ASSESSING THE LEVEL OF COMPLIANCE WITH THE PUBLIC PROCUREMENT ACT 2003, (ACT 663) IN PUBLIC ENTITIES IN ASHANTI REGION OF GHANA

BY

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COMMONWEALTH EXECUTIVE MASTERS OF BUSINESS ADMINISTRATION

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DECLARATION

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

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ABSTRACT

Public Procurement in Ghana has undergone several reviews since independence with the intent of strengthening Public Financial Management Systems. Major review of public expenditure system, in 1993, revealed huge and unsustainable foreign debt, excessive budget deficits, huge contractual payment arrears, poor construction performance, and corruption. This coupled with the government’s concept of good governance and “zero tolerance” for corrupt practices and pressure from international donors forced the government to commit to a reform of public procurement which led to the passing of the Public Procurement Act, 2003 (Act 663). The thesis outlined the events leading to reviews and features of the legal, institutional and regulatory framework of the public procurement reform in Ghana and analyze its potential effect on entities in Ashanti region. A sample of two hundred (200) stakeholders including MMDAs, some selected Health and Educational institutions in Ashanti Region were used. The main tools used for data collection were questionnaires and interviews. The study revealed that the Public Procurement Act, somewhat, succeeded in harmonizing the process of procurement in the public entities to secure fiscal transparency, efficiency, and increase competition among the local industry. However the challenge of creating procurement structures and recruiting appropriate personnel to manage procurement process limits the scope for efficiency and value for money. Amending the Act to address the challenges and effective monitoring and evaluation of procurement activities in the entities as well as applying sanctions to punish unethical behaviour and political interference in procurement processes will improve the level of compliance with the reform.
DEDICATION

This work is dedicated to my loving late mother and the rest of the family. I know this dedication can in no way compensate for the time and other resources missed out during the period of this study. However it is to say that I really appreciate your love and your support.
ACKNOWLEDGEMENT

The successful completion of this research project would have been impossible without the advice, assistance and support of other people. I am indebtedness to my Supervisor, Mr. Aristotle Ayensu, you motivated me when it was very difficult for me to complete this study due to time constraints. Your support, supervision, motivation, constructive criticism and guidance resulted in coming out with this final product.

My lovely sister - Joyce Ayitey-Sappor and brothers - Samuel Q. Ayitey and Moses Kumah Ayitey you never doubted my ability to succeed. I hope this achievement will be a source of inspiration.

To the members of Divine Church of Jesus, Ayitey Family, relatives and friends, I couldn’t be with you when you needed me most, thanks for your understanding.

To my colleague staff of Public Procurement Authority – Kumasi Office, and respondents in the Metropolitan/Municipal Assemblies, Hospitals and Educational Institutions in Ashanti Region who provided the empirical data, to make my studies a success.

To my fellow students (Mary Osei Poku, Jacob Senyaglo, Ababio and Johnson Gyau) in particular you gave me strength to carry on to the very end.
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CHAPTER 1

INTRODUCTION

1.1 BACKGROUND

Over the past decades, public procurement has gained much attention amongst developing countries. Procurement budgets in developing countries account for about 20 per cent of government expenditure globally (Mlinga, 2009), many governments have embarked on reforms in their procurement systems to streamline and harmonize legal and institutional framework.

In Ghana, public procurement represents about 24% of total imports and apart from personal emoluments, public procurement represents 50 -70% of the national budget and 14% of Gross Domestic Product (GDP) Adjei (2005). Studies indicate that the annual value of public procurement for goods, works, and consultancy services was about US$600 million (World Bank, 2003) which represented about 14 per cent of Ghana’s (GDP). The bulk of the expenditure were programmes run by Ministries, Departments, Agencies (MDAs) and District Assemblies (DAs) as well as Public Hospitals, Universities, Schools and Colleges which involve procurement of works, goods technical and consultancy services. Improving the public procurement system will impact substantially on the economy of Ghana which will result in budgetary savings and efficiency in government expenditures, thereby creating wealth and reducing poverty.

Subsequently, since independence, Ghana has attempted to address weaknesses in its public procurement process by the passage of several financial and legal instruments.
These have come in the form of constitutional, legislative instruments, administrative instructions and financial circulars.

In 1960, the Government enacted the Contracts Act, 1960 (Act 25) and Ghana Supply Commission Act which was reviewed later in 1990 by PNDC law 245. In 1976, the Ghana National Procurement Agency Decree, 1976 (SMCD 55) was passed by the Supreme Military Council. In 1979, another law, the Financial Administration Decree (SMCD 221) was also passed. All these laws, decrees and instruments were meant to provide a comprehensive framework of administrative powers to regulate the activities of procurement within the public sector.

However, successive review of the public procurement regimes in Ghana reveal substantial inefficiencies, corruption and lack of transparency in the procurement processes of governmental agencies as a results of unclear legal framework, lack of harmonized procedures and regulations and unclear institutional and organizational arrangement required in the management of the public procurement process. It lacked capacity development of procurement practitioners and career path for them in the Public and Civil Service. This led to non-achievement for value for money in government and donor financed procurements.

It became clear therefore that, there was the need to critically examine the processes and procedures of public sector procurement to ensure operational efficiency and institutional capacity to address procurement issues.

It is in the light of these challenges that the government after a major review of its public expenditure system, in 1993, decided to establish a comprehensive public financial reform programme designed to strengthen its Public Financial Management System. This
reform programme known as Public Financial Management Reform Programme (PUFMARP), became operational in 1995. The objective of PUFMARP was to promote efficiency, transparency and accountability in the public financial management system. To achieve this, PUFMARP recommend the review of Public Procurement system. Consequently, the Ministry of Finance and Economic Planning in 1999 established a steering committee known as Public Procurement Oversight Group (PPOG) to assist in the design of a comprehensive public procurement reform programme. The group completed one of its major objectives by drafting a public procurement bill in September, 2002.

To operationalize the concept of good governance and to push towards “zero tolerance” of corrupt practices, the Public Procurement Act, 2003 (Act 663) was enacted by the government of Ghana to address the real and perceived weaknesses in the public procurement of goods, works and services.

This thesis explores the major issues involved in public procurement in Ghana and analyses the potential impact of this reform on public procurement organizations in Ashanti Region.

1.2 Statement of the Problem

The object of the procurement reform in Ghana is to harmonize the processes of procurement in the public entities to secure a judicious, economic and efficient use of state resources in public procurement and ensure that public procurement is carried out in a fair, transparent and non-discriminatory manner while promoting a competitive local industry.
However, several allegations relating to irregularities in procurement processes were leveled against Public Entities (PE) and other stakeholders involved directly or indirectly in procurement were among the findings of the reforms. These allegations include inefficiency, delay in procurement due to long procurement processes, high cost of projects, lack of fairness, transparency, and non-discrimination in the selection and award of government contracts, as well as inflating contract figures. Public Entities are also confronted with procurement issues such as professionalism, limited career development opportunities for procurement staff in the public service, and weak contract management (CPAR 2003).

The study was conducted to determine whether the Public Procurement Act, 2003 (Act 663) has been complied with by Public Entities (PE) and whether the reform has helped in addressing the challenges prior to the implementation of the Public Procurement Act, 2003 (Act 663).

1.3 Research Objective

The main objective of this study is to assess the level of compliance with public procurement reform by public entities in the Ashanti Region. To achieve the goal the following specific objectives were accomplished:

1. To evaluate the Public Procurement structures and procedures after the introduction of the public procurement reforms in 2003.

2. To determine the extent of compliance with the Public Procurement Reform by public entities in Ashanti Region.
3. To identify factors affecting compliance with the Public Procurement Act, 2003 (Act 663)

4. To establish the extent to which the implementation of the Public Procurement Reform affect the performance of public entities in Ashanti Region.

1.4 Research Question

Having made a thorough and exhaustive review of theoretical literature on the impact of public procurement reforms, it would be safe to assume that the problem of this research is located within the context and framework of the following research questions:

1. What are the procedures involved in Public Procurement?

2. What is the level of performance/compliance with the Public Procurement Act, 2003 (Act 663) by the public entities?

3. Are there principles affecting compliance with the Public procurement reforms?

4. Are there any relationship between performance and compliance?

1.5 Significance of the Study

Prudent management of public procurement systems has been identified as very important to accelerated national development. For this reason, successive governments have realized that reformation in the procurement laws is a justification for judicious use of the taxpayer’s money. Thus procurement regimes are strongly regulated and implemented to ensure attainment of value for money through transparency, fairness, cost-effectiveness, efficiency and promotion of competitive local industry.

The allegations of inefficiency, delay in procurement of goods and services due to long procurement processes, lack of transparency, fairness and non-discrimination in the
selection and award of government contracts, payment of kickbacks and fronting in the public procurement processes have become a major source of worry.

Annual assessment reports by PPA revealed that public entities are also confronted with procurement issues such as professionalism, limited career development opportunities for procurement staff in the public service, and weak contract management. This shows that the reform is currently faced with numerous implementation challenges threatening its compliance.

However, the crucial role of the reform in promoting transparency, fairness, efficiency, reduction in corruption, building public and donor trust as well as confidence in public procurement systems, it is very important for a study of this kind to be undertaken to evaluate the impact of public procurement reform strategy on public entities and challenges confronting the reform.

1.6 LIMITATION

Like any other research, the study is not without constrains and these are:

i) The research covers the Local Government, Educational, and Health Institutions, as well as the Private sector service providers in the Ashanti Region. However, the analysis and findings relates to other entities in the public and private sectors. Selecting only entities in the Ashanti region may not be a fair reflection or representation of public entities across Ghana.

ii) Compliance assessment tools that were used were adopted from Public Procurement Authority and therefore any limitations that are embedded in them equally affected this study.
iii) The study used a close-ended questionnaire for data collection and this has a weakness of limiting the amount of data collected. There is a likelihood that relevant data may not have been captured because of use of close-ended questionnaire.

iv) Limited time period and resources such as funds are limiting factors to the research. In spite of these constraints, the results of this research are thought provoking and can be regarded as a basis for more detailed and analytical work on the topic in future.

1.7 Organization of the study

This study is organized into five chapters. Chapter one of the thesis discusses the overview of the study, problem definition, research question, research objectives, significance of the study.

Chapter two presents the relevant literature review on public procurement reforms in Ghana and the theoretical framework.

Chapter three addresses the identification of the most suitable research methodology for this research. Chapter four presents data analysis, findings and discussions.

Finally, chapter five presents summary of findings, conclusion, and recommendations.
CHAPTER 2
LITERATURE REVIEW

2.0 Introduction
This chapter reviews works done on Public procurement theoretically. The review focuses on the overview of Public reforms in Ghana. The public Entities, who are major stakeholders of the reform, have expressed varied perceptions about the implementation of the reform. The Public Procurement Authority (PPA) has also given some responses to some of the key issues raised by the public and the entities. In this chapter, a number of relevant literatures on the impact of public procurement reform in Ghana are presented in order to establish and provide answers to the research question.

2.1 Public Procurement Overview
Public procurement dates between 2400 and 2800 B.C. (Thai, 2001), with a procurement order of fifty (50) containers of oil (Coe, 1989). Other historical evidence of procurement activities was the development of the silk trade that involved China and Greek in 800 B.C. (Thai, 2001). The significance of public procurement cannot be overemphasized considering the huge financial commitment that is usually involved in the procurement process.

The World Bank (2003) estimated the annual value of public procurement for goods, works, and consultancy services at 600 million US dollars representing about 10% of the country’s GDP. Therefore, public procurement is an integral function of governments in both developed and developing countries as the gigantic financial outflows has a great
impact on their economies that needs prudent management (Thai, 2001). Thus the prudent handling of public procurement functions is fundamental to achieving economic, socio-political and other objectives of government.

Due to the essential role of public procurement in economic and social development, the World Bank specifies four thematic areas of public procurement for its funded projects. That is, ensuring that there is fair competition among bidders, promoting transparency in awarding and execution of its contracts and finally, encouraging the development of indigenous contractors and suppliers (Thai, 2001; Tucker, 1998).

Furthermore, Schapper, VeigaMalta & Gilbert (2006) posited that technology can be used to enhance transparency. Other studies (Shadrach and Ekeanyanwu 2003) also agreed on the assertion by Schapper, et al (2006). They indicated that electronic commerce (e-commence) can be used to enhance transparency in the procurement process through effective audit and monitoring of low value transactions. According to them, for high value and very complex procurement procedures, key features of transparency involves publicly available information on procurement policies; information dissemination on bidding programmes; standardized documentation, and bid lodging; progressive evaluation of tender documents and declaration of tender results.

2.2 Definition of Public Procurement

According to Lyson, (1996) organizational procurement may be defined as that function responsible for obtaining by purchase, lease or other legal means, equipments, materials, supplies and services required by an undertaking for use in satisfying wants. The
definition of the overall purchasing task is “to obtain materials, goods and services at the right quality, in the right quantity from the right source delivered to the right place at the right time at the right price, to achieve an organizational objective.

Public Procurement, according to the Public Procurement Act, 2003 (Act 663), 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’ (PPA Module, 2007). In other words, Public Procurement is the process by which organizations acquire goods, works and services using public funds. It is a comprehensive process that runs from proper procurement planning, budget allocation, bids invitation, bids evaluation, award of contract, contract management, performance measurement, monitoring, auditing and reporting.

2.3 Nature of Public Procurement Systems before the Reforms

Prior to the enactment of the Public Procurement Act, 2003 (Act 663), Ghana National Procurement Agency (GNPA) and Ghana supply Company Limited (GSCL) were the main agents that procured all public goods for the government since there was no comprehensive procurement guidance (Verhage, Gronden, Awanyo, and Boateng, 2002 and Anvuur and Kumaraswamy, 2006). These bodies do not regulate procurement but purchase goods and services on behalf of public entities.

According to PURFMAR, (1996) procurement system in Ghana has

- No comprehensive public procurement policy
There was no central body with technical expertise to oversee/regulate sound procurement practice

There was no comprehensive legal regime to safeguard public procurement

Absence of clearly defined roles, responsibilities and authority for procurement entities

No rules and regulations to guide, direct, train and monitor public procurement

National Procurement Agency (NPA) and Supply Company Ltd procure on behalf of government for PEs

No independent appeals process to address complaints from aggrieved tenderers

No authority to dispose of public assets, and

No independent procurement auditing and monitoring function.

As there was no comprehensive legal regime and a central body with the responsibility to harmonize procurement process in the country, more and more sector ministries such as the Ministry of Health (MOH) have decided to implement their own procurement system.

World Bank Procurement Guidelines were also used for World Bank projects (World Bank, 1995/1997). Traditional procurement methods were used for public works with provisions for compulsory registration and classification of suppliers and contractors administered by the Ministry of Water Resources, Works and Housing. Contractors classified by the Ministry of Water Resources, Works and Housing were too general and outdated and their registration criterion - contractors lists and monetary thresholds - were not regularly rationalized as indicated by the World Bank (1996) and Eyiah and Cook, (2003). Since 1999, the Ministry of Finance has been working on the development of a
national Procurement Code using the achievements in procurement at the Ministry of Health as an example to largely regulate procurement through the issuance of circulars. This complements a set of procedures that evolves from conventions that are connected with procurement control by the Ministry.

Major or complex contracts that were financed by the government through architectural consultancy services and project supervision were assigned to the Architectural and Engineering Services Limited (AESL) on single basis without recourse to fair competition (World Bank 1996). These uncoordinated and unregulated systems of procurement were the consequences of poor procurement situation leading to the much acclaimed reform of public procurement practices to instill trust and confidence in the public and the donor community.

2.4. The Public Procurement Reforms in Ghana

The Public Financial Management Reform Program (PUFMARP) was launched in 1996 by the Government of Ghana with the aim of improving the overall public financial management in Ghana. In 1999, the Government of Ghana established the Public Procurement Oversight Group to manage the development of a comprehensive public procurement reform program. The Public Procurement act, 2003, (Act 663) has established Public Procurement Authority (PPA) as a body corporate charged with the oversight responsibility for the effective implementation of the Act. The object for PPA is to secure a judicious, economic, and efficient use of public funds in a fair, transparent and non-discriminatory manner while promoting a competitive Local industry.
2.4.1 The Legal and Regulatory Framework of Public Procurement

The Public Procurement Act, 2003 (Act 663)

The Public Procurement Act, 2003 (Act 663) set out the legal, institutional and regulatory framework to secure fiscal transparent and public accountability in Ghana’s procurement system. The Act establishes five basic principles upon which the public procurement is based (World Bank, 2003). These pillars are: the legal and institutional framework; standardized procurement procedures and tender documents; independent control system; proficient procurement staff; and anti-corruption measures.

The objectives of Act 663 are to harmonize public procurement processes in the public sector to ensure judicious, economic and efficient use of public resources and to ensure that public procurement functions undertaken within the public sector are fair, transparent and non-discriminatory.

The Act applies to procurement financed wholly or partly from public funds for the procurement of goods, works, services and procurement financed by loans contracted by the government of Ghana, including foreign aid and donor funds.

The Public Procurement Act 663 establishes the Public Procurement Board (PPB) now PPA, Entity Tender Committees (ETCs) and Tender Review Boards (TRBs). It specifies in clear terms the laws for procurement methods and thresholds, procedures, appeals and complaints resolution procedures and disposal of stores. It authorizes the issuance of enforceable regulations, Guidelines, Standard Tender Documents (STDs) and Manual under the Act.
Table 2.1 Legal Framework of Procurement Act

<table>
<thead>
<tr>
<th>LEGAL FRAMEWORK</th>
<th>DETAILS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Public Procurement Act, 2003 (Act 663)</td>
<td>Provide a comprehensive legal regime to harmonize and safeguard public procurement</td>
</tr>
<tr>
<td>Standard Tender Documents (STD)</td>
<td>They comprise standard invitation and contract documents for procurement of all values. There are separate standard tender documents for goods, works and services.</td>
</tr>
<tr>
<td>Public Procurement Regulations</td>
<td>They contain detailed rules and procedures for all aspects of the procurement system, the operations of PPA and procurement entities and the conduct of procurement activities.</td>
</tr>
<tr>
<td>Guidelines</td>
<td>issued by the Public Procurement Authority (PPA) which provides supplementary guidance on disposal, single source procurement, margins of preference, framework contract agreements, sustainable public procurement (SPP) etc.</td>
</tr>
</tbody>
</table>

Source: PPA Regulations (2003)

2.5. Procurement Principles Affecting Compliance

The Public Procurement Act identifies the following principles affecting the achievement of good procurement objectives. It is the researcher’s view that complying with these principles will result in attaining compliance with the Public Procurement reform.
2.5.1 Professionalism

Professionalism is the discipline whereby educated, experienced and responsible procurement officers make informed decisions regarding procurement operations. It is in the recognition of this fact that the Public Procurement Authority focuses its resources on the training, professional development, promotion and support for individuals that are engaged in public procurement to ensure adherence to professional and ethical standards (Adjei AB, 2006). To achieve this, the Authority developed a Capacity Development Policy Paper which aimed at ensuring that

- Each Procurement Entity has a functional Procurement Unit that is managed by personnel who have the requisite procurement training, competencies, and adhere to agreed code of ethics.
- Personnel in the Procurement Units in the public service will have career paths in procurement and given opportunities to gain professional procurement qualifications.
- Establishment of a Procurement Professionals Association

Over 1,289 stakeholders (from MDAs and MMDAs) were trained. Training of Practitioners, Service Providers, Media, Civil Society groups and the Oversight Groups (Parliament, Police, Judicial Service, Attorney General’s Office, SFO, CHRAJ, Ghana Audit Service, and Internal Auditors) have not been left out (PPA Annual Report, 2008).

2.5.2 Transparency, Competitiveness and Fairness

Transparency means that the same rules apply to all suppliers of goods, works and services and that these rules are publicized as the basis of procurement decisions prior to
their use. Transparent procurement procedures can contribute to a more efficient allocation of resources through increased competition, higher quality procurement and budgetary savings for governments and thus for taxpayers (PPB Training Module 3, 2007).

To avoid corruption in the public procurement systems there is the need to publish calls for tenders, notifying contract awards in the media, including the successful bidder's name and final price, and making award criteria more transparent and accountable. These are some of the basic principles of transparency in government procurement which directly affect corrupt practices (Evenett et al, 2005).

In this regard, the Act 663 and Regulations endorse the use of competitive tendering which encourages maximum competition in the procurement system. It involves the use of STDs, advertising procurement opportunities, public opening, publication of contract awards, creating windows of addressing appeal and complain, etc. Public Procurements using other uncompetitive methods are vigorously monitored and evaluated by PPA and Audit Agency to ensure transparency, fairness, and value for money (Act 663, 2003).

This position has been collaborated by Barden (2006) when he opined that, government agencies can achieve transparency by strategizing through effective and efficient advertising; publicly opening bid documents; effective evaluation of bid documents; the publication of award results; fair and speedy protest and dispute resolution handling processes and the disclosure of signed contracts; and the use of independent evaluation methods, that are consistent with the terms of bid documents.
2.5.3 Value for Money in the Procurement Process

This is the optimum combination of whole cost and quality of a product to meet the customer’s requirements. It is reflected in the price of the item or service procured. It has to be noted that Value for Money (VFM) is a critical measure of the effectiveness of the procurement process, its outputs and outcomes. Achieving VFM requires a strategic and integrated approach to procurement (PPA Manual, 2006). This, of course, has significant organizational and institutional implications. VFM may be compromised if the Public Procurement Act and Regulations are not followed. This in procurement function is an important test against which well functioned procurement management must be addressed to justify a procurement outcome as necessary conditions for best value, transparency and accountability in public procurement (World Bank, 2003). It is associated with deployment of resources for realization of some expected value in an economic, in efficient and effective manner.

The concept of value for money concerns not only the acquisition price/cost but also takes into consideration efficiency and effectiveness of a procurement process. The procurement professionals need to continuously improve upon their performance and innovations necessary to deliver greater value to the procuring entity. Therefore, public procurement professionals need a defined skills and knowledge to efficiently and effectively run the procurement process whiles public entities strive to motivate procurement staff in terms of remuneration and better conditions of service.

However, studies (EOCD/DAC, 2007) indicate that some procurement officials lack some level of skills and knowledge to manage the procurement cycle. Thus simple issues
like bid evaluation and selection were only based on lowest price and not the lowest evaluated price. Project time, cost, and communication are poorly handle in Ghana thereby rendering Value for Money concept ineffective.

2.5.4 Efficiency

Efficient public procurement system is the one which operates in a timely manner, with a minimum bureaucracy, while being responsive to the needs of the ultimate users of the goods or facilities procured. Efficiency is defined narrowly in terms of value for money – the best quality at the lowest cost. In this view, efficiency is best secured through open competition, so procurement reform is seen as encouraging a more liberalized system. A broader definition of efficiency that considers development gains alongside cost and quality would ensure that procurement plays more of a role for poverty reduction (McDonald, 2008). In Ghana to be efficient and effective in Public Procurement is to carry out procurement activities in a professional and transparent environment with a clear set of predefined rules to foster enhanced competition thus stimulating efficiency and innovation amongst bidders. There is a better utilisation of funding, increased attractiveness to private sector and improved customer satisfaction (PPA, 2008).

According to Cloete (1998), efficiency in the public sector means satisfying the most essential needs of the community to the greatest possible extent using the limited resources that are available for this purpose. Thus, public entities should be represented by competent personnel capable of putting the Public Procurement Act (Act 663) into practice to attain efficiency and value for money.
2.5.5 Accountability

Accountability can be explained as the process of holding an individual or an organization fully responsible for all aspects of the procurement process over which they exert authority. The essence of accountability is to strengthen the perception of transparency and fairness. It reduces the incidence of corruption and enforces the Act 663 and regulatory framework which clearly defined responsibilities (PPB Training Module 3, 2007).

2.5.6 Ethical Approach

Ethics is concerned with moral principles and values which govern our beliefs, actions and decisions. Ethical approach implies exemplary approach to all procurement processes that cannot be questioned or criticized. The following are examples of conducts prohibited by Ghana’s Public Procurement Code of Ethics:

- Revealing confidential or “inside information” either directly or indirectly to any tenderer or prospective tenderer or discussing procurement with any tenderer or prospective tenderer outside the official rules and procedures for conducting procurements;
- Favouring or discriminating against any tenderer or prospective tenderer in the drafting of technical specifications or standards or the evaluation of tenders or destroying, damaging, hiding, removing, or improperly changing any official procurement document;
- Accepting or requesting money, travel, meals, entertainment, gifts, favours, discounts or anything of material value from tenderers or prospective tenderers or discussing or accepting future employment with a tenderer or prospective tenderer;
- Requesting any other Public Servant or Government official representing the Procurement Entity in a procurement to violate the public procurement rules or procedures.

### 2.5.7 Technology

E-procurement can increase transparency and procedural efficiency without prejudice to competition (Erridge et al., 1998; Hill, 2005). Hill (2005) argues for this, not only because of its transparency, but also to improve efficiency. The benefits of e-procurement include: an increase in contract compliance, leveraging the procurement spend, increased involvement of staff, and lower processing costs. The lack of a corporate e-procurement system in public sector entities means they will find it difficult to analyze their expenditure on a macro-economic level (Staatscourant, 2008).

Technological developments have added a new dimension to potential procurement reforms in both developing and industrial economies. E-procurement offers the promise of cutting costs and simplifying administrative procedures. Promising innovative mechanisms that revolve around e-procurement have been implemented in countries such as Brazil (Almeida, 2004). In this Brazilian case it has reportedly led to significant cost savings and an increase in the transparency and accountability of government bodies. Moreover, E-procurement can support better statistical reporting, enhanced transparency (Wiseman 2000). However, implementing these innovations in Ghana entails costs of infrastructure development, and training personnel in the public entities, etc.)
With the growing use of computers in procurement systems, Ghana is able to assemble such data and made available procurement information such as procurement plan templates, standard tender documents, contract awards, dispute and complain resolutions, quarterly procurement bulletin, etc online.

Realizing the immerse benefits of e-procurement, PPA is working hard to implement the e-Government Procurement (e-GP) system in Ghana. The e-Government Procurement (e-GP) is being implemented as one of the systems under the e-Ghana project being supported with funding from the World Bank. Implementation of e-GP began with a series of meetings with a team from the World Bank, the Public Procurement Authority and e-Ghana. The purpose of these meetings was to draw up an implementation plan for e-GP establishment in Ghana. In June 2011, the team completed work on the final Terms of Reference (TOR) to be used for the engagement of a Consultant for the Systematic Development of Electronic Government Procurement (e-GP) in Ghana. It is expected that evaluation will be completed after October 28, and a relevant contract signed for work to begin in November 2011.

2.6 Benefits of Public Procurement Practices

From development point of view, public procurement policies are significant. Reducing poverty and attaining health, education, and other objectives among the citizenry requires that the limited public funds available for public procurement of goods, services, and works are properly managed. Generally, the efficient, effective and professional application of public procurement laws can contribute towards sound management of public expenditures (Hunja, 2003).
Efficient public procurement planning leads to the identification of major investment expenditures, that in turn facilitates budgetary and allocation decision-making of procurement practitioners. It is difficult however, to envision how public can deliver significant improvements in the welfare of its citizens without prudent management of public expenditure that emphasis on effective and efficient procurement policies. This recognition therefore accounts partly for the increasing concentration on public procurement laws and practices and the likely consequences of their reforms.

Furthermore, there is a growing appreciation of the linkages between specific public sector objectives and public procurement practices. For instance, public procurement issues are often a central focus of programmes to deal with corruption and to ensure that appropriate entrusted power for private gain by public officials are curbed (Evenett, et al, 2005).

In addition, public procurement activities are assuming growing access to international markets. International trade negotiations, whether bilateral, regional, or multilateral—are an instrument through which governments in developed and developing countries address the terms upon which international companies can compete in domestic public procurement markets.

Public procurement has increase donor trust in public systems and has helped improve in donor funding, grants and loans, and foreign direct investment in Ghana.
2.7 Assessments of the Public Procurement Reforms in Ghana

Much tends to be claimed for the benefits of procurement reforms. However, there is little analysis whether these benefits were realized after reform initiatives occurred. The public procurement reform programme in Ghana is a wider reform agenda aimed at improving public financial management. According to the Ministry of Finance (2001), the purpose of the public procurement reform is to promote national development through enhancement of harmonious relationship with other local and international laws and regulations. It is also to foster competition in public procurement processes; transparency and accountability in procurement functions; facilitating the ease of procurement administration; and ensuring that value for money is achieved (Anvuur et al, 2006).

There are improvements in transparency in the public procurement system in Ghana which contributes to a more efficient allocation of resources through increased competition, higher quality procurement. Transparency in the public procurement systems in Ghana also help in attracting more investment. Additionally, objective and transparent procedures in the public procurement systems enhanced the efficiency of local suppliers and contractors as they compete for public contracts. There is an improvement in tax payments, expanded private sector, with some foreign companies going into joint venture with Ghanaian businesses, generating employment and prospects for the economy. Finally, transparent procurement procedures helped limit bribery and corruption, which are particularly rampant in the procurement field in both developed and developing countries (OECD 2003).
The Public Procurement Act (Act 663) tends to expand reforms covering procurement and project delivery strategies and methods with a focus on best value intended to maximize the potential and likelihood of achieving value for money in public procurement in Ghana.

With improved public financial management due to transparency and accountability in the public procurement as a result of procurement reforms, it is envisaged that there will be an annual savings of about US$150 million in government-financed procurement alone in Ghana (World Bank, 2003; Anvuur et al, 2006).

The introductions of technological developments into the public procurement systems in Ghana have added a new dimension to its procurement reforms. The combination of greater computing power and internet-based communication has given rise to the e-procurement or electronic procurement regimes. However, it is an overt question how, and to what extent, public procuring entities in Ghana can take advantage of the technological developments and reap the benefits from recent innovations (Segal and Taylor 2001).

2.8 PROCUREMENT STRUCTURES, ROLES AND RESPONSIBILITIES

The Act and Regulations define the institutional framework for public procurement in Ghana – the roles and responsibilities of each stakeholder (The PPA, Procurement entities, The Private Sector, And Oversight Bodies) The diagram below summarizes the roles and responsibilities of the various stakeholders.
2.9 Procurement Procedures, Methods and Thresholds

There are various methods of procurement provided under the law for use by public procurement entities. The choice of particular method is based on the amount involved (threshold) and the circumstances surrounding the procurement.

2.9.1 Procurement Methods and thresholds

**Competitive Tendering (Section 35 & Part V of Act 663).**

The Act and Regulations endorse the use of competitive tendering method for standard high value procurement for goods, works and consultancy services. The two types of competitive tendering methods include (1) International Competitive Tendering (ICT) which is used when effective competition cannot be achieved without the inclusion of foreign firms (s.45). (2) National Competitive Tendering (NCT) is used when the procurement entity so decides (s.44) and subject to contract value thresholds specified in Schedule 3.

It is the most preferable methods under the law, as it encourages maximum competition in the procurement system. The invitation to tender is always advertised and opened publicly.

**Request for quotations (Sections 42-43 of Act 663)**

The process of organizing a fully fledged tendering or other competitive tendering procedure is normally a time consuming and costly exercise which can be dispensed with when the contract value is small. The main idea is to allow procuring entities to use a simplified procedure in those instances where the contract value is so small that the
administrative effort related to a full-fledged tendering procedure appears out of proportion (Acts 663, 2003).

The method is based on comparing price quotations obtained from at least three foreign or local suppliers for goods/works that are small in value.

**Two-Stage Tendering (Sections 36-37 of Act 663)**

Two-stage tendering is only allowed where detailed specifications cannot be made available before going to tender (s.36) or the optimal solution is unknown. In the case of services, it is used to obtain proposal or offers on various means to meet its procurement requirements.

**Restricted Tendering (Sections 38-39 of Act 663)**

This is a procurement method with limited competition. A maximum of six and a minimum of three short-listed suppliers are invited to tender. To apply this method, a procurement entity requires specific approval from the Public Procurement Authority (PPA). The Restricted Tendering method is applied mainly where procurement requirement is of specialised nature and there is enough evidence to show that there is limited number of potential suppliers. In 2009 a total of 167 out of 179 entities received approval to use this method of procurement as compared to 2008 approval of 166 out of 173 applications received (PPA Annual report, 2009).

**Single Source Procurement (Sections 40-41 of Act 663)**

This system involves procurement from a supplier without any competition. It is normally used for procurement of sole or single sourced requirements. The law allows this method where: procurement is for justifiably urgent items, requirements can only be
supplied by one source, additional requirements for purposes of standardisation, purposes for research, experiment, study or development, procurement that concerns national security. In 2009, 323 out of 360 single source applications received were either approved or conditionally approved as against 318 out of 342 in 2008 by PPA (PPA Annual report, 2008/2009). This method has often been abused by entities and political leaders over the years. According to the Finance Minister, public procurement appears to be one of government’s activities most vulnerable to waste, fraud and corruption due to its complexity, the size of the financial flows it generates and the close interaction it brings between the public and private sectors. On that note, the PPA Board was urged to examine very carefully the conditions for approving sole-source procurement applications with the view of making it more of an exception rather than the norm.

All contracts must be tendered on an open competitive basis, except otherwise provided for in the Act (s.35). All procurement must use the appropriate standard tender documents provided in Schedule 4 and modifications can only be introduced through contract data sheets or special conditions of contract (s.50). The successful tender for works contracts shall be the lowest evaluated tender price ascertained on the basis of criteria specified in the invitation documents, which shall include (s.59): (1) the tender price subject to any margin of preference for domestic contractors (s.60); (2) the potential for economic development, local involvement or technology transfer; and (3) national security considerations. The selection of consultants shall be on quality and cost-based criteria (s.75) with the price component assessed in a similar manner as for works (s.69). Quality-based selection is allowed for complex or highly specialized assignments (s.72), and least-cost selection is reserved for small value assignments.
## Thresholds for Procurement Methods

<table>
<thead>
<tr>
<th>Procurement Method/Advertisement</th>
<th>Contract Value Threshold</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Pre-qualification</td>
<td></td>
</tr>
<tr>
<td>(a) Goods</td>
<td>Above GHC 35 billion</td>
</tr>
<tr>
<td>(b) Works</td>
<td>Above GHC 70 billion</td>
</tr>
<tr>
<td>(c) Technical Services</td>
<td>(not more than 10% of cost of works)</td>
</tr>
<tr>
<td>(2) International Competitive Tender</td>
<td></td>
</tr>
<tr>
<td>(a) Goods</td>
<td>Above GHC 15.0 billion</td>
</tr>
<tr>
<td>(b) Works</td>
<td>Above GHC 20.0 billion</td>
</tr>
<tr>
<td>(c) Technical Services</td>
<td>Above GHC 2.0 billion</td>
</tr>
<tr>
<td>(3) National Competitive Tender</td>
<td></td>
</tr>
<tr>
<td>(a) Goods</td>
<td>More than GHC 200 million up to GHC 2.0 billion</td>
</tr>
<tr>
<td>(b) Works</td>
<td>More than GHC 500 million up to GHC 15 billion</td>
</tr>
<tr>
<td>(c) Technical Services</td>
<td>More than GHC 200 million up to GHC 2.0 billion</td>
</tr>
<tr>
<td>(4) Restricted Tendering</td>
<td>Subject to Approval by PB</td>
</tr>
<tr>
<td>(5) Price Quotation</td>
<td></td>
</tr>
<tr>
<td>(a) Goods</td>
<td>Up to GHC 200 million</td>
</tr>
<tr>
<td>(b) Works</td>
<td>Up to GHC 500 million</td>
</tr>
<tr>
<td>(c) Technical Services</td>
<td>Up to GHC 200 million</td>
</tr>
<tr>
<td>(6) Single Source Procurement and Selection</td>
<td>Subject to Approval by PB</td>
</tr>
<tr>
<td>(7) Advertisements for Expressions of Interest for Consulting Services</td>
<td>Above GHC 700 million</td>
</tr>
<tr>
<td>(8) Least-Cost Selection</td>
<td>Up to GHC 700 million</td>
</tr>
<tr>
<td>(9) Selection based on Consultant’s Qualifications</td>
<td>Up to GHC 350m</td>
</tr>
<tr>
<td>(10) Single Source-Selection</td>
<td>Subject to Approval by PB</td>
</tr>
</tbody>
</table>


### 2.9.3 Procurement Procedures

**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 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).

**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.
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.

Monitoring and Evaluation

Controlling the performance of the procurement function and ensuring its efficiency and effectiveness is essential to the management of the procurement process. It is vital to evaluate how well the procurement process has 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).

 appeais and complaines

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 process. 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 process is completed, as well as thereafter (Alam, 1995).
2.10 GHANA PROCUREMENT ASSESSMENT REPORT (GPAR)

The World Bank in its 2003 CPAR made specific recommendation to the Government of Ghana, among other things, establishment of procurement units by procurement entities, improving on stores management, reducing the bureaucracy involve in the processing of payment certificates for contractors and suppliers and ensuring that value for money is achieved in sole source contracts (CPAR, 2003). Subsequently, the Public Authority has been conducting annual procurement assessment via its Benchmarking, Monitoring and Evaluation Directorate. The main objective of the assessment is to find out how the procurement ‘good practices’ enshrined in the Act 663 and its accompanying documents are being employed in the public entities and to inculcate into the public sector Entities the need to monitor and evaluate procurement performance. It is therefore hoped that ultimately, public entities will adopt this assessment approach and use it on their own for procurement assessment.

2.10.1 State of Compliance with the Public Procurement Act, 2003

The regular and continuous assessment of procurement entities in countries of their national procurement systems with regard to their compliance with the procedures, rules and regulations setup and the public Procurement Laws has been embraced worldwide. In view of this, the World Bank, Organization of Economic Co-operative and Development (OECD), a methodology for assessment of procurement systems to their compliance with the various procurement rules were also developed, namely baseline indicators, performance indicators and performance assessment system (OECD-DAC/World Bank, 2004).
The Public Procurement Authority (PPA) is mandated by Sections 3(d), 3(e) and 3(h) of the Public Procurement Act, 2003 (ACT 663) to assess the performance of each entity to ensure compliance with the provisions of Act 663. Subsequently, the Public Authority has been conducting annual procurement assessment through its Benchmarking, Monitoring and Evaluation Directorate. The main objective of the assessment is to find out how the procurement ‘good practices’ enshrined in the Act 663 and its accompanying documents are being employed in the public entities and to inculcate into the public sector entities the need to monitor and evaluate procurement performance. It is expected that public entities will adopt this assessment approach and use it on their own for procurement assessment.

2.10.2 Relationship between Compliance and Performance in Procurement

For decades procurement performance has been attracting great attention from practitioners, academicians and researchers due to poor performance resulting from non-adherence to proper processes and procedures. Performance provides the basis for an organization to assess how well it is progressing towards its predetermined objectives, identifies areas of strengths and weaknesses and decides on future initiatives with the goal of how to initiate performance improvements.

Compliance as a concept compares the conduct of the regulators to the equivalent legal obligation that the regulators should comply with (Gelderman et al., 2006; Lange 1999). Therefore, compliance is considered by political and social regulators as a prescribed process of elimination or avoidance of risk that is normally associated with public
procurement systems. Assessment of public procurement management performance is
defined in terms of compliance with the set procurement rules (Schapper, Veiga Malta,
& Gilbert (2006).

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.

Literature suggests that Public Procurement Act is the basis of measuring procurement
performance. This means that there is a positive relationship between compliance to the
Public Procurement Act and Procurement Performance. That is the higher the
compliance the higher the performance of entities in the region. Knudsen, (1999) agree
that procurement performance starts from the regulatory framework of procurement
which specifies purchasing efficiency and effectiveness in the procurement function in
order to change from being reactive to being proactive to attain set performance levels in
an entity. For any organization to become more competitive Amaratunga & Baldry
(2002) suggest that performance is a key driver to improving quality of services while its
absence or use of inappropriate procedures can lead to non-compliance with purchasing
function. PPA agrees with this assertion and so conducts annual performance assessment
to establish compliance level of entities in Ghana.
2.10.3 Performance Assessment System (PAS)


**Management system** – examines leadership, human resources, monitoring and control system, ethics and compliance with regulatory framework, and complaints, appeals and disputes resolution mechanism.

**Information and communication** – This category examines entities’ capacity to give out information in the right format, and ability to utilize information received including marketplace, data analysis, and knowledge of Apex Body.

**Procurement Process** – This category seeks information on the entities knowledge of the procurement cycle and how they conduct their activities at each stage. This covers procurement planning, notice, preparation of tender documents invitation for tenders, submission of tender, tender opening, tender evaluation. And contract award.

**Contract Management** – This measures how entities follow through the performance of the contracts they award. This includes planning and mobilization, implementation, supervision, inspection, inventory control and disposal, and reporting.
Table 2.2: Compliance level of Public Entities in Ghana

<table>
<thead>
<tr>
<th>Description</th>
<th>2007 (%)</th>
<th>2008 (%)</th>
<th>2009 (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Management System</td>
<td>34.84</td>
<td>34.62</td>
<td>54.93</td>
</tr>
<tr>
<td>Information and communication</td>
<td>43.15</td>
<td>39.82</td>
<td>56.03</td>
</tr>
<tr>
<td>Procurement Process</td>
<td>44.34</td>
<td>42.65</td>
<td>67.73</td>
</tr>
<tr>
<td>Contract Management</td>
<td>33.52</td>
<td>30.66</td>
<td>53.98</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>38.96</strong></td>
<td><strong>36.94</strong></td>
<td><strong>59.00</strong></td>
</tr>
</tbody>
</table>

Source: PPA Annual Report, 2008 & 2009

The results for the 2007 and 2008 levels of achievement have been set side by side in a Table 2.3. The achievements for 2007 and 2008 under the Performance Assessment System were lower in all the categories than those for 2007 because more low spending entities were included in the assessment (PPA Annual Report, 2009). However there is a massive improvement in the 2009 nationwide assessment in all the four indicators above. Whereas the 2007, 2008 and 2009 national performance is 38.96% and 36.94% respectively, the 2009 performance of 59% is an over improvement in the previous achievements.

2.11 Amendment of the Public Procurement Act, 2003 (Act 663)

Implementation of the Act over time revealed certain operational challenges, particularly arising from the interplay of the hierarchical procurement structures specifically designed to ensure efficiency, transparency and value for money in the public procurement system. Extensive amendments have therefore been proposed to revise the hierarchy of
approving structures under the Act, to strengthen the composition and functions of both Entity Tender Committees (ETCs) and Tender Review Boards (TRBs), and increase thresholds across board.

**Table: 2.3 Proposed Amendment by PPA**

<table>
<thead>
<tr>
<th>HIGH SPENDING ENTITIES</th>
<th>Goods (GHC)</th>
<th>Works (GHC)</th>
<th>Services (GHC)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Head of Entity</td>
<td>Current</td>
<td>Proposed</td>
<td>Current</td>
</tr>
<tr>
<td></td>
<td>5,000</td>
<td>10,000</td>
<td>10,000</td>
</tr>
<tr>
<td>Entity Tender Committee (ETC)</td>
<td>100,000</td>
<td>1,000,000</td>
<td>200,000</td>
</tr>
</tbody>
</table>

*Source: PPA Annual report, (2007)*

The Public Procurement Authority has since 2007 taken extensive steps to amend the Act following broad consultations held through various stakeholder workshops with key MDAs, MMDAs, SOEs, other public institutions and some civil society representatives PPA (2008).

### 2.12 The Conceptual Framework

This section presents the main conceptual framework which is the keystone for the study. The principal-agency theory is the underpinning theory used to establish the framework for this study. Several studies (Eisenhardt 1988; Bergen et al., (1992); and Rokkan and Buvik (2003) have contributed to the literature on principal agent theory. All these contributions have one main theme which is the relationship between a principal and an agent.
The principal-agent theory concerns with the arrangement that exists when one person or entity (called the agent) acts on behalf of another (called the Principal). For example shareholders of a company (principals) elect management (agents) to act on their behalf, and investors (principals) choose fund managers (agents) to manage their assets. In this case the government of Ghana (Principal) engages PEs and PPA (agents) to undertake public procurement and enforcing the Public Procurement Act 2003 (Act 663) on its behalf.

With this relationship, the principal engages the agent who acts and makes decisions on behalf of the principal (Eisenhardt, 1989; Bergen et al., 1992). This relationship works well when the agent is an expert at making the necessary decisions, but does not work well when the interests of the principal and agent differ substantially. In general, a contract is used to specify the terms of a principal – agent relationship.

Agency theory, according to Eisenhardt, (1989) is directed at the ubiquitous agency relationship in which one party (the principal) delegates work or tasks to another party (the agent) who performs that work. Agency theory describes this type of relationship using the metaphor of a contract (Jensen & Meckling, 1976). Agency relationships are enacted in a broader social context for the adoption of policies about aligning incentives in order to discourage self-interested behaviour by managers and reducing agency costs.

The political system of any country such as Ghana can, of course, be understood as a complex network of principal-agent relationships composed of citizens, governments and their agents such as Ministries, Departments and Agencies, District Assemblies, elected
officials, the judiciary, the legislature and the media. These actors concurrently play principal and agent roles within and across political organizations.

The framework was developed in the context of examining the influences upon compliance with procurement directives (Gelderman et al., 2006) and, given its relatively general framing, provides a useful framework for examining the influences on the degree to which any aspect of public procurement policy translates into practice.

**Figure 2.1: A conceptual framework for the explanation of compliance with public procurement Act, 2003**

- Familiarity with the rules
- Perceived inefficiency
- Organizational incentives
- Supplier resistance

Source: Gelderman, Ghijsen, & Brugman, (2006); Walker & Brammer (2007)

Having outlined the conceptual framework for the study, the research discussed the character of government policies with respect to the explanatory variables in the framework in figure 2.1.
2.12.1 Components of Framework

The conceptual framework classified familiarity with the procurement rules; the perceived inefficiencies in the public procurement systems; the organizational goal achievement and suppliers resistance aim to result in compliance with the public procurement law (Act 663).

**Familiarity with the Public Procurement Law**

De Boer and Telgen (1998) in a study reported that many public institutions were not conversant with the legal obligations to follow the stipulations of the public procurement laws thereby leading to non-compliance with the law. Further, Jensen and Meckling (1976) also argued that both the principal and agent are motivated by their own self-interest when entering into contractual relationship and aim to maximize benefits or utility for themselves only. To many practitioners, the procurement laws are not exactly clear. Therefore, familiarity of the rules by both purchasers and suppliers will influence the chance that public agents will comply with the rules. This leads to the notion that there exist a relationship between familiarity with the procurement rules and its compliance that leads to positive impact of the public procurement in particular and the economy of Ghana in general.

**Perceived Inefficiency**

Additionally, the conceptual model indicates that there is a perceived inefficiency in the procurement rules. The public procurement Act, 2003 (Act 663) specifies a number of rules, legal and ethical of conduct for the whole procurement process. These rules aim to avoid discrimination in the award of contracts and to ensure transparency and accountability through the procurement process. However, the rules have been criticized
on the premises that they are not in line with best practices in relation to procurement practices in the private sector Cox and Furlong, (1995).

**Organizational Incentives**

Furthermore, organizational incentives can result in non-compliance with the procurement rules. It is further argued by Teutemann, (1990) that bureaucrats in the public sector try to exhaust fully their procurement budget so as to avoid reductions in their future budget. To these bureaucrats, cost reductions due to competitive procurement procedures in one year do not necessarily result in increase in subsequent budgets. Lack of procurement professionalism in the public sector is a hindrance for compliance with the public procurement law (De Boer and Telgen, 1998). From this, public entities are not likely to comply with the directives of the procurement law.

In the public sector, procurement officers are the agents who act on behalf of the principal (the state) to realize the goals and objectives of the state. Therefore, the goals of the agent must be in conformity with that of the principal (the state) in order to achieve efficient reform in the public procurement programme.

**Supplier/Contractor Resistance**

In addition, recognition of supplier resistance is essential for compliance with the procurement rules. To avoid non-compliance with the Procurement Act, 2003, the law enjoins all suppliers to report instances of abuses if they feel aggrieved at the award of contract. On the other hand, the willingness of public entities to listen and effectively address the concerns of aggrieved suppliers/contractors as well as the opportunity to take
action against public purchasers is likely to influence private sector participation and compliance with the procurement rules.

**Compliance with the Act 663**

Finally, compliance with the public procurement Act, 2003 (Act 663) can be achieved when public sector agents behave in a manner that is consistent with the objectives and goals with their principal (the state); when procurement professionals and suppliers are familiar with the procurement rules and when suppliers are knowledgeable and courageous to resist any abuse in the procurement process.
CHAPTER 3

METHODOLOGY

3.0 Introduction

The chapter begins with the study area, population and sampling techniques as well as analytical procedures were presented. The chapter further dealt with the presentation of data gathered, sampling techniques, instruments for data collection and sources of data, as well as scope and limitations of the methodology. The study continued with the development of an interpretive research methodology together with a review of the objective of the research.

In addition the chapter presents the profile of Public Procurement Authority. The historical background was also discussed as well as the organizational structure.

3.1 The Study Area

The study area consists of public procurement stakeholders within the Ashanti Region. This region is centrally located in the middle belt of Ghana. The region shares boundaries with four of the ten political regions, Brong Ahafo Region in the north, Eastern region in the east, Central region in the south and Western region in the South west. The Ashanti Region is the third largest of 10 administrative regions in Ghana, occupying a total land surface of 24389 square kilometers or 10.2 per cent of the total land area of Ghana. In terms of population, however, it is the most populated region with a population of 3,612,950 in 2000, accounting for 19.1 per cent of Ghana’s total population (GSS 2005). The Ashanti region has Kumasi as its capital and harbours 210 Public Entities made up of MMDAs, Health, and Educational Institutions.
Agriculture, mining, trading and related work are the major occupation within the study area, though the level and intensity of a particular occupation varies from one district to another.

3.2 Population

A research population can be defined as the totality of a well-defined collection of individuals or objects that have a common, binding characteristics or traits. The population for this study comprised of all those who are involved in public procurement activities within the Ashanti Region. The main reason for using this category of people is that their activities directly or indirectly has a bearing on public procurement within Ashanti region which is the scope for the study. The research covers a population of over eight hundred (800) direct stakeholders and two-hundred and ten (210) public entities in the Ashanti region.

Table 3.1 Sample Frame selected from the Population

<table>
<thead>
<tr>
<th>Sample Frame</th>
<th>No. of Person</th>
</tr>
</thead>
<tbody>
<tr>
<td>Staff of Public Procurement Authority (PPA)</td>
<td>10</td>
</tr>
<tr>
<td>Staff of Metropolitan, Municipal and District Assemblies (MMDAs)</td>
<td>50</td>
</tr>
<tr>
<td>Staff of Educational Institutions</td>
<td>60</td>
</tr>
<tr>
<td>Staff of Health Institutions</td>
<td>50</td>
</tr>
<tr>
<td>Suppliers, Contractors and Consultants in the Private Sector</td>
<td>30</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>200</strong></td>
</tr>
</tbody>
</table>

Source: Researcher’s Fieldwork
3.3 Sample and Sampling Techniques

In conducting a research study, it is practically impossible, time-consuming and too expensive to test every individual in the entire population. Therefore smaller chunks of a unit sample are chosen to represent the relevant attributes of the whole of the units (Graziano & Raulin, 1997). The sample size was calculated with recourse to the deVaus proportion approach (deVaus, 2002).

\[
n = \frac{N}{1+N(e)^2}
\]

- \(n\) = Sample Size
- \(N\) = Sample frame
- \(E\) = Confidence Level

Using the above formula, a sample size of 200 people was considered appropriate and representative enough for the study. The study purposively targeted selected public entities in the local government, education and health institutions to represent procurement activities in the Ashanti Region.

The study involved members of entity tender committees, tender evaluation panel, procurement and management staff of Public Entities (PEs), suppliers/contractors and consultants as well as staff of the Public Procurement Authority.
Table 3.2: Classification of Respondents and Sample Size

<table>
<thead>
<tr>
<th>Respondents Category</th>
<th>Population</th>
<th>Number of Sample Frame</th>
</tr>
</thead>
<tbody>
<tr>
<td>Management &amp; Tender Committees</td>
<td>35</td>
<td>26</td>
</tr>
<tr>
<td>Procurement &amp; Staff</td>
<td>62</td>
<td>47</td>
</tr>
<tr>
<td>Suppliers/Contractors and Consultants</td>
<td>45</td>
<td>34</td>
</tr>
<tr>
<td>Staff of the Public Procurement Authority</td>
<td>8</td>
<td>6</td>
</tr>
<tr>
<td>Stores and user Department</td>
<td>50</td>
<td>37</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>200</strong></td>
<td><strong>150</strong></td>
</tr>
</tbody>
</table>

Source: Researcher’s Fieldwork

3.4 Data Collection Instrument

The data collection methods or techniques formed an important part of this research. According to Patton (2002) using more than one data collection instrument strengthens and gives credibility to the study. The use of more than one data collection instrument portrays a true picture of the case under study. In this regard, the researcher gathered the required data from two (2) different sources. This approach was used because it revealed issues that could not be raised in using only one data collection instrument. The study made use of primary and secondary data sources in order to gather relevant information for the study.

**Primary Data**

The main research instruments used were questionnaires, interviews, and field observations. This was done with the focus on the objectives set in the study. The primary data were collected from the selected respondents within the sample frame in the research population. The analysis of the study was substantially based on this data.
Secondary Data

The researcher himself referred to various publications of foreign and Local Origin, books, journals, articles, newspapers, reports obtained from libraries, PPA, Public Entities, and the internet on the subject to obtain additional information in order to answer the questions set in the problem definition.

3.5.1 Questionnaire Design

The research questions were developed by the researcher and were reviewed by some experts in academia and in procurement practice. Subsequently, a pilot test of the questionnaire and interview was conducted for ten (10) participants in order to identify and eliminate potential ambiguity in the questionnaire. Generally, the questionnaire is designed to collect general data from the public entities, staff of PPA and the private sector. These questions were grouped in categories to collect data on nature of procurement systems, state of compliance, as well as the effect of the public procurement reform on entities in the Ashanti Region.

All items were rated by participants on a four-point likert scale. The instrument consisted of the following sections: Section A, solicited personal and general information from the participants using objective test. Section B, solicited information on respondent’s perception on the implementation of the public procurement reform. In section C each item was scaled from 1-4 with the statement: Strongly Agree, Agree, Disagree, and Strongly Disagree respectively. Questions in this section solicit data on the impact/effect of the reform.
Additionally, the methodology for assessment of national procurement systems jointly developed by the organization for Economic Co-operation and Development (OECD)/Development Assistance Committee and World Bank has been adopted in this research. The Evaluation Grid has Key Performance Criteria (KPC) with weight scores as followed: Management Systems (15), Information & Communication (15), Procurement Process (45), and Contract Management (25) which was used to capture a relevant performance data relating to each of these four areas.

There are two parts of the indicators. That is baseline indicators (BLI’s) that deal with the formal and functional features of the existing system; and compliance/performance indicators (CPI’s), that deal with monitoring performance data to determine level of compliance with the formal system. The CPI’s associated with the baseline indicators have been adopted since the author intends to determine the level of compliance with the Procurement Law. The researcher adopted four main Compliance Areas in the study. Indicators that designated Compliance were also used. Specific information or records that designated the indicators were also indentified and rated on a scale of 0-5; “0” rating indicates absence of the required information whilst “5” points out that the information available is satisfactory.

3.5.2 Questionnaire Administration

The initial questionnaire developed were pilot tested with three respondents each at the three sectors of the public entities to ensure that the questions were clear and not ambiguous, such that responses would be consistent with the purpose of the study. Few questions were reviewed as a result of non response from the respondents of the pilot
study. This was done to improve the reliability and validity of the questionnaire. The questionnaires were self administered on one-to-one basis to the respondents willing to fill or provide answers to the questionnaire at the entities premises. The completed questionnaire was taken by the researcher on the same day. The primary data collected was reviewed by the researcher to ensure maximum accuracy, legibility, completeness, consistency and to reduce ambiguity.

3.6 The Research Design

Research design is not just a work plan but it is a tool that enables the researcher ensure that the evidence obtained answer the questions under investigation in a research, as unambiguously as possible (De Vaus, 2001). There are three main research approaches: qualitative, quantitative and mixed approach that can be adopted for a study. The mixed approach which combines the two approaches was used. The strategy chosen in this research was determined by considering three conditions: type of research question, the researcher’s control over actual events of public procurement, and degree of focus on contemporary events.

Thus, in order to answer the questions under investigations in this research convincingly, it was necessary to obtain relevant evidence to test the theory of the effect of procurement reform, to appraise the reform programme, or to precisely depict the effect of the reform.

To do this an exploratory research was carried out among procurement practitioners involved in public procurement of works, goods and services. Both structured and unstructured questionnaires, observations and in-depth interviews were used to collect
primary data by adopting the survey approach in collecting data on the impact of public procurement reform on public sector organizations in Ghana.

For secondary data, annual reports, articles, textbooks and journals and procurement manuals were collected on public procurement. The data was analyzed using both qualitative and quantitative analysis.

Quantitative method, however, uses standardized instruments, so that the varying perspectives and experiences of people can fit a limited number of predetermined response categories, to which numbers, pie chart, bar chart etc are assigned and measured statistically. On the other hand, qualitative data are often expressed verbally in order to understand a social or human problem through pictures and words in a natural setting, (Cresswell, 1994). Therefore, both qualitative and quantitative research methods were used in this study.

**3.7 Data Analysis**

In this study, both quantitative and qualitative methods were employed in the data analysis. The Statistical Package for Social Sciences (SPSS) and excel were used for data entry and analysis of the data collected. Data preparation was the initial step to convert raw date into structured format that was more appropriate for the analysis. Tasks in this stage included data editing, data coding and data entry, frequency distributions, percentages, and descriptive analysis of assessing the effect of public procurement reform on the organizations in the Ashanti Region.
Data collected were collated and analyzed using various quantitative statistical models such as tables, bar chart and pie chart to illustrate the results. The findings were critically examined to ensure consistency with the research objective and hypotheses.

3.8 Limitations and Scope of Research

One of the problems faced during the research was the issue of honesty and truly detailed answers to the questions from the participants. Most of the participants since they work in the public sector did not want anybody to know of their identity and thought that the answers they provided might be used against them. We overcame this problem by not mentioning their names or trying to know their identities. Another problem encountered was difficulty in gaining access to participants because most of them would not want to talk publicly. We used an alternative method of interviewing the participants by the researcher at their convenience. Time and lack of financial resources were also problems encountered in the research. Thus the research concentrated only on participants within the Ashanti Region.

3.9 ORGANIZATIONAL PROFILE

3.9.1 Operational Area

The Public Procurement Authority (PPA) is the current name of the Public Procurement Board that was established by the Public Procurement Act, 2003, (Act 663) as body corporate charged with the oversight responsibility for the effective implementation of the Act. The name was changed though executive Instrument 13 of 16th April, 2007. The Authority operates nationwide in Ghana and has two Zonal Offices in Kumasi and Takoradi in-charge of Ashanti/Brong Ahafo and Western/Central Regions respectively.
The Authority has its main office at Osu in the Accra Metropolis. Though PPA’s operational area covers a total land area of Ghana, the research only covers the two regions of Ashanti and Brong Ahafo. These regions are centrally located in the middle belt of Ghana. The region shares boundaries with four of the ten political regions, Northern Region in the north, Eastern region in the east, Central region in the south and Western region in the South west (GSS, 2005).

3.9.2 Objectives and Functions of the Public Procurement Authority

The main objective of the Public Procurement Authority is to have a world class efficient, transparent, accountable and professionally managed public sector procurement in Ghana which enjoys a high level of business confidence and ensures consistent attainment of the best value for money in the public procurement of goods, works and services in support of national development and physical policies.

To achieve the above objectives, PPA has been mandated 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:
- Monitor and supervise public procurement to ensure compliance by entities to all the statutory provisions of the Public Procurement Act;
- Facilitate the training of public procurement officials involved in public procurement at various levels;
- Hold consultations with stakeholders on public procurement and other related issues;
 Assist the local business community to become competitive and efficient suppliers to the public sector

These are premised on four key principles—competition, integrity, transparency and non-discrimination in public procurement.

3.9.3 Clientele and services Rendered by PPA

The Authority’s clientele are in both the public and the private sectors of Ghana. Those in the public sector are mainly MMDAs, Public Hospitals, Universities, Polytechnics, Schools and Colleges. The Private sector includes Suppliers, Contractors, Consultants and other Service Providers. The Authority’s mission is to secure a judicious, economic, and efficient use of public funds in a fair, transparent and non-discriminatory manner while promoting a competitive Local Industry. PPA’s concentration is to implement and enforce a strict adherence by public entities through benchmarking, monitoring and evaluation of public procurement and, to develop, promote and support training and professional development of persons engaged in public procurement to ensure compliance with statutory requirements.

In fulfilment of its constitutional mandate, PPA has instituted an annual assessment of the procurement activities of Procurement entities within the Public Sector of Ghana. The assessment for 2007 covered 258 entities and a total of 515 Entities were covered in 2008 which represent about 100% increase in the entities assessed in the 2007. The 2009/10 assessment has been conducted in February/March this year and the report is yet to be released.
The Authority has also received 20 complaint cases out of which 14 have been successfully resolved. Over 9,000 persons benefited from PPA’s short training programme. These groups include members of Entity Tender Committees and tender Review Boards (ETCs & TRBs), Suppliers/consultants and contractors in the private sector, oversight institutions such as Auditors, Attorney General Staff, CHRAJ, Media, etc as well as Procurement Units.

It has three units namely: Finance, Internal Audit, and Procurement. The Authority also has two zonal offices each headed by a Zonal Coordinator, who have a number of staff under their supervision. In the organizational chart shown above, extension has not been made for detail classification of staff within the zonal offices. At the Present the Authority has staff strength of about 56 employees and 8 member Board of Directors and 7 member management team. Despite having some challenges in the implementation of the Public Procurement Act, 2003, (Act 663) PPA has made tremendous progress. After five years of implementation, the Authority has develop a procurement Manual, a website (www.ppaghan.org), Module of Excellence Tool for Benchmarking and evaluation, issued guidelines on Margin of Preference, embarked on training and capacity development programmes for over 8,126 procurement practitioners and officers of oversight institutions, initiatives for Career Path Progression and Professionalization for the procurement function in the public sector, and establish the Appeals and Complaints Panel where over 200 cases have been resolved. These has enable PPA to achieve 76% compliance in 2008 by the World Bank assessment.
CHAPTER 4
DATA ANALYSIS, DISCUSSIONS AND PRESENTATIONS

4.0 Introduction

The focus of this chapter is on the analysis of data gathered from the field with the aid of questionnaires and interviews. Collection of data for this study is centered on four main sectors within the public organizations and the private sector that are directly affected by the Public Procurement Act, 2003 (Act 663). This include Local Government (Metropolitan and Municipal Assemblies), Health Institutions (Teaching and Municipal Hospitals), and Educational Institutions (Schools, Colleges, Polytechnic and University) as well as the contractors, suppliers and Consultants. This was mainly done to gather information to assess the level of compliance of public procurement reform by public organizations in the Ashanti region, Ghana. It was however necessary to consider issues that concerns performance and challenges facing Public Entities in the region.

4.1 Background of Respondents

A total number of two hundred (200) questionnaires were administered to staff of Local Government, Health and Educational Institutions in Ashanti Region, out of which one hundred and fifty (150) were obtained and valid for the data analysis. These valid questionnaires used for the analysis yielded 75% of response rate. This indicates that, the response rate was quiet high and reflects the views of the entire population.
Table 4.1: Demography and Age Group of Respondents

<table>
<thead>
<tr>
<th>Description</th>
<th>Male</th>
<th>Female</th>
</tr>
</thead>
<tbody>
<tr>
<td>20-30Years</td>
<td>35</td>
<td>11</td>
</tr>
<tr>
<td>31-40 Years</td>
<td>29</td>
<td>26</td>
</tr>
<tr>
<td>41-50 Years</td>
<td>44</td>
<td>3</td>
</tr>
<tr>
<td>51 Yrs and Above</td>
<td>2</td>
<td>0</td>
</tr>
<tr>
<td>Total</td>
<td>110(73.33)%</td>
<td>40(26.67)%</td>
</tr>
</tbody>
</table>

Source: Researcher’s Field Work, Oct, 2011

Table 4.1 shows the sex of the respondents sample for the study. Out of the responses obtained from the field, 110 respondents, representing 73.33% were male, and the remaining 40 respondents, representing 26.67% were female. The skewed result in favour of male may be attributed to the random sampling method used for the selection of the respondents. Nevertheless, it should also be noted that, across all the sections or departments of which the sample were taken, were heavily male dominated.

Figure 4.1: Educational Background of Respondents

Source: Researcher’s Field Work, Oct, 2011
Figure 4.1 indicates that all the respondents selected were educated, this was expected, since the respondents were already working in the departments which have a required educational level for its minimum qualification. From the Figure, it was found that, majority of the respondents were holders of university degree, which constitute 40%, this was followed by Diploma holders which also constitutes 34.67%. Post Graduates constitutes 13.33%, Certificate holders were 8% and the minority was the holders of CIPS/CILT which constitute 4%. All the respondents are regular participants in public procurement activity and can really give good assessment of the effect of the procurement reform and how to improve on the compliance of the reform.

Specialization of Personnel Practicing Public Procurement in Ashanti

Irrespective of the high educational levels of the respondents, the researcher finds it necessary to find the specific professional qualifications of the respondents in order to have a fair view of their capacity to comply with the Public Procurement Act.
Figure 4.2: Specialization of Respondents
and Colleges of Educations in the region. These entities do not have functioning procurement units. While procurement activities in MMDAs are managed by Planning Officers and Public Works Engineers that of second circle schools are managed by Accountants. The research established that Procurement is a profession and therefore required technical staff with procurement qualification and training in order to understand the veracity of the reform.

**Effect of the Reform**

On the likert scale of 1-4, the impact of the public procurement reform were measured by assigning weights to the extent of agreement or disagreement with each item as shown below:

1 ==== Strongly Disagree
2 === Disagree
3 === Agree
4 === Strongly Agree

**4.2 Factors Affecting Performance/Compliance**

**4.2.1 Professionalism**

Professionalism discusses the education/training and capacity development of personnel to make informed decisions regarding procurement operations.
Table 4.2: Professionalism Assessment of Procurement staff

<table>
<thead>
<tr>
<th>Description</th>
<th>Mean</th>
<th>Std. Dev</th>
</tr>
</thead>
<tbody>
<tr>
<td>Procurement Staff are not qualified and experienced to handle Procurement Process</td>
<td>2.40</td>
<td>11.499</td>
</tr>
<tr>
<td>Selection of tenders is solely based on lowest price</td>
<td>2.45</td>
<td>11.738</td>
</tr>
<tr>
<td>Tender Evaluation is conducted by persons with little or no expertise in evaluation process</td>
<td>2.39</td>
<td>11.661</td>
</tr>
<tr>
<td>Total</td>
<td>2.28</td>
<td>0.235</td>
</tr>
</tbody>
</table>

Source: Researcher’s Field Work, Oct, 2011

The description of items under the professionalism shows that, all the items score a mean of (2.28) greater than 2.0 which shows that, in all the description of professionalism, respondents generally agree to the items that procurement staff do not have the qualification and experience to handle procurement process effectively. With mean scores of 2.40, 2.39 and 2.45 respectively shows a high satisfaction for the items. By and large it was found that, all matters in relation to the professionalism were agreed upon by the respondents. These indicate a professional incompetence in handling the procurement process. Although (Public Procurement Act, 2003) has mandated Public procurement Authority to develop career paths for procurement to attract qualified staff and to give them opportunities to gain professional procurement qualifications, only 20% of procurement staff holds qualifications in procurement. This confirms the position held by (EOCD/DAC, 2007) in a study that some procurement officials lack some level of skills and knowledge to manage the procurement cycle effectively. Thus simple issues like bid evaluation and selection were only based on lowest price and not the lowest evaluated price.
4.2.2 Transparency

Transparency serves as the mirror for the process of public procurement of which trust is created for the process. Thus, Act 663 endorse the use of Standard Tender Documents (STDs), advertising procurement opportunities, public opening, publication of contract awards, resolving disputes and complains, and effective monitoring.

Table 4.3: Transparency in Procurement Practice

<table>
<thead>
<tr>
<th>Description</th>
<th>Mean</th>
<th>Std. Dev</th>
</tr>
</thead>
<tbody>
<tr>
<td>Procurement opportunities are advertised using the appropriate medium</td>
<td>2.70</td>
<td>12.308</td>
</tr>
<tr>
<td>Publicly opening of bid documents</td>
<td>2.60</td>
<td>12.083</td>
</tr>
<tr>
<td>Contract awards are posted on PPA website and losers debriefed</td>
<td>2.67</td>
<td>12.237</td>
</tr>
<tr>
<td>There is effective monitoring and auditing of procurement activities</td>
<td>1.92</td>
<td>08.500</td>
</tr>
<tr>
<td>Fair and speedy protest and dispute resolution</td>
<td>2.29</td>
<td>10.328</td>
</tr>
<tr>
<td>Total</td>
<td>2.44</td>
<td>0.310</td>
</tr>
</tbody>
</table>

Source: Researcher’s Field Work, Oct, 2011

The researcher in this case wanted to find out whether the same rules apply to all suppliers of goods, works and services and whether these rules are publicized as the basis of procurement decisions. The descriptions of the various items were unanimously agreed upon by all respondents. A constant variation of standard deviation established indicates a high level of satisfaction. The analysis reveals some efforts of transparency such as advertising using the appropriate medium has a mean score of 2.70, utilization of the PPA website for notice and debriefing of unsuccessful bidders (2.67). Publicly opening of bid documents has a mean score of 2.6 and dispute resolution score 2.29. However, a mean score of 1.92 in Table 4.2 shows respondents disagree that there is
effective monitoring and auditing of procurement activities. To guard against this phenomenon the (Act 663, 2003) provides that Procurements using other uncompetitive methods (Price Quotation, Sole source etc) are vigorously monitored and evaluated by Public Procurement Authority (PPA) and Audit Agency to ensure transparency. A position further supported by Schapper, et al (2006) when they agreed with (Shadrach and Ekeanyanwu, (2003) that e-commerce can be used to enhance transparency through effective audit and monitoring of low value transactions. According to them high value and complex procurement procedures must involve publicly available information on policies, bidding process, evaluation, and bid results. In summary, transparency was rated with a mean of 2.44 and a standard deviation of 0.310 which gives much evidence to the belief of transparency in public procurement practice in the region. The study established that there are improvements in transparency in procurement process resulting in increased competition, help in attracting more investments, and improvement in tax payments in Ghana.

4.2.3 Efficiency and Value for Money

The research intended to find out if public entities are showing concern in exercising their duty efficiently to achieve value for money in the practice of procurement.
Table 4.4: Efficiency and Value for Money in procurement practice

<table>
<thead>
<tr>
<th>Description</th>
<th>Mean</th>
<th>Std. Dev</th>
</tr>
</thead>
<tbody>
<tr>
<td>There is greater efficiency in public procurement</td>
<td>1.95</td>
<td>9.043</td>
</tr>
<tr>
<td>Better utilization of funds by public procurement entities</td>
<td>1.97</td>
<td>8.926</td>
</tr>
<tr>
<td>There is effective contract management and reporting by entities</td>
<td>1.92</td>
<td>8.807</td>
</tr>
<tr>
<td>There is value for money in government projects in the region</td>
<td>1.89</td>
<td>7.641</td>
</tr>
<tr>
<td>Projects are completed on schedule and within cost</td>
<td>1.78</td>
<td>8.367</td>
</tr>
<tr>
<td>Total</td>
<td>1.90</td>
<td>0.138</td>
</tr>
</tbody>
</table>

Source: Researcher’s Field Work, Oct, 2011

All the descriptive items in Table 4.4 show a major disagreement and dissatisfaction on individual items. With a low score of 1.95 for whether there is a greater efficiency in public procurement shows a disagreement by respondents, better utilization of public funds score 1.97. A mean score of 1.92 and 1.78 show there have not been effective contract management and projects are not completed on schedules and within cost respectively. Respondents also disagree that there is Value for Money in procurement. The analysis reveal that efficiency and value for money score a total mean of 1.90 and standard deviation of 0.138 which confirms a general non-commitment towards achieving efficiency and value for money. Though Knudsen, (1999) agree with the procurement Act that procurement regulatory framework must specify purchasing efficiency and effectiveness in order to change from being reactive to being proactive to attain set performance levels in an entities, compliance level shows that entities are reactive rather than being proactive in meeting their procurement needs. This can only be
reversed if entities are represented by competent personnel capable of putting the procurement law into practice to attain efficiency and value for money (Act 663).

4.4.4 Competitiveness and Fairness

The section intended to measure whether Public Entities (PEs) are demonstrating fairness and whether they are actively encouraging greater supplier participation in the tendering process through transparency and interaction with the private sector to make them competitive in the procurement process.

Table 4.5: Competitiveness and Fairness in Procurement

<table>
<thead>
<tr>
<th>Description</th>
<th>Mean</th>
<th>Std. Dev</th>
</tr>
</thead>
<tbody>
<tr>
<td>More companies compete for public contracts</td>
<td>2.51</td>
<td>12.708</td>
</tr>
<tr>
<td>The Public Procurement Reform has stimulated private sector</td>
<td>2.69</td>
<td>11.131</td>
</tr>
<tr>
<td>growth</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Entity interacts with the private sector to enhance their</td>
<td>2.55</td>
<td>11.622</td>
</tr>
<tr>
<td>performance</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>2.58</td>
<td>0.134</td>
</tr>
</tbody>
</table>

Source: Researcher’s Field Work, Oct, 2011

Competitiveness and fairness stand to be the hallmark of the Public Procurement Act, to allow as many legal entities to compete for public project in order to instill competition for bidders. Four items were measured. The mean scores of the items in Table 4.5 indicate that there is competition and fairness at the public entities (PEs). Out of the four items PEs are more successful in stimulating private sector growth by scoring 2.69 and increased interaction with the private sector to enhance their performance score 2.55. All the descriptive items have a mean of more than 2.0 indicating majority of the respondents are in a total agreement and satisfied. The analysis established that more companies compete for public contracts with an average participation of four (4) bids per
each tender opportunity advertised. This finding has been confirmed in the PPA Annual Report (2009) that there is an improved participation rate of four (4) tenders and responsive rate of three (3) per tender notice by the private sector. In summary, competitiveness and fairness had a high agreed mean value of 2.58 which suggests that, the public procurement reform ensures increased competition and expanded private sector with some foreign companies going into joint venture with local businesses to compete for contracts.

4.4.5 Accountability

Table 4.6: Accountability in Procurement Practice

<table>
<thead>
<tr>
<th>Description</th>
<th>Mean</th>
<th>Std. Dev</th>
</tr>
</thead>
<tbody>
<tr>
<td>Procurement practitioners are held accountable for their actions</td>
<td>2.39</td>
<td>11.898</td>
</tr>
<tr>
<td>There has been a sanction against procurement entity or staff</td>
<td>1.94</td>
<td>9.401</td>
</tr>
<tr>
<td>Total</td>
<td>2.17</td>
<td>0.318</td>
</tr>
</tbody>
</table>

Source: Researcher’s Field Work, Oct, 2011

Among the description, it was found that, accountability is one of the least actions taken by the practitioners of the public procurement reform. As noted in Table 4.6, respondents were of the opinion that, procurement practitioners are held accountable for their actions and inactions was strongly agreed. However in terms of applying sanctions against procurement entity or staff recorded a total disapproval with a mean of 1.94, which shows that, taking actions and sanctions against officials is hardly done. Moreover with a least standard deviation of 9.401 shows the consistency of respondents in responding to the said lack of sanctions against practitioners. Irrespective of the above mentioned,
accountability in general was found to be performed by respondents, with a mean of 2.17 shows that practitioners are held accountable for their actions and inaction with regards to the procurement process.

4.3 Compliance with Public Procurement Act (Act 663)

The Public Procurement Authority (PPA) is mandated by Sections 3(d) 13(e) and 3(h) of the Public Procurement Act, 2003 (ACT 663) to assess the performance of each entity to ensure compliance with the provisions of Act 663. The research intends to ascertain whether public entities comply with the regulatory framework of the procurement reform.

Table 4.7 Compliance with Regulatory Framework

<table>
<thead>
<tr>
<th>Description</th>
<th>Mean</th>
<th>Std. Dev</th>
</tr>
</thead>
<tbody>
<tr>
<td>Do you think public entities comply with the public procurement Act</td>
<td>2.67</td>
<td>11.704</td>
</tr>
<tr>
<td>Procurement entities applied appropriate procurement methods for appropriate thresholds in procurement</td>
<td>2.58</td>
<td>11.592</td>
</tr>
<tr>
<td>Entities used Standard Tender Documents from PPA in procurement</td>
<td>2.92</td>
<td>10.052</td>
</tr>
<tr>
<td>Entities post their tender adverts and contract awards at PPA website</td>
<td>1.65</td>
<td>7.510</td>
</tr>
<tr>
<td>Public Entities prepares and post their Annual Procurement Plans on PPA website</td>
<td>1.48</td>
<td>7.785</td>
</tr>
<tr>
<td>Total</td>
<td>2.26</td>
<td>0.252</td>
</tr>
</tbody>
</table>

Source: Researcher’s Field Work, Oct, 2011

As indicated in Table 4.7, respondents think public entities comply with the public procurement Act (2.67) Procurement entities applied appropriate procurement methods for appropriate thresholds (2.58) entities used Standard Tender Documents from PPA in procurement (2.92) the first three descriptive items were highly agreed with a mean value of more than 2.0. With a mean value of 1.48 and 1.65 shows failure on the part of respondents to post annual procurement plan and contract awards at PPA website.
respectively. The failure is blamed on lack of access to internet facility for entities to benefit from e-procurement. However a total mean of 2.26 shows an average compliance on the part of the procurement practitioners.

4.4 Performance/Compliance Assessment of Public Entities

Compliance with the Public Procurement Act (Act 663) is supreme in the execution of duties of those individuals entrusted with procurement functions. The study undertake the assessment of entities in the region to find out how the procurement 'good practices' enshrined in the Act 663 and its accompanying documents are being employed in the public entities in order to determine performance or compliance levels of public entities in the three sectors of the region.
# COMPLIANCE ASSESSMENT SCORE FOR PUBLIC ENTITIES

## TABLE 4.8 (a) EDUCATIONAL INSTITUTIONS

<table>
<thead>
<tr>
<th>NO.</th>
<th>ENTITY</th>
<th>MANAGEMENT SYSTEMS (%)</th>
<th>INFORMATION AND COMMUNICATION (%)</th>
<th>PROCUREMENT PROCESS %</th>
<th>CONTRACT MANAGEMENT PERFORMANCE RATING %</th>
<th>PERFORMANCE RATING</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Opoku Ware Senior High School</td>
<td>23.39</td>
<td>48.15</td>
<td>43.43</td>
<td>18.06</td>
<td>33.26</td>
</tr>
<tr>
<td>2</td>
<td>Kumasi Senior High School</td>
<td>32.16</td>
<td>40.74</td>
<td>62.63</td>
<td>46.3</td>
<td>45.46</td>
</tr>
<tr>
<td>3</td>
<td>Kumasi Polytechnic</td>
<td>61.67</td>
<td>70.37</td>
<td>71.72</td>
<td>28.57</td>
<td>58.08</td>
</tr>
<tr>
<td>4</td>
<td>Kwame Nkrumah University of Science and Technology (KNUST)</td>
<td>58.33</td>
<td>64.81</td>
<td>68.69</td>
<td>58.33</td>
<td>62.54</td>
</tr>
<tr>
<td>5</td>
<td>Mampong Technical College of Education</td>
<td>46.78</td>
<td>42.59</td>
<td>60.61</td>
<td>36.51</td>
<td>46.62</td>
</tr>
<tr>
<td>6</td>
<td>St. Louis College of Education</td>
<td>35.8</td>
<td>40.74</td>
<td>59.6</td>
<td>16.67</td>
<td>38.20</td>
</tr>
<tr>
<td>7</td>
<td>St. Monica’s College of Education</td>
<td>32.1</td>
<td>35.19</td>
<td>45.45</td>
<td>15.87</td>
<td>32.15</td>
</tr>
<tr>
<td>8</td>
<td>Wesley College of Education</td>
<td>48.54</td>
<td>53.7</td>
<td>44.44</td>
<td>33.33</td>
<td>45.00</td>
</tr>
<tr>
<td>9</td>
<td>St. Monica’s Senior High School, Mampong</td>
<td>44.78</td>
<td>43.59</td>
<td>61.61</td>
<td>37.51</td>
<td>46.87</td>
</tr>
<tr>
<td></td>
<td><strong>Total average Score</strong></td>
<td><strong>42.67</strong></td>
<td><strong>48.89</strong></td>
<td><strong>57.56</strong></td>
<td><strong>32.22</strong></td>
<td><strong>45.34</strong></td>
</tr>
</tbody>
</table>

*Source: Researcher’s Field Work, Oct, 2011*

Table 4.8 (a) above shows the performance scores for selected educational institutions in the Ashanti Region. The results above show non-weighted scores for Management Systems (42.67%), Information and Communication (48.89%), Procurement Process 57.56%, and Contract Management (32.22%) for the nine entities assessed in the educational institutions. In this category the best performing entity is KNUST (62.54%) and Kumasi Polytechnic second with 58.08% with St. Monica’s College of Education
(32.15) achieving the worst result in this category. A total average score of 45.34% was achieved in the sector.

**TABLE 4.8 (b) LOCAL GOVERNMENT INSTITUTIONS**

<table>
<thead>
<tr>
<th>NO</th>
<th>ENTITY</th>
<th>MANAGEMENT SYSTEMS (%)</th>
<th>INFORMATION AND COMMUNICATION (%)</th>
<th>PROCUREMENT %</th>
<th>CONTRACT %</th>
<th>PERFORMANCE RATING %</th>
<th>PERFORMANCE RANK</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Asante Akim North</td>
<td>50.88</td>
<td>46.3</td>
<td>74.75</td>
<td>64.2</td>
<td>59.03</td>
<td>5th</td>
</tr>
<tr>
<td>2</td>
<td>Bekwai Municipal Assembly</td>
<td>55.56</td>
<td>64.81</td>
<td>75.76</td>
<td>60.49</td>
<td>64.16</td>
<td>1st</td>
</tr>
<tr>
<td>3</td>
<td>Ejisu-Juabeng Municipal Assembly</td>
<td>56.73</td>
<td>48.15</td>
<td>74.75</td>
<td>62.5</td>
<td>60.53</td>
<td>4th</td>
</tr>
<tr>
<td>4</td>
<td>Kumasi Metropolitan Assembly</td>
<td>63.49</td>
<td>62.96</td>
<td>66.67</td>
<td>58.02</td>
<td>62.79</td>
<td>2nd</td>
</tr>
<tr>
<td>5</td>
<td>Obuasi Municipal Assembly</td>
<td>56.17</td>
<td>55.56</td>
<td>68.69</td>
<td>67.9</td>
<td>62.08</td>
<td>3rd</td>
</tr>
<tr>
<td>6</td>
<td>Mampong Municipal Assembly</td>
<td>57.89</td>
<td>48.15</td>
<td>70.71</td>
<td>51.39</td>
<td>57.04</td>
<td>6th</td>
</tr>
<tr>
<td></td>
<td><strong>Total Average Score</strong></td>
<td><strong>56.84</strong></td>
<td><strong>54.33</strong></td>
<td><strong>71.89</strong></td>
<td><strong>60.75</strong></td>
<td><strong>60.94</strong></td>
<td></td>
</tr>
</tbody>
</table>

Source: Researcher’s Field Work, Oct, 2011

Table 4.8 (b) above presents the performance of Local Government Institutions (MMDAs). The results reveal non-weighted scores of 59.6% for Management Systems,
60.2%, for Information and Communication, 77.58% for Procurement Process and 56.4% for Contract Management. All the entities assessed in this sector score between 57% - 64% which shows a good performance. Bekwai Municipal Assembly came first with 64.16% followed by Kumasi Metropolitan Assembly (62.79%) with the least score of 57.04% (Mampong Municipal Assembly). The sector’s total average performance score is 67.58%. This shows a higher compliance level in local government sector than education.

**TABLE 4.8 (c) HEALTH INSTITUTIONS**

<table>
<thead>
<tr>
<th>NO</th>
<th>ENTITY</th>
<th>MANAGEMENT SYSTEMS (%)</th>
<th>INFORMATION AND COMMUNICATION (%)</th>
<th>PROCUREMENT PROCESS %</th>
<th>CONTRACT MANAGEMENT (%)</th>
<th>PERFORMANCE RATING %</th>
<th>PERFORMANCE RATING RANKING</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Komfo Anokye Teaching Hospital</td>
<td>76.19</td>
<td>81.48</td>
<td>88.89</td>
<td>83.33</td>
<td>82.47</td>
<td>1st</td>
</tr>
<tr>
<td>2</td>
<td>Mampong Government Hospital</td>
<td>50.73</td>
<td>60.52</td>
<td>74.80</td>
<td>61.28</td>
<td>61.08</td>
<td>2nd</td>
</tr>
<tr>
<td>3</td>
<td>Kumasi South Hospital, Atonsu</td>
<td>46.63</td>
<td>48.00</td>
<td>71.76</td>
<td>56.94</td>
<td>55.84</td>
<td>3rd</td>
</tr>
<tr>
<td>4</td>
<td>Bekwai Municipal Hospital</td>
<td>43.25</td>
<td>48.67</td>
<td>70.80</td>
<td>42.86</td>
<td>51.40</td>
<td>4th</td>
</tr>
<tr>
<td>5</td>
<td>Obuasi Municipal Hospital</td>
<td>46.75</td>
<td>42.59</td>
<td>63.64</td>
<td>33.33</td>
<td>46.58</td>
<td>5th</td>
</tr>
<tr>
<td></td>
<td>Total Average Score</td>
<td>51.71</td>
<td>56.26</td>
<td>73.98</td>
<td>55.55</td>
<td>59.38</td>
<td></td>
</tr>
</tbody>
</table>

*Source: Researcher’s Field Work, Oct, 2011*
Table 4.8(c) also indicates Management systems (59.6%), Information and Communication (60.2%), Procurement Process and (77.58%) Contract Management (56.4%) for Health Institutions assessed. Komfo Anokye Teaching Hospital (KATH) came first with 82.47% followed by Mampong Government Hospital (58.08%) with the worst entity (Obuasi Municipal Hospital) scoring 46.58%. The overall sector performance score is 58.38%.

From the Tables it is observed that entities with good procurement structures and qualified procurement managers such as KNUST, Kumasi Polytechnic, Komfo Anokye Teaching Hospitals (KATH), Mampong Government Hospital, and Kumasi South Hospital performed creditably. However, the Table revealed poor performance for Management Systems and Contract Management in all the twenty (20) entities assessed compare with Procurement Process and Information Management categories. The former indicators show low scoring throughout the three sectors meaning that more concentration is put on the procurement Process than the others.

Table 4.9: Compliance Level of the three sectors (Ashanti Region)

<table>
<thead>
<tr>
<th>Description</th>
<th>Local Government (%)</th>
<th>Health Institutions (%)</th>
<th>Educational Institutions (%)</th>
<th>Overall (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Management Systems</td>
<td>56.84</td>
<td>51.71</td>
<td>42.67</td>
<td>50.41</td>
</tr>
<tr>
<td>Information and Communication</td>
<td>54.33</td>
<td>56.26</td>
<td>48.89</td>
<td>53.16</td>
</tr>
<tr>
<td>Procurement Process</td>
<td>71.89</td>
<td>73.98</td>
<td>57.56</td>
<td>67.81</td>
</tr>
<tr>
<td>Contract Management</td>
<td>60.75</td>
<td>55.55</td>
<td>32.22</td>
<td>49.51</td>
</tr>
<tr>
<td>Total</td>
<td><strong>60.95</strong></td>
<td><strong>59.38</strong></td>
<td><strong>45.34</strong></td>
<td><strong>55.22</strong></td>
</tr>
</tbody>
</table>

Source: Researcher’s Field Work, Oct, 2011
According to Schapper, Veiga, & Gilbert (2006) assessment of public procurement management performance must be defined in terms of compliance with the set procurement rules. In line with this assertion Table 4.9 presents the summary of the compliance level of the three sectors using four (4) performance indicators for the study in the Ashanti Region. The performance of Procurement Process and Information and Communication is 67.81% and 53.16% respectively. Management Systems performance is 50.41%. Contract Management recorded the worst level of performance of 49.51%. Consequently, entities must also attach importance to Management Systems and Contract Management. For any organization to become more competitive Amaratunga & Baldry (2002) suggest that absolute performance is a key driver to improving quality of services while its absence or use of inappropriate procedures can lead to non-compliance with purchasing function. The analysis showed that contract management and management control systems in public entities have been poorly handled. These findings can be supported by the findings of Kannan et al (2003) who argues that one of the ways to ensure effective contract management is through information interaction and communication. This is further supported by Amaral, (2004) who argues that the lack of information interaction and communication between buyers and suppliers in the USA has lead to an obstacle of stable and long-term relationship development.

Comparing the performance or compliance level of the three sectors, it was found that the educational institutions have the worst compliance level among the three sectors chosen, whereas local government performance is the best. The overall average compliance of public entities in the local government, education and health sectors in the Ashanti region is 55.22%. This overall performance reveals weak management and
control systems, lack of management commitment, ineffective contract management, weak procurement structures, and lack of qualified staff to effectively supervise the procurement operations of entities.

4.5 The Implementation Challenges and its effects on Entities

Every reform faces some sort of challenges and how they affect the operation of entities. The study intends to identify the challenges confronting stakeholders in the implementation of the Public Procurement Act and its effect on their performance.

Table 4.10: Challenges in the Implementation of the Act

<table>
<thead>
<tr>
<th>Description</th>
<th>Mean</th>
<th>Std. Dev</th>
</tr>
</thead>
<tbody>
<tr>
<td>There are weaknesses in public procurement system</td>
<td>2.93</td>
<td>11.015</td>
</tr>
<tr>
<td>Public Procurement process is too long and expensive</td>
<td>2.68</td>
<td>9.884</td>
</tr>
<tr>
<td>Lack of structures and facilities to ease procurement process</td>
<td>2.70</td>
<td>12.708</td>
</tr>
<tr>
<td>High cost of public procurement of works and goods</td>
<td>2.61</td>
<td>11.814</td>
</tr>
<tr>
<td>PPA training programmes are too short and impractical</td>
<td>2.81</td>
<td>12.363</td>
</tr>
<tr>
<td>Total</td>
<td>2.75</td>
<td>0.251</td>
</tr>
</tbody>
</table>

Source: Researcher’s Field Work, Oct, 2011

Ultimately, and as expected, Public Procurement Reform was also found to be of no exception, all the description for the challenges in the implementation were all greatly agreed upon to be a major challenge in the execution of public projects. Some of these challenges include the weakness in the procurement system which saw a high mean of 2.93, public procurement process being too long and expensive which also had 2.68, high cost of procurement as well as impractical procurement training were all greatly agreed by the respondents to be a major challenge of the entire process. Challenges in all as
indicate in Table 4.10 was one of the highly approved description among all the variables used for the measuring of the effect of the reform, which concludes that, all the respondents admits that, there are some major challenges in the face of implementing the Act. To improve on the effects of these challenges Erridge et al (1998) and Hill (2005) suggest the benefits of e-procurement to include improve efficiency, increase in contract compliance and involvement of staff, leveraging the procurement spend, and lower processing costs. Staatscourant (2008) agreeing with Erridge and Hill argue further that lack of e-procurement system in public entities will result in the difficulty to analyze performance and expenditure on a micro-economic level.

4.5.1 Amendment of the Public Procurement Act

In the face of the many challenges of the Act 663, it was imperative for the researcher to establish the extent to which the practitioners of the Act agree to the proposed amendment of the Public Procurement Act (Act 663).

Table 4.11: Amendment of the Public Procurement Act (Act 663)

<table>
<thead>
<tr>
<th>Description</th>
<th>Mean</th>
<th>Std. Dev</th>
</tr>
</thead>
<tbody>
<tr>
<td>Do you think the Act should be amended</td>
<td>3.09</td>
<td>8.871</td>
</tr>
<tr>
<td>Are you aware of amendment proposals to review the composition of ETCs/TRBs and thresholds</td>
<td>2.51</td>
<td>12.786</td>
</tr>
<tr>
<td>Do you think the proposed amendment can help address the procurement challenges</td>
<td>2.55</td>
<td>11.966</td>
</tr>
<tr>
<td>Total</td>
<td>2.72</td>
<td>0.458</td>
</tr>
</tbody>
</table>

Source: Researcher’s Field Work, Oct, 2011
From Table 4.11, it was found that, the individual items described were highly approved by the respondents. Surprisingly, amendment of the Act had a mean of 3.09 which shows that, by and large, all the practitioners of the Act agreed that it should be amended to address the challenges in the procurement process to help bring efficiency as well as improve compliance in public entities. In addition, respondents’ knowledge of the proposed review and whether the amendment could help to mitigate the procurement challenges were all high. In general respondents were highly optimistic of the fact that, the amendment of the Act will solve most of the challenges they face in the implementation of the Act. The total mean of 2.72 indicate approval by the respondents for the review of the Act to improve on performance of entities.

4.5.2 Preparation and Submission of Procurement Plan

Planning enables organizations to establish overall direction, determine performance standards, anticipate and avoid future problems and reduce the risks of uncertainty. Procurement planning helps to identify and commit resources towards the achievement of goals. It is in this respect that the researcher decided to find out whether public entities comply with the section 21 of the Act 663 and to establish whether the complains of lengthen and delay in procurement process by public entities are justified.
From Figure 4.3, it is affirmed that, the departments involved in this study did not submit procurement plans to PPA either manually or electronically in 2010, as confirmed by 71.43 % of the respondents. This means that only 28.57% prepared and submitted their plans in the year 2010. This shows that, public entities start their procurement process as at when procurement requisition is made (that is reactive and not proactive) hence the failure to purchase goods/services at the right time. It is evident, therefore, that though the process might be long the delay in procurement is as a result of lapses in the procurement management rather than a difficulty in the Procurement Act. This conclusion has been supported by World Bank Country Portfolio Performance Review (CPPR), 2010 which states that real areas of delay in government purchasing are more attributable to administrative lapses within entities than the procurement law.
4.5.3 Completion of Contracts on Schedule and within Cost

On the basis of the completion of contracted projects and its associated cost, the researcher wanted to find out the proportion of awarded contracts that were able to meet deadline as planned.

Figure 4.4: Completion of Contracts on Schedule and Within Cost

Source: Researcher’s Field Work, Oct, 2011

The research findings have confirmed as shown in Figure 4.4 that 57.14% of respondents agreed that contracts were not completed on schedule and within cost. The disagreement is based on the premise that GOG contracts are in majority and so has influence the decision of the respondents. The respondents explained that District Assembly Common Fund (DACF) and government grants were not paid on schedule and sometimes not the amount expected. Also 3.57% of the respondents did not express any opinion on the issue. About 32% of the respondents agreed that contracts were completed on schedule and refer their agreement to the District Development Fund (DDF) and Getfund projects
which are completed on schedule. It was also established that contracts awarded had their prices reviewed upwards making the initial method and threshold irrelevant.

**Figure 4.5: High Cost of Public Procurement**

Cost of adverts in the two most widely read Newspapers, payment of sitting allowances for ETC members, refreshments at tender openings etc., add up to cost of procuring an item. It is for this reason that, 60% of the respondents have positively agreed that cost of procurement in Public Entities in Ghana is expensive. This assertion was rejected by 40%. They were of the view that, this extra cost forms part of the challenges of the Public Procurement Reform of which respondents and practitioners are calling for a review.

**Sources: Researcher’s Field Work, Oct, 2011**
In this category, the researcher intends to establish effect of the reform on the growth of the private sector. The research findings showed that, a cumulative of 64.29% agreed positively with the assertion, 35.71% disagreed with the assertion that the Public Procurement Act has, in anyway, stimulate growth of the private sector. Most of the respondents in the private sector, health, and local government shared this positive view. This shows that the private sector now has confidence in the PEs and procurement. The average tenderer participation was four (4) tenderers per notice in 2009, similar to 2008 record of three (3). Public Procurement Act has stimulated the interest of most universities to run Purchasing and supply, Supply Chain Management, Logistics and Procurement programmes. More than eight tertiary institutions including KNUST were selected to running short term procurement programmes sponsored by MIDA for practicing procurement staff.
CHAPTER 5
SUMMARY OF FINDINGS, RECOMMENDATIONS AND CONCLUSION

5.0 INTRODUCTION
This chapter highlights the major findings of the study. The findings are outlined in direct response to the specific objectives. Recommendations have been provided to improve the administrative structures, procedures, performance and policies of Public Procurement Authority with the overall aim of improving on the level of performance of entities in the Ashanti Region.

5.1 SUMMARY OF MAJOR FINDINGS
The study revealed that the public procurement entities in the region have largely upheld the provisions of the Act 663 and other legal requirements.

5.1.2 Procurement Structures and Procedures
The Public Procurement Act, 2003 (Act 663) specify the establishment of procurement structures that will support and strengthen the execution and supervision of the procurement functions. These structures include Entity Tender Committee (ETC), Head of Entity, Evaluation Panel, and Procurement Unit. These structures have varied activities to perform in the procurement cycle. The study established that these structures, especially ETCs and Procurement Units do not either exist in most entities or are not properly constituted and so do not perform their functions well. Consequently, this compel other departments such as Planning/Works in MMDAs and Accounts and Administration in the Colleges and Hospitals to hold the forth for the non-existing procurement units. Though majority of staff in these departments went through
some short training in procurement, they lack the technical expertise to execute procurement activities efficiently and effectively to attain value for money.

5.1.3 Use of inappropriate Procurement Procedures

It is discovered that some entities use inappropriate alternative procurement procedures. Instead of using the Standard Tender Documents (STDs), public institutions instead go for three (3) pro-forma invoices. While some entities refused to advertised in the two most widely read news papers, others failed to advertise procurements that were supposed to be advertised whiles others do not follow evaluation procedures. Some entities also failed to post their tenders and contract awards on PPA website, even though they were trained on how to post documents.

5.1.4 Preparation and Posting of Procurement Plan

Public Entities are supposed to prepare and submit annual procurement plans to PPA. These plans must also be posted at PPA website. The study has established that this legal requirement has not been complied with. From the analysis in the previous chapter, only 28.6% agreed they have prepared and submitted their Procurement Plans. As of October, 2011 only fifteen entities prepared and submitted the hard copies of their procurement plans and only five posted such plans on PPA website. Entities have also failed to post their contract award notices.
5.1.5 Monitoring and Evaluation of procurement Activities

Monitoring and evaluation of procurement process by PPA have not been effective over the years. Emphasis is concentrated on monitoring tender opening and Annual Procurement Assessment. This has the potential of entities abusing the process.

5.1.6 Harmonizing of Procurement Systems in Ghana

The public procurement Act, 2003 (Act 663) ensures a harmonized public procurement system in Ghana. Procurement activities of about 99% of public entities are carried out in compliance with the Public Procurement Act, 2003 (Act 663). Prior to the implementation of the Act, there were various rules controlling public procurement processes in Ghana. Nevertheless with the passing of the Act in 2003, all entities classified under the law carried out public procurement in compliance with the legal and institutional framework, standardized Procurement Procedures, Independent control systems, and anti-corruption measures of the Act 663.

5.1.7 The Principles that affect Compliance in Procurement

There is greater transparency, fairness, and competition in public procurement in the Ashanti Region than it was at the time of the introduction of the Act in 2003. There is greater confidence and trust in Public Procurement Institutions in the procurement process hence the improved participation rate of four (4) tenders and responsive average rate of three (3) per tender notice by the private sector.
Lack of Professionalism and Career Development

From the analysis only 2% of respondents hold qualifications in procurement. Though most of these procurement practitioners have been given short training (1-3 days), this has little impact on the procurement activities in the region. The training periods are too short and are highly theoretical. Lack of career development and low salary levels of the staff of the public entities are disincentive to attract qualified personnel to take up jobs in the public entities in the region. The result was the corruption that is endemic among procurement staff in the region. Hence the numerous professional challenges in the public procurement reform implementation. This finding was substantiated by the report of the World Bank in the year 2003.

Efficiency and Value for Money

However, evidence gathered from evaluation reports of most entities show a sole reliance on traditional contracting and price-based selection of bidders. Selection of suppliers and contractors does not consider quality of work, past performance, payment terms, and organizational capacity. This limits the scope for efficiency and value for money in the award of contracts.

5.1.8 Lack of Private Sector Education on Procurement Act

The private sector lack basic knowledge in the Public Procurement Act, inadequate capacity to appreciate the standard tender documents, poor access to tender information and insufficient technical and managerial skills to be competitive in the tendering
process. As a result players in the private sector, especially suppliers, are unwilling to participate in public procurement in the region.

5.1.9 Challenges Identified through the Assessment

The levels of achievement for the various categories of the Performance Assessment System indicators scores have shown that there are a number of areas that needed to be improved in the conduct of procurement in the region. The main challenges that have been identified for improvement include:

**Tender evaluation and selection**

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.

**Ineffective Contract Management and Communication**

Contract Management was a major challenge for most entities. Contract completion rate of about 48.29% signify contract management could be challenging. There is lack of effective contract management that predetermined performance standards and focus on achievement of minimum standards with an emphasis on defining details of quality, quantity, timing, and method of delivery of the corresponding inputs and outputs required from both parties to support the contract process. Components of information quality, such as response time, accuracy of data, reliability, and quality of support services are not defined. As Kannan et al (2003) put it “one of the ways to ensure effective contract management is through information interaction and communication”.
However information interaction and communication between buyers and suppliers in public entities have lead to an obstacle in delivering successful projects/supplies on time and within cost.

5.1.10 Procurement Planning verses Delay in Public Procurement

The study has established that public procurement process takes a minimum of 1 to 2 months for Request for Quotation and 3 to 5 months for National Competitive Tendering (NCT) to be completed. This is enough justification for public perception that the procurement process is too long and often creates undue delays. However 95% of the respondents agreed that they have not prepared and submit their procurement plan for 2010. This means that procurement planning in public entities has largely not been complied with and was considered as a ‘routine clerical’ activity.

Public procurement is a strategic level institutional activity which is greatly enhanced by procurement planning. Delays in the procurement process can be curtailed by giving procurement planning the needed attention and compliance. Confirmed by the 2010 World Bank Country Portfolio Performance Review (CPPR) meeting, real areas of delay in public procurement are more attributable to administrative lapses within entities than the Public Procurement Act, 2003 (Act 663).

5.1.11 Procurement Practice verses Value for Money

High cost of public procurement process due to high cost of advertising in the two most widely read newspapers, payment of sitting allowances for ETC meetings and refreshment during tender opening and evaluation panel meetings. This makes public sector procurement more expensive to entities compared to the private sector
procurement process. These Publishers have taken advantage of the provision to overcharge the public entities as a result of the high demand for advertising procurement.

5.1.12 High Cost of Public Procurement

Some contractors and suppliers have complained about long delays in payment after they have executed the projects or supplied the goods. Therefore every tender price has an element of more than six (6) month inflation or exchange rate factored in the price. Collusion between the entities and the suppliers, contractors, or consultants contribute to this problem. Contracts are also increased by the costs of tender documents which are sometimes much higher than the actual costs of the tendering document. Travelling cost to purchase and to submit bid documents swell up contract price. Some contractors have gone through several tenders and paid illegal huge fees (bribes) without ever securing any contract. These expenses build up cost for any project tended.

5.2 CONCLUSIONS

The study confirms that public procurement Act, 2003 (Act 663) is observed to proffer solutions which in the view of this study attained 54% compliance level. However this achievement is not without challenges. It pencils out weaknesses and threats of the various sectors. In the pursuit to improve compliance public entities must establish the required structures and engage procurement professionals to manage them. Coverage of monitoring activities must be increased to cover more low spend entities across all sectors in the region. Short/long term training must be continued and improved so as to improve capacity of entities, service providers, and other key stakeholders to operate efficiently and effectively in the procurement system. PPA, Cabinet and Parliament must
hasten to amend the Act to ensure smooth implementation and compliance. To curb corruption and unethical behaviour in public procurement PPA should enforce blacklisting bidders who have contravened the provisions of the Act and hold public officials who engage in irregularities accountable.

Though, the study admits that its findings cannot be generalized due to the limited nature of the sample size, it is believed that the recommendations can be benchmarked to improve on the compliance level in the country as a whole.

5.3 RECOMMENDATIONS

In light of the discussions, findings and the conclusions, the following recommendations are hereby coined;

5.3.1 Establishment of Procurement Structures

The Public Procurement Act makes provision for the establishment of structures such as Procurement Units, Entity Tender Committees (ETCs) to manage procurement activities in all entities and to engage persons proficient in procurement. Out of the two-hundred (200) entities spread across the region only twenty (20) have procurement departments with few of them having legally constituted Entity Tender Committees (ETCs).

The study, therefore, recommends the establishment of permanent Procurement Units and Entity Tender Committees (ETCs) managed by qualified procurement experts to ensure an improved overall procurement performance and compliance with the Public Procurement Act, 2003.
5.3.2 Engagement of Procurement Professionals

Public entities must ensure that suitable candidates are employed on the basis of merit and placed in their relevant qualifications, skills, and experience with their roles and responsibilities clearly defined to avoid role conflicts with other professions and departments. Strategies must also be put in place to retain them. Public procurement cannot be perceived as a mere ‘clerical routine,’ activity. For an entity to derive the full benefit of the procurement reform, procurement function must be placed in strategic management level.

5.3.3 Capacity Development of Procurement Stakeholders

Short Term Training

Building the capacity of service providers has been identified as one of the success factors of public procurement reforms. It is important that PPA organizes training sections for contractors, surveyors, architects, consultants and suppliers in the private sector on tendering process, and the Appeals, Complaints and Dispute Mechanism. Audit Service, the Judiciary, and other oversight bodies should be trained on the procurement process and audit to appreciate the public procurement issues to enforce accountability to improve compliance.

Since competence is based on training, procurement practitioners must be given continuous practical training, especially, in procurement planning, posting of procurement documents on PPA website, contract management, appeals and complaints process, procurement methods and procedures and tender evaluation procedures.
Medium and Long Term Training Programme

Practicing procurement officers, without procurement qualifications, can be sponsored to pursue medium/long term courses in procurement in a formal educational system to develop a career and enhance their expertise.

PPA must develop and sponsor publications which communicate research results and technical information to public procurement and public administration profession and develop progressive systems for delivering training programs for the public procurement practitioners to include a variety of approaches for distance learning which align with the curriculum and embrace academic standards leading to academic degrees and credentials.

Tertiary Institutions must develop a curriculum in public procurement and introduce general basic procurement principles in other programmes to ensure that their graduates have a basic knowledge in procurement principles. Thus, in the next ten (10) years people occupying middle level and top level management positions would have an appreciable knowledge in procurement as it is in accounting.

5.3.4 Procurement Planning and Delay in Procurement

Public procurement is a strategic level institutional activity which is greatly enhanced by procurement planning. Delays in the procurement process can be curtailed by giving procurement planning the needed attention by management of entities. Procurement practitioners must take cognizance of the amount of time and resources required so they can begin early enough and allow sufficient time to complete the procurement process.
5.3.5 Reducing Procurement Challenges on Entities

Contract Management was a major challenge for most entities. Lack of proper contract management is partly the result of escalation of high project costs. PPA must develop Contract Management Manual, buyer-supplier relationship Management and record Keeping Manuals and train entities on them. These manuals can help procurement practitioners with their daily contract and relationship management and record keeping of procurement activities.

Development of E-Procurement to enhance and Reduce Cost of Procurement

Though PPA has established a website and encourages public entities to create some websites to enable public entities to assess tender adverts and tender documents as well as post contract awards, Public entities have not done enough to reform the Information and Communication Technology in their entities to support procurement reform activities in the region. Most entities do not have internet facilities or create a website address to upload tender information.

PPA must be resourced to update its website and also encourage public entities and selected service providers to create their own websites to enable them to assess tender adverts and tender documents as well as post contract awards notices as a measure to reduce cost of procurement. Government must also reform the Information and Communication Technology in the country to support the procurement reform activities.
5.3.6 Amendment of the Public Procurement Act

Review Thresholds of Procurement Methods and Approval Authority

The Public Procurement Act must be amended to address the eminent difficulties facing smooth implementation. To improve on compliance of entities in the region PPA must, as a matter of urgency, expedite action on the review process of the Procurement Act, 2003 (Act 663). The proposed increase in thresholds will give Procurement Entities greater control over procurement decision to reduce lead time and needless delays caused by Tender Review Boards (TRBs). Invariably, it will enhance the local government concept of decentralization.

Approval to use “Low Value” for Domestic Market Food Products

The Education sector has relatively low compliance level which is attributed to the fact that most of the entities in that sector are low-spend entities. It was discovered that the sector deals with perishable food items and also lack storage facilities to encourage bulk purchase. The study recommend that PPA must allow schools and colleges to use Low Value procurement Formant to buy all Domestic and Perishable items and put in place an effective monitoring and evaluation of the specific procurement guidelines (Low and Minor value procurement) introduced in the schools and colleges to improve procurement performance. The low and minor value procurement must be extended to cover district hospitals and other low-spend entities in the region.
Composition of Entity Tender Committee

The composition of ETCs must be reviewed to include procurement practitioners to ease the difficulty in the application of the law. Procurement Committees such as ETCs, TRBs, etc do not have the required professional base and rather tend to be based on partisan political considerations.

Public Procurement and Stores Administration

Procurement is incomplete if the right goods purchased do no reach the end user. At the moment the Act only dealt with Disposal of Stores and was silent on Stores Management in Public Entities. However the study discovered that a lot of goods and materials are lost through improper management of stores and lack of clearly defined stores management procedures in the Public Entities. The study recommend that the amendment of the Procurement Act must address Stores Management procedures and guidelines to make the process complete and to forestall sanity in stores administration.

5.3.7 Sustainability of Public Procurement Assessment

The regular and continuous monitoring and assessment of procurement systems in public entities with regard to their compliance with the procedures, rules and regulations setup in the Public Procurement Act must be strictly enforced. For such performance/compliance assessment to be taken seriously it must be tied to some reward package or non-performance to some penalty. The case of Functional Organizational Assessment Tool (FOAT) tied down to the District Development Fund (DDF) is a typical example. As a matter of policy the public procurement assessment can be made as part of the FOAT to qualify an entity for a DDF.
5.3.8 Enforcing Accountability to Reducing Corruption in Procurement

Corruptions and bribes are widespread in government contracts (www.transparency.org). In Ghana, corruptions in government contracts have been regularly reported in newspapers; criminal prosecutions against state officials for violations of state procurement laws, and bidding scandals from other parts of the country. In public procurement, any violation of standard procurement principles and procedures is considered willful and, therefore, construed as fraudulent and causing financial loss to the state. To prevent corruption in public procurement PPA should seriously enforce blacklisting bidders who have contravened the provisions of the Act and take disciplinary action against public officials who engage in irregularities. Merely appearing on Public Accounts Committee (PAC) of Parliament every year is not deterrent enough to address corruption in public procurement.
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APPENDIX 1

RESEARCH QUESTIONNAIRE

This questionnaire is administered to collect data for a Masters Thesis on the impact of public procurement reform on organizations in the Ashanti Region of Ghana. I will be grateful if you could answer the following questions. The questionnaire is in three parts: personal data, implementation and the impact of the reform.

Section A: Personal Data

1. Gender: Male (    ) Female (    )
2. Age Group: 16-30yrs (    ), 31-45yrs ( ), 46-60yrs (    ) 61yrs and above (    )
3. Position Held: ………………………………………………………………………………………………………
4. Level of Education and your area of specialization: ……………………………………………………………
   ……………………………………………………………………………………………………………………………

Section B: Implementation of the Public Procurement Reform

5. Have you had any training on the Public Procurement Act, Act 663? Yes        No
6. Who organized the training? ………………………………………………………………………………………
7. Have you participate in any tendering process Yes        No
8. Where do you get the information about the tenders? News Papers Notice Board Invitation Letters Others (specify) …………………………………………………………………
9. Do you think the Public Procurement reform has helped to reverse the problems that existed before the introduction of the reform in 2003? Yes            No
   If yes which ways? ……………………………………………………………………………………………
   ……………………………………………………………………………………………………………………………
10. Are you aware of the administrative review provision in Act 663? Yes        No
11. a) Have you had a problem with the procurement process? Yes    No
    b) If yes who did you complain to Head of Entity PPA ETC/TRB
    c) Was the issue addressed? Yes    No
    d) Were you satisfied with the outcome Yes    No

Section C: Impact of the reform

On the scale of 1-4 answer the following questions
Scale: 1= Strongly Agree, 2= Agree, 3=Disagree, 4= Strongly Disagree

**Professionalism**

12. Procurement staff are qualified and experienced to handle Procurement process

13. Procurement officers and committee members make informed decisions regarding procurement operations

14. Tender Evaluation is conducted by competent persons.

**Transparency**

15. There is transparency in the procurement process?

16. Procurement opportunities are advertised using the appropriate medium.

17. Contract awards are posted on PPA/entity website and notice boards

18. There is effective monitoring and auditing of procurement activities by oversight bodies

19. Unsuccessful bidders are debriefed within reasonable time.

**Efficiency and Value for Money**

20. There is a greater efficiency in public procurement

21. Better utilization of funds by public procurement entities

22. There is effective contract management and reporting by entities.

23. There is value for money in government projects in the region.

24. Projects are completed on schedule and within cost

**Competitiveness**

25. More companies compete for public contracts

26. The Public Procurement Reform has stimulated private sector growth.

27. Increased trust and confidence in public procurement among stakeholders

**Accountability**

28. Do you think Procurement practitioners are held accountable for their actions

29. There been a sanction against procurement entity or staff?
Ethics and Compliance with Regulatory Framework

30. All stakeholders uphold code of ethics

31. Do you think public entities comply with the Public Procurement Act

32. Procurement Entities applied appropriate procurement methods for appropriate thresholds in procurement

33. Entities used Standard Tender Documents from PPA in procurement

34. Entities post their tender adverts and contract awards at PPA website

35. Public Entities prepare and post their Annual Procurement Plans on PPA website

Challenges in the Implementation of the Act

36. There are weaknesses in public procurement system

37. The general perception is that Public Procurement process is too long

38. The Public Procurement process is too expensive

39. Cost of public procurement of works and goods are too expensive

40. There are delays in the procurement process

If yes state the reasons for the delay

Amendment of the Public Procurement Act (Act 663)

41. Do you think the Act should be amended?

If yes, suggest section(s) to be amended

42. Are you aware of amendment proposal to review the composition of ETCs/TRBs and thresholds?

43. Do you think the proposed amendment can help address the procurement challenges?

Can you suggest ways of improving on the implementation and compliance of the Public Procurement Act, 2003 (Act 663).
APPENDIX 2
BASELINE PERFORMANCE EVALUATION GRID ADMINISTERED ON PUBLIC ENTITIES TO MEASURE COMPLIANCE LEVEL IN THE ASHANTI REGION

<table>
<thead>
<tr>
<th>Main Compliance Areas</th>
<th>Key Compliance Indicators</th>
<th>Information rated on a scale of 0-5</th>
</tr>
</thead>
<tbody>
<tr>
<td>MANAGEMENT SYSTEMS</td>
<td>Effectiveness of Leadership</td>
<td>Training programme(s) in place</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Seeking technical support from the body with oversight role</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Carrying out internal procurement auditing</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Good record keeping</td>
</tr>
<tr>
<td></td>
<td>Human Resource Development</td>
<td>Having Staff with professional procurement qualification</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Putting internal auditors in place and giving them procurement training</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Evaluation of performance of procurement staff</td>
</tr>
<tr>
<td></td>
<td>Monitoring and Control Systems</td>
<td>Putting proper payment systems in place for every contract</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Capturing procurement transactions in Cash budgets</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Putting in place quality control mechanisms for contracts</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Effective use of available procurement information dissemination systems</td>
</tr>
<tr>
<td></td>
<td>Compliance with ethics and regulatory framework</td>
<td>Appropriate use of procurement plans and contract documents</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Use of Standard Tender Documents (STD) and Manuals</td>
</tr>
<tr>
<td>INFORMATION AND COMMUNICATION</td>
<td>PROCUREMENT PROCESSES</td>
<td></td>
</tr>
<tr>
<td>------------------------------</td>
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<td></td>
</tr>
<tr>
<td>Procurement Information searching and Dissemination</td>
<td>Procurement Planning</td>
<td></td>
</tr>
<tr>
<td>Procurement Publicity</td>
<td>Bid Preparation and Invitation</td>
<td></td>
</tr>
<tr>
<td>Interaction with the marketplace</td>
<td>Submission, opening and evaluation of bids</td>
<td></td>
</tr>
</tbody>
</table>

**INFORMATION AND COMMUNICATION**

- Use of right procurement methods
- Anti-corruption measures put in place
- Fairness and transparency in resolution of cases within the terms established in the legal framework

**PROCUREMENT PROCESSES**

- Awareness of use procurement website, procurement internal notice boards and newspapers
- Capacity to use and using the procurement information dissemination systems
- Having knowledge of and interacting with the marketplace
- Interacting with all procurement stakeholders

**Procurement Planning**

- Having an adequately defined procurement plan
- Posting plan on the PPA website

**Procurement Publicity**

- Advertising tender invitations
- Sending information for placement in procurement bulletin
- Using internal notice boards to display procurement information

**Bid Preparation and Invitation**

- Use of STDs
- All bid documents containing same evaluation criteria
- Stating reasonable date and time for bid opening

**Submission, opening and evaluation of bids**

- Stating date, time and venue for bid submission
- Having secured tender box in place
- Keeping minutes of bid opening including all opening records
<table>
<thead>
<tr>
<th><strong>CONTRACT MANAGEMENT</strong></th>
<th><strong>Evaluating tenders in accordance with tendering requirements</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Award of Contract</strong></td>
<td><strong>Notifying Winner of Contract</strong></td>
</tr>
<tr>
<td></td>
<td><strong>Publicizing contract awards</strong></td>
</tr>
<tr>
<td></td>
<td><strong>Notifying losers of bid</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>CONTRACT MANAGEMENT</strong></th>
<th><strong>Taking Works Programme from executers</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Project Planning and Mobilization</strong></td>
<td><strong>Taking Advance payment Guarantees for advance payments made</strong></td>
</tr>
<tr>
<td><strong>Project Implementation and Supervision</strong></td>
<td><strong>Preparation of project monitoring reports</strong></td>
</tr>
<tr>
<td></td>
<td><strong>Organization of project progress meetings</strong></td>
</tr>
<tr>
<td></td>
<td><strong>Comparing and analysing planned progress against actual</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Inspection and Inventory Control</strong></th>
<th><strong>Preparation of Handing over certificates</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td><strong>Preparation of completion or delivery reports</strong></td>
</tr>
<tr>
<td></td>
<td><strong>Use of appropriate stock control record system</strong></td>
</tr>
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<thead>
<tr>
<th><strong>Disposal</strong></th>
<th><strong>Forming the required membership of Board of survey</strong></th>
</tr>
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<tbody>
<tr>
<td></td>
<td><strong>Keeping minutes of meetings of Board of survey</strong></td>
</tr>
<tr>
<td></td>
<td><strong>Keeping records of items disposed</strong></td>
</tr>
</tbody>
</table>
APPENDIX 4
INTERVIEW GUIDE

1. Do you engage in procurement activities?
2. Do you prepare annual procurement plans?
3. Do you prepare these plans using the Procurement planning software?
4. Do you keep records of your procurement proceedings?
5. Do you publish notices of procurement contact award/tender notices on the PPA website?
6. Do you have an Entity Tender Committee in place?
7. Who are the members of the entity Tender Committee?
8. How often does the Entity tender Committee Meet?
9. Do you gain value for money from your procurement activities?
10. To what extent is PPA performing its monitoring and anti-corruption functions?
    a) Publishing Assessment results
    b) Ensuring Accountability
    c) Enforcing code of Ethics
11. Is there any amendment your entity would want to be undertaken in the Public Procurement Processes?
12. Do you think stores management has been effective in your entity?
13. Do you think the Procurement law should be amended to reform stores management?
14. Do you think the procurement function has been placed at the right management level?
15. Is there role conflict between procurement function and other functions in your entity?
16. Are PPA training activities and training kits effective and supportive to you?
17. Do you think cost public procurement is more expensive than in the private sectors?
PPENDIX 4

DECISION PROCESS FOR SELECTING A PROCUREMENT METHOD

START

Only available from one supplier?

Yes

Emergency need?

Yes

Additional items required from same source?

Yes

Research or national security?

Yes

Consultancy Services?

Yes

Under GHC 200m for goods or technical services or GHC 500m for works?

Yes

Too complex to define fully at outset or subject to rapid technological change?

Yes

Limited number of suppliers?

Yes

Time and cost of evaluating a large number of tenders disproportionate to value?

Yes

Source: PPA Module 1

Consult Act 663 for precise criteria for use of each procurement method. Consult Schedule 1 to Act 663 for thresholds, which are subject to change.

Preferred method of procurement for consultancy services. Advertisement requesting EOIs required if over GHC 700m.

Preferred method of procurement for consultancy services. Advertisement requesting EOIs required if over GHC 700m.

Obtain approval from PPB, prior to use of this method.

Obtain approval from PPB, prior to use of this method.

Obtain approval from PPB, prior to use of this method.

Preferred method of procurement for goods, works and technical services. Consult Schedule 3 for pre-qualification and international tendering thresholds.