

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

**AN ASSESSMENT OF EFFECTIVE DRUG PROCUREMENT IN DISTRICT  
HOSPITALS**

**(A CASE STUDY OF KWAHU GOVERNMENT HOSPITAL)**

BY

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**(BSC MANAGEMENT WITH COMPUTING)**

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THE AWARD OF

MASTER OF SCIENCE  
IN  
PROCUREMENT MANAGEMENT

JUNE, 2014

## DECLARATION

I hereby declare that this submission is my own original research and that, to the best of my knowledge, it contains no material previously published by another person or material which has been accepted for the award of any other degree of this University or any other institution.

References from the works of others have been duly acknowledged.

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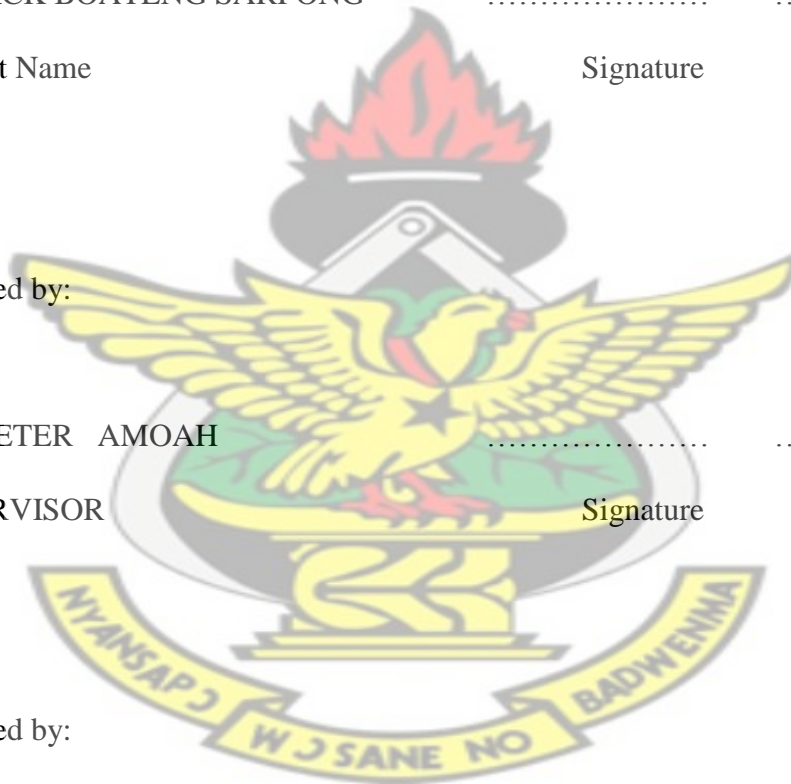
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## ABSTRACT

Procurement is described as the acquisition by a manufacturer for his necessary primary material, supplies, equipments and so forth by any method whatsoever.

Although the successful implementation of Public Procurement Act has helped organizations in checking out huge and unsustainable foreign debt, excessive budget deficits, huge payment of debt and arrears. The main objective of the study was to investigate the procedures of effective drug procurement in Kwahu Government Hospital. The Kwahu Government Hospital which is located at Atibie in the Eastern Region of Ghana was used for the study. Descriptive survey was adopted as the research design. Simple random sampling technique was used in selecting a sample size of 150. In this study, the respondents were of the view that, there were no copies of the Act which personnel could refer to guide them in their daily activities in procurement processes. The staff and management of the health facilities in the Kwahu Government Hospital did not know the details of the Public Procurement Act, which would guide them on purchases in the implementation of the Act to the letter. Accepting stocks into the stores was mostly done by listing all items in the store receipt voucher booklet. The study indicated that, transparency; cost reduction in terms of health care delivery, efficient and effective way of purchases and few others have been the major contributions since the introduction of the Procurement Act, 2003 (Act 663). It was indicated from the study that, factors that restrain the health personnel's from utilizing procurement act were; lack of qualified procurement staff, poor procurement organization and procedures. Officers in procurement have to be given thorough training on the subject so that its implementation will not be a problem.

## DEDICATION

I dedicate this work to my parents, Mr. Albert Boateng Sarpong and Madam Vivian Yaa Yeboah by whose financial provision and support I have been able to accomplish and obtain this academic work. Again, I dedicate this study to my siblings, Isaac, Thelma, Francis, Maxwell and Kofi for their support and encouragement through the period of the study.

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This work would not have come up the way it is if not through the efforts of others whose works I used as references, to them, I salute you.

Last but not the least; I thank Mr. John Boateng who did the typing of my work.

## LIST OF ABBREVIATIONS

PUFMARP	-	Public Financial Management Reform Programme
KGH	-	Kwahu Government Hospital
MOH	-	Ministry of Health
GHS	-	Ghana Health Service
PPA	-	Public Procurement Authority
MDAs	-	Ministries Department and Agencies
ICMA	-	International Capital Market Association
IMF	-	International Monetary Fund
SDA	-	Seventh Day Adventist
SPSS	-	Statistical Package for Social Sciences



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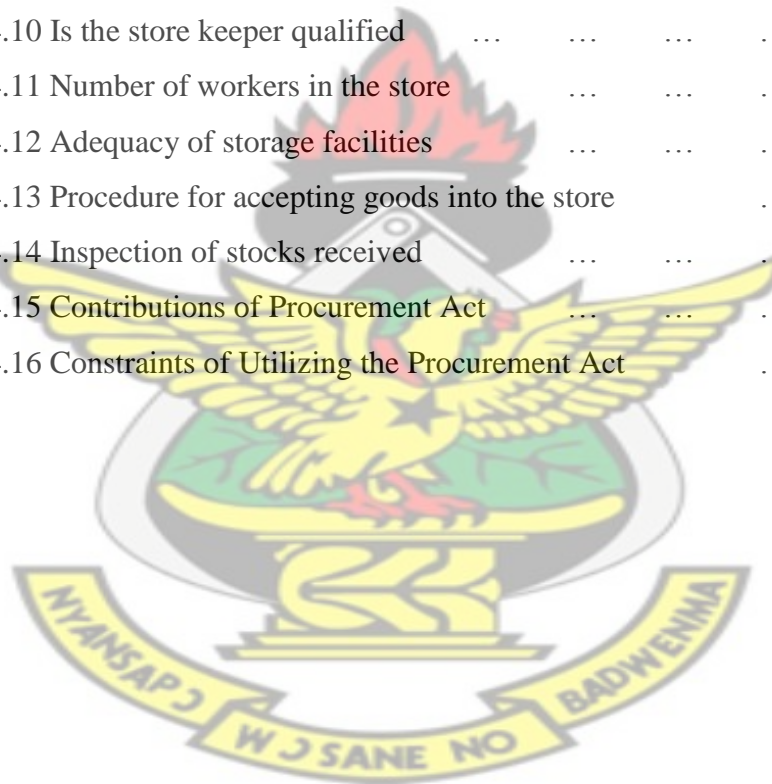
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## CHAPTER ONE

### INTRODUCTION

#### 1.1 Background to the Study

All around the world, public infrastructure services needs are fast outpacing the resources for providing them. These socio-economic realities have intensified the search for more innovative means of delivering public services and the need to achieve value for money. The government of Ghana launched the Public Financial Management Reform programme (PUFMARP1996), with the aim of improving overall public financial management in Ghana.

PUFMARP identified the under-mentioned weaknesses in the procurement system: No comprehensive public policy; there was no central body with technical expertise to oversee or regulate sound procurement practice; absence of clearly defined roles; responsibilities and authority of procurement entities. There was no comprehensive legal regime to safeguard public procurement; no rules and regulation to guide, direct, train and monitor public procurement. Moreover, no independent appeal processes to address complains from tenders; no authority to dispose of public assets; no independent procurement auditing function. (PUFMARP,1996)

In 1999, the Government of Ghana established the public procurement oversight group to steer the development of a comprehensive public procurement reform programme. The public procurement bill was drafted in 2002 and this was passed into law on 31<sup>st</sup> December 2003 as the Public Procurement Act of 2003, Act 663.

As organizations strive to reduce cost and focus on core business activities, the procurement function has come under scrutiny.

It is obvious that stores management contributes immensely to the achievement of organizational goals and objectives. Through a cost reduction approach, stores management can maximize the profit earnings of an organization. There is also the need for every storehouse to render an efficient and good service to the various functional units to ensure the smooth flow of drugs within the Hospital so as to achieve planned operational targets.

It is therefore important to establish well organized and professionally managed stores in the Hospital.

A store is basically a temporary reception of goods and services. Goods come into a store or ware house; from there requisitions are made to collect them by the pharmacy technicians to be dispensed to the clients who are seen at the Hospital.

In view of this, handling and preservation of drugs should be the basic function of every store officer. However, in the Kwahu Government Hospital today, the store and procurement activities are seen as the work that can be done by anybody at all. As a result, the Hospital is being challenged by the lack of professional storekeeping methods, poor storage of drugs and procurement difficulties. In the light of above mentioned, my work seek to address these challenges especially, an assessment of effective drug procurement in district Hospitals.

## **1.2 Statement of Problem**

Huge and unsustainable foreign debt, excessive budget deficits, huge payment of debt and arrears, corruption and pressure from international financial institutions, forced the Government of Ghana to commit to a reform of public procurement, which culminated in the passing of the Public Procurement Act, 2003 (Act 663)

With regards to activities, Kwahu Government Hospital as the case study, it can be recognized that the procurement unit cannot be done away without considering and execution of purchasing process. It is not strange that, the Government has given it the desired attention backed by public procurement Act 663 of 2003.

Currently, Kwahu Government Hospital is facing two major challenges; poor procurement practices and poor management of drugs which has led to:

- Poor methods of selecting potential suppliers ;
- Management bureaucracy in decision making with procurement;
- Lack of knowledge on drugs handling procedures; and
- Lack of adherence to record keeping.

### **1.3 Aim**

To investigate the efficiency of the procedures of procurement of drugs in Kwahu Government Hospital.

### **1.4 Specific Objectives**

- 1) To identify the procedures of procurement of drugs at Kwahu Government Hospital;
- 2) To find out difficulties in the procurement system of Kwahu Government Hospital.

### **1.5 Research Questions**

The questions are examined and radiate on the problems that have been identified.

- 1) What are the procedures for procurement of drugs at Kwahu Government Hospital.?

- 2) What are the difficulties of the procurement system at Kwahu Government Hospital.?

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

The results of the study could be of importance to districts hospitals in the country that have demonstrated commitment to the effective and efficient use of procurement system. Therefore it is envisaged that the findings from the study when published in medical journals and economic magazines would have great significance in several respects to medical officers or employees at the various Hospitals in the country, and the health sector (especially, Ministry of Health and Ghana Health Service).

Finally the findings of the research will pave way for further research of other areas of procurement procedures to be followed by Hospital administrators at the various health institutions in the country.

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

Ghana Health Service has many District Hospitals in the Eastern Region but due to time constraints, the study focused on the workers of Kwahu Government Hospital. The sample selected may not be representative of District Hospitals in Ghana thus could be a limitation for generalizing the findings.

### **1.8 Limitation of the Study**

The questionnaire and the personal interviews may present biases by validation of the data collected in the study due to short comings in interviews and questionnaire administration. This may therefore not given room for generalization of the findings of the study.

## 1.9 Organization of the Study

This study adopted a five chapter approach under the broad headings of Introduction, Literature review and Theoretical Framework, Methodology, Analysis of the data collected and conclusion, summary and recommendations.

Chapter One (1) was devoted to the introduction of the study and it dealt with topics such as background of the study, statement of the problem, purpose or objective of the study, research questions and significance of the study, limitations or scope, definition of terms and organization of the study.

Chapter Two (2) reviewed literature to the study where authorities' opinions contributed to clarify the nature and importance of the research topic. Chapter Three (3) was devoted to the types of methodology used for the study in terms of the research design, site selection, population and sampling methods or procedures, data collection instruments and procedure, how the data was analyzed.

Chapter four focused on the analysis and discussions of the findings of the study. It was delivered into two parts. The first part dealt with findings from the questionnaire and the second part dealt with findings from the interview. Chapter Five was devoted to the summary, conclusions and recommendations.

## **CHAPTER TWO**

### **REVIEW OF LITERATURE**

#### **2.1 Introduction**

Chapter two covered the review of literature and conceptual framework of the following topics: the meaning of procurement, public procurement reform programme, the public procurement act, legal and institutional framework ,procurement procedures and documentation, procurement oversight, capacity building and anti-corruption measures, scope of application, receipt of stock, inspection of stock, stock records, stores accounting, stock taking, periodic stocktaking, controlling inventory or stock, fixing various stock levels, procurement objective, procurement responsibility, the procurement systems of Ghana Health Service, determination of needs, specification of requirements, sourcing market, issue enquires, receive and evaluation, award contract or purchase order, obtain acknowledgement in the case of a purchase order, quality control or inspection and test . This chapter also covers what various credible writers have published regarding selected areas for the detailed discussion to fulfill the objective of the research concerning effective drug procurement in district hospitals.

#### **2.2 The Meaning of Procurement**

According to Howard, T.L. (1993) procurement is described as the acquisition by a manufacturer for his necessary primary material, supplies, equipments and so forth by any method whatsoever”.

Donald, W.D (1960) defines Procurement as the purchasing of materials, equipment and supplies of the right quality from the right suppliers in the right quantity at the right time. Procurement can be defined as the transaction that results in a business



firm obtaining a product or service, consisting a chain of events including determining a need, specifying the quality and design sources, arranging shipment at an agreed-upon price and data, and delivery to the user, to the manufacturing line or to storage.

Alan, B. (2001), also defines procurement as the process by which organizations define their needs for goods and services, identify and compare the supplies and suppliers available to them, negotiate with source of supply, make contracts and pay for the goods and services required.

According to Koomson, S.E. (1971), Organization Procurement may be defined as the function responsible for obtaining lease or other legal means, equipment undertaking for use in production.

According to Howard, L. (1993) Procurement is a term that describes the business directly to security of materials supplies and equipment required in the operation of an organization.

Weele, J.A. (1994), in its narrowest sense the term purchasing refers merely to the act of buying an item to a price. This very narrow meaning of purchasing has gradually been broadened. Unfortunately, the narrow concept is still held by many of the less progressive business organizations.

### **2.3 Public Procurement Reform Programme**

The public procurement reform programme is part of a wider reform agenda targeted at improving public management. The objectives of procurement reform proposals are to promote national development; enhance harmony with other local and international laws; foster competition, efficiency, transparency and accountability;

facilitate ease of procurement administration; and, ensure value for money. Annual savings of about US\$150million are envisaged through better management of Government-financed procurement alone.(Ministry of Finance,2001)

A key deliverable of the procurement reform was a draft Public Procurement Bill, which was enacted into law by Parliament in 2003. Direct measures also undertaken by Government include: the issuance and monitoring of expenditure ceilings for each Ministries, Department and Agencies (MDA) consistent with the annual budget and updated cash flow forecasts; and implementing new anti-corruption strategies including codes of conduct for state officials. All procuring entities must seek clearance from the Ministry of Finance, through certification as proof of the availability and adequacy of funding, before any contract is awarded.

#### **2.4 The Public Procurement Act (Act 663)**

The Public Procurement Authority (PPA) establishes the five basic pillars of public procurement; (1) comprehensive, transparent legal and institution framework; (2) clear and standardized procurement procedures and standard tender documents; (3) independent control system; (4) proficient procurement staff; and (5) anti-corruption measures. Some notable provisions in this Act are highlighted below.

##### **2.4.1 Legal and Institutional Framework**

The PPA provides for the establishment of a Public Procurement Board (The Board) (s.1) as a legal corporate entity. Procurement entities are defined as comprising MDAs and all para-statal establishments that utilize public funds (s.14). A tender committee in each procurement entity provides a one-stop for concurrent approvals, awards and management of contracts to predefined value thresholds (s.17).

The tender committee may make use of external consultants in the performance of its functions. The tender committee refers any procurement exceeding its value threshold to the appropriate tender review board at the district, regional, ministerial or central Government level. The tender review board reviews all procurement activities for compliance with the PPA, provides concurrent approval or otherwise of procurement referrals, hears complainants and escalates unresolved issues to the Board (s.20).

#### **2.4.2 Procurement Procedures and Documentation**

Part III-V stipulates procedures for the sizing of tender packages, soliciting and evaluating tenders and for contract award. In particular, (s.22) provides for the pre-qualification of tenderers' for large and/or complex works and technical services contracts. All contracts must be tendered on an open competitive basis, except otherwise provided for in the Act (s.35). Restricted tendering is justifiable only on the grounds of providing greater economy and efficiency and subject to the approval of the Board (s.38). Two-stage tendering is only allowed where detailed specifications cannot be made available before going to tender (s.36) or the optimal solution is unknown and tenders are solicited to provide this. National Competitive Bidding is used when the procurement entity so decides (s.44) and subject to contract value thresholds specified in Schedule 3. International Competitive Bidding is used when effective competition cannot be achieved without the inclusion of foreign firms (s.45). All procurement uses the appropriate standard tender or contract document provided in schedule 4 and modifications can only be introduced through tender or contract data sheets or special conditions of contract (s.50). The successful tender for works contracts shall be lowest evaluated tender price ascertained on the basis of criteria specified in the invitation documents, which shall include (s.59);(1) the

tender price subject to any margin of preference contractors (s.60): (2) the lifecycle costs of the tendered solution: (3) the potential for economic development, local involvement or technology transfer; and (4) national security considerations.

The selection of consultants shall be on quality and cost-based criteria (s. 75) with the price component assessed in a similar manner as for works (s.69). Quality-based selection is allowed for complex or highly specialized assignments (s.72), and least-cost selection is reserved for small value assignments.

### **2.4.3 Procurement Oversight, Capacity Building and Anti-Corruption**

#### **Measures**

The Board's duties include, to (s.3): provide policy and regulatory oversight; provide training and capacity building for procurement officials, hear appeals and complaints; and, assist local industries to become competitive and efficient suppliers to the public sector. The Board maintains a database of all suppliers, contractors and consultants and debars from procurement practice under the PPA, and publishes the list of, all suppliers, contractors and consultants with proven misconduct under the Act.

The right to review is provided for in section 78. The head of the procurement entity must first investigate a complaint (s.79) and then, if unresolved within the time frame allowed, the complainant may seek administrative review by the Board (s.80).

Third parties whose interests may be affected by the review proceedings are permitted to participate in them. The Board establishes and publishes a code of conduct for all procurement officials, the Board, tender review boards as well as for suppliers, contractors and consultants (s.86). Corrupt practices, as defined in the Constitution and the Criminal Code, 1960 (Act 29), are outlawed under the PPA

(s.93). Violation of any provision of the Act, upon conviction, is punishable by a fine not exceeding 1000 penalty needs or a term of imprisonment not exceeding five years or both (s.92).

#### **2.4.4 Scope of Application**

The PPA applies to all procurement financed in whole or in part from public funds (s.14). Notwithstanding this provision, procurement with international obligations arising from any grant or concessionary loan to the Government is in accordance with the terms of the grant or loan (s.86). However, it has been suggested that the World Bank procurement procedures are used on World Bank –administered projects because MDAs have no set of comprehensive guidelines for procurement [Weisling, S.(1998) and World Bank ,1996,p.331.]. There is therefore a reason to expect that donor partners will defer to the use of the PPA. The agreement between the Ministry of Health and its cooperating partners, under a world Bank – administered programme, to organize procurement under specific Ministry of Health procedures is perhaps evidence of this expectation [ World Bank2003].

#### **2.5 Receipt of Stock**

According to Joseph, D et al ( 1994) Receipt is the process of accepting from all sources of materials and parts which are used in the organization including supplies for manufacturing or operating process, plant maintenance offices, capital installation and finished products. Goods may be received from outside suppliers ,from production departments within the organization when they arrive , they must be properly taken care of . The degree of recording and checking depends greatly on the goods and the management technique of business.

## 2.6 Inspection of Stock

Inspection means the examination of incoming consignments for quality. As stated by Jessop, D. and et al (1994) in storage and control of stock. As part of the procedure associated with the receipt of goods and their placement in storage is a check for quality. Great deal of attention is being paid to quality in many organizations today and obvious means of ensuring quality of incoming goods is up to date is to inspect every item of the incoming delivery. In case where the highest level of reliability is essential, 100% in specialization is necessary, though this is very costly.

It is therefore the duty of stores function to ensure that inspection and check on all deliveries are conducted against damage, quality store. In many cases suppliers don't accept responsibility for damage goods unless they are reported within a specified period after delivery. Information arising from poor quality. Shortages or damage is passed onto purchasing department for the necessary action to be taken at the right time.

Quality assurance activities and 'Co-maker' relationships between buyers and suppliers have reduce the extent to which inspection of incoming goods is undertaken, but it remain an important activity.

## 2.7 Stocks Records

These are document, which record from day-to-day full particulars of individual receipts, issues and balance of stock. These may be manual or maintained on a computer and record particulars of receipts, issues and balances of stock for each individual items held in the store. The control of stock cannot be done in an efficient manner without the means of capturing and storing information. Therefore the

system of stock recording and the mechanising for the use of recorded information is carefully selected. The record provides the kind of information required to control and maintain the stock level desired.

Stores record becomes necessary as it establishes a link between the physical stock and the stores accounts. It is therefore the responsibility of stores management to ensure that adequate and up-to-date stock records are maintained for every item held in stock, whether in the warehouse stockyard or other storehouses.

### **2.8 Stores Accounting**

According to Jessop, D. et al (1994) in storage and supply of materials, stores accounting is the process of recording details of stock movement and balanced in value. Details of stock movement is kept in monetary value of a particular consignment received into store can be obtained through accounting. Likewise, value of items issued out can be provided.

### **2.9 Stock Taking**

According to Baily, F. (1994) stocktaking means counting or weighing or measuring what is actually held in stock in order to verify records to provide a factual basis for the value of stock shown as an asset in the balance sheet. Stock represents cash; therefore it should be carefully protected, stored, checked, and valued at the close of a period. Since the value of stock is usually very much greater than the materials purchased and are stored intact in the storehouse and then quality and quantity have not been depreciated during the storage process, hence the need for physical verification of store. Stocktaking is the physical counting of materials in a shop, the security and accountability for all materials and equipment held within the store system is under the direct responsibility of store manager and his staff.

Goods storekeeping should be achieving the following objectives:

- i) To locate material rapidly and consequently avoid delay in their issues.
- ii) To enable economical use of storage space
- iii) To have proper assessment of quantities and value of material through records and determine stock-in-hand for interim balance sheet.
- iv) To protect materials against deterioration, example from damp, evaporation etc.
- v) To enable timely placing of order by requisitioning materials value these reach re-order-level.
- vi) To protect materials against fire and theft.
- vii) To obviate under stocking and overstocking of fixing minimum and maximum level respectively.
- viii) To facilitate constant comparison between physical quality and books figures in order to avoid discrepancies.

Stocktaking involves many valuable and expensive man-hours to arrange and carryout plus a great deal of management time needed to investigate the almost inevitable list of stock discrepancies. The under listed are some of the benefits of stocktaking:

- a) Stock records and stock control systems will be tested.
- b) Financial report (including the balance sheet) produced by the organization's auditors will demand some form of physical stock verification to back-up the value shown within the balance sheet.
- c) The security aspect of stores management demands that regular and physical checks be made to ensure that any possible theft or fraud is quickly detected and investigation carried out.



- d) Stocktaking is an indication of overall stores efficiency and management control. The number and size of stocktaking discrepancies is a good indication of efficiency. A high incidence of stock discrepancies usually warrants a close look at the personnel and system involved.

To ensure stocktaking in an accurate and meaningful exercise, stores management must organize and control all stocktaking activities.

The following are some of the procedures:

- ❖ A controller of stocktaking should be appointed; usually he/she should be a senior member of the supply management team.
- ❖ Stock area should be allocated to individual members of the stocktaking team each part of stock checkers will be given a specific area of stock to check and count.
- ❖ Adequate materials and equipment must be available for the stock taker before the counting begins.
- ❖ A comprehensive stocktaking meeting should be held several days before stock take is due to commence. This gives the controller of stock taking the opportunity to explain slowly and carefully to all those involved; what is to be counted, low quantities are to be recorded the assignment to stock taking part and also the actual timetable of events for the operation itself.
- ❖ All equipment and stock which does not belong to the organization must be counted and recorded separately from the other stock classification.
- ❖ The stock to be actually counted and recorded must be clearly explained and include all normal stock, material under inspection, scraps, packaging and items on loan.

- ❖ All previously active documents (that is issue notes quality control notes etc) should have been documented and filed before the actual stocktaking begins. This will enable that calculated records are up to date.

There are various types of stocktaking which includes the following:

### **2.9.1 Periodic Stocktaking**

In this method of stores verification, the whole of the stock is verified usually at the end of the given period in which in normal circumstances is the close of the financial year. Under this method, stores are verified on the data before the balance sheet is prepared. Under the method also, the factory has to be close down for the required number of days which may proved to be costly affair.

It is possible in a small size house of a medium or a large size. It is not practicable to carry out the stores verification on the data of the balance sheet. The following are some of the advantages of this method:

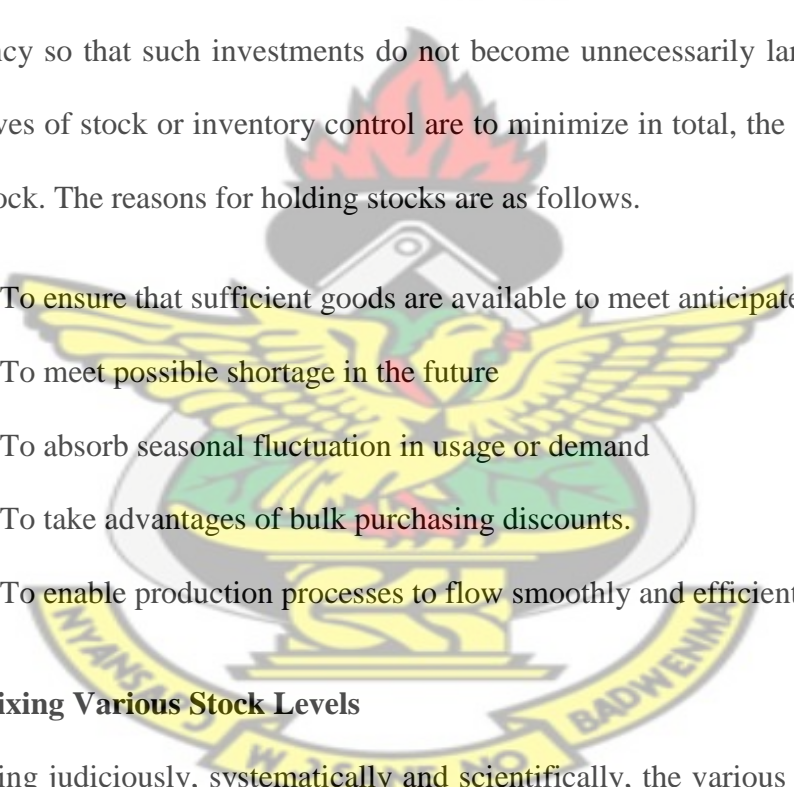
- a) It is simple, most convenient and satisfactory
- b) Since the verification is done on or near the data of the balance sheet, the value of closing stock supplied to the account department for incorporation in the balance sheet is reliable.

The preparation of final accounts and balance sheets may be delayed because of non completion of formalities of stores verification in time. Since the verification of all items have to be completed in a given number of days, either the production department has to be shut down during this period to enable rough checking of the store or else the verification should be a limited character. This, it lacks toured personnel for verification, the element of surprise checks results in production hold

up, and stock discrepancies if any, will be left undetected till the end of the accounting period.

### **2.9.2 Controlling Inventory or Stock**

Lucy, T. (1992) defines inventory as, “the system used in a firm to control the firm’s investment in stock”. He is of the view that stock control includes recording and monitoring of stock levels, forecasting future demands and deciding value and how many to order. Colin, D. (2003) view, investment in stocks represent a most industrial and commercial organizations, and it essential that stocks are manage efficiency so that such investments do not become unnecessarily large. The overall objectives of stock or inventory control are to minimize in total, the costs associated with stock. The reasons for holding stocks are as follows.

- 
- i) To ensure that sufficient goods are available to meet anticipated demand
  - ii) To meet possible shortage in the future
  - iii) To absorb seasonal fluctuation in usage or demand
  - iv) To take advantages of bulk purchasing discounts.
  - v) To enable production processes to flow smoothly and efficiently.

### **2.9.3 Fixing Various Stock Levels**

For acting judiciously, systematically and scientifically, the various stock levels are fixed on materials in stock.

- i) Maximum Level
- ii) Minimum Level
- iii) Re-order-level

### **A) MAXIMUM STOCK LEVEL**

It is the level beyond which the actual stock is not permitted to rise without specific authority from management.

### **B) MINIMUM LEVEL**

This is the lowest level to which the stock of any item should not be allowed to fall. Accordingly, it is also known as “The safety or Buffer stock”. It is an allowance to cover errors in forecasting the demand for materials.

### **C) RE-ORDER LEVEL**

This level is set between the maximum and minimum levels in such that before the material ordered is received into the stores there is sufficient quantity on hand to cover both normal and abnormal circumstances. The objective of fixing up the ordering level to re-stock the materials at the lowest cost at the same, the interruption operation of the business.

### **2.10 Procurement Objective**

The objective of the procurement function is to obtain goods and services of the right quality in the right quantity from the right source at the right place and at the right time. But the objectives were put into a broader form and according to Donald W.D. et al (1996) they are as follows:

- ❖ To support company operations with uninterrupted flow of materials and services.
- ❖ To buy competitively
- ❖ To buy wisely, thus it involves combined search for better value that yields the best combination of the best combination of quality service and price.
- ❖ To keep inventory investment and inventory losses at a practical minimum.

- ❖ To develop effective and reliable source of supply.
- ❖ To develop good relation with the supplier, community and good continuing relation with active suppliers.
- ❖ To achieve maximum integration with the other departments of the organization.
- ❖ To handle the purchasing and supply management function proactively in a professional cost effective.

The essential elements that foster an assessment of effective drug procurement in Kwahu Government Hospital is to establish the above mentioned procurement objectives to add up to the profitable and survival of the organization.

### **2.11 The Procurement Responsibility**

Responsibility according to the Oxford Dictionary (2003) is defined as “to be called to account for a standard of work to someone in authority”. Procurement responsibility is whereby the procurement unit in an organization is granted the authority to obtain all materials, equipment and services necessary to maintain the position of the organization or make profit. The procurement responsibility comes in the following forms:

- ❖ When the overall purchasing and supply function is being handled by a unit in the form of the procurement unit which are held accountable by management for proper performance of procurement activities.
- ❖ Where the procurement activities are done at a central unit only.
- ❖ The procurement unit in every organization is the only unit responsible to be contacted by any potential supplier.

- ❖ One of the most importance responsibilities of a procurement unit is to locate and develop potential suppliers who can successfully furnish quality needs to the buying organization.

The procurement unit responsibility and authority is to constantly review materials specification and request. Identifying the responsibility of the procurement unit in Kwahu Government Hospital will help the procurement unit to achieve efficiency in the organization.

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### **2.12 The Procurement Systems of Ghana Health Service**

The procurement system used at Ghana Health Service serves two fundamental purposes within the organization.

- ❖ They provide the framework and the directions for accomplishing the supply and materials management activities effectively and efficiently.
- ❖ They provide the means for processing information from outside the department to produce output communications needed by individuals in other departments to do their job in co-ordinate and timely manner.

### **2.13 Determine Need**

This is a system put in place at Kwahu Government Hospital in order to achieve effectiveness and efficiency in the procurement unit. This is a where a need item is officially presented to the attention of the procurement unit. A purchase requisition is raised but the user department. The requisition from the user department is channeled through the stores department to check whether the items are stocked, or arrangement are made with prequalified supplies to supply them, if not outright purchased are made.

The requisition is generally channeled to the purchasing unit in order to ensure that funds are available. The purchasing requisition is generally prepared in duplicates and the issuing department as a record of its action retains the carbon copy.

#### **2.14 Specify Requirements**

To achieve efficient procurement systems in Kwahu Government Hospital, the requisition should describe the required items into details. It should specify the quality base on standard drawn. The quality required, date required and price which the item would cost, must all be specified on the requisition order. The buyers check requisition order carefully to see whether the proper authorized signature is on it and all necessary information required on it have been filled. The procurement unit does not change inadequate requisition order but refer them to the source. Dobler, W.D et al (1996).

#### **2.15 Source Market**

For efficiency, the procurement unit in Kwahu Government Hospital should adhere to the Procurement Act of 2003 (Act 663), so that corruption level in the purchased of drugs can be checked.

According to Zenz, G.J (1994) “Sourcing is a strategic philosophy of selecting vendors in a manner that makes them an integral part of the buying organization for the particular component of part they are to supply”. Sourcing is still a selection of suppliers. Some procurement unit prefers either single sourcing or multiple sourcing. Those who prefer single sourcing decide to buy from a single supplier because it is economical in the sense that total amount needed may be too small to justify splitting the order among suppliers.

On the other hand multiple sourcing is where more suppliers are contracted. The procurement unit' argument in favor of this is the greater assurance of uninterrupted supply in the extent of fire, flood or strikes which may disrupt the operations of a single plant. Ghana Health Service procurement unit may source internationally in the case where goods and services cannot be produced locally or due to some related problems. Information on potential suppliers can be derived from catalogues, trade exhibition interviews with sales personnel, commercial attaches to Embassies, fellow buyers etc.

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### **2.16 Issue Enquiries**

After sourcing for potential suppliers of goods and services for the organization, the next stage is that, the procurement unit asks for quotation from possible suppliers. Such form of invitation given to positional suppliers come in the form of tenders which is a purchasing system used to invite potential suppliers to make a concrete offer of the price and terms of sales of goods and services.

Most Procurement Managers in the public organizations use tendering system by inviting Prospective suppliers for a contract which is normally advertised in the press. The reason for using global tendering system is because most of its funding comes from multi-lateral organizations like International Monetary Fund (IMF), Word Bank etc.

### **2.17 Receive and Evaluate Quotation**

Bids that are received from potential suppliers are opened under conditions of security and the buyer evaluates the suppliers to see whether the buyer's requirements have been fulfilled by the potential suppliers and compares bids, from



different suppliers and selects the suppliers having lowest overall total cost. ( Zenz, G.J.,1994 ).

However, in the public sector contracts are awarded to the lowest competitive bidder on the assumption that the bidder can perform the contract. The reason being that, it is tax payer's money which is being used and such money should be used wisely. The successful supplier needs to be informed when he or she wins the contract and the unsuccessful supplier should also be briefed on why they lost the bids and what they should do to improve to be successful in bidding.

### **2.18 Award Contract/Purchase Order**

As stated by Zenz, G.T. (1994) upon further negotiation with the vendor whose quotation was selected, a purchase order is then issued to such a supplier to supply the goods or services specified. In Ghana, an award notification is issued upon identifying the successful tenderer. If the S.T accepts the award a formal contract is signed before the issue of the purchase order.

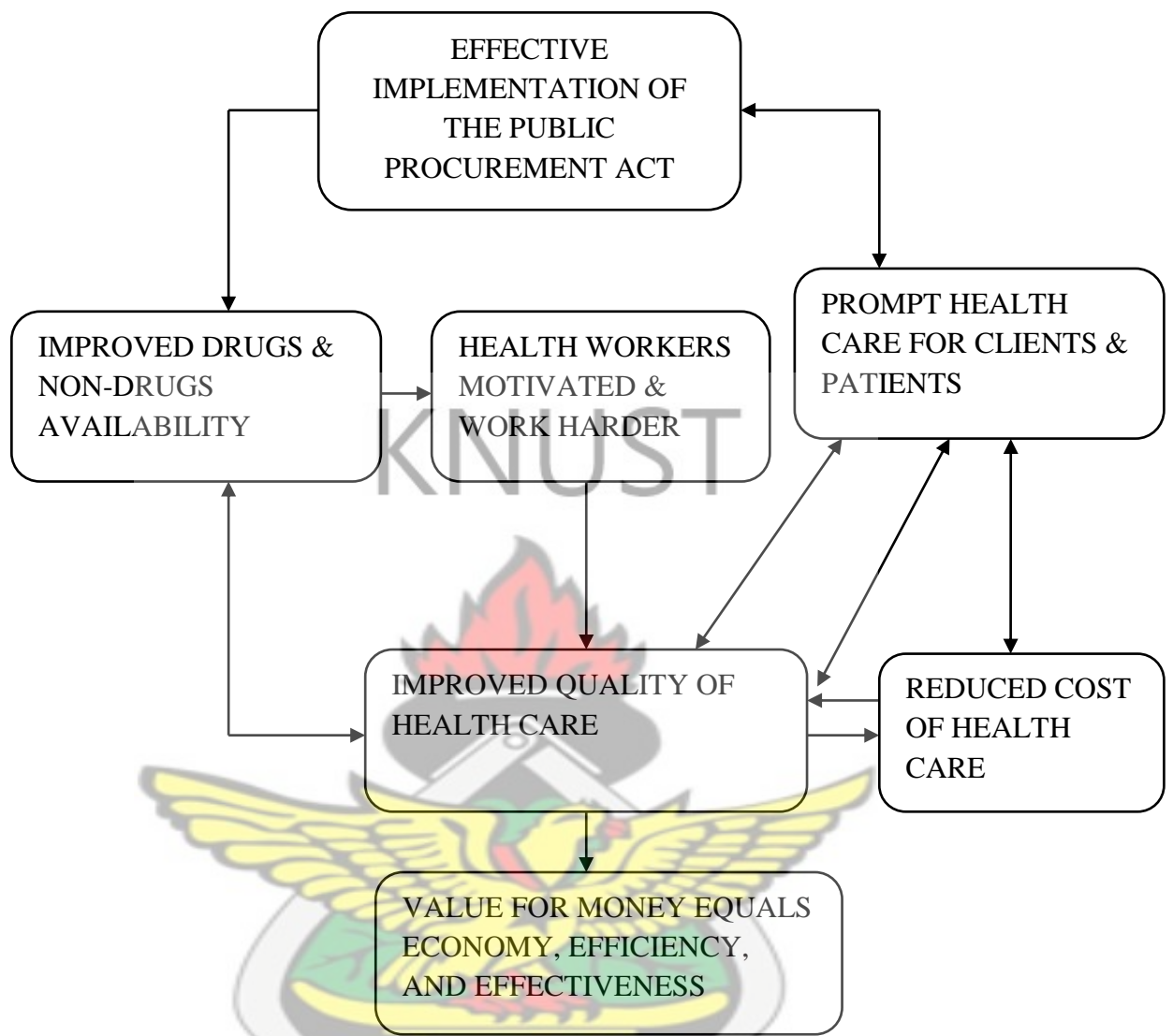
### **2.19 Obtain Acknowledgement in The Case of a Purchase Order**

According to Baily, P. (1994) "the procurement units" responsibilities under this phase are to request for acknowledgement of the purchase order from the suppliers. The supplier sends this acknowledgement of the purchase order from the buyer. The supplier sends this acknowledgement confirming that the purchase order has been received. On receipt of the acknowledgement the buyer should examine to ensure that the purchase order has been accepted on the terms and conditions agreed by both parties

## 2.20 Quality Control or Inspection and Test

Purchasers make a follow-up to ensure that suppliers supply goods that are of right quality. Quality control involves all activities including inspection to detect defective materials. The various methods of ensuring quality control are product quality control whereby incoming materials are compared with already existing ones or process quality control whereby there is periodic checks on the process of production. However, internal audit and procurement unit ensures quality of drugs bought, by inspecting every drug before acceptance.





Data source: the Researcher

Figure 2.1: Conceptual Framework

The public Procurement Act 2003, (Act 663) would improve service delivery in or health facilities. Logistics for operations would be readily available where frequent shortage of drugs and non-drugs consumables would be a thing of the past. There would be value for money since prepared procurement plan would be adhered to, to avoid emergency purchase which did not give enough time to go through the procurement procedures.

Health worker would also be motivated to work harder to improve health services. Patients would receive service and this would reduce deaths and impairments in the communities and the society.

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## CHAPTER THREE

### METHODOLOGY

#### 3.1 Introduction

The chapter shows the research processes that were used to collect data for this research work. This chapter describes a sample research design, study area, target population, sampling procedures, instruments, and method of collecting data, data analysis, ethical considerations, and practical limitation of the study.

#### 3.2 Research Design

A research design indicated the basic structure of the study, taking into consideration the various types of educational research designs and the purposes they serve. The researcher sees it appropriate to adopt a descriptive survey design for this study. The descriptive survey design was used because the desired information for the success of this research could not be obtained more readily and less expensive from any other design other than descriptive survey design. Descriptive survey was also used because it specified the nature of a given phenomena and reported things the way they are. (Wiersma, W 1991)

#### 3.3 Study Area

The Kwahu Government Hospital was established in 1954 by the Seventh Day Adventist missionaries, and handed over to the government twenty years later in 1974. The hospital is located at Atibie, and cited along the main Nkawkaw; Mpraeso highway.

The Hospital is one of two District Hospitals on the Kwahu Ridge area (the other being the Holy Family) serving over 200 communities within and outside the district. Its catchment population extends well beyond the inhabitants of the Kwahu ridge, to

adjoining district such as the Birim north, East Akim, Asante Akim south, the Afram Plains, Sekyere East, and the Fanteakwa district.

The compliment of the hospital currently stands at 175, and distributed among seven wards namely, male, female, children, Gynaecological, labour, maternity, and casualty. The other units of the Hospital are x-ray, laboratory, stores, kitchen, theatre, pharmacy, general administration, psychiatric, dental, eye, laundry, maintenance, and mortuary and out patient's department.

The Hospital offers a wide range of services, including: curative, promotional, preventive and rehabilitative, and serves as a referral point for all formal health institutions on the Kwahu Ridge as well as the Afram Plains and other adjoining districts. The Hospital offers a 24-hour service schedule and runs a relatively busy out patient's clinic with an average daily attendance of about 250 patients.

### **3.4 Population and Sample**

The population for the study constituted a section of employees of the hospital. A sample size of hundred and fifty employees including management will be conveniently selected and interviewed using a structured questionnaire. The sample size will include employees from the various units of the hospital ranging from the accounts units, the pharmacy unit, clinical units, administration unit, casual workers, and housekeepers.

### **3.5 Sample and Sampling Procedures**

With a confidence interval of 5%, and a confidence level of 95% a sample of 150 was picked out of a total population of 240 employees. Simple random and purposive sampling techniques were used for the study. However, simple random sampling was used in selecting a sample from the entire departments at the hospital

while the purposive sampling technique was for selecting procurement committee members. Purposive because, they were the people who gave the researcher the necessary information on the ground.

### **3.6 Research Instruments**

Two different instruments guides were used for the survey (that is; questionnaire and key informant interview). The questionnaires were given to all the employees excluding the labourers at the Hospital while the interview was conducted for the procurement committee members. A questionnaire was developed with the assistance of the supervisor, to elicit relevant data for the study to cover the issues and topics raised in the research questions.

Both opened and close- ended questions with options were used for the items in the questionnaire. The respondent merely selected the options that were closest to their opinion.

Open-ended questions were used because they gave the respondents a chance to express themselves concerning issues more freely. It also helped to bring to notice issues that were important but were not included in the questionnaire. Close ended items on the other hand requires less effort to respond to, easy in scoring and promotes objectivity on the part of the respondent. However, they are limited to only the areas indicated in the questionnaires, and do not give room for self-expression.

The researcher adopted and used structured questions, which allows respondents alternative responses with a set of possible questions.

The researcher also used unstructured question or open-ended questions which allowed respondents to answer in their own way or words. Researchers mostly used

structured questions because it was easier to code and analyze.(Wierma,W.1991)  
Therefore only few open-ended questions were however employed.

### **3.7 Interview**

A key informant interview was employed to solicit information from the procurement committee members at the Hospital. Few different questions were asked to find out some of the procurement procedures being adopted when purchasing certain goods and service (especially drugs) at the Hospital. The researcher used structured interview to collect information from the rest of officials in the Hospital not served with questionnaire.

### **3.8 Data Collection Procedure**

The researcher contacted the head of department for an introductory letter that introduced the researcher and the purpose of the study to the prospective respondents. Instructions were given for filling the questionnaire and any item they did not understand was clarified. It was made clear to the respondents that any information given by them would be treated with confidentiality.

### **3.9 Data Analysis Plan**

Responses to the questionnaire from the respondents at the various departments were coded using the computer's Statistical Product and Services Solution Vol.10 (SPSS). However, frequencies, Percentages, Means, Graphs and Charts were used to determine each response category. These aided the discussion and interpretation of the data.



### **3.10 Ethical Consideration**

Information obtained was held strictly confidential. The consent of management and heads of units of the Kwahu Government Hospital were sought in order to enhance co-operation from employees and to enable information to be acquired without any restrictions.

### **3.11 Practical Limitations of the Study**

The study had among its limitations the reluctant attitude of respondents to answer questionnaires given to them. Again, financial and time constraints were among the limitations of the study.



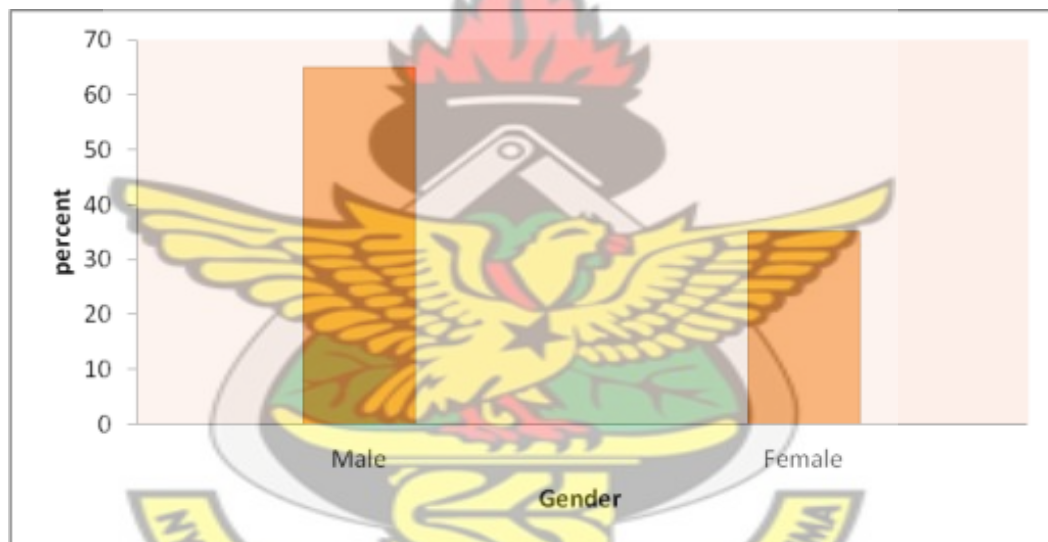
## CHAPTER FOUR

### DATA ANALYSIS AND DISCUSSION OF RESULTS

#### 4.1 Introduction

This chapter presents the analysis of data which were collected from study site in the Kwahu Government Hospital at Atibie in the Eastern Region. Specifically, data were collected from 150 Hospitals workers in line with the topic assessment of effective drug procurement: critical implementation issues in the health entities in Kwahu Government Hospital in the Eastern region of Ghana.

#### 4.2 Background of Respondents

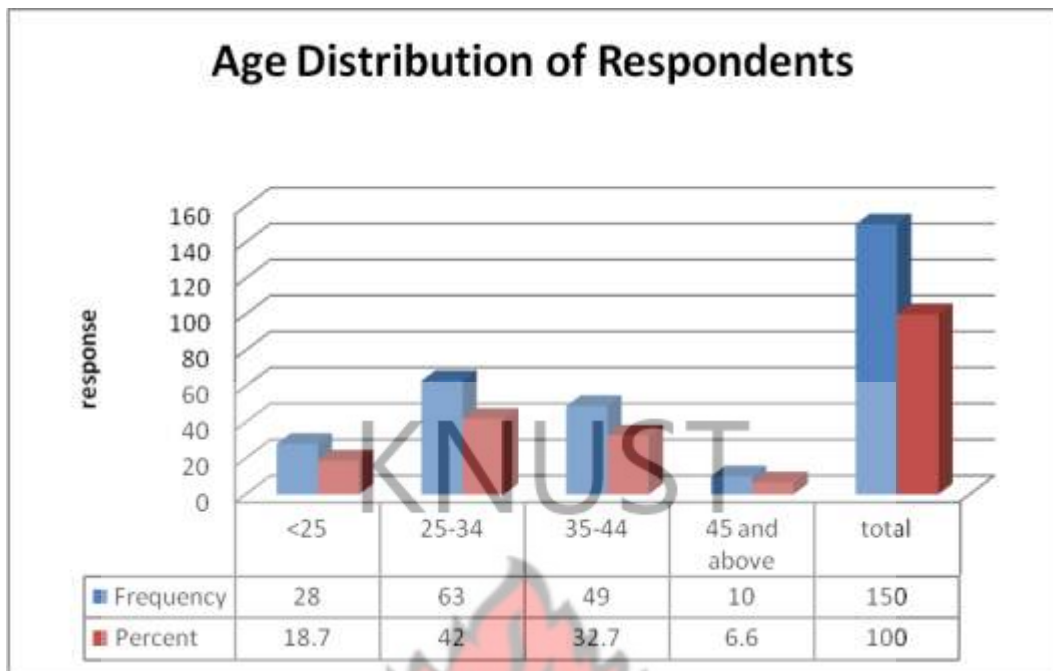


Source: Field data Oct 2013

Figure 4.1: Background of Respondents

Figure 4.2.1 shows that, out of the 150 respondents, 65 percent were males and 35 percent were females. The data suggested that there was a vast difference between the number of male and female employees at Kwahu Government Hospital in the eastern region of Ghana. The number of male employees outnumber that of the females in the study.

### 4.3 Age Distribution of Respondents



Source: Field Data Oct 2013

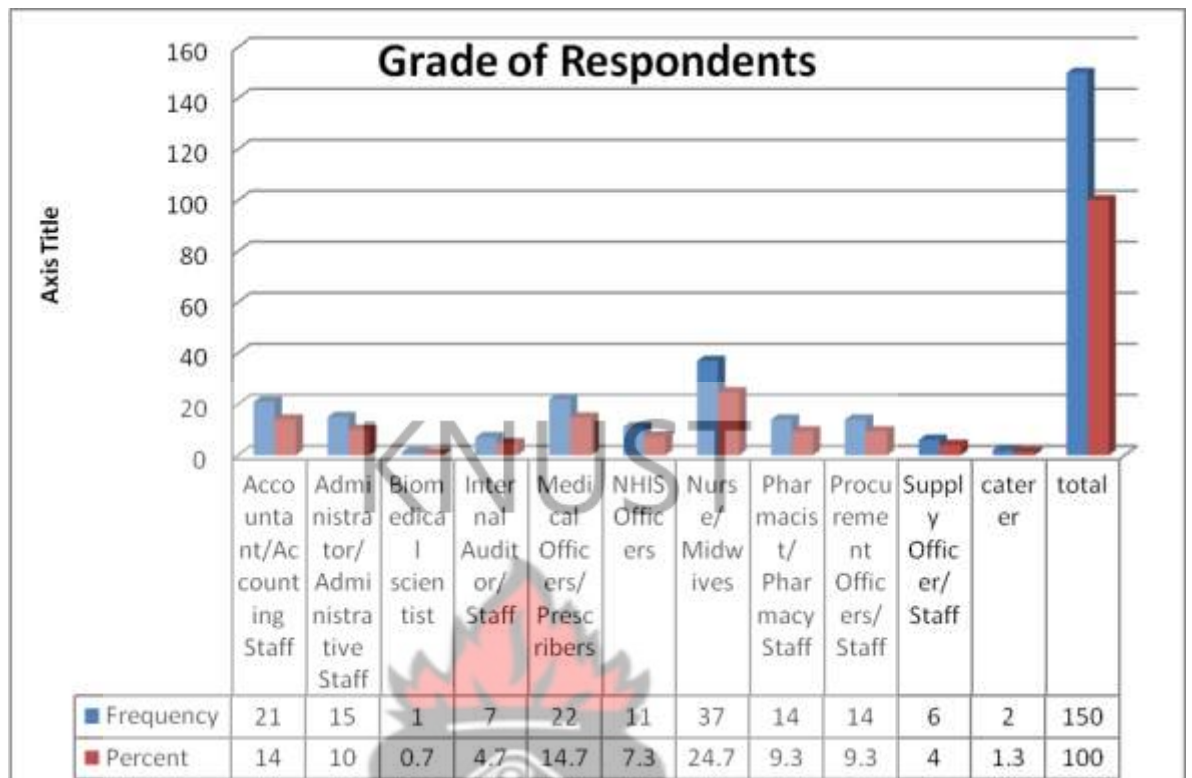
**Figure 4.2: Age Distribution of Respondents**

Figure 4.3.1 displays the age distribution of the respondents in the study. The ages of the respondents ranged between twenty four years and fifty-five years. The highest age group was 25 – 34 years (42%).

This was followed by the 35 – 44 age groups (32.7%) and less than 25 year group (18.7%).

The least age group was those from 45 years and above (6.6%). This showed that in the Kwahu Government Hospital majority of the health workers were in their youthful age group.

#### 4.4 Grade of Respondents

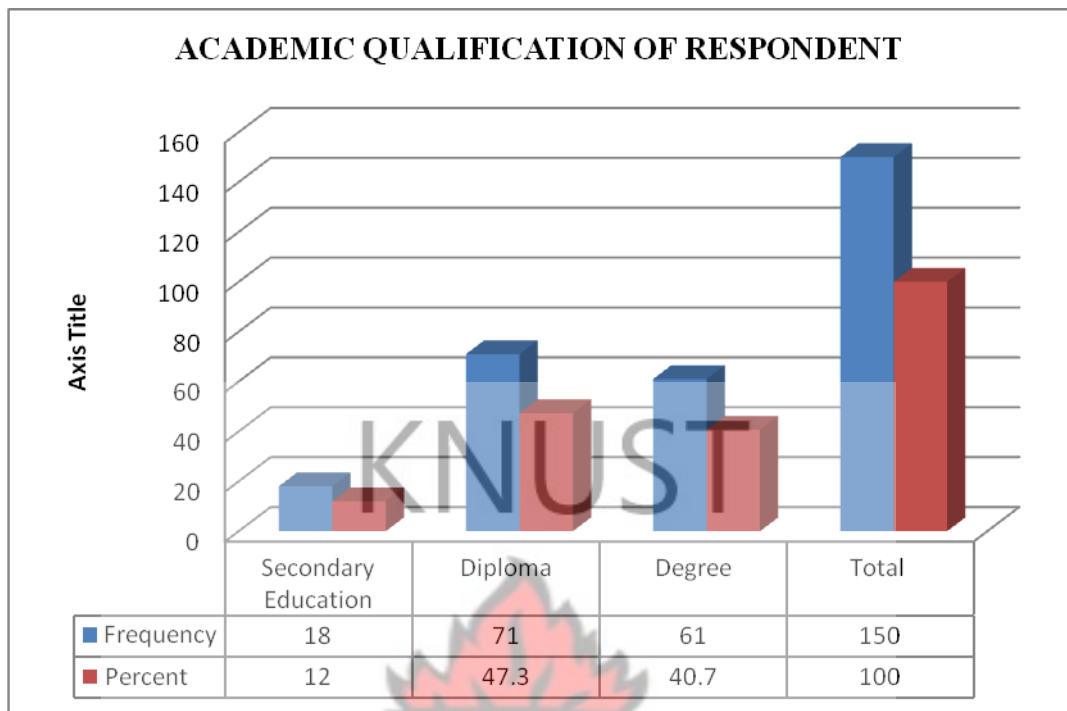


Source: Field data Oct 2013

Figure 4.3: Grade of Respondents

According to figure 4.4.1, a high percentage (24.7%) of the respondents was in the grade of Nurses/Midwives grade. Medical Officers/ Prescribers who were next to the Nurses/Midwives also constituted (14.7%), with accountant/accounting Staff Forming Fourteen percent (14%) and Administrator/ Administrative Staff constituted ten percent(10%).Biomedical scientist, Internal Auditor/ Staff, NHIS Officer, Pharmacist/ Pharmacy Staff, procurement Officers/Staff, Supply Officer, Staff and Caterer on their parts were 0.7%, 4.75,7.3%, 9.3%, 9.3% 4.0% and 1.3% respectively. When it comes to concentration of health workers, nurses for both clinical and public health activities, Kwahu Government could not have said to be under staffed.Males were more than females in the population of respondents because they were one that was dominating in the study.

#### 4.5 Academic Qualification of Respondent

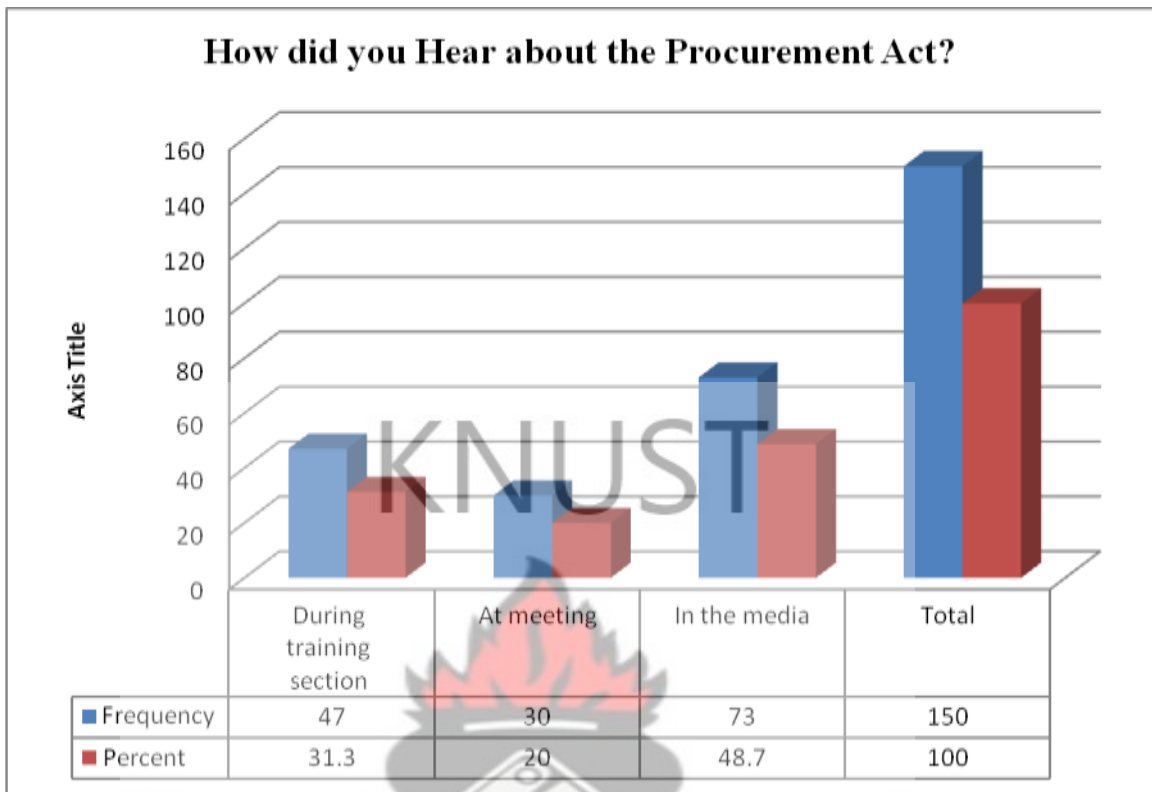


**Source:** Field data Oct 2013

**Figure 4.4: Academic Qualification of Respondent**

Figure 4.5.1 depicts the educational level of the respondents. Majority of the respondents (47.3%) had Diploma certificate. This was followed by those of Degree level of 40.7%, and then secondary education level (12%). It can be concluded that, majority of the workers at the Hospital have good qualification and this can positively affect their work output.

#### 4.6 How did you Hear about the Procurement Act



**Source: Field data Oct 2013**

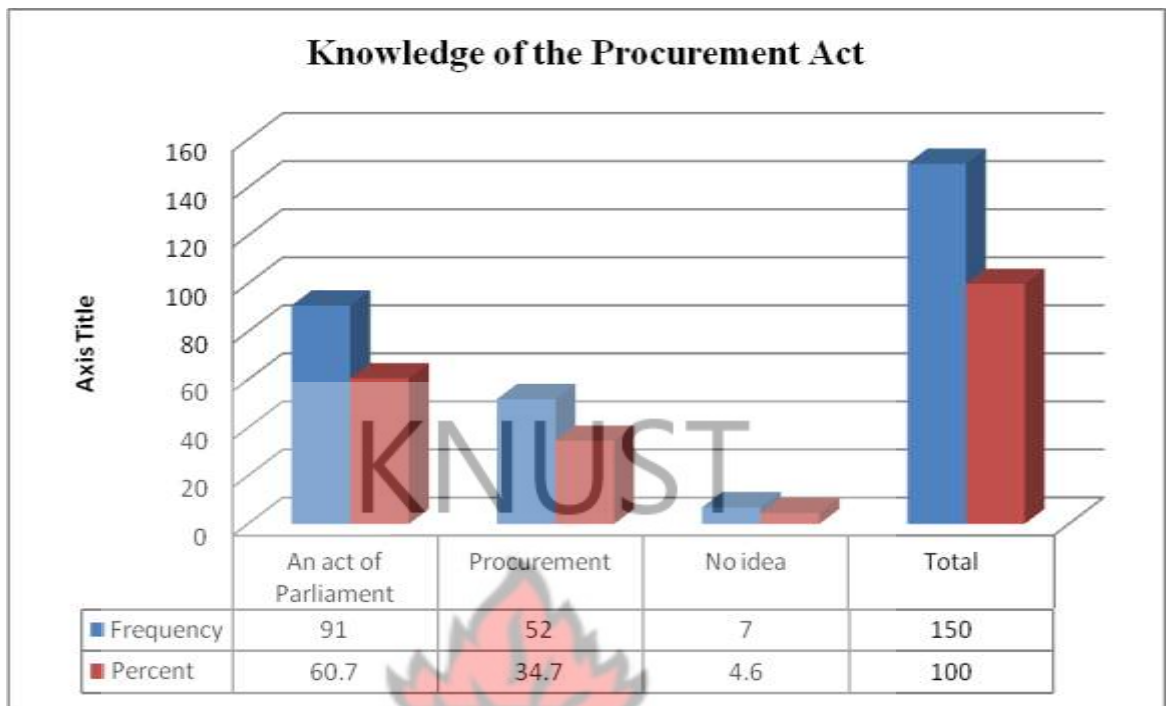
**Figure 4.5: How did you hear about the Procurement Act**

Figure 4.6.1 depicts that, 47 (31.3%) of the respondents were of the view that they have heard about Procurement Act during training session, whilst 30 (20%) of the respondents said they have heard about it at a meeting. However, majority of the respondents 73 (48.7%) were of the view that, they have heard about procurement Act through the media. This shows that the media play a very important role in Ghana.

It was realised from the study that, all the respondents said they have heard about the procurement Act.

A follow up question was posed to find out their knowledge about public procurement Act, 2003 and this can be seen in Figure 4.6.1.

#### 4.7 Knowledge of the Procurement Act



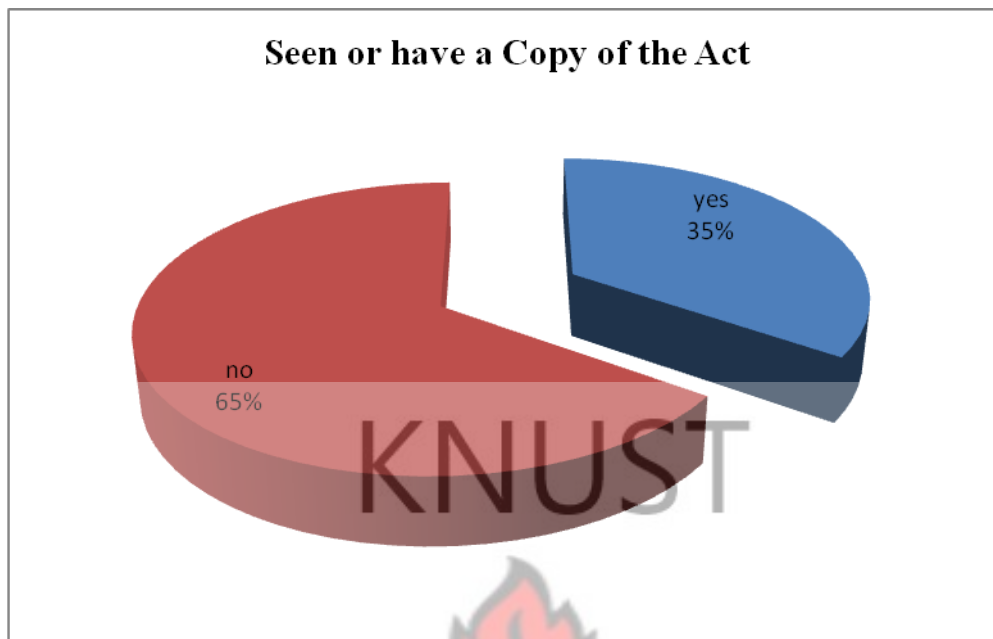
Source: Field data Oct 2013

**Figure 4.6: Knowledge of the Procurement Act**

Figure 4.7.1 shows that, 91(60.7%) of the respondents were of the view that procurement is an act of parliament while 52 (34.7%) of the employees said procurement is a guidelines. Seven 7(4.6) of the respondents said they had no idea or knowledge about procurement act. It can be concluded that majority of the respondents had knowledge about the public procurement Act, 2003 (Act 663).

A question was posed to the respondents to find out whether they have seen or got a copy of the Act and been reading them and the response can be located in Figure 4.7.1.

#### 4.8 Seen or have a Copy of the Act



Source: Field data Oct 2013

Figure 4.7: Seen or have a copy of the Act

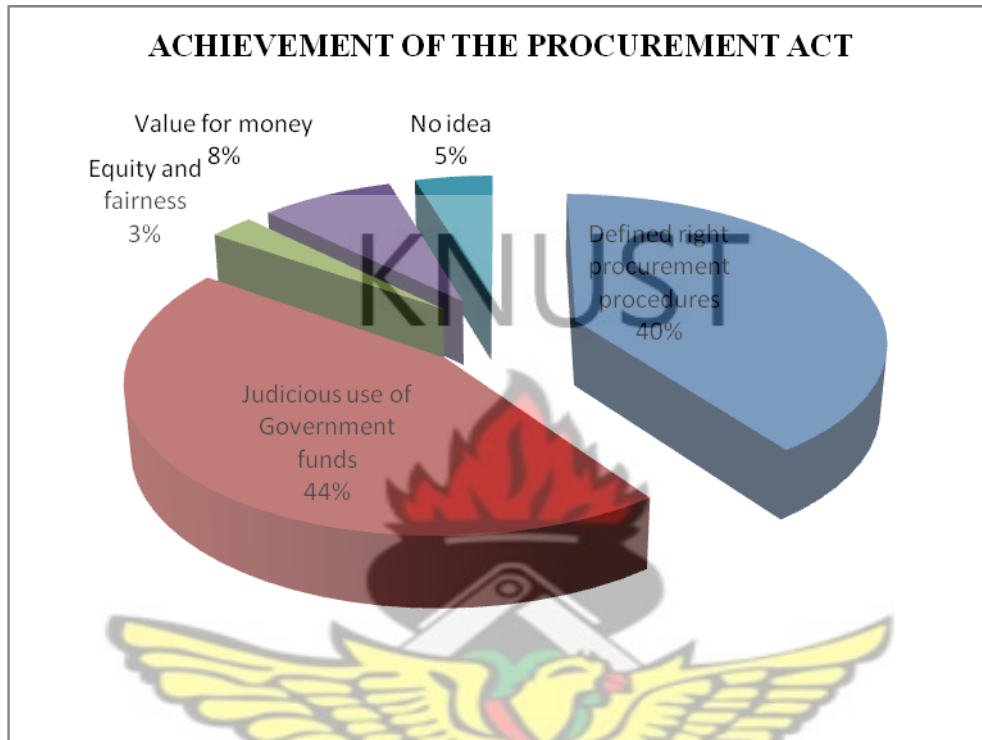
From figure 4.8.1, it can be indicated that out of the 150 respondents, 52(34.7%) said they have seen or have a copy of the procurement Act, while 98(65.3%) were of the view that they have not seen or have a copy of the Act. This shows that, majority of the respondents had not seen or has a copy of the procurement Act. This implies that, majority of the workers at Kwahu Government Hospital do not have access to read the Act.

Though they considered the Act as an important document, they again viewed it as one of the policies the Government brought up but not taken very serious. There were no copies of the Act which personnel could refer to guide them in their daily activities in procurement processes. This showed that both staff and management of the health facilities in the Kwahu Government Hospital did not know the details of



the Public Procurement Act, which would guide them on purchases to implement the act to the latter.

#### 4.9 Achievement of the Procurement Act



Source: Field Data Oct 2013

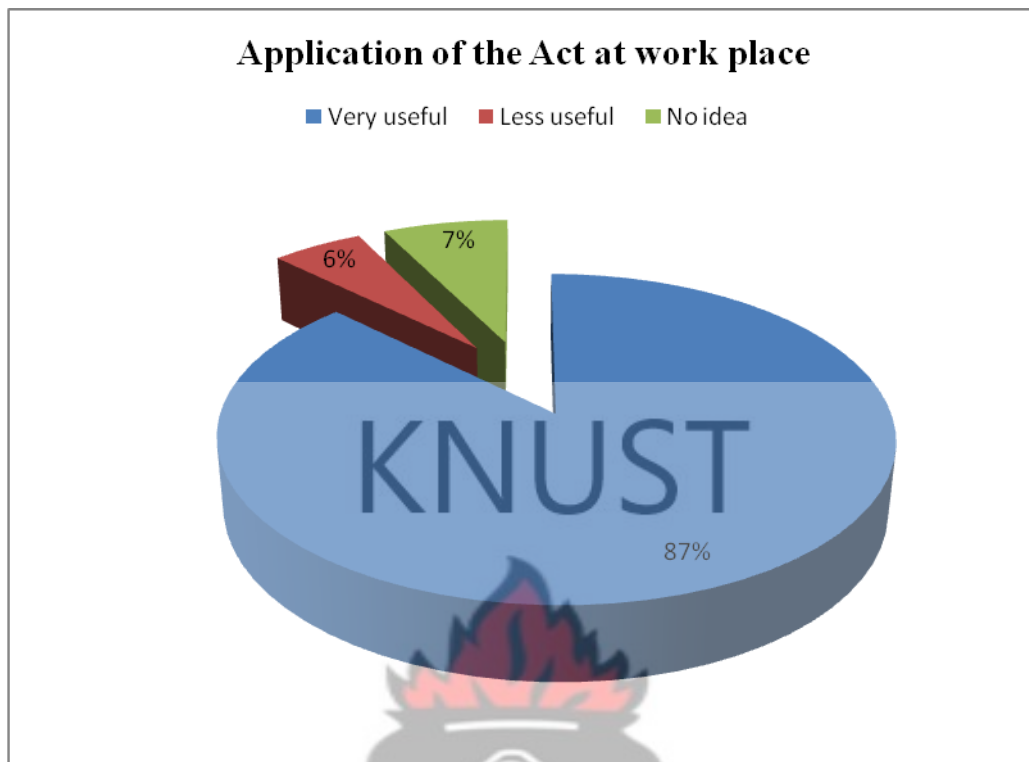
Figure 4.8: Achievement of the Procurement Act

Figure 4.9.1 indicates that, majority of the respondents (44.7%) said that procurement act seek to achieve the judicious use of Government funds, while 40% of them were of the view that procurement Act is made to define the right procurement procedures.

Eight percent also indicated that procurement Act seek to achieve value for money and four (2.7%) said that, the act seeks to achieve equity and fairness in organisation. The table shows that, seven of the respondents said they had no idea about what procurement Act seek to achieve.

A question was asked to find out how procurement Act is applied at work place.

#### 4.10 Application of the Act at work place



Source: Field data Oct 2013

Figure 4.9: Application of the Act at work place

Figure 4.10.1 shows that, 131(87.3%) of the respondents said that, procurement Act was very useful at the Hospital, while 8(5.3%) of the workers also said procurement Act was less useful. 11(7.4%) of the respondents said they have no idea whether procurement Act is being applied at the work place.

A question was posed to find out whether the department or Hospital has a store unit and qualified store keeper and the responses are found in Figure 4.10.1.

#### 4.11 Is the Store Keeper Qualified?



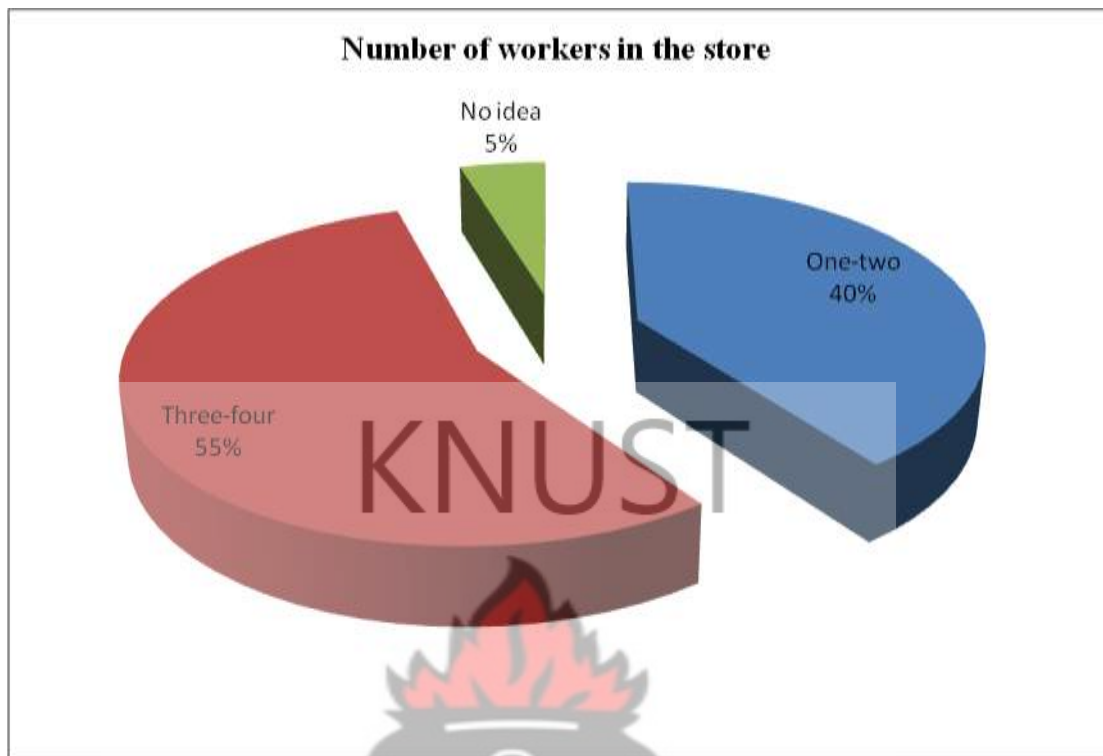
Source: Field Data Oct 2013

Figure 4.10: Is the store keeper qualified

It was indicated from the study that, Kwahu Government Hospital has a store unit which is functioning effectively.

Figure 4.11.1 depicts that, 135(90%) of the respondents were of the view that they have qualified store keeper to manage the store, while 15(10%) said they don't have qualified staff. It can be concluded from the table that, the Hospital has qualified store keeper.

#### 4.12 Number of Workers in the Store



Source: **Field Data Oct 2013**

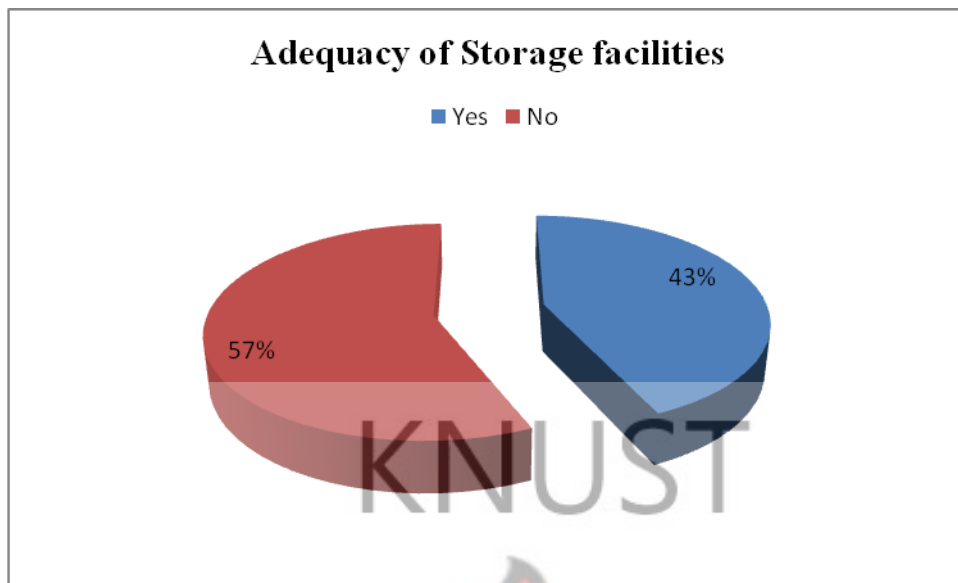
**Figure 4.11: Number of workers in the store**

Figure 4.12.1 indicates that, 60(40%) of the respondents said the number of workers in the store ranges between one-two people, while majority of them 83(55.3%) were of the view that, the Hospital has about three-four workers working in the store. The table also shows that, 7(4.7%) of the respondents responded that, they have no idea about the number of workers in the store.

It can be seen from the study that, personnel working in the store were not enough and this can affect the efficiency of their work in the Hospital.

A question was being asked to find out whether the Hospital has adequate storage facilities and the responses can be seen in Figure 4.12.1.

#### 4.13 Adequacy of Storage Facilities



Source: Field Data Oct 2013

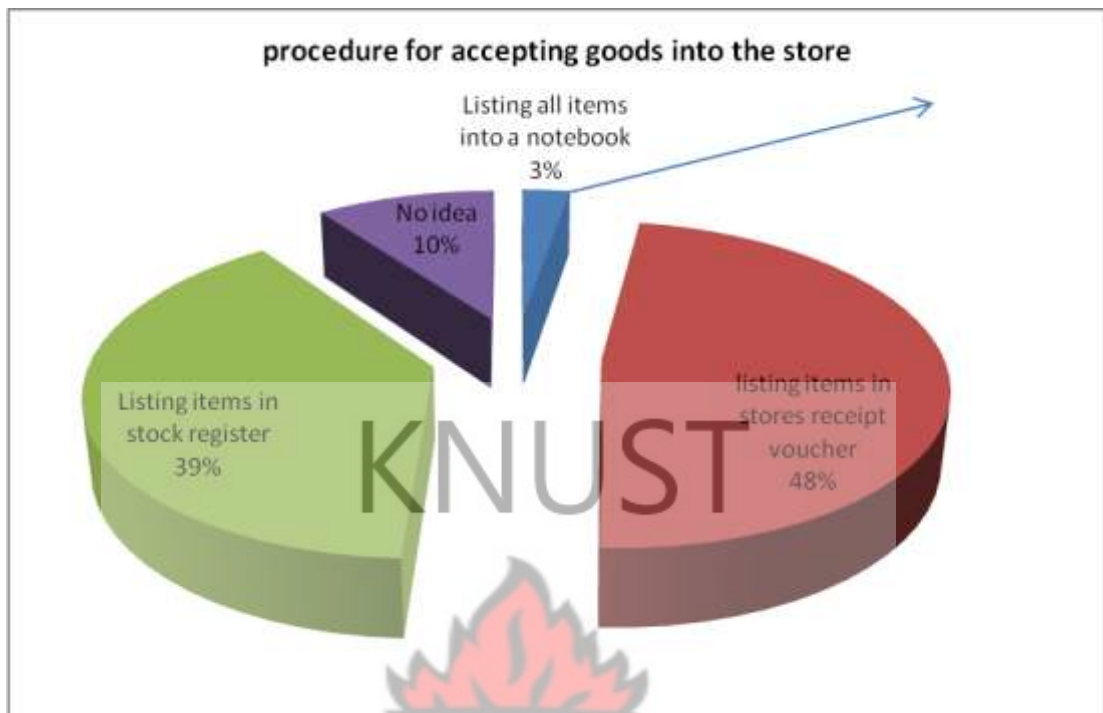
Figure 4.12: Adequacy of storage facilities

The responses from Figure 4.13.1 indicate that, majority of the respondents 85(56.7%) said storage facilities at the Hospital were inadequate, whole 65(43.3%) of the workers said otherwise.

Storage equipment was also lacking, with the exception of the non-drug, where spacious place had been designated as stores, the rest were not up to standard as far as proper store rooms were concerned.

This situation could affect the efficiency of the procurement processes in the health facilities. (Jessop D. et al, 1994).

#### 4.14 Procedure for Accepting Goods into the Store



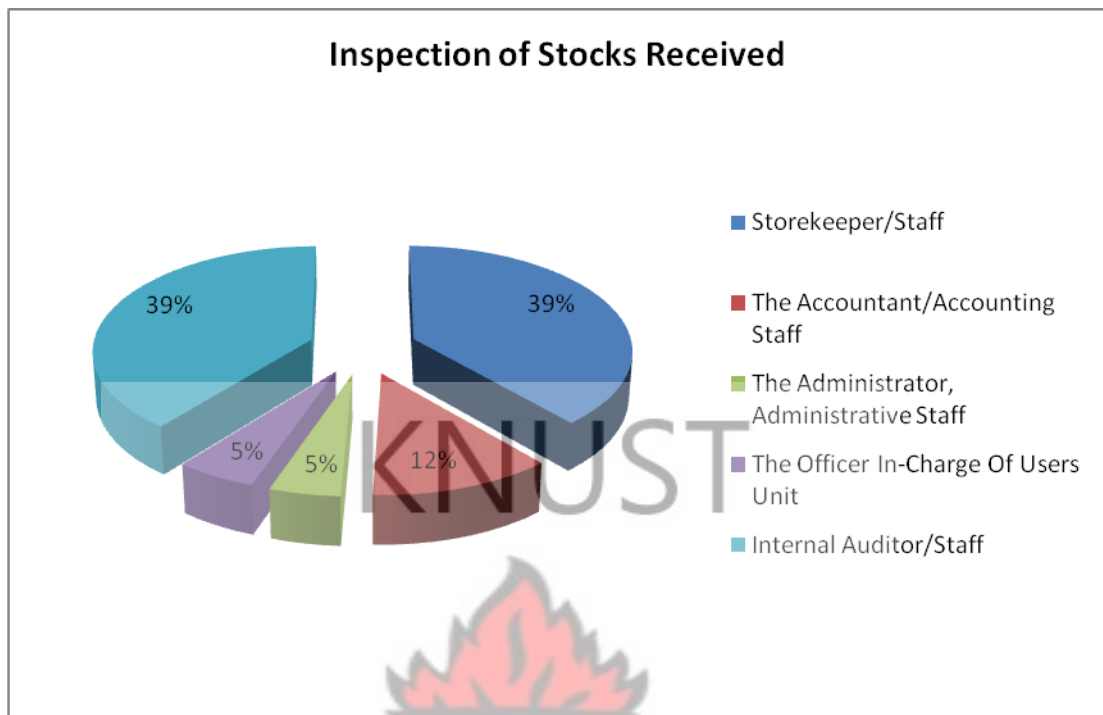
Source: Field Data Oct 2013

**Figure 4.13: Procedure for accepting goods into the store**

Figure 4.14.1 depicts that, majority of the respondents 72(48%) were of the view that listing items in the stores receipt voucher were some of the procedure for accepting goods into the store, and it is followed by listing items in stock register 59 (39.3%). The table also depicts that only 4(2.7%) of the respondents said listing all items into a notebook, while 15(10%) of them said that they had no idea.

Accepting stocks into the stores was mostly done by listing all items in the store receipt voucher booklet. Stock registers were also considered for receiving items into the stores. Though some of the units did not have the stores receipt voucher, improvised notebooks had been designed to serve the purpose conforming to guidance of effective stores management. ( Jessop D. et al 1994).

#### 4.15 Inspection of Stocks Received



Source: Field Data Oct 2013

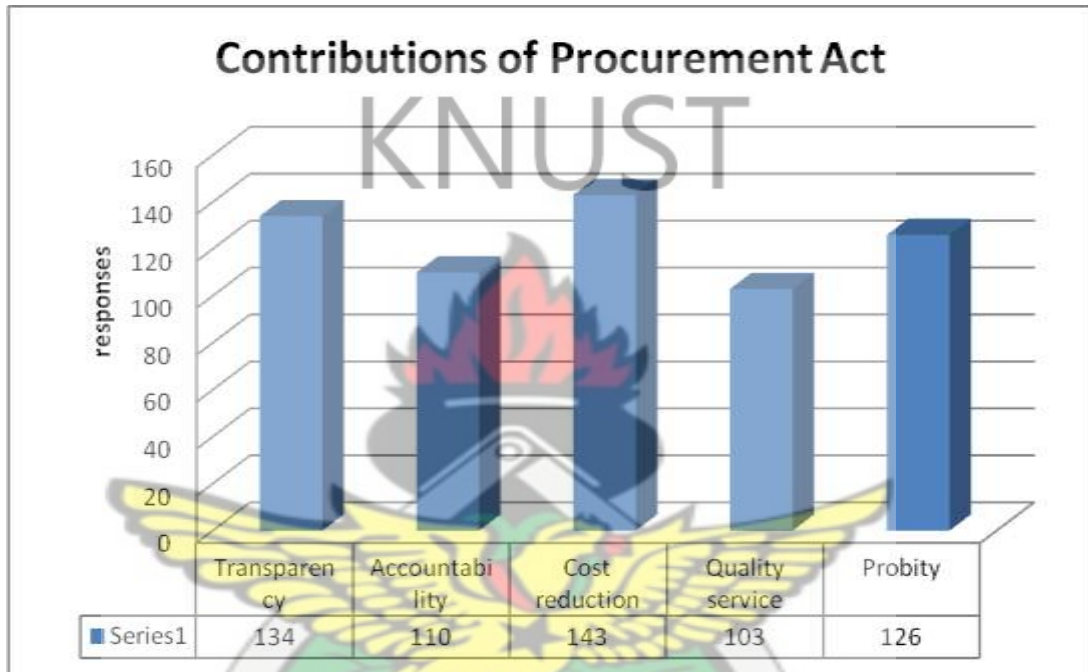
Figure 4.14: Inspection of stocks recieved

Figure 4.15.1 indicates that, 58 (38.7%) of the respondents said the inspection and quantity checks of stocks were done by the Storekeeper or Staff. 18 (12%) indicated that it was the Accountant/Accounting staffs whilst another seven of the respondents (4.7%) pointed out that it was the responsibility of the Administrator/Administrative Staff. The table also depicts that, 8(5.3%) also indicated that inspection and quantity checks of stocks were done by officers in-charge of the user units, 59 (39.3%) responded that it was the responsibility of the internal auditor/staff.

It was realised from the study that, when it came to inspection of items received to the stores, all the officers involved in procurement process took part in the inspection process. The only situation, which was not found to be in line with the proper stores procedure, was where the same storekeeper inspected and checked

quantity and quality of goods he himself had received. A situation where the same officer was involved in purchasing, receiving, inspecting and issuing of supplies to the user units, transparency that the law required was compromised. (Jessop D. et al 1994).

#### 4.16 Contributions of Procurement Act



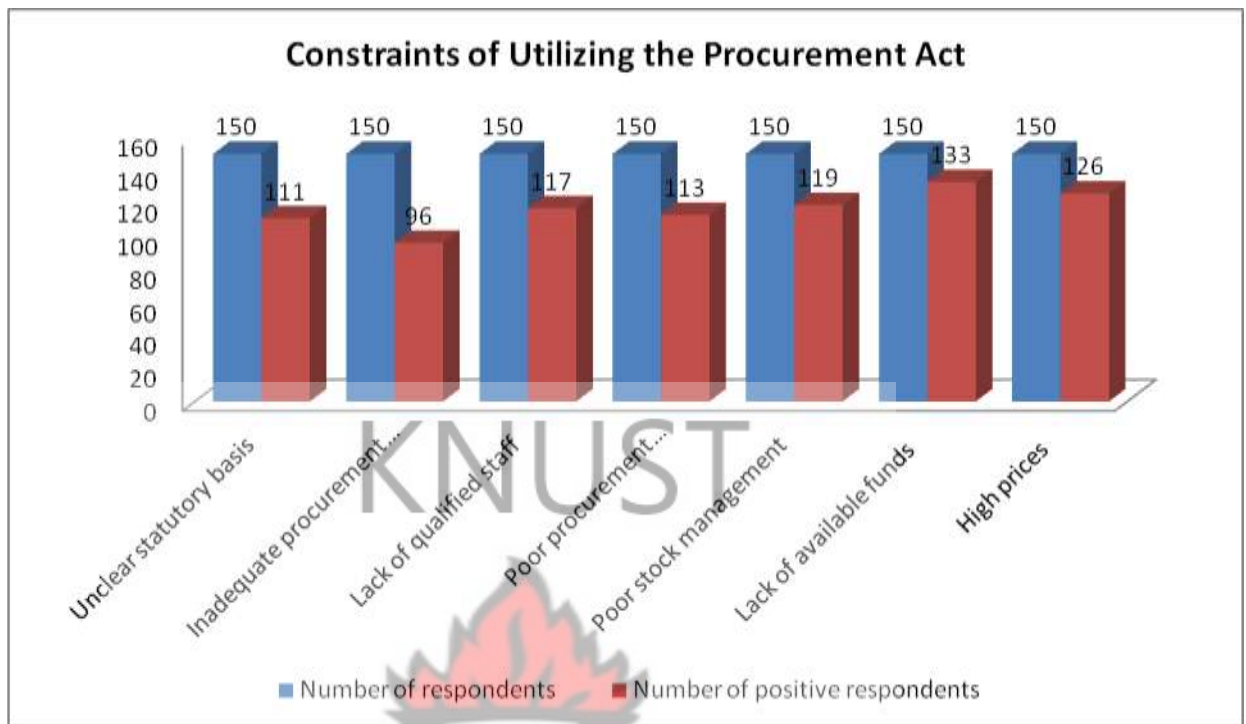
Source: Field Data Oct 2013

Figure 4.15: Contributions of Procurement Act

Figure 4.16.1 reveals the percentage responses of the respondents on the contributions of procurement Act at Kwahu Government Hospital. It was indicated by majority of the respondents agreed that, transparency, accountability, cost reduction, quality service and probity have the major contributions since the introduction of the procurement Act, 2003 (Act 663).



#### 4.17 Constraints of Utilizing the Procurement Act



Source: Field Data Oct 2013

Figure 4.16: Constraints of Utilizing the Procurement Act

Figure 4.17.1 depicts the factors that restrain employees from utilizing procurement Act procedures at Kwahu Government Hospital. It came to the realization of the researcher that, majority of the respondents agreed on the constraints stated in Figure 4.17.1.

## CHAPTER FIVE

### CONCLUSIONS AND RECOMMENDATIONS

#### 5.1 Introduction

In the previous chapter, the data collected for the study were analysed and presented in tables . This chapter concludes and recommends.

#### 5.2 Conclusion

From the results of the study, the following conclusions can be drawn;

- a. Majority had heard of the enactment of the Procurement Act, 2003(Act 663).

This indicates that staff of the Kwahu Government Hospital knew that a regulatory policy had been put in place, to direct the affairs of all procurement issues in the country. It was learnt that they heard about the act through the media like newspapers, radio, television and others.

- b. The study also revealed that, most of the respondents were of the view that Public Procurement Act is still an Act of Parliament, whilst others also said the Act was just a guideline that helps many organizations in terms of purchasing goods and services.

- c. It was seen from the study that, majority of the health personnel's used for the research indicated that, they have not seen a copy of the Procurement Act. This can be concluded that, majority of the respondents had not been reading or referring to the Act from time to time. The Act should be recommended for a reference.

- d. It was also realized from the study that, most of the respondents were of the view that, the Procurement Act seeks to achieve the following;

- i) To define right procurement procedures
- ii) Judicious use of Government funds and finally,

- iii) Equity and fairness in organization
- e. However, it can be concluded that, majority of the health personnel's indicated that, Procurement Act was very useful when it comes in-terms of its application at work place, whilst only few of the respondents were of the view that Procurement Act was not necessary at their work place.
- f. Personnel working in the stores were few. Almost all the units had only one officer in charge of stores and it became difficult for the officer to perform effectively and efficiently, especially where the officer combined his or her work with other responsibilities. In addition, the level of education of the majority of personnel was Middle school Leaving Certificate and with the current trends and the enactment of the public Procurement Law, the officer's level of education did not augur well for implementing the law to the latter.
- g. It was also established that rooms earmarked as stores were not in the standard form. It can be concluded from the study that, Kwahu Government Hospital has inadequate storage facilities/equipment. Some of them were so congested that, items were haphazardly arranged and did not allow free access to them.
- h. It can be concluded that, the only procedures Kwahu Government Hospital used in accepting goods into the store were;
- i) Listing items in stores receipt voucher and
  - ii) Listing items in stock register
- i. It was revealed from the study that, the only situation, which was not found to be in line with the proper stores procedure was that, the same storekeeper inspected and checked quantity and quality of goods he himself had received.

- j. It can be concluded that, majority of the Hospital personnel's strongly agreed that, procurement act has contributed a lot in terms of; transparency, accountability and cost reduction.
- k. From the study, majority of the respondents indicated factors that restrain the health personnel's from utilizing procurement Act were; unclear statutory basis and absence of procurement code, inadequate procurement policy, lack of quality procurement staff, poor procurement organization and procedures.
- l. The research revealed that, the Storage facility was also inadequate, with the exception of the non-drug, where spacious place had been designated as stores, the rest were not up to standard as far as proper store rooms were concerned. This situation could affect the efficiency of the procurement processes in the health facilities.

The following were also conclusions drawn from the section E of the questionnaire which was purposely administered to the procurement officer and members on the board.

From the research it was revealed that the sole sourcing and the request for quotation methods of procurement were being used by the Hospital; the sole sourcing according to PPA(2003) Act663 section 40 of the Act was used by the hospital when drugs ,services or works are available from a particular supplier or contractor and no reasonable alternative or substitute exist and where owing to a catastrophic event and there is an urgent need for the goods works or services making it impractical to use other methods of procurement because of the time involved in using those methods. Request for quotations were used according to section 42 of the Act for goods where there is an established market if the estimated value of the procurement contract is less than the amount in Schedule 3. According to the

schedule, any advertisement for request for quotation should be up to GHC 200million for goods, works up to GHC500million and service up to GHC 200million.

Contract files were present at the procurement officer's office, and separately filed for every transaction. All the members on the board had copies of procurement minutes, but a hand full of them had copies of project files, though it was attested by the procurement officer that is not done elsewhere but members who had copies of project files acclaimed that it has brought about transparency in procurement.

Although the institution had a training program, extra effort is required for its implementation and evaluation.

The institution has a procurement officer, a procurement unit and an internal auditor mechanisms should be put in place to help build the procurement capacity of the unit, even though auditors and some members on the board have been trained, this study has revealed that for effective of procurement procedure in district hospitals, broad training and refresher programs for auditors and members on the procurement committees must be done regularly.

Quality control measures to track the performance of contractors such as; a statement of required services in terms of output, a measurable performance standard for the output, an allowable rate of error. These measures describe the specific requirements the supplier must meet in performance of the contract. Though, these structures were in place, there is a bit of negligence when it comes to its enforcement. In addition, anti corruption measures to detect fraud in procurement are all in place but some members on the board and some suppliers were not acquainted with these measures.

Factors impeding the effectiveness of procurement procedure at the hospital are as follows:

1. Lack of qualified personnel
2. Lack of adequate financial resources
3. Non-compliance with some provisions of the law by the entity
4. Over pricing of drugs by bidders/ suppliers
5. Poor record keeping by storekeepers
6. Lack of basic knowledge of the law
7. Delays in payment of contractors/ suppliers

These and other challenges appear to be common in the district's procurement environment.

### **5.3 Recommendations**

#### **In-Service and External Training Sessions**

The MOH/GHS should organize both in-service and external training sessions for health staff in the Kwahu Government Hospital, especially those officers who were involved in procurement procedures. Officers in procurement have to be given thorough training on the subject so that its implementation will not be a problem. With in-service training, short courses within weeks or more could be held to enable the health managers have in-depth knowledge of the Act.

As far as external training was concerned, the Ministry of Health/Ghana Health Service could liaise with the training institutions like the polytechnics and the universities to hold training sessions for personnel in the service in the procedures in procurement. This could even be included in the training curriculum of the training

institutions to introduce and train health personnel students to enhance their capacity in the procurement processes.

### **Recruitment of Procurement Personnel**

Procurement professionals should be engaged by the ministry of Health/Ghana health Service to be posted to all districts so that they can oversee proper and full implementation of the procurement law. The Higher National Diploma graduated in Purchasing and Supply, trained by the Polytechnics, and first Degree Holders in Procurement and Supply Chain Management from the universities should be employed as Procurement Managers to man the various health facilities in the Hospital. This will not only solve the problem of inadequate personnel but to a large extent give way for separating stores functions from purchases, which has become a big issue for a very long time in the basis of transparency since the traditional storekeeper in the health facilities combine the two functions.

### **Strengthening of procurement committees in the Kwahu government hospital**

The management team of the Kwahu Government Hospital should be committed to strengthening their procurement committees. This could be done by holding regular meetings to discuss and give recommendations on items that are required for purchases for a period of time.

Moreover, broad training and refresher programs for auditors and members on the board should be done regularly.

### **Provision of Adequate Funds for Procurement**

The Government should as a matter of urgency prevail upon National Health Insurance Authority (NHIA) to pay all arrears owed health facilities on time so that

inputs could be bought in larger quantities to avoid the frequent shortage of essential drugs and non-drugs consumables in the health facilities.

In order to avoid corruption in the various Hospitals, the researcher recommends that, the Kwahu Government Hospital should not limit the number of suppliers in terms of purchase of drugs. Also the facility should do well to pay their suppliers based on agreed date in their contract.

The Hospital should provide spacious storage facility for the pharmacy unit.

#### **Availability of Project Files and Contract Files to Members**

Though the procurement officer is the secretary to the procurement unit, and thus all files should be in his/ her custody, but for the purposes of transparency, the entity can decide to use the files as a reference documents to her members for viewing but should be kept confidential by the secretary.

#### **Enforcement of Quality Control Measures**

Quality control measures should be strictly adhered to in the procurement unit without fear or favor in procuring drugs, in order to ensure value for money.

#### **Compliance with the Act**

The procurement unit as well as suppliers should at all times, work with the provisions of the Act, whenever the entity wants to procure drugs item so as not to breach the provisions that are enshrined in the Act.



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**QUESTIONNAIRES**

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

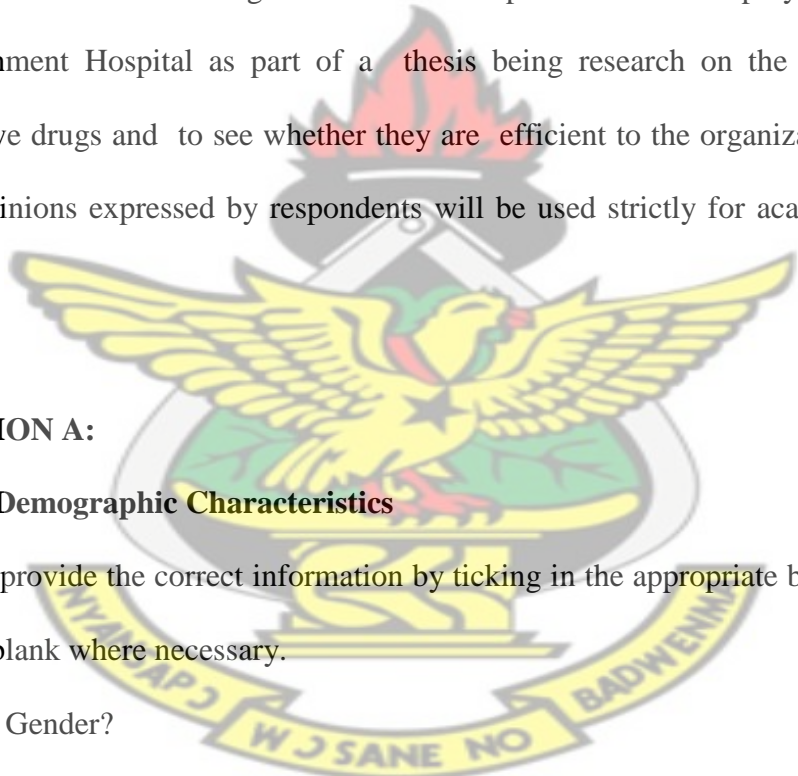
**An assessment of effective drugs procurement in district hospitals**

**(A CASE STUDY OF KWAHU SOUTH DISTRICT HOSPITAL)**

**Research Questionnaire**



This instrument is designed to elicit responses from employees at Kwahu Government Hospital as part of a thesis being research on the assessment of effective drugs and to see whether they are efficient to the organization. All views and opinions expressed by respondents will be used strictly for academic purposes only.



**SECTION A:**

**Socio-Demographic Characteristics**

Please provide the correct information by ticking in the appropriate box [ ] and fill in the blank where necessary.

- 1) Gender?  
a) Male [ ] b) Female [ ]
- 2) Grade/position at the hospital? .....
- 3) Academic Qualification? .....
- 4) Age: <25 [ ] 25-34 [ ] 35-44 [ ] 44 and above [ ]

**SECTION B: Awareness level of procurement Act**

- 5) Have you heard about the procurement Act? (a) yes [ ] (b) No [ ]
- 6) If yes, how did you hear about it?
- a) During training session
  - b) At meeting
  - c) In the media
  - d) Through a friend
  - e) Other (specify)
- 7) What do you know about the Public Procurement Act, 2003(Act 663)?
- a) A mere policy document
  - b) An Act of Parliament
  - c) Procurement Guidelines
  - d) Tender document
  - e) Other (specify)
- 8) Have you seen/got a copy of the Act?
- a) Yes [ ]
  - b) No [ ]
- 9) If yes, have you been reading or referring to it from time to time?
- a) Yes [ ]
  - b) No [ ]
- 10) What does the procurement Act seek to achieve?
- a) Defined right procurement procedures
  - b) Judicious use of government funds
  - c) Equity and fairness
  - d) Value for money
  - e) Other (Specify)

11) How is it applied at your place of work?

a) Very useful

b) Less useful

c) Unnecessary

d) Not appropriate for District health Entities

e) Other (specify)

### SECTION C: STORES MANAGEMENT

12) Do your organization/ department have a stores unit?

a) Yes [ ]      b)No [ ]

13) Do you have a qualified Storekeeper?

a) Yes [ ]      b)No [ ]

14) What is the level of education of the Storekeeper/ Acting?

a) JSS [ ]      b) SSS [ ]      c) HND [ ]

15) What is the grade of the Storekeeper?

a) Storekeeper

b) Senior storekeeper

c) Principal storekeeper

d) Supply Officer

e) Other (specify)

16) How many people work in the stores?

a) One [ ]      b)Two [ ]      c)Three [ ]      d)Four [ ]      e)Other [ ]

17) Does your organization have adequate storage facilities?

a) Yes [ ]      b)No [ ]

18) What procedure does your organization follow in accepting goods into the store?

- a) Listing all items into a notebook
- b) Listing items in stores receipt voucher
- c) Listing items in stock register
- d) No documentation on items received
- e) Other (specify)

19) Who does the inspection and the quantity checks of stocks received?

- a) Storekeeper
- b) The Accountant
- c) The Administrator
- d) The Officer in-charge of users unit
- e) Other (specify)

**SECTION D: Contributions of Procurement Act**

20) Please tick the appropriate responses to each of the following qualities (strongly agree, agree, disagree, strongly disagree).

Contributions of procurement act	To a larger extent	To some extent	To a little extent	To a no extent
a) transparency				
b) accountability				
c) cost reduction				
d) quality service				
e) probity				

21) Factors that restrain employees from utilizing procurement procedures at Kwahu government hospital? Please tick the appropriate responses to each of the following qualities (strongly agree, agree, disagree, strongly disagree).

<b>Factors of utilizing procurement procedures</b>	<b>Strongly agree</b>	<b>agree</b>	<b>disagree</b>	<b>Strongly disagree</b>
a) Unclear statutory basis and absence of procurement code				
b) Inadequate procurement policy, strategy, planning and management capacity				
c) Lack of qualified procurement staff				
d) Poor procurement organization and procedures				
e) Poor stock management				
f) Lack of available fund				
g) High Prices				

26) How the above problems can be controlled?

.....

**SECTION E**

**FOR MANAGEMENT COMMITTEE MEMBERS**

**AWARENESS OF PROCUREMENT PRACTICES**

27. Which of the following documents do you have?

(a) Contract file [  ]

(b) Procurement minutes [  ]

(c) Project files [  ]

(d) None [  ]

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28. What is the nature of the procurement filing system of the entity?

(a) One of the transactions [  ]

(b) Separate files for every transaction [  ]

(c) None [  ]

29. Which of the following does the entity do to manage the procurement operations?

(a) Entity has a training program [  ]

(b) Entity implements training program [  ]

(c) Entity evaluates training program [  ]

30. Do you have a procurement officer?

(a) Yes [  ]

(b) No [  ]

31. Do you have a procurement unit?

(a) Yes [  ]

(b) No [  ]

32. Does the entity have internal audit?

(a) Yes [  ]



(b) No [ ]

33. Which of the following is done to build the procurement capacity of the unit

(a) Auditors have been trained in Public Procurement Act 633 [ ]

(b) Regular procurement training in place for auditors [ ]

(c) Others/ specify .....

(d) None [ ]

34. Is there any quality control measure to track the performance of contractors?

Yes [ ] No [ ]

35. Do you have contract documents?

Yes [ ] No [ ]

36. What procurement method(s) do you use?

(a) .....

(b) .....

(c) .....

37. Under what circumstance were these methods used?

(a) .....

(b) .....

(c) .....

38. Has the entity undertaken sole sourcing and/ or restrictive tendering before?

Yes [ ] No [ ]

39. Under what circumstances?

.....

.....

.....

40. Do you have any anti-corruption measure to defect fraud in procurement?

Yes [ ] No [ ]

If yes, describe it

.....

.....

.....

.....

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