumstance giving rise to that procurement.	The method of procurement which we assign to each procurement is based on the amount of that procurement and taking a look at the threshold in the Act we choose the right method.	Every procurement method with the related amount with which procurements are marched against.
Procurement Timelines	We consider the time the procurement item will be needed by the users and then we plan for it.	The date at which the item will be need is used as a basis to calculate the time backwards.	The time lines that we use are as set out in the manual. So we follow exactly what is in the manual.	Aside the time the item would be needed. The times set out in the manual is used as a basis.	Procurement timelines are the times that we assign to the whole process.	We use what is stated in the manual.

Approval Authority for Procurement	We use the Act, what the act says, that is depending	In the same way the estimated cost tells what the	Every estimated value of procurement with	The amount that a project will cost tells the approval	The choice of the approval authority is always in	It depends on the amount we are looking at with
	of the amount and who has to certify that procurement.	approval authority would be.	the appropriate person or body who approves it. These are all state in the Act.	authority to be used.	consistence with what the Act says.	respect to the Act.
Submission of Plan for Approval	After we have finished drafting the plan we take it to the tender committee for approval.	After we have finished with the planning we submit it to the entity tender committee for validation and approval. Then onward submission to PPA website.	When the procurement unit is done with the draft plan we send it for approval by the ETC.	The draft procurement plan is sent to the ETC for approval after which we submit it to the PPA website.	It's sent to the tender committee for approval. Then after the Entity Tender Committee has approved it; I then submit it to PPA via online.	After we have finished with the planning we submit it to the entity tender committee for validation and approval. Then to PPA website.

Monitoring and Updating	Updating of the plan is done quarterly.	When we meet quarterly and we find out whether there are some problems with the first quarter.... then amendment or reviews are made to the plan for the following quarter	We do prioritization at quarterly review and updating of the plan.	Monitoring and updating of plan is done quarterly; during this time we also do prioritization as to which project should be considered or is an emergency one.	We do review quarterly...so for instance an emergency project may be reviewed from the third quarter to the second quarter.	Monitoring and updating of the procurement plan is done by the Entity Tender Committee. It's normally done quarterly.
Participation of Key Personnel in Planning	Mainly is the budget officer, planning officer	The consultative meeting comprises of officers from	Mainly it's the procurement unit that does the	The bulk of the planning process is done by the	Procurement planning is done solely by the	Mainly we have the procurement officer, budget
	and procurement officer.	key departments. These include Engineer, Quantity Surveyor, Budget officer, Finance officer, Planner, Auditor and a member from administration	procurement planning. The user unit are only involved in the writing of the specifications	procurement unit.	procurement unit head. Budget and planning officers are involved at the budgeting level.	officer and the planning officer.

Sustainable Planning	Procurement	Sustainable procurement planning is considered by the ETC.	As a result of our CIPS background in training as a unit we have an idea of sustainability and we have been taking that into account before the recent workshop by PPA training in sustainability. The training highlighted on taking into consideration how environmentally friendly a procurement need will be in every procurement.	Under the plan we have general services which include environmental issues and others so before we embark on any project we have to conduct an environmental assessment.	Formerly not, but now we do. Its deals with environmental, economic and social impact of a procurement need.	No, not currently. We undertake something we call environmental social safeguards.	Before the training sustainable procurement I was not actually factored into the planning process. However after the training whatever we do we factor it in to ensure that we obtain a sustainable product.
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Risk Planning	We do not have risk planning as part of the planning process.	We do a thorough analysis of risk before we undertake any project.	Currently risk management is not captured by the procurement plan. But for procurement of works, after the signing of the contract there is a project management team that takes care of that, for instance checking the engineering works. For goods it's considered after purchasing, ways by which shall be disposed are considered.	I have a general knowledge of risk consideration with a procurement need, but not a specialised knowledge of risk management and how to incorporate it into the planning process.	Currently we do not have that incorporated in to the planning process.	Risk management is considered to some extent but there are no guidelines for it.
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Appendix 3 – Summary of Responses on Challenges Faced in Procurement Planning						
Challenges	Respondent 1	Respondent 2	Respondent 3			
Respondents						
Small or Low Procurement Thresholds	Absolutely, goods I agree that the low This is not for instance has a threshold make absolutely true, small threshold room for splitting because it rarely which must be of procurements happens in our revised. case.			Many times the amount involved compared to the amount to be incurred in advertisement makes room for splitting of procurements.	Yes, of the thresholds are small so there is the tendency to split procurements.	That is perfectly true, the low level of the threshold gives room for splitting of procurements.
Familiarity with Regulations	Yes we are For us here we For familiarity, I familiar with rules have full would say to some guiding knowledge of what extent we have it, procurement we do here but other planning. regarding departments that procurement we work with. planning.			Our officers are familiar with the regulations and how they should be applied, but rather is management that has difficulty with familiarity.	Yes we are familiar with what the Act requires that we do.	For people who do procurement planning we understand and are familiar bur it's rather the user departments that are not all that familiar with the Act and manual.
Setting High Budgets	Yes sometime I agree with over This is seldom there is over budgeting, where happen. Even budgeting, Management many times play a role in setting high budgets.	where budgets could be though we have budgets could be set and		Respondent 5	Not really this doesn't happen here. Respondent 6	Sometimes budgets could be set high, but the reason is as a result of payments

	set artificially high	high.	management.			that delay and the influence of leaders
Absence of Functional Procurement Units	We have a procurement unit in our organisation.	We have function procurement units.	For our establishment we have functional procurement unit	Our procurement unit is functional.	Contrarily, there is a procurement unit in the assembly.	No there is a functional procurement unit.
Inadequate Qualified Personnel/Professional Workforce	We have qualified officers in these unit.	No, there is a lack of competent professional workforce, in our own case here we have the workforce to facilitate procurement planning.	Our officers are qualified for the work they do in this unit.	Yes we do, we also have what is required academically.	I would say we have but not enough currently.	I have a BSc degree in procurement and supply chain. So in our institution here I would say that there is the competent professional workforce.
Loopholes in Legislations	Not really so much at this time.	We rather term loop holes in legislations as lack of adequate regulation regarding the procurement process. For instance clear procedures for procurement	As for the law there are somethings that need to be amended.	A more detailed guideline on how planning should be carried out will be of good help to the work we do."	There are things that required to be relooked at again in the law.	As for the law its states everything, the rules are there. The problem is not with the Act 663 but with other statutory provisions regarding funding.

		planning.				
Influence on the Choice of Procurement Method	Public projects many times face such challenges.	Yes, there exist influence on the choice of procurement method. There is that influence on planning from suppliers, management and political leaders.”	As the law demands every procurement need with its value and the method to be used for it.	There is influence from, politicians, suppliers and management. Management may ask that procurement should be divided into items.	This happens and you know it’s caused by others.	As for this one you cannot avoid. There are instances where projects are given to particular people which conflict the provisions of the law.
Poor Records Management	We have don’t have so much problem with that.	Because of the fact that we put down good records of our procurement process we do not have problems with recording.	There is, but it’s not a major problem	There are no better filing system, because of the cost involved to prepare or create a good filing system.	This is a problem that we face currently.	As for this one I really agree. Sometimes in our institution here, you need a document of complete a task and you just can’t seem to get.
Influence of Economic and Market Conditions	In every procurement the market condition has an effect on it.	Yes, there is influence from economic and market conditions.	This challenge you know is in every systems.	The changes of prices in the market have an influence on the procurement plan.	Changes in the markets affects planning in addition to tight budgets of the assembly.	One thing is that the PPA website has a database of prices for some procurement items.

Poor Coordination between	This doesn't happen normally,	For poor coordination I	Poor coordination happens in several	You ask departments to	This problem exist in our organisation	This is true. There is difficulty in
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Departments	even though we see such challenges a few times.	agree where user units will not make their procurement needs available until when they need them. This only sometimes happen under emergency situations.	ways.	give you their procurement plan items and they delay.	too. We have poor coordination sometimes.	receiving accurate, relevant, and up-to date information in a timely manner from departments or user units.
Difficulty in writing of specification, statement of work and statement of objectives	We do not have this problem because our IT department helps us in this.	We do not have any difficulty in developing specifications.	Not entirely. Mainly it's the procurement unit that does the procurement planning. The user unit are only involved in the writing of the specifications	Every procurement comes with its challenge but we find a way of solving it.	Yes sometimes there is that difficulty.	In the writing of specification it's not the duty of the procurement unit. It's the user department.

Non Participation of Key Personnel	It's basically the procurement unit. But the others like works section come in when it has to do with works.	Ours in carried out in a team.	The procurement office handles everything. But with areas like works, the engineer comes to help.	The personnel are always there. For example; budget officer, planning officer, engineer, procurement officer and the store keeper.	Currently procurement planning is not done in a team, however it would be very helpful if it's done by a team so everyone can contribute to the	For here it's mainly the planning officer, budget office and the procurement officer.
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					plan.	
Political Influence	This is one of the main challenges that we face in this job.	I agree that there are political influences that pose a challenge to the procurement planning process.	Political influence happens at this stage of planning too.	Political influence is there.	From time to time this happens. We see this influences.	Sometimes these projects are tagged job for the boys. And these are people who are working under political officials. Many times these come from political influences and also management.
Inadequate Training of Procurement Officials	I think on the job training should be more.	There are training programs for procurement officials.	We are given training as time goes on from PPA.	PPA does training for procurement officials.	There is training but it needs to be intensified.	There is proper timing for us from time to time.

Low Ethical Standards	Issues with ethic do happen. Some which do not have to do with procurement officers.	There are ethical issues that confront procurement planning.	Yes there is conflict of interest some this on projects.	There is conflict of interest with the organisation, but it's how you manage it.	Ethical issues come up from time to time.	It's something that cannot be eliminated out rightly. Many times these come from political influences and also management.
Poor Monitoring by Oversight Agencies	PPA does monitor. Also internal and external auditors	Yes PPA does monitoring every year. In additions	PPA does monitoring.	With all these challenges ethics	It's mostly the internal and	They come often these include both internal and

	do their own monitoring.	the Regional Coordinating Council also does monitoring and also the external auditors always to come in to do monitoring		are really an issue.	external auditors.	external auditors,
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