

**KWAME NKRUMAH UNIVERSITY OF SCIENCE AND
TECHNOLOGY, KUMASI**

COLLEGE OF ARCHITECTURE AND PLANNING

DEPARTMENT OF BUILDING TECHNOLOGY

KNUST

CHALLENGES TO PROCUREMENT PLAN MANAGEMENT

AT THE METROPOLITAN, MUNICIPAL AND DISTRICT

ASSEMBLIES (A CASE STUDY – SEKONDI TAKORADI

METROPOLITAN ASSEMBLY)

A THESIS SUBMITTED TO THE DEPARTMENT OF BUILDING TECHNOLOGY

IN PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR THE AWARD

OF MASTER OF SCIENCE IN PROCUREMENT MANAGEMENT

BY

MAXWELL OBENG-MENSAH

JUNE, 2014

KWAME NKRUMAH UNIVERSITY OF SCIENCE AND TECHNOLOGY, KUMASI

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OF MASTER OF SCIENCE IN PROCUREMENT MANAGEMENT**

JUNE, 2014

DECLARATION

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

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DEDICATION

This work is dedicated first and foremost the Lord Almighty and to my wife and three children. I also dedicate this book to my late father and mother.

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ABSTRACT

Procurement is the processes of obtaining goods and services. It is based on comparatively simple principle as quality, cost and time paradigm. Where as

Procurement planning is a set of plan activities as they relate to packaging, cost, applicable methods of procurement, lead time and stock holding factors.

An efficient procurement system among other things will reduce Government expenditure. This can only be achieved when procurement staffs have knowledge in procurement plan management.

The aim of this research is to identify and document the extent Metropolitan, Municipal and District Assembly's procurement operations are in line with Public Procurement Authorities requirements using STMA as a case study.

The objectives therefore will be to

- i. Identity personnel responsible for procurement planning
- ii. Document principle adapted in delivery of procurement plans.
- iii. Establish problems being faced in the utilizations of procurement plans.

The data sources applied for the research methodology were both primary and secondary.

Whereas data analysis tool used was "Content Analysis".

The findings of this project are, STMA prepares and keep an approved Budget,

Procurement plan was available, STMA has no procurement unit, STMA has a procurement officer, Procurement plan is prepared, approved and sent to PPA website and finally Some projects were delayed for completion due to their funding sources.

Two main determinants were identified and summarized in the conclusion as non-availability of qualified procurement officer and the procurement unit yet to be establish

The recommendations are that; STMA should establish a procurement unit, a qualified procurement officer be employed and STMA must look for other sources of income to support The District Assembly Common Fund (DACF).



ACKNOWLEDGEMENT

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Again I wish to express my profound gratitude to my wife and children for their mutual understanding during the course of the study, and also my brothers and sisters especially PAT ADU KITSON of Special Ice Limited, Accra who will call to find where I am every Saturday before lectures begin.

This course also could not have been possible but for the encouragement and support of **REVEREND EMMANUEL KWESI ARTHUR** circuit Minister, Calvary Methodist Church Kojokrom near Sekondi who on every Friday before I set off for Accra will come to my office and have prayers with me.

Finally my special thanks to **MISS MERCY MAULD OTOO** and **MISS GRACE APPIAH** who took time of their busy schedule to type all my script.

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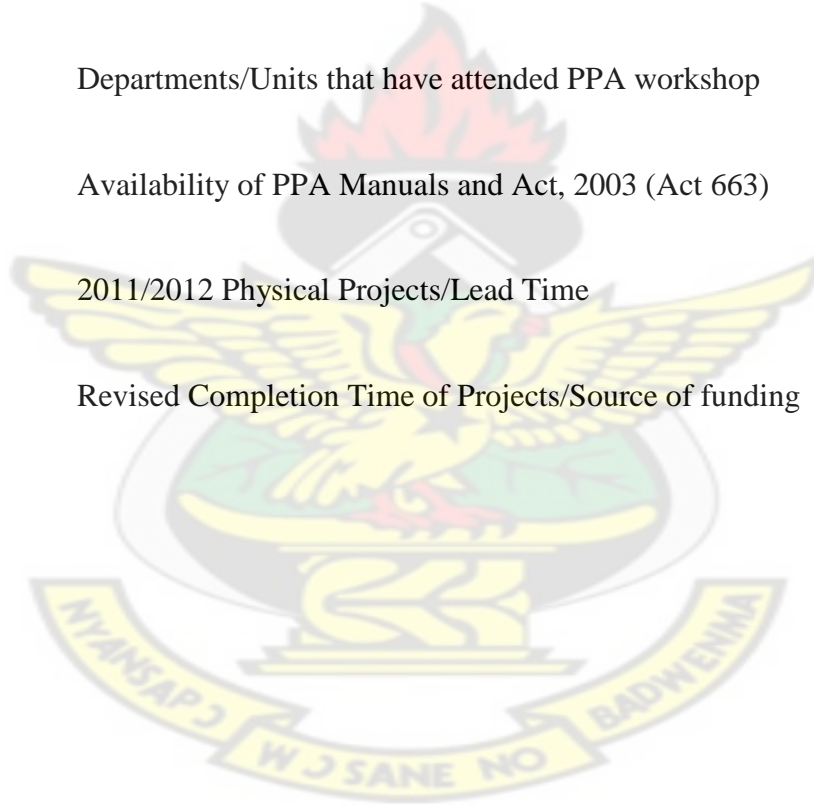
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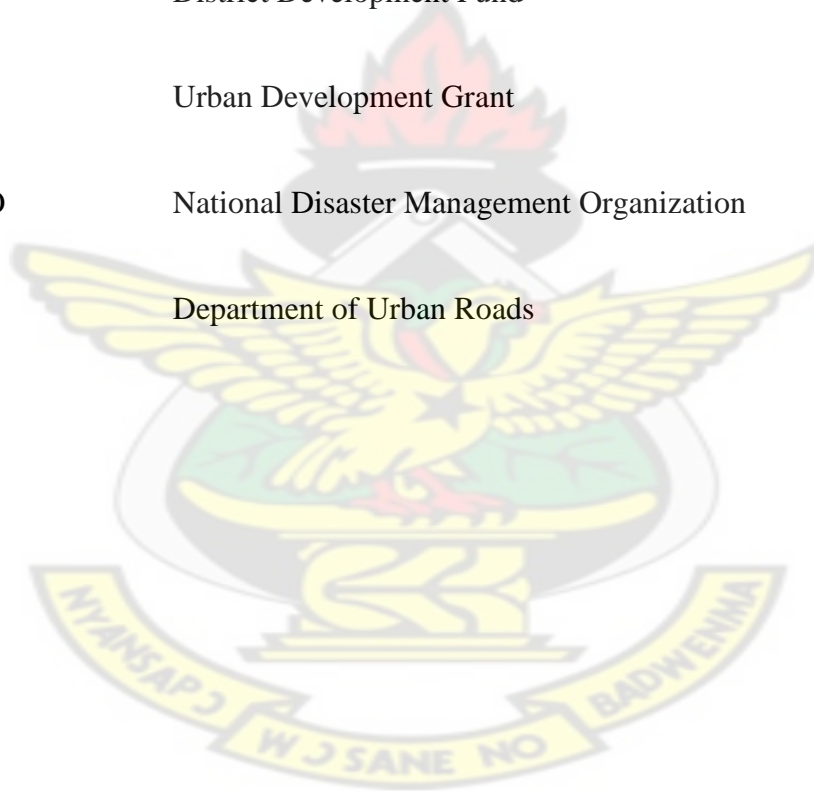
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LIST OF ACRONYMS

KNUST	Kwame Nkrumah University of Science and Technology
STMA	Sekondi Takoradi Metropolitan Assembly
SAEMA	Shama Ahanta East Metropolitan Assembly
GDP	Gross Domestic Product
U.K	United Kingdom
DFID	Department for International Development
PPA	Public Procurement Authority
MMDA	Metropolitan, Municipal and District Assemblies
MPCU	Metropolitan Planning and Co-ordinating Unit
ICT	International Competitive Tendering
NCT	National Competitive Tendering
ETC	Entity Tender Committee
TRB	Tender Review Board
PB	Procurement Board
RFQ	Request for Quotation
MCD	Metropolitan Co-Ordinating Director

FOAT	Functional Organization Assessment Tool
MCE	Metropolitan Chief Executive
MLGRD	Ministry of Local Government and Rural Development
D.A.C.F	District Assembly Common Fund
IGF	Internally Generated Fund
D.D.F	District Development Fund
U.D.G	Urban Development Grant
NADMO	National Disaster Management Organization
DUR	Department of Urban Roads



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CHAPTER ONE

1.0 INTRODUCTION

This chapter introduces the research study and gives the background of the study area. It will also talk about value for money in the delivery of infrastructure and an over view of the Public Procurement Act, 2003 (Act 663) and continue with the statement of the problem, aim, objectives, research justification, scope and methodology.

1.1 PRINCIPLE OF PROCUREMENT

Procurement is the process of obtaining goods and services from another for some consideration; it is one of the oldest transactions known to man. It is in essence a simple transaction but today's construction projects are often vast in scope, involve several designers, require specialist contactors, are executed at arm's length and take considerable time to complete.

The complexity arises from the need to comply with numerous regulations, involve professional consultants, achieve value for money, demonstrate accountability, and regulate complicated contractual relationships and through all this achieve a timescale largely dictated by the client's specific business objectives. Irrespective of the complexity of modern construction projects, they are all based on the comparatively simple principle of cost, quality and time.

From a clients' perspective the Cost, Quality and Time paradigm might be considered as being the highest quality, at the lowest cost, in the shortest time. Unfortunately this is not

always possible and compromise has to be sought, based on the client's priorities. These criteria and the compromise can be visualized as a triangle below (Hackett et al, 2008).

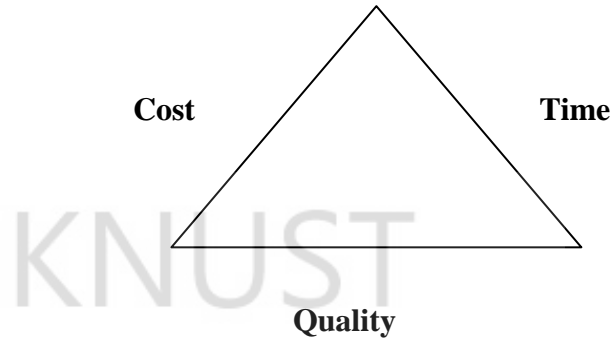


Figure 1.1: The Procurement Triangle

(The aqua group guide to procurement, tendering and contract administration)

If these three factors are kept in balance with appropriate quality being achieved at an acceptable price in a reasonable timescale, the triangle would appear equilateral. If however circumstances dictate that one of the factors must take precedence, the other two will suffer. The decision must lie with the client. (Hackett et al, 2008).

1.2 VALUE FOR MONEY IN THE DELIVERY OF PUBLIC INFRASTRUCTURE

The failure of or lack of sufficient infrastructure puts the spotlight on government whose goal is to deliver a better life for all. The tackling of poverty and underdevelopment in Africa is being hampered by short comings in the delivery and maintenance of infrastructure as evidenced in a recent World Bank report (Foster, 2008) which examined

infrastructure in Twelve (24) countries that together account for 85% of GDP, population and infrastructure aid flows of Sub-Sahara Africa. This report found that:

- In some countries infrastructure provision is not focused where it is most needed
- Countries typically only manage to spend about two thirds of the budget allocated to investment in infrastructure; and
- About Thirty (30%) percent of infrastructure assts are in need of rehabilitation. (Schooner and Yekins, 2011)

The global financial crisis has caused governments to rethink the management of their procurement and delivery management system in the wake of massive fiscal stimulus packages. Governments need to manage these expenditures wisely in order to obtain value for money, sustain public and private confidence that public funds are being well spent and demonstrate financial stewardship and lasting benefits (Schooner and Yekins, 2011).

The U.K National Audit Office (2010) defines good value for money as the optimal use of resources to achieve the intended outcomes. Also the Department

For International Development (DFID, 2011) views value for money as means for developing a better understanding of costs and results so that more informed, evidence-based choices can be made (Laryea etal, 2013).

The procurement activity in the procurement process in the final analysis refers to selecting a Supplier, Contractor or Consultant and drawing up a purchase agreement. The procurement process is no longer a purely operative process only consisting of transactions; it also includes the establishment and development of relations and more or less strategic business agreements. As procurement has become more strategic and global, procurement activities have become more diversified (Johnson, 2006). It is also said that fulfilling the contract in a manner that represents value to the client is seldom just a matter of activating systems and applying procedure. Having better systems and procedures than your competitors will never harm your chances of winning a contract, but in most cases it is people that make the difference. (Levis 2011).

1.3 OVERVIEW OF THE PUBLIC PROCUREMENT ACT, 2003 (ACT 663)

Public procurement Law provide the Legal framework of procurement, in respect of Goods, Works and Services financed in whole or in part from public funds (section 14 of Act 663).

In Ghana, the Public Procurement Act 2003 (Act 663) provides the Legal framework by which public procurement should take place. The object of the Act is to provide for Public Procurement, establish the Public Procurement Authority make administrative and institutional arrangements for procurement, stipulate tendering procedures and provide for purposes connected with these practices (Acquaye, 2011).

The object of the Authority is to harmonize the processes of public procurement in the public service to secure a judicious, economic and efficient use of state resources in

public procurement and ensure that public procurement is carried out in a fair, transparent and non-discriminatory manner (Act 663 section 2). The Act since date of Ascent; 31st December 2003 has come to stay (Public Procurement Act, 2003 (Act 663))

1.4 PROCUREMENT PLANNING

The Public Procurement Act, 2003 (Act 663) provides for the activity of planning under Part 3, section 21 and it stipulate as follows:

A Procurement Entity shall prepare a procurement plan to support its approved budget and the plan shall indicate:

- i. Contract packages.
- ii. Estimated cost for each package
- iii. The procurement method and
- v. Processing steps and time.

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 (section 21 of Act 633).

In summary it means a Procurement Entity shall 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 the Entity Tender Committee after which the plans are updated every

quarter of the planned year. To seal it off the procurement plan is to be published in the Public Procurement Bulletin.

1.5 STATEMENT OF THE PROBLEM

Public Procurement account for an average of 70% of Government import (Ministry of Finance, 2004). This lives only 30% of Government expenditure to the other sectors of the economy. Therefore when procurement is well plan it will amount other things ensure:

- i. Fairness in procurement delivery.
- ii. Reduction in procurement cost and
- iii. Reduction in Government expenditure.

Painfully enough efficiency in procurement delivery have not been achieved as desired by the Government. A large number of Procurement Staff have little knowledge in the preparation of Procurement Plans. Procurement Officers at various levels do not have Certification in Procurement; rather Administrators, Accountants, Planners, Engineers and Architects are seconded to undertake Procurement activities (Metropolitan Engineer, STMA, Sekondi).

The study of Procurement at the Tertiary and higher levels of Education and Employment of Procurement Staff at the Metropolitan, Municipal and District Assemblies (MMDA's) is likely to ensure efficiency in the procurement system.

1.6 AIM AND OBJECTIVES OF THE RESEARCH

1.6.1 Aim

To identify and document the extent to which Sekondi Takoradi Metropolitan Assembly's procurement operations are in line with the Public Procurement Authority's (PPA) required procurement planning.

1.6.2 Objectives

Having set up the above aim it would be achieved by the following objectives:

1. To identify the caliber of personnel responsible for the procurement planning.
2. To document the processes adapted by STMA in the delivery of procurement.
3. To establish the problems faced by STMA in the utilization of procurement plan.

1.7 JUSTIFICATION

The Government's economic policy and budget statement in 2003 made it clear that procurement budget only account for Eight trillion Six Hundred billion cedis (¢8,600,000,000,000.00) of the total budget estimate of Thirteen trillion cedis (¢13,000,000,000,000.00). This was about 66.15%, therefore when procurement is well planned and fully utilized it will ensure;

- i. Economy and even distribution of income

- ii. There will be equity in procurement
- iii. It will encourage private sector growth
- iv. It will also help to achieve value for money
- v. Finally, there will be savings in government expenditure

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1.8 RESEARCH SCOPE

The work was limited to the availability, management and implementation challenges of departmental or central procurement plan. The survey covered all the sixteen (16) decentralized departments that are active and functioning and the three unit that are deeply involved in the preparation and management of the procurement plan at STMA. The period of the study covers the month of August and September, 2013.

1.8.1 THE STUDY AREA, SEKONDI TAKORADI METROPOLITAN ASSEMBLY

Sekondi Takoradi Metropolitan Assembly (STMA) started as Sekondi Town Council in 1903, under the Town Council Ordinance No. 26, until 1946 when Takoradi was annexed into the administrative area of the Council. In June 1962, Sekondi Takoradi was elevated to the status of a city and is currently one of the Six (6) Metropolises in Ghana. In 1994 the name of the Assembly was changed To Shama Ahanta East Metropolitan Assembly

[SAEMA] through an LI 1316. The name was later reverted to STMA again in 2008 through an L.I 1928 after Shama was curved out to attain the status of a District.

1.9 RESEARCH METHODOLOGY

The methods adopted for achieving the proposed objectives were: Observation of availability of procurement plan at the departments and the study of the content of the existing departmental or central procurement plan.

The study of Public Procurement Act, 2003 (Act 663) clause 21 states that a procurement entity shall prepare a procurement plan to support it approved program and the plan shall indicate contract packages, estimated cost of each package, the procurement method and the processing steps and times. A procurement entity shall submit to it Tender Committee not later than one month to the end of the financial year the procurement plan for the following year for approval.

After budget approval and at quarterly intervals after that, each procurement entity shall submit an update of the procurement plan to the Tender Committee. The procurement entity shall send to the Tender Review Board, procurement notices for contract and procurement plans above the thresholds stipulated in Schedule 3 for publication in the Public Procurement Bulletin. A procurement entity shall not divide a procurement order into parts or lower the value of a procurement order to avoid the application of the procedures for public procurement in this Act. Develop interview questionnaire from the literature and administer on the fourteen departments and three key actors of the procurement plan management.

Data gathered from the interviewees were processed and analyzed using content analysis. The expected coverage of the procurement plan should be on Goods, Works and Services and within the three (3) procurement areas which one is best utilized and understood by the departments and why the specialization of a particular procurement direction. We may also recommend ways of improving the preparation and utilization of the procurement plan.

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1.10 THE STRUCTURE OF THE STUDY

The frame work is divided into five chapters.

- i. Chapter one gives the introduction, background, study area, purpose and scope of the study.
- ii. Chapter two will be the Literature Review.
- iii. Chapter three covers Data Collection and Methodology.
- iv. Chapter four is left for the Analysis and Discussions and finally
- v. Chapter five will cover Summary, Conclusion and Recommendation.

CHAPTER TWO

2.0 INTRODUCTION

This chapter covers the new Local Government System as published by the Ministry of Local Government and Rural Development (2nd Edition November, 1996) and also talk about the establishment of the Local Government Service as per its objectives and functions (Act 462, 1993). Attention is being paid to the broad activities of the national procurement plan as they relate to packaging and cost, applicable methods of procurement lead time and stockholding factors. We should also enumerate some challenges in the preparation and implementation of procurement plans.

The traditional approach to planning for development in Ghana has been national in scope and sectorial in nature. Described as top –down and highly centralized, the planning approval sought to define national goals and objectives and therefore formulate national development plans from the perspectives of a few staff of ministries and other Central Government Agencies without any consultation with or participation of the people who were the ultimate beneficiaries of the plan.

The new Local Government system therefore seeks to improve on the traditional method (Public Procurement Act, 2003 (Act 663).

2.1 STRUCTURE OF THE NEW LOCAL GOVERNMENT SYSTEM

The New Local Government System is made up of a Regional Co-ordinating Council and a four-tier Metropolitan and three-tier Municipal/District Assemblies structure as shown below (Ghana – New Local Government System, 2nd Edition November, 1996)

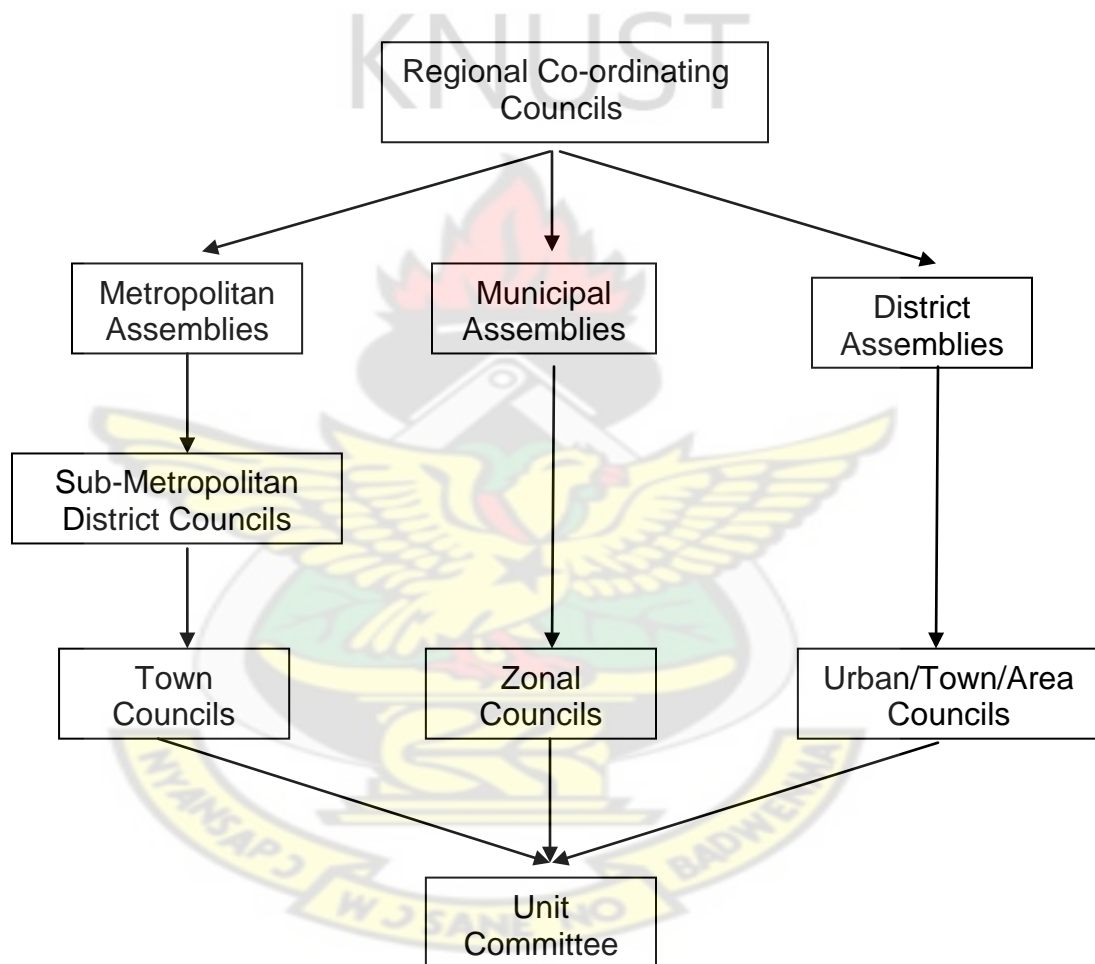


Figure 2.1: STRUCTURE OF THE NEW LOCAL GOVERNMENT SYSTEM, 1996

2.2 LOCAL GOVERNMENT SERVICE

Act 462 envisages a Local Government Service to be established by an Act of Parliament (Local Government Act, 1993 (Act 462)).

2.2.1 OBJECTIVE OF THE LOCAL GOVERNMENT SERVICE

The objective is to create a Loyal, motivated and dedicated organization of technocrats, bureaucrats and administrators to provide the manpower capacity to the Local Government to translate their power and resources into a development phenomenon (Local Government Act, 1993 (Act 462)).

2.2.2 FUNCTIONS OF THE SERVICE

The Service will assist the Regional Co-ordinating Councils, the Metropolitan, Municipal and District Assemblies and the Sub-District Councils in the initiation, formulation and implementation of their policies, programmes and projects (Local Government Act, 1993 (Act 462)).

2.2.3 THE NEW PLANNING SYSTEM

Planning is the process of preparing and implementing a set of decisions and actions at the Local, District, Regional and National levels to effect a transformation of the people of an area and their environment in ways that will improve their existing economic and social conditions and circumstances, their physical surroundings and existing institutions.

Both Act 462 and Act 480 designate the Metropolitan/Municipal/District Assembly (MMDA's) as the planning authority, charged with the overall development of the district. They provide the District Development plan. The new planning process has the following as the essential features. Planning at the MMDA's level starts with the communities, problems, goals and objectives from unit committee level through the Town/Area/Urban/Zonal Councils to the MMDA's.

The Sub-committees of the Executive Committee of the MMDA's consider the problems and opportunities define and prioritize and submit these to the executive committee;

The departments of the MMDA's sectoral specialists, non-governmental organizations and other functional agencies center and collaborate with one another to hammer out the ingredients of the district plan;

The Metropolitan Planning and Co-ordination Unit (MPCU) integrates and Co-ordinates the district sectoral plans into long term, medium term and short term plans and annual plans/budget for consideration of the executive committee and debate by the MMDA's.

The approved plan is then sent to the Regional Co-ordinating Council for Co-ordination and harmonization with the plans of the other District Assemblies in the Region. (The New Local Government System, 1996 – 2nd Edition)

2.3 BUDGETING

The best plans of any Government, Ministry or MMDA's will remain plans and not accomplishment unless they are implemented. The implementation of plans requires financing. The formal financing of plan implementation is termed budgeting (The New Local Government System, 1996 – 2nd Edition).

- ❖ Generally, a national budget is the financial expression of a government which seeks to achieve a balance between many ends and scarce/limited means or resources.
- ❖ Essentially, it is a process whereby plan objectives are quantified and operationalized fiscally. In a sense, it is a priced mirror of a plan.
- ❖ Goal, setting, objectives, definition, determination of priorities and developing planned programmes to achieve the prioritized objectives are integral and essential parts of the budgetary process (The New Local Government System, 1996 – 2nd Edition)

2.4 PROCUREMENT PLAN

Procurement plan broadly can be defined as a set of planned activities especially as they relate to packaging and costs, applicable methods of procurement, lead-time and stockholding factors. The yearly approved budget is then passed on to the Procurement Unit to prepare the Procurement Plan for the coming year. Attached are sample format for Works, Goods and Services and tables showing contract value Threshold and procurement methods (The New Local Government System, 1996 – 2nd Edition)

2.5 PLAN MONITORING AND UPDATING

During project execution the original procurement plan should be regularly monitored and updated. The essence is to see how actual performance compares with the planned activities and to make changes in the plan if necessary.

If slippage occurs in the award or execution of one major contract, it may require rescheduling of other related contract awards and deliveries.

The purpose of monitoring is to complete the details of what has actually been executed, to note whether there are major discrepancies with what was anticipated, and make adjustments in the plans so as to give a complete picture of procurement performance (Public Procurement Act, 2003 (Act 663)).

2.6 THE PROCUREMENT CYCLE

The procurement cycle is the road map of the procurement process. It enables the key activities required at every stage of the procurement process to be known. It also provides useful benchmarks for procurement monitors and evaluators to carry out their activities effectively. The module lays emphasis on the entire Supply Chain and not just procurement as shown in the procurement cycle list. Even though Act 663 did not stress on storage and distribution functions of supply chain, the Law's emphasis on the disposal of stores, plant and equipment created the need to address the all activities of the supply chain.

- 
- | | |
|-------------------------|-------------------|
| i. Planning | v. Storing |
| ii. Sourcing | vi. Distribution |
| iii. Contracting | vii. Disposal and |
| iv. Contract Management | viii. Evaluation |

All the above represented in a table form make up the procurement plan (Public Procurement Act, 2003 (Act 663)).

2.6.1 Planning

During the planning stage procurement requirements are determined and specified by the user agency. The approach is decided whether to produce the product in-house or source them externally. The goods, works and services may be available under an existing framework contract. Decision will be taken on the funding, the applicable Procurement rules and the method of Procurement which should be used (e.g. open or restricted tendering, request for quotations or proposals, single source etc.). A time table for the procurement process will be prepared. These are covered in attached tables from sourcing to Evaluation.

(Public Procurement Act, 2003 (Act 663)).

2.6.2 Contracting

A contract award will be made. 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 (Public Procurement Act, 2003 (Act 663)).

2.6.3 Contract Management

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. Contracts for consultancy services often require the direct participation of the buyer or client organization, as the recipient of training or technical advice or in responding to studies or reports (Public Procurement Act, 2003 (Act 663)).

2.6.4 Storing

Where goods are not being used immediately, there is often a need to store them, ensuring that no damage or loss occurs. The value of stock can be high and timely availability can be crucial to an organization's operations. Goods may require particular storage conditions or have limited shelf life, so effective storage, handling and management of stock levels are essential (Public Procurement Act, 2003 (Act 663)).

2.6.5 Distribution

Goods in storage need to be delivered to their final destination, in accordance with customer requirements. Distribution may involve complex in-country supply chains, with delivery to multiple regional stores facilities or end-user sites. There may be a need

to respond to varying user demands and transport goods through difficult environments with poor infrastructure (Public Procurement Act, 2003 (Act 663)).

2.6.6 Disposal

Unserviceable, obsolete or surplus stocks need to be disposed of. Depending on the nature of the goods and their condition, they may be sold by public tender or auction, transferred to another public organization or destroyed. Appropriate adjustments must be made to accounts to reflect the value of the goods disposed and any income received (Public Procurement Act, 2003 (Act 663)).

2.6.7 Evaluation

Controlling the performance of the purchasing 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 (Public Procurement Act, 2003 (Act 663)).

2.7 PROCUREMENT RULES, METHODS AND PROCESS

There are rules that govern public procurement under the Public Procurement Act 663. There are also methods and processes that need to be applied in every procurement situation. This module is therefore designed to provide understanding of the procurement rules under the law and also explain the various procurement methods and processes established for efficient and effective implementation of any procurement in the Public Sector. Majority of the Private sector who has no special procurement rules have adapted the Act 663 of 2003. The main objective of the module is to ensure that procurement practitioners understand the rules and methods that apply under the Public Procurement System (Public Procurement Act, 2003 (Act 663)).

2.7.1 Procurement Rules

The Act and Regulations define the rules for the Public Procurement in Ghana as follows:

- i. Procurement Plan
- ii. Qualification to Tenders
- iii. Form of Communication
- iv. Record of Procurement Proceedings
- v. Rejection of Tenders, Proposal and Qualifications
- vi. Entry into Force of a Procurement Contract
- vii. Public notice of Procurement Contract Award

- viii. Inducement from Suppliers, Contractors and Consultants
- ix. Description of goods, Works and Services
- x. Language

(Public Procurement Act, 2003 (Act 663)).

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2.7.2 Procurement Methods

There are various methods provided under the law for use, but the choice of a particular method is based on the amount involved and the circumstances surrounding the procurement.

The procurement methods are shown in (Appendix 3)

2.7.2.1 Competitive Tendering

There are two types of competitive tendering methods. These include International Competitive Tendering (ICT) and National Competitive Tendering (NCT). The ICT is normally used for high value and complex procurement particularly when the procurement is such that it is unlikely to attract enough competition locally. On the other hand the NCT is for the Nationals to compete for and also to build their capacity (Public Procurement Act, 2003 (Act 663)).

2.7.2.2 Restricted Tendering

This method is used with limited competition. Formal procedure with detailed invitation to tender documents is issued to short-listed suppliers who have been selected in accordance with the provisions of the procurement law. To apply this method a procurement entity requires specific approval from the Public Procurement Authority (PPA).

The Restricted Tendering method is applied where procurement requirement is of a specified nature and there is enough evidence to show that number of the potential Suppliers or Contractors is limited.

It can also be applied where requirements are of public safety and security or due to Urgency Open Competitive Tendering is not practical. A maximum of Six (6) and a minimum of Three (3) short-listed suppliers are required for restricted Tendering processes (Public Procurement Act, 2003 (Act 663)).

2.8.2.3 Two Stage Tendering

The purpose here is to link Tenders at the initial stage to contribute to detailed specification so that the right specifications can be prepared and issued to selected suppliers and contractors at the second stage (Public Procurement Act, 2003 (Act 663)).

2.7.2.4 Single Source Procurement

Here there is no competition at all. The law allows for this method where;

- a. Procurement is of justifiably urgent items (In disaster times)
- b. Requirements can only be supplied by one source
- c. Additional requirements for purposes of standardization
- d. For Research, Experiment, Study or Development
- e. Procurement that concerns National Security (Public Procurement Act, 2003 (Act 663)).

2.7.2.5 Request for Quotation

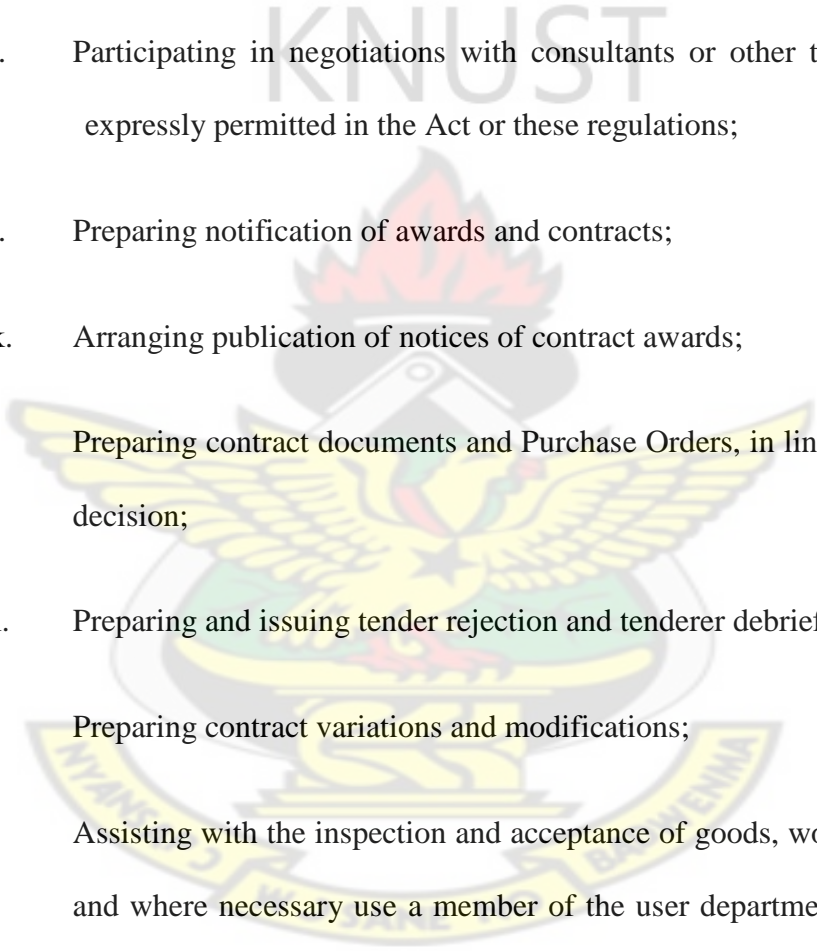
Procurement entities should engage in Request for Quotation (RFQ) where the items to be bought are readily available and of smaller value. Unlike restricted tendering three (3) to Six (6) short-listed suppliers/contractors are required for the exercise. Normally the selection is from an existing Suppliers data base at the Procurement Unit (Public Procurement Act, 2003 (Act 663)).

2.8 PROCUREMENT UNIT

The Head of the procurement unit shall be responsible for undertaking and

Co-ordinating all detailed procurement activity within the procurement entity. This shall include:

- a. Receiving procurement requests from originating officers, checking that the proposed procurement is within the approved procurement plan, and that budgeted funds are available prior to commencement of procurement proceedings;
- b. Ensuring that funds are properly committed prior to issue of any contract or Purchase Order;
- c. Co-ordinating the preparation of specifications, terms of reference, bills of quantities, drawings, short-lists or advertisements, and prequalification, tender or request for quotation documents.
- d. Arranging the publication of advertisement and notices of contract award;
- e. Co-ordinating the process of opening of tenders and quotations and ensuring the preparation of formal records of tender or quotations opening in accordance with Section 56 of the Act. Interested Members of the Entity Tender Committee may attend tender openings as observers.
- f. Participation in evaluation activities of the Evaluation Panel and assisting in preparation of formal Evaluation Reports.

- 
- g. Preparing submissions for approval of award of contract to the appropriate authority in accordance with the threshold values established in Schedule 3 of the Act.
 - h. Maintaining and updating the database of suppliers, contractors and consultants;
 - i. Participating in negotiations with consultants or other tenderers where expressly permitted in the Act or these regulations;
 - j. Preparing notification of awards and contracts;
 - k. Arranging publication of notices of contract awards;
 - l. Preparing contract documents and Purchase Orders, in line with the award decision;
 - m. Preparing and issuing tender rejection and tenderer debriefing letters;
 - n. Preparing contract variations and modifications;
 - o. Assisting with the inspection and acceptance of goods, works and services and where necessary use a member of the user department in conducting technical inspection;
 - p. Maintaining procurement records in accordance with Section 28 of the Act and with these Regulations;

In performing its functions, the Procurement Unit shall at all times liaise with the Originating officer or end-user who initiated the procurement to ensure that the procurement meets their requirements. That is the procurement plan is being followed to the latter (Public Procurement Act, 2003 (Act 663)).

2.9 CHALLENGES IN THE PREPARATION AND IMPLEMENTATION OF PROCUREMENT PLAN

In spite of the numerous advantages gained from the procurement plan, there are some challenges faced by the preparation and implementation of the procurement plan so prepared (Public Procurement Act, 2003 (Act 663)).

2.9.1 Administrative Review

Since the inception of the Public Procurement Act, Act 663 of 2003 a lot of organizations, individuals and co-operate bodies have line up short falls in the Act to the Public Procurement Authority but since then no review has ever been published or announced therefore the procurement plan prepared is gradually losing focus (Public Procurement Act, 2003 (Act 663)).

2.9.2 Threshold Problems

Just to give an example. From National Competitive Tender to International Competitive Tender the figures does not tally.

Table 2.1: Threshold Gaps

NCT	ICT
Goods – more than ₺200m to 2.0 billion	Above 15.0 billion
Works – ₺500.00 to 15.0 billion	Above 20.0 billion

From table 2.1 estimated Goods valued between ₺2.0 billion and 15.0 billion becomes a guess work or one has to refer to PPA for guide lines before the expected threshold could be given or known. Same as works valued between

Fifteen billion and Twenty billion (₺15,000,000,000.00 and ₺20,000,000,000.00. In such a situation one has to write to public procurement authority for guide lines before completing the procurement plan (Public Procurement Act, 2003 (Act 663)).

CHAPTER THREE

RESEARCH METHODOLOGY

3.0 INTRODUCTION

This chapter presents the study's research methodology with the aim of finding the best approach to achieve the research aim and objectives is to discuss the economic tools and if possible statistical tools used to analyze data for the purpose of answering the research questions.

3.1 RESEARCH STRATEGY ADOPTED

The study employed secondary data which are mainly annual procurement plan template of the decentralized Departments and STMA as a whole for the period 2011 – 2012. Secondary data on procurement plan was required from the Departments. Data on the performance indicators were obtained from the Public Procurement Authority and is basically the Entity's source of procuring for Goods, Works and Services for developmental needs. The exercise requires an in-depth interview which helped to reveal relevant information from the respondents. The time period selected was based on the fact that it offers recent time projection which most of the officers who drafted them are available for the interactions.

3.2 SAMPLE SIZE

All Departments that are fully integrated into Sekondi Takoradi Metropolitan Assembly as at 2011 were sampled in addition to the three (3) man Technical Team whose duty was to prepare STMA procurement plans (Budget Officer, Procurement Officer and the Metropolitan Engineer). The sample size therefore numbered Seventeen (17). The number is not large and therefore all entities were included in the sample.

3.3 PERIOD OF INTERVIEW

The schedule of the interview started on the 3rd of September, 2013 and ended on the 11th of September 2013. This gave an effective interview days of Seven (7). The Metro Roads Engineer, the Quantity Surveyor including a number of the top management staff were on transfer therefore all effort was wasted on them bringing the number of Departments and Units interview to Sixteen (16).

Table 3.1: Details of Entities Interviewed and Response Rate

	DEPARTMENTS/ UNITS	NO. INTERVIEWED	RESPONSE RATE (%)
STMA	17	16	94.20%

3.4 DATA ANALYSIS TOOL

The selection of analytical tool is marked with a thorough review of analytical and statistical tools. The choice of test is dependent on the type of variables that one has.

The collected data from the structural Interviews and observations were analyzed using Content Analysis.

3.5 CONTENT ANALYSIS

In qualitative research such as this, interviews field notes, and various types of unobstructive data are often not amenable to analysis until the information they convey has been condensed and made systematically comparable. An objective coding scheme must be applied to the notes or data. This process is commonly called content analysis (Carney, 1972)

Procedures for analyzing content analysis are as follows;

- ❖ What to count What to analyze
- ❖ The nature of levels and unit of analysis
- ❖ How to effectively employ coding frames.

3.6 ANALYSIS OF QUALITATIVE DATA

There are a number of procedures used by qualitative researchers to analyze their data.

(Miles and Huberman 1994) identify the major approaches to qualitative data analysis as:

- Interpretative approach
- Social anthropological approach
- Collaborative social research approach

3.7 COLLABORATIVE SOCIAL RESEARCH APPROACH

For the purpose of this study, collaborative social research approach will be used. Researchers operating in this research mode work with their subjects in a given setting in order to accomplish some sort of change or action. The analysis of data gathered in such collaborative studies is accomplished with the participation of the subjects who are seen by the researcher as stakeholders in the situation in need of change or action. Data are collected and then reflexively considered both as feedback to craft action and as information to understand a situation, resolve a problem or to satisfy some sort of a field experiment. The actual analytic strategies applied in this effort may be similar to the interpretative and social anthropology approaches.

Given these diverse yet overlapping approaches, you can see certain facets or research that recurs during any style of qualitative analysis. Below is a fairly standard set of analytic activities arranged in a general order of sequence:

- Data are collected and made into text (e.g. field notes, transcripts, etc.).
- Codes are analytically developed or inductively identified in the data and affixed to sets of notes or transcript pages.
- Codes are transformed into categorical labels or themes.
- Materials are sorted by these categories, identifying similar phrases, patterns, relationships, and commonalities or disparities.
- Sorted materials are examined to isolate meaningful patterns and processes.
- Identified patterns are considered in light of previous research and theories, and a small set of generalizations are established.

3.8 WHAT TO COUNT

Seven major elements in written messages can be counted in content analysis: words or terms, themes, characters, paragraphs, items, concepts, and semantics (Berelson, 1952; Berg, 1983; Merton, 1968; Selitiz et al., 1959).

3.8.1 Words

The word is the smallest element or unit used in content analysis. Its use generally results in a frequency distribution of specified words or terms.

3.8.2 Themes

The theme is a more useful unit to count. In its simplest form a theme is a simple sentence a string of words with a subject and a predicate. Because themes may be located in a variety of places in most written documents, it becomes necessary to specify (in advance) which places will be searched. For example, researchers might use only the primary theme in a given paragraph location or alternatively might count every theme in a given text under analysis.

3.8.3 Characters

In some studies, characters (persons) are significant to the analysis. In such cases, you count the number of times a specific person or persons are mentioned rather than the number of words or themes.

3.8.4 Paragraphs

The paragraph is frequently used as the basic unit in content analysis chiefly because of the difficulties that have resulted in attempting to code and classify the various and often numerous thoughts stated and implied in a single paragraph.

3.8.5 Items

An item represents the whole unit of the sender's message – that is, an item may be an entire book, a letter, speech, diary, newspaper, or even an in-depth interview.

3.8.6 Concepts

The use of concepts as units to count is a more sophisticated type of work counting that previously mentioned. Concepts involve works grouped together into conceptual clusters (ideas) that constitute, in some instances, variables in a typical research hypothesis (Sanders & Pinhey, 1959). For instance, a conceptual cluster may form around the idea of deviance. Works such as crime, delinquency, kiting and fraud might cluster around the conceptual idea of deviance (Babbie, 1998). To some extent, the use of a concept as the unit of analysis leads toward more latent than manifest content.

3.8.7 Semantics

In the type of content analysis known as semantics, researchers are interested not only in the number and type of words used but also in how affected the works(s) may be – in other works, how strong or weak a word (or words) may be in relation to the overall sentiment of the sentence (Sanders & Pinhey, 1959)

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3.9 OPEN CODING

The next problem to address is how to identify various classes and categories in the data set, which leads to a discussion of open coding (Struss 1987) suggests four (4) basic guidelines when conducting open coding:

3.9.1 Ask the Data Specific and Consistent set of Questions

The most general question researchers must keep in mind is what study one these data pertinent to? In other words what was the original objective of the research study? This is not to suggest that the data must be molded to that study. Rather, the original purpose of a study may not be accomplished and an alternative or unanticipated goal may be identified in the data. (Pearson, 1987)

3.9.2 Analyze the Data Minutely

Researchers should remember that they are conducting an initial coding procedure. As such it is important to analyze data minutely. Coding is much like the traditional funnel used by many educators to demonstrate how to write papers. You begin with a wide opening, a broad statement; narrow the statement throughout the body by offering substantial backing; and finally, at the small end of the funnel, present a refined, lightly stated conclusion. (Struss, 1987)

3.9.3 Frequently Interrupt the Coding to write a Theoretical note

Often in the course of coding a comment in the document triggers ideas. Researchers should take a moment to jot down note about these ideas, which may well prove useful latter. If they fail to do so they are very likely to forget the idea. In many instances researchers find it useful to keep a record of where in each document similar comments, concepts or categories seen to convey the same element that originally triggered the theory or hypothesis. (Struss 1987)

3.9.4 Traditional Variables

Never assume the analytic relevance of any traditional variable such as age, sex, social class and so on until the data show it to be relevant. (Struss 1987)

3.10 CODING FRAMES

Content analysis is accomplished through the use of coding frames. The coding frames are used to organize the data and identify findings after open coding has been completed. This is also referred to as **Axial Coding**. This consists of intensive coding around one category. (Struss 1987)

3.11 STRENGTHS AND WEAKNESSES OF CONTENT ANALYSIS

- It can be virtually un-obstructive
- It is cost effective
- It provides a means to study processes that occurs over long period of time or that may reflect trends in a society. (Babbie 1998)

This is problem of locating un-obstructive message relevant to the particular research questions. That is content analysis is limited to examining already recorded messages.

3.12 CONCLUSION

We could have given more research methods of analysis for achieving the research aim and objectives but due to the simplicity of the project, we limited the method to content analysis. This chapter therefore has described the entire research design and the methodology for the study.

CHAPTER 4

DATA ANALYSIS AND DISCUSSIONS

4.0 INTRODUCTION

In chapter four (4) the analysis of the data collected through structural interviews and observations were discussed and statistical tables were employed in plotting the percentage intervals. The rationale was to come out with information about the extent to which Sekondi Takoradi Metropolitan Assembly core departments have been managing their procurement plan and of course the associated challenges thereof.

4.1 INTERVIEW RESPONSE RATE

Out of the Sixteen (16) Decentralised Departments of Sekondi Takoradi Metropolitan Assembly, two (2) departments were still not integrated into the core Departments of the Metropolitan Assembly (Table 1.1). They are;

- i. Natural Resource Conservation, Department of Forestry Game and Wildlife Division.
- ii. Department of Industry and Trade

All remaining fourteen (14) Decentralised Departments and three (3) Technical Units were visited for the interview. Out of the number the Department of Urban Roads could not be reached. Therefore the Sixteen that were available represented 93.75% and this was used for the data analysis. The response rate is acceptable.

TABLE 4.1: 13 DECENTRALIZED DEPARTMENTS AND THREE (3) CORE HEADS INTERVIEWED

CODING FRAME	NO.	PERCENTAGE (%)
Fully integrated	12	75.0%
Not fully integrated (50/50)	4	25.0%
Total	16	100%

Department that are fully integrated into the Metropolitan Assembly were twelve (12) representing 75% while departments that are not fully integrated were four (4) representing 25% as detailed in Table 4.1 above.

TABLE 4.2: AVAILABILITY OF APPROVED BUDGET

CODING FRAME	NO.	PERCENTAGE (%)
Composite Budget only	10	62.50%
Composite Budget and Head Office Budget	6	37.50%
Total	16	100%

From Table 4.2 out of the 16 departments and three core Heads interviewed ten (10) of them operate solely from the Metropolitan Assembly's composite Budget.

The remaining six (6) operate from their Head Office Budgets and the Decentralized Budget. The indication was that total Decentralization as per the new Local Government System has not be fully achieved.

4.2 AVAILABILITY OF PROCUREMENT PLAN

All the Sixteen (16) Departments and three (3) core Heads visited operate from the Decentralized Procurement plan of the Metropolitan Assembly. The procurement plan for the 2012 was available from the following Department: Budget, Works, Stores and Central Administration. It was also available at the office of the Development Planning Unit who are the secretariat of the Metropolitan Planning and Co-ordinating Unit (MPCU).

The six (6) other Department that operate double Budgeting function could not make available their procurement plans from their Head Office. The explanation they gave was that as and when funds are made available for any programme or project to take off their Head Office will write to inform them and it takes several forms for the project to take off. Either the Head Office itself procures on behalf of the Department or the Departments are told to procure in house. Once again the above response shows that even though the Assembly operates from an approved procurement plan, Decentralization as per the New Local Government System has not been fully achieved.

4.3 AVAILABILITY OF PROCUREMENT UNIT

None of the Departments visited had a procurement unit. The Metropolitan Assembly from the Co-ordinating Director revealed that request for budget line to that effect have been sent to the Ministry of Local Government and are waiting for their response. The interaction revealed that none of the Departments has its own procurement unit. This is in fact correct state of affairs because none of them except the Metropolitan Assembly have been declared as a Procurement Entity. It is therefore unfortunate that STMA has no procurement unit even though from the organogram appendix 2, the procurement unit is the fourth line under Central Administration.

4.4 AVAILABILITY OF PROCUREMENT OFFICER

Procurement officer was available for Sekondi Takoradi Metropolitan Assembly. From our interaction it came out that procurement of goods is mostly done through the Procurement Officer and distributed to the Departments as per their need assessment.

For works, services and procurement of certain goods where specifications are needed, the Metropolitan Works Engineer and his Team takes over the job of the procurement officer.

4.5 QUALIFICATION OF PROCUREMENT OFFICER

The Procurement Officer is a holder of an **International Diploma in Logistic and Transport Certificate** (Procurement Officer, STMA).

Here again our interactions revealed that the procurement officer's knowledge in works and services procurement was limited and therefore works and services procurement plan preparation becomes difficult for him to handle.

4.6 PREPARATION OF PROCUREMENT PLAN

In the absence of the Procurement Unit, three Departments have been co-opted to prepare the procurement plan.

They are Procurement officer, Works and Budget. The Budget officer is responsible for the electronic transfer of the approved procurement plan to the Public Procurement Authority.



4.7 PROCUREMENT PLAN PREPARATION, APPROVAL AND SUBMISSION TO PUBLIC PROCUREMENT AUTHORITY'S WEBSITE

From the Budget officer one week after the approval of the Budget the three (3) Department committee (Procurement Officer, Budget Officer and Works Engineer) are scheduled to prepare the procurement plan. Evidence available shown that the 2012 procurement plan was prepared, approved and forwarded to PPA website within schedule. The preparation of procurement plan, approval and publication within schedule as mandated by PPA Act 2003 (Act 663) is one of the minimum conditions and performance measures for the FOAT Assessment. Therefore all Metropolitan Chief Executives (MCEs) or Metropolitan Co-ordinating Directors (MCDs) will make sure that the Assembly is able to achieve that.

4.8 PARTICIPATION OF PPA WORKSHOP ON PROCUREMENT MANAGEMENT

The available response is as stated in Table 4.4 below:

Table 4.3: DEPARTMENTS/UNITS THAT HAVE ATTENDED PPA WORKSHOP

CODING FRAME	NO.	PERCENTAGE (%)
Yes	12	75.0%
No	4	25.0%
	16	100%

From Table 4.3 Twelve (12) departments representing 75% have attended PPA workshop on procurement management. As against four (4) representing 25% which have not. Therefore preparation of the procurement plan is not a difficult task to the Assembly.

4.9 AVAILABILITY OF PPA MANUALS AND ACT 2003 (ACT 663)

The three (3) Department Works, Budget and Stores who are deeply involved in the preparation of the procurement plan could make available both the manual and the Act. The remaining Departments who have attended PPA workshop before could not make theirs available even though they confirm having one (Table 4.4). Since they are not mandated to prepare procurement plans, they only attended the workshop and having little knowledge in procurement left the Handbags that contain the documents somewhere.

Table 4.4: AVAILABILITY OF PPA MANUALS AND ACT, 2003 (ACT 663)

CODING FRAME	NO.	PERCENTAGE (%)
Yes	6	50.0%
No	6	50.0%
	12	100%

Table 4.4: shows that, availability of the manual and the Act was on the average. At least the manuals were available for referencing at the Metropolitan Assembly (STMA).

4.10 QUARTERLY REVIEWS

From the Budget officer and the Works Engineer quarterly reviews were done. By the Act 663 and as per the FOAT Assessment requirements quarterly reviews are not just paper work. They allow the Assembly to delete projects that were planned for the year but could not be procured from the plan. It also allows for modification in terms of funding and time schedules. For an example, District Assembly Common Fund (DACF) project that because of the delay in the release of the fund also caused delay in the completion of the project the review is able to adjust the time schedule for the said projects. The review also captures projects

that could not be funded by the required source and reprioritized. All the four (4) quarter reviews for 2012 were made available.

4.11 SOURCES OF FUNDING FOR SEKONDI TAKORADI METROPOLITAN ASSEMBLY

The sources of funding available to the Metropolitan Assembly are;

- i. Assembly's Own Source – Internally Generated Fund (IGF).
- ii. District Assembly Common Fund (DACF)
- iii. District Development Fund (DDF)
- iv. Urban Development Grant (UDG)
- v. Other Donor funding sources

The sources of funding of Assembly's projects are fixed by the approval of the Budget. The procurement plan captures the source of funding as captured in the Budget. In a situation where a particular source delays or is inadequate, the procurement plan review can cause a change in the source of funding to a readily available source. This was also evident in the reviewed procurement plan for 2012.

Evidence from STMA's procurement plan review shown that in the 2012 procurement plan the projects earmarked for implementation by using Urban Development Grant (UDG) Fund suffered a regression. The original amount voted under UDG for STMA

was reduced because the population size of STMA as forecast at the time of the Assessment was bigger than the actual. This caused a reduction in the total amount initially planned for STMA. This cause a review of the procurement plan (source: The Metropolitan Development Planning Officer).

4.12 APPROVAL OF QUARTERLY REVIEWS BY THE TENDER COMMITTEE

From the metropolitan Coordinating Director who is the secretary of the Tender Committee. The procurement plan reviews for 2012 were all approved by the Tender Committee.

- a. First quarter review of 2012 procurement plan captured in minute of Entity Tender Committee dated 12th January, 2012.
- b. Second quarter review of 2012 Procurement plan also took place at the meeting of the Entity Tender Committee on the 12th of April, 2012.
- c. The Third quarter review also captured in the Entity Tender Committee minutes dated 5th July, 2012.
- d. Forth quarter review also took place as per the Tender committee minutes dated 16th of November, 2012. (Source: STMA File No. STMA/CON/66)

Once again this is a minimum condition for passing the FOAT ASSESSEMENT and for that matter all efforts are made for it to take place. (MLGRD Operational Manual for FOAT 2011 – 5th Cycle)

4.13 YEARLY PROCUREMENT AND BUDGETED ESTIMATE

From the Budget officer; Procurement for Works and Services are generally within Budget. The problem therefore is for goods procurement. The initiator is the Metropolitan Supply Officer. The Budget Officer emphasized that procurement for goods does not follow strictly the procurement plan. He made mention of two goods items as Fuel and Stationery. To him the Transport officer and the Supply Officer procure haphazardly. With the goods procurement for instance there is always cost overruns. The Budget Officer suggested that the Assembly must find a means of controlling this because to him over the years the cost overruns and the inappropriate method of procurement are disturbing.

He also said that the FOAT assessment does not take into account goods and services procurement, therefore the Assembly is not punished for misprocurement in these areas.

4.14 PROCUREMENT PLAN TEMPLATE

The available procurement plan for the 2012 fiscal year including all the four (4) quarter reviews were the same as indicated for use by the PPA Act 2003, (Act 663).

4.15 VARIATIONS IN TOTAL CONTRACT PRICE

From the 2012 Budget, there were a lot of contract overruns. The Budgeted figures were way below the awarded figures. The explanation given by the Budget Officer was that projects that were planned for completion beyond his budget period he only included what could be paid for within the budget period. His reason was that the Budget must balance. The total estimated income must be equal to the total estimated expenditure for each year's Budget. There anomalies were corrected by the mid year review of the Budget and the second review of the procurement plan.

4.16 LEAD TIME ACHIEVEMENT

From the Development Planning Officer the Budget Officer and the Works Engineer, the pre contract lead times were complied with. The post contract stage is where they faced lead time challenges. Records available show that projects that were financed from Internally Generated Fund (I.G.F) and District Assembly Common Fund (DACF) were the worse affected. From the 2012 procurement plan review the third quarter captured revised completion time for four (4) projects out of nine (9). Three of the four (4) were financed from the DACF/IGF.

TABLE 4.5: 2011/2012 PHYSICAL PROJECTS/LEAD TIME

Total No. of Projects Award	Completed within schedule	Revised for completion in 2013	Unsatisfied date of completion
9	4	4	1
100%	44.50%	44.50%	11.0%

Total number of project awarded was 9, the number of project completed within schedule was 4 representing 44.50%, project that was extent for completion was also 4 representing 44.50% whiles 1 project was unable to completed representing 11.0% (Table 4.5).

TABLE 4.6: REVISED COMPLETION TIME OF PROJECTS/SOURCE OF FUNDING

Total No. of Revised Completion Projects	DACF/ IGF	DDF	UDG
4	3	1	0
100%	75%	25%	–

The total number revised completion was 4. Out of this 3 of them representing 75% were funded District Assembly Common Fund and Internally Generated Fund whiles 1 project representing 25% was also being funded from District Development Fund (Table 4.6)

4.17 CHALLENGES IN THE PROCUREMENT PLAN MANAGEMENT

Off all the activities of the Metropolitan Assemblies one cannot say that all their activities are achieved without hindrances. There are challenges but that is why the Metropolitan structures are also there to mitigate them. The major challenge is the financing of infrastructural projects in the MMDA's. Before the inception of the District Development Fund (for all MMDA's) and the Urban Development Grant which is for only Metropolitan and Municipal Assemblies. The major external financing was the District Assembly Common Fund.

4.17.1 Delay in Release of District Assembly Common Fund (DACF)

The release of the fund from the Central Government is seriously delayed e.g. a Third Quarter release for a particular year may come in the second quarter of the following year and so forth (Metropolitan Co-Ordinating Director, STMA).

4.17.2 Statutory Deductions

Secondly the yearly allocated fund for DACF is woefully reduced by statutory deductions at the Ministry of Local Government. These deductions are not planned for by the MMDA's and therefore financing of infrastructural projects are the most affected. Delay in payments for work done in most Assemblies is as a result of the above. Projects are therefore rolled on and on and on. (Budget Officer, STMA)

CHAPTER 5

5.0 SUMMARY, CONCLUSION AND RECOMMENDATION

5.1 GENERAL

This chapter captures the summary of findings and draw conclusion in addition to the appropriate recommendations made to address the aim of the project as to identify and document the extent to which Sekondi Takoradi Metropolitan Assembly procurement operation are in line with the Public Procurement Authority's required procurement planning .

5.2 SUMMARY

The summary of the project was based on the three (3) broad objectives set as follows:-

- ❖ To identify the caliber of personnel responsible for procurement planning at STMA.
- ❖ To discuss the process as adapted by Sekondi Takoradi Metropolitan Assembly in the delivery of procurement and
- ❖ To establish the problems faced by Sekondi Takoradi Metropolitan Assembly in the utilization of procurement plans.

These objectives were achieved through interviews and responses that came from the semi structured questionnaires.

5.3 FINDINGS

❖ Availability of Approved Budget

The findings of the above were that STMA has an approved composite Budget.

❖ Availability of Procurement Plan

The finding again revealed that STMA has a procurement plan and that of 2012 was available at four Departments.

❖ Availability of Procurement Unit

The research found out that STMA has no procurement unit in place. Through Discussions with the Metropolitan Co-ordinating Director revealed that efforts were being made to set up one.

❖ Availability of Procurement Officer/Qualification

The findings also revealed that STMA has a Procurement Officer who holds a certificate in International Diploma in Logistic and Transport. The procurement officer had no control over procurement activities of STMA because he had no knowledge in Works and Services procurement.

❖ Who Prepares the Procurement Plan

From the semi-structured questionnaire and interviews it came out that the procurement plan of STMA is prepared by one unit and two Department/Procurement officer, Works and Budget Departments.

❖ **Is the Procurement Plan Prepared, Approved and sent to PPA**

Website within Time

The findings revealed that the 2012 procurement plan was prepared, approved and sent to PPA website within time. This was also because this activity serves as a minimum condition for award of FOAT Assessment.

❖ **Have any Officer Attended PPA Workshop on Procurement management**

From table 4.4, Seventy-five (75%) of the officers have attended the above workshop before.

❖ **Availability of PPA Manuals and Act 2003 (Act 663)**

From the interviews and the semi structured questionnaire (Table 4.5) fifty (50%) percent of Departments/Officers have PPA Manuals and the Act.

❖ **Quarterly Reviews of Procurement Plan**

For the year 2012 all the four (4) quarterly reviews were done by STMA. Approval were also sort from the Metropolitan Tender Committee.

❖ **Yearly Procurement are they within Budget**

Services procurement is not regular at STMA and the 2012 procurement shown no procurement of services. For works procurement as revealed by the research they were within budget and that of goods were above budget. As has been the case the Works

procurement is what is captured under the requirements of FOAT Assessment hence STMA is mandatory to follow the guidelines judiciously.

❖ **Procurement Plan Template Used**

Available information shows that the same template as issued by PPA Act 2003 (Act 663) was used for the 2012 procurement plan.

❖ **Variations in Total Contract Price**

The 2012 FOAT assessment revealed that total awarded contract price was exceeded by 3.40%. This amount was within the threshold of 10.0% of the FOAT indicators. (2012 FOAT Assessment, Table 4.6)

❖ **Lead Time achievement**

Once again from the 2012 FOAT assessment on Physical Projects lead time achievement was 83.33% as shown in table 4.9. Five out of Six projects were completed on schedule.

5.4 CONCLUSION

The study examined the factors that influenced and impacted on the extent to which STMA procurement operations are in line with the PPA required procurement planning. Two main determinants were identified as non-availability of a quantified procurement officer and the procurement unit also yet to be established. None of the determinants were outside the control or exercise of Sekondi Takoradi Metropolitan Assembly

therefore; an immediate attention must be given to their establishment so as to reap the full benefit of the procurement plan.

Nonetheless the processes adapted by STMA in the delivery of procurement was in line with the public procurement Authority's Act 2003 (Act 663) (Clause 4.9, 4.12, 4.14, 4.16 and 4.18)

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5.5 RECOMMENDATIONS

The following recommendations are therefore given to strengthen Sekondi Takoradi Metropolitan Assembly's procurement operations.

❖ Establishment of Procurement Unit

From the Metropolitan Organogram the procurement unit is under the Central Administration. Therefore all efforts must be made for the unit to be established.

❖ Employment of Professional to Head the Procurement Unit

An officer trained as procurement professional vested in Goods, Works and services must be employed to Head the procurement Unit.

❖ Regularization of Decentralized Departmental Budget

Financing of some Decentralized departments from their former Ministries should seize. Rather all such funds should be transferred as part of the District Assembly Common fund to the various Assemblies for project implementation (e.g. NADMO, DUR, SOCIAL WELFARE, AGRICULTURE etc.).

❖ **Strengthening of Local Revenue Sources**

The Assembly must look for other revenue sources. This will reduce the over dependence of the District Assembly Common fund in financing of Assembly projects.

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RESEARCH QUESTIONS:

TOPIC

CHALLENGES TO PROCUREMENT PLAN MANAGEMENT

AT THE METROPOLITAN, MUNICIPAL AND DISTRICT

ASSEMBLIES (A CASE STUDY – SEKONDI TAKORADI

METROPOLITAN ASSEMBLY)

1. Do you have an approved budget?
1. Do you have a procurement plan?
2. Do you have a procurement Officer?
4. Do you have a procurement unit?
5. What is the Qualification of the Procurement officer?
6. Who prepares the procurement plan?
7. Is the procurement plan prepared and approved within time?
8. Is the procurement plan submitted to PPA and by what means?
9. Are there quarterly review of the Procurement plan?
10. Are quarterly reviews approved by the Entity Tender Committee or any approval authority?

11. Yearly procurement, are they within budget?
12. Have any officer attended PPA workshop on procurement management?
13. Do you have PPA manuals?
14. Do you have Act 663 of 2003?
15. Which officer initiates procurement?



Appendix 1

METROPOLITAN ASSEMBLY – DEPARMENTS (LOCAL GOVERNMENT ACT, 462) DECENTRALIZED DEPARTMENTS

ITEM	DECENTRALIZED DEPARTMENTS
1	Central Administration
2	Finance
3	Education, Youth And Sports
4	Health
5	Waste Management
6	Agriculture
7	Physical Planning
8	Social Welfare And Community Development
9	Natural Resources Conservation Dept Forestry Game And Wildlife Division
10	Works
11	Industry And Trade
12	Transport
13	Budget And Rating
14	Disaster Prevention And Management
15	Legal
16	Urban Roads

FOOT NOTE: Items 9 and 11 are yet to be integrated into the Sekondi Takoradi Metropolitan Assembly decentralized departments.

Appendix 2

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Appendix 3

SAMPLE FOREMAT FOR PROCUREMENT PLAN FOR WORKS

Procurement Entity :

Budget Period :

Source of Funding :

BASIC DATA						
Contract Package	Plan vrs. Actual	Package Number	Estimated Amount GH¢	Procure- ment Method	Pre or post Qualifi- cation	Final Authority Contract For Award

Tender Documents	Tendering Period		Tender Evaluation	
Prep and Submission by ex-Agency	Tender Initiation Date	Tender Closing Date	Submission of Tender Evaluation Report	Approval by Final Authority

Contract Finalization			Contract Implementation			
Contract Amount GH¢	Date of Contract Award	Date Contract Signature	Mobilization Advance Payment	Substantial Completion	Final Acceptance	Final Cost

Appendix 4

SAMPLE FORMAT FOR PROCUREMENT PLAN FOR GOODS

Procurement Entity :

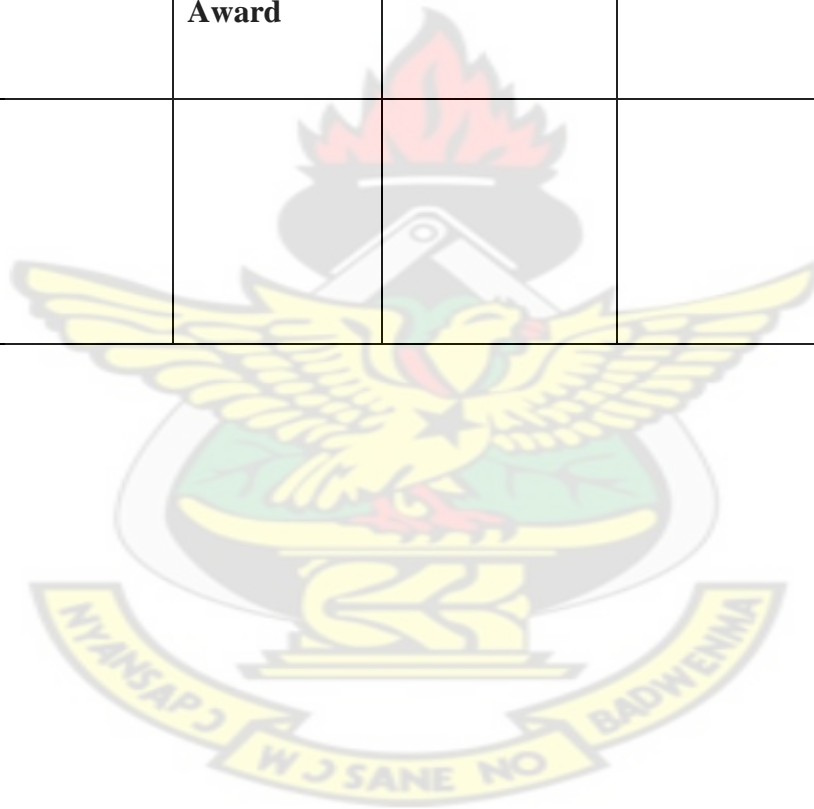
Budget Period :

Source of Funding :

		BASIC DATA			
Contract Package	Plan vs. Actual	Package Number	Estimated Amount GH¢	Procurement Method	Final Authority For Contract Award

Tender Documents	Tendering Period		Tender Evaluation	
Prep. and Submission by ex-Agency	Tender Initiation Date	Tender Closing Date	Submission of Tender Evaluation Report	Approval by Final Authority

Contract Finalization				Goods Delivery	
Contract GH¢	Amount	Date of Contract Award	Date Contract Signature	Arrival of Goods	Inspection for Final Acceptance



Appendix 5

SAMPLE FORMAT FOR PROCUREMENT PLAN FOR SERVICES

Procurement Entity :

Budget Period :

Source of funding :

BASIC DATA					
Contract Package	Plan vrs. Actual	Package Number	Estimated Amount GH¢	Selection Method	Final Authority Contract For Award

Preparation of Request For Proposals	Consultant Proposals		Proposal Evaluation Technical (T) & Financial (F)			
	Tender Initiation Date	Submission Opening Date	Complete Evaluation Report (1)	Opening Financial Proposal	Complete Evaluation Report (T)(F)	Approval of Evaluation Report (T)(F)
Prep. and Submission by Ex-Agency						

Negotiations			Contract Finalization		
Negotiation	Submission Draft Contract	Approval of Negotiation Report	Contract Amount GH¢	Contract Award	Contract Signature

Contract Implementation				
Mobilization Advance Payment	Draft Report	Final Report	Final Cost	

Appendix 6

2.5 GUIDELINES FOR DETERMINING COMPLETION TIME SCALES

2.5.1 Estimated Lead Time for I.C.T. (Goods)



a.	Preparation of Tender Documents	–	1-6 weeks
b.	Prior review/ETC/TRB approval	–	1-2 weeks
c.	Adverts/Tender Invitation	–	6 weeks minimum
d.	Tender Close/Opening	–	Same Date
e.	Tender Evaluation and Report Submission	–	2-4 weeks
f.	Approval by ETC/TRB	–	1-2 weeks
g.	Contract Award	–	0-2 weeks
h.	Contract Signature	–	1-4 weeks
i.	Letters of Credit (Goods)	–	2-4 weeks
j.	Delivery	–	6-16 weeks
k.	Inspection and Acceptance	–	0-4 weeks

(PPA Manuals, September, 2007)

2.5.2 Estimated Lead Time for I.C.T. (Works)

a.	Preparation of Tender Documents	–	2weeks minimum - 4 weeks
b.	Prior review/ETC/TRB approval	–	1-2 weeks
c.	Adverts/Tender Invitation	–	6 - 8 weeks
d.	Tender Close/Opening	–	Same Date
e.	Tender Evaluation and Report Submission	–	2-4 weeks
f.	Post review/ETC/TRB approval	–	1-2 weeks
g.	Contract Award	–	1-2 weeks
h.	Contract Signature	–	1-3 weeks
i.	Mobilization (Advance Payment)	–	2-4 weeks
j.	Completion Period	–	As per contract
k.	Final Acceptance	–	24 - 52 weeks

If there is the need for Prequalification of Suppliers or Contractors then total time for the delivery of the goods or works will have to be expanded by 7 – 13 weeks to allow for the completion of the prequalification procedures. (PPA Manuals, September, 2007)

2.5.3 Estimated Lead Time for N.C.T. (Goods)

a.	Preparation of Tender Documents	–	1-3 weeks
b.	Prior review/ETC/TRB approval	–	1-2 weeks
c.	Adverts/Tender Invitation	–	2-4 weeks
d.	Tender Close/Opening	–	Same Date
e.	Tender Evaluation and Report Submission	–	1-2 weeks
f.	Post Review/No objection	–	1-2 weeks
g.	Contract Award	–	0-2 weeks
h.	Contract Signature	–	1-4 weeks
i.	Letters of Credit	–	2-3 weeks
j.	Delivery	–	As per contract
k.	Inspection and Acceptance	–	0-1 weeks

(PPA Manuals – September, 2007)

2.5.4 Estimated Lead Time for N.C.T. (Works)

a.	Preparation of Tender Documents	–	2 weeks minimum
b.	Prior review/ETC/TRB approval	–	1-2 weeks
c.	Adverts/Tender Invitation	–	2- 4 weeks
d.	Tender Close/Opening	–	Same Date
e.	Tender Evaluation and Report Submission	–	2-4 weeks
f.	Post review/ETC/TRB approval	–	1-2 weeks
g.	Contract Award	–	1-2 weeks
h.	Contract Signature	–	1-3 weeks
i.	Mobilization (Advance Payment)	–	2-4 weeks
j.	Completion Period	–	As per contract
k.	Final Acceptance	–	24 weeks

2.5.5 Estimated lead time – Request for Quotation

a.	Preparation of Documents	–	0-1 weeks
b.	Invitation or Solicitation letter	–	0-2 weeks
c.	Tender Close/Opening	–	Same Date
d.	Evaluation and Submission of Report	–	0-1 weeks
e.	Award of Contract	–	0-1 weeks
f.	Contract Signature	–	1 weeks
g.	Delivery/Completion Period	–	1-4 weeks
h.	Inspection and Acceptance	–	0-1 weeks
j.	Final Acceptance	–	As per Contract

(PPA Manuals, September, 2007)

Appendix 7

SUMMARY OF DETERMINANT OF PROCUREMENT PLAN

(Act 663 schedule 3) Thresholds for Procurement Methods (Amount in old Ghana cedis)

Procurement Method/Advertisement	Contract Value Threshold
c. Pre-qualification a. Goods b. Works c. Technical Services	Above GH¢35 billion Above GH¢70 billion (not more than 10% of cost of works)
(2) International Competitive Tender a. Goods b. Works c. Technical Services	Above GH¢15.0 billion Above GH¢20.0 billion Above GH¢2.0 billion
(3) National Competitive Tender a. Goods b. Works c. Technical Services	More than GH¢200 million up to GH¢2.0 billion More than GH¢500 million up to GH¢15 billion More than GH¢200 million up to GH¢2.0 billion
(4) Restricted Tendering	Subject to Approval by PB
(5) price quotation	

a. Goods b. Works c. Technical Services	Up to GH¢200 million Up to GH¢500 million Up to GH¢200 million
(6) single source procurement and selection	Subject to Approval by PB
(7) Advertisement for Expressions of Interest for Consulting Services	Above GH¢700 million
(8) least-Cost Selection	Up to GH¢700 million
(9) Selection based on Consultant's Qualifications	Up to GH¢350 million
(10) Single Source-Selection	Subject to Approval by PB

(Public Procurement Act, 2003 (Act 663).

Appendix 8

(BI) Decentralized Procuring Entities – Thresholds for Review/Approval Authority

(Amount in old Ghana cedis)

Authority	Goods	WORKS	Technical Services	Consulting Services
(1) Head of Entity	Up to 50m	Up to 100m	Up to 50m	Up to 50m
(2) Entity Tender Committee	> 50m - 250m	>100m - 500m	> 50m - 250m	> 50m - 10m
(3) District Tender Review Board	> 250m -1.0b	>500m - 2.0b	> 250m -1.0b	> 100m - 500m
(4) Ministerial and Regional Tender Review Board	> 1.0b - 8.0b	>2.0b – 15.0b	> 1.0b - 8.0b	> 500m - 3.5b
(5) Central Tender Review Board	Above 8.0b	Above 15.0b	Above 8.0b	Above 3.5b

(Public Procurement Act, 2003 (Act 663).

Appendix 9

**FOAT ASSESSMENT 2012, PHYSICAL PROJECTS BUDGETED /ACTUAL
COST**

ITEM	PROJECTS	EXPECTED CONTRACT PRICE	ACTUAL CONTRACT PRICE	DEVIATION
1	Rehabilitation of MCD'S Bungalow	80,000.00	80,804.87	+804.87
2	Renovation of Planning Officers Bungalow	42,000.00	42,121.30	+121.30
3	Refurbishment of Final Accounts Office	26,500.00	25,816.24	-683.76
4	Refurbishment of Kundum Square at Sekondi	26,400.00	28,495.54	+2,095.54
5	Construction of 3 Classroom Block with Ancillary Facilities at	90,000.00	90,202.95	+202.95

	Akromakrom			
6	Rehabilitation of 6-Classroom Block for Anaji Estate Key Primary	101,500.00	100,787.19	-712.81
7	Construction of 3-Unit Classroom with Ancillary Facilities for West Ridge Junior High School – Sekondi	90,000.00	90,303.10	+303.10
		456,400.00	458,531.19	+2,131.19
		SUM DEVIATION		3.40%

Appendix 10

FOAT ASSESSMENT 2012, PHYSICAL PROJECTS EXPECTED /ACTUAL

DATE OF COMPLETION

ITEM	PROJECTS	EXP/REVIS ED DATE OF COMPETIO N	ACTUAL DATE OF COMPLETI ON	
1.	Rehabilitation of MCD'S Bungalow	20/04/2013	09/04/2013	Out
2.	Renovation of Planning Officers Bungalow	30/04/2013	16/04/2013	Out
3.	Refurbishment of Final Accounts Office	10/07/2012	28/06/2012	√
4.	Refurbishment of Kundum Square at Sekondi	20/11/2012	12/11/2012	√
5.	Construction of 3 Classroom Block with Ancillary Facilities at Akromakrom	20/10/2012	12/10/2012	√

6.	Rehabilitation of 6-Classroom Block for Anaji Estate Key Primary	30/07/2012	ON-GOING	X
7.	Construction of 3-Unit Classroom with Ancillary Facilities for West Ridge Junior High School – Sekondi	31/03/2013	14/03/2013	Out
8.	Drilling of 2 No. Mechanized Borehole including fixing hand pump and concrete aprons at Ketan Cluster of School	05/05/2012	27/04/2012	√
9.	Construction of 2No. 2-Bay Urinal and provision of 30No. Hand Washing Basins at Ketan Cluster of Schools	05/05/2012	27/04/2012	√
				5/6 = 83.33%