

**KWAME NKRUMAH UNIVERSITY OF SCIENCE AND
TECHNOLOGY**

COLLEGE OF ARCHITECTURE AND PLANNING

DEPARTMENT OF BUILDING TECHNOLOGY

**PERFORMANCE ASSESSMENT OF PROCUREMENT PRACTICES OF THE
SUNTRESO GOVERNMENT HOSPITAL, KUMASI**

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**A THESIS SUBMITTED TO THE DEPARTMENT OF BUILDING TECHNOLOGY IN
PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR THE DEGREE**

OF

MASTER OF SCIENCE 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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ABSTRACT

Section 91 (1) (2) (3) of Act 663 which stipulated that there should be a regular procurement audit to assess procurement performance, monitoring and evaluation necessitated the need for this study. This study sought to assess the performance of procurement practices of the Suntreso government hospital and to determine the extent to which the Hospital followed the requirement of (PPA 2003, Act 663) in the planning, execution and monitoring of procurement operations. The study also sought to analyze the challenges the Hospital encountered in performing procurement practices in the management of procurement operation.

Face to face interview was used in collecting data for this study because of its ability to provide very rich meaningful information. The main research instrument used was the Semi-structured, face to face interviews. The researcher also made use of a census in the survey. The study revealed that National Competitive Tendering and price Quotation were the mostly used method procurement methods in the operations of the Suntreso Government Hospital. The study again revealed that the use of ICT in their procurement operations was very low because no specialized procurement software was available hence almost all their procurement activities were done manually. The study further revealed that the entity encountered in its operations Difficulty in obtaining funds, Lack of understanding of the procurement Act on the part of the local suppliers, Cost Overrun, Interference from top hierarchy and inadequate qualified personnel. It was therefore recommended that procurement entity should further collaborate with the public procurement Authority and the Zonal office in Kumasi, address the challenges and effective monitoring and evaluation of procurement activities in the entity as well as applying sanctions to punish conflict of interest and interference from top management to improve its performance.

DEDICATION

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

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ACRONYMS AND ABBREVIATIONS



AESC.....	Architectural and Engineering Services Corporation
BMC.....	Budget Management Centers
CHRAJ.....	Commission on Human Rights and Administrative Justice
CPAR.....	Country Procurement Assessment Report
EC.....	European Commission
ETC.....	Entity Tender Committees
EU.....	European Union
GDP.....	Gross Domestic Product
GHS.....	Ghana Health Service
GNCC.....	Ghana National Construction Corporation
GNP.....	Gross National Product
GNPA.....	Ghana National Procurement Agency
GPA.....	Government Procurement Article
GSC.....	Ghana Supply Commission
HND.....	Higher National Diploma
ITC.....	International Competitive Tendering.
KATH.....	Komfo Anokye Teaching Hospital
MCH.....	Maternal and Child Health
MDAs.....	Ministries, Departments, and Agencies of Central Government
MMDAs.....	Metropolitan, Municipal, and District Assemblies
MOH.....	Ministry of Health
MTHS.....	Medium Term Health Sector Strategy
NGO.....	Non Governmental Organizational
NIGP.....	National Institute of Governmental Purchasing

NTC.....	National Competitive Tendering.
OECD.....	Organization for Economic Co-operation and Development
PPA.....	Public Procurement Act
PPA.....	Public Procurement Authority
PPB.....	Public Procurement Board
PPRC.....	Public Procurement Research Center
PQ.....	Price Quotation
PWD.....	Public Work Department
RIA.....	Regulatory Impact Assessment
RT.....	Restricted Tendering
SFO.....	Serious Fraud Office
SGH.....	Suntreso Government Hospital
SOES.....	State Owned Enterprises
SS.....	Sole Sourcing
STD.....	Standard Tender Committee
TEC.....	Tender Evaluation Committee
USA.....	United States of America
VFM.....	Value for Money
VRA.....	Volta River Authority
WAN.....	Wide area network
WTO.....	World Trade Organization

CHAPTER ONE

INTRODUCTION

In all spheres of human spending, right from individual homes to private and public organizations, there are acquisitions of goods, works and services. Until recently, there were no uniform and strict rules and procedures regulating how money was spent in organizations. Individual firms had their unique way of purchasing items.

As a result, corrupt top officials took undue advantage of the situations and spent funds to their private interests, rather than to the organizational goals and aspirations.

In the public sector, accountability for resources, transparency in institutional spending, value for money spent, and other ethical standards in financial prudence suffered because there were no statutory standards to benchmark procurement activities.

It is worthy to note that procurement budgets constituted the major part of national budgets in both developed and developing countries. According to the Organization for Economic Co-operation and Development (OECD, 2004) report, procurement constituted over 80% of merchandise worldwide and commercial services export in 1998. In the US for example, procurement constituted 20% of Gross Domestic Product (GDP) and this was higher in other developed economies the world over (OECD, 2004).

In Ghana, public procurement accounts for 50%-70% of total Government expenditure, representing 14% of (GDP) and accounting for about 24% of imports, (World Bank, 2003a). It is therefore obvious that an improvement in the procurement practices will enhance wealth and reduce poverty.

1.1 BACKGROUND

Public procurement in fact is the largest market in sub-Saharan Africa country for up to 70% of the national budget of West Africa Economies. According to the Country Procurement Assessment Report (CPAR, 2002) our lack of capacity to spend had had severe consequences on the Ecowas region. It has contributed to “donor fatigue” and the resultant crunch in foreign exchange and a rapid fall of the local currencies.

In the case of dwindling limited resource, increasing poverty and growing awareness of civic society, a continuous improvement in procurement practices is not a luxury, but perhaps, the only option left for top executives to turn to.

Transparency in governance and accountability for resource are essential elements of a strong democratic society of what the Republic of Ghana is striving to become since citizens' confidence in governance is sharply affected by the degree to which public institutions are perceived to be well managed. The successful delivery of health service is very critical to the overall success of the body economy. Herein lies the need to adequately operationalize the procurement Act 2003, Act 663.

Efficiency in service delivery means effective implementation of public financial management reforms. The quality of life of the citizen, the overall development agenda of the country and the long term growth of the private sector are imperatives that cannot be overlooked by any persuasions.

In 2003 annual budget of Ghana, the procurement budget alone accounted for 8.6 trillion cedis which translated into about 860 million US dollars. Out of the total 13 trillion cedis, about 140 million dollars which equal more than 50% of Ghana total tax revenue was spent on public procurement alone (CPAR, 2002).

According to the report, this percentage of the procurement budget relative to total tax revenue has increased up to 70% during the peak period of the past decades (2000 to 2009).

It was revealed that some 20% of financial expenditure could have been saved through better procurement management. In relation to the 2003 budget estimates this amounted to 1.5 trillion cedis which translated to 150 million dollars.

Such savings from improved procurement practices could help Ghana reduce fiscal imbalance and increase expenditure required to accelerate poverty reduction.

CPAR (2002) further explained that, Ghana health service institutions, then part of Ministry of Health were doing what could simply be termed as maverick buying. Purchasing and supply were considered as a "Cinderella" factor emphasizing only clerical activities. All officers at all levels scrambled to do procurement, ostensibly, for making unofficial gains.

Unit heads and management members in the various health institutions and district administration scrambled to exert their authority in purchasing and supply and so was it at the Regional Administration and national level as well, before the passage of ACT 663 and therefore called for procurement strengthening.

Procurement strengthening has strategic and tactical implication. In other words, the consequences of poor procurement have strategic (long term) and tactical (short term) consequences. For example, the consequences of poor procurement at the strategic level means that Government does not obtain value for money for its expenditure and this case result in higher tax levels of debts, (or the inability to pay existing debts) or a reduction in the quality of public services. Similarly, the consequences of poor procurement at the tactical level means that goods, works and services are of poor quality and deteriorate quickly. Goods, works and services were delivered or completed late, affecting public services and completion deadlines of projects.

Reduction in the level of public service means reduced standards in health care, education, infrastructure among others, negatively, affecting the country's development and poverty reduction initiative.

The organization of procurement, procurement entities' capacity to conduct public procurement, internal and external controls, anti-corruption measures and prevailing practices all came under sharp public criticisms.

Suntreso Government Hospital(SGH) ran a typical Ghana Health Service organogram with a medical superintendent in charge as head of entity with a tripartite management and an extended management of department of heads.

This study sought to critically assess the performance of procurement practices of the Suntreso government hospital. The researcher adopted the usage of interviews in collecting data for this study. This stemmed from the position of wanting to ascertain the extent to which the Suntreso Hospital adopted good procurement practices as prescribed by the public procurement authority.

1.2 STATEMENT OF PROBLEM

The use of public funds to finance government procurement of goods, works and services had suffered from corruption.

The PPA 2003, (Act 663) aimed at increasing the transparency of the procurement process.

Its provision helped to monitor tender proceedings by third parties, and independent institutions as required by the PPA.

It was constitutionally mandating that all public organizations and institutions applied the Act to their procurement operations. However, a cursory look showed that some public firms and Ghana Health institutions went contrary to this obligation. Ghana Health Institutions were accused of embezzlement of state funds, disregard of the PPA provisions and did not obtain value for money nor prudent fiscal spending.

The 2002 Auditor-General's report showed a total amount of ₵1.61 billion as the total cost of drugs that were declared unwholesome in 2000 and 2001. The 2003 report highlighted various irregularities in procurement of commodities including: overpayment, goods paid for but not supplied, circumventing of laid down rules and non transparent purchasing procedures by Budget Management Centers (BMCs) of the Ministry of Health (MOH). These irregularities amounted to ₵3.8 billion.

As a result, the Auditor-General requested for a performance audit to be carried out to find out the extent of the problems in the procurement of drugs and other items in MOH and consequently find ways of curbing waste.

The procurement practice of Ghana Health Institutions were seriously blamed for fraud and mismanagement of public funds meant for smooth running of the health institutions. Herein arose the question whether Procurement activities such as Contract Awards, Assets Disposal, purchasing of Goods, Works, Services and Products were being conducted in the due procedures stipulated by the Act.

This study was to reveal whether these assertions were being answered in the case of Suntreso Government Hospital and whether the Hospital applied the Act to its procurement activities.

The study was also to assess the performance of procurement practices of the Suntreso Government Hospital and as well analyze the challenges it faced in performing procurement practices in the management of procurement operation.

1.3 RESEARCH QUESTIONS

- a. To what extent had Suntreso Government Hospital followed the requirement of the (PPA 2003, Act 663) in the planning, execution and monitoring of the procurement operations of the hospital?
- b. What procurement practices were adopted by Suntreso Government Hospital in its daily operations?
- c. What were the challenges Suntreso Government Hospital had faced in inculcating procurement practices in the management of procurement operation of the hospital?

1.4 AIM AND OBJECTIVES OF THE STUDY

AIM

The aim of this study was to assess the procurement practices of the suntreso government hospital and to ascertain the extent to which the Public Procurement Act (PPA 2003, Act 663) was being effectively and consistently applied in the management of procurement operations at Suntreso Government Hospital and whether transparency and best procurement practices with acceptable standards were being adhered to.

OBJECTIVES

- a. to determine the extent to which Suntreso Government Hospital followed the requirement of (PPA 2003, Act 663) in the planning, execution and monitoring of procurement operations of the hospital.
- b. to analyze the challenges Suntreso Government Hospital had faced in inculcating procurement practices in the management of procurement operation of the hospital.

1.5 JUSTIFICATION

The public cry for corruption and bribery and misuse of public funds at Ghana Health Institutions necessitated the need for this study. This study was to reveal how Ghana Health Institutions applied the PPA in the efficient management of their procurement operations to minimize costs. The findings and recommendations were to go a long way to help other Public Health Institutions in their procurement activities.

Section 91 (1), (2) & (3) of Act 663 stipulates that there should be a regular procurement audit to assess procurement performance, monitoring and evaluation. Again Section (2) of the Act enshrined the harmonization of public procurement processes in the public sector, securing judicious, economic and e

fficient use of state resources and ensuring fair, transparent and non discriminatory public procurement. Performance assessment will give a critical evaluation on the performance of the entity in all crucial departments of procurement. It was hoped that ultimately public entities were to adopt that assessment thereby inculcating it into the public sector entities to monitor and evaluate procurement performance.

1.6 METHODOLOGY

The researcher employed a survey as his research design. This to a large extent was to follow a fact finding approach and describe the conditions that existed at a particular point in time of the investigation. This study was also to involve an investigation of the practices of people within the hospital set up involved in procurement and subsequently obtained sufficient information to characterize and explain unique aspects of the hospital's procurement situation.

The population for this study was estimated to involve major stake holders, procurement officers, medical superintendents, nurse-manager, pharmacists and other management members, (financial officers, account clerks etc) in the procurement process of the hospital. The researcher used a census in arriving at the sample (population) for the purpose of this study.

Census was preferable because the researcher was expected to be working with a smaller population. Interview was the main data collection instrument the researcher used for data gathering for the purpose of this study.

Thus a qualitative evaluation was utilized for this research project leveraging subjective method such as interviews to collect substantive and relevant data.

Computer data analyses software such as the use of Microsoft Excel software was the main tool employed to analyze the data in order to help interpret results.

The Data was presented in tabular, graphical and narrative forms. In analyzing the data, descriptive statistical tools such as bar charts, histogram and pie charts were employed.

1.7 SCOPE OF THE STUDY

The study covered mainly the stakeholders of procurement activities of the Suntreso Government Hospital. Procurement Act 2003, Act 663 and the public procurement Board of Ghana were the referential points to benchmark the procurement operations of the SGH which was selected as a case study for the research work.

The study covered the procurement operation from when the Act was passed to present (December, 2003 up to September, 2013).

1.8 LIMITATIONS OF THE STUDY

The research was limited to selected staff of Suntreso Government Hospital which hitherto was to cover all the managers in the various units of the hospital who were involved in the administrative procedures of procurement operations. The researcher again was faced with serious time constraints in the conduction of this study, considering the time for the administering and conducting of interviews.

CHAPTER TWO

LITERATURE REVIEW

2.0 INTRODUCTION

This chapter reviews works done on performance assessment of Public procurement practices. The review focuses on the public procurement in health institutions in Ghana and the procurement procedures, methods and thresholds.

It also looks at the Ghana procurement process prior to the enactment of the Procurement Act 2003 (Act 663) and the legal and regulatory framework of the public procurement Act. Procurement principles affecting performance and performance assessment in public procurement will be reviewed. In this chapter, a number of relevant literatures will be reviewed on the techniques and methods for assessing performance and its application in the Procurement Entity at the Suntreso Hospital. Finally the chapter will review the challenges affecting the Public Procurement Entities in their operations.

2.1 DEFINITION OF PROCUREMENT

Public procurement is the process by which government organization acquire goods, works and services, using public funds. It includes planning, inviting, offer, awarding contracts and managing contracts (Adjei, 2006).

Procurement is the processes required to acquire works, goods and services from outside the performing organization. It is favorable that the goods/services are appropriate and that they are procured at the best possible cost to meet the needs of the purchaser in terms of quality and quantity, time, and location (Weele 2010) .

The London Contracts and suppliers Group define procurement as a full range of activities related to purchasing goods, services and works. It can range from contracting an entire service to purchasing small assets such as office equipment.

The procurement process does not end at the commissioning or contract award stage, but spans the entire life cycle of the product or services from inception and design through to contract management and disposal of any redundant asset.

When purchasing and supply is regulated by enshrined states, codified or regimented process to achieve conference to one best way of organizational acquisitions, not subject to whims and caprices then purchasing becomes procurement.

According to Hunja (2001), Procurement is the process by which large amounts of public fund are utilized by public entities to purchase goods, works and services from the private sector.

Procurement is central to the management of any operation because it is vital to get the necessary goods and services of the right quality at the right price and at the right time. According to Cox et al (1998), Procurement by departments and agencies is big business. It covers every aspect of the process of determining the need for goods and services, buying, delivery and storage.

Jessop et al (2003) stressed that failure to do strategic procurement can put achievement of the organizations objectives and output at risk, and can result in additional costs. On the other hand, stock piling of goods can be wasteful.

Kouyer, (1997) emphasized that the importance of tax payers getting best value from public funds is to achieve set-out programmes to modernizing governmental agenda.

Christopher, (2005) says there is the need to achieve significant value for money, improvement through structural reorganization of purchasing and reform of department and agencies current procurement arrangement.

The World Bank (2003) estimated the annual value of public procurement for goods, works, and consultancy services at 600 million US dollars representing about 10% of the country's GDP.

Therefore, public procurement is an integral function of governments in both developed and developing countries as the gigantic financial outflows has a great impact on their economies that needs prudent management (Thai, 2001).

Thus the prudent handling of public procurement functions is fundamental to achieving economic, socio-political and other objectives of government.

2.2 PUBLIC PROCUREMENT IN HEALTH INSTITUTION

Public hospitals are a significant component of health systems in many developing countries. Generally responsible for 50 to 80 percent of recurrent government health sector expenditure (Barnum and Kutzin, 1993), public hospitals utilize nearly half of the total national health expenditure (Mills, 1990).

Procurement embraces not only purchasing, that is, buying of goods, but it also includes hiring of contractors or consultants to carry out services. 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.

Public procurement systems are the bridge between public requirements such as roads, hospitals, defense needs among others and private sector providers. Government provides goods and services to meet the diverse needs of her citizens (Wittig, 1999).

There has been an increase in finance by the World Bank for procurement of health sector goods; pharmaceuticals, vaccines, contraceptives and nutritional supplements under various health, population and nutrition projects over the past few years, and this trend is expected to continue. Assistance under these projects supports the procurement of, for example contraceptives for family planning programmes, pharmaceuticals, vaccines and other health sector goods for AIDS, tuberculosis, leprosy, malaria and Maternal and Child Health (MCH) programmes.

The bank programmed \$1.8 billion for the period 1997/98 for the health, nutrition and population sector of which financing for pharmaceuticals accounted for between \$220 million and \$250 million of this total. Apart from salaries, pharmaceuticals represent the largest category of recurrent health expenditure in most government budgets. The total value of pharmaceuticals changing hands in the developing world is estimated at \$44 billion (Woodle, 2000).

Government budgets make significant contributions to public sector drug financing, often allocating 20-50% of the government health budget to procure drugs (Falkenberg and Tomson, 2000). Prior to the enactment of the Public Procurement Act, 2003 (Act 663), many conferences had been held both locally and internationally. One of them was the 9th International Anti Corruption Conference, 10-15th October 1999 held in Durban, South Africa (Wittig, 1999).

At the conference, the discussion centered on both domestic and international imperatives for reform of public procurement, with specific information on the state of public procurement in selected countries in Africa. The public procurement sector is often the largest domestic market in less developed countries.

As an international agency providing technical assistance, International Trade Centre has a long history of helping countries to develop their export potential and improve import operations to lower costs through improved purchasing techniques.

The International Trade Centre's experience in developing countries is that public procurement can account for up to 50%-70% of imports.

Any improvements in the public procurement system can have a direct and beneficial effect on the overall economic situation of a country.

One measure of this fact is the emphasis which the World Bank and regional institutions like the African Development Bank are placing on assisting developing countries to review and revise their procurement systems. Within the Africa region, over one fourth of the countries has or will have an active public procurement improvement programme. It therefore became necessary for Ghana also to reform its procurement practices and procedures to conform to international standard, hence the Public Procurement Act, 2003 (Act 663).

2.3 PROCUREMENT IN HEALTH INSTITUTIONS IN GHANA

In the absence of a national procurement code, Ministry of Health (MoH) through a five year Medium Term Health Sector Strategy (MTHS) from 1997 to 2001 had identified procurement as one of the key areas for capacity building. To achieve this objective, MoH prepared a Manual to enable it organize its procurement using specific procedures. The first edition of these procedures entitled "Procurement Procedure Manual" was published in 1999. All Budget Management Centers (BMCs) under MoH were directed to strictly follow the procedures outlined in the manual. Parliament in 2004 passed the "The Public Procurement Act, Act 663" to give impetus to the crusade of reducing waste through public procurement. MoH has therefore reviewed its procurement procedure manual to take account of the Procurement Act.

Key players and their main activities

Organization of procurement in Ministry of Health and its Budget Management enters

There are two levels of key players involved with procurement transactions in MOH. On a higher level, there are MOH and Ghana Health Service (GHS) who together provide leadership, guidance and overall oversight of procurement management. The lower level operators are the key players within BMCs.

Suntreso Government Hospital which is an example of a lower level BMC Procurement player was built in the year 1962 by Dr. Kwame Nkrumah the first president of the then Gold Coast and now Ghana. Suntreso Urban Health Centre was the name commissioned by the then commissioner of Health Mr. L. R. Abavana on 22nd November 1963 and patients started coming to the clinic on 27th January, 1964.

The centre was later upgraded to a polyclinic in 1980's and in the year 2000 it was upgraded to Bantama Sub metro Hospital.

2.4 PROCUREMENT PROCEDURES

There are various procedures and methods of procurement provided under the law for use by public procurement entities. The procurement procedures involve various activities such as planning, tendering processes, contract management, monitoring and evaluation and appeals and complains. The choice of particular method to be used is also based on the amount involved (threshold) and the circumstances surrounding the procurement.

2.4.1 Planning Procurement:

Generally, planning enables organizations to, among other things, determine performance standards, establish overall direction, anticipate and avoid future problems and reduce the risks of uncertainty, identify and commit resources towards the achievement of goals, determine and develop performance standards, and effectively coordinate various activities in the organization (PPB Manual, 2005). The Public Procurement Act 663 provides for the activity of planning under Part 3 section 21. This means that it is imperative that procurement entities would need to plan their procurement for the coming year by the 30th of November of the preceding year.

The plan would be reviewed and approved by their Entity Tender Committees (ETCs), after which the plans are updated every quarter. The list of entities who submitted their procurement plans are published in the Public Procurement Bulletin. In 2010, only 164 entities out of over 1000 entities across the country submitted their annual procurement plan. As at October, 2011 only 199 entities submitted their plan to Public Procurement Authority (PPA Bulletin 2010/2011).

2.4.2 Tendering Process

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

For reasons of transparency, fairness and impartiality, tender documents should be provided for all eligible tenderers by the procuring entity. Procurement entities are to provide tender documents to suppliers and contractors in accordance with procedures and requirements that were stated in the advertisement.

The price at which the tender document is sold should be enough to recover the cost of printing, not making profit and the document being made available to suppliers and contractors. Sufficient quantities of tender documents should be made available as many as there are tenderers. It is an offence to deny any supplier or contractor the opportunity to participate in any tender simply because stocks of documents are exhausted.

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

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

Section 55 of the Act states that the provision of tender security is required for all International and National competitive tenders for procurement of goods and works.

In the case of Procurement of consultants services tender security is not required. The use of security is important, in particular, in international trade where the Purchaser may not know the Tenderer or Supplier's professional ability, financial position and credibility.

2.4.3 Contracts Management

A formal contract document will be drawn up, using the agreed terms and conditions, and signed by both parties. Simpler requirements may use a purchase order or where existing framework contracts exist, contracting may consist of placing a call-off order under the existing contract. The awarded contract must then be managed, to ensure that both the buyer and supplier perform their contractual obligations. Activities may include expediting delivery, arranging inspection or freight forwarding, checking bank guarantees, establishing letters of credit, making arrangements for receipt and installation of goods, verifying documentation and making payments. Works contracts will often require technical supervision by an engineer/project management team to ensure quality, time schedule and cost. Contracts for consultancy services often require the direct participation of the buyer or client organisation, as the recipient of training or technical advice or in responding to studies or reports. According to PPA Annual report (2009) Contract completion rate for the year is about 68%. This signified that contract management is a major challenge for most entities.

2.4.4 Monitoring and Evaluation

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

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

2.5 THE GHANA PROCUREMENT PROCESS PRIOR TO THE ENACTMENT OF THE PPA

Ghana had accumulated considerable and valuable experience on public procurement under civil and military administration in the pre independence era. Before 1957, there was a procurement policy in which public procurement was treated as part of the colonial administrative process in the British Empire. The colonial administration engaged Public Work Department (PWD) for procurement of work and crown agencies for procurement of goods.

From independence thus, 1957-1967, government relied less frequently on Crown Agents for procurement of goods and procured goods directly through MDAs. Ghana set up a Ghana National Construction Corporation (GNCC) to carry out procurement of works and reduced the force account component of PWD. In 1960, Ghana Supplied Commission (GSC) was established by the government for the procurement of goods for all public institutions.

GSC therefore took over the function of crown agents. In 1976, the government established Ghana National Procurement Agency (GNPA) for procurement for bulk items such as sugar, fertilizers, auto parts etc. for sale to public and private sectors. GSC and GNPA had purchasing manuals for their use. In 1957, the Architectural and Engineering Services Corporation AESC was established to carry out consulting services for works contracts. Public Institutions were therefore mandated to use GSC, GNPA, GNCC and AESC for public contracts except for SOES. In 1967, the government set up Central, Regional and District Tender Boards as advisory bodies for works contracts and subsequently in 1996 changed them to contracts awarding authorities.

By 1996, GSC was overwhelmed by the demands from clients, inefficiency was rampant and there were numerous complaints on contract prices, delayed delivery and at times delivery of wrong items. Works procurement procedures, though not comprehensive were described under the Central, Regional and District Tender Board procedure.

There were still no guidelines for procurement of services. AESC and GSC were transformed into limited companies in 1996 and 1999 respectively. This rendered them unrestricted from providing services to public institutions on a mandatory basis.

As a result of the inadequacy of public procurement procedures, procurement procedures under World Bank Financed Project signed from 2000 were defined in a 'procurement procedures Manual prepared for the project'. These manuals were based on World Bank guidelines and Banks Standard bidding documents.

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

World Bank Procurement Guidelines were also used for World Bank projects (World Bank, 1995/1997).

2.6 CONCEPTS OF PERFORMANCE IN PROCUREMENT

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

Assessment of public procurement management performance is defined in terms of compliance with the set procurement rules (Schapper, Veiga Malta, & Gilbert 2006).

The public procurement Act, 2003 (Act 663) specifies a number of rules, process, procedures and ethics for the whole procurement process. These rules aim at securing efficiency in the use of public funds to ensure non-discrimination, fairness, transparency and accountability in the procurement process.

Thai, (2001) suggests that Public Procurement Act is the basis of measuring procurement performance.

This means that there is a positive relationship between compliance to the Public Procurement Act and Procurement Performance.

Performance measurement is viewed as a warning, diagnosis and control system, that is used to keep track of economy (looking back), efficiency (current organizational process), effectiveness (output in the short term) and efficacy (output in the long term; also called outcome) (Teelken and Smeenk, 2003).

Performance measurement; the process of quantifying the efficiency and effectiveness of actions Neely,(2005) has received increasing interest since the late 1980s (Osborne & Gaebler, 1992; Saiz, Bas & Rodri'guez, 2007).

Efficiency can be measured from the purchasing organization's context where the personnel, management, procedures, policies, and information system issues are considered (Van Weele, 2000).Measuring performance of government draws a considerable amount of attention from professional associations, scholars and practitioners (Holzer & Kloby, 2005).

Traditionally, performance measurement has involved management accountants with budgetary control and the development of purely financial indicators such as return on investment (Chenhall, 1997).

However, in today's work environment, there are increasing trends of relying on non-financial measures to assess the performance of organizations. Performance measurement has now gone beyond input and process into other sensitive areas.

Politt and Bouckaert (2004) considered the shift of measurement systems beyond input and process into the more politically and methodologically sensitive area of assessing effectiveness as 'difficult and controversial'.

Performance measurement systems can provide (quality) information to decision makers so that they can determine whether efforts are on course and help managers understand when their programs are succeeding or failing (Cook *et al.*,1995).From this context, procurement performance measurement systems are intended for reporting the progress of procurement in government departments.

2.7 PROCUREMENT PRINCIPLES AFFECTING PERFORMANCE

The Public Procurement Act identifies the following principles and factors that affect the performance of a procurement entity in the achievement of its good procurement objectives.

Some of the factors that affect the performance are Procurement Processes being adopted; Accountability; Technology and ICT adoption; Internal Processes; Ethical Approach; Professionalism; Transparency, competitiveness and Fairness; and attaining Value for money.

2.7.1 Procurement Process

Procurement encompasses the whole process of acquiring property and/or services. It begins when an agency has identified a need and decided on its procurement requirement. Procurement continues through the processes of risk assessment, seeking and evaluating alternative solutions, contract award, delivery of and payment for the property and/or services and, where relevant, the ongoing management of a contract and consideration of options related to the contract. Procurement also extends to the ultimate disposal of property at the end of its useful life (Waters 2004).

Sound public procurement policies and practices are among the essential elements of good governance (Kippra, 2006). Otieno (2004) notes the irregular procurement activities in public institutions provide the biggest loophole through which public resources are misappropriated. According to Thai (2001), the basic principles of good procurement practice include accountability, where effective mechanisms must be in place in order to enable procuring entities spend the limited resources carefully, knowing clearly that they are accountable to members of the public; competitive supply, which requires the procurement be carried out by competition unless there are convincing reasons for single sourcing; and consistency, which emphasizes the equal treatment of all bidders irrespective of race, nationality or political affiliation.

The process should also uphold integrity by ensuring that there are no malpractices; informed decision-making, which requires public bodies to base decisions on accurate information and ensure that requirements are being met. Furthermore, the Procurement practice should be responsive to aspirations, expectations and needs of the target society. Finally, there is the need for transparency to enhance openness and clarity on procurement policy and its delivery (World Bank, 2003).

2.7.2 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).

Accountability is government's obligation to demonstrate effectiveness in carrying out goals and producing the types of services that the public wants and needs (Segal and Summers 2002). Lack of accountability creates opportunities for corruption.

Brinkerhoff (2004) identifies three key components of accountability, including the measurement of goals and results, the justification or explanation of those results to internal or external monitors, and punishment or sanctions for non-performance or corrupt behavior.

Strategies to help increase accountability include information systems which measure how inputs are used to produce outputs; watchdog organizations, health boards or other civic organizations to demand explanation of results; performance incentives to reward good performance; and sanctions for poor performance.

2.7.3 Technology and ICT Adoption

Government officials and elected leaders have increasingly come to realize that public agencies must utilize ICT in order to enhance the procurement processes in the public sector. Faced with tight budgets and a retiring workforce, today's government agencies are operating in an environment defined by the need to 'do more with less'.

Public authorities are expected to provide excellent service to their constituents in an effective and transparent manner, all the while working under constant resource constraints by adopting ICT (Hagén, and Zeed, 2005). In order to meet today's operating challenges, regional and local governments are turning to ICT to enhance the services for residents, businesses and visitors, and improve internal efficiencies by lowering costs and increasing productivity. Public authorities are implementing scalable communication infrastructures to promote economic development, attract new businesses and residents, and above all, provide excellent service to constituents (Abouzeedan and Busler, 2002).

From a business perspective, implementing scalable communication infrastructures such as wide area networks (WANs) accommodates the various types of services government agencies require on a day to day basis, including provision of broadband internet access for online services and internal collaboration, handling administrative data.

Also, E-procurement can increase transparency and procedural efficiency without prejudice to competition (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 infrastructural development, and training personnel in the public entities, etc.) With the growing use of computers in procurement systems, Ghana was 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.

2.7.4 Internal Processes

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). Employees may neither engage in, nor give the appearance of engaging in, dishonest or unethical actions. Both are injurious to the public's perception of honest government.

Officials involved in procurement must not make improper use of their position (Tan *et al.*, 2009). Officials may have access to very confidential and/or market sensitive information.

It is unethical to use inside information provided to the agency as part of a tender process, either for the material benefit of the official or for another person. Criminal sanctions apply to such behaviour.

2.7.5 Ethical Approach

According to Wee (2002) ethics are the moral principles or values that guide officials in all aspects of their work. Ethical behaviour encompasses the concepts of honesty, integrity, probity, diligence, fairness, trust, respect and consistency. Ethical behavior includes avoiding conflicts of interest, and not making improper use of an individual's position. Ethical behavior is important in public procurement as it involves the expenditure of public money, and is subject to public scrutiny. Public officials should always behave ethically and fairly, including in their business undertakings. Ethics is concerned with moral principles and values which govern our beliefs, actions and decisions.

Ethical approach implies exemplary approach to all procurement processes that cannot be questioned or criticized. The following are examples of conducts prohibited by Ghana's Public Procurement Code of Ethics:

- Revealing confidential or "inside information" either directly or indirectly to any tenderer or prospective tenderer or discussing procurement with any tenderer or prospective tenderer outside the official rules and procedures for conducting procurements;

- Favouring or discriminating against any tenderer or prospective tenderer in the drafting of technical specifications or standards or the evaluation of tenders or destroying, damaging, hiding, removing, or improperly changing any official procurement document;

Ethical behavior supports openness and accountability in a procurement process and gives suppliers confidence to participate in the Government marketplace.

Ethical behavior can also reduce the cost of managing risks associated with fraud, theft, corruption, and other improper behavior; and enhance confidence in public administration (Wee, 2002).

An important and effective way to maintain ethics awareness in agencies is to provide training for employees (Amos and Weathington, 2008).

Ethics training and seminars can be provided, along with training in more specific areas, such as procurement procedures, record keeping, records management, and accountability and administrative law. Regular reviews or audits of procurement processes can be done to ensure probity is being considered and achieved (Amos and Weathington, 2008).

Providing health facilities with drugs and medical supplies is a complex process involving both the private and public sectors. Governments and health Ministries often lack the management skills required to write technical specifications, supervise competitive bidding, and monitor and evaluate the contract performance. Financial malpractices also could occur at any stage of the process and influence decisions on the model of procurement (direct rather than competitive), on the type and volume of procured supplies, and on specifications and selection criteria ultimately compromising access to essential quality medicines (Miles and Breen, 2005).

2.7.6 Professionalism

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

To achieve this, the Authority developed a Capacity Development Policy Paper which aimed at ensuring that;

- Each Procurement Entity has a functional Procurement Unit that is managed by personnel who have the requisite procurement training, competencies, and adhere to agreed code of ethics.
- Establishment of a Procurement Professionals Association

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

2.7.7 Transparency, Competitiveness and Fairness

Transparency means that the same rules apply to all suppliers of goods, works and services and that these rules are publicized as the basis of procurement decisions prior to their use.

Transparent procurement procedures can contribute to a more efficient allocation of resources through increased competition, higher quality procurement and budgetary savings for governments and thus for taxpayers (PPB Training Module 3, 2007).

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

In this regard, the Act 663 and Regulations endorse the use of competitive tendering which encourages maximum competition in the procurement system. It involves the use of STDs, advertising procurement opportunities, public opening, publication of contract awards, creating windows of addressing appeal and complains, etc.

Public Procurements using other uncompetitive methods are vigorously monitored and evaluated by PPA and Audit Agency to ensure transparency, fairness, and value for money (Act 663, 2003). This position has been collaborated by Berr (2007) when he opined that, government agencies can achieve transparency by strategizing through effective and efficient advertising; publicly opening bid documents; effective evaluation of bid documents; the publication of award results; fair and speedy protest and dispute resolution handling processes and the disclosure of signed contracts and the use of independent evaluation methods, that are consistent with the terms of bid documents.

2.7.8 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, efficient and effective manner.

The concept of value for money concerns not only the acquisition price or 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 skill 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 handle in Ghana thereby rendering Value for Money concept ineffective.

2.8 PERFORMANCE ASSESSMENT IN PUBLIC PROCUREMENT

Public procurement contracts represent a major share of any country's GDP and public expenditure budget. According to data published by the European Commission in its Evaluation Report (2011), public procurement in the EU accounted for EUR 210 billion in 2009, or 19% of GDP. These levels of expenditure alone provide sound reasons for analyzing the performance of public procurement operations at all levels. The overriding objective of a state's public procurement system is to deliver efficiency and "value for money" in the use of public funds, whilst adhering to EU requirements and to national laws and policies. Nonetheless, most developing countries are facing a problem of rapid changes in public procurement requirements. The changes are impacting pressure on how the procurement function performs its internal and external processes and procedures in order to achieve its objectives. The ability to realize procurement goals is influenced by internal and external forces.

Interactions between various elements, professionalism, staffing levels and budget resources, procurement organizational structure whether centralized or decentralized, procurement regulations, rules, and guidance, and internal control policies, all need attention and influence the performance of the procurement function. Performance assessment is about seeking to answer the fundamental question of whether the procurement system and operations ultimately deliver in accordance with the main objectives set. Three different levels of performance assessment within a public procurement system are broadly identifiable. There are close links between the three levels in terms of performance interdependency. However, the, objectives, techniques and methodologies for assessing performance can differ.

1. **National (Meta) Level** - assessing the performance of the national public procurement system
2. **Contracting Authority (Macro) Level** - assessing the performance of the contracting authorities' operations
3. **Contract Management (Micro) Level** - assessing the delivery of an individual contract

2.9 TECHNIQUES AND METHODS FOR ASSESSING THE PERFORMANCE AT DIFFERENT LEVELS OF THE PUBLIC PROCUREMENT.

The following section sets out some examples of methodologies which could be used to determine performance at the three levels previously identified.

2.9.1 Methodologies at the national (Meta) level (Sigma Public Procurement, Brief 21)

Peer Reviews and Assessments: A peer review is an instrument for diagnosing public sector operations, including public procurement, which was developed by the OECD and has been used for a long time. The peer review team consists of international senior experts with extensive background and expertise in the area under review. The purpose is to identify strengths and weaknesses (performance review) in the procurement system, with special focus on the main components, such as legislative and institutional frameworks, procurement organizations in terms of capacity and markets. Based on the analysis and conclusions, the peer review team provides recommendations for improvements where needed, but it is entirely a matter for the country to decide on the actions to be taken following the recommendations.

Regulatory Impact Assessment (RIA): The role of a regulatory impact assessment (RIA) is to provide a detailed and systematic appraisal of the potential impacts of a new law or regulation in order to assess whether the regulation is likely to achieve the desired objectives. EU member states are required to implement the Procurement Directives, where those apply, in the public procurement law and to ensure that all other specific national provisions comply with the fundamental rules and principles of the EC Treaty (now TFEU), but there is significant freedom as to how a member state chooses to implement these requirements in detail.

The need for RIA arises from the fact that regulation commonly has numerous impacts, which are often difficult to foresee without detailed study and consultation with affected parties. Economic approaches to the issue of regulation also emphasize the high risk that regulatory costs may exceed benefits. The RIA is primarily a methodology to be used before the adoption of new legislation, but there is nothing to prevent the use of a RIA in relation to existing legislation as a means of initiating regulatory reform. The OECD has published a number of documents on the use of the RIA methodology. The European Commission's green book process is another example of a regulatory impact analysis.

Stakeholder Surveys: Regular surveys can be carried out addressing important areas and issues connected to the performance of the public procurement system. The survey should be disseminated, as appropriate, to a selection of contracting authorities, business associations and individual economic operators, audit institutions, universities and other important stakeholders with an interest in public procurement.

The survey could be prepared and managed by the public procurement office of the country or by an independent organization or academic institution.

If the survey is repeated on a regular basis, there is a possibility of capturing the differences in opinions from one survey to another. The results of the surveys should be used by the government as a basis for considering changes in the procurement system in areas where problems have been identified.

External Audit Institutions: External audit institutions have important tasks, on an ex post basis, in the identification of strengths and weaknesses in the execution of public procurement operations at the level of contracting authorities. These audits aim to determine the extent of compliance or non-compliance with laws and regulations as well as the performance and achievements that have been made in relation to the objectives and targets set for a procurement activity.

2.9.2 Methodologies at the contracting authority (macro) level

(Sigma Public Procurement, Brief 21)

The methodologies at this level are prepared with the objective of providing a “good practice” basis for contracting authorities on how to assess the performance of their procurement operations. Governments may also use the data emanating from the performance assessment at this level for the purpose of monitoring and evaluating public procurement operations and with a view to drawing conclusions on the impacts of the legal and institutional frameworks. The results of a performance assessment system at the contracting authority level may provide valuable input into national aggregate achievements, such as budget savings and general quality improvements in the delivery of public services.

Setting performance targets: The performance targets used should have the following qualities:

- *Relevant* to what the organization is aiming to achieve;
- *Attributable* – the activity measured must be capable of being influenced by actions that can be attributed to the organization, and it should be clear where accountability lies;
- *Well-defined* – with a clear, unambiguous definition so that data will be collected consistently and the measure will be easy to understand and use;
- *Timely*, producing data regularly enough to track progress and quickly enough so that the data is still useful;
- *Reliable* – accurate enough for its intended use and responsive to change;
- *Comparable* with either past periods or similar programmes elsewhere;
- *Verifiable* with clear documentation supporting it, so that the processes producing the measure can be validated.

Some examples of performance targets, indicators and measurement at contracting authority level

I. Measuring the Economic Efficiency

- **Annual cashable savings:** For goods and services for which the price does not fluctuate with the market. Based on a representative basket of contracts with an identical composition (product or service-wise and in number) that ensures consistent calculation over time and is not subject to rapid specification changes, the price and cost development are determined with reference to year one(1) and is applied to the whole procurement volume.
- **Individual price analyses:** For goods and services that are subject to rapid price fluctuations and specification changes, such as IT and utilities, individual price analyses should be carried out, with reference to the baseline year, in order to determine the extent of savings or losses.
- **Annual cashable efficiencies in the procurement function (other than price):** Assessment of verifiable, cashable savings by carrying out comparative cost/benefit analyses from year X to year Y of the procurement function.

Efficiencies include the same or improved results with fewer resources, transforming efficiency gains, through improvements either in output (*e.g.* technology improvements) or input (*e.g.* collaboration, logistics and processes).

• **Project/contract implementation efficiency:** For one-off projects, such as capital investment and infrastructure projects, the feasibility study (business case), together with a detailed set of performance targets including costs and implementation deadlines, constitutes the baseline against which the performance of the project is assessed.

II. Measuring the Quality of the Procurement Function and Procedures

Examples of possible indicators: Thai, (2001)

- The average period for planning and preparation should not exceed X days;
- The average cost for the planning and preparation of tenders should not exceed EUR X
- Competitive procedures, such as the open and restricted procedures, including competitive procedures below EC thresholds, should be used in no less than X% of the total number of procedures (and X% where the threshold(s) exceed EUR X);
- Non-competitive procedures, such as the negotiated procedure without prior publication of a contract notice (and direct awards), should be kept to a minimum and should not exceed X% of the total number of procedures.

III. Measuring the Standard of External and Internal Relations and Collaboration

Methods of measurement: (Sigma Public Procurement, Brief 21)

- An annual Supplier Satisfaction Survey aims to ensure that the majority of suppliers are satisfied with the collaboration with the contracting authority.
- An annual Internal Customer Survey aims to ensure that the majority of internal clients are satisfied with the services of the procurement organization.

Possible indicators:

- The composite index on Supplier Satisfaction shall be more than X on an agreed scale and should increase by Y% per year.
- The composite index on Internal Customer Satisfaction shall be more than X on an agreed scale and should increase by Y% per year.

Benchmarking: Benchmarking that involves the comparative study or analyses of successful procurement systems of all or a number of contracting authorities can be an excellent method of assisting with the definition of performance targets.

Benchmarking data may also be made available nationally to ensure the use of a uniform performance assessment system throughout the country, which may also facilitate comparisons at a national level. Benchmarking is also a method by which a contracting authority may compare its own operations in various aspects with comparable external undertakings, such as a similar contracting authority known for its excellence. Benchmarking can also be used for various other comparisons, such as prices or service levels.

2.9.3 Methodologies at the Contract Implementation (micro) level

(Sigma Public Procurement, Brief 21)

Performance assessment is part of the contract management process. Performance assessment of individual contracts will follow essentially the same route as described above by setting out methods for information and data gathering, defining performance areas, performance targets, baselines, indicators, measures and methods of analysis.

2.10 PUBLIC PROCUREMENT CHALLENGES

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

2.10.1 Types of Challenges

Public procurement is an important function of government for several reasons.

First, the sheer magnitude of procurement outlays has a great impact on the economy and needs to be well managed. Indeed, in all countries in the world, estimates of the financial activities of government procurement managers are believed to be in the order of 10% – 30 % of GNP (Callender & Mathews, 2000).

Efficiently handling this size of procurement outlays has been a policy and management concern as well as a challenge for public procurement practitioners.

Second, public procurement has been utilized as an important tool for achieving economic, social and other objectives (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, p. 18).

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).

Third, due to many reasons (including greater scrutiny of taxpayers and competing vendors), public procurement has been perceived as an area of waste and corruption.

The District of Columbia, USA government wasted hundreds of thousands of dollars in revenue by selling used emergency vehicles for "bargain basement prices" in auctions run by untrained staffers (Nakamura, 2004).

In a 2 1/2-year period studied by the city's Inspector General's Office, the city sold 11 fire trucks for a total of \$3,125 while similar vehicles in make and model had been sold on the Internet for a total of \$360,875. Corruptions and bribes are widespread in government contracts (International Transparency, undated; and see www.transparency.org). In the United States, corruptions in government contracts have been regularly reported in newspapers; and the first week of September 2004 witnessed the reporting of a flurry of criminal prosecutions against state officials for violations of state procurement laws.

Separate newspapers reported on bidding scandals from Illinois, Connecticut, Wisconsin, and Maryland (see www.aba.org). Similar newspaper reports can be found in many countries.

Overcoming the negative perception and the objective reality, to a certain extent is one of the biggest challenges in public procurement.

Fourth, as many countries have moved to a regional and or global economy, public procurement practitioners face another challenge that is, how to comply with their government's procurement regulations and social and economic procurement goals without violating regional and/or international trade agreements.

For example, how to comply with national economic policies (in nurturing domestic firms), without dealing unfairly with foreign firms as provided in regional trade agreements and/or the World Trade Organization (WTO) agreements is not easy, which requires a careful study of trade agreements in order to take advantages of special provisions.

The WTO Agreement on Government Procurement (GPA) Article XVI provides: "Entities shall not, in the qualification and selection of suppliers, products or services, or in the evaluation of tenders and award of contracts, impose, seek or consider offsets." Without careful examination of GPA provisions, procurement practitioners in developing countries may not use an exception: However, GPA Article XVI.2 "expressly allows for the use of offsets by developing countries" (Arrowsmith, 2003, p.165).

Properly using 'offsets' is a major challenge for public procurement practitioners.

Similarly, the World Trade Organization's general rule requiring that contracts be advertised for a period of not less than 40 days from the date of publication of the notice to the tender submission deadline. The 40-day requirement would hinder a speedy procurement. The 40-day standard period, however, may be reduced in certain cases to 24 days or 10 days, as set out in GPA Article XI.3.

Fifth, in developed as well as developing countries, disregarding their economic, social, and political environment, a sound procurement system has accomplish two sets of requirements: management requirements and policy requirements. The procurement management requirements normally include quality, timeliness, cost (more than just the price), financial and technical risks, maximizing competition, and maintaining integrity.

The procurement policy requirements normally include economic goals (preferring domestic or local firms), environment protection or green procurement (promoting the use of recycled goods), social goals (assisting minority and woman-owned business concerns), and international trade agreements. It is very difficult for policy makers and public procurement practitioners to make an optimal decision, as there are always tradeoffs among these goals (Federal Acquisition Institute, 1999; Thai, 2001).

Finally, facing the challenges above and others, including rapid developments in technology (which have led to new procurement methods), public procurement cannot be perceived as mere a 'clerical routine,' as procurement practitioners are and should be involved in strategic procurement planning (Hinson & McCue, 2004). In recent years, public procurement practitioners have forcefully challenged the perceived clerical task of public procurement.

According to a recent unscientific survey of 704 members at the National Institute of Governmental Purchasing, Inc., 83% of respondents contended that the major role of current purchasing is tactical (www.nigp.org).

Thus, making public procurement a recognized profession is another challenge. Building a body of public procurement knowledge, one of attributes of a profession, is very critical.

The National Institute of Governmental Purchasing, Inc. (NIGP), a national professional association of the United States and Canada signed a partnership agreement with Florida Atlantic University ("Memorandum of Understanding," 1999) "in order to ensure continuity within NIGP's research and educational endeavors." As a result, the Public Procurement Research Center (PPRC) was created effective August 1, 1999.

In 2001, the author (Thai, 2001) developed a model depicting the scope of public procurement that consists of some elements: policy- making and management; authorizations and appropriations; procurement regulations; procurement function in operations (processes, methods, organizational structure, and procurement workforce; and feedback).

Public procurement practitioners have always walked on a tight rope. Their ability to accomplish procurement objectives and policies is influenced very much by internal and external forces including the following:

2.10.2 Public Procurement Challenges: Internal Factors

Professionalism or Quality of Procurement Workforce and Staffing Levels

Majority of practitioners involved in public procurement lacked requisite professional expertise and knowledge of the law governing the practice. This, therefore, places them at a disadvantage in ensuring that the achievement of good procurement is professionalism. Professionalism is the discipline whereby educated, experienced and responsible procurement officers make decisions regarding purchase operations. The role of procurement professionals is critical to Ghana's economic development. It is the recognition of this fact that the procurement authority's objectives includes; the professional development, promotion and support for individuals engaged in public. Procurement ensures adherence by the trained persons to ethical standards (Adjei, AB.PPA July, 2006).

The salary structure of procurement staff in the civil/public service is poor as compared to the salaries in the private sector and this is a disincentive to attract competent staff. As a result of unclear career and progression of procurement officials in the public sector it has been accepted and approved by the head of civil service (Kouyer, 2007)

Cost Overruns

Some of the qualifications of a contract or tender must possess include; financially stable and have good track record. Capacity to handle the project which should not be too small or too large, reputation for good quality workshop; adequate resources like plant and equipment and experienced key personnel and a good track record of industrial relationship (Adjei, 2006). This is also characterized by extensive cost and time overruns and poor quality as outlined in a study by Anvuur A and Kumarasny 2006 (cited in crown agents 1998, 2003).Anvuur A and Kumarasny stated in a recent article (Westring 1997) the cause of delays in contract execution.

They are extensive post-awarded negotiations, delay in the preparation of technical specification and drawings, delay in evaluation, extensive system of control, review and approvals and consultants (World Bank 1996). The accumulated interest on late payments and frequent price changes due to extensive renegotiations, further worsen the problem (World Bank 2003).

The difference between the final price and the price announcement when the project is initially awarded, are the result of negotiation.

Corruption

Corruption makes transaction costly due to payments of facilitation fees and rents. The contract may not be completed on time, within cost and in accordance with specifications and terms of the contract. This is as a result of a combination of factors. These include contracts awarded to unqualified contractors, suppliers or consultants due to use of non transparent procurement methods, inadequate bidder qualification process and political interference. Although a procurement entity is required to produce goods, services or works by competitive tendering; there are exemptions, which leave much discretion in the hands of procurement entity, an opening for corruption (Azeem V.2007).

Besides, there is unfair award of contracts, shoddy work and inflated sums as well as payments for uncompleted projects. Also there are instances where contracts have been reviewed upward, projects overpaid and goods that were never supplied paid for without any justification. Store/procurement irregularities and contracts irregularities amounted to GH6,129,211 in 2006 and 2007 (Auditors General's Report to parliament- MDA's 2006;7-9; 2007;4-5).

The nature of irregularities was outstanding refund of mobilization amounts, non-tendering contracts; items paid for but not supplied and unexecuted projects. Also, failure to award contracts to competent contractors. Consultants and contractors encounter difficulties in processing claims (World Bank 1996, 2003), and for fear of being blacklisted succumb to it. Also, many private sector entities delivering works and services to government establishments try to limit their losses by cutting corners or abandoning the works altogether (Westing, 1997). Most definitions describe corrupt behaviours as any behavior by persons appointed or authorized to discharge any duty relating to an assigned role who acts dishonestly. The definition does not only apply to public officials but also those who administer public finance or assets for private gain.

2.10.3 Public Procurement Challenges: External Factors

Public procurement practitioners have always faced challenges imposed upon by a variety of environment factors including market, legal environment, political environment, organizational environment, and socio-economic and other environmental factors.

Market Environment

Market conditions have a great influence on public procurement practitioners' effort to maximize competition. Moreover, the market determines whether or not socio-economic objectives of procurement are accomplished, whether or not a governmental entity can fulfill its needs; the timeliness of fulfillment; and the quality and costs of purchased goods, services and capital assets. As there are different levels of economic growth among countries in the world, market conditions are very favorable in industrialized countries, while they may be unfavorable in developing countries.

Even under a perfectly competitive condition like that in the United States, some supplies and services are required only by the government (particularly for weapons systems) and are available in the market. This is a captive market, which is limited in scope and competition.

Also as markets become more and more globalized through regional and international trade agreements and treaties, public procurement practitioners face a greater challenge.

In addition to compliance with their governments' procurement laws and policies and international trade requirements as mentioned above, they face additional challenges including communication, currency exchange rates and payment, customs regulations, lead-time, transportation, foreign government regulations, trade agreements, and transportation.

Thus, "before embarking on a foreign purchasing program, public procurement practitioners must carefully assess the total cost implications and compare them to domestic costs" (National Institute of Governmental Purchasing, Inc., 1999, p. 34).

Public procurement practitioners are torn between free trade agreements and their countries' economic development/stabilization policies when they face a hard choice between selecting domestic or foreign firms.

Legal Environment

Apart from public procurement regulations and rules, the legal environment refers to a broad legal framework that governs all business activities including research and development (regulations dealing with safety and health of new products), manufacturing (safety and health regulations at workplace and pollution control), finance (regulations dealing with disclosure of information), marketing (regulations dealing with deceptive advertising, disclosure of product characteristics), personnel (regulations dealing with equal opportunity for women and minorities), and contracts.

Indeed, most aspects of contracts public or private such as contract requirements, disputes, and breach of contract are governed under the same contract law. In developing and particularly transitional countries, where legal systems are not comprehensive, government contracts may need detailed provisions.

Political Environment

In a democracy many individuals, groups, and organizations in the private sector including trade associations, professional associations, and business firms or companies (commonly known as interest groups) are actively involved in all aspects of the public procurement system. Having various interests, objectives and beliefs, interest groups are involved in the public procurement system in several ways such as lobbying legislative bodies to pass or alter procurement statutes, influencing implementation of these statutes, and influencing budget authorization and appropriations processes.

Normally, a government program that is eventually adopted is a compromise among different views of interest groups, policy makers and management. In this democratic environment, there are cases of a strong coalition of policy makers, bureaucrats and interest groups in their effort to get their programs adopted. This coalition has led to the concept of the 'iron triangle,' which is very popular in the area of defense procurement.

However, the iron triangle shifts immediately after the procurement program authorization and appropriations decides to move to the procurement stage. As failure or success in winning large defense contracts has a great impact on a company, defense specialized companies compete against each other for these contracts. Public procurement practitioners have choices as they face various political pressures as well as sound economic decisions.

For example, should they be concerned with maintaining future business competition by keeping some relatively weak companies in business or should they let these small weak firms go out of business and leave a few defense-specialized firms to compete for contracts? This issue is more common in developing countries where perfect competition hardly exists. Large firms are more willing to make a small profit margin or even to take business losses by offering best bids. After small and weak firms are out of business, they will enjoy an imperfect competitive market.

Social, Economic, and Other Environment Forces

While some countries impose social policies on their public procurement practices (such as a policy placing a fair proportion of government acquisitions with woman/minority-owned small business, or economically disadvantaged areas), most governmental entities be it a developed or developing country or federal, state, and local governments use their large procurement outlays for economic stabilization or development purposes by preferring national or local firms over firms from other countries or other geographic locations.

Public procurement practitioners may be in a favorable economic environment or market (with many competing tenderers in their country or local areas) or an unfavorable economic environment (where competition hardly exists). This environment would have a great impact on their practices as they may face an imperfect competitive market. In addition to social and economic environment, public procurement practitioners are under other external pressures such as an environment protection movement, and foreign policy commitments.

Environmental Protection Concern or Green Procurement.

Environment protection has been present in every country developed and developing and environmentalists have placed a great deal of pressure on public procurement practitioners. This type of pressure can be seen frequently and across countries. In late 2001, the Vietnamese central government's State Appraisal Committee approved a controversial plan to build a new north-south highway through the country's oldest national park, a habitat for many rare and endangered plant and animal species.

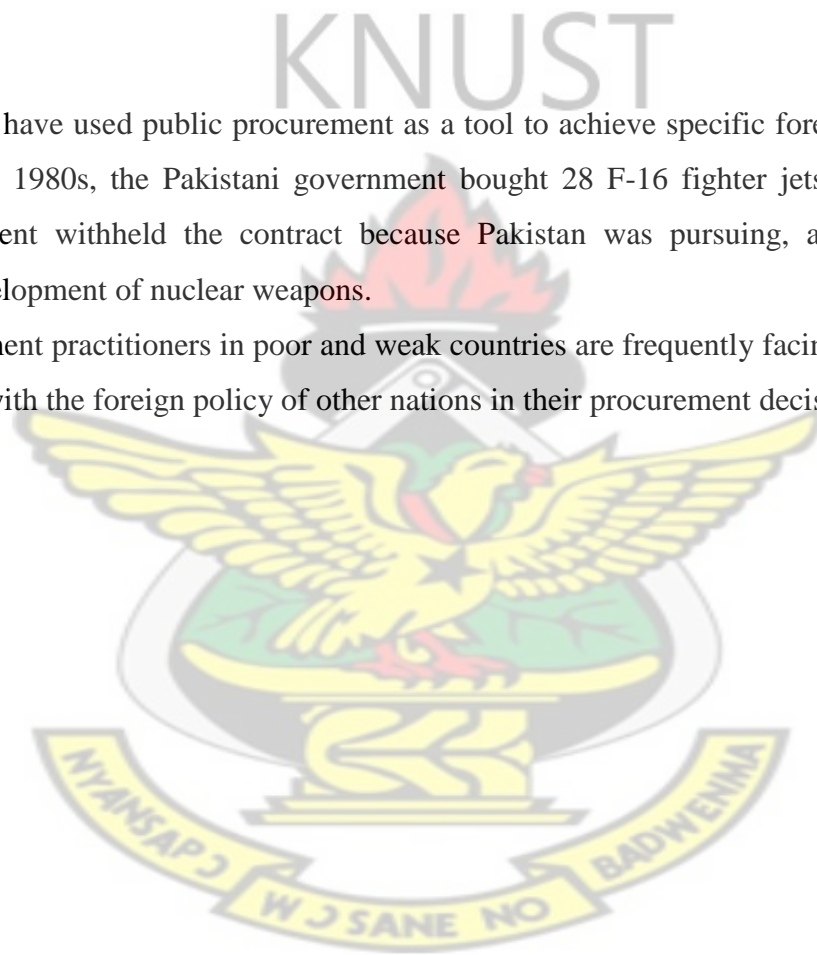
According to environmental groups, the plan to run the highway through the Cuc Phuong park, which starts about 56 miles south of Hanoi, posed a serious threat to endangered species.

The Cuc Phuong park is a global center for plant diversity and home to Delacour's Langur, a critically endangered primate, as well as the grey-headed fish eagle, tigers and elephants. The committee had examined two options: to upgrade an existing road running through the west of the park into a 17 miles stretch of highway, or to build a new road, skirting the park. The latter road would be 12 miles longer, cost nearly \$20 million more and require the relocation of more than 900 families instead of 80. The Vietnamese government, concerned with cost savings, decided to build the new road.

Foreign Policy.

Many countries have used public procurement as a tool to achieve specific foreign policies. For example, in the 1980s, the Pakistani government bought 28 F-16 fighter jets, but the United States government withheld the contract because Pakistan was pursuing, against American wishes, the development of nuclear weapons.

Public procurement practitioners in poor and weak countries are frequently facing the problem of having to deal with the foreign policy of other nations in their procurement decisions.



CHAPTER THREE

RESEARCH METHOD

3.0 PROFILE OF SUNTRESO GOVERNMENT HOSPITAL

This chapter presents brief profile of the Suntreso Government Hospital being used for the case study and the method to be used in conducting the research.

Suntreso Government Hospital was built in the year 1962 by Dr. Kwame Nkrumah the first president of Ghana. Suntreso Urban Health Centre was the name commissioned by the then commissioner of Health Mr. L. R. Abavana on 22nd November 1963 and patients started attending the clinic on 27th January, 1964. The centre was later upgraded to a polyclinic in 1980's and in the year 2000, it was upgraded to Bantama Sub metro Hospital and finally called Suntreso Government Hospital. (SGH procurement office)

3.1 INTRODUCTION

This study sought to assess the Performance of Procurement Practices of the Suntreso Government Hospital, Kumasi. Thus this chapter presented the methods that were employed to collect data to achieve the prime objective which was to assess the performance of the Procurement practices at the hospital. The major components of the research method were the research design, research population, sample and Sampling techniques, research instruments and methods for collection and analysis of data and presentation.

3.2 RESEARCH DESIGN

My Research design was the framework or plan that the researcher used to cover the detailed outline of how the investigation took place. It provided the overall structure for the procedures that I followed, how the data was collected, what instruments was employed, how the instruments were used and the intended means for analyzing the data that was collected.

To properly assess the performance of Suntreso Government Hospital in its procurement practices, an exploratory method of research was used to conduct the survey.

This research necessitated the use of exploratory method because the research was of a smaller size meaning only a small group of people were involved, interviews were required to tap the knowledge and experience of those officers at the Hospital with information relevant to the problem at hand and these people were not randomly selected to participate.

Exploratory research was used in collecting data for this study because it had the ability to provide very rich meaningful information, answer questions concerning the current status of the subject of the study, economical and also was convenient for the study involving interviews.

3.3 POPULATION

The population for this study comprised all ten (10) officers and heads of department who were involved in public procurement activities within the Suntreso Government Hospital. The main reasons for using this category of people were that they had a rich experience or background of the area of study and their activities directly or indirectly had a bearing on the performance of the procurement practices within the Hospital and they had a common binding characteristic.

3.4 SAMPLE SELECTION TECHNIQUES

The Sample for this study referred to all the ten (10) officers who were involved in procurement practices at the Suntreso Government Hospital, whose views were collected for the evaluation of the study. The sample size was the same as the population due to the smaller number of officers involved and having similar characteristics.

The population of the officers that the researcher was interested in was so small in numbers that the researcher had to survey the entire population rather than to choose a particular sample.

This research focused on the use of non probability sampling because it provided a wide range of alternative techniques to select samples based on my subjective judgement.

The researcher made use of a census data in the survey because the respondents had a lot of knowledge on the issue and were in a better position to give detailed and relevant information and objectives needed for the research. It was the appropriate method used for very small samples and interview surveys.

The target population for the study consisted of all ten (10) officials involved in procurement practices or activities at the Suntreso Government hospital. The use of the procurement officials helped the researcher to bring to bear the extent to which the procurement entity of the Hospital performed. Proportionately the breakdown of the sample for this research was as follows: The supply chain officer and his able assistants, the chairman of the Entity tender committee and other members of the entity tender committee.

3.5 RESEARCH INSTRUMENT

This study made use of data from two different sources namely, primary and secondary sources of data to gather the relevant information.

Primary Data

The main research instrument used was Semi-structured, face to face interviews. This was because the semi-structured interview was a bit more relaxed. Also I used semi structured interview because, though I was still expected to cover every question in my interview list, I had the chance to explore responses from officers at the Hospitals' Procurement Entity by asking for clarification or additional information.

Also the qualitative nature of the research made it necessary for the use of this semi structured interview. Finally this method was used because of my ability to gain the trust of the officers involved in the procurement operations at the hospital as well as a deeper understanding of responses. The nature of the questions was such that they were both open and close ended type. Answers to the questions posed during the interview were recorded by writing them down and by tape recording of the responses. This was done with the focus on the objectives set in the study. The primary data was collected from all the respondents in the sample frame. The analysis of the study was substantially based on the data.

Secondary Source

The researcher referred to various publications of foreign and Local Origin, books, journals, articles, 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 statement of problem.

3.6 DATA ANALYSIS AND PRESENTATION

The data analysis of this study consisted of transcription; focusing the analysis, categorization of the data, indentifying patterns and connections within and between categories and interpreting and combining evidence, to draw empirically based conclusions. Qualitative method was used to analyze the data. The first step I took was to transfer the recorded audio tape into writing. This transfer of the audible data was termed Transcription and involved close observation of data through repeated careful listening depending on the recording.

The next step was to focus the analysis, which was to examine and review the purpose of the evaluation and what I wanted to find out. This meant that, the researcher had to identify a few key questions that I wanted my analysis to answer and wrote them down. I focused the analysis to look at how all the individual respondents responded to each question. This approach was appropriate for the open ended questions. The researcher had to organize the data by questions to look across all respondents and their answers in order to identify consistencies and difference. The researcher then went ahead to put the data from each question together.

The third step I conducted was the categorization of information gathered which was referred to as coding or indexing the data. To bring meanings to the words that came before me, I identified themes or patterns, thus terminology and phrases used and organized them into coherent categories that summarized and brought meaning to the text. The categories were of the Emergent type which meant that I had to read through the text and find the theme or issues that recurred in the data. Those became my categories. I assigned abbreviated codes of a few letters, words or symbols and placed them next to the themes that I identified and labeled them.

This coding process helped me to identify the differing dimensions from the raw data I collected. The coded data also enabled me to group the respondent into limited number of categories.

After the categorization, I further indentified the patterns and connections within and between categories.

I then summarized the information capturing the similarities or differences in the officers' responses within a category. In order to achieve this I had to assemble all the data pertaining to the particular theme (category).

The final step was the interpretation and combining all the data together. The explanation of my findings was based on the themes and connections. I developed a list of key points or important findings that I discovered as a result of categorizing my data.

Computer data analyses software such as the use of Microsoft Excel software was the main tool employed to analyze the data in order to help interpret results.

The Data was presented in tabular, graphical and narrative forms. In analyzing the data, descriptive statistical tools such as bar charts and pie charts were employed.

The justification for the choice of the programme was that, the technique was able to facilitate word processing and data analysis very easy and gave accurate pictorial presentations.



CHAPTER FOUR

DATA ANALYSIS AND DISCUSSION OF FINDINGS

4.0 INTRODUCTION

This chapter presents the analysis of data gathered from the field with the aid of interviews. The study wished to generate opinions from the study respondents on the performance assessment on the procurement practices of the Suntreso Government Hospital.

Issues to be discussed will comprise the General information of the respondent, Procurement procedure including planning, execution and monitoring; Principles affecting procurement, techniques and methods for assessing the procurement at different levels of the procurement entity and procurement challenges affecting the entity of the Suntreso Government Hospital. Using a closed and opened-ended interview questions, the opinions of the respondents were collected and was analyzed with the aid of Microsoft Excel Software.

4.1 BACKGROUND OF RESPONDENTS

Educational Background of Respondents

The study sought to inquire into the educational background of the respondents at the hospital. The aim was to find out whether the officers who were involved in the procurement operations had the required qualification to meet the sensitive treatment it deserved.

In all three (3) respondents representing 37.5% of the successful respondents were Higher National Diploma (HND) holders and five (5) respondents representing 62.5% were University Graduates.

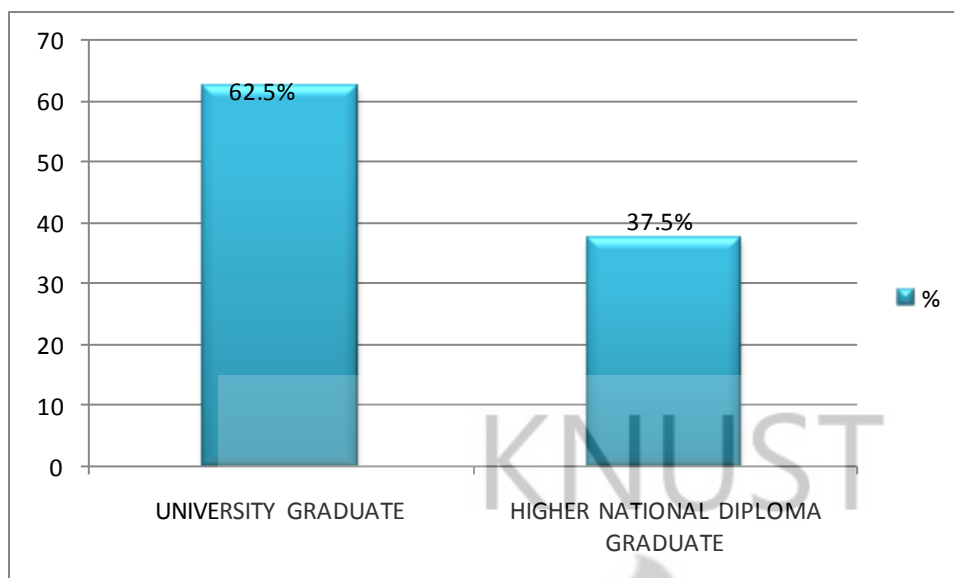


Figure 4.1: Educational background of respondents.

Source: Field survey

4.2 PROCUREMENT PROCEDURES AND METHODS

This question sought to find out the various procedures and methods that were used by the entity for its tendering processes. In connection with the responses to the tendering methods which aimed at finding out the required procurement methods that were used, various responses were obtained which comprised sole sourcing (SS), National Competitive tendering (NCT), Price quotation (PQ) and restricted tendering (RT).

The total tally of the various responses obtained was twenty one (21). NCT and PQ had the highest frequency of seven for each of the answers obtained. Each of the above responses thus NCT and PQ represented 33.33% of the responses. SS and RT had frequencies of 5 and 2 respectively representing 23.82% and 9.52%.

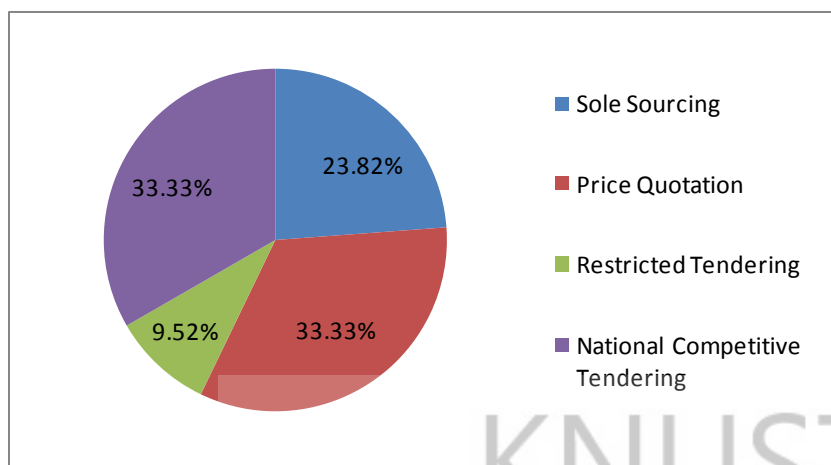


Figure 4.2: Procurement Procedures/Methods

Source: Field survey

From the analysis, it was discovered that NCT and PQ were the procurement methods most frequently used by the entity. This study focusing on the procurement entity of a health institution, one would have expected that the frequencies of the response concerning procurement methods would have been dominated by sole sourcing in the sense that section 40 of the Act states that “a procurement entity may engage in sole sourcing(SS) and price quotation (PQ) under section 41(B) with the approval of the board, where there is an urgent need for the goods, works or services and engage in tender proceeding or any other method of procurement is impractical due to unforeseeable circumstances given rise to urgency which is not the result of dilatory conduct on the part of the procurement entity”.

For example health institutions engage in negotiated procedures without prior publications of a contract notice because of the nature of items and the urgency required to procure items such as drugs, pharmaceutical products and other health sector goods for AIDS, tuberculosis and malaria. However, the operations of the entity were dominated by the use of NCT and PQ. This meant that the entity was using the default method of tendering and other methods when there is an urgent need of certain items which could not go through competitive processes. The sole sourcing was not rampant because the Hospital being a District hospital had to procure drugs from the Regional Medical stores always and on few occasions that when they didn't get from the stores, they would rather for reasons of hard presses of time go for the sole sourcing. They also use competitive methods to improve the level of competition among suppliers.

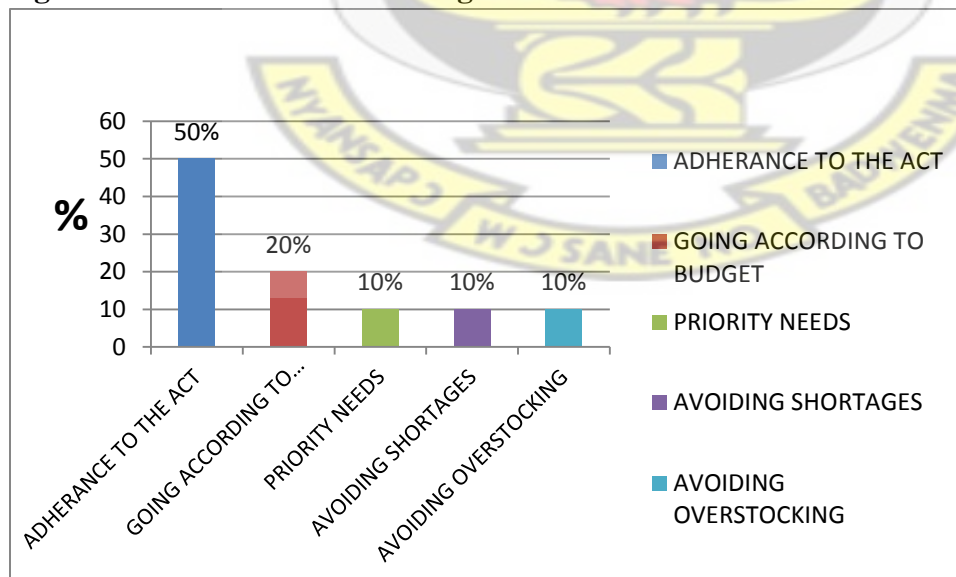
4.3 PROCUREMENT PLANNING

This question sought to ascertain whether the entity prepared annual procurement plan and the need for preparing the plan. All the respondents affirmed the preparation of procurement plan in their outfit. This is an indication that the entity followed the provision of the Act. Section 21 of the Act states that all procurement entities shall prepare procurement plan to support their approved programmes.

With regard to the need for procurement planning, varying responses were obtained from the respondents. These responses comprised Adherence to section 21 of the Act which requires procurement entities to prepare the procurement plan; Meeting priority needs before less essential ones; To avoid shortages and over stocking; Going strictly according to ones budget and Fiscal monitoring.

Adherence to the Section 21 of the Act had the highest frequency of five (5) representing 50% of the total responses. Others also responded that there was the need for procurement plan because it guided them to go strictly according to their budgets. This response had a frequency of two (2) representing 20% of the total responses. Also, issues such as Meeting priority needs before less essential ones, avoiding shortages and over stocking, and Fiscal monitoring were answers obtained in response to the need for procurement planning. These issues however obtained the lowest frequency occurring once representing 10% each of the total responses.

Figure 4.3: Procurement Planning



Source: Field survey

With the exception of the adherence to section 21 of the Act, all the other responses obtained from the respondents for the need for procurement planning contradicted what the PPB Manual, 2005 states. The manual states that there is the need for procurement planning because it enables organs to determine performance standards, establish overall direction, anticipate and avoid future problems and effectively coordinate various activities in the organization.

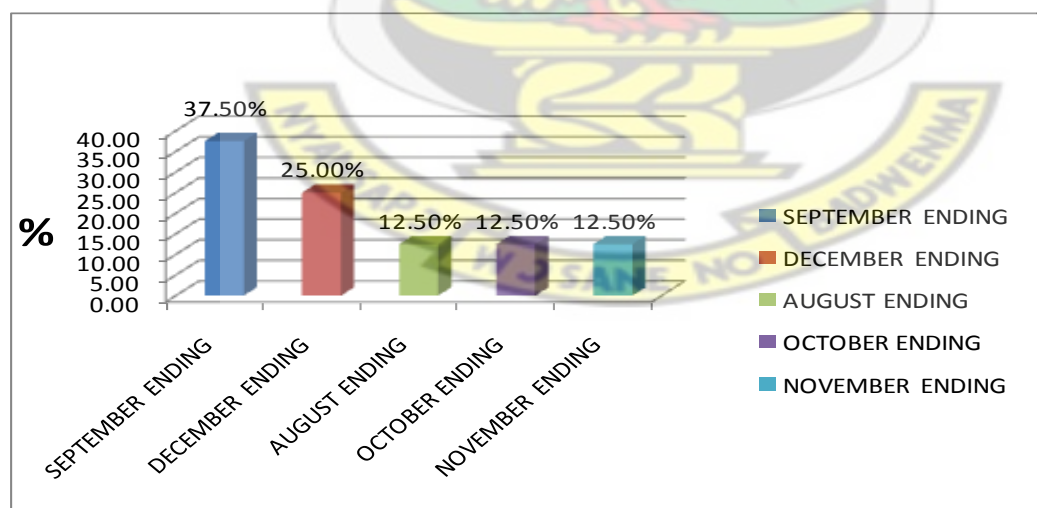
4.4. PREPARATION AND SUBMISSION OF PROCUREMENT PLAN

According to Section 21 (2) of the Procurement Act, 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. The study sought to find out the period for preparation and submission of procurement plan for approval. Different responses were obtained in relation to the period for the preparation and submission of procurement plan for approval.

In all, three of the respondents representing 37.5% of the total responses indicated that the period for the preparation and submission of the procurement plan for approval was the end of September of the preceding financial year. Two (2) of the respondents (25%) also indicated that the said period was the end of December of the preceding financial year.

The remaining three respondents representing 12.5% each also indicated that the period was the end of August, October and November of the preceding financial year.

Figure 4.4: Period for Planning and Submission of Procurement Plans



Source: Field survey

The study revealed that six out of the total respondents representing 75% confirmed that the period for the preparation and submission of the plan for approval was indeed on or before the stipulated period of not later than 30th November of the preceeding financial year.

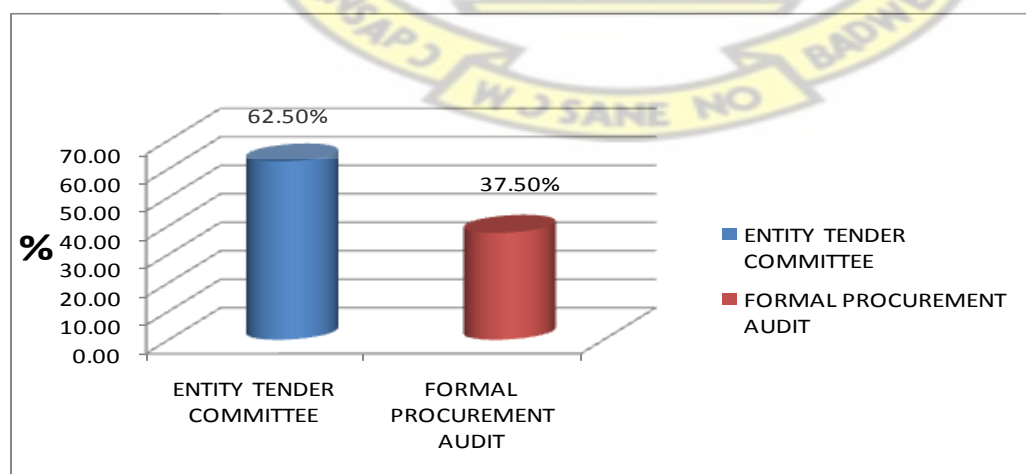
The remaining 25% of the responses indicated that the period for planning and submission was the December preceeding the financial year which did not conform to the stipulated period. There were discrepancies in the answers because though most of the respondents were heads of department of various units and actively involved in the procurement operations of the outfit, they were not actively involved in the preparation and submission of the procurement plan. It could also be deduced that they were just ignorant of the period for preparation and submission of the procurement plan.

4.5 MONITORING AND EVALUATION

Procurement monitoring is an essential part of procurement management and control linked to compliance with Act 663 and performance outcomes such as value for money, professionalism and code of conduct in procurement.

This research sought to find out how the procurement entity of the hospital monitored and evaluated its procurement processes. In relation to the responses concerning the monitoring and evaluation of procurement processes, five (5) of the respondents representing 62.5% indicated that the monitoring and evaluation was done by the Entity Tender Committee (ETC). The ETC compared the planned budget with the actual budget at the end of the financial year.

Three of the respondents (37.5%) said that monitoring and evaluation was done by using formal procurement audit.



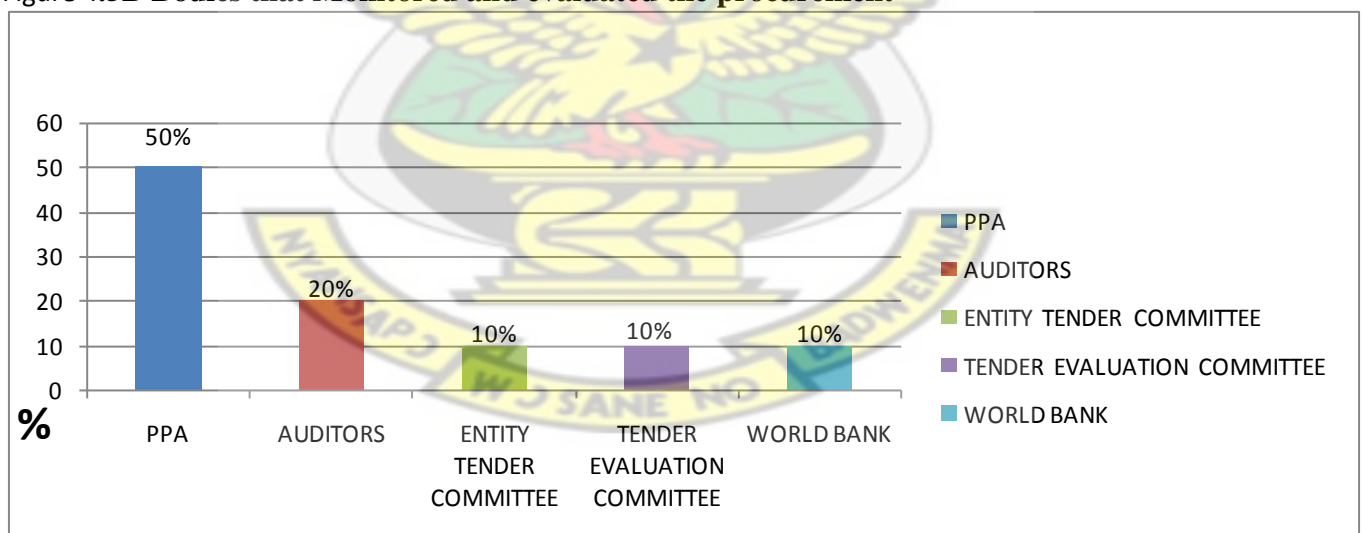
Source: Field survey

From the various responses obtained from the respondents, it can be confirmed that the procurement entity undertook monitoring and evaluation by using the correct bodies for their operations. With regards to the question on the bodies that undertook monitoring and evaluation, PPA had the highest frequency of 5 (50%).

Next to PPA was the use of Auditors for monitoring and evaluation of procurement process with a frequency of two (2) representing 20%. Other responses such as the use of Entity Tender Committee (ETC), Tender Evaluation Committee (TEC); and the use of World Bank for World Bank donor support Project and Funding. All these bodies had a frequency of one representing 10% each.

One would have expected a possible answer such as the PPA but several answers were provided in addition to the PPA answer as the bodies that performed the monitoring and evaluation. This was because the researcher asked the respondents to mention any of the bodies hence the discrepancies and also some of the respondents were just ignorant and thought this research was just for academic purposes so they had to just satisfy the researcher with answers without considering that a conclusion was to be drawn based on their answers.

Figure 4.5B Bodies that Monitored and evaluated the procurement



Source : Field Survey

Figure 4.5B represents the Bodies that Monitored and Evaluated the procurement process the Suintreso Government Hospital.

According to the PPA Annual report (2008), the bodies which should be involved in the monitoring and evaluation of procurement processes are the Management of the particular entity; Staff of PPA; Internal and external Audit and Project beneficiaries.

4.6 PRINCIPLES AFFECTING PROCUREMENT PERFORMANCE

This question sought to find out the principles and factors that affected the performance of the procurement entity of the Suntreso Government Hospital.

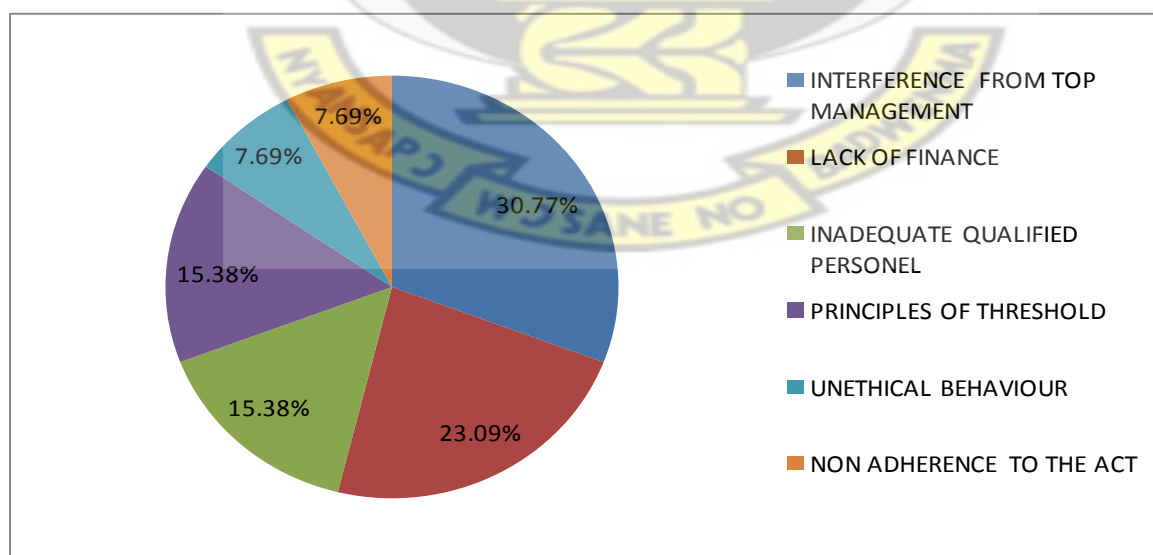
Varying responses were obtained from the respondents with conflict of Interest and Interference from top management having the highest frequency of four (4) representing 30.7% of the total frequency of 13 responses. Next to the above principle affecting performance was Lack of finances with a frequency of three (23%) out of the total frequencies of 13 responses.

The respondents also mentioned Inadequate qualified personnel and the Principle of thresholds compelling entities to use particular procurement methods as some of the principles affecting performance. These two principles had a frequency of two representing 15.4% each of the total responses.

Other factors obtained from the responses which had a frequency each were Unethical behavior by suppliers and Non adherence to the statutory provision of PPA, 2003 (ACT 663).

These responses represented 7.70% each of the total responses obtained.

Figure 4.6: Principles affecting Procurement Performance



Source: Field survey

According to the literature review, some of the procurement principles that affect the performance of an entity are the Procurement Processes being adopted; Accountability; Technology and ICT adoption; Internal Processes; Ethical Approach; Professionalism; Transparency, competitiveness and Fairness; and attaining Value for money in the procurement process. From the various responses obtained from the study it can be deduced that factors such as Ethical approach and Professionalism affecting the procurement entity of Suntreso Government Hospital corresponded to what is stated in the literature review.

4.7 ACCOUNTABILITY

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).

With regard to how the outfit ensures accountability, one particular response given by the respondents was that the health board always demanded explanation of results of every operation they undertook. Responding to the question on the need for accountability in the procurement process of the outfit varying responses were obtained.

A total frequency of eleven (11) responses was obtained from the respondents. Elimination of corrupt practices dominated the responses with a frequency of four (4) responses (36.4%) out of the total responses of eleven. The next reason for the need for accountability that dominated the responses was Ensuring VFM and this had a frequency of three (3) responses out of the total representing 27.3%.

Adherence to the regulations and procedures of the Act was another reason given for the need for accountability and this had a frequency of two (15.4%) out of the total responses.

Transparency in the use of public funds was also stated as one of the reasons for the need for accountability but it had the lowest frequency of one (1) response representing 7.7%.

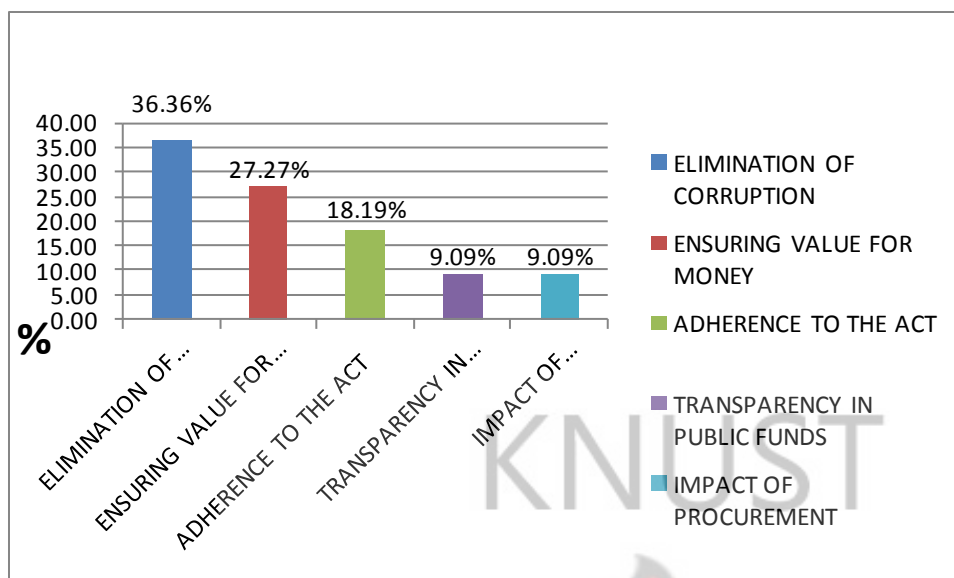


Figure 4.7: Accountability in the Entity

Source: Field survey

One respondent stated that there is the need for accountability because procurement is part of the Supply chain and impacts greatly on health service delivery, so the performance of which can affect service delivery either positively or negatively.

From the responses obtained, it can be deduced that the health board ensured accountability in the procurement operations of the outfit. Also, various responses given in relation to the need for accountability was in line with what is stated in the PPB Training modules, 2007.

4.8 TECHNOLOGY AND ICT ADOPTION

Responding to the question on how ICT adoption affect the procurement of suppliers, works and services in the outfit, it was revealed by all the eight (8) respondents that the level of the usage of ICT in their procurement operation was very low. This is because no specialized procurement software was available hence almost all activities were done manually.

But according to Hagen and Zeed, 2005, public authorities are expected to provide excellent service to their constituents in an effective and transparent manner, all the while working under constant resources constraints by adopting ICT. This means that despite resource constraints, public procurement entities are expected to adopt ICT in their procurement operations to provide excellent services to their clients in an effective and transparent manner.

4.9 INTERNAL PROCESSES TO CURTAIL INEFFICIENCIES

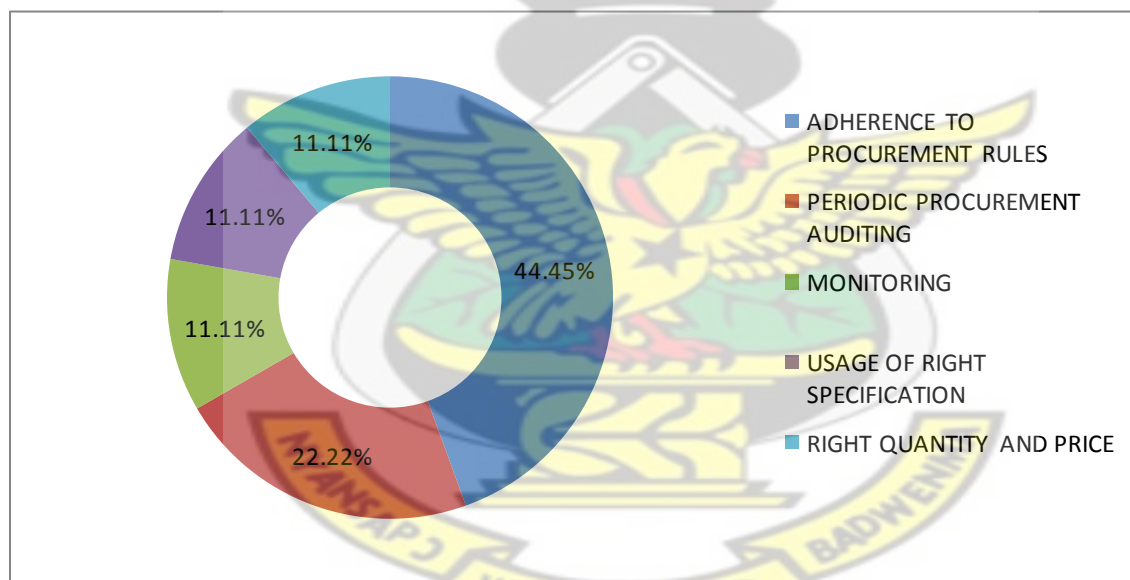
This question sought to inquire into the internal processes used to curtail inefficiencies in the procurement operations of the entity.

A total frequency of nine (9) responses was obtained from the respondents. Adherence to strict procurement rules was the most common answer among the various responses with the frequency of four (4) representing 30.80%.

The use of Periodic Procurement Auditing was the next internal process used to curtail inefficiencies with the frequency of two (15.4%).

Other processes cited by the respondents were the Monitoring of goods, works and service deliveries; Ensuring the usage of right specification and Ensuring that the right quantity is always purchased at the right price. These factors had a single frequency representing 7.7% each.

Figure 4.9: Internal Processes to curtail inefficiencies



Source: Field survey

From the above figure, it can be said that various internal processes have been adopted to curtail inefficiencies that existed within the operations of the procurement entity.

4.10 ETHICAL APPROACH

Ethics are the moral principles or values that guide officials in all aspects of their work (Wee, 2000). Ethical behavior is important in public procurement as it involves the expenditure of public money and it's subject to public scrutiny.

Responding to the question of the moral principle or values that guide officials in all aspects of their work in their entity, the most common principle that was cited by the respondents was by the Application of the Ethics of the Profession with the highest frequency of six (6) out of a total responses of fifteen (15) representing 40%.

The respondents also mentioned responses such as the Hospitals internal code of ethics and Fairness as some of the principles that guided the officials in all aspects of their operations. These two responses had a frequency of three (20%) each.

Other principles cited by the respondents were the Provisions of the company's code Act 179; Accountability; and Transparency. These principles had a single frequency representing 6.7% each.

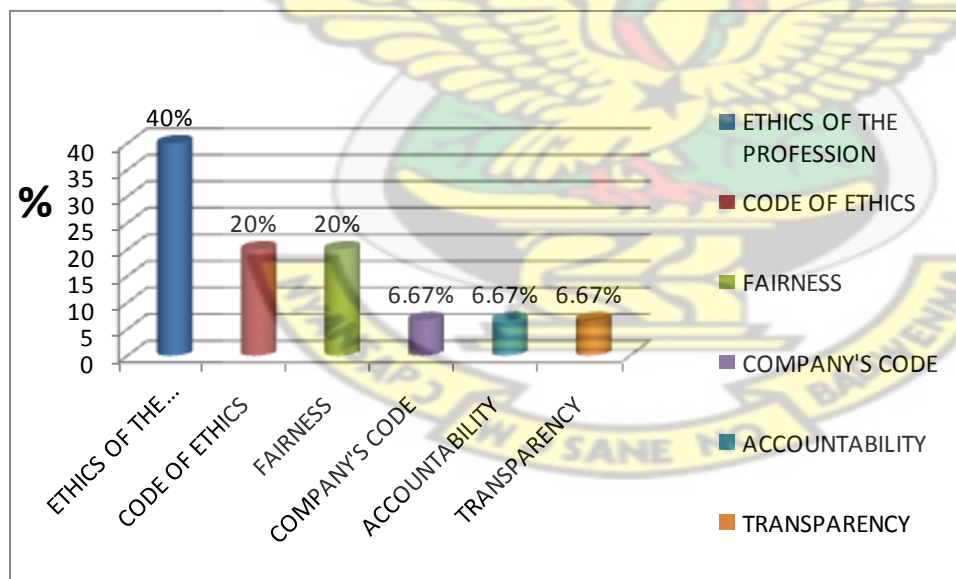


Figure 4.10: Ethical approach in the entity

Source: Field survey

From the figure above, it can be said that officials of the procurement entity were guided by various moral principles and values in all aspects of their operations.

4.11 TRAINING AND PROFESSIONAL DEVELOPMENT

Professionalism is the discipline whereby educated, experienced and responsible procurement officers make informed decisions regarding procurement operations.

With regard to this question the Researcher sought to find out how often the procurement outfit conducted training and professional development of individuals that were engaged in their procurement operations.

In response to this Question, once in a year was the more dominating response outlined by the respondents with five (5) out of the total responses of eight representing 62.5%.

The remaining three (3) respondents representing 37.5% did not answer. This was because they were just ignorant hence didn't want to provide answers which would have invalidated the research findings.

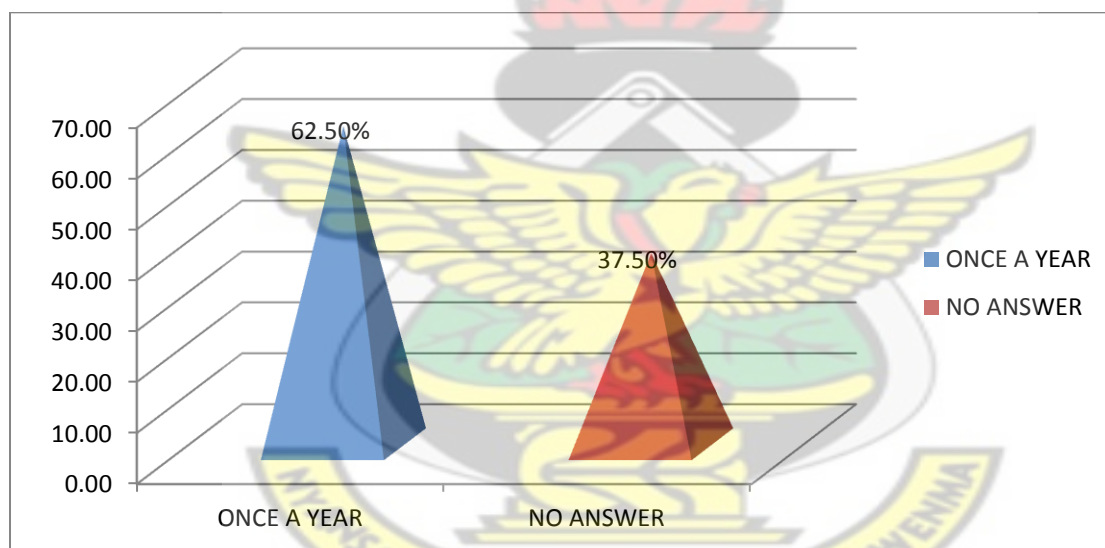


Figure 4.11: Training and Professional Development

Source: Field survey

The above figure portrays that training and professional development of individuals involved in procurement operations was not given much prominence and attention it deserved.

4.12 VALUE FOR MONEY

The researcher in this question wanted to find out how the procurement entity ensured transparency, competitiveness and fairness in order to achieve VFM.

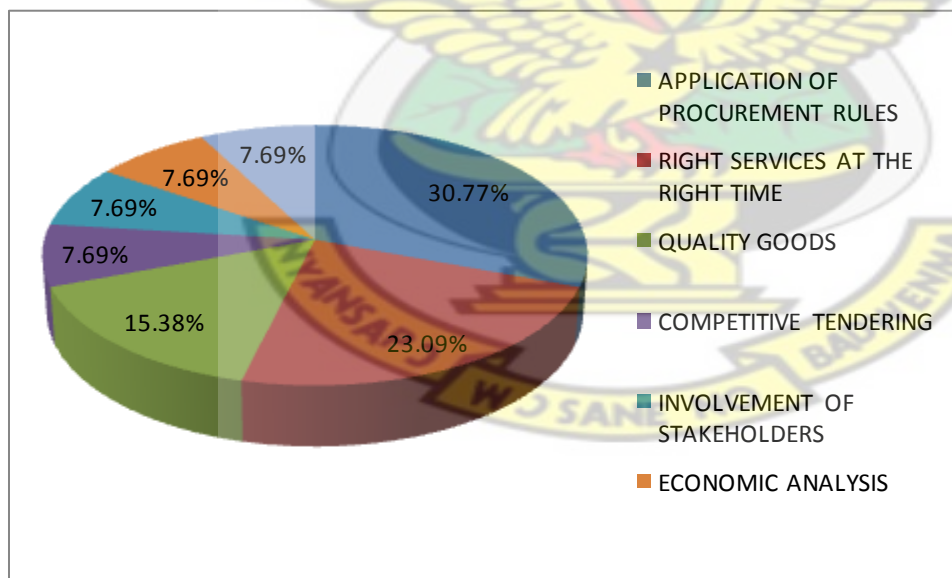
Varying responses were obtained from the respondents but the commonest amongst them was the application of the procurement rules with a frequency of four (30.8%) out of the total number of thirteen (13) frequencies.

According to the respondents, getting the right services at the right time and at the right places was another way of achieving VFM and had a frequency of three (23.1%).

Procurement of quality goods to satisfy the end user was also cited as one of the ways of achieving VFM and this had a frequency of two representing 15.4%.

Other issues raised by respondents on how the procurement entity ensured transparency, competitiveness and fairness in order to achieve VFM were through Competitive tendering; Absolute involvement of all stakeholders; comprehensive Economic Analysis of investment and contract management; and Effective and efficient use of available funds. All these issues had single frequency representing 7.7% each.

Figure 4.12: Value for Money



Source: Field survey

From the figure above, it is evident that to ensure transparency, competitiveness and fairness in order to achieve VFM, the procurement entity adopted varying measures as stipulated in the PPB manual, chapter 1.7 and the procurement Act.

4.13 TECHNIQUES AND METHODS FOR ASSESSING THE PERFORMANCE OF THEIR PROCUREMENT ENTITY

On the issue of how the performance of the procurement entity was assessed, all the respondents (100%) stated that their entity had a periodic auditing by the Public Procurement Authority. This shows that the procurement entity goes through the proper performance assessment.

4.14 PEER REVIEW ASSESSMENT

The question on Peer Review Assessment sought to find out whether the procurement entity had a body which consisted of international senior experts with extensive experience in procurement to identify the strength and weaknesses in the procurement system. The study however revealed that all the respondents (100%) gave a negative response. This means that there was nothing like Peer Review Assessment of the procurement entity of the Suntreso Government Hospital.

4.15 REGULATORY IMPACT ASSESSMENT (RIA)

There is the need for RIA to provide a detailed and systematic appraisal of the potential impacts of a new law or regulation in order to assess whether the regulation is likely to achieve the desired objective. The researcher therefore sought to find out whether the Public Procurement Authority provided any detailed and systematic appraisal of the potential impacts of the ACT 663. The study revealed that all the respondents (100%) responded in the affirmative i.e. yes.

From the above assertion it can be said that the PPA provides the necessary detailed and systematic appraisal of the potential impacts of the Act 663 to assess whether it has achieved the desired objectives or not.

4.16 STAKEHOLDERS SURVEY

As stated in the literature review, regular surveys can be carried out by addressing important areas and issues connected to the performance of the public procurement system (European Commission Evaluation Report, 2007).

In response to the question on how often the PPA or any independent organization conducted regular survey to address important areas and issues connected to the performance of the procurement system, all the respondents (100%) agreed that the stakeholder's survey was done annually. This response however contradicts the view expressed in the European Commission Evaluation report, 2007 which states that the surveys should be carried out on a regular basis.

4.17 ANNUAL CASHABLE SAVINGS

The researcher sought to find out how the outfit determined the price and cost development for goods and services that does not fluctuate with the market.

A total of seven respondent's representation 87.5% out of the eight respondents stated that market surveys were conducted to determine the price and cost development for goods and services that does not fluctuate with the market. Only one respondent (12.5%) said that the determination was done by making reference to procurement and Account files and then add a margin of five (5) percent to the preceding year.

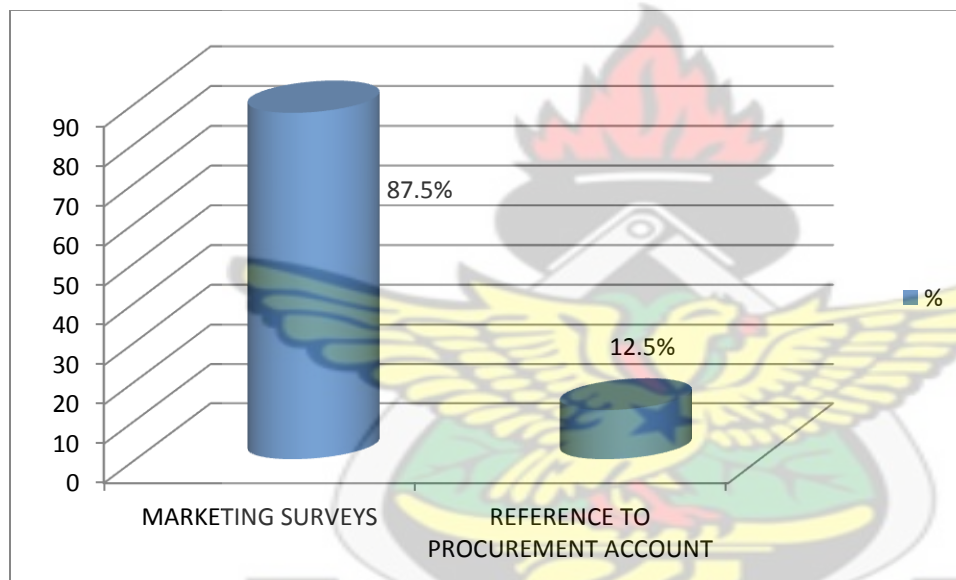


Figure 4.17: Annual Cashable Savings

Source: Field survey

From the figure above it can be said that the procurement entity determined the prize and cost development for goods and services that does not fluctuate with the market by two main ways namely, market surveys and Reference to procurement and Account files.

This assertion however contradicts what the literature review says, as the prize and cost development for goods and services that does not fluctuate with the market are determined with reference to year one and is applied to the whole procurement volume. This is done to obtain an Annual cashable savings.

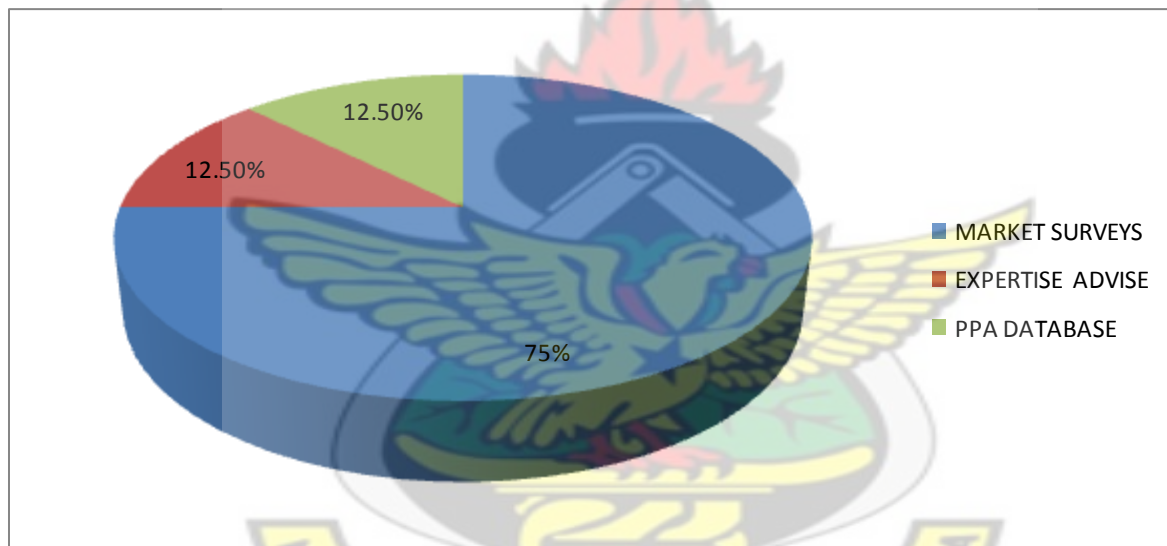
4.18 INDIVIDUAL PRIZE ANALYSIS

Responding to a question on how the outfit conducted individual prize analysis for goods and services that were subject to rapid prize fluctuations and specification changes such as IT and utilities, majority of the respondents (6) representing 75% stated that frequent market surveys were conducted to determine prices for such goods and services.

One of the respondents (12.5%) mentioned that the procurement outfit consulted the price database developed by the PPA on its website for prices of such goods and services.

Another respondent (12.5%) also stated that to determine the price for such goods and services, they relied on the advice of Experts in the field of procurement.

Figure 4.18: Individual Price Analysis



Source: Field survey

As stated in the literature review, for goods and services that are subject to rapid price fluctuations and specifications changes, individual price analysis should be carried out with reference to the baseline year in order to determine the extent of savings or loses. From the figure, it can be deduced that the views of the majority of the respondents (87.5%) agreed with what is stated in the literature review. This means that the entity conformed to the policy of individual price analysis.

4.19 PROJECT/CONTRACT IMPLEMENTATION EFFICIENCY

The study sought to find out what constituted the baseline against which the performance of the procurement entity was assessed on one off projects such as capital investment and infrastructure projects.

Varying responses were obtained from the respondents with regard to this question. Three (3) of the respondents, mentioned that the baseline for assessing the performance of projects was by sticking to the scope of the project. Two (2) of the respondents (25%) also stated that this was assessed by meeting the project specification whilst two (2) other respondents (25%) also said that the cost of the project should not exceed 10% of the initial sum.

Only one respondent (12.5%) cited Investment Appraisal as baseline against which the performance of the one off projects was assessed.

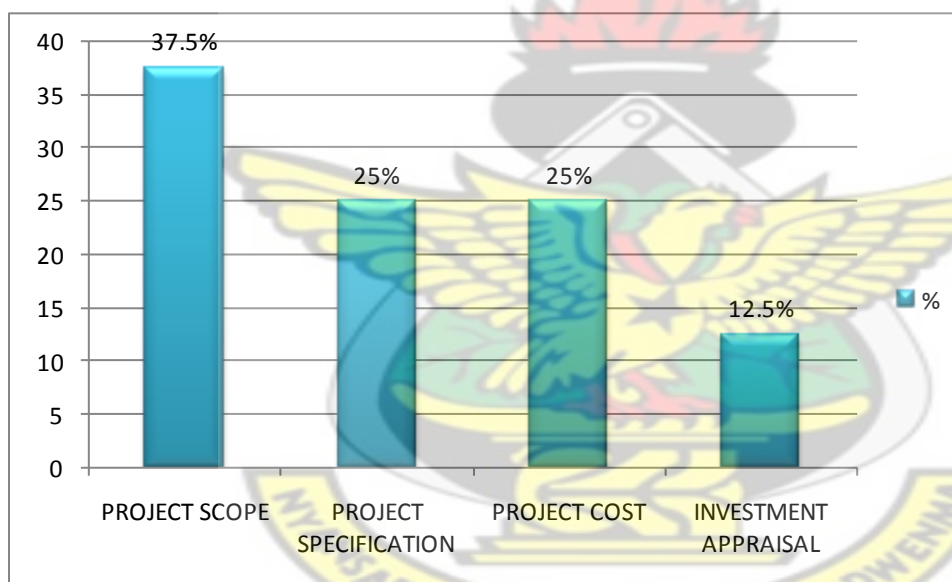


Figure 4.19: Project/Contract Implementation Efficiency

Source: Field survey

The figure above portrays the views of the majority of the respondents (62.5%) corresponded to what is stated in the literature review.

4.20 PERIOD FOR PLANNING AND PREPARATION

Respondents gave different answers in response to a question about the average period for planning and preparation of procurement operation in their outfit.

Out of the total number of respondents, five (62.5%) said that the average period was one moth.

The rest of the respondents (three) representing 12.5% each gave three different responses namely two, three and four months respectively as the average period for planning and preparation of their procurement operations.

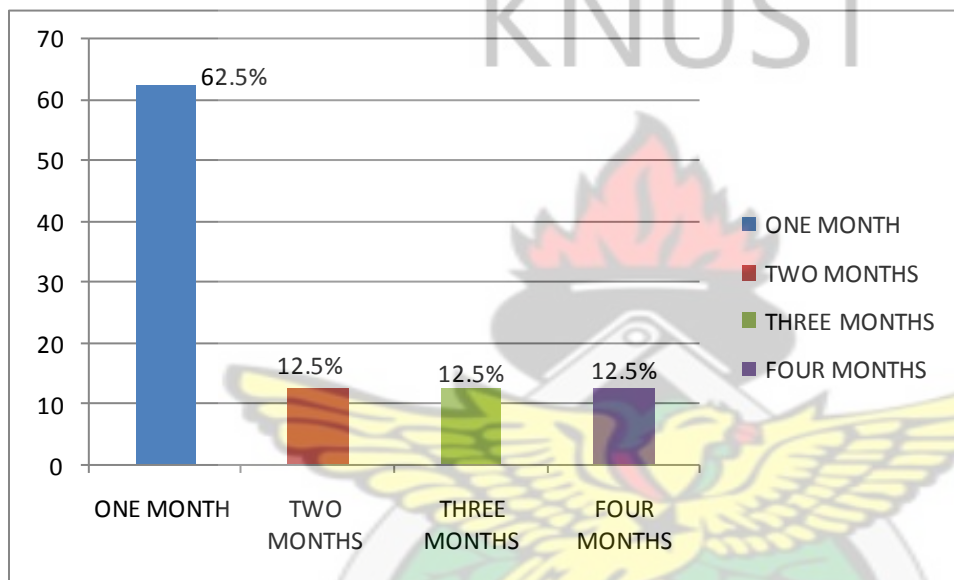


Figure 4.20: Period for Planning and Preparation

Source: Field survey

From the figure above, it is evident that only one respondent (12.5%) mentioned a period of four months which agrees to what is stated in the section 3(2) of the PPB manual. The manual says that the preparation of the annual procurement should commence at least four months before the start of the financial year to allow sufficient time for a realistic and accurately costed plan to be compiled.

4.21 COMPETITIVE BIDDING

To ensure fairness, transparency and to achieve VFM there is the need for procurement outfits to engage in competitive bidding.

Responding to a question on the percentage of procurement procedures that go through competitive bidding, two (2) of the respondents (25%) said 70% of their procedures went through competitive bidding.

Two (2) other respondents also said 80% went through competitive bidding. The rest of the respondents (4) representing 12.5% each said 75%, 60%, 95% and 90% respectively.

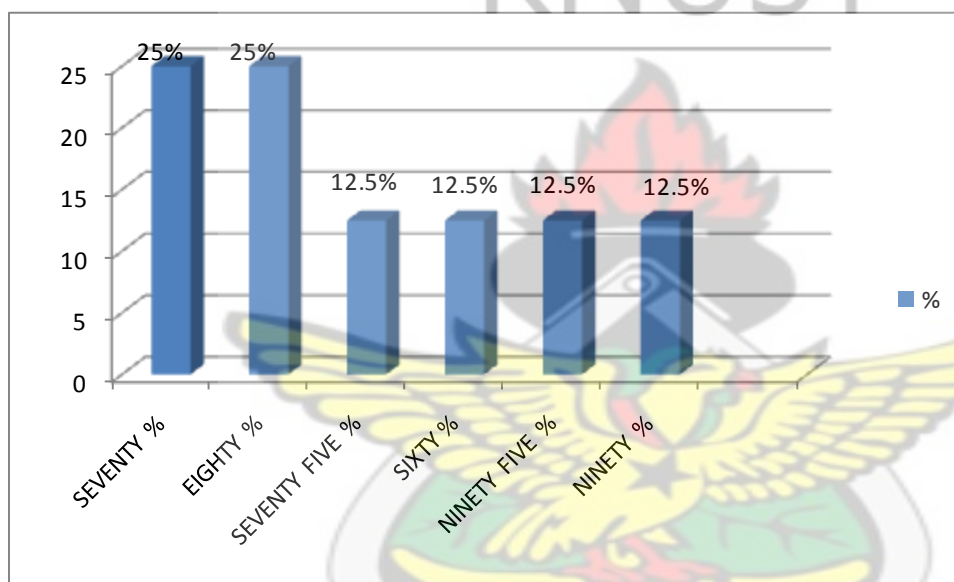


Figure 4.21: Competitive Bidding

Source: Field survey

According to the manual of the PPB, competitive tendering using ICT or NCT is the preferred method for government procurement and the use of alternative methods is strictly limited to the provisions of part IV of the Act 663.

The results show that some of the respondents were of the opinion that the level of the use of other methods apart from the competitive tendering was on the lowest scale.

Others too were of the opinion that the use of other procurement methods apart from competitive tendering were on a lower scale.

But due to the nature of the outfit being a hospital, it will not be prudent to always go through a competitive tendering to procure goods and services.

4.22 BENCH MARKING

This is a method by which contracting authority may compare its own operations in various aspects with comparable external undertaking such as a similar contracting authority known for its excellence.

With regard to a question on which institution served as a yardstick for excellence which the authority compared its own activities in various aspects of procurement operations, five of the respondents representing 62.5% said Komfo Anokye Teaching Hospital was used as a benchmark for its operations.

Three other respondents gave three different responses namely Newmont Ghana, Volta River Authority (VRA), and AngloGold as various institutions that served as a yardstick for excellence which the authority compared its own activities in various aspects of procurement operations.

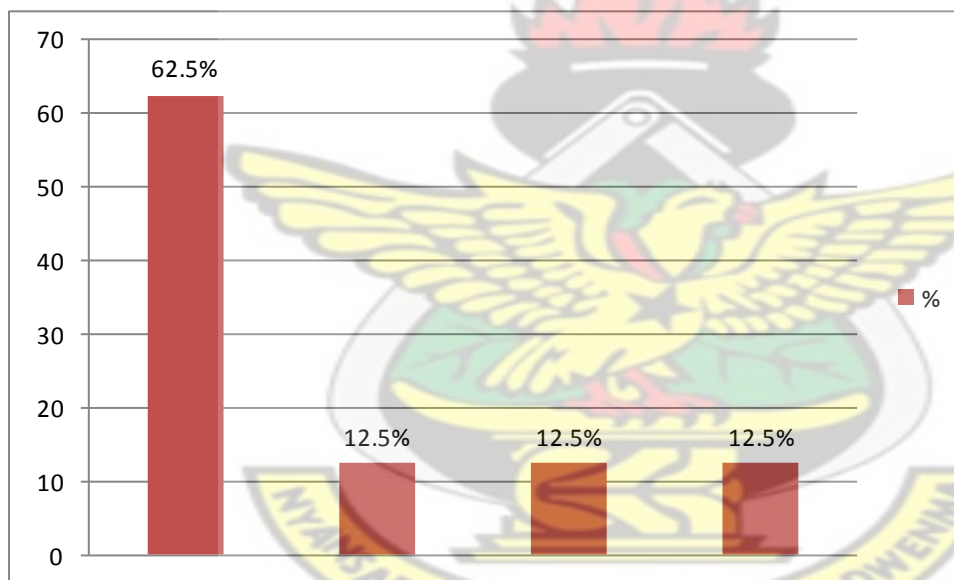


Figure 4.22: Benchmarking

Source: Field survey

The figure portrays that the procurement entity at the Suntreso Government Hospital was involved in a comparative study of successful procurement systems of other procurement entities.

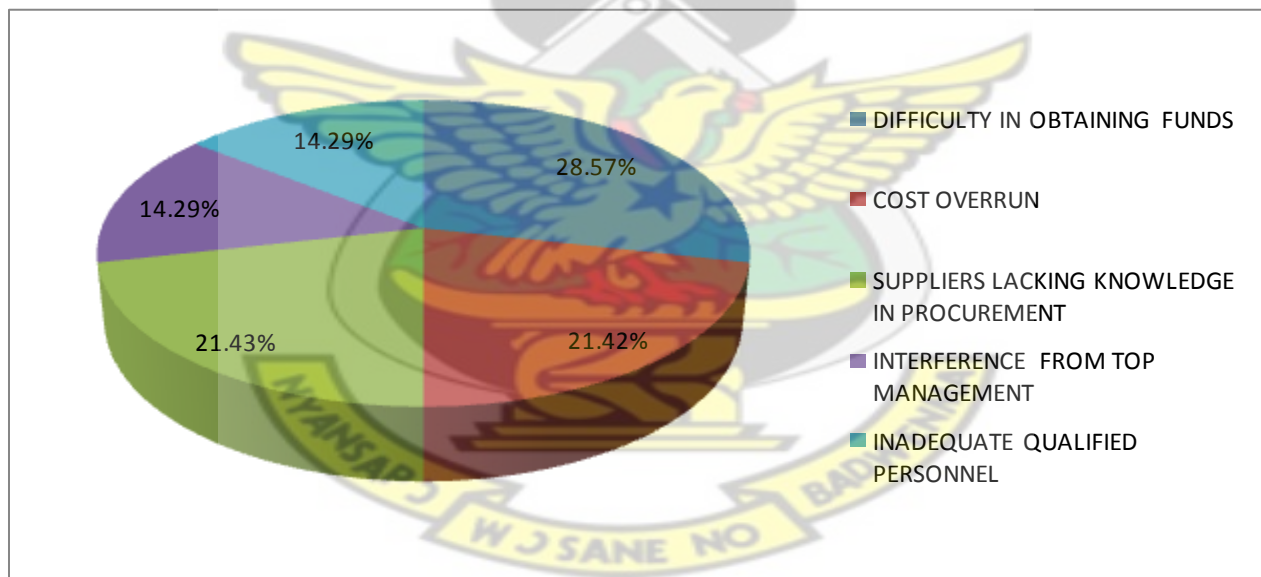
4.23 PROCUREMENT CHALLENGES

As stated in the literature review, in a developing country public procurement practitioners have and will always face many challenges and Ghana is no exception. In response to a question on the various types of challenges that the entity encountered in its operations, varying answers were obtained from the respondents.

Difficulty in obtaining funds was one of the challenges mentioned by the respondents with the highest frequency of four (4) out of a total number of fourteen (14) responses representing 28.6%. Two other challenges cited by the respondents with the frequency of three (21.4%) each were Lack of understanding of the procurement Act on the part of the local suppliers and Cost overrun.

Again the respondents cited issues like Interference from top hierarchy and Inadequate qualified personnel as some of the challenges facing the entity. These two challenges had a frequency of two (2) each representing 14.3%.

Figure 4.23: Procurement Challenges



Source: Field survey

From the figure above, it is evident that the entity faced a number of challenges which were not different from the public procurement challenges stated in the literature review, hence handicapped in their operations.

CHAPTER FIVE

SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATION

5.0 INTRODUCTION

This chapter outlines the summary of the study. The findings are presented in direct response to their specific objectives. Some recommendations have been outlined in this chapter to help improve the performance of the procurement Entity at the Suntreso Government Hospital. The reasons for the selection of this research topic was not only the public demand for transparency and efficiency in procurement systems of Ghana Health Service Institutions, but also the procurement practice of Ghana Health Institutions were seriously blamed for fraud and mismanagement of public funds. Also Section 91 (1) of Act 663 stipulates that there should be a regular procurement audit to assess procurement performance and this Performance assessment will give a critical evaluation on the performance of the entity in all crucial departments of procurement.

5.1 SUMMARY OF FINDINGS

The research sought to access the performance of the procurement practices of the Suntreso Government Hospital by specifically looking at the extent to which the Entity followed the requirement of (PPA 2003, 663) in the planning, execution and monitoring of the procurement operations. The study also sought to analyze the challenges that the entity encountered in its operations. After a series of reviews and analysis of the raw data collected, the following findings were outlined.

5.1.1 Procurement Procedures, Planning, Execution, Monitoring and Evaluation.

With regard to Procurement procedures, Procurement Planning, Execution, monitoring and evaluation the study revealed the following:

- National Competitive Tendering and price Quotation were the mostly used methods of procurement in the operations of the Suntreso Government Hospital.
- The entity was aware of the need for the preparation of procurement plan but they were ignorant of the main reasons for procurement planning as stated in the PPB manual 2005.

- Majority (75%) of the respondents were aware of the period for submission of procurement plans.
- On monitoring and evaluation, two main processes were used to undertake monitoring namely; Entity Tender Committee comparing the planned budget with the actual budget at the end of the financial year and using formal procurement audit.
- Bodies that undertook the monitoring and evaluation of the entity were the PPA, Entity Tender Committee, Auditors, World Bank and Tender Entity Committee.

5.1.2 Factors affecting Procurement Performance

- Various principles that affected the performance of the procurement entity were Interference from top management, Lack of finances, Inadequate qualified personnel, Principles of thresholds, Unethical behavior and Non adherence to the Act 663. It must be noted that interference from top management had the highest percentage of 30.77%.
- All the respondents indicated that there was the need for accountability in the procurement process of the entity. Reasons given by respondents were the Elimination of corrupt practices, Ensuring value for money, Adherence to the Act 663, Transparency in Public Funds and the Impact of procurement on the health service.
- Again, all the respondents indicated that the use of ICT in their procurement operations was very low because no specialized procurement software was available hence almost all their procurement activities were done manually.
- The Internal Processes used to curtail inefficiencies in the procurement operations of the entity were Adherence to strict procurement rules, Periodic Procurement Auditing, Monitoring of goods, works and service deliveries, Ensuring the usage of right specification and Ensuring that the right quality was always purchased at the right price.
- On how often the procurement entity, conducted training and professional development of officials engaged in their operations, majority of the respondents (62.50%) stated that it was done when the need arose and the rest also cited once in a year.

- To ensure transparency, competitiveness and fairness in order to achieve Value for Money in the procurement entity, respondents cited processes like the Application of procurement rules, Getting the right services at the right time and at the right place, Procurement of quality goods to satisfy the end user, Competitive tendering, Absolute involvement of the stakeholders, Efficient use of available funds and the comprehensive Economic Analysis of Investment and contract management.

5.1.3 Techniques and methods for assessing the performance at different levels of the procurement entity.

- Concerning the Techniques and methods for Assessing Performance of the procurement entity, the only method stated as being used for assessing the performance of the procurement entity was a periodic auditing by the PPA.
- On the issue of Peer Review Assessment by international experts, all the respondents (100%) were ignorant of it and had never had any idea of anything like Peer Review Assessment of the procurement entity of the Suntreso Government Hospital.
- For the issue of whether the PPA provided any detailed and systematic appraisal of the potential impacts of the ACT 663 thus Regulatory Impact Assessment, all the respondents' (100%) answered in the affirmative meaning that an assessment was done.
- With regard to the number of times that stakeholder's survey was conducted, again, all the respondents (100%) stated that the survey was conducted annually by the PPA.
- Majority of the respondents (87.5%) stated that market surveys were conducted to determine the price and cost development for goods and services that didn't fluctuate with the market. The 87.5% was seven out of a total of eight respondents.
- Again, majority of the respondents thus six out of the total of eight respondents stated that frequent market surveys were conducted to determine prices for good and services that were subject to rapid price fluctuations and specifications changes.

- With regard to the assessment of the performance of one off projects such as capital investment and infrastructure, the respondents mentioned that the baseline for assessing the performance of such projects were; by Sticking to the scope of the project, Meeting the project specification, Cost of the project not exceeding 10% of the initial sum and Investment appraisal.
- On the issue of the average period for planning and preparation of procurement operations in their outfit, only one respondent representing 12.5% cited a period of four months which agrees to what is stated in the section 3(2) of the PPB manual.
- Concerning the percentage of the total number of procurement procedures that went through Competitive tendering in the outfit, the research revealed that majority (77.5%) of their procurement operations went through Competitive tendering procedures even though it was a health institution which one might have expected it to require an urgent need of certain items or drugs which could force their hands to go through price Quotation and Sole Sourcing methods at times.
- On benchmarking, majority of the respondents thus 62.5% cited Komfo Anokye Teaching Hospital as the institution that served as the yard stick for comparing their own activities in the various aspects of procurement operations.
- Three other institutions mentioned were Newmont, VRA and Anglogold which were all not of health related centers though engaged in procurement operations.

5.1.4 Public Procurement Challenges

This research finally outlined that the various challenges that the entity encountered in its operations were Difficulty in obtaining funds, Lack of understanding of the procurement Act on the part of the local suppliers, Cost Overrun, Interference from top hierarchy and inadequate qualified personnel.

5.2 CONCLUSION

From the above analysis and discussions, it can be concluded that the procurement entity of the Suntreso Government Hospital adopted National Competitive Tendering and Price Quotation in most of their Tendering procedures. This shows that they conformed to the standards of procurement and also adopted other methods such as (PQ) because it was a health institution which could sometimes engage in negotiated procedures without prior publications of a contract notice because of the nature of items and the urgency required to procure certain Hospital items.

The procurement entity even though applied the Section (21) of the procurement Act, which stated that all the procurement entities shall prepare procurement plan to support their proposed programmes, they were ignorant of the need for preparation of procurement plans as stated in the PPB manual, 2005.

The entity adopted procurement monitoring and evaluation by using the recognized bodies in accordance with the requirements of the PPA Annual report, (2008).

Factors such as conflict of interest and interference from top management, Lack of finances, Inadequate qualified personnel and Principle of threshold affected the performance of the entity. However the most prevailing factor was the conflict of interest and interference from top management. The Board and management of Suntreso Government Hospital ensured accountability in the procurement operations of the entity.

Almost all procurement activities were done manually because there was no specialized procurement software. Hence the use of Technology and ICT was almost negligible.

Training and Professional development of individuals involved in procurement operations of the entity at the Suntreso Government Hospital was not given much prominence and attention it deserved. Performance of the procurement entity was assessed by Public Procurement Authority through a periodic auditing.

This indicates that the entity went through a proper performance assessment system. Komfo Anokye Teaching Hospital was adjudged as the institution that served as a yard stick for excellence which the Authority compared its own activities in various aspects of procurement operations.

Finally the entity faced a number of challenges such as cost overrun; inadequate qualified procurement personnel and difficulty in obtaining funds hence handicapped in their procurement operations. The conclusions elaborated above depict an average performance on the part of the procurement operations of the entity at the Suntreso Hospital.

5.3 RECOMMENDATIONS

In light of the discussions, findings and the conclusions, the following recommendations were hereby outlined;

- There must be a sensitization programme on the need for the preparation of procurement plan by the PPA as stated in the PPB manual, (2005).
- The procurement entity should be given the free hand to operate independently and the various roles and responsibilities clearly outlined to avoid conflict of interest.
- The entity should adopt ICT in their procurement operations by providing specialized procurement software to provide excellent services to their clients in an effective and transparent manner.
- The procurement entity must develop an annual training programme to build capacity of its procurement staff and other members on the ETC. Also the entity should be encouraged and supported with training and professional development in procurement of supply chain management to improve skill in the new procurement dimensions.
- The entity must reduce cost overruns by going strictly according to specifications and drawings, avoid delay in evaluation, review and approvals by consultants.
- The procurement needs to employ a qualified procurement officer to coordinate the procurement transactions.

- Finally the procurement entity should further collaborate with the public procurement Authority and the Zonal office in Kumasi, address the challenges and conduct a more effective monitoring and evaluation of procurement activities in the entity as well as applying sanctions to punish conflict of interest and interference from top management to improve its performance.

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APPENDIX ONE

SEMI - STRUCTURED INTERVIEW QUESTIONS

INTRODUCTION

The Interview is intended to collect data that will help the researcher to ASSESS THE PERFORMANCE OF THE PROCUREMENT ENTITY OF THE SUNTRESO GOVERNMENT HOSPITAL. The exercise is for academic purpose only. Any information provided will be treated confidential and no name will be ascribed to any response.

SECTION A: GENERAL INFORMATION

1. What is your education level?
2. Years of service/working period
3. Area of Speciality

SECTION B: PROCUREMENT PROCEDURE

4. What are the various procurement procedures and methods that are used by your outfit?
5. Do you prepare annual procurement plans and what is the need for procurement planning in your outfit?
6. Does your entity prepare an annual procurement plan and when do you prepare and submit the said procurement plan?
7. How does your entity monitor and evaluate its procurement process and by which bodies?

SECTION C: PRINCIPLES AFFECTING PROCUREMENT PERFORMANCE

8. What are some of the basic Principles or factors that affect the performance of your procurement outfit?
9. How does your outfit ensure accountability and why would there be the need for accountability in the procurement process of your outfit at all?
10. To what extent does ICT adoption affect procurement of Suppliers, Works and Services in your entity?
11. What are the measures put in place to curtail inefficiency and the disregard of the fundamental value for money in your outfit?
12. What are the moral principles or values that guide officials in all aspects of their work in your entity?
13. How often does your outfit conduct training and professional development of individuals that are engaged in procurement operations?
14. How do you ensure transparency, competitiveness, fairness and achieve value for money in the procurement procedures of your entity?

SECTION D: TECHNIQUES AND METHODS FOR ASSESSING THE PERFORMANCE AT DIFFERENT LEVELS OF THE PROCUREMENT ENTITY.

15. How do you assess the procurement performance of your entity?

METHODOLOGIES AT THE NATIONAL (META) LEVEL

Peer Review Assessments

16. Do you have a body which consists of international senior experts with extensive experience in procurement to identify the strength and weaknesses in the procurement system?

Regulatory Impact Assessment (RIA)

17. Does the Public Procurement Authority provide any detailed and Systematic appraisal of the potential impacts of the ACT 663?

Stakeholder Survey

18. How often does the PPA or any independent organization conduct regular survey addressing important areas and issues connected to the performance of your procurement system?

METHODOLOGIES AT THE CONTRACTING AUTHORITY (MACRO) LEVEL

I. Measuring the Economic Efficiency

Annual Cashable Savings

19. How does your outfit determine the price and cost development for goods and services that does not fluctuate with the market?

Individual Price Analysis

20. How does your outfit conduct individual price analysis for goods and services that are subject to rapid price fluctuations and specifications changes such as IT and Utilities?

Project/Contract Implementation Efficiency

21. How does your outfit assess the performance of one off - projects such as capital investment and infrastructure projects?

II. Measuring the Quality of the Procurement Function and Procedures

22. What is the average period for planning and preparation of procurement operation in your outfit?

23. What is the average cost for planning and preparation of tenders?

24. What percentage of the total number of procurement procedures go through competitive bidding in your outfit?

III. Measuring the Standard of External and Internal Relations and Collaboration Methods of measurement:

25. How do you rate our suppliers' satisfaction on a scale of 1 to 100 points and by what margin of increase do you anticipate in the subsequent year?

Benchmarking:

26. Which institution serves as a yardstick for excellence which your authority compares its own activities in various aspects of procurement operations?

SECTION E: Public Procurement Challenges

27. What are the various types of challenges that your authority encounter in its operations?

