

KWAME NKRUMAH UNIVERSITY OF SCIENCE AND TECHNOLOGY,  
KUMASI  
COLLEGE OF ARCHITECTURE AND PLANNING  
DEPARTMENT OF BUILDING TECHNOLOGY

**CAUSES AND EFFECTS OF DELAYS IN PROCUREMENT OF WORKS AT  
PRE-TENDER STAGE IN UPPER DENKYIRA EAST MUNICIPAL  
ASSEMBLY**

BY

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**(BSc. Hons)**

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IN  
PROCUREMENT MANAGEMENT

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## DECLARATION

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

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## **DEDICATION**

I dedicate this report to my beloved wife Cynthia Tetteh and my two daughters Grace Oparebea and Emmanuella Tetteh. I love you all.

# KNUST



## ACKNOWLEDGEMENT

Glory and praise be to the Most-High God for his Divine Guidance throughout the course and when undertaking the study.

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## ABSTRACT

Procurement is part of the fiscal policies and programs directed towards achieving effective and efficient public financial management and national development. As an economic instrument for guaranteeing national development, when well planned, has the potency of contributing to the realization of improved resource mobilization, promote debt sustainability, effective management of debt, improves public expenditure management, enhances national income generation and reduce economic and financial dependency. However, procurement of works which controls government medium contracts has, for long, been overshadowed with inefficiency, corruption and disregard of fundamental "value for money" considerations. This has adversely impacted the rate and quality of progress in realizing the objectives of district development fund projects, especially in developing and transition countries. It delays project implementation which further increases costs, leads to poor project execution performance and delays the delivery of benefits to the beneficiaries. This study takes an integrated approach and attempts to analyze the impact of effects. A questionnaire survey was conducted to identify the causes and effects of delay from procurement entities. The population constituted a total of forty-five (45) purposively selected stakeholders made up of members of entity tender committee, tender evaluation panel, and procurement and management staff of upper Denkyira East Municipal Assembly; out of this number 30 questionnaires were received and analyzed. The outcome of the studies revealed that, a lot of time is spent on evaluating tenders and that certainly delays the procurement Process and also the delay of procurement of works at pre tender stage results in the delay of using the District Development Fund (DDF) to execute projects in the District. It was recommended that, quick releases of the DDF by the common fund Administrator to enable District Assemblies meet their budgeted expenditure commitment and able to execute their projects and programs on time. Government should attempt to review the Act to limit the number of steps in procurement process so as to reduce the level of bureaucracy in the system.

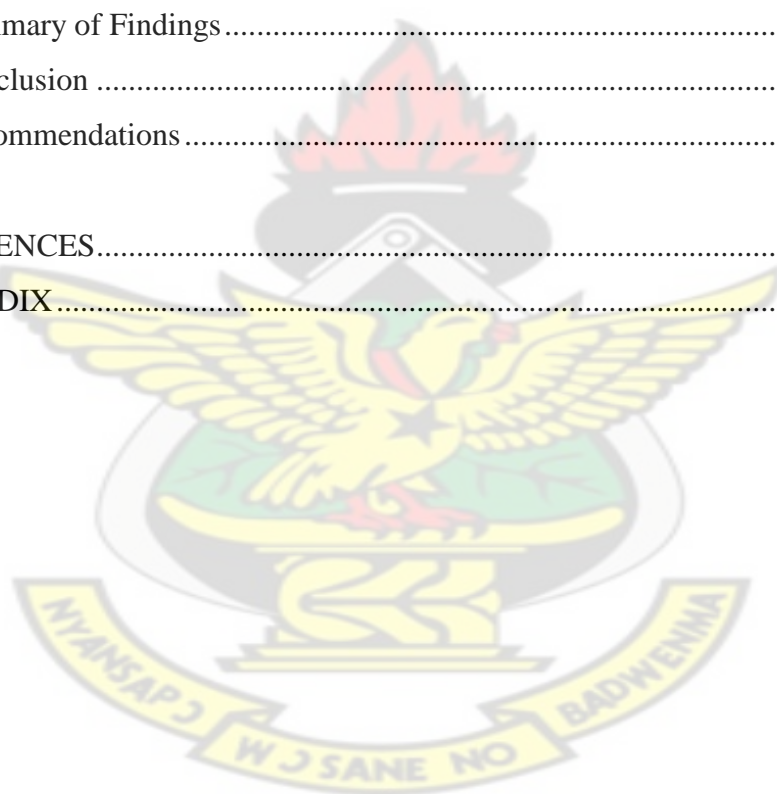
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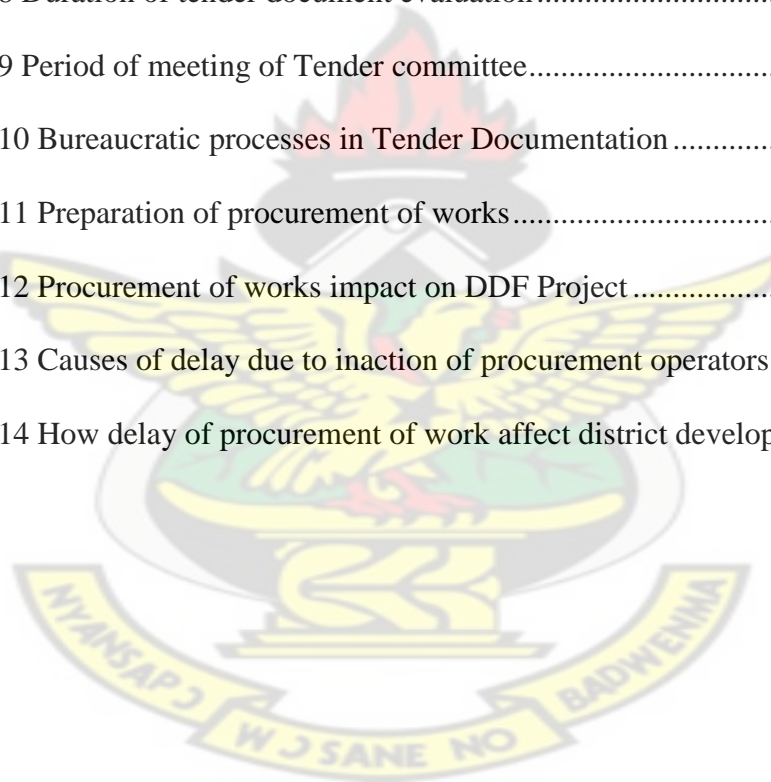
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## CHAPTER ONE

### 1.1 Introduction

Procurement may be defined as the acquisition of goods, works and services. This embraces not only purchasing, that is, buying of goods, but it also includes hiring of contracts or consultants to carry out services Public Procurement Authority,(2003). Standards required in procurement are high quality service, economy and efficiency, and fairness in competition. Thus a procedure must be followed and is applicable to all contracts for goods and works. The procurement process spans a life cycle from identification of the need, through the selection of suppliers, to post-contract award management, including disposal.

In Ghana, the Public Procurement Act (Act 663) 2003, was enacted to harmonize public procurement processes in the public service, secure judicious, economic and efficient use of state resources, and furthermore, ensure that public procurement is fair, transparent and non discriminatory Ministry of Finance,( 2001). This new Act was constituted after years of foul play and abuse as far as procurement was concerned in the country. This necessitated a thorough review of the existing procurements regulations. The enactment of the law in 2003 further ensured that modern trends in procurement was adopted to bring about the much needed sanity to local procurement system which had been flawed by bad procurement practices such as corruption and other malfeasances (Osei-Tutu *et al.*, 2010).

In Ghana, public procurement accounts for 50%-70% of the national budgets (after personal emoluments), 14% of GDP and 24% of imports World Bank, (2003). Implicitly, public procurement therefore has both social and economic impact on the country (World Bank, 2003a).

The government of Ghana spends a lot of money in procurement of works in the Public Sector. To make efficient and effective use of the state money, public procurement is needed. It includes money spent by public sector to provide key services directly to citizens (Sarfo, 2011). The only way it can be beneficial to all would be for it to be effective. The Public Procurement Authority in its review in 2006 identified the weakness in the public institutions that need urgent attention. These are: Lack of qualified procurement personnel, incorrect interpretation and application of some provisions of the procurement Act, slow pace in regularizing the Draft Regulations, lack of clear procedures for Emergency Procurement, lack of Training Avenues or Institutions, poor Record Management (scattered files), poor handling of Suppliers' Complaints, poor Procurement Planning, Mobilization & Implementation, poor Contract Management and high cost of Advertisement (PPA, 2007). The implementation of the public procurement process has been quite challenging coupled with a number of Corruption and Inefficiencies in Public Procurement which often occurs

A major challenge with development planning at the MDA level is the delay in preparing and issuing guidelines of procurement of works. This situation has been attributed to inadequate funding, inability of government to issue major policy statements on time (especially with a change in government) and the need to carry out an elaborate national consultative process in developing and approving the guidelines.

With the establishment of the District Development Facility (DDF) (a performance based grant system for MDAs) and Multi Donor Budget Support (MDBS), we recommend that Development Partners should channel funding through these

resource pools with a view to aligning and harmonizing interventions in decentralization at the national, regional and district levels. Adequate monitoring and tracking systems should be built into the operationalisation and management of these resource pools to enhance transparency and accountability. If the “Municipal Contract” system is institutionalized, the financial grants should also be subjected to the same monitoring and tracking system. The MDAs should inform Ministry of Finance and Economic Planning (MoFEP) of all-off budget interventions in their jurisdiction.

The bottlenecks which is encountered in the preparation of small medium contracts often have a repercussion on District Development Fund Projects as many projects become standstill which are as a result of inefficiencies, lack of transparency and accountability, Political interference, bribery and Corruption just to mention a few.

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. It became obvious 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 against this background that the government after a major review of its public disbursement system, in 1993, makes a decision to establish a comprehensive public financial reform programme designed to strengthen its Public Financial Management

System with the sole aim of promoting efficiency, transparency and accountability in the public financial management system.

The research therefore is an attempt to collect data to examine the causes and effects of delay in procurement of works at pre-tender stage of District Development fund projects in upper Denkyira East Municipal Assembly

## **1.2 Problem Statement**

Every institution that uses state funds for its operations was supposed to comply with the Public Procurement Act 2003, (Act 663) with effect from August 2004. The implementation of the Public Procurement Act is very crucial to these institutions. It is to address the loopholes in the system which million of cedis of the state funds were misapplied through procurement. The public procurement Law is a set of rules that guide a government's act of purchasing goods, services, and works (Azeem, 2007). Delays in procurement process have been another shortfall in the Public Procurement Act 2003, (Act 663). The problem of delays in the construction industry is a global phenomenon. Study has shown that 30% of construction projects were completed within the scheduled completion dates and that the average time overrun was between 10% and 30% (Lynch, 2013). This means that 70% Of our projects were completed behind schedule (Lynch, 2013. This has caused a lot of Government Projects to be rolled on because projects budgeted and planned within the year cannot be completed due to delay in the procurement process world bank,(2003)

Despite the important role played by the procurement Act, it appears that Municipal and District Assembly in Central Region go through a lot of lengthy bureaucratic processes in acquiring works, goods and services particularly at pre- tender stages of district development fund project. This is the reason leading the researcher to investigate the causes and effects of such delays in procurement of works at pre-



tender stage of District Development Fund Projects in the Upper Denkyira East Municipal Assembly.

### **1.3 Aim**

The main aim of the study is to examine the causes and the effects of delay in procurement of works at pre-tender stage of district development fund project in Upper Denkyira East Municipal Assembly

### **1.4 Objectives**

The specific objectives of the study are to:

- Identify the causes of delay in the implementation of procurement of works of District Development fund project
- To assess the effects of delay in procurement of works of District Development fund project undertaken by UDEMA ; and
- To make recommendations for possible improvement in the Public Procurement Act.

### **1.5 Research Questions**

In embarking upon such study, certain questions should be answered before any credible conclusions can be drawn. The following questions were posed.

1. What are the causes of the delay in the preparation of procurement of works on District Development Fund of Upper Denkyira East?
2. What effects does the delay of Procurement of works have on DDF projects of Upper Denkyira East municipal Assembly?
3. Has the implementation of Public Procurement process affected district development fund projects?



### **1.6 Significance of the Study**

The findings of the study is intended to provide a case study and make generalization for all other Municipal assemblies in the country who have similar challenges to find ways of funding developmental projects in improving the welfare of the people. This study is essential in the sense that it would not only contribute to knowledge and theory, but will also contribute to good policy practice in the management of finance in the public institutions in Ghana. Another rationale for the study lies in the significance of the passage of the Public Procurement Act, efficiency and more importantly reducing corruption. This will clearly show how PPA has contributed to the national development in terms of management of development funds since its inception.

Finally, the study will provide an in-depth knowledge in the use of the District Development Fund to the beneficiary people in the district. It will ensure a total development in all part of the country if the findings and recommendations are applied by all Municipal assemblies.

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

Geographically, this research was conducted in the Upper Denkyira East Municipal Assembly. Upper Denkyira East Municipal Assembly was selected mainly due to the fact that many people criticize procurement activities in the Assembly as well as proximity and easy accessibility of data to the study. Also, huge amount of budgetary resources are allocated to this assembly and it is vital to assess how this money is utilized through procurement (PPA, 2003)

The study intends to evaluate the causes and effects of delays in procurement of works at pre-tender stage of District Development Fund Project undertaken in Upper Denkyira East Municipal Assembly.

### **1.8 Research Methodology**

The study on which this article is based reviewed relevant literature sources on public procurement. Research would be carried out through interview, questionnaire survey and literature review. These included both published and unpublished sources. The procurement officials were contacted and questionnaires administered to them. Their responses were used as a primary source of information on the causes and the effects of delay in procurement of works at pre-tender stage of district development fund project in Upper Denkyira East Municipal Assembly

Formal and informal interview were also conducted with procurement professionals who are working in the Municipal Assembly.

### **1.9 Organization of the Study**

The research has been grouped into five chapters. The first chapter provides background information of the study which includes introduction, problem statement, research questions and objectives, significance of the study, and the scope of the study. The literature on procurement and brief history on district development fund was reviewed in chapter two. Chapter three addresses the identification of the most suitable research methodology for this research. Chapter four presents data analysis, findings and discussions while chapter five presents a summary of the key findings, recommendations and the conclusion of the study

.

## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.0 Introduction**

This chapter focuses on the literature review on the subject. This chapter reviews literature on the issues of the concept of District Development Fund, Public Procurement processes. In this chapter, the researcher reviewed existing literature on causes and the effects delay in procurement process and also presented the theory that guided the study. It is hoped that a greater insight on the causes and effects of delay in procurement process will be achieved to help identify the procurement variables affecting in works contract.

#### **2.1 Procurement of Works (medium contracts)**

##### **(LUMP SUM CONTRACTS)**

This Tender Document is intended as a model for lump sum types of Contract. Lump sum contracts are used in particular for buildings and other forms of construction where the Works are well defined and are unlikely to change in quantity or specification, and where encountering difficult or unforeseen site conditions are unlikely. Lump sum contracts should be used for Works that can be defined in their full physical and qualitative characteristics before Tenders are called, or where the risks of substantial design variations are minimal usually construction of buildings, power transmission towers and series of small structures, such as bus shelters or school ablution units (Public Procurement Board, 2003).

In lump sum contracts, the concept of priced “activity schedules” has been introduced, to enable payments to be made as “activities” are completed. Payments can also be made on the basis of percentage completion of each activity. The Tender Document has been prepared for use by Procurement Entities in the procurement of

works for medium contracts valued at more than GHC500 million but less than GHC15 billion by National Competitive Tender (NCT). Care should be taken to check the relevance of the provisions of the document against the requirements of the specific Works to be procured, (Public Procurement Board, 2003)

## **2.2 Overview of District Development Fund for Assemblies**

The term development funds is used to denote the multi-sectorial nature of the District Development Facility (DDF), which distinguishes it from the wide array of conditional, sector specific grants that are currently transferred to the district level. It is, however, important to note that there are no constraints on the use of the DDF to the extent the expenditures are covered under allowable items under the DDF. First and foremost, these constraints are provided by legal and regulatory framework for financial management and administration, including those relating to the preparation of Medium Term and Annual Action Plans. The Development Menu identifies eligible types of expenditure under the DDF provides further constraints Operational Manual for DDF (2009)

Under this system, good performance is rewarded with additional financial resources, while weak performance is responded to by tailor-made capacity building support. The PBGS has three components (performance assessment, funding and capacity building) which are designed as harmonized modalities, fully operating within Government's existing legal, regulatory and policy frameworks. The disbursements of development funds to the MMDAs under the District Development Facility (DDF) are based on fulfillment of Minimum Conditions from the outcome of the annual assessment (FOAT).

The objectives of the DDF based on FOAT are to:

- enhance the role of the MMDAs in achieving the MDGs through the provision of additional investment fund
- Introduce a performance incentive structure in the MMDAs system.
- Harmonize implementation modalities and administrative requirements currently associated with project capacity building and capital support for MMDAs into one coherent system, fully anchored in GoG's legal and regulatory framework.

The District Development Facility was started as part of the government's efforts to improve the performance of the Metropolitan, Municipal and District Assemblies (MMDAs) in terms of efficiency, transparency and accountability.

The overall goal of the District Development Fund is to ensure an efficient provision of basic community infrastructure and service delivery through judicious use of resources. Its specific objectives are to:

- Mobilise additional financial resources for MMDAs
- Provide incentives for performance for complying with the national legal and regulatory framework
- Establish a link between performance assessment and capacity building support
- Ensure a harmonized system for investment funding and capacity building support to MMDAs

The District Development Fund is available to all assemblies but the resource allocation is based upon actual performance which is verified in an annual evaluation called the Functional Organization Assessment Tool (FOAT). In this evaluation, the performances of all assemblies are determined against predetermined agreed upon)



indicators. The FOAT assessment is implemented by independent consultancy firms on behalf of the ministry (Ministry of local Government and Rural Development 2009).

The District Development Facility is currently supported by the following Development Partners:

- Agence Française de Développement (AFD)
- Canadian International Development Agency (CIDA)
- Danish International Development Agency (DANIDA)
- Kreditanstalt für Wiederaufbau (KfW)

Starting from 2011, MLGRD has expanded its performance-based grant system to district assemblies by introducing an Urban Development Grant (UDG). This grant is available to the 46 Municipal and Metropolitan Assemblies (MMAs) as of 2011. This grant is part of MLGRD's overall Local Government Capacity Support Project (LGCSP) which is supported by World Bank (Ministry of local Government and Rural Development 2009)

(<http://www.afd.fr/lang/en/home/pays/afrique/geo-afr/ghana/projets-ghana/projet-de-dotation-des-collectivites-locales>2.3 DDF Financial Management Guideline)

This section presents an overview of the public financial management arrangements pertaining to the DDF. It is important to emphasise that the DDF is to operate fully within the existing legal and regulatory framework for public financial management and administration. Consequently, the activities and processes discussed in the overview below are not DDF-specific, but are also relevant to all funds that are charged to the Consolidated Fund. The guidelines are therefore anchored on the government's legal and regulatory framework.

Initially, the DDF will operate as a separate single funding stream to MMDAs, in addition to the DACF, as government explores possibilities of integrating the two streams in the coming years. Each MMDA will receive funds each year depending on how it performs. DDF will operate on an annual programming cycle of MMDAs as a result effort will be made to align it with the cycle of planning and budgeting at the district level (Ministry of local Government and Rural Development 2009)

## **2.3 Governance and Management of the DDF**

### **2.3.1 The Legal and Regulatory Framework for Financial Management and Administration**

The current public financial accountability arrangements, namely accounting, reporting and auditing derive from the 1992 Constitution and are also specifically covered under the Financial Administration Act (FAA), Act 654 of 2003; Financial Administration Regulations (FAR), L.I. 1802 of 2004; Financial Memorandum for Municipal and Urban Councils of 1961 and update in 2004; The Local Government Act, 1993, Act 462; the Audit Service Act, 2000, Act 584 and the Internal Audit Agency Act 658 of 2003.

The Financial Administration Regulation (FAR), L.I. 1802 details out matters such as the responsibilities of government officers, budget process, vehement authority, government accounts, supplies and stores, expenditure control, and financial and accounting records. These legal and administrative regulations create a framework for assessment of accountability and transparency in financial management.

## **2.4 The Development Menu for the DDF expenditures**

The Development Menu for the DDF defines the types of expenditure the Grant can be accessed. It is important to emphasise that the DDF does not come with sector

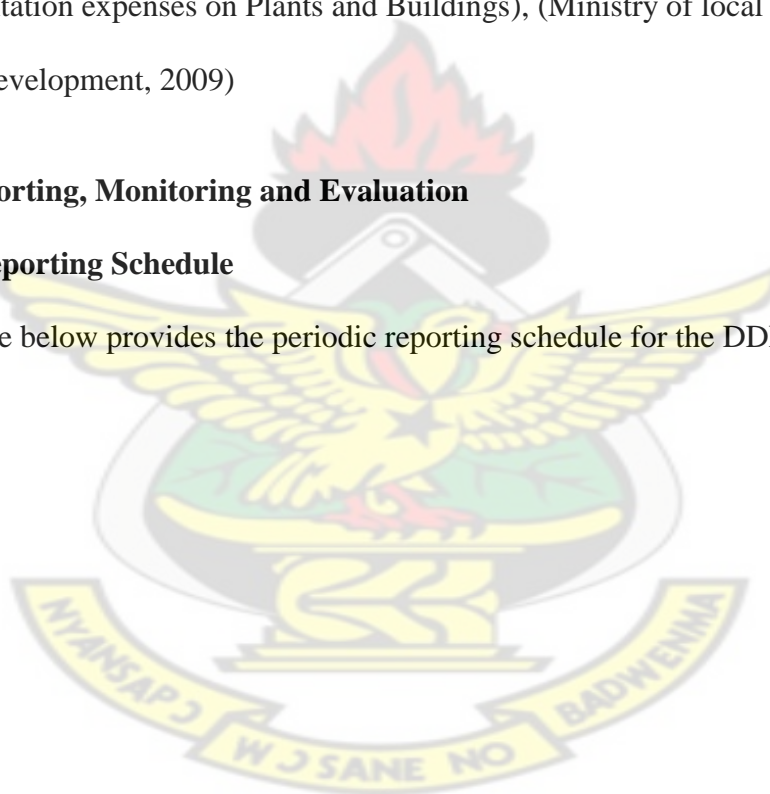


specific conditionalities but to implement development priorities within Medium Term Development programs(MTDPs) and Annual Action Plans and Budgets and thereby promote budget autonomy at the district level. The basic frame of reference for the Development Menu therefore is the existing classification of expenditures under the Medium Term Expenditure Framework (MTEF). Within the Framework, the DDF can be used for expenditures under Item 2 (Maintenance of Furniture and Fixtures, Machinery, Plant and Equipment, and Buildings); Item 3 (HR capacity building – Training/Workshops/conferences) and Item 4 (Construction works and Rehabilitation expenses on Plants and Buildings), (Ministry of local Government and Rural Development, 2009)

## **2.5 Reporting, Monitoring and Evaluation**

### **2.5.1 Reporting Schedule**

The table below provides the periodic reporting schedule for the DDF.



**Table 2.1 Reporting Schedule**

Type of Report	Responsibility	Frequency	Recipient
District Financial Reports	Districts	Monthly financial reports, Yearly Summary reports	MLGRD
MMDAs Activity Implementation Reports	Districts	Quarterly	MLGRD, RPCU, NDPC
Monitoring Reports	RPCU	Quarterly	MLGRD/NDPC
Participating Agencies' Financial Reports	RPCU, LGSS, GAS	Monthly	MLGRD
Quarterly Financial Report	CAGD	Quarterly	MLGRD
Annual Financial Performance Report	CAGD	Yearly	MLGRD
Special Audit Reports	GAS	As requested by Steering Committee	SC, MLGRD
Scheduled Audit Reports	GAS	As per Audit Work Plan schedule	SC, MLGRD
Annual Activity Report	MLGRD	Yearly	Steering Committee

Source MLGRD – (Operational manual for DDF, 2009)

**Table 2.2: District Development Facility (DDF)**

YEAR	(GH¢) Amount Transferred
2007	19,683.53 (Received only Capacity Building Grant)
2008	496,797.00
2009	277,724.00

MMDA's Composite Budget Upper Denkyira East Municipal Assembly (2012)  
Central Reg.([www.mofep.gov.gh](http://www.mofep.gov.gh) or [www.ghanadistricts.com](http://www.ghanadistricts.com)).

The Assembly did not qualify for the 2007 financial year, but received only the capacity building grant component. However, the Assembly qualified in the 2008 and 2009, due to frantic efforts on the part of management. In 2009 the allocation was however low due to a lower mark scored.

## 2.6 Definition and Concept of Procurement

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 (PPB, 2003).

Public procurement is the process by which governments and other publicly-funded entities acquire goods, works, and services needed to implement public projects World Bank (2013). It accounts for at least 15% of the world’s gross domestic product (GDP), and even more in African countries (World Bank 2013). Reducing bottlenecks, combating corruption, and building capacity in procurement help governments maximize the buying power of their budgets and improve the quality of service delivery to their citizens. Competitive and transparent public procurement systems are therefore a key element to achieving sustainable development and more prosperous societies in Africa. They are also essential to aid effectiveness and an important outcome addressed through World Bank technical assistance and advisory services. In Ghana, the government has made great strides to reform its public procurement system holistically and tackle underlying issues affecting performance (World Bank, 2013).

## **2.7 The Public Procurement Act, 2003**

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.

### **2.7.1 Objective of the Board**

The objective of the Board is to harmonize the processes of public procurement in the public service 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 (PPA, 2003)

## **2.8 Global Procurement Practices**

Several attempts are being made to regulate global procurement practices. Among them is the World Trade Organization (WTO) Government Procurement Agreement (GPA) made towards voluntary agreement to extend most-favored-nation and national treatment rules to government purchases of specified government agencies. The Singapore WTO Ministerial Conference of December 1996 decided to establish a Working Group on Transparency in Government Procurement to conduct a study that could lead to the development of elements to include in an appropriate agreement on the subject of transparency. This report could signal the start of a new phase of work to agree on the elements of transparency in public procurement and how they should be applied by WTO member states (World Bank, 2003)

## **2.9 Procurement Process**

The term Procurement Process is used in this paper to describe the process required to supply equipment, materials and other resources required to carry out a project. This process usually involves sub-processes such as acquisition, purchasing, logistics, monitoring, quality assurance and contract administration (Stuckhart1995).A tender is essential for procurement. This is a formal document in which the proposals and requirements of work to be done are set out (Republic of Ghana, 2006). The tendering process allows the buyer [in this case the district and municipal assemblies procurement officer] to set out her requirement and suppliers to propose their offers and to show how they intend to meet the requirements set by the buyer.

## **2.10 Procurement Methods, Processes and Procedures in the Public**

### **Procurement Act, 2003 (Act 663)**

The procurement procedures and documentation stipulates that procedures must be followed for the sizing of tender packages, soliciting and evaluation of tenders and for the award of contracts. This procedure states that all contracts must be tendered on an open competitive basis, meaning that all contracts must be out there for every business entity to take advantage of unless otherwise stated in the Act.

“The Public Procurement Authority is a corporate body created under the Act 663, (2003) to make the processes of public procurement in the public service secure a judicious, economic and efficient use of state resources. It also guarantees that procurement activities are carried out fairly, and in a transparent and non-discriminatory manner” (Public Procurement Act, 2003).

The following methods and procedures are stipulated in the Public Procurement Act:

### **2.10.1 International Competitive Bidding (ICB)**

International competitive tendering is used and effective competition cannot be obtained unless foreign firms by nature or by value of contract are invited. ICB procedures are also used for goods and works contract exceeding the threshold of fifteen billion cedis and twenty billion cedis respectively. ICB tenders shall be openly advertised and eligible bidders shall be allowed to submit bids. The tender document shall be in English and expressed freely in convertible currency. The bidding period shall not be less than six weeks from the first date of advertisement or the date of availability of the tender document whichever one comes later. The advertisement shall be made in a national newspaper of wide circulations. Additionally, the advertisements shall be placed in the international press at least six weeks prior to the deadline of submission of bids (Public Procurement Act, 2003) , (Section 45).

### **2.10.2 National Competitive Bidding (CB)**

Competitive Tendering involves the use of standard tender documents to draft tender documents inviting potential suppliers, contractors or consultants to tender for public procurement opportunities. When opportunities come up, they are advertised and opened to all potential tenderers.

National competitive Bidding procedure shall be where the entity decides that only domestic suppliers or contractors may submit tenders either by nature or by value of contract. The local currency (cedi) shall generally be used for the purposes of bidding and payment unless specified otherwise in the bidding documents. Invitations to bid shall be advertised in at least one widely circulated national daily newspaper and the Public Procurement Bulletin.



The time allowed for bidding this and deadline for submission of bids shall be at least thirty (30) days from the date of publication or the date of availability of the tender documents. The value of threshold for goods is between two hundred million and two billion cedis, whilst works goes for between five hundred million cedis and fifteen billion cedis and technical service is between two hundred million cedis and two billion cedis(Public Procurement Act, 2003 (Act 663), Section 44).

### **2.10.3 Restricted Tendering**

Restricted Tendering is a procurement method that is limited to only short-listed contractors or suppliers. This method stipulates that parties involved must go through a formal procedure with detailed invitation to tender documents. Tender documents are available to short-listed supplies with minimum of three and maximum of six suppliers and it requires specific approval from Public Procurement Board (PPB). Restricted Tendering is like shopping for goods, it is a limited tendering which functions by direct written invitation without open advertisement, but from a selected list of contractors. Other exceptional reasons which justify restricted tendering as a departure from ICB and NCB procedure would be:

- Limited number of interested/eligible contractors
- Time constraints or emergency
- Other mitigating factors.

In cases where restricted tendering is used in lieu of ICB or NCB, this method would require prior approval of the Public Procurement Board and/or Development Partners (Public Procurement Act, 2003 (Act 663), Section 38).



#### **2.10.4 Price Quotation**

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

Shopping shall be used for procuring readily available off-the-shelf good of standard specifications of commodities that are small in value, not exceeding the threshold of two hundred million cedis for goods, five hundred million cedis works and two hundred million cedis for technical services. Quotations shall be solicited from as many different suppliers as possible but in any case not less than three. Invitation of quotations shall be in writing and will indicate the description and quantity of the goods as well as desired delivery time, and place of delivery, including date, time and place of submission of quotations. Quotations shall be in writing and shall be opened and evaluated at the same time as indicated in the request for quotations. The request for quotations should indicate that quotations submitted later than the time and date specified in the request would be rejected (Public Procurement Act, 2003 (Act 663), Section 42).

#### **2.10.5 Single- Source Procurement**

Single Source Procurement is a method that involves procurement from a supplier without any competition. It is used for procurement of sole or single sourced requirements. This method is only used when the work, good or service to be procured is deemed very urgent or can only be provided by a single source. Procurement through placing direct orders (single sourcing) as a method is not

encouraged; however, where it is necessary to be used, it shall be restricted to and reserved for;

- Procurement of items which are proprietary in nature.
- Repeat orders to meet additional requirements of the same produce or for essential spares from the supplier of earlier procured equipment, provided there is no upward revision in the price of the item or a change in specification.
- Extension of works contract where this is deemed the most economic procedure.
- Exceptional cases such as in response to natural disasters. To use the single-source procurement method, a prior approval should be sought from the Public Procurement Board (Public Procurement Act, 2003), (Section 40).

### **2.11 Presence and Implementation of Annual Procurement Plan**

According to the Public Procurement Act, 2003 (Act 663) section 21, a procurement entity shall prepare a procurement plan to support its approved program and the plan shall indicate:

- a. Contract
- b. Estimated cost of each package
- c. The procurement method
- d. Processing steps and times

A procurement entity shall submit to its Tender committee not later than one month to the end of the financial year the procurement plan for the following year for approval. After budget approval, and at quarterly intervals after that, each procurement entity shall submit an update of the procurement plan to the tender committee. The procurement entity shall send to the Tender Review Board,

procurement notices for contracts and procurement plans above the thresholds stipulated in schedule 3 for publication in the Public Procurement Bulletin. A procurement entity shall not divide a procurement order into parts or lower the value of a procurement in order to avoid the application of the procedures for public procurement in the Act (Public Procurement Act, 2003 (Act 663)). As part of preparation of World Bank financed project, the borrower shall prepare and, before loan negotiations, furnish to the Bank for its approval, a procurement plan acceptable for the Bank setting forth:

- a. The particular contracts for the goods, works and or services required to carry out the project during the initial period at least eighteen months;
- b. The proposed methods for procurement of such contracts that are permitted under the loan agreement and
- c. The related Bank review procedures. The borrower shall update the procurement plan annually or as needed throughout the duration of the project. The borrower shall implement the procurement plan in the manner in which it has been approved by the Bank (Procurement Guidelines under the International Bank for Reconstruction and Development, 2004).

## **2.12 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.

### **2.12.1 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, 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

### **2.12.2 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. 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, which are consistent with the terms of bid documents.

### **2.12.3 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 while 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 handled in Ghana thereby rendering Value for Money concept ineffective

#### **2.12.4 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.

#### **2.12.5 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).

#### **2.12.6 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. For instance 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 is one of the conducts prohibited by Ghana's Public Procurement Code of Ethics (Sarpong, 2007).



### **2.12.7 Technology**

E-procurement can increase transparency and procedural efficiency without prejudice to competition (Hill, 2005; Erridge et al., 1998). 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.

### **2.13 The concept of delay**

Delay could be defined as an act or event that extends the time required to perform the tasks under a contract. It usually shows up as additional days of work or as a delayed start of an activity (Sweis et al., 2007).

According to (Assaf et al., 2006) in construction, delay could be defined as the time overrun either beyond completion date specified in a contract, or beyond the date that the parties agreed upon for delivery of a project. It is a project slipping over its planned schedule and is considered as common problem in construction projects. In some cases, to the contractor, delay means higher overhead costs because of longer work period, higher material costs through inflation, and due to labour cost increases. Delays in construction projects are frequently expensive, since there is usually a construction loan involved which charges interest, management staff dedicated to the project whose costs are time dependent, and ongoing inflation in wage and material prices. (Aibinueta, 2002) Time, cost and quality are the basic of successful construction which include also the safety and its environment. Time and cost had parallel relationship which the increasing of the time will make the increasing of the cost. Then, the controlled of time is really important for avoid any loss to the contractor. Time is the period which is the schedule for the activities from beginning until finish the process of planning.

#### **2.13.1 Delays in the procurement process**

Delays in the public procurement process are any constraint that prevents procurement events from taking place in accordance with the procurement plan and schedule (Lynch, 2013)

## 2.14 Benefits of Public Procurement Practices

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).

Public procurement has been utilized as an important tool for achieving economic, social and other objectives (Thai, 2001; Arrowsmith, 1998). In its report to the Congress, the Commission on Government Procurement states: “The magnitude of the Government’s outlays for procurement and grants creates opportunities for implementing selected national policies” Federal Acquisition Institute, (1999). The World Bank’s Procurement under IBRD Loans and IBRD Credits specifies following four major concerns or objectives of public procurement for projects funded by its loans:

- Ensuring that the loan is used to buy only those goods and services needed for the project;
- Ensuring fair competition for all qualified bidders from the World Bank’s eligible countries;
- Promoting transparency or integrity; and
- Encouraging development of indigenous contractors and manufacturers by allowing local buyers to build in a margin of preference for local contractors and manufacturers (Tucker, 1998).

The realization that with managing supply strategically firms can save huge amounts of money has led firms to begin to invest in this area of management Cousins and

Spekman (2003). Thus, more and more attention is placed on purchasing activities in organisations, which has led to the restructuring of purchasing functions and the search for optimal purchasing processes in different product and service categories in different contexts (Parikh and Joshi, 2005; Laios and Moschuris, 2001).

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. 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.

In addition, efficient public procurement planning leads to the identification of major investment expenditures, that in turn facilitates budgetary and allocation decision-making of procurement practitioners.

#### **2.15 Causes of delay in procurement of works at pre-tender stage**

Some of the causes of delay in the procurement of works are as follows.

**Inaccurate Planning / Purchasing:** The decision made while planning for the purchase and delivery is very important, particularly these may affect the overall schedule and total cost of the operations. Inaccurate planning may result in material shortages or surpluses, cash flow problem and unnecessary delays. Planning/purchasing which includes operation and arrangement depends on the skill level of the procurement staff and specialist (Heng Li et al., 2004). Heng et al (2006) have extensively studied the use of prototype planning models in facilitating pre

tender and procurement processes and have found out that accurate planning is very important for successful and expeditious procurement process.

**Mistake in Selection of Suppliers:** Selecting the right suppliers has an immediate and long-term effect on the organization's ability to serve its customers. Selection of suppliers is very important for the success of the overall procurement activities. An organization's inability to reach a variety of suppliers, have formal selection and evaluation process can affect procurement process. A "wrong" supplier may supplies poor goods or sub-standard materials which will then lead to the production of poor goods and services or may result in delays and may require extensive corrective work, which may eventually, affect the product or service cost (Heng Li *et al* 2004).

**Excessive documentation:** For a new buy, a minimum of seven different document (requisition, enquiry, quotation, order acknowledgment, advice note, goods receive note as well as invoice) are involved and in some cases, some of documents have to be copied and given to the other departments which in effect slows procurement process. Hunja (2001) and Azeem (2007) have noted that excessive documentation in public procurement is a disturbing problem that slows down the procurement process and leads to delays and boredom.

**Bureaucracy:** The procurement process is complicated because of the size and bureaucratic nature of government. Bureaucracy is a system where professional officers who perform rationalized functions in organizations, especially public institutions go through laid down procedures in performing their duties. Thus organization is said to be bureaucratized when its procedures for actions and decisions have become formalized and impersonal through highly structured rules that are open. One of the effects of bureaucratic process is delay. Delay is the extra



time taken to complete a task beyond the planned period agreed upon especially a contract between two or more parties. According to Antill and Woodhead (1989), one of the classifications of delay is the origin. Delay can be caused by the owner of the contract. Delays due to bureaucratic process affect financial management since it adds more cost to the organization as a result of inflation and interest rate. Interest rate is the price paid for the use of Procurement Act is aimed at reducing government expenditure and checking leakages of government funds but bureaucratic process in procurement brings delays in procurement activities, which eventually increases expenditure and has detrimental effect on public financial management assets (Colander, 2001).

Some other causes of delay in procurement are clearly stated by (Lynch, 2013),

The causes of delay are:

- Failure to properly plan all procurement events and to use the appropriate procurement method.
- Requesting entity fails to submit procurement requests on time consistent with the procurement plan and schedule.
- Technical specifications, scope of work or terms of reference prepared later than scheduled.
- Procuring Entity receives incomplete technical specifications, scope of work or terms of reference.
- Evaluation panel not formed in time to begin the evaluation process as scheduled.
- Evaluation Panel taking more time than allotted to evaluate bids or proposals.
- Protracted contract negotiations.



- Reviewing and approving authority taking more time than allotted to review and comment on documents sent for approval.

Avoiding delays in the procurement process not only saves time and money, it also permits the timely award of contracts. A delayed contract award could cause a chain reaction of delays on other dependent procurements. This is especially important in project procurement management because it could delay the completion of the project. All stakeholders: the procuring entity, evaluation panel members, approving authority, requesting entity, etc., involved in the bidding, evaluation and selection phase are responsible for making every effort to avoid delays in the procurement process. No single department can do this. It has to be a collaborative effort (Lynch, 2013).

## **2.16 Procurement Challenges and effects of delay in Procurement Process**

Public procurement has, for long, been overshadowed with inefficiency, corruption and disregard of fundamental "value for money" considerations. This has adversely impacted the rate and quality of progress in realizing the objectives of national development, especially in developing and transition countries (Tan *et al.*, 2009).

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

Poor procurement results in higher tax levels, higher levels of debt (or the inability to repay existing debts) or reduced public service. Reduced public services mean reduced standards in economic policies, infrastructure etc negatively affecting the country's development and poverty reduction initiatives. Donors have less confidence in the governments of developing countries and reduce levels of assistance or insist on their own procurement procedures. When Goods, works and services are delivered or completed late, it affects the delivery of public services and completion of projects. Stores are not managed well, leading to stock-outs becoming obsolete as a result of excessive stock-holding. Goods, works and services are of poor quality and quickly deteriorate or fail for example; a sub-standard road will quickly break up, requiring repair (PPA, 2003). Fluctuation of prices in developing economies has a negative impact on government's gross expenditure, thereby affecting the overall procurement's yearly budget. Price is one of the components of evaluating procurement (Agyenim, 2009). The procurement process is complicated because of the size and bureaucratic nature of government. The procurement process which includes selecting bidders, evaluating tenders, and selecting contracts should be transparent to the public. In addition, public organizations must follow certain rules and restrictions imposed by the government.

According to Weele (2000), purchasing procedures are usually embedded in lots of bureaucracy and require that every superior puts his signature under the intended order. The extensive authorization procedures make procurement a tedious, laborious and slow process. It explains why most procurement entities within the governments of developing countries are more procedure rather than result oriented. He argues that his experiences with governmental procurement projects show that lack of proper procurement procedures and a professional approach to purchasing may lead

to significant cost overruns and overruns of time schedules. According to him, the European Commission (EC) estimates that its member countries annually would save at least 4% of their purchasing budgets, provided that they would apply consistent and competitive tender procedures in their dealings with suppliers. This means that bureaucracy and undue procedures in Procurement process may lead to loss of money through over spending and it affects government budget. It is also clear that Weele's view is not far different from the World Bank's assertion that delays as a result of bureaucratic system increase government expenditure.



## **CHAPTER THREE**

### **RESEARCH METHODOLOGY**

#### **3.1 Introduction**

This chapter presents the research methodology of the study. This Chapter focuses on the methods that were used to collect data and analyze it. It greatly concerns the research design, study area the population that was studied, the sample selection procedures and sampling techniques used, data collection, methods of verifying reliability and validity of data and methods, matters regarding ethics and the limitations of the methodology used as well as the conclusions drawn from the methodologies used.

#### **3.2 The Study Area**

Upper Denkyira East Municipal Assembly was randomly selected due to easy accessibility, financial and time constraints, as well as the fact that all the districts in central region are homogeneous in character; this municipal assembly is enough to make generalization.

The study area encompasses public procurement stakeholders within the Upper Denkyira East Municipal Assembly. The Upper Denkyira East Municipality is one of the seventeen (17) Districts in the Central Region of Ghana. Its capital is Dunkwa-on-Offin. The District is located on the North-Western part of the Central Region and bounded on the North by Ashanti Region, and West by the Western Region, South by Lower Denkyira-Twifo Hemang district and South East by Assin District. The Upper Denkyira East Municipal is one of the twenty Administrative Districts of the Central Region. It lies within latitudes 5°. 30' and 6°.02' north of the equator and longitudes 1° W and 2° W of the Greenwich Meridian. It shares common boundaries with Bibiani–Anhwiaso Bekwai and Amansie West Districts on the north, Wassa

Amenfi West and Wassa Amenfi East Districts on the northwest and west respectively, Twifo-AtiMokwa District and Assin North Municipal on the south, Obuasi Municipal on the southeast and Amansie Central on the northeast. The Upper Denkyira East Municipal covers a total land area of 1700 square kilometers, which is about 17% of total land area of the Central Region.

([http://en.wikipedia.org/wiki/Upper\\_Denkyira\\_East\\_Municipal\\_District](http://en.wikipedia.org/wiki/Upper_Denkyira_East_Municipal_District))

### **3.3 Research Design**

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

Explanatory research emphasized detailed contextual analysis of a limited number of events or conditions and their relationships. Researchers used the explanatory research method for many years across a variety of disciplines. Social scientists, in particular, made wide use of this explanatory research method to examine contemporary real-life situations and provided the basis for the application of ideas and extension of methods. Yin (1993) defined the explanatory research method as “an empirical inquiry that investigated a contemporary phenomenon within its real-life context; when the boundaries between phenomenon and context are not clearly evident; and in which multiple sources of evidence are used”. In order to investigate the causes and effects of delay in procurement of works at pre-tender stage of district



development fund project in Upper Denkyira East municipal assembly, explanatory research was used.

### **3.3.1 Qualitative and quantitative analysis**

Quantitative analysis according to (Borrego et al., 2009) is for the researcher to project her findings onto larger population through an objective process. It allows the researcher to make generalizations or inferences based on the answers given. This type of analysis was needed for my study because the objective opinion of the procurement process was needed to prove the causes and the effect of the procurement of works at pre-tender stage on district development fund. Again (Borrego et al., 2009) said that quantifiable results as they pertain to opinions, attitudes or trends are one of the goals of conducting a survey. The goal of this paper was also to see the trend in the answers given by the respondents.

### **3.3.2 Qualitative analysis**

Qualitative analysis according to (Borrego et al., 2009) is characterized by the collection and analysis of textual data which are surveys, interviews, focus groups, conversational analysis, observation on the context within which the study occurs. It allows the researcher to make connection between the study and her situation. Due to this research being an explanatory research, both quantitative and qualitative analysis was needed. The qualitative results served to explain the quantitative results according to (Borrego et al., 2009).

### **3.4 Sources of Data**

Both primary and secondary sources of data were obtained for the study. The primary data was obtained directly from respondents through the administration of questionnaires and structured interviews. The primary data provided reliable and



accurate first-hand information relevant to this study about the causes and effects of delay in procurement of works at pre-tender stage of district development fund projects in Upper Denkyira East municipal assembly, specifically Municipal Assemblies and other issues necessary for the research. The secondary information was obtained from the library, internet, journal articles, newspapers, research 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. The secondary information was to guide the conduct of the research project in order to confirm or reject the primary data.

#### **3.4.1 Questionnaire Design**

The research questions were developed by the researcher and were reviewed by some experts in academia and in procurement practice. Generally, the questionnaire is designed to collect general data from the public entities. These questions were grouped into section A. This section collects data on causes and effects of delay in procurement of works in Upper Denkyira East municipal assembly.

In section A, first part of the questionnaires sought the background and characteristics of respondents, the second part was about procurement problems, the third part talked about causes of delay associated with the implementation of the procurement of works and the last part addressed effects associated with delay of procurement of works. The questions that were close and open-ended were analyzed by listing all the important responses given by the respondents. The responses were considered based on the relevance to the study. This gave the general idea of the study with respect to the causes and the effects of delay in procurement of works.

The questions which required respondents to rank options were analysed using the Relative Importance Index method (Olugboyega 1997). The formula states as follows:

$$\text{Relative Importance Index} = EW / (S \times N)$$

Where, EW = the summation of the weighting given to each factor, where the weighting is the product of score and the number of respondents, ranging from 1 to 5.

S = Maximum score (i.e. 5 in the study)

N = Total number of firms surveyed (total number of samples)

Ranking of the success criteria using evidence from the ratings were however done using Relative Important Index (RII) and the criterion with the highest (RII) emerged first followed by the second highest, in that order for the tables.

$$\text{MEAN} = \sum W / \text{TOTAL}$$

$$\text{Relative Importance Index (RII)} = \sum W / (S \times N)$$

Where,

$\sum W$  = the summation of the weighting given to each factor, where the weighting

is the product of score and the number of respondents, ranging from 1 to 5.

S= the highest Weight (i.e.5 in the study)

N= the total number of samples (30)

### **3.5 Sample and Sampling Procedure**

The population targeted for the study consisted of members of entity tender committees, tender evaluation panel, procurement and management staff of Public Entities (PEs) as well as staff of the Public Procurement Authority. The presence of the procurement officials assisted in bringing to bear the extent to which procurement of works has affected efficient use of public resources. Also, procurement officials (procurement entities) supported in bringing out the effects and causes of delay in the procurement of works and also other problems in the procurement process. With regard to the selection of procurement officials included in the study the simple random sampling method was used. This technique was suitable because it safeguard equal, calculable and non-zero probability in the selection of the respondents (Sarantakos, 1997). This was done to ensure true representations from the selected respondents.

Both probability and non-probability sampling techniques were used, in selecting samples to be included in the study. Predominantly the purposive sampling technique which is a non-probability sampling technique was used to select the procurement, management staff of Public Entities (PEs), is because it was believed that all the officials at the procurement teams were in the best position to respond to the research questions. Upper Denkyira East municipal assembly was purposively selected. This is because it was believed that all the officials at the procurement outfits were in the best position to respond to the research questions. Upper Denkyira East municipal assembly is a big institution to make generalization.

### **3.6 Data Collection Instruments**

Questionnaire was the main data collection instrument used for the study. The questionnaire was appropriate because it was assumed that the procurement officials

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

According to Saunders (2007), questionnaire is used for explanatory research which will enable the study to examine and explain relationships between variables, in particular cause-and-effect relationships.

With regard to the selection of members of procurement entity included in the study, the simple random sampling method was used. This technique was appropriate because it ensured equal, calculable and non-zero probability in the selection of the respondents (Sarantakos, 1997: 138).

The overall population was 50 and each member of procurement entity was assigned a number from 1 to 60 and table of random numbers was used to get the required number. Forty five members of the procurement entity were selected for this study. This sample size was selected because according to Sarantakos (1997), for a population of 60, the suggested minimum number that should be used as sample size could be 45. This constituted the sample size used for the study.

In all 45 questionnaires were sent out for this study, out of this figure, 30 were retrieved from members of entity tender committees, tender evaluation panel, procurement and management staff of Public Entities (PEs) as well as staff of the Public Procurement Authority. The researcher personally administered the questionnaire to the respondents. The structured questionnaire was used to guide the researcher in interviewing the consultants. The questionnaire consisted of both open and closed ended questions, based on the objectives of the research.

### **3.7 Data Analysis and Presentation**

This section deals with the methods of analysis of the data. Quantitative and qualitative methods were adopted to evaluate the data. The results were calculated into percentages and finally presented in the form of bar charts. Descriptive statistical analysis was used based on computer data analyses software such as the use of Statistical Package for Social Sciences (SPSS) and excel were used for data entry and analysis of the data collected to help come out with the results. The reason for the selection of these programs was that, this technique enhances word processing and data analysis very easy and accurate pictorial presentations.



## **CHAPTER FOUR**

### **RESULTS AND DISCUSSIONS**

This chapter presents the results, analysis, discussions and findings of the data collected. Analysis of responses was done according to the research objectives

#### **4.1 Introduction**

The focal point of this chapter is on the analysis of data obtained from the field with the aid of questionnaires. Collection of data for this study was centered on Tender Entities, Tender Evaluation Members, procurement officers and Management staff of the Assembly who are directly affected by the procurement of works. This was mainly done to gather information to assess the causes and effects of Delay in Procurement of Works at Pre-Tender Stage of District Development Fund Project in Upper Denkyira East Municipal Assembly

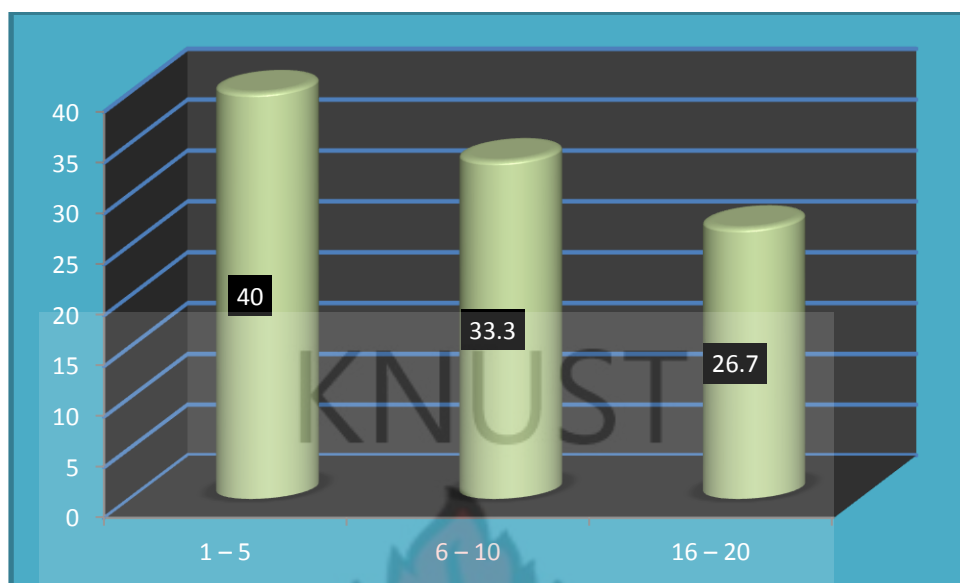
It was significant to consider issues that concern the causes and effects of delay in the implementation of procurement activities in Public procurement entities in the District.

#### **4.2 Background and Characteristics of Respondents**

A total number of forty-five (45) questionnaires were given out to members of entity tender committees, tender evaluation panel, procurement and management staff of Public Entities (PEs) in Upper Denkyira East Municipal Assembly, out of which thirty (30) were obtained and valid for the data analysis. These valid questionnaires used for the analysis yielded 67% of response rate. This indicates that, the response rate was quiet high and reflects the views of the entire population. This section describes the background and characteristics of respondents. The characteristics of

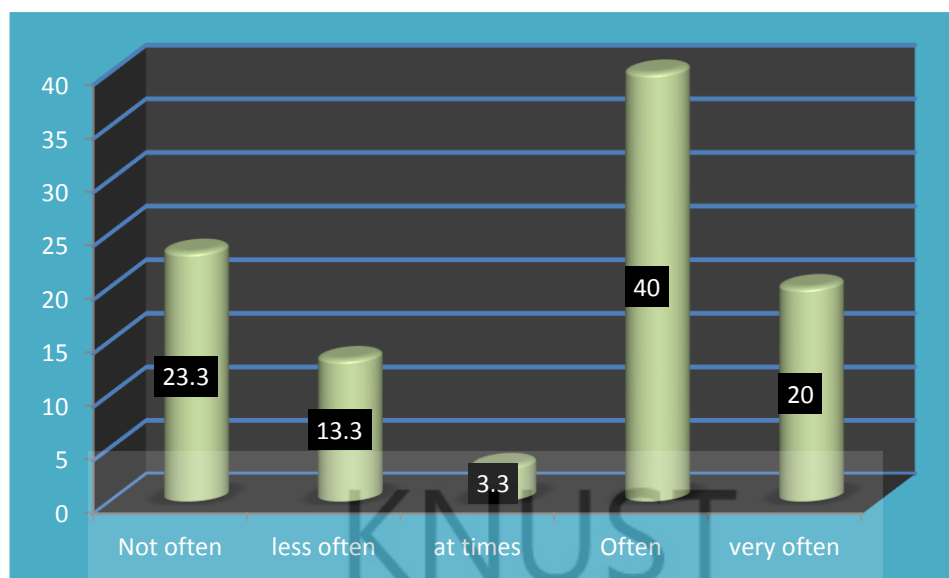


the respondents were analyzed in terms of municipal, department and the number of years spent at work place.



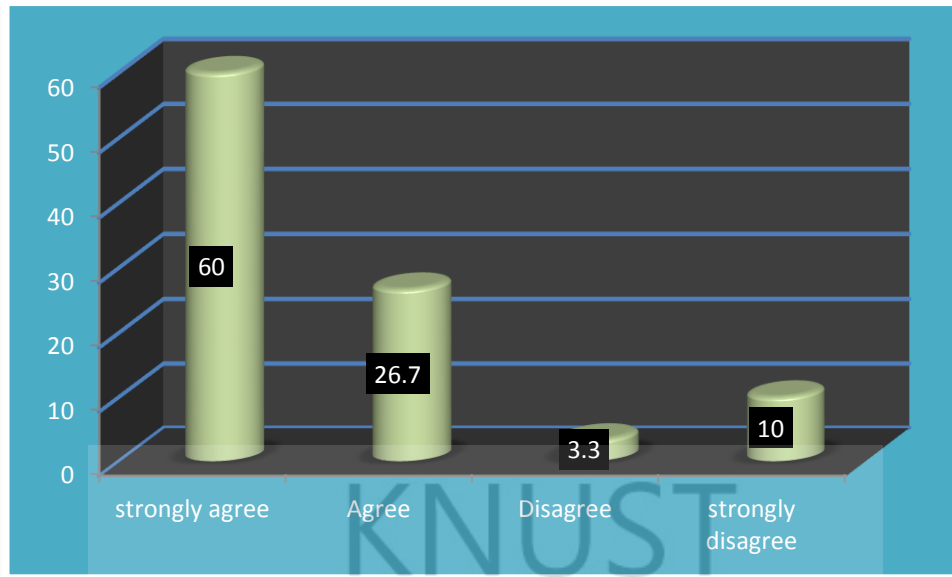
**Chart 4.1: Number of Years workers have spent in their organizations**

Chart 4.1 Above was to find out the number of years respondents have spent in working with their institution. According to the chart, 40 percent responded that they had been at their work places for 1-5 years while 33.3 percent of the respondents responded that they had been at their work places for 6-10 years. 26.7 percent of the respondent further expressed their view that, they had been working for the past 16 - 20 years It is obvious that many of the respondents (procurement entities) who expressed their views had worked for quite long and have adequate knowledge on procurement issues.



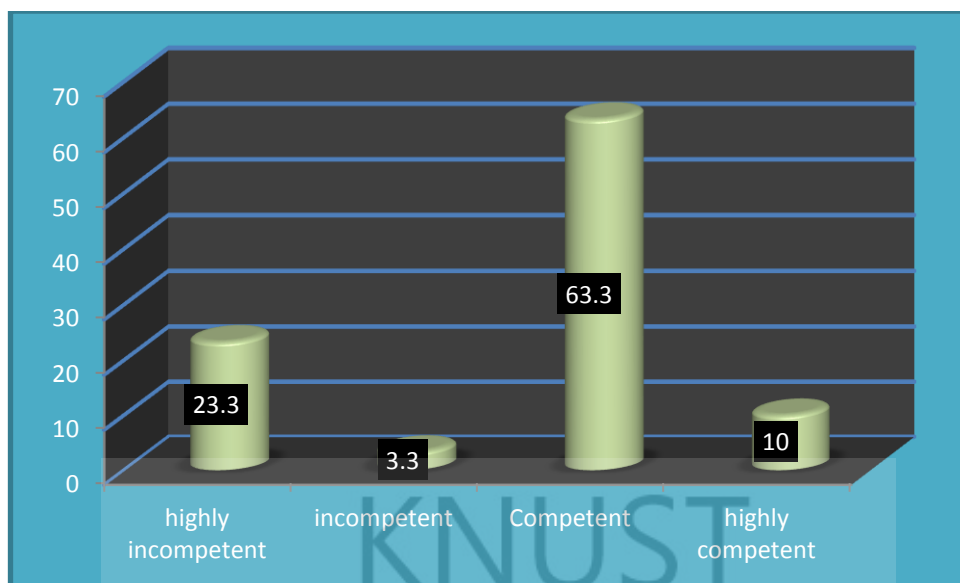
**Chart 4.2 Preparation and practice of procurement**

Chart 4.2 was to find out how often procurement entities prepare and practice procurement in their outfit. It was clearly indicated from the chart that, 40 percent of the entities often prepare and practice procurement whereas 20 percent of the respondent very often prepare procurement representing 6 in number. However, 7 respondent representing 23.3 percent do not often prepare while 4 respondents representing 13.3 percent less often prepare and practice procurement in their outfit. Out of the total number only 1 percent who at times prepare and practice procurement. This shows that most entities followed the laid down procedures or the provision of the Act. The Act section (21) clearly states that all the procurement entities shall prepare procurement plans to support their approved programs and the plan shall indicate contract packages, estimated cost for each package, the procurement method, and processing steps and times PPA, (2003).



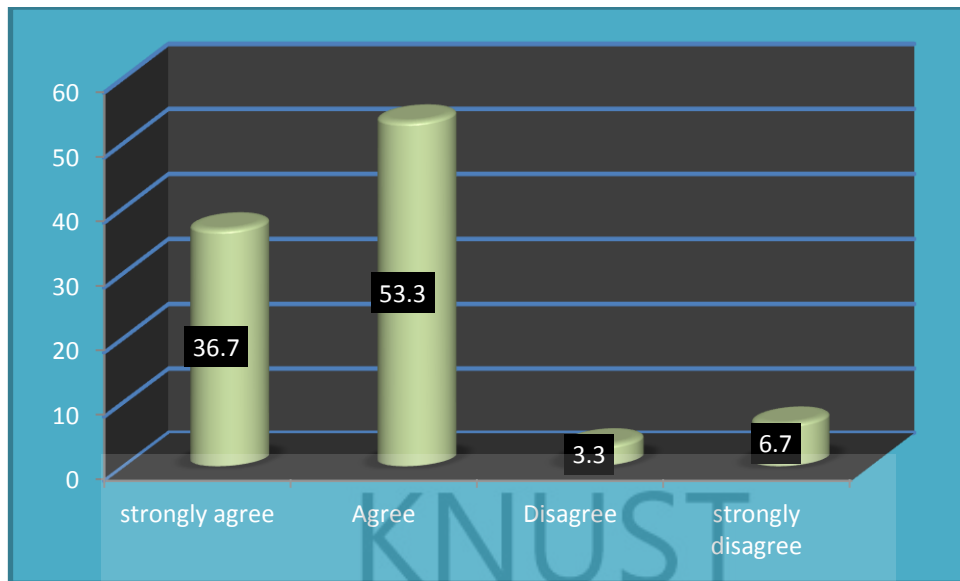
**Chart 4.3 Passage of procurement Act**

From Chart 4.3, procurement of works showed an improved adherence to provisions within the Public, Procurement Law. This chart clearly justifies that, procurement law passed by parliament which every Ghanaian institution should follow. From the chart, 18 respondents representing 60 percent gave the assertion that they strongly agree that procurement law passed by the parliament should be followed while 26.7 percent agree that the law must be adhered to. However, 10 percent and 3.3 percent strongly disagree and disagree respectively to those comments made by the respondent. According to PPA (2003), there will be an act to provide for public procurement, establish the Public Procurement Board; make administrative and institutional arrangements for procurement; stipulate tendering procedures and to harmonize the processes of public procurement in the public service 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. This expresses respondent adherence to the passage of the procurement law



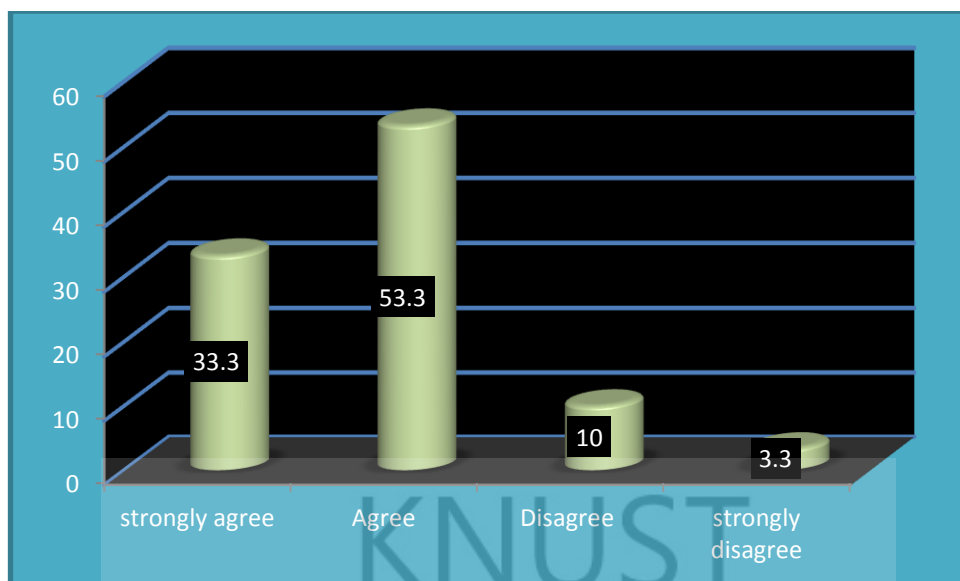
**Chart 4.4 Competency of handling procurement process**

Chart 4.4 was to find out about the competency of those who handle procurement process, it was ascertained that 63 percent of the respondents gave the view that staff who handle procurement processes are competent while 3 percent are highly competent. In the contrary, 3.3 percent and 23.3 percent respectively were declared incompetent and highly incompetent. Part II section (19) of the act makes it clear that, each procurement entity shall appoint a tender evaluation panel with the required expertise to evaluate tenders and assist the Tender Committee in its work



**Chart 4.5 Decision regarding procurement operation**

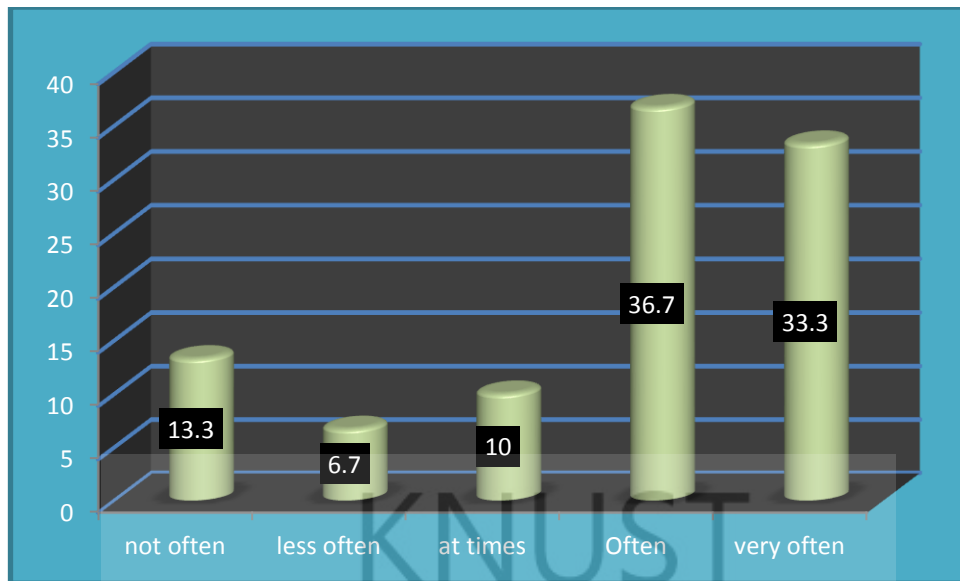
Decision regarding procurement operation is quite influential in procurement process. Chart 4.5 shows how procurement officers and committee members make decision. 53.3 percent of the respondents revealed that they agree that the committee meet to make informed decision. 36.7 percent of the respondents strongly agree to that assertion. However, 1 respondent and 2 respondents representing 3.3 percent and 6.7 percent disagree and strongly disagree respectively. Frequent meeting provides avenue for major decision to be taken as written in part II of procurement Act 2003, (Act 663).



**Chart 4.6 Duration for preparation of procurement plan**

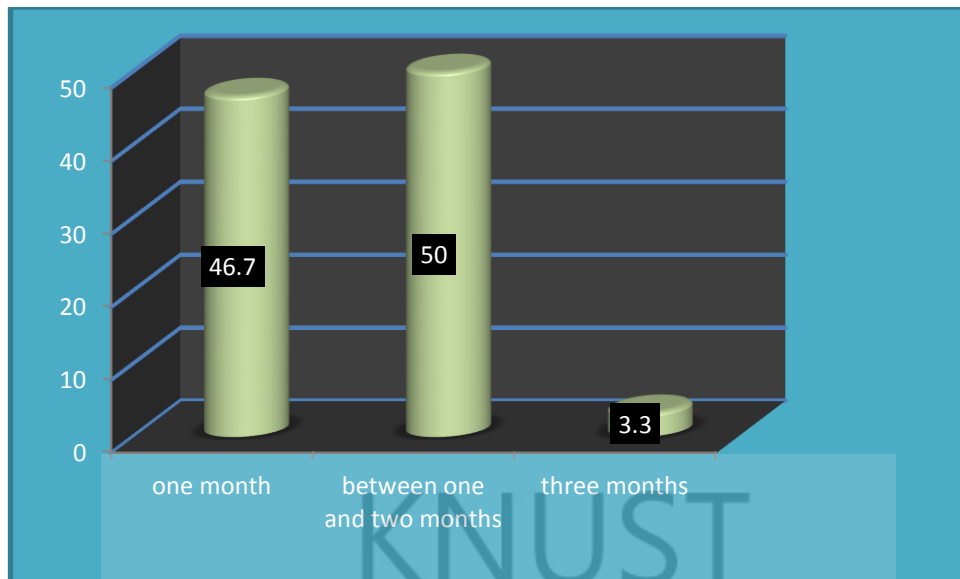
The preparation of procurement plans by procurement entities for approval helps avoid any unplanned expenditure by the entities and enables them to spend within their budgetary allocation for the period of settling accounts. It determines performance standards, establishes overall direction, eliminates uncertainties and promotes coordination of various activities PPA (2003). From the chart 53.3 percent agree that procurement plan should be prepared and submitted for approval one month before the end of any financial year while 33.3 percent strongly agree. 3.3 percent and 10 percent think otherwise. Part III of the Procurement Act, section 21 states that a procurement entity shall submit to its Tender Committee not later than one month to the end of the financial year the procurement plan for the following year for approval.





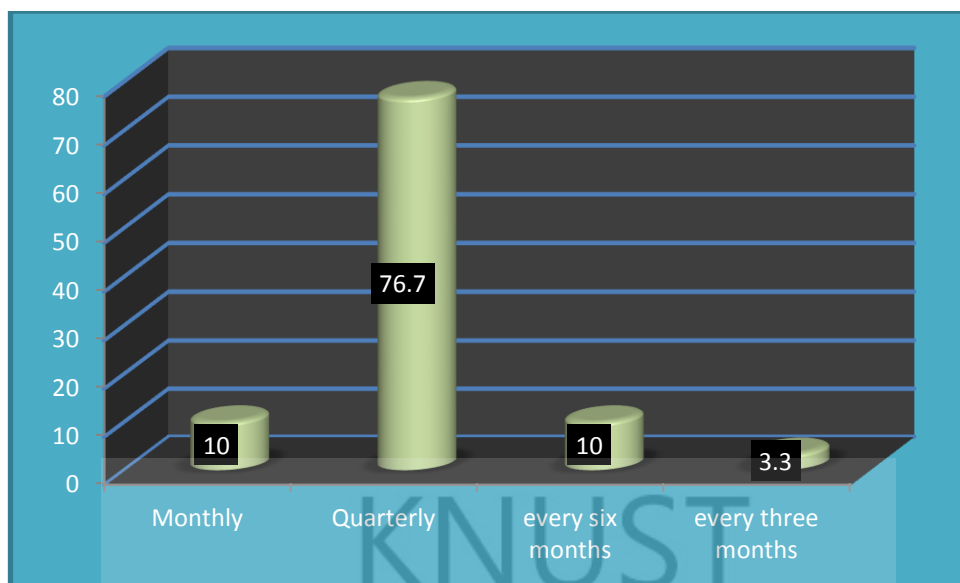
**Chart 4.7 Advertisement of contract**

From Chart 4.7 it clearly indicates that, 36.7 percent expressed the view that entities advertise their contract before awarding contract while 33.3 percent said the entity very often advertises their awarding contracts. Other schools of thought are of the view that, they at time, less often and not often advertise their contract before awarding contract representing 10percent, 6.7percent and 13.3 respectively. It was clear from the Public Procurement Act (2003) that all contracts should be advertised and interestingly the study revealed that contracts awarded were publicly advertised for the consumption of all potential contractors. Procurement activities in Ghana are exposed to all the stakeholders that allow for a strong competition which leads to value for money



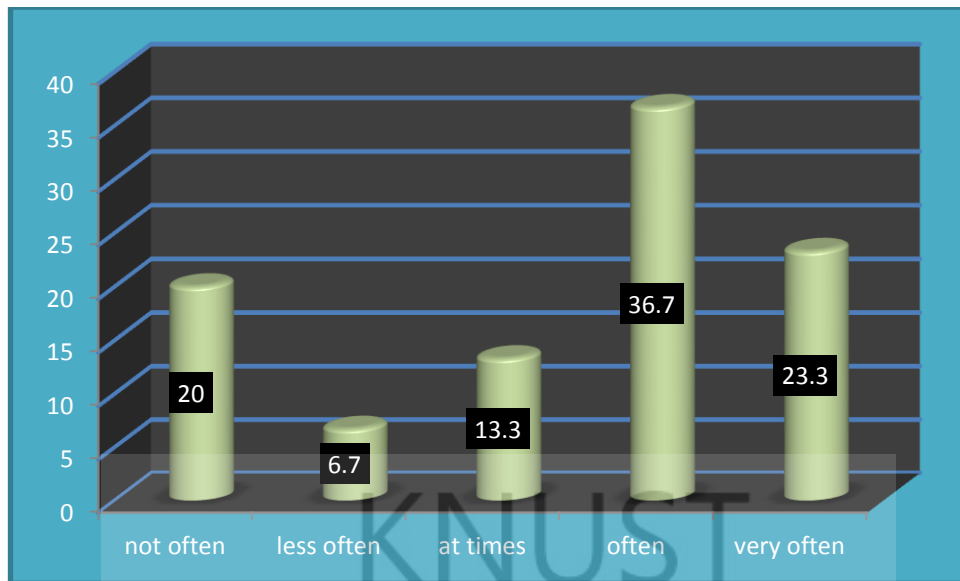
**Chart 4.8 Duration of tender document evaluation**

This Chart above explains how long it takes procurement entities to evaluate tender documents submitted by tenderers. Obviously, 15 responded that the duration for evaluating tenders was between one and two months representing 50 percent, 14 responded that it took them three months to evaluate tenders representing 14 percent while 1 respondent acknowledged that, the period for evaluating tenders was three months. This is a clear indication that a lot of time is spent on evaluating tenders and that certainly delays the procurement Process which has been pointed out in the existing literature by Lynch (2013)



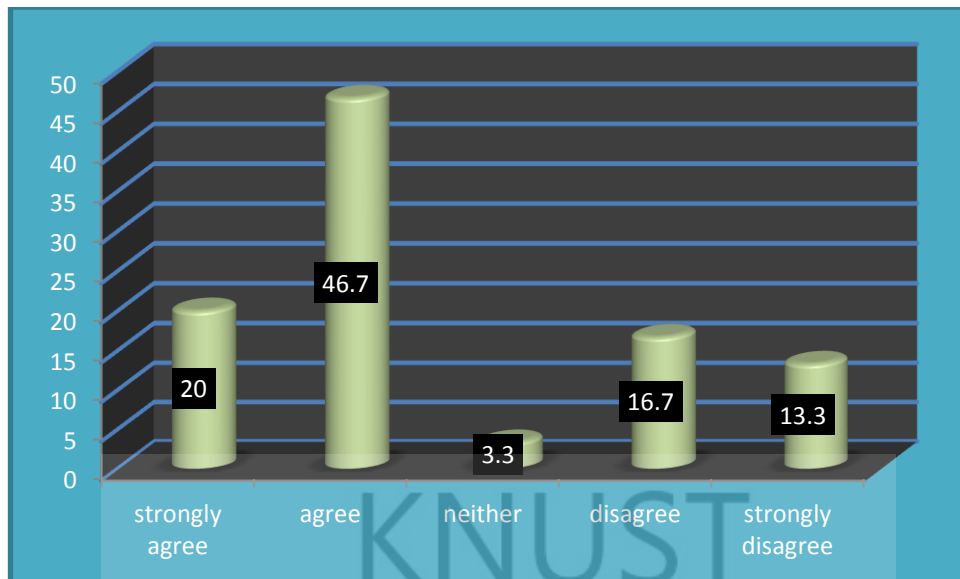
**Chart 4.9 Period of meeting of Tender committee**

Chart 4.9 shows how often tender committee meet. 23 of the respondents revealed that the committee meets quarterly representing 76.7 percent. 3 of the respondents gave the assertion that the committee meets monthly and every six months representing 10 percent respectively whereas only 3.3 percent said the committees meet every three months. Frequent meeting provides avenue for major decision to be taken as enshrined in part II of procurement Act 2003 (Act 663). The Tender Committee shall meet at least once every quarter and notice of the meetings shall be given at least two weeks prior to the scheduled date of the meeting.



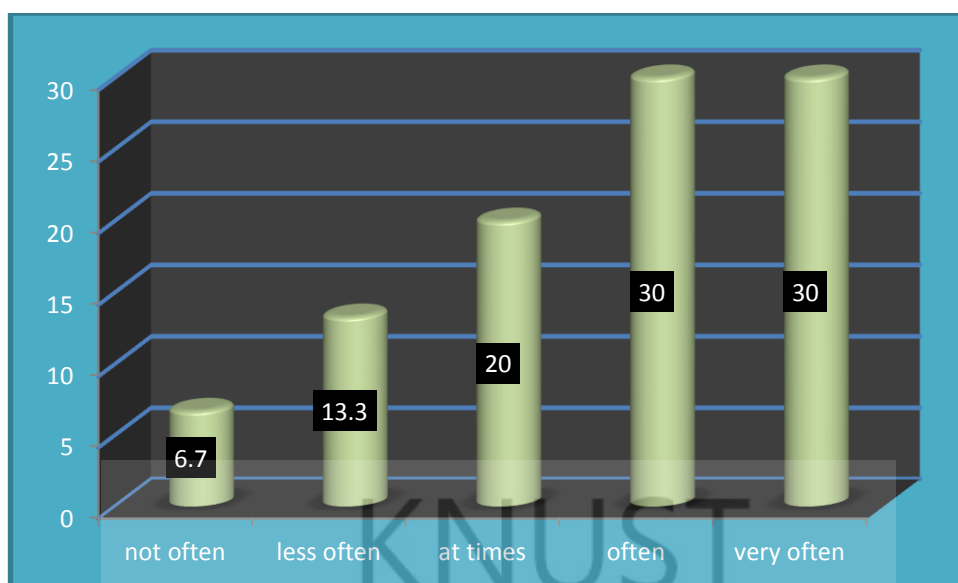
**Chart 4.10 Bureaucratic processes in Tender Documentation**

Chart 4.10 attempts to explain the bureaucratic effect on the procurement process, 36.7 percent representing 11 of the respondents often agree that bureaucracy has the effects of causing delay in procurement process whereas 13.3 percent representing 4 respondents at times believe that bureaucracy cause delay in the process of procurement. 20 percent and 6.7 not often and less often agree with the statement that during the preparation of tender documentation has an effect on the procurement process. 23.3 percent representing 7 respondents strongly believed that bureaucracy results in delay of procurement. According to Weele (2000), purchasing procedures are usually embedded in lots of bureaucracy and require that every superior puts his signature under the intended order. It is also clear that Weele's view is not far different from the World Bank's assertion that delays as a result of bureaucratic system increase government expenditure.



**Chart 4.11 Preparation of procurement of works**

The above Chart shows that, the processes involved in the preparation of procurement of works causes delay in awarding contract. 14 respondents representing 46.7 percent agree that procurement act causes delay in awarding contracts. 6 respondents representing 20 percent strongly agreed that the process involved in the preparation of procurement of works causes delays in procurement. 5 and 4 respondents disagreed and strongly disagree respectively with the assertion that the Procurement Act causes delays in the award of contracts. One (1) of the respondent is uncertain that procurement act causes delay. This delay is attributed to, inaccurate Planning, bureaucracy, failure to properly plan all procurement events and to use the appropriate method Lynch, (2013).

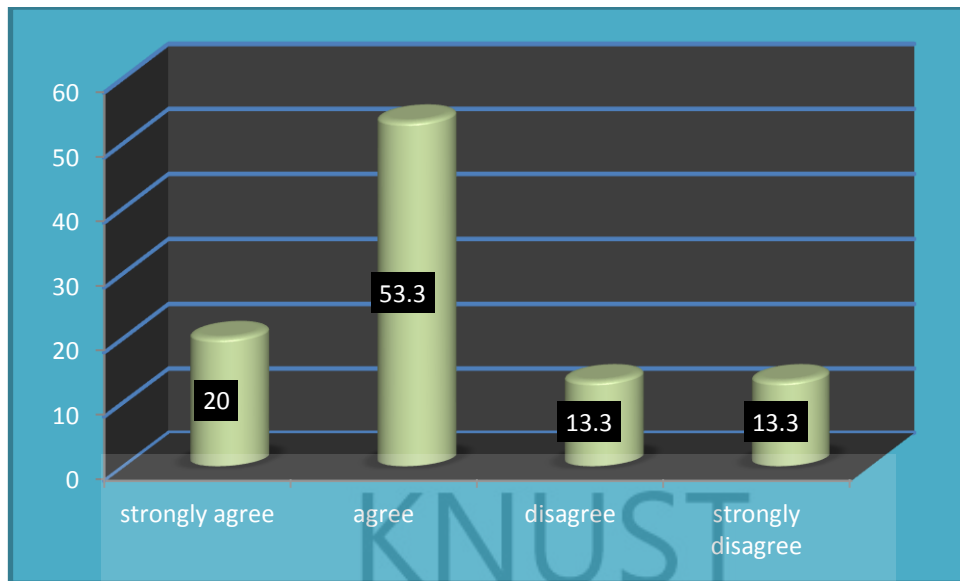


**Chart 4.12 Procurement of works impact on DDF Project**

The District Development Facility was started as part of the government's efforts to improve the performance of the Metropolitan, Municipal and District Assemblies (MMDAs) in terms of efficiency, transparency and accountability. From the Chart above DDF project is meant for the developmental of the area. It is important to point out that DDF is dependent on the preparation of procurement of works since its earlier preparation spells out how the fund will be disbursed for various projects in the District. From the respondents' views, 30 percent said procurement of works has impact on District Development fund projects. 20 percent said it at times has impact on District Development fund projects and 13.3 and 6.7 percent respectively gave the opinion that the impact of delay in District development project is not often.

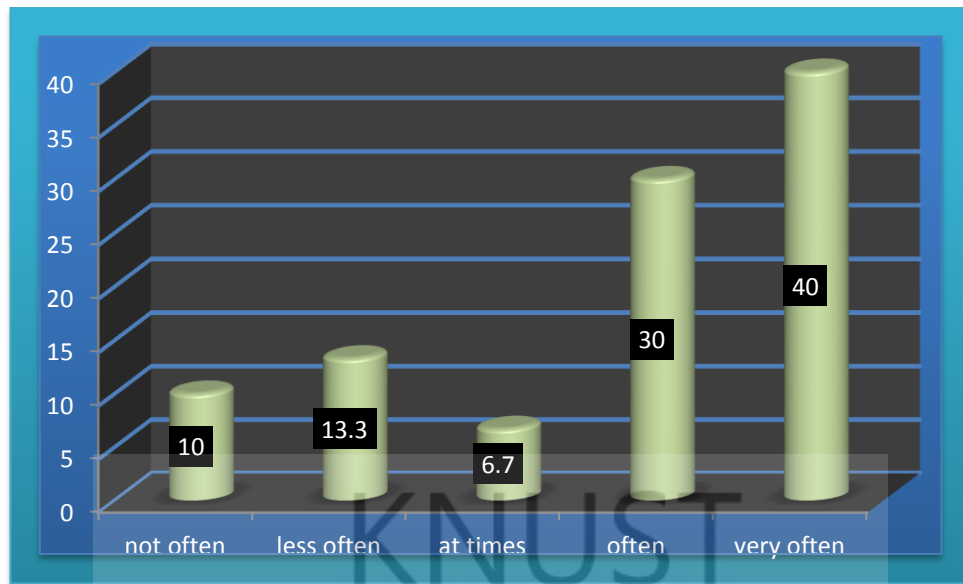
The Assembly did not qualify for the 2007 financial year but received only the capacity building grant component. However, the Assembly qualified in the 2008 and 2009, due to frantic efforts on the part of management. In 2009 the allocation was however low due to a lower mark scored, (MMDA's Composite Budget Upper Denkyira East Municipal Assembly, 2012).





**Chart 4.13 Causes of delay due to inaction of procurement operators**

The Chart above emphasized on the procurement operators inactions which cause delay in procurement process. 53.3 percent of the respondent agrees to the fact that procurement operator's inactions causes delay in procurement process while 20 percent of the respondent strongly agree with that opinion. However, 13.3 percent disagree and strongly disagree respectively. Most at times, procurement authority fails to deal with those who contravene the procurement laws to serve as deterrent to others.



**Chart 4.14 How delay of procurement of work affect district development project**

Chart 4.14 sought to find out how often does the delay of procurement of works affects district development project. It serve as a constraint that prevents procurement events from taking place in accordance with the procurement plan and schedule Lynch (2012). Projects that would have been done become standstill. From the chart above, 40 percent said the delay of procurement of works affect District Development fund project is very often, 30 percent said often while 6.7 said at time, the delay affect the district Development fund projects. However, 13percent said the delay of procurement of works affect Development projects is less often whereas 10percent said not often

**Table 4.1: Ranking of causes of delay in procurement of works using Relative Importance Index (RII)**

<b>CAUSES OF DELAYS IN PROCUREMENT OF WORKS</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>TOTAL</b>	<b>ΣW</b>	<b>MEAN</b>	<b>RII</b>	<b>RANKING</b>
Inaccurate Planning	15	8	4	3	0	30	55	1.8333	0.367	8th
Mistake In Selection Of Suppliers	8	16	4	1	1	30	61	2.0333	0.407	5th
Preparation And Approval Of Shop Drawing	4	18	5	1	2	30	69	2.3000	0.460	2nd
Design Changes	6	16	3	2	3	30	70	2.3333	0.467	1st
Slow Decision Making Of The Owner	7	15	5	1	2	30	66	2.2000	0.440	3rd
Cash Flow Problems	14	12	0	2	2	30	56	1.8667	0.373	9th
Bureaucracy During Preparation Of Tender Documentation	8	14	7	1	0	30	61	2.0333	0.407	5th
Excessive Documentation	8	8	11	3	0	30	69	2.2000	0.460	2nd
Requesting Entity Fails To Submit Procurement Request On Time Consistent With The Procurement Plan And Scheduled	11	12	6	0	1	30	58	1.9333	0.387	7th
Technical Specification, Scope Of Work Or Terms Of Reference Prepared Later Than Scheduled	9	11	5	5	0	30	66	2.2000	0.440	3rd
Procuring Entity Receive Incomplete Technical Specification Scope Of Work Or Term Of Reference	10	10	7	2	1	30	64	2.1333	0.427	4th
Evaluation Panel Not Formed In Time To Begin The Evaluation Process As Scheduled	13	12	3	1	1	30	55	1.8333	0.367	8th
Evaluation Panel Taking More Time Than Allotted To Evaluate Bid Or Proposal	10	14	6	0	0	30	56	1.8667	0.373	9th
Protracted Contract Negotiations	8	13	9	0	0	30	61	2.0333	0.407	5th
Reviewing And Approving Authority Taking More Time That Allotted To Review And Comment On Document Sent For Approval	7	18	3	2	0	30	60	2.0000	0.400	6th

Source: Field survey 2013

#### **Table 4.1 Causes of delay in procurement of works**

Table 4.1 above was to found out about the Causes of delay in procurement of works. The table shows members of entity tender committees, tender evaluation panel, procurement and management staff of Public Entities (PEs) in Upper Denkyira East Municipal Assembly, who shared their views on the Causes of delay in procurement of works. Respondents expressed their view that Design changes (RII 0.467), preparation and approval of shop drawing (RII 0.460) and slow decision making of the owner (0.440) was ranked the first three main causes of delay in procurement process. This result confirms a study done by Chan et al. (1996), they found that the more the skilled designer has been identified at the tender stage, the less the cost and time have paid for design-related headache arising later.

**Technical specification, scope of works or terms of reference prepared later than schedule (RII 0.440)** was ranked third on the table (report of ministry of planning and investment, 2003). Practitioners lack project management skills. Competent project manager and competent project team plays a key role in successful project management and in preventing project from delay or extra cost.

**Bureaucracy during preparation of tender documentation (RII 0.407)** was ranked 5<sup>th</sup> in table 4.1, the procurement process is complicated because of the size and bureaucratic nature of government. Bureaucracy is a system of government where professional officers who perform rationalized functions in organization, especially public institutions go through laid down procedures in performing their duties. One of the effects of bureaucratic process is delay. According to Antill and Woodhead (1989), one of the classifications of delay is the origin. Delay can be caused by owner of the contract. Delays due to bureaucratic process affect financial

management since it add more cost to the organization as a result of inflation and interest rate.

**Reviewing and Approving Authority Taking More Time That Allotted To The Review And Comment On Document Sent For Approval (RII 0.400) and Requesting Entity Fails To Submit Procurement Request On Time Consistent With the Procurement Plan and Scheduled (RII 0.387)** ranked 6<sup>th</sup> and 7<sup>th</sup> especially in table 4.1 failure to properly plan all procurement events and to use the appropriate procurement method can caused delay in procurement process (Lynch, 2013).

Evaluation Panel not formed in time to begin the evaluation process as scheduled (RII 0.367), Evaluation Panel Taking More time than allotted to evaluate bid or proposal (RII 0.373), ranked 8<sup>th</sup> and 9<sup>th</sup> respectfully on the table, procurement process is time bound and need prompt action in life in its operation.

Avoiding delays in the procurement process not only saves time and money, it also permits the timely award of contracts. A delayed contract award could cause a chain reaction of delays on other dependent procurements. This is especially important in project procurement because it could delay the completion of the project. All stakeholders: the procuring entity, evaluation panel members, approving authority, requesting entity, etc. involved in the bidding, evaluation and selection phase are responsible for making every effort to avoid delays in the procurement process. No single department can do this. It has to be a collaborative effort (Lynch, 2013).

Cash flow problems (RII 0.373): Also rank 9<sup>th</sup> in table 4.1. This is inflow and outflow of money in an institution. It is through this that most institutions plan, manage and run their financial projection they undertake. The timing of cash flow is



important because there can a time lag between the entitlements to receive a cash payment and actually receiving it, hence the need for cash flow forecast which is done before the commencement of a project. Fluctuation of prices in developing economies has a negative impact on government's gross expenditure, thereby affecting the overall procurements yearly budget. Price is one of the components of evaluating procurements (Agyenim, 2009). The procurement process is complicated because of the size and bureaucratic nature of government.

**Table 4.2 Ranking of effects of delays of procurements of works using relative importance index (RII)**

Efficient of delay of procurement of works	1	2	3	4	5	Total	$\Sigma W$	MEAN	RII	RANKING
Delays of project execution	13	15	1	1	0	30	50	1.6667	0.333	7th
Time overrun	9	17	3	1	0	30	56	1.8667	0.373	5th
Increase cost due to inflation and high interest rate	10	13	5	1	1	30	60	2.0000	0.400	3rd
Dispute	6	12	10	1	1	30	69	2.3000	0.460	1 <sup>st</sup>
Total abandonment	10	10	8	1	1	30	63	2.1000	0.420	2 <sup>nd</sup>
Late delivery of materials	8	16	5	1	0	30	59	1.9667	0.393	4th
Increase in government expenditure	13	12	3	2	0	30	54	1.8000	0.360	6th
Corruption	11	10	5	3	1	30	63	2.1000	0.420	2nd

The table above addresses the issues concerning the effects associated with delay of procurement of works. Public procurement has, for long, been overshadowed with inefficiency, corruption and disregard of fundamental “value of money” considerations. This has adversely impacted the rate and quality of progress in realizing the objectives of national development, especially in developing and transition countries (Tan et al., 2009).



**Dispute (RII 0.460).** Sometimes misunderstanding and prolong argument, conflict of interest arise as a result of delay in the process. Respondents who believe that dispute has a negative repercussion on procurement or works have been indicated in table 4.2, ranked first as the major causes of delay in procurement process. Those disputes of management failure make payment of the contractors. Once dispute happen, the relevant parties will go through mediation. The mediator will make a decision to solve the problem. But if one of the parties does accept the decision made by mediator, the parties will appeal the decision with arbitrator. If both parties accept the decision then the fault parties will take responsibility to pay damages for project delay (AandJagboro, 2002)

**Total abandonment (RII 0.420) and Corruption (RII 0.420)** were ranked 2<sup>nd</sup> according to table 4.2. From the table, too long delay in the preparation of procurement of works often compelled the project owner to abandon a project. Total abandonment means the whole project stop immediately because of client facing financial difficulties. The effect of project totally abandoned will affect many parties such as contractual parties which include contractor, consultant, sub-contractor, supplier and some other relevant parties. Besides those parties, the purchasers will also suffer in cost damages due to project abandoned. Corruption as indicated to occur throughout the procurement process and project cycle, through the in actions and actions of, public servants, political officers, clients consultants, contractors and suppliers. It also distorts the size of government expenditures and the decision-making process for public investment projects.

**Increase Cost Due To Inflation and High Interest Rate (RII 0.400):** This is one of the principal factors affecting the delay of procurement of works which can also cause abandon of project. Fluctuation of prices in developing economies has a

negative impact on government's gross expenditure, thereby affecting the overall procurement Agenim, (2009).

**Late delivery materials (RII 0.393)** in the table 4.2 was ranked 4<sup>th</sup> which indicate that it is one of the major effect of delay in project execution. The realization that with managing supply strategically firms can save huge amount of money has led firms to begin to invest in this area of management cousins and spekman, (2003). Thus more and more attention is placed on purchasing function and the search for optional purchasing processes in different product and service categories in different contexts parikh and joshi, (2005); laios and moschuris, (2001).

**Time overrun (RII 0.373):** Time overrun refers to late completion or late delivery, from the time specified or agreed by the parties, of construction project. The main causes for time overrun are financial problems, late payment for the completed work and going projects, change orders, organizational changes. When Goods, works and services are delivered or completed late, it affects the delivery of public services and completion of projects. Slow decision making by procurement professionals can contribute to time overrun.

**Increase in Government expenditure (RII 0.360) and Delays of project execution (RII 0.333)** were ranked 6<sup>th</sup> and 7<sup>th</sup> in table 4.2. This effect s has resulted in delay in most of the procurement process. It delays project implementation which further increases costs, leads to poor project execution performance and delays the delivery of benefits to the beneficiaries.

## **CHAPTER FIVE**

### **CONCLUSION AND RECOMMENDATIONS**

#### **5.1 Introductions**

This chapter gives out the outcome of the study based on the analysis and discussions made in the previous chapter. This chapter summarizes the findings and the conclusion of the study conducted based on the objectives of the study. The conclusion incorporates causes and effects of delay in procurement of works at pre-tender stage of district development fund project in Upper Denkyira East Municipal Assembly. Moreover, it also has the recommendations

#### **5.2 Summary of Findings**

This study was to give a description on the causes and effects of delay in procurement of works at pre-tender stage of district development fund project in Upper Denkyira East Municipal Assembly .The research work was undertaken with the ultimate purpose of bringing to fruition the academic pursuit but also to ascertain the actual effect of causes and effects of delay in procurement of works to update policy makers when taking decision.

After a series of close analysis of materials relating to Public Procurement, the following deductions were made.

- According to the study, the Municipal Assembly prepares and practice of procurement. This shows that most entities followed the laid down procedures or the provision of the Act. The Act (21) clearly states that all the procurement entities shall prepare procurement plans to support their approved programs and the plan shall indicate contract packages, estimated cost for each package, the procurement method, and processing steps and times PPA, (2003) .

- 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.
- The study indicated that, the act provide for public procurement, establish the Public Procurement Board; make administrative and institutional arrangements for procurement; stipulate tendering procedures and to harmonise the processes of public procurement in the public service 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.
- It was clear from the Public Procurement Act (2003) that all contracts should be advertised and interestingly the study revealed that contracts awarded were publicly advertised for the consumption of all potential contractors. Procurement activities in Ghana are exposed to all the stakeholders that allow for a strong competition which leads to value for money
- The study has established that public procurement process takes too long. This is enough justification for public perception that the procurement process is too long and often creates undue delays. However 56.7% of the respondents' strongly agreed to the fact that, they don't prepare and submit their procurement as expected. This means that procurement planning in public entities has largely not been complied with and was considered as a 'routine clerical' activity. This problem arises as a result of inaccurate planning of management staff.

- It was brought to light that, a lot of time is spent on evaluating tenders and that certainly delays the procurement Process which has been pointed out in the existing literature by Lynch, (2013)
- The study revealed that, the implementation of the Procurement Act also brought about transparency in award of contract, it helped minimize corrupt practices, and has ensured uninterrupted running of the assemblies.
- The study revealed that going in accordance with the use procurement of works manual is very useful. It has helped the procurement practitioners work within their budget and not exceed it
- It was stated from the study that the delay of procurement of works at pre tender stage results in the delay of using the District Development Fund (DDF) to execute projects in the district.
- It was also discovered that the DDF fund is not often release. Moreover, the release of the DDF often takes some time and delays project implementation.
- That not all the total amount of allocation in particular financial year is paid since it is paid or released depending on government total revenue received in a year.

### 5.3 Conclusion

Forty five questionnaires were sent out for this study, out of this figure, 30 was received and analyzed. The study set out to identify the causes and effects of delay in the implementation of procurement of works of District Development fund project undertaken by UDEMA. The implementation of the Act has caused a lot of delays in acquisition of goods and services in public organization. The causes of the delays according to the study were the bureaucratic nature of the Act, Inaccurate Planning, Excessive documentation, Mistake in Selection of Suppliers, Failure to properly plan



all procurement events and to use the appropriate method, requesting entity fails to submit procurement requests on time consistent with the procurement plan and schedule, technical specifications, scope of work or terms of reference prepared later than scheduled and others In the pursuit to improve delay in procurement public, entities must establish the required structures and engage procurement professionals to manage them. Coverage of monitoring and evaluation activities must be increased to cover more low spend entities across all sectors in the district. 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. To curb corruption, malpractices, delay and unethical behavior in public procurement, PPA should debar those who have contravened the provision of the act and hold public official who engage in indiscretion accountable

#### **5.4 Recommendations**

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

- Avoiding delays in the procurement process not only saves time and money, it also permits the timely award of contracts. A delayed contract award could cause a chain reaction of delays on other dependent procurements. This is especially important in project procurement management because it could delay the completion of the project. All stakeholders, the procuring entity, evaluation panel members, approving authority, requesting entity, etc., involved in the bidding, evaluation and selection phase are responsible for making every effort to avoid delays in the procurement process.



- **Prompt Release of district development fund.** Quick releases of the DDF by the common fund Administrator to enable District Assemblies meet their budgeted expenditure commitment and are able to execute their projects and programs on time.
- Government should attempt to review the Act to limit the number of steps in procurement process so as to reduce the level of bureaucracy in the system. Bureaucracy delays the smooth procurement process and eventually affects public financial management since it adds more cost to contractors and government if they are to pay interest rate.
- Finally, it is therefore recommended that procurement entities should be provided with procurement units that are managed by quality personnel who have the necessary knowledge and requisite procurement training and competencies. This can be done by giving procurement practitioners with in-service training and chances to gain professional procurement qualifications and this will help government to meet the demanding standards required to deliver Government policy of Procurement Act.

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## **APPENDIX**

### **KWAME NKRUMAH UNIVERSITY OF SCIENCE AND TECHNOLOGY COLLEGE OF ARCHITECTURE AND PLANNING DEPARTMENT OF BUILDING TECHNOLOGY MSC PROCUREMENT MANAGEMENT**

#### **CAUSES AND EFFECTS OF DELAY IN PROCUREMENT OF WORKS AT PRE-TENDER STAGE IN UPPER DENKYIRA EAST MUNICIPAL ASSEMBLY**

The series of questions in this interview schedule are designed to obtain organizational responses. Please, answer the questions that follow by ticking the appropriate option (if provided) or writing unrestrictedly for open-ended questions. Please answer all questions freely but objectively. The information is for academic purposes only and will be treated with the strictest confidentiality.

#### **SECTION A**

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

#### **OCCUPATIONAL DATA FOR PROCUREMENT**

**MEMBER OF ENTITY TENDER COMMITTEES, TENDER EVALUATION  
PANEL.**

#### **PROCUREMENT AND MANAGEMENT STAFF**

#### **PERSONAL DATA**

1. Name of municipal institution.....
2. Name of Ministry/Department/Agency.....
3. Number of years spent at your work place.....



4. How long have you been working in your organization?

1-5 years [ ] 6-10 years [ ] 16-20 years [ ] 20 years and above [ ]

### PROCUREMENT PROBLEMS

5. How often do you prepare and practice procurement in your outfit?

- a. Not often ☐ b. Less often ☐ c. At times ☐  
d. Often ☐ e. Very often ☐

6. What is your level of agreement with this statement? Is procurement a law passed by parliament which every Government institution should follow?

- a. Strongly agree ☐ b. Agree ☐ c. Neither ☐  
d. Disagree ☐ e. Strongly disagree ☐

7. How competent are your staff who handle procurement processes

- a. Highly Incompetent ☐ b. Incompetent ☐  
c. Neither ☐ d. Competent ☐  
e. Highly competent ☐

8. What is your level of agreement with this statement? Procurement officers and committee members make informed decisions regarding procurement operations.

- a. Strongly agree ☐ b. Agree ☐ c. Neither ☐  
d. Disagree ☐ e. Strongly disagree ☐



9. Do you agree with the procurement act that, procurement plan should be prepared and submitted for approval one month before the end of any financial year?

- a. Strongly agree ☐      b. Agree ☐      c. Neither ☐  
d. Disagree ☐      e. Strongly disagree ☐

10. What is your level of agreement in this statement, does your entity advertise their contract before awarding?

- a. Not often ☐      b. Less often ☐      c. At times ☐  
d. Often ☐      e. Very often ☐

11. How often does it take your entity to evaluate tender documents submitted by tenders?

- a. One month ☐      b. Between One and two Months ☐  
c. Three months ☐      d. Four months ☐  
e. Five Months and above ☐

12. How often does the tender committee meet in a year?

- a. Monthly ☐      b. Quarterly ☐      c. Every six months ☐  
d. Every three months ☐      e. Annually ☐

13. Does bureaucracy during preparation of documentation has an effect on the procurement process?

- a. Not often ☐      b. Less often ☐      c. At times ☐  
d. Often ☐      e. Very often ☐

14. What is your level of agreement with this statement, the processes involved in the preparation of procurement of works causes delay in awarding

- contracts?      a. Strongly agree ☐      b. Agree ☐  
c. Neither ☐      d. Disagree ☐      e. Strongly disagree ☐

15. How often does the delay in procurement of works has impact on District Development Fund Project?

- a. Not often ☐      b. Less often ☐      c. At times ☐  
d. Often ☐      e. Very often ☐

16. What is your level of agreement with this statement; do procurement operators inactions causes delay in procurement processes?

- a. Strongly agree ☐      b. Agree ☐      c. Neither ☐  
d. Disagree ☐      e. Strongly disagree ☐

### **CAUSES OF DELAY ASSOCIATED WITH THE IMPLEMENTATION OF THE PROCUREMENT OF WORKS**

17. How often does the delay of procurement of works affect District Development projects?

- a. Not often ☐      b. Less often ☐      c. At times ☐  
d. Often ☐      e. Very often ☐

18. Please, how will you rank the following major causes of delay associated with the implementation of procurement of works? Please rank from 1<sup>st</sup> to 5<sup>th</sup>, with first being the major reason and fifth being the least reason. {NB

Strongly agree = 1, Agree = 2, Disagree = 3, Strongly disagree = 4 and  
uncertain = 5 }

<b>CAUSES OF DELAY IN PROCUREMENT OF WORKS</b>	1	2	3	4	5
Inaccurate Planning					
Mistake In Selection Of Suppliers					
Preparation and approval of shop drawing					
Design changes					
Slow decision making of the owner					
Cash flow problems					
Bureaucracy during preparation of tender documentation					
Excessive Documentation					
Requesting Entity fails to submit procurement requests on time consistent with the procurement plan and scheduled					
Technical Specification. Scope of work or terms of reference prepared later than scheduled					
Procuring Entity receives incomplete technical specifications scope of work or Terms of reference					
Evaluation panel not formed in time to begin the evaluation process as scheduled					
Evaluation Panel taking more time than allotted to evaluate bids or proposals					
Protracted contract negotiations					
Reviewing and approving authority taking more time that allotted to review and comment on documents sent for approval					

## EFFECTS ASSOCIATED WITH DELAY OF PROCUREMENT OF WORKS

19. How will you rank the following major effects associated with the delay of procurement of works? Please rank from 1<sup>st</sup> to 5<sup>th</sup>, with first being the major reason and fifth being the least reason. {NB Strongly agree = 1, Agree = 2, Disagree = 3, strongly disagree = 4 and uncertain = 5}

EFFECTS OF DELAY OF PROCUREMENTS OF WORKS	1	2	3	4	5
Delays in projects execution					
Time overrun					
Increase cost due to inflation and high interest rate					
Dispute					
Total Abandonment					
Late delivery of materials					
Increase Government expenditure					
Corruption					

**Thanks for your contribution**