

**KWAME NKRUMAH UNIVERSITY OF SCIENCE AND TECHNOLOGY**



**CHALLENGES AND STRATEGIES TO THE IMPLEMENTATION OF STANDARD  
PROCUREMENT PROCEDURES: A STUDY WITHIN GA-CENTRAL MUNICIPAL  
ASSEMBLY.**

**BY**

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THE AWARD OF A MASTER OF SCIENCE IN PROCUREMENT MANAGEMENT**

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## DECLARATION

I the undersigned declare that, this thesis is my own work. With the exception of specific quotations and ideas which were obtained from specific sources which were acknowledged, this dissertation has not been presented anywhere for the award of any degree.

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## **DEDICATION**

This dissertation is dedicated to my beloved husband, Mr Seth Kwapong who has endured against all challenges throughout my absence while on study.

To my parents and siblings, whose prayer and toil in many ways have made me to achieve this level of education today.

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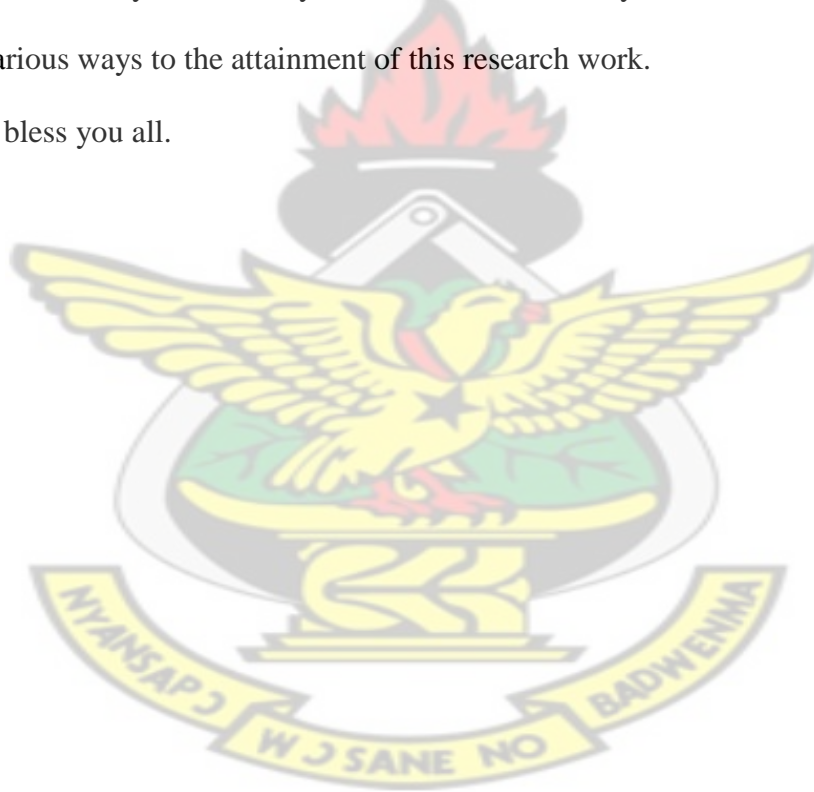


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I wish to acknowledge the Lord Almighty for His grace, peace, and favour. This dissertation has been made possible by the guidance of my untiring supervisor, Dr. Kwame Ofori Kuragu who undertook the main burden of guiding me in clarifying and analyzing the concepts and approaches adopted in this dissertation. I owe him an immense gratitude. I however accordingly accept responsibility for all mistakes in any form which this piece of work may contain.

This study would not have been possible without the support of Ga-Central Municipal Assembly who supported me in many diverse ways to undertake this study. And several others who have contributed in various ways to the attainment of this research work.

I say God richly bless you all.



## **ABSTRACT**

The magnitude of the Government's outlays for procurement and grants creates opportunities for implementing value for money in the implementation of standard procurement procedures. Furthermore, the World Bank specifies that the objectives of public procurement for projects funded by its loans was to ensure that the loan is used to buy only those goods and services needed for the project, ensuring fair competition for all qualified bidders, promote transparency or integrity, and encourage development of indigenous contractors and manufacturers by allowing local buyers to build in a margin of preference for local contractors and manufacturers. The aim of the study is to assess the challenges, effects and strategies in the implementation of public procurement procedures in Ghana. The objective of this study was to find out the challenges, effects and strategies in the implementation of public procurement procedures within Ga-Central Municipal Assembly in Ghana. The main tool for the collection of data was questionnaires while the target population for the data collection included administrators, finance officers, procurement officers and assembly members. Statistical package for social scientists (SPSS V 20) using mean score ranking was employed to analyze data obtained. The findings revealed that challenges such as too much work load in form of paper work, political interference; suppliers' inability to fully understand the procurement procedures, lack of appropriate training and resource for professionals, poor relationship with the public due to perceived corruption, lack of trust among stakeholders and management among others affect effective implementation of standard procurement procedures. Various strategies were however suggested to remedy the challenges identified to improve within Public Procurement Procedures for the Assembly were ensuring health and safety of new products procured (goods, works and services), offence for breach of standard procurement procedure should be part of contract

agreements and continuous training of staff. The findings of the study will add to the existing body of knowledge and provide stakeholders and policy-makers with new insights for policy discussions aimed at overcoming the bottlenecks of implementing the Public Procurement Act of Ghana 2003 (Act 663) at the local government level.

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# CHAPTER ONE

## INTRODUCTION

### 1.1 Background

For over a decade, public procurement had evolved with much attention given to it amongst developing countries. According to Mlinga (2009), procurement budgets can be linked to Twenty per cent (20%) of government expenditure and many governments have established many reforms in their procurement policies that will underpin the institutionalization and harmonization of the procurement systems and procedures.

In Ghana, however, public procurement accounts for about 50% to 70% of total government expenditure representing 14% of Gross Domestic Product (GDP) (Adjei, 2005) and accounts for about 24% of total imports (Ministry of Finance, 2003). Research has it that annual value of public procurement for good, works and services run up to US\$600 Million (World Bank, 2003) which represent 14% of GDP and the chunk of expenditure is linked to projects undertaken by Ministries, Departments, Agencies (MDAs) and Districts Assemblies (DAs) as well as Public Hospitals, Universities, Schools and Colleges which involve procurement of works, goods, technical and consultancy services.

The 2003 Country Procurement Assessment Report (CPAR) concluded that the principle of “value for money” is only partially achieved. The CPAR provides a detailed analysis of the public procurement system and identifies problems such as weak legal framework, inadequate enforcement of existing regulations, poor planning and record keeping, weak contract management and use of untrained staff. This is true for both government and donor financed procurement for the purchase of goods, works and services.

Estimates of potential savings from improved procurement vary and have not yet been analyzed precisely in quantitative terms. Officials who are involved in the procurement activities and on the basis of the outcomes of the “value for money” assessment project” believe that at least 25% in cost savings could be achieved by better procurement of goods and services (World Bank, 2005).

The improvement in the public procurement systems will produce significant results in the areas of budgetary savings and prudence in government expenses thereby generating wealth for the people of Ghana while gradually reducing the poverty levels amongst the general masses (World Bank, 2005).

Public procurement procedures are the procedures whereby public sector organization acquires goods, services and works from third parties. It also involves money that is spent by public sector to provide key services directly to citizens in areas such as welfare, education, social care and health. Such services are delivered through the procurement mechanisms with a formal competitive process (World Bank, 2005).

Effective public sector in the UK for instance has the expenditure of about £ 150 billion a year on the goods and services necessary for the delivery of same services (European commission, 2007). It is expected that governments should practice the highest professional standards when they expend the funds on behalf of the taxpayer to make sure quality and quantity required to meet the needs of the people are met.

The public procurement systems actually cover a life cycle from the identification of need through to the selection of suppliers, to post contract award management including project disposal. It is therefore the responsibility of the procurers to ensure the principles governing public procurement are strictly adhered to and this is underpinned by the mantra “value for

money” (VFM). The thesis explores the major issues involved in public procurement in Ghana and analyses the extent to which both public and private organizations adhere to the procurement processes as enshrined in the Public Procurement Act, 2003 (Act 663).

The mission of the public procurement reform amongst others is to improve public financial management with the objectives of promoting national development; enhancing harmony with other local and international laws; fostering competition, efficiency, transparency and accountability; facilitating ease of procurement administration and ensuring value for money (Ministry of Finance, 2001). The drafting of the public procurement Act (PPA) in the year 2003 and its eventual passage into law in 2003 by the government of Ghana has a sole objective; that is, to ensure that public institutions, organizations and firms follow a prescribed procedures in procuring goods, works and services.

It is also to ensure that there is transparency and best value for money in the procurement operational activities so that donor countries and international institutions would appreciate the use of the funds and subsequently release further support for the developmental activities in developing countries such as Ghana, devoid of corruption and embezzlement of funds that are associated perceptually with public funds leading to the legislative support given to it.

## **1.2 Statement of the Problem**

Over the past decade, public procurement has been a neglected area of study even though governmental entities and public procurement practitioners have diligently worked to improve the practice of public procurement procedures across many developing countries (Thai, 2001). The Municipal and District Assemblies’ Auditor’s Report 2011 has indicated irregularities relating to Stores and Procurement amounted to GH¢780,027.67 during the review period (MDA’s Auditor’s Report, 2011). The irregularities related to purchases not taken on ledger



charge, contract variations, payments for uncompleted works and fuel coupons not properly accounted for were as result of poor implementation of standard procurement procedures. Consequently, there is a persistent perception that, many organizations including public procurement entities do not follow the laid down procedures of the public procurement systems. This phenomenon is common within Ga Central Municipal Assembly where most project beneficiaries have the perception that standard procurement procedures are often not adhered to in the implementation of procurement activities for the Assembly. Such belief is highly common in the myriad of challenges such as lack of capacity, appetite for corruption, weak procurement systems that engulfed public procurement in general (World Bank, 2005). According to the Public Procurement Authority of Ghana e-bulleting for May-June 2014, the Public Procurement Act, 2003 (Act 663) has brought a bit of sanctity and transparency into the system even though there are significant challenges. It is within these nexus that this research seeks to find out the challenges, effects and possible strategies of implementing standard procurement procedures to improve performance.

### **1.3 Justification of the Study**

Previous studies by (Osei-Tutu et al, 2011; Kotoka, 2012; Ameyaw et al, 2012), have acknowledged that the public procurement law of Ghana, 2003 (Act 663) has sanitized the system by introducing standard procedures for procurement in Ghana. However, some of the challenges before the enactment of the Act, 2003 (Act 663) still exist and new ones are emerging. Ga-Central Municipal Assembly, one of the Metropolitan Municipal Assembly within the Greater Accra Region of Ghana is often challenged with implementing standard procurement procedures; hence the study to improve the implementation of the procurement procedures within the Assembly. Also, public procurement in Ghana is still developing and has not received

the needed scholarly attention and thereby leaving a huge literature gap to be filled. In attempt to address part of the literature lacuna is a justification for this study.

#### **1.4 Aim of the Study**

The aim of the study is to assess the challenges, effects and strategies in the implementation of public procurement procedures in Ghana.

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

To fulfill the aim of the research the following specific objectives were pursued;

- To identify the challenges associated with the implementation of the standard procurement procedures.
- To find out the effects of implementing standard procurement procedures.
- To identify strategies to address the challenges affecting the smooth implementation of the procurement procedures.

#### **Research Questions**

- 1 What challenges are encountered by procurement entities in the implementation of the standard procurement procedures?
- 2 What are the effects of implementing standard procurement procedures?



- 3 What possible strategies are available in enhancing smooth implementation of the standard procurement procedures?

### **1.7 Scope of the Study**

The subject scope of this study was limited to procurement entities adherence to PPA procurement guidelines and implementation challenges encountered by procurement entities. Contextually, issues related to challenges in the implementation of procurement procedures and their effects as well as possible strategies in realizing value for money, transparency and competitiveness among tenderers as envisaged within Public Procurement Act, 2003 (Act 663) were examined under this study. Also the study was geographically centered within Ga-Central Municipal Assembly within Greater Accra Region of Ghana.

### **1.8 Significance of the Study**

The findings of this study could provide valuable contribution to knowledge in the area of procurement management particularly in Ghana where there appear to be limited local studies on the subject against the backdrop of an infant procurement law that is yet to withstand the test of time. The findings of this study may provide stakeholders and policy-makers with new insights for policy discussions aimed at overcoming the bottlenecks of implementing the Public Procurement Act of Ghana 2003 (Act 663) Recommendations from this empirical study could also form basis for developing in-service training programme for procurement practitioners to enhance best practices. This study also provides a suitable foundation for further research in attempt to fill the huge literature gaps in the area of public procurement in the Ghanaian context.

## **1.9 Limitation**

All research studies irrespective of the methodology, aim to produce findings that can be applied in other settings. However, as noted by Opoku (2005), no study can provide findings that are universally generalized. This study was conducted in Ga-Central Municipal Assembly to give an overview of the extent of implementation of standard procurement procedures as stipulated by the Public Procurement Act, 2003 (Act 663) but may not necessarily represent the holistic situation in Ghana.

Again, as a limitation for all socially oriented self-reporting studies, the questionnaire might not have been a tool absolutely sensitive to determine the true opinion of respondents. However, caution was taken at all levels to make the questionnaire clear and unambiguous so as to obtain the needed data. According to Babbie (2005) which Khan (2012) agrees, fundamentally all research studies contains some imperfections which this study may be no exception.

## **1.10 Organization of Study**

This study is organized into five chapters. The introduction, which is Chapter one, consist the background of the study, statement of the problem, the main and specific objectives of the study, research questions, significance of the study and how the study is organized . Chapter two discusses literature related to the study while research methodology is discussed in chapter three. The fourth chapter presents the data and analysis based on the objectives and research questions. Chapter five presents the summary of findings, conclusions and recommendations.

## CHAPTER TWO

### LITERATURE REVIEW

#### 2.0 Introduction

This chapter deals with literature review that discusses the work of other authors on the topic under study. The chapter has been structured as follows: Concept of Public Procurement, Conceptual and Theoretical Framework, Public Procurement Law of Ghana, Procedures, Challenges, effects and strategies in the implementation of standard procurement procedures, among others were look at in this study.

#### 2.1 Concept of Public Procurement

Wittig (1999) describes the Public procurement systems as the bridge between public requirements such as roads, hospitals, defences needs among others and private-sector providers. Governments provide goods and services to meet a variety of citizen-needs which are primarily obtained from either internal government organisations or from sources external to the government in the private sector (domestic or international suppliers).

By way of definition, Procurement according to Lyson (1996) which Kotoka (2012) agrees, is that function of obtaining by purchase, lease or other legal means, equipment, materials, supplies and services required by an undertaking for use in satisfying wants. By explanation, Kotoka (2012) opines that procurement is underpinned by the task of purchasing which is seen as the means to obtain materials, goods and services at the right quality, in the right quantity from the right source delivered at the right place at the right time at the right price, to accomplish specified organizational goals.

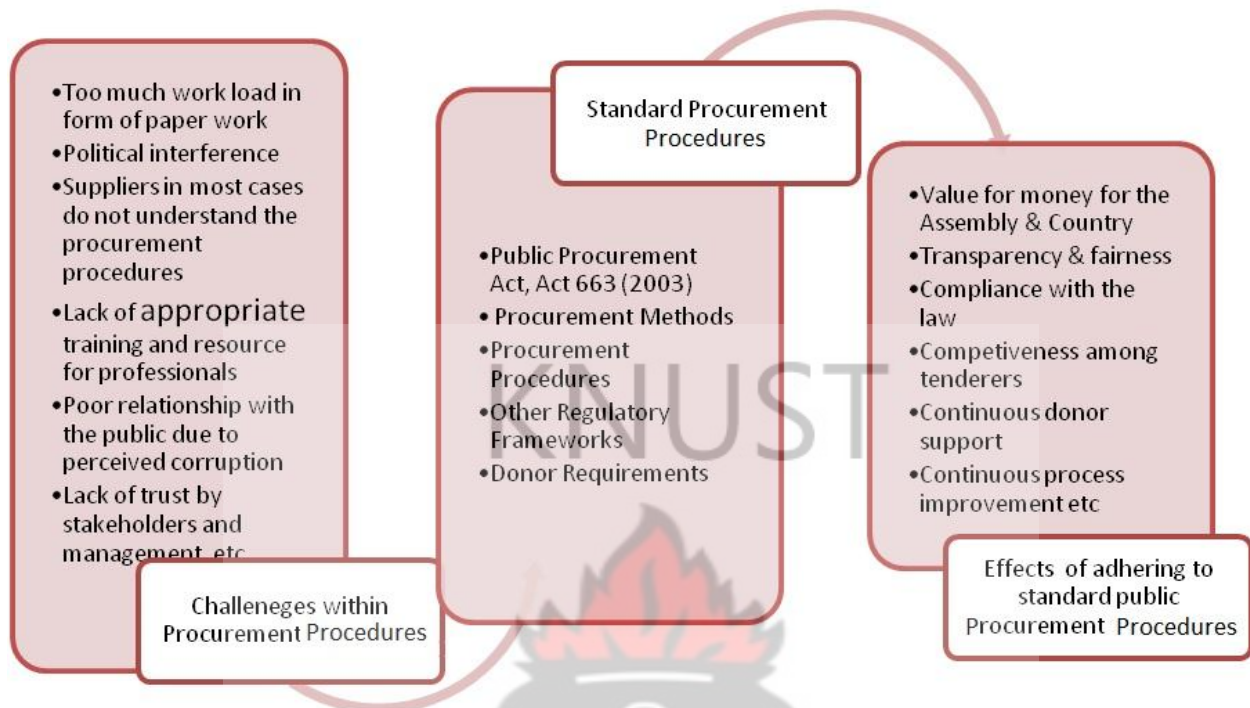
According to the Ghana Public Procurement Act, 2003 (Act 663), public procurement is the acquisition of goods, works and services at the best possible total cost of ownership, in the right

quantity and quality, at the right time, in the right place for the direct benefit or use of governments, corporations, or individuals, generally via a contract. This suggests that Public Procurement is a process rather than an event by which organizations acquire goods, works and services using public funds. According Ameyaw et.al. (2012), the process is comprehensive spanning from proper procurement planning, budget allocation, bids invitation, bids evaluation, award of contract, contract management, performance measurement, monitoring, auditing and reporting.

Procurement is said to often be surrounded with obscure practices that fosters corruption (Kotoka, 2012) which background the World Bank aided the Government of Ghana to embark on procurement reform that gave birth to the Public Procurement Act, 2003 (Act 663) that serves as the legal framework to guide and regulate all public procurement matters in Ghana.



## 2.2 Conceptual and theoretical framework



**Figure 2.1: Conceptual and Theoretical Framework**

**Source: (Thai et al., 2001)**

Procurement according to the World Bank may be defined as the acquisition of goods, works and services (World Bank, 2005). This embraces not only purchasing, that is, buying of goods, but it also includes hiring of contracts or consultants to carry out services. Standards required in the implementation of such procedures and it entails compliance with procedures if its effects are to be realized for quality service, economy, efficiency and fairness in competition. The conceptually, Standard Public Procurement Procedures as dependent variable was used from which the independent variables such as challenges, effects and possible strategies in the implementation of Procurement Procedures were examined theoretically for the study.



### **2.3 Public Procurement Law in Ghana: Public Procurement Act, 2003 (Act 663)**

Ameyaw et al. (2012) noted that the need for sanity and value for money in the public procurement landscape in Ghana moved the Government of Ghana in 1996 to embark on a Public Financial Management Reform Programme (PUFMARP) which identified such weaknesses as lack of comprehensive public procurement policy; lack of central body with technical expertise; absence of clearly defined roles and responsibilities for procurement entities; absence of comprehensive legal regime to safeguard public procurement; lack of rules and regulations to guide, direct, train and monitor public procurement among others in the procurement system.

The need for a comprehensive public procurement law became apparent to address the weakness in the system. The Public Procurement Act, 2003 (Act 663) was therefore enacted to set out the legal, institutional and regulatory framework to safeguard transparency and public accountability in Ghana's procurement system (Kotoka, 2012; Ameyaw et al., 2012). The Act institutes five fundamental pillars upon which public procurement in Ghana is founded (World Bank, 2003). These include the legal and institutional framework; standardized procurement procedures and tender documents; independent control system; proficient procurement staff; and anti-corruption measures.

These measures as contained in the law seeks to harmonize procurement procedures in the public sector to ensure judicious, economic and efficient use of public resources and to ensure that public procurement functions are fair, transparent and non-discriminatory in nature (Osei-Tutu et. al., 2011).

## **2.4 Procurement Procedures under the Public Procurement Act, 2003 (Act 663)**

### **2.4.1 Planning Procurement**

Generally, planning enables organizations to among other things, determine performance standards, establish overall direction, anticipate and avoid future problems and reduce the risks of uncertainty, identify and commit resources towards the achievement of goals, determine and develop performance standards, and effectively coordinate various activities in the organization (PPB Manual, 2005). The Public Procurement Act, 2003 (Act 663) provides for the activity of planning under Part 3 section 21.

What the foregoing means is that it is imperative that procurement entities would need to plan their procurement for the coming year by the 30th of November of the preceding year. The plan would be reviewed and approved by their Entity Tender Committees (ETCs), after which the plans are updated every quarter. The list of entities who submitted their procurement plans are published in the Public Procurement Bulletin. In 2010, only 164 entities out of over 1000 entities across the country submitted their annual procurement plan. As at October, 2011 only 199 entities submitted their plan to Public Procurement Authority (PPA Procurement Bulletin 2010/2011).

### **2.4.2 Tendering Process**

The requirement to advertise the intention to buy goods and works is spelt out by Section 47 of Act 663 for procurement using International and National Competitive Tendering. Advertising is required for invitations to tender if there is no pre-qualification. The object of advertising is to provide wide and timely notification of tendering opportunities so as to obtain maximum competition by informing all potential tenderers and to afford equal opportunities to all qualified and eligible tenderers without discrimination. For reasons of transparency, fairness and impartiality, tender documents should be provided for all eligible tenderers by the procuring



entity. Procurement entities are to provide tender documents to suppliers and contractors in accordance with procedures and requirements that were stated in the advertisement. The price at which the tender document is sold should be enough to recover the cost of printing and the document being made available to suppliers and contractors. Sufficient quantities of tender documents should be made available as many as there are tenderers. It is an offence to deny any supplier or contractor the opportunity to participate in any tender simply because stocks of documents are exhausted.

Tenders should be opened immediately after the close of tenders. The Procurement Unit will need to ensure smooth operation of the proceedings, prepare minutes of the opening and advise the chairman of the opening session on procedural issues if requested.

A Tender Opening Committee is usually constituted and is made up of at least three persons including the Chairperson. The Chairman of the Tender Opening Committee controls and directs the /Tender Opening and does not allow tenderers representatives to interfere with the work of the Committee. Any objections by a tenderer to the procedures or decisions of the tender opening should be made in writing to the Head of the Procurement Entity.

Section 55 of the Act states that the provision of tender security is required for all International and National competitive tenders for procurement of goods, and works. In the case of Procurement of consultants services tender security is not required. The use of security is important, in particular, in international trade where the Purchaser may not know the tenderer or Supplier's professional ability, financial position and credibility. Therefore it is normal for the Purchaser to demand that the tenderer's or Supplier's ability to perform in accordance with the instructions or contractual obligations be secured with a financial guarantee.

### **2.4.3 Contracts Management**

A formal contract document will be drawn up, using the agreed terms and conditions, and signed by both parties. Simpler requirements may use a purchase order or where existing framework contracts exist, contracting may consist of placing a call-off order under the existing contract.

The awarded contract must then be managed, to ensure that both the buyer and supplier perform their contractual obligations. Activities may include expediting delivery, arranging inspection or freight forwarding, checking bank guarantees, establishing letters of credit, making arrangements for receipt and installation of goods, verifying documentation and making payments. Works contracts will often require technical supervision by an engineer/project management team to ensure quality, time schedule and cost. Contracts for consultancy services often require the direct participation of the buyer or client organisation, as the recipient of training or technical advice or in responding to studies or reports. According to PPA Annual report (2009) Contract completion rate for the year is about 68%. This signified that contract management is a major challenge for most entities.

### **2.4.4 Monitoring and Evaluation**

Controlling the performance of the procurement function and ensuring its efficiency and effectiveness is essential to the management of the procurement procedures. It is vital to evaluate how well the procurement procedures have gone, identify any weaknesses or problems and agree actions to prevent similar problems in the future. Evaluation may include a formal procurement audit. Procurement monitoring is an essential part of procurement management and control linked to compliance with Act 663 and performance outcomes such as value for money, professionalism and code of conduct in procurement. This will involve the management of

entity, staff of PPA, private sector, oversight bodies (internal and external audit), civil society (including NGOs), project beneficiaries, and media (PPA Annual Report, 2008).

#### **2.4.5 Appeals and Complaints**

Part VII – Review -Section 78 of Act 663 deals with the procedures to be used in handling complaints received from aggrieved parties involved in the procurement procedures. Any supplier, contractor or consultant that claims to have suffered, or that may suffer loss or injury due to a breach of a duty imposed on the procurement entity, may seek review in accordance with this Part. Procurement decision-making process needs to be properly followed and documented so that complaints can be investigated within the strict time frame. Those involved in audit and in the prosecution of procurement related offences may be able to provide examples of where sanctions could not be applied as a result of poor or inadequate procurement records.

In Ghana, the Authority established seven (7) member Appeals and Complaints Panel comprising legal procurement experts, and representatives from the private and public sectors which was inaugurated in 2007. In the same year the Panel successfully concluded fourteen (14) cases out of twenty (20) cases received (PPA Annual report, 2007). The appeal and complains procedures allowed bidding firms with the chance to show their disapproval before the procurement procedure is completed, as well as thereafter (Alam, 1995)

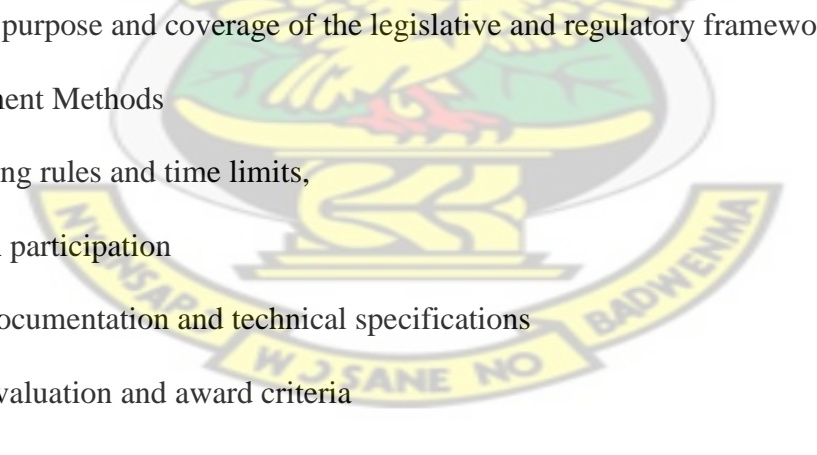
#### **2.5 Assessment of Public Procurement Entities**

It has been recognized that increasing the effectiveness, efficiency and transparency of procurement systems is of deep concern of governments and the development partners (Osei-Tutu et al., 2011). Across the world, it has been recognized that increasing the effectiveness of the use of public funds and funds obtained through development partners requires the existence

of appropriate procurement systems that are consistent with international standards and allowed to operate as intended (Kotoka, 2012).

However, since the enactment of the public procurement law in Ghana, it appears that only a few studies have examined the practice and implementation challenges of the law (Osei-Tutu et al., 2011).

According to a Ghanaian study, the regular and continuous assessment of procurement entities' compliance with the procedures, rules and regulations of the Public Procurement Law is a necessary requirement for accountability (Osei-Tutu et al., 2011). The researchers identify baseline indicators that cover the legal and regulatory instruments from the highest level (national law, act, regulation, decree, etc.) down to detailed regulation, procedures and bidding documents formally used by procurement entities. Consistent with the World Bank (2006) recommendation, (Osei-Tutu et al; 2011) highlights eight indicators including

- 
- a. Scope of purpose and coverage of the legislative and regulatory framework
  - b. Procurement Methods
  - c. Advertising rules and time limits,
  - d. Rules on participation
  - e. Tender documentation and technical specifications
  - f. Tender evaluation and award criteria
  - g. Submission, receipt and opening of tenders
  - h. Complaints

However, it has been acknowledged that a myriad of challenges are encountered in the quest to implement sound and standard public procurement procedures (Kakwezi and Nyeko, 2010). Remarkably, Ameyaw et al. (2012) highlights some challenges related to public procurement law

implementation and assessment of the extent of implementation. Some of the issues raised bothers on measurement challenges including lack of standard measurement tools and cost related to conducting performance measurement (Kotoka, 2012; Osei-Tutu et al., 2009).

There appear to be a lacuna in the literature on how the procurement assessment should be organised to contribute to the improvement of procurement standards especially in developing countries. However, Kakwezi and Nyeko, (2010) asserts that it is only when the procurement system is well planned it becomes possible to identify areas of best practice performance and those of underperformance. Other earlier researches and reports suggest that organizational entities that do not have performance benchmarks in their procurement procedures tend to experience lower compliance with the legal framework (Artley and Stroh, 2001; Amaratunga and Baldry, 2002; World Bank, 2006; Osei-Tutu et al., 2009).

Furthermore, Anvuu and Kumaraswamy (2006) assessed the procurement patterns of the construction sector of Ghana and highlighted poor construction performance, corruption and pressure from international financial institutions as the impetus that forced the government to commit to a reform of public procurement culminating in the enactment of the Public Procurement Act, 2003 (Act 663) which according to the researchers is still not been adhered to.

### **2.5.1 Compliance with Standard Procurement Procedures**

Even though the Public Procurement Act, 2003 (Act 663) was introduced in Ghana to streamline the anomalies in public procurement. The objective of the law of promoting fairness, transparency and ensuring that public procurement is non-discriminatory has been met with enormous implementation bottlenecks.

Osei-Tutu et al. (2011) undertook a study to observe and compare the extent to which selected public procurement entities in the Ashanti and Brong Ahafo regions of Ghana complied with the



processes and requirements of the Law in the year 2008. The researchers employed a mixed method approach using a structured questionnaire and face-to-face interviews to obtain data for this study. The findings indicate that the overall compliance levels in the Ashanti and Brong Ahafo Regions was 19.58% and 17.8% respectively. The researchers argue that the low levels of compliance signify the barrage of implementation challenges confronting the Public Procurement Act 2003 (Act 663).

However, the study also reported marginal variation among sectors in the two regions studied. For instance, the local government sector recorded a higher level of compliance as compared to the education and health sectors. Notwithstanding, Kotoka (2012) insist that there is greater transparency, fairness, and competition in public procurement than it was prior to the introduction of the Public Procurement Act in 2003.

In a related study, Bolton (2006) critically analyzed the procurement policy of South Africa and argued that the use of procurement as a policy tool in South Africa is justified in that on the whole, the primary legislation dealing with the use of procurement as a policy tool offers an adequate effect to the constitutionally prescribed use of procurement as a policy tool.

Agaba and Shipman (2007) following a comprehensive assessment of the Ugandan Public Procurement system summed it up that establishing the legal framework and the regulatory institution are the first and possibly the easiest steps in reforming the procurement procedures. However, according to Agaba and colleague, enforcing compliance with the law and eradicating institutionalized corruption from public procurement are the more difficult steps that may take longer than anticipated to achieve. The researchers remained optimistic however, that while acknowledging the shortcomings much progress has been made in many African countries,

where public procurement is conducted according to higher standards of integrity, transparency and value for money than those pertained in the past.

## **2.6 Challenges Associated with implementation of the Public Procurement**

### **Procedures**

In a developed or developing country, public procurement has faced many challenges. Each country has its own economic, social, cultural and political environment, and each country's public procurement practitioners face different types of challenges, or the same types of challenges but at different levels from their counterparts in other countries (Thai, 2009).

#### **2.6.1 Lack of proper knowledge, skills and capacity**

According to Sheoraj (2007), skills and capacity shortages have been identified as the single greatest impediment to the success of public procurement in South Africa. Migiro and Ambe (2008) assert that many procurement actors in the South African public sphere have attended a number of training workshops on procurement, but they still lack the appropriate knowledge for proper implementation. McCarthy (2006) contends that there is a lack of capacity and knowledge by procurement actors to handle procurement procedures that have led to bad governance. Similarly Forgor (2007) agrees that lack of proper training of managers on the procurement procedures is a challenge that confronts procurement reforms. This supports the assertion that poor dissemination of procurement law is one of the challenges facing the smooth implementation of public procurement laws (Azeem, 2007). Musanzikwa (2013) said that most people tasked with the responsibility to procure resources are incompetent. For example, it was alleged that the adjudication process of the tender to supply ZESA with pre-paid was flawed.



However, the SPB could not reverse the procedures because it was its adjudicators who were at fault, the minister added. The purchasing activities are being performed by people who are not professionals or qualified in the field. As a result, wrong decisions which are costly to the organisations are always the order of the day and thereby depriving quality service to the intended benefiter. This is because the procurement function represents commitment of organizational funds in anticipation to a positive contribution a reasonable rate of return.

### **2.6.2 Non-compliance with policies and regulations**

Compliance with policies and regulations is a problem as Matthee (2006) indicated that some of the practices relating to non-compliance with the rules and procedures relate to the tendency not to utilise a competitive process for both quotations and bids, and incorrect utilisation of the preference points system. Van Zyl (2006) also asserts that there is a lack of appropriate bid committees; use of unqualified suppliers, passing over of bids for incorrect reasons; utilisation of the incorrect procurement procedures in respect of the thresholds; extensions of validity periods; and incorrect utilisation of the limited bidding process. Furthermore, Ambe and Badenhorst-Weiss (2011) noted that there are inadequate controls and procedures for the handling of bids; appointment of bid committee members not aligned to policy requirements; and insufficient motivation for deviations from procurement procedures. Public Procurement has been utilized as an important tool for achieving economic, social and other objectives (Arrowsmith and Trbus, 2008; Shaw, 2010). There is therefore, a need to comply with a myriad of legislations and guidelines and this presents a challenge. For instance, in its report to the Unites States Congress, the Commission on Government Procurement states that “The magnitude of the Government’s outlays for procurement and grants creates opportunities for implementing selected national policies” (Federal Acquisition Institute, 1999: 1.8). Also, The World Bank specifies the

following four major concerns or objectives of public procurement for projects funded by its loans;

Ensuring that the loan is used to buy only those goods and services needed for the project,

Ensuring fair competition for all qualified bidders from the World Bank's eligible countries,

Promoting transparency or integrity, and encouraging development of indigenous contractors and manufacturers by allowing local buyers to build in a margin of preference for local contractors and manufacturers (Maurer, 2004).

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### **2.6.3 Inadequate planning and linking demand to the budget**

Demand management is integral to the procurement procedures. It defines the decision-making process that allows departments to procure at the right time, at the right place and at the right cost. However, many government entities are still faced with the challenges of improper planning and linking demand to budget (Ambe and Badenhorst-Weiss, 2011a). Cost-effective procurement depends on a specialist's skills to ensure that buying requirements are reliably determined, appropriate contract strategies are developed, contracts are well managed and opportunities are seized to secure the best deals at the right time and at the right price. The importance of drawing up accurate and realistic strategic plans cannot be overestimated. At times there is an absence of coherent plans. Some government entities cannot properly quantify the needs of those requiring their services or properly estimate costs, nor can they accurately track, control or report on expenditure (Luyt, 2008). Luyt (2008) also indicates that there is a need to monitor the delivery of services properly to ensure that scarce resources are efficiently and effectively procured. Poor planning and budgeting have also affected the implementation of procurement. It is therefore vital that procurement practitioners adequately link demand planning to budget.

#### 2.6.4 Accountability, Fraud and Corruption

Accountability constitutes a central pillar to public procurement (Soudry, 2007). Without transparent and accountable systems, the vast resources channelled through public procurement systems run the danger of being entangled with increased corruption and misuse of funds (Jeppesen, 2010). According to Boateng (2008), since 1994, South Africa has enjoyed unprecedented social and infrastructural programmes. Yet, the majority of people who had hoped freedom would bring with it relative socio-economic liberation and improvement are feeling increasingly bitter towards government over issues that include a lack of perceived quality of governance, service delivery failure, fraud and corruption in some spheres of the economy and disillusionment with empowerment policies (De Lange, 2011). Corruption, incompetence and negligence by public servants were to be blamed (De Lange, 2011). About 20 per cent of government's procurement budget *alone* went down the drain each year. This was because officials had their fingers in the till, overpaid for products and services or failed to monitor how money was spent (De Lange, 2011). Among government entities probed for procurement irregularities was the Tshwane Metro where about 65 municipal officials were investigated for striking business deals worth about R185 million with their own Council (Pauw, 2011) noted that corruption is a major challenge in public procurement and this view is also supported by Shaw (2010). There are a number of tenders that have been associated with corruption and below are a summarization of the some of the issues. Harare City Council has been accused of awarding tenders for the supply of water treatment chemicals to shady and incompetent companies that offered them kickbacks. One of the companies contracted to provide water treatment chemicals to the city delivered poisonous sodium cyanide, instead of aluminium sulphate solution, to Harare's Morton Jeffrey Waterworks in September 2012. In October 2011, a tender for the supply and delivery of the malaria rapid diagnostic test was withdrawn with participating bidders

were refunded their tender fees because tender had been corruptly floated. It was alleged that \$300 00 was released towards the national malaria programme and the Ministry of Health Child Welfare immediately ordered the responsible organisation to float a tender for diagnostic test kits. A senior official in the national malaria programme is believed to have then clandestinely issued the specifications for the test kits based on those of the discarded Paracheck which had already been banned by the responsible Ministry because of its low sensitivity to malaria detection (Musanzikwa, 2013).

The District of Columbia, USA government wasted hundreds of thousands of dollars in revenue by selling used emergency vehicles for 'bargain basement prices' in auctions run by untrained staffers (Nakamura, 2004). In a period of 30 months, The District of Columbia sold 11 fire trucks for a total of \$3,125 while similar vehicles in make and model had been sold on the Internet for a total of \$360,875. Corruptions and bribes are widespread in government contracts. In the United States, corruptions in government contracts have been regularly reported in newspapers; and the first week of September 2004 witnessed the reporting of a flurry of criminal prosecutions against state officials for violations of state procurement laws. Separate newspapers reported on bidding scandals from Illinois, Connecticut, Wisconsin, and Maryland (Nakamura, 2004). Therefore, overcoming the negative perception and the objective reality, to a certain extent, is one of the biggest challenges in public procurement.

### **2.6.5 Political Interference**

According to Musanzikwa (2013), major tenders are influenced by ministers. This is at variance with the principle of politics administration dichotomy which provides that ministers are mainly responsible for policy making and not implementation. Benjamin R. Tukamuhabwa in the January 2012 edition of Journal of Economics and Behavioural Studies is reported to have said



that “Political Interference” is a major challenge facing the effective implementation of public procurement practices in many countries especially African countries. He further cites that Public procurement is considered an inherently a politically sensitive activity (Schapper et al., 2006). This assertion is supported by Murray (2009), who contended that in public procurement, managers take on the role of agent for elected representatives. However, Pillary (2004) argues that senior officials and political leaders use public office for private gain and this has weakened the motivation to remain honest. Raymond (2008) also opined that ministers and political parties receive clandestine payments in government procurement. This ultimately interferes with the procurement process and constrains compliance. This is also re-echoed by Lodhia and Burritt, (2004), who recognizes that social and political influences have an important bearing on public sector reform.

In developing countries; one of the major obstacles to the procurement system is ministerial interference with the tender process where ministers intervene and influence tender awards. The threat of being suspended or fired has in many cases intimidated public officers into obeying illegal ministerial directives leading to non-compliance (Akech, 2005). In support of this, Hui et al. (2011) asserted that interference from the local politicians, business persons, members of parliament and very influential top management individuals has interrupted the procurement procedures and deterred transparency.

## **2.6.6 Inadequate Market Support**

(Musanzikwa, 2013) revealed that most tenders are awarded without adequate enquiry on the market. This weakness resulted in City of Harare losing millions of dollars in the construction of Airport Road. The tender was for the construction of the 20km road was won by Augur Investments at a cost of \$80 million. However, it was revealed by the Ministry of Transport and

Infrastructural Development that average cost of road construction is \$0.5 million per kilometre and this means that the cost of constructing the road should have been around \$10 million. The Market conditions have a great influence on public procurement practitioners' effort to maximize competition. The market operates with socio-economic objectives that do not only favour the objective of the procurement entities in terms of timeliness, quality and costs of purchased goods, services and works. The profit motive of the market seriously relegates to the background the procurement objectives of timeliness, quality and cost. A balance between the two forces must come into play and this depend on the how organized the procurement entities are to meet this challenge as they operate within the confines of the public procurement act, 2003 (act 663). Some of the determinants of the African markets as mentioned by Thai (2001) are communication, currency exchange rates and payment, customs regulations, lead-time, foreign government regulations, trade agreements, and transportation. Thus before embarking on a foreign purchasing program, public procurement practitioners must carefully assess the total cost implications and compare them to domestic costs (National Institute of Governmental Purchasing, Inc., 1999). Cost-effective procurement depends on a specialist's skills to ensure that buying requirements are reliably determined, appropriate contract strategies are developed, contracts are well managed and opportunities are seized to secure the best deals at the right time and at the right price.

## **2.7 Effects of implementing Standard Procurement Procedures**

According to Caldwell et al, (2009) has indicated that in implementing standard procurement procedures, the objective is to create value for money and which does not necessary equal to lowest price. Value for money is gaining the best possible outcome for the Assembly's

expenditure. Such objective which considers the whole of life cost positively affect procurement implementation and failure to adhere to standard procurement procedures with cognizance note on value for money prevents the entities of following standard practices and procedures of public procurement in general. Factors to consider when assessing value for money in case include:

Purchase price, maintenance and running costs over the lifetime of the item, disposal value, fitness for purpose, quality and warranties, availability and cost of spare parts, availability of servicing, and delivery time and cost within the procurement procedures. In achieving value for money, procurement team activities must be and seen to be fair and transparent and reasonably available for all potential suppliers to submit their best value offer (Caldwell et al., 2009). Caldwell et al. (2009) further noted that poor implementation of standard procurement procedures further create perception among bidders' and public that the entity is corrupt and unfair in their procurement activities.

Also, (Schapper et al., 2006; Murray, 2009; Musanzikwa, 2013), as well as the Public Procurement Act, Act 663 (2003) have indicated that adhering to the standard procurement procedures ensure transparency and fairness, compliance with the law, competitiveness among tenders'. The World Bank (2005) and Musanzikwa (2013), further indicated that positive effect of procurement entity adhering to the laid down procurement procedures within their respective procurement units and or ministry sustain donor support and continuous improvement of the entire procurement procedures.



## 2.8 Strategies for implementing standard procurement procedures

### 2.8.1 The Role of Procurement Unit

By providing support across all services units, the Procurement Unit will provide greater accountability and transparency in all purchasing and tendering, whilst ensuring compliance to relevant legislation, policy and procedures, which will result in value for money outcomes.

Specific goals of the Procurement Unit such as ensure compliance with Procurement Policy and Local Government Act, create and maintain robust procurement procedures that is easy to use and follow. This includes a procurement procedures manual and template contract and tender documents. To ensure consistency in tendering and contract management across the organization, implement and maintain a contract management system, provide sound, consistent and timely advice on procurement related matters, ensure that all template documents are accessible and maintain oversight of Assembly third party spend are essential in the implementation of standard procurement procedures.

### 2.8.2 Standard Documentation for Tenders and Contracts

The Procurement Unit will develop a suite of standard template contract and tender documents.

The Procurement Unit is responsible for collating the standard documents associated with each tender.

**Tender Plan:** An annual tender plan will be developed and maintained following consultation with all contract managers across. The purpose of the tender plan is to identify and appropriately plan for the expiry of existing contracts and new contracts that are required. This will ensure that timelines are appropriately planned, that resourcing will be available when required and that high quality documentation is prepared.

**Tender Evaluation:** The Procurement Unit is responsible for the creation and maintenance of a tender evaluation process that ensures robust and transparent tender evaluations occur. The process will provide clear evidence of a fair and reasonable evaluation process and result in a defensible position for Assembly in the event that an unsuccessful tenderer disputes the process. A representative from the Procurement Unit will sit on each and every tender evaluation panel.

**Conflict of Interest:** Any officer with a conflict or perceived conflict of interest relating to a particular project will not be involved in the evaluation of that project in any way. All tender evaluation panel members must be free from conflicts or perceived conflicts of interest, and they must sign a declaration stating this (Caldwell et al., 2009).

**Communication:** The Procurement Unit will provide communication to staff and Unit Committee Members on a regular basis. The avenues that will be used are: All key documents will be accessible on the Intranet; Updates via the E-news, and Emails to all staff in regard to changes to processes or updated templates available, Attendance at Service Unit team meetings, A Procurement Unit representative will be available to answer queries from throughout the organization.

### **2.8.3 Collaboration with Other bodies or agencies**

Procurement team will actively pursue opportunities for collaboration with other Assemblies or Agencies for strategic project implementation. These opportunities may include: Joint tendering for common goods or services, Development of standard documents, policies and procedures, provide a network for discussion and resolution of procurement issues and group training opportunities for Procurement staff (Caldwell et al., 2009).

#### **2.8.4 Auditing Processes**

The Procurement Unit will undertake a comprehensive program of internal auditing to ensure compliance with policy and other regulatory frameworks. The internal audit program for procurement should cover the following processes:

Analysis of the cumulative supplier spends over a rolling three year period. This is specifically targeted at assessing compliance with the tendering thresholds. Audit of at least five individual transactions per month to determine compliance with policy specifically in relation to obtaining the required quantity of quotations. Analysis of the top 50 or 100 suppliers on an annual basis. This is a further tool to assess compliance and analysis of spend of all natural (i.e. ledger) accounts (e.g. Contract payments, consultants, advertising, etc). This is aimed at identifying any potential issues for compliance (Caldwell et al., 2009).

#### **2.8.5 Supplier Engagement**

In the longer term for developing local suppliers, the Assembly should establish a process for engagement with local suppliers. This will be done in conjunction with marketing and business development activities. This is a significant strategy shows commitment and the use of Procurement resources and processes and procedures need to robust and internally improve the process. Local Assemblies can assist local suppliers with their preparation of tender submissions. This is not the provision of technical, legal, financial or any other type of advice. It is purely assistance with how to prepare a tender and how to correctly complete all the required tender schedules. In the event that this occurs, the officer providing assistance will not be part of that tender evaluation panel (Caldwell et al., 2009).

### **2.8.6 Continuous Review**

A process of continuous review and development of procurement procedures will be instigated. The following key documents will be reviewed as form of key strategic standard procurement implementation: Procurement Policy adopted by Assembly – annual review as required by the Assembly, Purchasing and Accounts Payable Policy and Procedure – every two years, Purchasing Card Policy and Procedure – every two years, Procurement Strategy – every three years, Procurement Procedures Manual – every three years as well as Standard tender and contract templates – on going (Caldwell et al., 2009).

### **2.9 Summary of Chapter**

Challenges in Public Procurement as a result of irregularities related to purchases not taken on ledger charges, contract variations, cost overruns, payments for uncompleted works and fuel coupons not properly accounted for and failure to adhere to Public Procurement Act, corruption, and interference in the procurement procedures as identified by the World Bank are prevalent and these pose threats in realizing Public Procurement Authority objectives. The poor standardized procurement practices especially within the public sector procurement lead to inefficiency and ineffectiveness (World Bank, 2005). Public Procurement is an important function of government therefore in order to realize the benefits of public procurement, standardized procedures has to be adhered to, to prevent challenges faced by such vital concept of managing public purse and governance for that matter creating value for money.

Finally, the sheer magnitude of procurement outlays has a great impact on the economy and needs to be well managed. Indeed, in all countries in the world, estimates of the financial activities of government procurement managers are believed to be in the order of 10-30 % of GNP (Caldwell et al., 2009). Efficiently handling this size of procurement outlays has been a policy and management concern as well as a challenge for public procurement practitioners.

Public procurement has been utilized as an important tool for achieving economic, social and other objectives (Arrowsmith and Trbus, 2008; Shaw, 2010). There is therefore, a need to comply with a myriad of legislations and guidelines and this presents a challenge.





## **CHAPTER THREE**

### **METHODOLOGY**

#### **3.0 Introduction**

This chapter describes how the research problem was studied and why particular designs and techniques were used. The chapter also describes the setting in which the study was carried out as well as other issues such as sampling, tool for data collection, data gathering procedure, analysis, validity and reliability, limitations of the study and ethical concerns.

#### **3.1 Research design**

A purposive approach was used for the study. Khan (2012) describes this approach as a useful fact finding investigation technique which aids the researcher to present things the way they are occurring with adequate explanation. This design was most appropriate in this study since it facilitated the examination of the extent of implementation of standard procurement procedures at the time of the study. Moreover, in the context of Ghana, little was known or written about the phenomena being investigated for which reason a purposive study was suitable for the research problem Opoku (2005).

#### **3.2 Study Area**

The study was carried within Ga-central Municipal Assembly of Greater Accra. The entity was selected due to its continuous involvement in procurement activities and believes that the respondents were capable of providing necessary data for the study.

### **3.3 Study Population**

The target population of this study includes procurement personnel, procurement committee members, project managers, stores and supplies personnel and suppliers as well as representative of the Assembly numbering about one hundred (100) within Ga Central Municipal Assembly as the population of the study from which sample size sixty (60) was chosen for the study.

### **3.4 Sample Size and Sampling Procedure**

The researcher used purposive sampling technique for data collection. The respondents were purposively selected based on their characteristics and expert opinions which are suitable for this study. In the Assembly, four (4) Procurement Officers, two (2) Clerk of Works, four (4) Contract Administrators, five (5) Finance Officers, five (5) Project Managers and forty (40) other members of the Assembly were chosen for the study. Identified prospective participants were approached individually by the researcher or her research assistants to answer the research questionnaire if he/she consented to participate in the study. Purposive sampling technique, a non-probability sampling has been used for the study. The main goal of purposive sampling is to focus on particular characteristics of a population that are of interest and provide expert opinion on the subject under study (Babbie, 2005; Opoku, 2005; Khan, 2012). It provides the researcher with the justification to make analytical generalizations from the sample that is being studied, which will best enable you to answer your research questions.

### **3.5 Research Instrument**

Data collection is pivotal for obtaining reliable research findings and hence must be objective, systematic and repeatable (Khan, 2012; Panneerselvam, 2010). This is qualitative research in which a structured questionnaire was used as the main tool for the data collection for the study.

The questionnaire was divided into four sections; section 4.1 collected demographic information of the respondents. Section 4.2 elicited the existing practice of procurement by the respondents. Section 4.3 contained questions to ascertain the challenges encountered in the implementing standard procurement procedures. The challenges were identified from the literature review. The respondent were asked to score the challenges on the Likert Scale of 1-5 (Strongly disagree -1, disagree -2, neutral -3, Agree – 4, strongly agree -5). Section 4.4 explores strategies that can be used to enhance smooth implementation of the Public Procurement Act, 2003 (Act 663). The responses were assigned weightings also based on the five point likert scale (Strongly disagree - 1, disagree -2, neutral -3, Agree – 4, strongly agree -5).

### **3.6 DATA COLLECTION PROCEDURE**

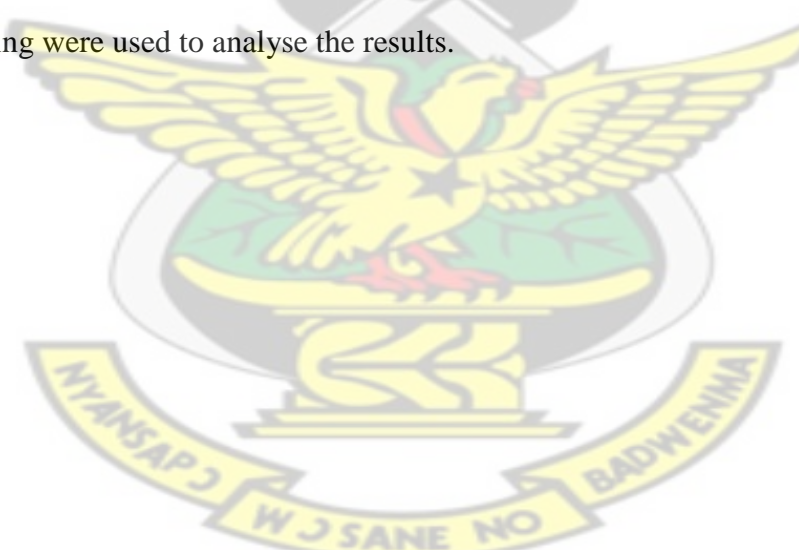
An introductory letter was collected from the Department head of Kwame Nkrumah University of Science and Technology (Institute of Distance Learning) and this enabled the researcher to have a good rapport with the respondents selected for the study. The purpose of the study was explained to the respondents as well as the instructions for completing the questionnaire. The study took three weeks (from August 15 to August 25, 2014) to collect the data and throughout these periods the researcher availed himself to answer questions that bordered on the study.

The researcher personally administered the questionnaire which contained series of structured questions which were related to the research work and directed to respondents with the aim of gaining first-hand information. The questionnaire consisted of both open ended and close-ended questions. Thus, in some cases, respondents were to choose the option that best reflected their opinions. The questionnaire afforded respondents much flexibility and privacy in answering the questions without any undue influence. The questionnaire was in simple and unambiguous

language and as such, did not pose any problem as regards interpretation. The respondents were also assured that the information would be kept confidential. All questionnaires were filled and returned by the respondents.

### **3.7 Data Analysis**

The completed questionnaires were edited to ensure completeness, consistency and readability. Once the data had been checked, they were arranged in a format that enabled easy analysis. Quantifiable data from the questionnaires was coded into the software for analysis. Statistical Package for Social Sciences (SPSS 20.0) and Microsoft excel were then used to analyse the data because it was considered to be user-friendly. Frequency tables, percentages, bar charts and mean score ranking were used to analyse the results.



## CHAPTER FOUR

### RESULTS AND DISCUSSIONS

#### 4.0 Introduction

This chapter was devoted to the analysis of data, interpretation and discussion of major findings based on the topic under study. The analyses were grouped into two main sections. Section 4.1; comprised of biographical data of the respondents based on “credibility characteristics” in which respondents’ profession and experience, defined as encapsulating: professional background; and their involvement in the procurement activities were considered. The section 4.2; was made up of issues related to challenges, effects and the remedies in the implementation of standard procurement process within the Assembly.

#### 4.1 Biographical data of the respondents

**Table 4.1: Sex**

Sex	Frequency	Percent
Male	30	50.0
Female	30	50.0
Total	60	100.0

**Source: Field work, 2014**

Table 4.1 shows the sex distribution of respondents with 30 (50%) and 30 (50%) respectively were males and females. It is a good representation of both sexes even almost equally balanced. Gender advocates call for gender balance in national establishments.

**Table 4.2: Highest Education**

Level	Frequency	Percent
Diploma (HND)	17	28.3
Degree	38	63.3
Masters	5	8.4
Total	60	100.0

**Source: Field work, 2014**



Table 4.2 shows the highest educational distribution of respondents from which, twenty-eight point three percent (28.3%) of the respondents were Higher National Diploma (HND) holders, sixty-three point three percent (63.3%) were holding Bachelors (Hon) degrees and the remaining eight point four percent (8.4%) of the respondents were holding Master degree certificates. This implies that each of the respondents were having some level of qualifications a significant evidence in understanding the challenges which affect the implementation of standard procurement practices which invariably impact on achieving the objectives of the Public Procurement Act, (Act 663, 2003) as most district lack qualified technical personnel in implementing the Act.

**Table 4.3: Composition of Respondents**

Level	Frequency	Percent
Procurement Officers	4	6.5
Clerk of Works	2	3.2
Contract Administrators	5	8.4
Finance Officers	4	6.5
Project Managers	5	8.4
Assembly Members/Others	40	67.0
Total	60	100.0

**Source: Field work, 2014**

Table 4.3 described the background of the respondents' their level of profession, qualification and the number of years working within Ga-Central Municipal Assembly. From the above, six-point five percent (6.5%) were Procurement Officers, three-point two percent (3.2%) were Clerk of Works, eight-point four percent (8.4%) were Contract Administrator, six-point five percent (6.5%) were Finance Officers while another eight-point four percent (8.4%) were Project Engineers of the assembly. The remaining sixty-seven percent (67%) were Community Members of the Ga-central Municipal Assembly which were made up of Opinion leaders (20), and

Assembly member (20), within the assembly. This implies that all the respondents have been equally representative and their professional inputs were considered in exploring the challenges in the implementation of standard procurement process for the Assembly. Each of the respondents has equal representative and responded to the same sample of questions for the study in order to eliminate any form of bias from the study.

## **4.2 Implementation of Standard Procurement Procedures**

Table 4.4 shows the ranking of 28 variables that determine compliance with standard procurement procedures based on the mean rating and the standard deviations. From top to down the aspects were arranged by order of dominance among the procurement entities within Ga-Central Municipal Assembly in the Greater Accra Region of Ghana. From the table 4.4 above the mean values ranges from 2.11 to 4.00 and the standard deviations of the means range from 0.900 to 0.794; an indication that there is no significant difference between the estimated mean and the variables of the Standard Procurement Procedures which impact on the implementation of procurement process for the Assembly. With the cut off mean of 4.00, variable such as Submission, Opening and Evaluation of Bids, Bid Preparation and Invitation, Procurement Publicity, Procurement compliance with ethics and regulatory framework and Procurement Monitoring and Control system, Effective Procurement Leadership, Procurement Planning process, Award of Procurement contract, and Inspection and Inventory control Process ranked 1st , 2nd , 3rd, 4th , 5th, 6th , 7th, 8th, and 9th respectively and are considered critical as the variables are above the cut off mean of 3.39. Furthermore, variables such as Procurement Information searching and Dissemination, Project implementation and supervision of Procurement process, Procurement Human Resource Development, Project Planning and Mobilization, Procurement complaints system, structure and sequence, ranked 10th, 11th, 12th,

respectively are considered not critical since they are below the cut off mean of 4.00 an indication of their less challenges in the implementation of procurement practice for the Assembly.

**Table 4.4; Standard Procurement Procedures**

Variables in the Implementation Procedures	Mean Scores	Std. Deviation	Ranking
Submission, Opening and Evaluation of Bids	4.00	0.700	1 <sup>st</sup>
Bid Preparation and Invitation	3.70	0.700	2 <sup>nd</sup>
Procurement Publicity	3.60	0.700	3 <sup>rd</sup>
Procurement compliance with ethics and regulatory framework	3.56	0.829	4 <sup>th</sup>
Procurement Monitoring and Control system	3.55	0.816	5 <sup>th</sup>
Effective Procurement Leadership	3.52	0.624	6 <sup>th</sup>
Procurement Planning process	3.50	0.900	7 <sup>th</sup>
Award of Procurement contract	3.50	0.700	8 <sup>th</sup>
Inspection and Inventory control Process	3.50	0.800	9 <sup>th</sup>
Procurement Information searching and Dissemination	3.36	0.800	10 <sup>th</sup>
Project implementation and supervision of Procurement process	3.30	0.900	11 <sup>th</sup>
Procurement Human Resource Development	3.26	0.840	12 <sup>th</sup>
Project Planning and Mobilization	3.20	0.900	13 <sup>th</sup>
Procurement complaints system, structure and sequence	3.11	0.791	14 <sup>th</sup>
Procurement process	3.10	0.800	15 <sup>th</sup>
Procurement Challenges	2.50	0.900	16 <sup>th</sup>

**Source: Field work, 2014**

### 4.3 Challenges with Standard Procurement Procedures

From the table 4.5 above indicated various statements which indicated the challenges encountered in the implementation of standard procurement procedures within the Assembly. Analyzing the table 4.5 above, the mean values ranges from 2.55 to 4.72 and the standard deviations of the means range from 0.342 to 0.120; indicating less significant difference between the estimated mean and the variables encountered in the implementation of Standard Procurement Procedures for the Assembly. Significantly, there are no difference between various estimated mean and the standard deviation.

**Table 4.5: Challenges with Standard Procurement Procedures**

Statement	Mean Scores	Std. Deviation	Ranking
Too much work load in form of paper work	4.72	0.342	1 <sup>st</sup>
Suppliers in most cases do not understand the procurement procedures	4.67	0.253	2 <sup>nd</sup>
Influence peddling from politicians and technical staff	4.22	0.442	3 <sup>rd</sup>
Political interference in their work	4.22	0.742	3 <sup>rd</sup>
Impractical legal framework	4.01	0.990	5 <sup>th</sup>
Lack of trust by stakeholders and management	3.72	0.919	6 <sup>th</sup>
Poor networking of procurement professionals	3.72	0.919	6 <sup>th</sup>
Lack of appropriate training and resource for professionals	2.95	0.728	8 <sup>th</sup>
Inadequate training of some professionals	2.77	0.684	9 <sup>th</sup>
Fear of job security	2.76	0.681	10 <sup>th</sup>
Unethical providers who like bribing procurement personnel	2.56	0.632	11 <sup>th</sup>
Poor relationship with the public due to perceived corruption	2.55	0.120	12 <sup>th</sup>

**Source: Field work, 2014**

With the cut off mean of 4.00, variable such as too much work load in the form of paper work, Suppliers in most cases do not understand the procurement procedures, Influence peddling from politicians and technical staff, Political interference in their work, Impractical legal framework, lack of trust by stakeholders and management, Poor networking of procurement professionals, ranked 1<sup>st</sup> , 2<sup>nd</sup> , 3<sup>rd</sup> , 4<sup>th</sup> , 5<sup>th</sup> , 6<sup>th</sup> , 7<sup>th</sup> , and 8<sup>th</sup> respectively and are considered critical as the variables are above the cut off mean of 4.00. Furthermore, variables such as lack of appropriate training and resource for professionals, Inadequate training of some professionals, Fear of job security, Unethical providers who like bribing procurement personnel, Poor relationship with the public due to perceived corruption ranked 9<sup>th</sup> , 10<sup>th</sup> , 11<sup>th</sup> , and 12<sup>th</sup> , respectively are considered not critical since they are below the cut off mean of 4.00 an indication of their less challenges in the implementation of procurement practice for the Assembly.

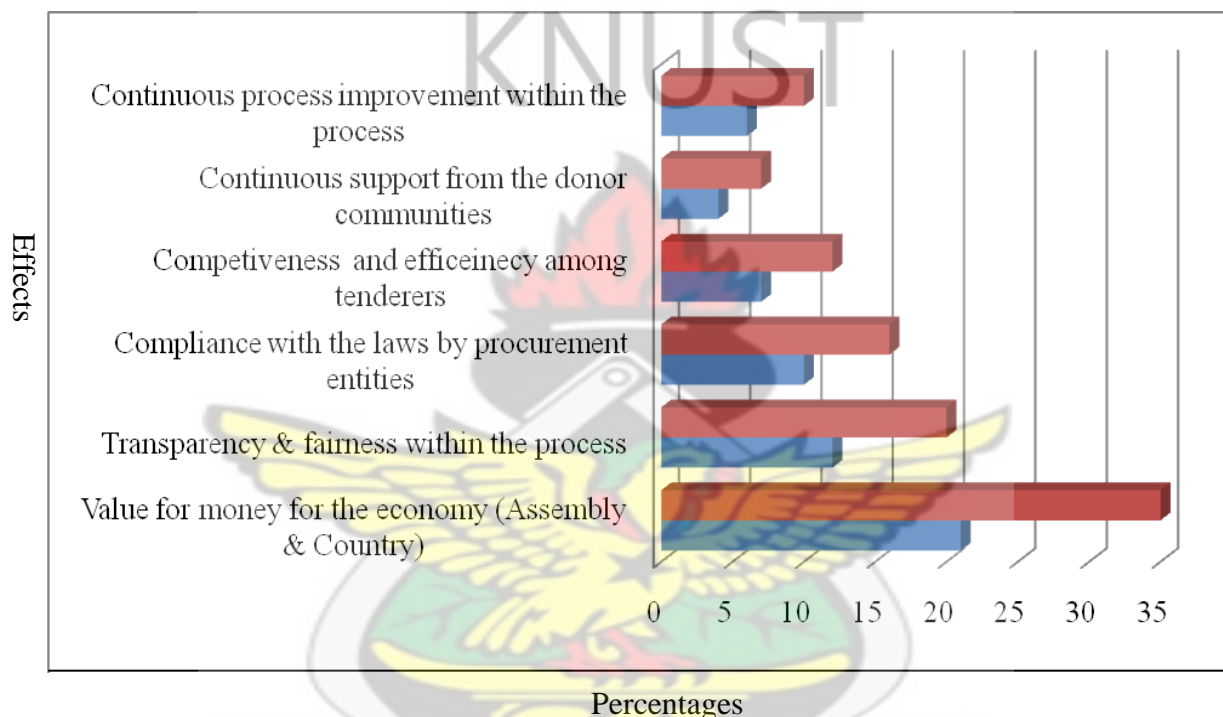
#### **4.4 Effects of implementing Standard Procurement Procedures**

From the figure 4.1 below thirty five percent (35%) of the respondents have indicated that an effective implementation of the standard procurement process for the Assembly create value for money for the Assembly economy at large, twenty percent (20%) indicated the practice leads to transparency & fairness, whiles fifteen percent (15%) stated strict adherence with the standard procurement process leads to tenderers' and entities compliance with the laws and regulatory frameworks that deal with public procurement.

In addition, twelve percent (12%) of the respondents indicated that competitiveness and efficiency are enhanced among tenderers if standard procedures are strictly followed without political interference; a situation that posed and continuous to threaten public procurement. Furthermore, eight percent (8%) of the respondents have indicated, strict adherence to standard procurement process guarantee continuous donor support since the donors are critical about such directives



especially if the project is donor funded. The remaining ten percent (10%) of the respondents has indicated that an effective implementation of the standard procurement process for the Assembly can lead to continuous process improvement within the public procurement process where right from need identification to post project implementation and or disposal, standard laid down procedures are followed without unnecessary interference and with technically efficient inputs for value for money.



**Figure 4.1: Effects of implementation of Standard Procurement Procedures**

## 4.5 Strategies in Effective Implementation of Public Procurement Procedures

From the table 4.6 below; with the percentage values ranges from (5.2% to 13.2%) respondents have indicated the that variables such as procurement entities should Ensure health and safety of new products (goods, works and services), Offence for breach of standard procurement procedure should be part of appoint agreements, Term of service of procurement offices should be subject performance under auspices of external and internal team, Prepare standard procurement documents, Membership of procurement committees be subject to application with legal implications, Training of committee members, Offering advice to all procurement entities by the PPB, Governing disclosure of information, and Institute proper record keeping and monitoring mechanism ranked 1<sup>st</sup>, 2<sup>nd</sup>, 3<sup>rd</sup>, 4<sup>th</sup>, 5<sup>th</sup>, 6<sup>th</sup>, 7<sup>th</sup>, 8<sup>th</sup> and 9<sup>th</sup> respectively are some of the means of reducing the challenges in the implementation of the standard public procurement process for the Assembly.

**Table 4.6: Strategies in effective implementation of public procurement procedures**

Strategies	Frequency	Percent	Ranking
Ensure health and safety of new products (goods, works and services)	59	13.4	1 <sup>st</sup>
Offence for breach of standard procurement procedure should be part of appoint agreements	58	13.2	2 <sup>nd</sup>
Term of service of procurement offices should be subject performance under auspices of external and internal team	58	13.2	2 <sup>nd</sup>
Prepare standard procurement documents	57	12.9	4 <sup>th</sup>
Membership of procurement committees be subject to application with legal implications	55	12.5	5 <sup>th</sup>
Training of committee members	54	12.2	6 <sup>th</sup>
Offering advice to all procurement entities by the PPB	43	9.8	7 <sup>th</sup>
Governing disclosure of information	34	7.7	8 <sup>th</sup>
Institute proper record keeping and monitoring mechanism	23	5.2	9 <sup>th</sup>

**Source: Field work, 2014**

## 4.6 Discussions of Findings

The study looked at the challenges and remedies of implementation of standard procurement procedures in procurement entities in Ghana. It has been found that compliance with the standard procurement procedures was a challenge. Respondents have indicated that there is too much work load in the form of paper work; Suppliers in most cases do not understand the procurement procedures, notwithstanding the influence peddling from politicians and technical staff, couple with political interference in the process. It was further revealed from the study that practical legal framework were often not followed due to technical known how. It was however suggested that in order to prevent the challenges identified, compliance with standard procurement procedures are relevant. Historically, successful reform programmes around the globe indicate that the paramount success factor is strong political will demonstrated by a commitment from leadership at all levels of government (Sahr, 1998). From the study effective procurement leadership was measured with respect to availability of adequate training, receipt of technical support, internal procurement auditing. Responses shown the effectiveness of leader was there though not strong. Procurement human resource development was considered by the study as its one of objectives public procurement act (Act 2003) that mandates the public procurement authority to regulate, assess and ensure full compliance by entities to all the provisions of the Act by ensuring that policy implementation and human resource development for public procurement. Staff with professional procurement qualification, availability of internal auditing

and performance evaluation of procurement staff were areas of the human resource development that from the finding of this study were not strongly practiced.

As part of exploring the implementation of standard procurement procedure procurement monitoring and control system were considered practicable in preventing the threat posed by the challenges identified in this study. It is worth noting that studies have shown that corruption pervades developing countries because of weak institutional infrastructures and lack of effective monitoring mechanisms (Lengwiler & Wolfstetter, 2006). Compliance with procurement ethics and regulatory framework were also ensured, though not highly practiced in the procurement entities in Ghana, from the study. The public procurement Act, 2003 (Act 663) specifies a number of rules, process, procedures and ethics for the whole procurement process. These rules aim to secure efficiency in the use of public funds to ensure non-discrimination, fairness, transparency and accountability in the procurement process.

Fair and transparent resolution of complaint in the procurement system among others practices ensure procurement competence. Any supplier, contractor or consultant that claims to have suffered, or that may suffer loss or injury due to a breach of a duty imposed on the procurement entity, may seek review in accordance with this Part. Procurement information searching and dissemination included publication on notice boards and in the media which the findings shown that these practices were undetermined in the procurement entities.

Knowledge of and interaction with market and stakeholders effectively were undetermined among procurement practitioners within the study area which agreed with Kannan et al (2003)

who argues that one of the ways to ensure effective contract management is through information interaction and communication.

Procurement publicity that includes tender invitations, placement in bulletin, and use of internet were fairly practiced in the procurement entities as stated in the PPA Act (2003) that invitation to tender is always advertised and opened publicly. Bid preparation and invitations cannot be ruled out when determining the extent of compliance of standard procurement procedures for which the procurement entities practiced fairly, including submission, opening and evaluation of bids, and award of procurement contract. Tender evaluation is based on lowest price instead of lowest evaluated price that would take into account quality, payment terms, delivery period, price and financial and technical resource capabilities of the bidders.

A position further supported by Schapper, et al (2006) that high value and complex procurement procedures must involve publicly available information on policies, bidding process, evaluation, and bid results. Procurement Act 663 (2003) provides for the activity of planning under Part 3 section 21. What the foregoing means is that it is imperative that procurement entities would need to plan their procurement for the coming year by the 30th of November of the preceding year. The awarded contract must then be managed, to ensure that both the buyer and supplier perform their contractual obligations. According to PPA Annual report (2009) Contract completion rate for the year is about 68%. This signified that contract management is a major challenge for most entities. Controlling the performance of the procurement function and



ensuring its efficiency and effectiveness is essential to the management of the procurement procedures.

Findings of the study shows that because project planning, mobilization, implementation and supervision of procurement procedures are essential areas in compliance to standard procurement procedures, procurement entities were undetermined on their performance in these during the rating. The public procurement Act, 2003 (Act 663) specifies a number of rules, process, procedures and ethics for the whole procurement process. These rules aim to secure efficiency in the use of public funds to ensure non-discrimination, fairness, transparency and accountability in the procurement procedures. It was established further that, regardless of the effort by central government and its related agencies to overcome implementation challenges, and an understanding of the value adding potential of procurement departments, a large number of internal customers act on their own and frequently bypass the procuring department. Findings of this study indicates that the level of compliance with the standard procurement among entities were not encouraging as most of the rating on compliance were not at the higher level but neutral, indicating that compliance is not good.

## CHAPTER FIVE

### CONCLUSIONS AND RECOMMENDATIONS

#### 5.1 Introduction

This chapter comprises of the review of research objectives, conclusions and recommendation on the implementation of standard procurement procedures within the Assembly and possible remedies in mitigating the challenges in the implementation of standard procurement procedures.

#### Conclusions

The conclusion drawn from the study has been presented under the various objectives as follows:

**5.2.1 Objective one (1):** To identify the challenges associated with the implementation of the standard procurement procedures.

From the study, it was concluded that too much work load in the form of paper work was involved in the implementation of the procurement procedures. Suppliers in most cases do not understand the procurement procedures; there is continue influence and peddling from politicians and technical staff in their work, impractical legal framework, and lack of trust by stakeholders and management, poor networking of procurement professionals. Further variables such as lack of appropriate training and resource for professionals, inadequate training of some professionals, fear of job security, unethical providers who like bribing procurement personnel, poor relationship with the public due to perceived corruption were considered some of challenges which posed threats into the implementation of standard procurement procedures for the Assembly.

### **5.2.2 Objective two (2):** To find out the effects of implementing standard procurement procedures

It has been found from the study that an effective implementation of the standard procurement procedures for the Assembly create value for money for the Assembly and the economy at large. It also leads to transparency & fairness in the procurement procedures, enables tenderers' and entities compliance with the laws and regulatory frameworks that deal with public procurement, as well as creates competitiveness and efficiency within the procurement process whiles adherence strictly without political interference into the Public Procurement Act; It was further found that strict adherence to standard procurement procedures guarantee continuous donor support since the donors are critical about such directives especially if the projects are donor funded and finally strict adherence to standard procurement procedures lead to continuous process improvement within the public procurement process.

### **5.2.3 Objective three (3):** To identify strategies to address the challenges affecting the smooth implementation of the standard procurement procedures.

From the study, various strategies have been identified to ensure smooth implementation of standard public procurement procedures. That procurement entities should ensure health and safety of new products procured (goods, works and services), offence for breach of standard procurement procedure should be part of contract agreements, term of service of procurement offices should be subject to performance under auspices of external and internal team who are to ensure monitoring and evaluation through periodic review of the procurement procedures for the Assembly, prepare standard procurement documents with better and improved documentation. Membership of procurement committees should adhere to the application of the Act and other regulatory frameworks. There should be continuous training of committee members and

procurement team to improve performance whiles adhering to the advice offered by the PPB. Governing disclosure of information, and institute proper record keeping and monitoring mechanism are relevant success factors envisage in the Public Procurement Act and promulgated by the World Bank as some the means of reducing the challenges in the implementation of the standard public procurement procedures for the Assembly.

### 5.3 Recommendations

The study has been limited to the challenges and remedies in the implementation of standard procurement procedures in the Public Procurement Process in Ghana; a study within Ga-Central Municipality of Greater Accra. The following recommendations were however appropriate and applicable to all public procurement sectors and which are to be incorporated into procurement management decisions upon request in order to improve performance.

It has been recommended that procurement entity needs to:

- Offence for breach of standard procurement procedures should be part of appoint agreements
- Term of service of procurement offices should be subject performance under auspices of external and internal team
- Also prepare standard procurement documents
- Membership of procurement committees be subject to application with legal implications
- Training of committee members and capacity development on technical skills for procurement team relevant today marketplace
- Governing disclosure of information PPB
- Institute proper record keeping and monitoring mechanism PPB

- Continuous monitoring and evaluation of the procurement process in standardizing the process for quality
- Adaption of e-procurement to reduce over-reliance on paper work within the process
- Continuous market research towards better and improved need identification
- Enforcing Accountability to Reducing Corruption in Procurement
- Also, Procurement Entity should set clear objectives at the outset of all projects and for all strategic procurement units, development of a procurement strategy for every public sector organization within the Municipality are essential
- Last but not the least, there should establishment of permanent Procurement Units and or Entity Tender Committees (ETCs) which should be managed by qualified procurement experts to ensure an improved overall procurement performance and compliance with the Public Procurement Act, 2003.

#### **5.4 Scope for further research**

For further research, it is worthy to investigate the available risks involved in the implementation of the standard procurement process and the determinants which prevent in realizing real economic term value within the Public Procurement Process in Ghana.



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## APPENDIX

Dear respondent,

This questionnaire seeks to solicit data on “the knowledge, attitude and practises about Public Procurement Act and practices among procurement entities in Ghana”. The study is purely for academic purposes. You have been carefully selected to participate in this exercise considering the immense contribution your participation will yield this work. You do not need to declare your identity.

**Instructions:** Please respond by ticking in the bracket or box under each rating on table and complete statements where necessary.

**Section A: Biographical Data:**

1. What is your gender [ ☐ ] Male [ ☐ ] Female

3. What is your highest education? [ ☐ ] Certificate [ ☐ ] Diploma [ ☐ ] Degree [ ☐ ] Masters

Others .....

5. What is your professional qualification [ ☐ ] CIPS [ ☐ ] ACCA/ICA [ ☐ ] ICSA /PMP [ ☐ ] CIMA

Others .....

6. Which of the following procurement capacity do you work within the Municipality?

Procurement Officers [ ☐ ] Clerk of Works [ ☐ ] Contract Administrators [ ☐ ] Finance Officers [ ☐ ]

Project Engineers [ ☐ ] Assembly Members/Community Member [ ☐ ]



**Section B: Rate the statements below as it pertains to procurement activities**

(Strongly disagree -1, disagree -2, neutral -3, Agree – 4, strongly agree -5

<b>Effective Procurement Leadership</b>						
Please tick (✓) under your choice of rating		1	2	3	4	5
1	Adequate procurement trainings are ensured					
2	Technical support from the body with oversight role are sought					
3	Internal procurement auditing are done					
4	There are good records keeping					
<b>Procurement Human Resource Development</b>						
5	Having Staff with professional procurement qualification					
6	Internal auditors in place and are given periodic procurement training					
7	Evaluation of performance of procurement staff are done					
<b>Procurement Monitoring and Control Systems</b>						
8	Proper payment systems in place for every contract is ensured					
9	Capture procurement transactions in Cash budgets					
10	Quality control mechanisms for contracts are in putting					
11	Effective use of procurement information dissemination systems is available					
<b>Procurement Compliance with ethics and regulatory framework</b>						
12	Appropriate use of procurement plans and contract documents					
13	Use of Standard Tender Documents (STD) and Manuals					
14	Use of right procurement methods					
15	Anti-corruption measures put in place					
<b>Procurement Complaints system, structure and sequence</b>						
16	Terms within the legal framework for fair and transparent resolution of cases					
<b>Procurement Information searching and Dissemination</b>						
17	Procurement internal notice boards and newspapers are available					
18	The capacity for procurement information dissemination systems is in place					
<b>Procurement process</b>						
19	Have knowledge of and interact with the marketplace effectively					
20	There is interaction among all the procurement stakeholders					
<b>Procurement Planning processes</b>						
21	There is adequate definition of procurement plan					
22	Post procurement plan on the PPA website					
<b>Procurement Publicity</b>						
23	Advertise tender invitations within the specified period					
24	Send information for placement in procurement bulletin					

25	Use internal notice boards to display procurement information					
<b>Bid Preparation and Invitation</b>						
26	Use of standard tender documents					
27	All bid documents contains the same evaluation criteria					
28	State reasonable date and time for bid openings					
<b>Submission, opening and evaluation of bids</b>						
29	State date, time and venue					
30	Have secured tender box in place					
31	Have tender opening register					
32	Keep minutes of bid opening including all opening records					
33	Evaluate tenders in accordance with tendering requirements					
<b>Award of Procurement Contract</b>						
34	Notify Winner of Contract					
35	Publicize contract awards					
36	Notify losers of bid					
<b>Project Planning and Mobilization</b>						
37	Take Works Programme from executers					
38	Take Advance payment Guarantees for advance payments made					
<b>Project Implementation and Supervision of procurement process</b>						
39	Prepare project monitoring reports					
40	Organize project progress meetings					
41	Compare and analyse planned progress against actual					
<b>Inspection and Inventory Control process</b>						
42	Prepare Handing over certificates					
43	Prepare completion or delivery reports					
44	Use the appropriate stock control record system					
<b>SECTION C: Procurement Challenges</b>						
45	People in power force for awards of procurement contracts to their favourites.					
46	Local Politicians influence our procurement of goods and services.					
47	The procurement methods used in my department creates delays in supplies					
48	The procurement methods used by my department do not allow fairness					
49	The procurement method used by my department does not create value for money.					
50	The market structure accessed by my college favours the tendering processed					
51	Deficiencies in the professional skill and knowledge of the procurement workforce					
52	Staffing levels of procurement workforce is inadequate to achieve procurement objective of the department					
53	Inadequate allocation of budgetary					
54	Inability of suppliers to meet specifications and poor quality of supplies					

55. Section D: Effect of implementation of standard procurement process						
Scale		1	2	3	4	5
1	Value for money for the Assembly & Country					
2	Transparency & fairness within the procurement process					
3	Compliance with the law and auditing of the procurement process					
4	Encourage competitiveness among tenderers					
	Lead to continuous process improvement for better quality procurement standard					

*Thanks*

KNUST

