

**UNIVERSITY FOR DEVELOPMENT STUDIES**

**OPERATIONALISING THE PUBLIC PROCUREMENT LAW IN THE  
EAST MAMPRUSI DISTRICT ASSEMBLY OF THE NORTHERN  
REGION OF GHANA**

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**(UDS/MCM/0018/13)**

**A THESIS SUBMITTED TO THE DEPARTMENT OF PROCUREMENT  
AND MARKETING, SCHOOL OF BUSINESS AND LAW, UNIVERSITY  
FOR DEVELOPMENT STUDIES IN PARTIAL FULFILMENT OF THE  
REQUIREMENTS FOR THE AWARD OF MASTER OF COMMERCCE**

**SEPTEMBER, 2017**



## DECLARATION

### CANDIDATE'S DECLARATION

I hereby declare that this thesis is the result of my own original work and that no part of it has been presented for another degree in this university or elsewhere.

Candidate's Signature:----- Date:-----

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### SUPERVISOR'S DECLARATION

I hereby declare that the preparation and presentation of this thesis were supervised by me in accordance with the guidelines as laid down by the University for Development Studies, Tamale.

Supervisor's Signature:----- Date:-----

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## ABSTRACT

The purpose of this study is in three folds. First was to assess staff awareness levels and adherence of the Public Procurement Act 2003 (Act 663) of Ghana. Again, to assess age, job title and years of working experience of staff impact on their procurement law awareness as well, the challenges of operationalization of the Public Procurement Act 2003 (Act 663) of Ghana were examined. The study adopted a mix approach, comprising of review of relevant literature, interviews ten (10) top management respondents and questionnaire administered to forty (40) respondents from the East Mamprusi District Assembly of the Northern Region of Ghana. The study unearthed a low procurement law awareness level and average level of adherence to the procurement law among the public servants. Three ANOVA results of this study shows that age, job title and years of working experience of staff have statistical significant impact on their procurement law awareness. Again, political interference, inadequate funds and assembly big wig interference turned out as the key procurement challenge in the study area. This study recommended that politician who directly or indirectly influence the procurement process should be exposed by the PPA and punished by the law courts if found guilty; there should be a conscious effort by government to train and employ qualified procurement officers in the various public sectors and for transparency; periodic training/seminars by Public Procurement Authority (PPA) for all public sector workers and timely approval of annual procurement budgets before implementation; and periodic monitoring by the Authority. Whiles most procurement research in Ghana are dominated by districts in the south, a comprehensive descriptive study from the northern Ghana has been addressed by this study.



## ACKNOWLEDGEMENTS

My sincere acknowledgements go to my supervisor, Mr. Elvis Attakora-Amaniampong for his exceptional guidance and vital comments during the whole research period. I owe him heartfelt thanks for his time and effort in assisting me throughout my study.

My humble acknowledgments and gratitude also go to the Debero family and, most specially, to my lovely mum and wife for their prayers, love and support throughout my educational carrier.

I also feel highly indebted to and would like to express my heartfelt thanks and gratitude to Mr. Gam Beni, Brother Seth Appiah and Mr. Adam Abubakari for their immense guidance and the support they provided during this study.

My special thanks also go to Mr. Ibn Alhassan, the human resource officer of the East Mamprusi District Assembly for his support and encouragement during this study.

I am grateful to all the staff of the East Mamprusi District Assembly for assisting me with data for the study.

I finally acknowledge the valued help of my Field Assistant, Mr. Alhassan Baako for his immense contribution during the fieldwork.



## **DEDICATION**

This piece of work is dedicated to my lecturers, family and friends whose efforts and encouragement have brought me this far.



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## ABBREVIATION AND ACRONYMS

ANOVA.....	Analysis Of Variance
PPA.....	Public procurement Authority
PNDC.....	Provisional National Defense Council
VFM.....	Value for money
MMDAs.....	Metropolitan, Municipal and District Assemblies
PUFMARP.....	Public Financial Management Reform Programme
GDP.....	Gross Domestic Product
SMCD.....	Supreme Military Council Decree
MDAs.....	Ministries, Departments and Agencies
EMDA.....	East Mamprusi District Assembly
OECD.....	Organisation for Economic Co-operation
DAC.....	Development Assistance Committee
FTAA.....	Free Trade Area of the Americas
WTO.....	World Trade Organisation
PWI.....	Procurement Watch Incorporated
GPRA.....	Government Procurement Reform Act
PPDA.....	Procurement and Disposable of Assets
APRM.....	African Peer Review Mechanism
UNCTAD.....	United Nations Charter on Trade and Development
SPP.....	Sustainable Public Procurement
SCP.....	Sustainable Consumption and Production
CPI.....	Corruption Perception Index



TI.....Transparency International  
PPB.....Public Procurement Board  
PPOA.....Public Procurement Oversight Authority  
PPDR.....Public Procurement and Disposable Regulations



## CHAPTER ONE

### INTRODUCTION

#### 1.1 Background to the study

Procurement is a process whereby business entities identify, source, access and manage their external resources needed to achieve their strategic objectives (Kidd, 2010). 'Public procurement' is the process employed by states in the acquisition of goods, works and services to satisfy the needs of its citizens. Procurement takes into consideration the complete process of supplier identification through to the maintenance (performance, administration, cancellation) of the contract completed by the contracting authority and the supplier. Public procurement therefore involves how public entities spend the taxpayer's money with regards to works, goods and services (Hall, 2009). Procurement also involves the final disposal of property at the end of its useful life (Leeders, 2007).

Government organizations of many developed nations in the world expend between 8 percent and 25 percent of GDP on goods, works and services (Organisation for Economic Co-operation and Development, 2006). Expenditure on public procurement in the United Kingdom is approximated to be £150 billion (Department of Environment, Food, and Rural Affairs, 2007).

The under development of economies of African countries is grossly attributed to the fact that public procurement procedures are not properly implemented. A case in point is Nigeria where due to corrupt and bureaucratic practices in government accounts for the poor road network infrastructure in the northern parts of that country.



The Government of Ghana in 1960 enacted the contracts Act, 1960(Act 25) and the Supply Commission Act reviewed by PNDC law 245 in 1990(Adusei 2015). Again, the Supreme Military Council passed the Ghana National Procurement Agency Decree, (SMCD55) and the Financial Administration Decree (SMCD221) in 1976 and 1979 respectively. In 1995, the National Democratic Congress established a Public Financial Reform Programme (PUFMARP) which was operationalised in 1995. Governments all over the world have made several efforts to pass laws, decrees and instruments aimed at instituting a comprehensive legal framework of administrative powers to regulate the activities of public sector procurement(Ayitey2012).

However, related review of the public procurement regimes in Ghana still show some level of inefficiencies, corruption and lack of transparency in the procurement processes of governmental agencies which can be blamed on unclear legal framework, lack of harmonized procedures and regulations and unclear institutional and organizational arrangement needed in the management of the public procurement process.

Public procurement represents about 24% of total imports, 50 -70% of the national budget and 14% of Gross Domestic Product apart from personal emoluments in Ghana (Adjei, 2012). A world Bank Report also indicates that the annual value of public procurement for goods, works, and consultancy services was about US\$600 million representing about 14 percent of Ghana's (GDP) (World Bank, 2003). A bulk of the cost attributable to the programmes of Ministries, Departments, Agencies (MDAs) and Metropolitan, Municipal and District Assemblies (MMDAs) as well as Public Hospitals, Universities, Schools and Colleges which involve procurement of works, goods, technical and consultancy services.

The Public Procurement Act, 2003 (Act 663) was enacted by the government of Ghana to promote good governance, avert corrupt practices and address the weaknesses in the public procurement of goods, works and services.

The need for public procurement regulations and clearly defined procurement systems became necessary from the fact that, unlike the private sector, public procurement is a business within a national and political system, which is anchored on integrity, fairness, accountability, competition, transparency, national interest, promotion of local industry and economic development. The public procurement regulations ensures that in carrying out procurement activities goods, works and service are acquired at the right price, right quantity, right quality, right place, right time and from the right source. The Public Procurement Act clearly defines the roles, regulations, procedures, and processes in public sector procurement and establishes the parameters that govern procurement activities which involve the use of public funds.

The Public Procurement Authority was established under the Act (section 1 of Act 663), which mandates it to harmonise the procurement activities of the public sector to ensure that there is a judicious, economic and efficient use of public sector resources in public procurement and also to ensure that public procurement is done in a fair, transparent and non-discriminatory manner.

Section 21 of the procurement Act requires Procurement Entities to prepare procurement plans and quarterly updates for each fiscal year for approval by the Tender Committee. The Act also stipulates the procedure for the development of specifications, bid invitation, bid evaluation, submission of bid evaluation report, award of contract and contract management.

The research seeks to look at the extent to which the Public procurement regulations are being implemented at the MMDAs in the Northern Region of Ghana.





## 1.2 Problem Statement

In developing countries like those in Africa, Sub of the Sahara and as said by Thai (2001) “public procurement practitioners have and will always face many challenges”. Each country has its own economic, social, cultural and political environment, and each country’s public procurement practitioners face different types of challenges, or the same types of challenges but at different levels from their counterparts in other countries.

Stieglitz (2007) says that ‘lives of individuals’ living in a country are affected by the activities of the government; these activities include redistribution of income and the procurement of public goods and or services; (education, healthcare, sanitation, roads, police, and defense). Very Little research has been conducted by researchers on public procurement across nations and within nations so as to improve upon the procurement practices (Knight et-al 2007; Mohammed, 2012).

The challenges faced in the enforcement of the public procurement Act, 2003(Act663) in Ghana led to a bill passed by the parliament of Ghana for its amendment (Parliament Report, 2016). The amendments yet to be operationalized upon presidential assent have re-categorized government institutions to cover those organizations that hitherto were not covered, the threshold have also been increased across board with a reconstitution of procurement entities to ensure efficient administration.

The amendments also took into consideration other administrative challenges and created an enabling provision for policy initiative such as sustainability in public procurement, framework contracting and electronic procurement. The amendments seek to propel public procurement into a second generation of reform and to streamline the challenges identified over a decade of implementation. However, there is limited research at the district level on the awareness, adherence and challenges of operationalizing the public procurement Act2003 (Act663) in Ghana.



It is in the view of the above research gap that this research strives to bridge using the East Mamprusi District Assembly in its operationalization of the procurement law.

### **1.3 Research Questions**

1. What is the level of awareness of the public sector of procurement Act2003, (Act, 663)?
2. Do respondents' age, job titles and years of working experience impact their procurement law awareness levels?
3. What is the level of compliance of the public sector to the public procurement Act2003, (Act663)?
4. What are the challenges faced by public entities in procuring works, goods and services?

### **1.4 Research Objectives**

#### **1.4.1 Main Objective**

The main objective of the study is to examine the challenges faced by the East Mamprusi District Assembly in the Northern region in enforcing the public procurement law of Ghana.

#### **1.4.2 Specific Research Objectives**

The specific research objectives of this study are to:

1. Assess the level of awareness of the public sector of the Public Procurement Act 2003(Act663).
2. Assess the impact of respondents' age, job titles and years of working experience on their procurement law awareness levels.



3. Examine the level of compliance of public entities in the procurement of works, goods and services.
4. Examine the key challenges faced by public entities in the implementation of the Public Procurement Act 2003 (Act 663).

### **1.5 Significance of the Study**

This research would contribute to the existing bank of knowledge on procurement in Ghana in terms of awareness, adherence and key challenge. This would assist procurement practitioners to improve upon their adherence to the laws governing the public procurement Act 2003 (Act 663). Since the research would be carried out on a public entity, it would find out the level of adherence to the Public Procurement Act 2003 (Act 663) of Ghana. In addition, not much research have been carried out in the area of public procurement. This research would serve as a secondary data to procurement practitioners and other researchers to improve upon their practices and add up to their knowledge in the area. This would serve as a reference point on the subject matter.

Furthermore, other districts similar to the East Mamprusi District Assembly will also benefit from this research in terms of findings and recommendations since it would bring out the success and challenges in their operationalization of the procurement act within the entity.

Also, this study would make procurement Authorities and the Law makers to make amendments to the law given the challenges that would be revealed. This is because the findings, conclusions and recommendations of this study could serve as policy alert for procurement policy makers.





## **1.6 Limitation to the Study**

In every study carried out, there are some challenges or limitations that should be anticipated and measures put in place to overcome them when they do occur in the course of the study.

Any study that does not take into consideration these limitations is bound to fail since unexpected challenges will truncate the process. The following are some of the limitations anticipated in this study. Some management and procurement officials of various departments maybe unwilling to give out information which would contribute to the success of this work. To overcome this, the researcher will explain to respondents that the outcome of the research would be beneficial to their very institutions success in the future hence any vital information concealed would have a negative impact on the entity.

Also, there would be costs of printing, photocopying and binding the work. To overcome this, the researcher have saved some money for the study. However financial support would be sourced from friends and family members when the need arises. In addition, there will also be a challenge of getting respondents right on time. The researcher would schedule appointments with respondents to forestall any disappointment of not meeting them.

## **1.7 Organization of the Study**

This research would be organized into five Chapters. Chapter One will be the introductory Chapter comprising the background to the study, problem statement, research questions and objectives, justification of the study, limitation to the study and organization of the study. Chapter Two will contain the literature review that focuses on theoretical framework and empirical review of literature on the subject. Chapter Three will focus on the methodology of

the study while the Results and discussions will constitute Chapter Four. Finally, Chapter Five will consist of the summary, conclusions and recommendations of the study.



## CHAPTER TWO

### LITERATURE REVIEW

#### 2.1 Introduction

A literature review is an account of related publications on a topic by accredited Scholars and researchers. It is an analysis of the existing research that is relevant to the work that the researcher was carrying out (Biramata, 2014). This chapter deals with similar studies carried out in the area of procurement practices on public entities. Areas such as the definition of procurement, public procurement practices, the emergence of public procurement as well as the contemporary issues facing public procurement practices.

#### 2.2 The Concept of Procurement and Public Procurement

Procurement is a process whereby business entities identify, source, access and manage their external resources needed to achieve their strategic objectives (Kidd, 2010). Procurement is the process undertaken by the organizational unit that, either as a function or as part of an integrated supply chain, responsible for procuring or assisting users to procure in the most efficient manner, required supplies at the right time, quantity, quality and price, and the management of suppliers thereby contributing to the competitive advantage of the enterprise and the achievement of its corporate strategy (Lysons and Farrington, 1989).

Procurement can be direct or indirect. The direct procurement involves the procurement of direct inputs to the production process for example raw materials, parts and components (Kidd, 2010). Indirect procurement on the other hand involves the procurement of items that are indirectly supporting the production process example stationery, travel and communication (Kidd, 2010).



According to The Public Procurement Act No. 7 of 2011 of Tanzania and cited by (Biramata 2014), public procurement is the process involving buying, purchasing, renting, leasing or otherwise acquiring any goods or works or services by a procuring entity spending public funds and includes all functions that pertain to the obtaining of any goods, works or services including the description of requirements, selection and invitation of tenderers and preparation and award of Contracts. It is an activity that must support the delivery of a public body's strategic objectives at the same time live up to the expectations of the targeted public and taxpayers at large. Public procurement places the responsibility on all stakeholders to ensure that goods, works & services are acquired at the Right Price, Right Quantity, Right Quality, Right Place, Right Time and from the Right Source during the procurement process.

### **2.3 World Overview of Public Procurement Practices**

According to Pitzer and Thai (2009) and cited by Mohammed (2012), Public procurement dates back to the early civilizations of Mesopotamia and Greece. The earliest procurement order which dates from between 2400 and 2800 B.C. was found in Syria written on a red clay tablet. The order was for "50 jars of fragrant smooth oil for 600 small weights in grain" (Coe, 1989, p. 87).

Other evidence of historical procurement includes the development of the silk trade between China and a Greek Colony in 800 B.C. In the United States, according to Page (1980), cited by Thai (2001) government procurement at the municipal level predates that of state and federal governments. In the settlements and colonies, printing was one of a few services contracted out by government. But there were no professional procurement officials; goods and services needed by government were supplied by commissioners or commissaries, who received a commission on what they bought for the militia or other administrative units. Until

the late 1800s the state had not began to make legislatures to begin to create boards or bureaus responsible for purchasing, but central purchasing was hardly a practice at that time. In 1810, Oklahoma was the first state government to create a board to procure centrally for all state departments and agencies.

According to the World Bank Group (2016), government procurement existed way back during the ancient civilization. The pyramid of Giza or the Parthenon would not have been built without the existence of good public procurement systems. Several thousand years ago, people did business with the government. The scribes were put in charge of managing the supply of materials and workers for the building of the pyramids in ancient Egypt. The scribes played a clerical role by writing on papyrus rolls, the amount of materials needed and planning the work process (World Bank, 2016).

Apart from the monarchy, the church and military during the middle ages also developed the use of public procurement for their buildings, warfare and courts. Governments in Europe relied more on the private suppliers for goods, works and services due to the growth of cities and rapid industrialization. In the 1970s many government were seen as ineffective, inefficient and wasteful especially when compared with the strong administrative systems of the private sector.

More techniques and approaches from business administration were injected into the public sector in the 1980s. As a result of the challenges of globalization and technological change, public procurement has since become one of the principal economic activities of government. Gafar,(2006) says “In the Caribbean nations, like most other developing countries, the government have assumed primary responsibility for education up to the secondary or high







school level”. For example, “approximately 95 percent of the primary and secondary school students in the Anglophone Caribbean countries attend publicly funded schools”. Although the allocation to education is similar for Caribbean nations, ‘the bulk of the recurrent education budgets of Caribbean countries goes to pay wages and salaries, and very little is allocated for maintaining facilities and procuring supplies (Swaroop, 1997: 48). This fact is attested to by the Information obtained from the World Bank (2003) confirming that the above allocation for Jamaica in 2001/02 was similar, and that 78 percent of its recurrent expenditure was allocated to wages (World Bank, 2003). This presupposes that there is a relatively small size of the procurement budgets for Caribbean territories.

Though the Caribbean nations are mostly less developed, the World Bank Report of 2003 no longer hold, this is because in Africa, procurement of goods and services are now very good vehicles used in the development of these countries, therefore there was the need for a research to have been conducted to see how the above assertion hold for the other less developed nations in Africa and Asia. It is in the light of this that this research seeks to identify what has been the performance of the public sector in procurement of goods and services in the Ghanaian public sector. Public procurement has become not only an important economic tool but also a very essential tool that could be used to influence certain public policy goals or agendas as well. As noted by Tassabehji and Moorhouse (2008), procurement is of strategic importance and may be considered a core component of many organizations.

Governments throughout the world have more or less become active partners in the market economy as a result of their involvement not only as regulators but as consumers and major purchasers with the power to influence market decisions. Today, governments in both developed and developing countries may be considered the largest buyers or procurers of goods and or services. Public procurement have been seen to have the potential of providing



vast economic opportunities for developing countries through its enormous employment generating activities. In recent times, a lot of developing countries have taken to public procurement as a pivotal part of their economic strategy and trade agreement barring the fact that they are susceptible to facing challenges. This research tries to identify some of the challenges that are faced by government agencies and organisations in the course of undertaking the procurement of goods, works and services. For these countries, government procurement represents an important aspect of the economic market.

It is estimated that the financial activities of public procurement officials worldwide accounts for between 10% – 30% of GNP (Callender and Mathews, 2000). Furthermore, as noted by Pitzer and Thai (2009) the Organization for Economic Cooperation and Development reported that the total expenditure for 24 industrialized nations in 2006 ranged from 29.8 % to 55.9% of GDP, but their work only concentrated on the developed countries. However, countries with low per capita incomes, which are mostly found in Africa, South America and the Asia, were not taken into consideration. This research shall look at how the activities of public procurement officials who are the stake holders in the success of the implementation and compliance to the procurement practices have served as hindrance to the public procurement act of Ghana.

In view of that the World Bank estimates that expenditure on public procurement is likely to account for approximately 15-20% of the GDP in developing countries (Global Trade Negotiation Homepage). According to the Organisation for Economic Co-Operation and Development (OECD) Development Assistance Committee (DAC) (2003), and cited by Schapper et-al., (2006) estimated that “volume of global public sector procurement at 8% (US\$3.2 trillion) of the worldwide GDP of US\$40 trillion”, they should have come with a



thorough break down of the GDP's of the various nations as in the GDP of the developed nations and that of the developing nations most especially Ghana. This research would identify the GDP of Ghana and the percentage that is expended on public procurement. Although procurement structures may differ across government systems, the main branches of the government have the same important role of ensuring the success of the procurement system put in place. The head of the government – president or prime minister also has an important role to play in shaping and directing public procurement activities. The executive branch of the government must take responsibility for managing procurement personnel, developing appropriate procurement policies and procedures and for choosing between in-house services and contracting out (Pitzer and Thai, 2009). There is also a role to be played by the legislative branch of the government, and in some cases these government officials may assist the executive branch or head of state to formulate policies and make important procurement decisions. Often, the legislators in developing countries establish oversight or audit organizations that can be extremely helpful in enhancing accountability. These organizations and their responsibilities ought to be considered an integral part of the procurement structure in developing countries. The judiciary on the other hand functions as a support mechanism for the executive and the legislative branch through its ability to enforce procurement rules and regulations as well as to settle possible disputes. Developing countries are more or less forced to embrace some procurement standards that are influenced by international organizations such as the World Bank, World Trade Organizations, Free Trade Area of the Americas (FTAA) and other important donor organizations (Abeillé 2007). This tends to present these developing countries with some challenges as regard the implementation of the procurement processes. It is some of these challenges that this research seeks to identify as in relation to the Ghanaian public sector procurement. Although these



organizations tend to present a myriad of opportunities for growth, transformation and transparency in the procurement process they also tend to be the major beneficiaries of some of the implemented policies, as such African countries are not always beneficiaries of the policy implementation. So Abeillé's work should have given the opportunity for the less developed countries to benefit from the Free Trade Area of the Americas (FTAA).

However, in all countries in the world, estimates of the financial activities of government procurement managers are believed to be in the order of 10% – 30 % of GNP (Callender & Mathews, 2000), and this calls for efficiency in handling of this huge size of budgetary allocation for procurement, and according to Thai (2001) “ is a challenge for public procurement practitioners”.

Thai (2001) again says “as many countries have moved to a regional and or global economy, public procurement practitioners face another challenge, which is, how to comply with their government's procurement regulations and social and economic procurement goals without violating regional and or international trade agreements”. A typical example could be seen as a nation can comply with national economic policies (in nurturing domestic firms), without dealing unfairly with foreign firms as provided in regional trade agreements and or the World Trade Organization (WTO) agreements. To solve the issues of compliance, nations have formed their own bodies to help regulate various government organisations to obey the global procurement practices. It is in view of this that this research seek to elicit the impact of the Public procurement Act 2003 (Act 663) on public sector procurement, and how stakeholders in the public sector have helped in compliance to the Public Procurement Act, 2003 (Act 663). In recent times there has been a shift from just procurement of goods and services to the practice of green procurement by some nations. This supports the idea of



categorizing the external factors under environmental factors. The Green Public Procurement in Europe 2005 and Green Public procurement in Europe 2006 Report that the perception of high costs was identified as the top obstacle followed by the lack of knowledge, lack of management support, lack of practical tools and information, and lack of training, (Bouwer, et-al (2005) and Bouwer, et al (2006). Carlsson and Waara (2006) also asserted to this fact by saying that “lack of administrative resources (including environmental know-how) is a challenge to effective implementation of green public procurement”. A major obstacle however, has been inadequate regulatory compliance. De Boer and Telgen (1998) confirm that non-compliance problem affects not only the Third World Countries but also countries in the European Union. This position is further supported by Gelderman et-al., (2006) who contend that compliance in public procurement is still a major issue. As it is an issue, Gelderman et-al did not explain how this issue could be resolved. It is as a result that this research shall try to outline how stakeholders can help in the implementation of the Public Procurement Act, 2003 (Act 663) to help in the compliance of the act.

Hui et al., (2011) while analyzing procurement issues in Malaysia established that procurement officers were blamed for malpractice and non-compliance to the procurement policies and procedures. Citing Yukl (1989), Gelderman et al. (2006) stipulate that compliance occurs when the target performs a requested action, but is apathetic about it, rather than enthusiastic, and puts in only a minimal or average effort. However, as an organizational outcome, compliance has traditionally been understood as conformity or obedience to regulations and legislation (Snell, 2004) cited by Lisa, (2010).

Maria Kristina Villanueva Pimentel, in “Procurement Watch, Inc. (PWI): The Role of Civil Society in Public Procurement Reforms in the Philippines”, a civil society organization, which was at the forefront of the advocacy for the Government Procurement Reform Act

(GPRA) in the Philippines, saw that there were lack of transparency and accountability. And these were grave challenges to the nation. This tells us that a civil society is one of the stakeholders in the implementation of the public procurement act, and as such this research shall look at what is pertinent in Ghana, how has the civil societies (stake holders) helped in the compliance of the public procurement Act of Ghana (Act 663).

Thai (2001) is recorded to have said “as markets become more and more globalized through regional and international trade agreements and treaties, public procurement practitioners face a greater challenge. In addition to compliance with their governments’ procurement laws and policies and international trade requirements, they face additional challenges including communication, currency exchange rates and payment, customs regulations, lead-time, transportation, foreign government regulations, trade agreements, and transportation”. These show that globally, procurement practitioners face a number of challenges as regards procurement practices.

#### **2.4 Public Procurement Practices in Africa**

Thai, (2009), in his book; *International Handbook on Public procurement*, says “Africa operates in a global environment, exploiting the opportunities of globalization, and also being shaped by the demands and expectations of the global economy. Ensuring effective governance and poverty reduction are among the expectations. But surprisingly, the African continent was not until the 1990s responsive to the call for good governance. As a result of internal and external pressures, the public sector was forced to have a second look at the institutions and systems through which public services were being delivered”. It means that prior to the 1990`s African countries had no regulations or legislations regarding public procurement, this is not wholly true, there would have existed a mode the kings, chiefs and even kingdoms might have been using to acquire goods either for the general public or for



individual, so therefore Thai should have explained what was happening before colonial rule. He again explains that Africa as a continent has never been short of public sector challenges. It is a continent that is “ever” in the news for negative development issues such as poverty, political instability, corruption, and malfunctioning public sector institutions, and poor governance systems have almost become synonymous to Africa since 1970s.

As a result of what Thai identified, almost all African nations are now focused on making sure that government budget expending do get value for money (VFM), so the practice of effective procurement through laws and rules relating to public procurement can be seen vigorously been practiced. In his write up Thai, (2001), outlines two broad challenges that are faced by procurement practitioners in Africa: external factors and internal factors. The external factors he categorized as environmental factors include, market environment, legal environment, political environment, organizational environment, and socio-economic and other environmental factors. Firstly, Market conditions have a great influence on public procurement practitioners’ effort to maximize competition. Moreover, market determines whether or not socio-economic objectives of procurement are accomplished, whether or not a governmental entity can fulfill its needs; the timeliness of fulfillment; and the quality and costs of purchased goods, services and capital assets. As there are different levels of economic growth among countries in the world, market conditions are very favorable in industrialized countries, while they may be unfavorable in developing countries. In Africa for instance the unstable nature of the prices of the products produced, culminating into the developed countries determining the price for our products make our markets unstable. Secondly, African countries compliance with their governments’ procurement laws and policies and international trade requirements, face additional challenges including



communication, currency exchange rates and payment, customs regulations, lead-time, transportation, foreign government regulations and trade agreements.

Apart from public procurement regulations and rules, the legal environment refers to a broad legal framework that governs all business activities including research and development (regulations dealing with safety and health of new products), manufacturing (safety and health regulations at workplace and pollution control), finance (regulations dealing with disclosure of information), marketing (regulations dealing with deceptive advertising, disclosure of product characteristics), personnel (regulations dealing with equal opportunity for women and minorities), and contracts, Thai (2001). This explains why most nations took to the enactment of the public procurement regulations, for example, in Kenya, public procurement reforms were initiated in 1997, after the Government of Kenya and the World Bank carried out a countrywide procurement assessment review. It was noted that the procurement system was not based on a sound legal and regulatory framework and did not promote fair competition, thereby rendering it liable to serious abuse.

Thai(2009), explains that a series of weaknesses including abuse and mismanagement of contract variations, lack of effective checks and balances with respect to authorizing the different procurement and expenditure steps, lack of fair and transparent competition, inappropriate application of required procurement methods, incomplete evidence of full receipt of goods and services paid, embezzlement of funds under pretext of low value items, poor filing of procurement and related expenditure documentation, excessive delays in procurement process, inappropriate use of arbitrary compliance criteria to eliminate bidders, and poor linkage between procurement and other areas of finance management. So this research shall elicit how all the above challenges encountered in Kenya could be applicable





to the public sector of Ghana in relation to the question of the challenges faced by the public sector of Ghana in undertaking procurement activities.

For the internal factors, Thai (2001) depicted it using a model of five elements scope of public procurement that consists of: policy- making and management; authorizations and appropriations; procurement regulations; procurement function in operations (processes, methods, organizational structure, and procurement workforce; and feedback).He further explains that ability to accomplish procurement objectives and policies is influenced very much by internal forces which include:

- Interactions between various elements of the public procurement systems, various officials and organizations in the three branches of government, and various actors and sub-agencies within a department or executive agency and actors and organizations external to sub-agencies;
- Types of goods, services and capital assets required for an agency's missions;
- Professionalism or quality of procurement workforce;
- Staffing levels (e.g., ratio of procurement practitioners to contract actions) and budget resources;
- Procurement regulations, rules and guidance; and
- Internal controls and legislative oversight.

Thai (2001) in his assertion on the internal factors did not categorically let us know whether it is applicable to both developed nations and undeveloped nations for example that of Africa sub of the Sahara like Ghana. This research shall outline if any the external and internal factor that pose as challenges in the effective implementation of the public procurement act.



According to Roodhooft and Abbeelee (2006), public bodies have always been big purchasers, dealing with huge budgets. Mahmood, (2010) also supported this fact that “public procurement represents 18.42% of the world GDP”. In developing countries, public procurement is increasingly recognized as essential in service delivery (Basheka and Bisangabasaija, 2010), and it accounts for a high proportion of total expenditure, for example, public procurement accounts for 60% in Kenya (Akech, 2005), 58% in Angola, 40% in Malawi and 70% of Uganda’s public spending (Wittig, 1999; Government of Uganda, 2006) as cited in Basheka and Bisangabasaija (2010). This is very high when compared with a global average of 12-20 % (Frøystad et al; 2010). Due to the colossal amount of money involved in government procurement and the fact that such money comes from the public, there is the need for accountability and transparency, (Hui et al; 2011). Consequently, various countries both in developed and least developed countries have instituted procurement reforms involving laws and regulations. Although there have been recent literatures on the performance of public procurement practices in some southern African countries much has not been done on what is happening in Ghana. So therefore, this research shall specifically look at the Ghanaian situation.

In Uganda, a wave of procurement reforms that began in 1997, culminated into the enactment of the Public Procurement and Disposal of Public Assets (PPDA) Act 2003, and regulations 2003. Unfortunately, many central government ministries and agencies have since then not followed prescribed practices (Agaba& Shipman, 2007). The procurement audits carried out by the PPDA have revealed that out of 322 contracts audited at the end of 2005, only 7 (2%) were assessed as compliant. Other successive audit checks reveal that compliance in public procurement in Uganda is still inadequate {PPDA compliance reports, 2009; PPDA Baseline survey report, 2010; PPDA Capacity Building Strategy Report, 2011-



2014; World Bank Country Procurement Assessment Report, 2001}. This is also supported by the African Peer Review Mechanism Country Review (APRM) Report (2009), which indicates that non – compliance with the regulations is very high in Uganda. Despite this evidently low public procurement compliance, not much focus has been placed on explaining non-compliance with public procurement regulations in Uganda (Eyra and Oluka, 2011). It is in this regard that this research shall outline how stakeholders can help in compliance of the Public Procurement Act of Ghana, (Act 663).

However, Ntayi (2009) observes that “millions of dollars gets wasted due to inefficient and ineffective procurement structures, policies and procedures as well as failure to impose sanctions for violation of procurement rules thus resulting in poor service delivery”. This is the reason why Arrowsmith and Trybus (2003) wrote that, the last decade of the twentieth century witnessed the start of the global evolution in the public procurement practices.

Nonetheless, Thai (2005) asserts that challenges in public procurement go beyond procurement regulations to include procurement process, methods, organizational structure and work force. The challenge faced by some countries in Africa according to African Peer Review Mechanism Country Review (APRM) Report on Uganda (2009) and cited by Sarah Eyra (2011) asserts that, “non – compliance with the regulations is so high in Uganda. The same report estimates that more than 300 Billion Uganda Shillings, is lost every year due to non – compliance”. De Boer and Telgen (1998) as cited by Gelderman et al., (2006) also explain that compliance is a problem not only in the third world countries but also evident in the countries in the European Union.

Benjamin R. Tukamuhabwa in the January 2012 edition of *Journal of Economics and Behavioral Studies* is reported to have said that “Political Interference” is a major challenge facing the effective implementation of public procurement practices in many countries



especially African countries. He further cites that Public procurement is considered an inherently a politically sensitive activity (Schapper et al; 2006). This assertion is supported by Murray (2009), who contended that in public procurement, managers take on the role of agent for elected representatives. However, Pillary (2004) argues that senior officials and political leaders use public office for private gain and this has weakened the motivation to remain honest. Raymond (2008) also opined that ministers and political parties receive clandestine payments in government procurement. This ultimately interferes with the procurement process and constrains compliance. This is also re-echoed by Lodhia and Burritt, (2004), who recognizes that social and political influences have an important bearing on public sector reform.

In developing countries; one of the major obstacles to the procurement system is ministerial interference with the tender process where ministers intervene and influence tender awards. The threat of being suspended or fired has in many cases intimidated public officers into obeying illegal ministerial directives leading to non-compliance (Akech, 2005). In support of this, Hui et al; (2011) asserted that interference from the local politicians, business persons, members of parliament and very influential top management individuals has interrupted the procurement processes and deterred transparency. Also, Elliott (2004) described the scope of reforms as being varied as a major challenge, this is seen from trying to reform the whole procurement system if the system is completely dysfunctional such as the on-going procurement in Sierra Leone after a long civil war and the successful reform in Gambia, it tells us that as one country could be enjoying a successful implementation of a reform, another could be lagging behind as was the case of Sierra Leon as at 2004. It is in the light of this that this research seeks to find out whether really the local politicians, members of

parliament and business persons really serve as hindrance in the effective implementation of public procurement laws in Ghana.

Corruption in African countries has increasingly put on an “African face.” Defined as the abuse of public office for private gain or simply the misuse of public resources for personal profiteering, public procurement and corruption are common in most of the African public sector acquisition processes. Procurement reforms were undertaken, partly to increase transparency and accountability of the public procurement systems. Viewed as bureaucratic and a breeding ground for corruption, the old procurement systems were expected to be turned around into sound public procurement systems that emphasized ethical and professional management. But even in a system with the highest degree of ethical conduct, corruption can emerge. In all African countries, strong legal and institutional frameworks have been put in place with a hope of addressing corruption. But the systems are largely redundant because of the failure of the political leaders to punish public officials who have glaringly misused public money. The general lack of political will and commitment to fight corruption has encouraged other public officials to engage in the same practice, (Thai, 2009, p.149).

Another major challenge that continues to affect the successful implementation of public procurement in Africa is poverty and organizational related issues. First, most African countries, particularly the sub-Saharan nations, are poor and many factors have been identified as contributing to this situation, (Dibie, 2004 in Thai 2009 p.151). Lack of interest and neglect by public sector operational managers who have left procurement to the specialists is also a huge challenge facing a lot of African countries. Thai, (2009), attest to this assertion by saying that an environment where good governance, accountability, transparency, and value for money emphasis is at the core value of public performance,





managers will distance themselves from the processes that have hampered the performance of public procurement system. But it is most unfortunate that in most African countries, lack of efficient and effective systems has culminated into activities that do not help achieve planned growth and hence the success of the procurement practices. This research shall focus on how to make good governance, accountability, transparency, and emphasis on value for money to be the wakeup call on stakeholders and practitioners as a way to enhancing the success of the implementation of the procurement practices in Ghana.

During the 1998 public procurement reform conference in Africa, it was agreed among the participating countries that one of the critical strategies for implementing public procurement reforms was to obtain resources for reform, but this has turned to be a challenge, (Thai 2009). This is because many public procurement reform efforts have largely depended on donor assistance and the national governments have not provided adequate resources. The oversight institutions and central procurement units that have been put in place are overstretched in terms of roles and obligations, but lack the adequate financial resources to implement the reform strategies. There is a strong financial base for procurement training, procurement audits and investigations, and general awareness of the various stakeholders on the benefits of the new reforms.

## **2.5 Public Procurement in Ghana**

The minister of finance Mr. Kwabena Duffuor is reported to have said “Public Procurement in Ghana utilizes about 80 per cent of national tax revenue, which represents about 24 percent of total tax imports, represents between 50 to 70 percent of the national non-personnel budget, and accounts for about 17 percent of the country’s gross domestic product”, (Ghanaian Times; August 2011). It means that more than one tenth of the country’s GDP is expended on procurement of goods and services by the government. It is in the light

of this that this research tries to identify the challenges encountered when undertaking procurement at the organisational levels within Ghana. Though the minister of finance had enumerated some of the broad challenges facing the government as regards procurement of goods and services. This research seeks to outline the challenges faced by the public sector in the course of procuring goods, works and services.

Before Ghana introduced the procurement reform, procurement was guided by many different rules, and government officials struggled to know which ones to follow. In Ghana, the public procurement reform programme has been part of a wider reform agenda targeted at improving public financial management. The objectives of the 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, (Ministry of Finance 2001). Through this an annual savings of about US\$150 million are envisaged through better management of government-financed procurement alone (World Bank 2003). This means that the public entities and stakeholders would have to comply with the reforms, but not much has been done to see whether the public entities are complying with the act.

According to a report by the World Bank, it had been pushing for procurement reform for a number of years, but it was accorded much greater priority after 2000. The reform was directly linked to aid and debt relief and was a high priority for the World Bank and other donors, who wanted to give more aid via budget support. While there is evidence that the government saw that political capital could be gained from linking this reform to their commitment to fighting corruption, it is clear that the reform took place primarily at the request of Ghana's donors. Traditionally, the legal framework for public procurement in Ghana was minimal (Westring, 1997; World Bank, 1996). The Ghana Supply Commission





used to be the only state own procurement agency for the procurement of all public goods. However, insufficient qualified personnel, lack of planning for the required goods, lack of a proper database, and problems in the timely acquisition of funds led to long delivery times. As a result, more and more sector ministries decided to execute their own procurement system. Since 1999, the Ministry of Finance has been working on the development of a national Procurement Code using the recent achievements in procurement at the Ministry of Health as an example, (Verhage, et-al., 2002). The commencement of the procurement reform was a draft of Public Procurement Bill, which was enacted into law by Parliament in 2003. Some measures were undertaken by the government to see to the effective and successful implementation of the act, which include: the issuance and monitoring of expenditure ceilings for each MDA consistent with the annual budget and updated cash flow forecasts; and implementing new anti-corruption strategies including codes of conduct for state officials. This is supported by Anvuur, et-al. (2006), “All procuring entities must seek clearance from the Ministry of Finance, through certification as proof of the availability and adequacy of funding, before any work’s contract is awarded”. It is very prudent that this research is done since it shall elicit how the above serve as challenges to the implementation of the reform and whether they are been adhered to.

It is also captured in *the level of compliance with the public procurement Act (Act 663) in Ghana*, that “the Public Procurement Act 2003(Act 663), was enacted to harmonize public procurement processes in the public service, secure judicious, economic and efficient use of state resources, and furthermore, ensure that public procurement is fair, transparent and non-discriminatory (Ministry of Finance, 2001). This new Act was constituted after years of foul play and abuse as far as procurement was concerned in the country. This necessitated a thorough review of the existing procurements regulations. The enactment of the law in 2003



further ensured that modern trends in procurement was adopted to bring about the much needed sanity to local procurement system which had been flawed by bad procurement practices such as corruption and other malfeasances”, (Earnest et al., 2010 p.2), Osei –Tutu failed to outline the areas that are perceived to still being affected by flawed procurement practices.

However, it has not been made known whether public entities adhere to the procurement practices, and so this research seeks to enumerate how public organisations are complying with the procurement practices through the public procurement act of Ghana.

According to World Bank Report of 2003 on Ghana, public procurement accounts for 50%-70% of the national budgets (after personal emoluments), 14% of GDP and 24% of imports. Implicitly, public procurement therefore has both social and economic impact on the country, (World Bank, 2003a). Knight et al, (2007) agree to what the World Bank has said by saying that, “in most developing countries, the procurement function is transitioning from a clerical non-strategic unit to an effective socio-economic unit that is able to influence decisions and add value”.

Developing countries like Ghana in one way or another have reformed their public procurement regulations. The reforms have not been limited to regulations only; they have included public procurement process, methods, procurement organizational structures, and the workforce. The reforms have been as a result of joint efforts with various development partners like the World Bank, International Trade Centre, WTO, and UNCTAD varying from country to country, (Osei, et al., 2011). But much is desired of the report of the World Bank; they need to take up research into what is happening in various sectors, organisations and units within organisations. For example what is happening in the ministry of health, ministry of finance, ministry of Education etc.? Even though, Ghana health service seems to be a



vibrant organisation that is seeing to the employment of procurement personnel to facilitate the effective practices of the procurement act, the Education sector seems to be lagging behind.

Procurement has taken a new dimension and now tries to look at sustainable public procurement (SPP). Sustainable Public Procurement is about spending public funds on products, services or projects that foster sustainable development. It is defined as a process whereby Public Institutions meet their needs for goods, services and works in a way that achieves value for money on a whole life basis in terms of generating benefits not only to the organization, but also to society and the economy, whilst minimizing damage to the environment. Unfortunately, there has not been enough research into how effective and efficient the sustainable public procurement is being followed. Mauritius as an African country has embraced this idea of sustainable public procurement. The study on market readiness in sustainable public procurement has been part of a larger ten-year framework of programmes on sustainable consumption and production patterns, developed with support from UN and other agencies, which includes a National Programme for Sustainable Consumption and Production (SCP) for Mauritius (2008-2013). So this research shall look at how public organisations in Ghana are complying with the public procurement act as regards the sustainable public procurement.

Public procurement is faced with the challenges imposed by a variety of environmental factors (external factors) such as market, legal environment, political environment, organizational, socio-economic environmental factors and issues related to sustainable public procurement (SPP). This research tries to outline how the above pose as hindrance to the effective implementation of the public procurement act of Ghana.



Regardless of the effort by the central government and its related agencies and the acknowledgement that the procurement department is capable of adding value to the organization, still a large number of the internal customers act on their own and more frequently bypass the procuring department, (Schiele & McCue, 2006). In view of that, this research shall try to elicit how true the above is.

This problem requires establishment of clear procurement procedures and performance standards. Performance when adopted will provide the decision-makers in the procurement department with unbiased and objective information regarding the performance of the procurement function (Knudsen, 1999). Many bidders are limited in various capacity issues including: lack of basic knowledge in the law, inadequate capacity to appreciate the standard tender documents, poor access to tender information and insufficient technical and managerial skills to be competitive in the tendering process, (ODPP, 2007). These are major source of challenge to the effective implementation of the public procurement reform in Ghana. Additionally, Political interference with the procurement process is also a big challenge to the implementation process and public procurement reforms. A report by world bank says “ good number of politicians think that they have the right to intervene in the procurement procedures thereby leading to a capricious procurement decisions”, (World Bank, 2004b). But unfortunately, much research has not been done to ascertain the veracity of the above findings, so this research shall try to find out whether it is very true and cuts across all the sectors of the economy.

Furthermore, it is recorded that lack of career development path and low salaries of procurement personnel also militates against procurement reforms implementation (World Bank, 2003a). Poor records keeping (World Bank, 2003a), and delays in payment of contractors and suppliers have also been cited as some of the crucial factors that challenges



the procurement reforms implementation (Azeem, 2007). All the above researches were done latest by 2007. So, this research shall try to find out whether the above still apply to the public organisations especially the district assemblies.

According to transparency international, it is perceived that the implementation of the public procurement Act 2003 (Act 663) will stem down the high level of misuse of government funds, but it is on record that the 2009 Corruption Perception Index (CPI) released by Transparency International (TI) shows Ghana is not making any progress in the fight against corruption through the passing of legislations. The country maintained its 2008 score of 3.9 in the 2009 CPI report. Ghana's score in the Transparency Internationals (T.I) report, points to the fact that corruption is still deeply rooted in the country's procurement process (Transparency International, 2009), for example, a 2002 internal audit report revealed significant procurement irregularities in some of the major hospitals in Ghana. It is not only with procurement of goods but in also for example, performance of construction in Ghana is poor and many reports have decried the public sector's lack of commercial edge in the exercise of its procurement function. Contracts for both works and consultancy services take very lengthy periods to reach financial closure and are subject to unnecessary delays, (Crown Agents 1998, Westring 1997). In view of this, this research shall try to ascertain how true it is.

Since the introduction of the procurement act in Ghana, there has been a continuous improvement in both the private and public sector procurement practices. This can be seen in the write up of Olivia McDonald, in the *Buying Power Aid, Governance and Public Procurement*, (Action aid, February 2008), that the Government of Ghana after awarding the contract of providing school uniforms to a Chinese clothing rather than a Ghanaian company responded to the masses of the country as to why that contract was given to the Chinese, that



“the Ghanaian government claimed that it followed the procedures laid out in its new Public Procurement Act. According to the government, local firms simply lacked the capacity to produce the volume of cloth in the time required”. This statement of the government needs to be investigated to see how this is true among public sector especially the tertiary level, because they deal with suppliers. Building a strong public procurement system requires a deliberate strategy to monitor and evaluate the progress of reforms. Effective monitoring and evaluation systems provide timely, accurate, and reliable information upon which decision making can be affected. In many African countries, monitoring and evaluating the progress of procurement reforms have either been weak or lacking. This has, in turn, affected the public procurement systems. In view of that, this research shall try to elicit how all the above impact on the procurement practices. Writing from the Ugandan context, Agaba and Shipman (2006) observed that the country’s public procurement reform efforts were being affected by inadequate monitoring and evolution mechanisms and in particular by the lack of comprehensive statistics on the value of goods and services procured and on the procurement process. The absence of such vital information affects the performance of the public procurement reform strategy, (Thai, 2009).



The Public Procurement Act has been in enforcement from 2003 but ever since its formulation and implementation, compliance to the law by public entities has been very challenging. This is largely because the procurement unit which should be established within the procurement entity to undertake and co -ordinate all detailed procurement activities is virtually non-existent. This has resulted in the procurement function being diffused between various officials who are not procurement proficient.

The lack of knowledge of the legal framework caused by the poor dissemination of the Act and regulations and lack of incentives to follow proper procedures caused by the weak monitoring and enforcement has also resulted in the non - compliance of the Act 663.

## **2.6 Overview of the purpose of Ghana's Public Procurement Act, 2003 (Act 663)**

### **2.6.1 Objectives of the Act 663 of 2003**

1. The main objectives of Act 663 are given in section 2 and are to:

- Harmonise public procurement processes in the public service;
- Secure judicious, economic and efficient use of state resources; and
- Ensure public procurement is fair, transparent and non discriminatory.

### **2.6.2 Scope of Act 663**

Act 663 applies to the following (Section 14 (1)):

- Procurement financed from public funds-wholly or partly;
- Procurement of goods, works, services and contract administration;
- Disposal of public stores and equipment; and
- Procurement financed by funds and loans taken by the Government of Ghana, including foreign aid funds.

The EXCEPTIONS are:

- Where the Minister decides that alternatives procedures are in the national interest;
- Where a loan or funding of agreement specifies alternatives procedures e.g. some aid agreements; and



- The Act does not apply to stores management and distribution.

### **2.6.3 Who does the Act 663 apply to?**

The following institutions come under the ambit of Act 663 (Section 14(2)):

- Central Management Agencies;
- Ministries ,Departments and Agencies;
- Sub - vented Agencies;
- Governance Institutions;
- State-owned enterprises (when using public funds);
- Public universities, schools, colleges and hospitals;
- The Bank of Ghana and financial institution owned or majority -owned by Government;  
and
- Institutions established by Government for the general welfare of the public.



### **2.6.4 Functions of Act 663**

The Public Procurement Act has the following functions:

- Establishes the Public Procurement Authority, Entity Tender Committees and Tender Review Boards;
- Specifies, outline rules for procurement methods, procedure and appeals, by tenderers and disposal of stores;
- Defines offences and applicable penalties;
- Specifies thresholds in Schedules to the Act; and

- Authorizes the issues of Regulations, which are enforceable under the Act.

## **2.6.5 The Legal Framework**

The legal frameworks covering public procurement are:

- Public Procurement Act 663 of 2003;
- Public Procurement Regulation;
- Public Procurement Manual;
- Standard Tender Documents; and
- Guidelines

### **2.6.5.1 Regulations**

Regulations are issued by the Minister for Finance in consultation with PPB, under section 97 of the Act. They contained detailed rules and procedures for all aspect of the procurement system, the operations of PPA and procurement entities and the conduct of procurement activities.

### **2.6.5.2 Guidelines**

The guidelines are issued by the Public Procurement Authority (PPA) under the Act and provide supplementary guidance on specific topics, for example:

- Disposal;
- Single source procurement;
- Margins of preference; and
- Further guidelines are issued as required by the PPA.





### **2.6.5.3 Standard Tender Document**

These are issued by the PPA and listed in Schedule 4 of the Act. They comprise standard invitation and contract document for procurement of all values. They are separate standard tender document for goods, works and services.

### **2.6.5.4 Public Procurement Manual**

This is issued by the PPA. It provides practical guidance and step-by-step procedures for undertaking procurement in accordance with the Act. It contains standard forms to assist with procurement record keeping.

### **2.6.6 Public Procurement Authority (PPA)**

The Public Procurement Authority acts as the statutory advisory and co-ordinating body on procurement (Part 1 of Act 663). All Procurement Entities, Tender Committees and Tender Review Boards are required to abide by the technical guidelines and regulatory instructions issued by the PPA. The PPA has responsibility for the overall co-ordination, direction and development of Government procurement practices and procedures. The Authority is entrusted with 21 functions under Section 3 of the Act which are summarised as follows:

- Formulation/Development of public procurement policy, setting standards, rules, instructions and other regulatory instruments on public procurement;
- Monitoring compliance with requirements established by legislation;
- Obtaining and ensuring dissemination of information relating to public Procurement;
- Facilitating and supporting capacity building in public procurement;
- Organising and participating in administrative review of complaints and appeals on public procurement;



- Maintaining registers of procurement entities, members and secretaries of tender committees, and of suppliers, contractors, consultants, and records of prices;
- Investigating and debarring from public procurement suppliers, contractors and consultants who have contravened the provisions of the Act and Regulations, and communicating a list of debarred firms to procurement entities;
- Through an annual procurement forum, providing a platform for discussion of issues relating to public procurement; and
- Assisting the local business community to become competitive and efficient suppliers to the public sector.

### **2.6.7 Procurement Entity**

A Procurement Entity is an organization or person that has legal/administrative mandate for procurement purposes (Chapter 2.2, Procurement Manuel). In order words, any entity conducting public procurement under the Act. A Procurement Entity is responsible for all procurement activity of the entity in compliance with the law and any regulations or administrative instructions issued by the Ministry of Finance in consultation with the Authority (Section 15, (1) Act 663).

Section 15 (2) provides the role and responsibilities of the head of a procurement entity.

#### **2.6.7.1 Head of Entity**

Each Procurement Entity has a head that is responsible for taking decisions on procurement and all matters arising there from (Section 15(2)). The head of entity is required to establish a procurement unit to undertake all activities related to procurement within the entity in accordance with the Act and shall appoint or designate a proficient procurement person with



the requisite qualifications, experience and skills as head of the procurement unit to undertake the detailed activities of procurement on behalf of the procurement entity (Regulation 15).

#### **2.6.7.2 Procurement Unit**

A Procurement Unit is an outfit in a procurement entity with the responsibility of superintending procurement. The head of the Procurement Unit (and his/her team) shall be responsible for undertaking and co-ordinating all detailed procurement activities with the procurement entity.

#### **2.6.7.3 Functions of Procurement Unit**

The functions of the procurement unit include:

- a. Receiving procurement requests from originating officers, checking that, the proposed procurement is within the approved procurement plan and that, budget funds are available prior to commencement of procurement proceedings;
- b. 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, shortlist or advertisements and prequalification, tender or request for quotation documents. When so required by the Tender Committee, submission of documentation for review by the tender committee prior to issue;
- d. Arranging the publication of advertisements 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 quotation opening in accordance with Section 56 of the Act;



- f. Participating in evaluation activities of the tender evaluation panel where necessary and assisting in preparation of formal evaluation reports;
- g. Preparing submissions for approval of award by 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 where necessary or other tenderers where expressly permitted in the Act or 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 inspection and acceptance of goods, works and services; and
- p. Maintaining procurement records in accordance with Section 28 of the Act and the Regulations.



#### **2.6.7.4 Entity Tender Committee**

Section 17 of the Act; mandate each procurement entity to establish a Tender Committee in the manner set out in schedule 1.

#### **2.6.7.5 Establishment of Entity Tender Committee**

Tender Committee is established at the following levels:

- a. Central Management Agency/Ministry/Sub-vented Agency;
- b. Tender Committee for Regional Co-ordinating Council; and

c. Metropolitan/Municipal/District Tender Committee.

For the purposes of this research, emphasis is being put on District Tender Committee and Regional Tender Committee.

### **2.6.7.6 Metropolitan/Municipal/District Tender Committee**

The committee is made up of eight (8) members.

#### **2.6.7.6.1 Functions**

The functions of Metropolitan/Municipal/District Tender Committee are:

- a. Review procurement plans in order to ensure that, they support policies and programmes of the Assembly;
- b. Confirm the range of acceptable cost of items to be procured and match these with the available funds in the approved budget of the Assembly;
- c. Review the schedules of procurement and specifications and also ensure that, the procurement procedures to be followed are in strict conformity with the provisions of this Act, its operating regulations and guidelines;
- d. Ensure that, the necessary approval is secured from the relevant Tender Review Board in terms of the applicable threshold in Schedule 3 of this Act, prior to the award of the contract;
- e. Facilitate contract administration and ensure compliance with all reporting requirements under this Act; and
- f. Ensure that, stores and equipment are disposed off in compliance with this Act. For contracts above the threshold of entity tender committee, the committee shall refer its decisions to the appropriate review Tender board for concurrent approval.



### **2.6.7.7 Tender Evaluation Panel**

Section 19 of the Act establishes a Tender Evaluation Panel by each procurement entity to evaluate tenders and assist the tender committee in its work. A panel is an ad hoc body (Regulation 19(20)) of not more than five members constituted for a specific procurement package. The panel includes members with skills, knowledge and experience relevant to procurement requirements.

### **2.6.7.8 District Review Board**

A District Review Board is established in accordance with schedule 2 of the Act to review procurement decisions of the District Tender Committee within the thresholds set out in schedule 3 of the Act 663. The District Review Board is to review the activities at each of the procurement cycle which will lead to the selection of the lowest evaluated tender by the District Tender Board.

The board is made up of five (5) members.

### **2.6.7.9 The Regional Tender Committee**

The Act of 663 also establishes Regional Tender Committee to procure goods, works and services at the regional level. The functions of the Regional Tender Committee are:

- i. Confirm the range of acceptable costs of items to be procured and match these with the available funds in the approved budget;
- ii. Review the schedules of procurements and specifications and also ensure that the procurement procedures to be followed are strict conformity with the provisions of the Act;



- iii. Ensure that the necessary concurrent approval is secured from the relevant Tender Review Board, in terms of the applicable threshold in schedule 3 of the Act, prior to the award of the contract;
- iv. Facilitate contract administration and ensure compliance with all reporting requirements under this Act; and
- v. Ensure that stores and equipment are disposed of in compliance with the Act.

#### **2.6.7.10 Regional Review Board**

A Regional Review Boards is established in accordance with schedule 2 of the Act to review procurement decisions of the Regional Tender Committee within the thresholds set out in schedule 3 of the Act 663. The Regional Review Board is to review the activities at each of the procurement cycle which will lead to the selection of the lowest evaluated tender by the Regional Tender Committee.

The board is made up of five (5) members.

#### **2.7 Political interference**

The challenges to the institutionalization of national laws are pervasive in developing countries, Ghana not being an exception. The National Public Procurement Authority of Sierra Leone in its 2005 report outlined several challenges confronting the operations of the Authority. Some of them include: inadequate funding, deficient staff strength and organisational and logistical limitations. The report recommended among other things, that the law could achieve its objective if there is a concerted effort by all stakeholders, backed by very firm political will and adequate budgetary support, to streamline and improve public procurement procedures in Sierra Leone (NPPA Annual Report, 2005). Annual reports of the Public Procurement Authority (PPA), since its establishment, have always cited inadequate



funding as the leading barrier to smooth operations of the Authority. Lack of adequate office accommodation was specifically reported in the 2007 and 2008 annual reports (PPA Annual Report, 2007 & 2008).

Political will is the demonstrated credible intent of political actors (elected or appointed leaders, civil society watchdogs, stakeholder groups etc.) to attack perceived causes or effects of corruption at a systemic level (Sahr, 1998). Historically, successful reform programmes around the globe indicate that the paramount success factor is strong political will demonstrated by a commitment from leadership at all levels of government (Sahr, 1998). However, those who wield power lack the moral courage or capacity to exercise that power to ensure the needed change. Kosack (2008) argued strongly that success chalked in several countries around the world in areas of access to basic education was due to political will of the leaders in those countries and their commitment to increasing access to education. Thus new rules and campaign gimmicks adopted by politicians alone are not enough for procurement reforms (Philip, 2002). The principal challenge in assessing political will is the need to distinguish between reform approaches that are intentionally superficial and designed only to bolster the image of political leaders and substantive efforts that are based on strategies to create change (Sahr, 1998). Political commitment is a necessary condition for procurement reforms to curb corruption. Without political will and commitment by the leadership of a country, grand corruption is perpetuated at an alarming rate with petty corruption becoming endemic and more difficult to stop (Philip, 2002). There are tangible indications of political will by some stakeholders at the lower levels to effect change, but this cannot be achieved if those at the apex of the pyramid, lean back (Szeftel, 1998). Thus the battle against corruption should begin with a strong political will and explicit commitment to eradicate all its manifestations (Osei-Tutu, Badu & Owusu-Manu, 2009).







Public procurement is considered an inherently a politically sensitive activity (Schapper *et al.*, 2006). (Bolton, 2006), contended that in public procurement, managers take on the role of agent for elected representatives. However, Pillary (2004) argues that senior officials and political leaders use public office for private gain and this has weakened the motivation to remain honest. Raymond (2008) also opined that ministers and political parties receive clandestine payments in government procurement. This ultimately interferes with the procurement process and constrains compliance. This is also re-echoed by Lodhia and Burritt (2004), who recognizes that social and political influences have an important bearing on public sector reform .In developing countries; one of the major obstacles to the procurement system is ministerial interference with the tender process where ministers intervene and influence tender awards. The threat of being suspended or fired has in many cases intimidated public officers into obeying illegal ministerial directives leading to non-compliance (Akech, 2005). In support of this, Hui *et al.* (2011) asserted that interference from the local politicians, business persons, members of parliament and very influential top management individuals has interrupted the procurement processes and deterred transparency. Lodhia and Burritt (2004) further stated that political influence in public sector management limits information, transparency and favour is extended without management being held to account. Coviello and Gagliarducci (2010) also revealed that politicians influence public procurement through non-compliance acts such as collusion.

The Country Procurement Assessment Report of Ghana produced in 2003, revealed that most staff members of Ministries, Departments and Agencies (MDAs) and District Assemblies (DAs) responsible for procurement were not procurement-proficient, even though they have been trained. The report contended that application of the PPA and the Standard Tender and Contract Documents will not be successful without broad training and ‘refresher’

programmes for officials in charge of procurement. Similarly Forgor (2007) agrees that lack of proper training of managers on the procurement process is a challenge that confronts procurement reforms. This supports the assertion that poor dissemination of procurement law is one of the challenges facing the smooth implementation of public procurement laws (Azeem, 2007).

Political interference with the procurement process poses a challenge to the implementation process and public procurement reforms. A good number of politicians think that they have the right to intervene in the procurement procedures thereby leading to capricious procurement decisions (World Bank, 2004).

The lack of career development path and low salaries of procurement personnel also militate against procurement reforms implementation (World Bank, 2003b). Poor record keeping (World Bank, 2003b), delays in payment of contractors and suppliers are also cited as some of the crucial factors that challenge procurement reforms implementation (Azeem, 2007).

In a similar vein, low level or absence of capacity building for service providers has been identified as one of the factors inhibiting successful public procurement reforms in Malawi.

Many of its bidders are limited in various capacity issues including lack of basic knowledge of the law, inadequate capacity to appreciate the standard tender documents, poor access to tender information and insufficient technical and managerial skills to be competitive in the tendering process (ODPP Annual Report, 2007). The office of the Director of Public Procurement of Malawi in its 2006/2007 Annual report outlined the following factors, among others, impeding the operation of the procurement law in Malawi: shortage of qualified personnel, lack of adequate financial resources, lack of adequate office space, non-compliance with some provisions of the law, poor records management by entities and overpricing of goods, works and services by bidders.



These and other challenges appear to be common in the country's procurement environment as in many other developing countries and therefore this research set out to proffer and catalogue the challenges that exist, and find solutions towards the effective management of Ghana's procurement system.

## **2.8 Public Procurement Law and Implementation Challenges**

In most developing countries, the procurement function is transitioning from a clerical nonstrategic unit to an effective socio-economic unit that is able to influence decisions and add value (Knight et al, 2007). Developing countries in one way or another have reformed their public procurement regulations. The reforms have not been limited to regulations only; they have included public procurement process, methods, procurement organizational structure, and the workforce. The reforms have been as a result of joint efforts with various development partners like the World Bank, International Trade Centre, WTO, and UNCTAD varying from country to country. In addition, public procurement is faced with the challenges imposed by a variety of environmental factors (external factors) such as market, legal environment, political environment, organizational and socio-economic environmental factors. Regardless of the effort by the central government and its related agencies and the acknowledgement that the procurement department is capable of adding value to the organization, still a large number of the internal customers act on their own and more frequently bypass the procuring department (Schiele & McCue, 2006). This problem requires establishment of clear procurement procedures and performance standards. Performance when adopted will provide the decision-makers in the procurement department with unbiased and objective information regarding the performance of the procurement function (Knudsen, 1999). Several countries have instituted reforms in their public procurement processes (Hunja,



2003). This is aimed at purging the public procurement sectors, encouraging competition, transparency, efficiency and ensuring accountability. These reforms have not come without difficulties (Hunja, 2003).

## **2.9 Professionalism and Transparency in Public Procurement**

According to Raymond (2008), professionalism in public procurement relates not only to the levels of education and qualifications of the workforce but also to the professional approach in the conduct of business activities. If the workforce is not adequately educated in procurement matters, serious consequences; including, breaches of codes of conduct occur. According to Pillary (2004) cited in Raymond (2008), there are approximately 500,000 professional purchasing people in the United States and only 10 percent of these have been members of a professional body and the rest are not even aware that there are ethical and legal standards involved in procurement. Raymond (2008) also linked lack of a high degree of professionalism in public procurement to corruption, which ultimately impedes compliance. The procurement officers must be trained and aware about all regulations in relation to procurement and related procedures (Hui *et al.*, 2011). Rossi (2010) asserts that ethical code is not only a deterrent of incorrect behaviour but also an enabler for all members of the organisation to safeguard the ethical legacy of the firm. This position is further confirmed by Basheka and Mugabira (2008) who state that the level of professionalism in public procurement in Nigeria is low or non – existent. De-Boer and Telgen (1998) also attributed non-compliance in public procurement to lack of purchasing professionalism in the public sector.

Transparency in procurement on the other hand means making the procurement process open to all suppliers and contractors of goods, works and services and that the procurement process is open for all stakeholders and interested parties to see. Adjei, (2012) mentions that



transparency requires the creation of open and fair method of acquisition of goods, works and services. Transparency leads to the growth of in-country investments and competitiveness and the public sector is seen as a responsible business partner. Transparency is considered one of the best deterrents to corruption and it provides access to information to the public.

## **2.10 Level of Awareness of Public Procurement as an Innovation Policy Tool**

Public procurement is very indispensable government function that can offer a means for socioeconomic development and some level of social equity, particularly in fragile situations (Annual Statistical Report on United Nations Procurement, 2013). As a result high-performing and transparent procurement systems in the areas of innovation are essential to guarantee cost-effective delivery of goods and services, particularly for the poor, and for helping to ensure equitable and sustainable development in the developing countries.

However the awareness level among the range of target audiences particularly the policy makers, academics, procurement practitioners and the general public about the value of public procurement as an innovative policy tool is seriously not recognised. The application of public procurement as an instrument of innovation policy presents brand new challenges to policymakers. Majority had their experiences founded in a universe of supply-side policies which typically sought to address deficiencies in the resources or capabilities available to potential innovating firms (Georghiou, Edler, Uyerra, & Yeow, 2013). Boekholt (2012) on public procurement of innovative solutions: a policy tool for the service sector, suggests a strong need for awareness raising and practical guidance.

There are several scholarly works in reference to lack of awareness of public procurement as innovative policy tool. Rolfstam (2014) posits that there is shifts from efficiency policy



towards innovation policy since the millennium shift and further suggests increase exposure and awareness of public procurement of innovation activity. Edler (2012) on demand based innovation policy moving the agenda forward writes that market entry and diffusion of public procurement of innovation is hampered by lack of awareness and articulation (consumers and policy makers). Uyarra (2013) on policy category for organisation and capabilities identified deficiencies like lack of awareness of innovation potential or innovation strategy in organisation and most procurers lack skills in innovation friendly procedures. Lember, Kalvet and Kattel (2013) postulates that lack of awareness exists among officials, policy makers about the correlation between procurement and innovation, and local authorities tend not to be willing to take risks when promoting innovation through public procurement.

Lember et al,(2011) on additional barrier to procurement of innovation identifies lack of awareness and readiness by public authorities to understand markets and technologies. Aschhoff and Sofka (2009) also suspected that public procurement is a promising instrument for firms with limited resources. It is still an argument what is the effect of the size and the concentration of procurement orders on innovation (Dalpe' et al., 1992).

The question from European Commission: Enterprise and Industry (2014) on what holds back the vast majority of public procurers from purchasing innovative solutions? The response rest on lack of knowledge and expertise on: the use of practices that favour innovation, risk management in procurement and market and technological developments. Awareness rising and changing the minds of procurers is essential to overcome the slow and timid application of public procurement of innovation in whole wide world particularly in developing nations like Ghana and to fight barriers and risks associated with the change of

procurement culture (Tsipouri, 2012). Though there is lack of awareness of public procurement as innovative policy tool, the situation is very serious in developing countries with its challenges of infrastructure and human resources. It is therefore the desire of the researchers to investigate the level of awareness using the public procurement environment in Ghana.

## **2.11 Procurement Structures, Procedures, Methods and Thresholds**

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

## **2.12. Procurement Methods and thresholds**

The Act and Regulations define the institutional framework for public procurement in Ghana – the roles and responsibilities of each stakeholder (The PPA, Procurement entities, The Private Sector, And Oversight Bodies).

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

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

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



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

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

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

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

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

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

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





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

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

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



assessed in a similar manner as for works (s.69). Quality-based selection is allowed for complex or highly specialized assignments (s.72), and least-cost selection is reserved for small value assignments.



### 2.12.5.1 Thresholds for Procurement Methods

Procurement Method/Advertisement	Contract Value Threshold
(1) Pre-qualification (a) Goods (b) Works (c) Technical Services	Above GHC 35 billion Above GHC 70billion (not more than 10% of cost of works)
(2) International Competitive Tender (a) Goods (b) Works (c) Technical Services	Above GHC 15.0 billion Above GHC 20. 0 billion Above GHC 2.0 billion
(3) National Competitive Tender (a) Goods (b) Works (c) Technical Services	More than GHC 200 million up to GHC 2.0 billion More than GHC 500 million up to GHC 15 billion More than GHC 200 million up to GHC 2.0 billion
(4) Restricted Tendering	Subject to Approval by PB
(5) Price Quotation (a) Goods (b) Works (c ) Technical Services	Up to GHC 200million Up to GHC 500million Up to GHC 200million
(6) Single Source Procurement and Selection	Subject to Approval by PB
(7) Advertisements for Expressions of Interest for Consulting Services	Above GHC 700million
(8) Least-Cost Selection	Up to GHC 700million
(9) Selection based on Consultant's Qualifications	Up to GHC 350m
(10) Single Source-Selection	Subject to Approval by PB

**Source: Public Procurement Act, 2003.**



## **2.13 Procurement Procedures**

### **2.13.1 Planning Procurement**

Generally, planning enables organizations to, among other things, determine performance standards, establish overall direction, anticipate and avoid future problems and reduce the risks of uncertainty, identify and commit resources towards the achievement of goals, determine and develop performance standards, and effectively coordinate various activities in the organization (PPB Manual, 2005). The Public Procurement Act 663 provides for the activity of planning under Part 3 section 21.

What the foregoing means is that it is imperative that procurement entities would need to plan their procurement for the coming year by the 30th of November of the preceding year. The plan would be reviewed and approved by their Entity Tender Committees (ETCs), after which the plans are updated every quarter. The list of entities who submitted their procurement plans are published in the Public Procurement Bulletin. In 2010, only 164 entities out of over 1000 entities across the country submitted their annual procurement plan. As at October, 2011 only 199 entities submitted their plan to Public Procurement Authority (PPA Procurement Bulletin 2010/2011).

### **2.13.2 Tendering Process**

The requirement to advertise the intention to buy goods and works is spelt out by Section 47 of Act 663 for procurement using International and National Competitive Tendering.

Advertising is required for invitations to tender if there is no pre-qualification. The object of advertising is to provide wide and timely notification of tendering opportunities so as to obtain maximum competition by informing all potential tenderers and to afford equal opportunities to all qualified and eligible tenderers without discrimination. For reasons of transparency, fairness and impartiality, tender documents should be provided for all eligible



tenderers by the procuring entity. Procurement entities are to provide tender documents to suppliers and contractors in accordance with procedures and requirements that were stated in the advertisement. The price at which the tender document is sold should be enough to recover the cost of printing and the document being made available to suppliers and contractors. Sufficient quantities of tender documents should be made available as many as there are tenderers. It is an offence to deny any supplier or contractor the opportunity to participate in any tender simply because stocks of documents are exhausted.

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

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

Section 55 of the Act states that the provision of tender security is required for all International and National competitive tenders for procurement of goods, and works. In the case of Procurement of consultants services tender security is not required. The use of security is important, in particular, in international trade where the Purchaser may not know the tenderer or Supplier's professional ability, financial position and credibility. Therefore it is normal for the Purchaser to demand that the tenderer's or Supplier's ability to perform in accordance with the instructions or contractual obligations be secured with a financial guarantee.

### **2.13.3 Contracts Management**

A formal contract document will be drawn up, using the agreed terms and conditions, and signed by both parties. Simpler requirements may use a purchase order or where existing framework contracts exist, contracting may consist of placing a call-off order under the existing contract.

The awarded contract must then be managed, to ensure that both the buyer and supplier perform their contractual obligations. Activities may include expediting delivery, arranging inspection or freight forwarding, checking bank guarantees, establishing letters of credit, making arrangements for receipt and installation of goods, verifying documentation and making payments. Works contracts will often require technical supervision by an engineer/project management team to ensure quality, time schedule and cost. Contracts for consultancy services often require the direct participation of the buyer or client organisation, as the recipient of training or technical advice or in responding to studies or reports.

According to PPA Annual report (2009) Contract completion rate for the year is about 68%. This signified that contract management is a major challenge for most entities.

### **2.13.4 Monitoring and Evaluation**

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



audit), civil society (including NGOs), project beneficiaries, and media (PPA Annual Report, 2008).

### **2.13.5 Appeals and Complains**

Part VII – Review -Section 78 of Act 663 deals with the procedures to be used in handling complaints received from aggrieved parties involved in the procurement process. Any supplier, contractor or consultant that claims to have suffered, or that may suffer loss or injury due to a breach of a duty imposed on the procurement entity, may seek review in accordance with this Part. Procurement decision-making process needs to be properly followed and documented so that complaints can be investigated within the strict time frame. Those involved in audit and in the prosecution of procurement related offences may be able to provide examples of where sanctions could not be applied as a result of poor or inadequate procurement records.

In Ghana, the Authority established seven (7) member Appeals and Complains Panel comprising legal procurement experts, and representatives from the private and public sectors which was inaugurated in 2007. In the same year the Panel successfully concluded fourteen (14) cases out of twenty (20) cases received (PPA Annual Report, 2007). The appeal and complains procedures allowed bidding firms with the chance to show their disapproval before the procurement process is completed, as well as thereafter (Alam, 1995).

### **2.14 Training and Compliance on procurement regulations**

According to a study by PPOA (2007) of Kenya, procurement regulations are meant to ensure that efficient training is been offered to professionals to serve in procurement. It was also revealed by the study by the PPOA that the available expertise at the procurement units did not meet the need for specialized procurement knowledge despite there being steps towards developing a professional procurement workforce. The overall lack of procurement



knowledge remains a major weakness to the efficiency of procurement operations. Short-term procurement training was also found to be in short supply, although it was noted that the PPOA is currently offering a series of sensitization sessions targeting both the public and private sector. On lead time, it was found out that the laws and procedures do not support timely procurement, contract execution and payment. For example, there were no legal provisions, procedures and or guidelines on the time limits for appropriation of funds, the processing of invoices and payments (KACC 2007). In a study by KPMG International carried out after the introduction of the Regulations, it was still found out that public procurement still suffers from fraud and misconduct (KPMG, 2008). In yet another study by KACC, it was noted that public officials distort the Regulations to restrict the participation of interested firms in procurement, or still direct the outcome of others. In a survey of public institutions by the KACC in 2007 after the PPDR had been implemented, it was revealed that procurement had become more transparent, formal and clearer.

### **2.15 Staff Awareness and Procurement Regulations**

The procurement exercise follows steps according to the PPOA of 2007. These steps must be observed in order to ensure that all the stakeholders involved in the procurement exercise obtain fair treatment. The steps include; planning for the required procurement over a given period, identifying the source of the items, highlighting specifications/initiation of procurement, determination of procurement procedure, Sourcing (soliciting) offers, evaluation of offers, post qualification, commencement of contract, contract performance (delivery) and management, record keeping and accountability, payment and post contract performance (PPOA, Act, 2007).

Many corporate board members in Africa, especially of state-owned companies, have limited understanding of their roles, and are usually open to manipulation by management, chairmen,



or principal shareholders. Some are outright incompetent. Non-executive directors in Africa need to play any meaningful role in the ensuring compliance. However many simply act as rubber stamps for decisions taken outside the board (Charles & Oludele, 2003). In this perspective, compliance arises from a dynamic equilibrium between the various powers of the state and understanding what their roles are (Fisher 2004). According to De Boer and Telgen (1998) as quoted by Gelderman *et al.*, (2006), one of the factors causes of non – compliance with procurement regulations is the level of awareness with the procurement regulations. De Boer and Telgen (1998). Assert that during the early days of the inception of public procurement regulations in The Netherlands, many municipalities could not comply to the regulations because they were not familiar with them. Gelderman *et al.*, (2006) confirmed this position in a survey on compliance with EU procurement directives. On the other hand, it is possible that those who are familiar with the regulations know it so well that they know how to beat the loopholes to their advantage. It is worth noting that the ambiguity in the public procurement procedures may provide a chance for dubious acts including tendering and discriminate supplier selection which may progress into poor compliance levels.

According to Guy (2000), there are six dimensions though which we can judge the level of institutionalization of any structure and its ability to adapt to change, including: autonomy, complexity, coherence, congruence and exclusivity. Implementation of organizational activities depends on the relationships between and within organizations.

## CHAPTER THREE

### RESEARCH METHODOLOGY

#### 3.1 Introduction

This chapter encompasses the methodology used in the study. The specific issues to be examined include profile of the study area, the study design, sampling design, sources of data, and tools for data collection, data analysis, data management and ethical issues.

#### 3.2 Profile of the Study Area

This section deals with the profile of the study area that encapsulates specifically location of the study area, population, economic activities and the educational sector.

##### 3.2.1 Location

The East Mamprusi District (EMD) was established by Legislative Instrument (LI) 1776 (2004) with the capital located at Gambaga. Gambaga is a historic town lying next to the seat of the Nayiri, king of Mamprugu, and also the first headquarters of the Northern Territories. It is one of the oldest districts in the Northern Region. Out of it, the West Mamprusi District was carved in 1988.

The East Mamprusi District is located in the north-eastern part of the Northern Region. To the north, it shares boundaries with Talensi and Nabdam Districts, Bawku West and Garu-Tempene Districts, all in the Upper East Region and to the east is the Bunkpurugu-Yunyoo District. It is bordered in the west by the West Mamprusi District and to the south by the Gusheigu and Karaga Districts. It covers a land mass of 1,706.8 square kilometers, representing about 2.2 percent of the total land mass of the region (GSS, 2014).



Figure 3.1: Map of Ghana showing the East Mamprusi District



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Source: Ghana Statistical Service 2014a

### 3.2.2 Population

The 2010 PHC show that the District total population is 121,009 with 49 percent males and 51 percent females. A large number of the population 81,850 resides in the rural parts of the District with the remaining 39,159 in the urban areas. In terms of religious affiliation, Islam is the predominant religion in the area with a percentage of 58.1%, traditional 15.7% and Christians 26.2%.

### **3.2.3 Economy**

Generally, the development of a district is based on the production of goods and services. Relevant to the production process is the human capital of the District. Although all persons irrespective of age and sex consume goods and services produced, only a section of the total population produces them: the working population often referred to as the “employed”. The type of economic activity pursued is influenced by the nature of the economy and level of socio-economic development (Hull, 2009). In sum, the larger the employed population, the more wealth is created leading to the general well-being of the population. In Ghana, over the years, a number of job opportunities have been created in the public and private sectors in a wide range of economic activities and EMD is no exception.

The East Mamprusi District is richly endowed with human and natural resources particularly tourists attraction sites such as the Naa Djerjinga Walls (which was built without water but only milk and honey in Nalerigu) , the Gambaga Witches Camp, the Moshe chiefs ancestry grave sites in Gambaga etc. The District has three functional markets at Gbintiri, Nalerigu and Langbinsi which serve as sources of revenue for the District Assembly. The main means of transportation for the people are motor bikes, bicycles as well as commercial vehicles.

### **3.2.4 Literacy and Education**

Only 33 percent (24,440) of the population of 73,993 can read and write with understanding. This indicates that 67 percent can neither read nor write. However, among those aged 11-14 and 15-19 for both male and female there are higher proportions literate than not literate. More females (72.5%) than males (61.0%) can neither read nor write in any language.

The level of educational attainment of the population 3 years and older who have ever attended school is 66.1 percent. Basic education (primary 38.6%, JSS 19.2% and middle



8.3%), 22.3 percent second cycle education (SSS/SHS 17.3%, secondary 5.0%) and 4.8 percent tertiary level.

### 3.3 Research Design

Burns and Grove (2003:195) define a research design as “a blueprint for conducting a study with maximum control over factors that may interfere with the validity of the findings”.

Parahoo (1997:142) describes a research design as “a plan that describes how, when and where data are to be collected and analysed”. Polit et al (2001:167) define a research design as “the researcher’s overall for answering the research question or testing the research hypothesis”.

Research design can be classified as experimental, cross-sectional, longitudinal, case study and comparative study (Bryman and Bell, 2007:38). The researcher would adopt a descriptive survey in the form of a cross-sectional survey, where data would be collected once across the population through sampling. Descriptive survey helps to answer questions such as who, what when and how, associated with a particular research problem. Descriptive survey cannot completely answer “Why” questions. It is mostly used to get information about the present status of a phenomenon and also describes “What exist” in relation to variables or conditions in a situation.

Descriptive studies produce rich data which can lead to important recommendations in practice. It also collects a large amount of data for detailed analysis. Cross-sectional surveys are used to describe attitude, opinions, behaviours or characteristics of a group (Mohammed, 2012). It entails a collection of quantitative and sometimes qualitative data in relation to two or more variables which are then analyzed to determine the patterns of relationship, Byman and Bell (2007).



When a cross-sectional survey uses quantitative questionnaires or structured questionnaires, it is called a social study. Groups selected for study are purposely selected based on their existing differences in the sample rather than seeking random sampling. Cross-sectional study estimates the prevalence of an outcome of interest because the sample is usually taken from the whole population.

This research employed the mixed approach that is; both qualitative and quantitative data was collected from the respondents. The researcher used this method of survey because the study is to find out the level of awareness, extend of compliance and challenges faced by the various departments within the East Mamprusi District Assembly in their operationalisation of the public procurement Act2003, (Act, 663).

Again the study design adopted enabled the researcher to collect first-hand data and information from respondents to help in the formulation of a credible and well informed conclusion and recommendations of the research.

Also, cross-sectional studies give a clear ‘snapshot’ of the result and the characteristics related to it at a specific point in time. According to Fraenkel and Wallen (2000) and cited by Mohammed, (2012), descriptive study is versatile and practical to the administrators.

### **3.4 Sampling Design**

#### **3.4.1 Population of the study and Sample**

Polit and Hungler (1999:37) refer to the population as an aggregate or totality of all the objects, subjects or members that conform to a set of specifications. Again, population refers to the objects, subjects, phenomena, cases, events or activities specified for the purpose of sampling (Brynard and Hanekom, 2005). The population of this study therefore consist of the employees of East Mamprusi District Assembly who are directly or indirectly involved in the procurement of goods, works and services.



### 3.4.2 Sample Size and Sampling Procedure

A sample is a finite part of a statistical population whose properties are studied to gain information about the whole (Webster, 1985). When dealing with people, it can be defined as a set of respondents (people) selected from a larger population for the purpose of a survey.

Sampling is the act, process, or technique of selecting a suitable sample, or a representative part of a population for the purpose of determining parameters or characteristics of the whole population. The purpose of sampling is to draw conclusions about populations from samples, we must use inferential statistics which enables us to determine a population's characteristics by directly observing only a portion (or sample) of the population. We obtain a sample rather than a complete enumeration (a census) of the population for many reasons. Obviously, it is cheaper to observe a part rather than the whole, but we should prepare ourselves to cope with the dangers of using samples. Some are better than others but all may yield samples that are inaccurate and unreliable.

There would be no need for statistical theory if a census rather than a sample was always used to obtain information about populations. But a census may not be practical and is almost never economical. There are six main reasons for sampling instead of doing a census. These are; -Economy -Timeliness -The large size of many populations -Inaccessibility of some of the population -Destructiveness of the observation – accuracy.

This research sampled the heads of the various departments and some unit officers who are connected with the purchasing or procurement of items for their departments and units. The researcher sampled forty (40) respondents with each department and unit having at least one respondent. The main reason for choosing the above study population sample is that, it

forms a cross sectional representation of the whole population of the East Mamprusi District Assembly's departments and units, and also they are directly linked with the procurement or requisition of goods and services for their departments or units. This criterion is supported by Amedahe (2004), who says that, "in a study, an investigator may be interested in a group of people". In view of this it is this population that the study targeted in the research.

Furthermore it is not everybody who is engaged in procurement of goods and services, that was why the sample was directed to those who are capable of providing the right answers to the questions.

The sampling plan that was used is the multistage sampling comprising stratified random sampling and purposive sampling. Multistage sampling refers to sampling plans where the sampling is carried out in stages using smaller and smaller sampling units at each stage. There are basically two types of sampling; probability sampling and non-probability sampling. This research was conducted using the non-probability sampling, which is divided into components as convenient, quota, snowball and purposive sampling. The sampling procedure that was used is purposive sampling or judgmental sampling, this sampling technique was used because in a research like this the researcher has to hand pick the subjects or respondents who in the opinion of the researcher has the knowledge that is going to be very useful to the research.

There are many advantages of carrying out purposive sampling. The people who were selected for the sampling were selected with a particular purpose already in mind. Some of the advantages involved in this type of sampling include:

- Those people who were unsuitable for the sampling study or who do not fit the bill have already been eliminated, so only the most suitable candidates remain.





- As the most appropriate people for the study have been selected, this process becomes a lot less time consuming.
- With fewer time constraints and a more accurate subject, the costs for carrying out the sampling project were greatly reduced.
- The results of purposeful sampling are usually expected to be more accurate than those achieved with an alternative form of sampling.
- If you are looking for a very rare or much sought after group of people for a particular research study, using purposive sampling may usually be the only way you can track them down.

However Purposive samples, irrespective of the type of purposive sampling used, can be highly prone to researcher bias. The idea that a purposive sample has been created based on the judgment of the researcher is not a good defense when it comes to alleviating possible researcher biases, especially when compared with probability sampling techniques that are designed to reduce such biases.

However, this judgmental, subjective component of purpose sampling is only a major disadvantage when such judgments are ill-conceived or poorly considered; that is, where judgments have not been based on clear criteria, whether a theoretical framework, expert elicitation, or some other accepted criteria.

Secondly, the subjectivity and non-probability based nature of unit selection (i.e. selecting people) in purposive sampling means that it can be difficult to defend the representativeness of the sample. In other words, it can be difficult to convince the reader that the judgment you used to select units to study was appropriate.





In the East Mamprusi District Assembly, it is not everyone who is engaged in the purchase or procurement of goods, works and services, that is why it was very prudent to use the purposive sampling. Amedahe (2004) supports this as he says that “in judgmental (purposive) sampling, the researchers handpick the cases to be included in the sample on the bases of their judgment of their typicality or particular knowledgeable about the issues under study”. The researcher identified the respondents and arranged time to meet with them.

Purposive sampling techniques have also been referred to as non-probability sampling or purposeful sampling or “qualitative sampling.” As noted above, purposive sampling techniques involve selecting certain units or cases “based on a specific purpose rather than randomly” (Tashakkori & Teddlie, 2003 a, p. 713).

In statistical surveys, when subpopulations within an overall population vary, it is advantageous to sample each subpopulation (stratum) independently. Stratification is the process of dividing members of the population into homogeneous subgroups before sampling. The strata should be mutually exclusive: every element in the population must be assigned to only one stratum. The strata should also be collectively exhaustive: no population element can be excluded. Then simple random sampling or systematic sampling is applied within each stratum. This often improves the representativeness of the sample by reducing sampling error. The various staff of the East Mamprusi District Assembly was stratified according to their various units and departments. Taking the number of staff in each department and unit representing the strata, at least one member from each stratum was selected using the simple random sampling.

### 3.5 Data Collection Instruments

The data for this study was collected through the use of structured questionnaire and interview guide. The Structured questionnaire was used because the researcher considered it as the most convenient because, respondents could easily answer without much difficulty.

The questionnaire was composed of open ended and close ended.

Interview is a method of data collection in which one person (the interviewer) asks the respondents questions and the respondents provide the answers. The face-to-face interview was adopted for this study. The interviews helped in the collection of qualitative data with regards to attitudes and opinion of the respondents. The execution of the interviews was through the aid of an interview. The questionnaire has the following with the aim of all seeking to find;

- 1) Firstly to examine the level of compliance to the public procurement Act2003 (Act 663) when procuring goods, works and services as in the case of the East Mamprusi District Assembly.
- 2) Secondly, to assess the level of awareness of staff of the East Mamprusi District Assembly in the public procurement Act 2003 (Act 663).
- 3) Lastly, to identify the challenges faced by public entities in procuring goods, works and services.

The questionnaire was divided into five (5) parts (A, B, C, D and E).

- Part A contained questions on demographic data of the respondents.
- Part B dealt with the awareness level of the Public Procurement Act, 2003 (Act 663) of staff of the East Mamprusi District Assembly.
- Part C examined the level of compliance to the Public Procurement Act, 2003 (Act 663).



- The next part, (part D) identified any challenges faced by staff of the East Mamprusi District Assembly in their implementation of the Public procurement Act 2003 (Act 663).

The questionnaire had five broad response categories that respondents were asked to choose from. The response categories followed a scale of 1-5, and also had the corresponding scores which took the following form. Strongly agree = 5, Agree=4, Neutral=3, Disagree=2, strongly disagree=1.

The respondents were asked to express their agreement on each item on the questionnaire based on the five point scale. The higher the value on the scale, the greater the level of respondents' perception of the challenges that exist in the procurement processes in the East Mamprusi District Assembly.

The reason for using questionnaire as the main research instrument for this study is that it is an instrument that can be used to collect large amount of data at a minimal cost per respondent. Additionally, respondents may give more honest answers to personal questions when the questionnaire is adopted. It is very convenient for respondents to answer whenever they have time.

### **3.6 Validity and Pre-Testing Of Questionnaire**

According to Kothari (2004) validity refers to the extent to which a test measures what we actually wish to measure. Again according to Fraenkel and Wallen (2000) and cited by Mohammed (2012), an instrument is valid if it measures what it is intended to measure and accurately achieves the purpose for which it was designed to. Additionally validity should involve the appropriateness, meaningfulness, and usefulness of inferences made by the researcher on the grounds of the data gathered.



The questionnaire was given to the researcher's supervisor so that he would make any comment as regards the validity and reliability of the instrument based on the research objectives. Afterwards the pre-test was done in two departments and one unit in the East Mamprusi District Assembly. The pre-test helped correct any ambiguity and poorly worded questions.

### **3.7 Reliability**

Reliability has to do with the accuracy and precision of a measurement procedure.

Practicality is concerned with a wide range of factors of economy, convenience, and interpretability, (Thorndike, 1997). The reliability of data can be tested by finding out such things about the said data which indicating who collected the data, what were the sources of data, were they collected by using proper methods, at what time were they collected, if there was any bias of the compiler, what level of accuracy was desired, and was it achieved? (Kothari, 2004).

For reliability, efforts in this light were made to minimize errors by strict adherence to the defined sampling and analytical procedures. The research assistants went through training to help avoid unprofessional practices such as answering questions by themselves on respondents' behalf (Twumasi, 2001). The pretesting of the questionnaire and interview guide was undertaken on the study population.

For the researcher to be able to collect data needed, it depended on gaining access to the respondent. In order to have access to the respondents, the researcher introduced himself to the various units and the heads of departments as a post graduate student of the University for Development Studies who is using the East Mamprusi District Assembly in an academic



research study titled “Operationalising the public procurement law East Mamprusi District Assembly in the Northern Region of Ghana”.

The researcher explained to the respondents that the study is purely academic and will be used as a requirement for the award of a degree in Master of commerce in procurement and supply chain management.

The respondents were informed of their role in providing value information, and the purpose for which their information would be used. In order to enforce confidentiality, anonymity and privacy, questionnaire content did not request for personal identification, similarly the final report did not comment about individual responses.

### **3.8 Data Analysis**

Marshall and Rossman (1999:150) describe data analysis as the process of bringing order, structure and meaning to the mass of collected data. It is described as messy, ambiguous and time-consuming, but also as a creative and fascinating process. Broadly speaking -while it does not proceed in linear fashion -it is the activity of making sense of, interpreting and theorizing data that signifies a search for general statements among categories of data (Schwandt, 2007:6). Therefore, one could infer that data analysis requires some sort or form of logic applied to research. In this regard, Best and Khan (2006:354) clearly posit that the analysis and interpretation of data represent the application of deductive and inductive logic to the research. Verma and Mallick (1999:29) and Morrison (2012:22,24) on the other hand, state that the interpretative approach which involves deduction from the data obtained, relies more on what it feels like to be a participant in the action under study, which is part of the qualitative research.

Data obtained from the questionnaire and interviews were coded and enumerated, and then chronicled on data summary sheets, following the format required by the statistical package



for the social sciences (SPSS) computer software. The data were later converted into frequency counts, mean score standard deviation and simple percentages and used to address the research questions posed in the study. Data obtained from the open-ended questionnaires and interviews were therefore subjected to narrative description.

The researcher in analyzing responses from the Likert scale adopted the criteria of Best (2005) where the mean of the standard ranking scale was used to measure the level of respondents' procurement law awareness and adherence. The criteria and meaning of the ranking scale are interpreted as follows:

**Table3.1: Best Rating Criteria**

<b>Index of awareness/ adherence</b>	<b>Level of awareness / adherence</b>
<b>4.50 – 5.00</b>	Reflects the highest level of awareness / adherence
<b>3.50 – 4.49</b>	Reflects high level of awareness / adherence
<b>2.50 – 3.49</b>	Reflects average level of awareness / adherence
<b>1.50 – 2.49</b>	Reflects low level of awareness / adherence
<b>1.00 – 1.49</b>	Reflects the lowest level of awareness / adherence

In addition, three ANOVA analyses were engaged to assess the impact of respondents' age, and job titles and years of working experience on their procurement law awareness levels. Basically tables and bar graphs were used for data presentation.



## CHAPTER FOUR

### RESULTS AND DISCUSSIONS

#### 4.1 Introduction

This chapter focuses on the presentation, interpretation and analysis of the data obtained from the field through the administration of structured questionnaire and interviews conducted with respondents. It involves various attempts to answer the research questions by the separation of the research data into constituent parts by following the analytical themes derived from the research objectives. The main aspects that are covered here include profile of respondents, the level of awareness of respondents of the public procurement Act, impact of staff age, job titles and years of working experience on awareness levels, their level of compliance to this act and the challenges faced thereof in the implementation of the Public Procurement Act 2003(Act 663).

#### 4.2 Demographic Profile of Respondents

This covers information on the age of respondents, their educational background and their job titles.

##### 4.2.1 Age Distribution of Respondents

Table 4.1 below shows the age distribution of respondents. A careful analysis indicated that the least age group of respondent with 7.5 % are in the bracket of 26-35. Majority of the workers (80 %) falls within the age brackets 36-55. The ages of respondents above 56 are 10 % of the total respondents. The implication of the age groups collected shows that the East





Mamprusi District Assembly has a very youthful workforce falling within the age group 36-45 and 46-55.

**Table 4.1 Age Distribution of Respondents**

Age	Frequency	Percent
26-35	3	7.5
36-45	16	40.0
46-55	16	40.0
>55	4	10.0
Total	40	100.0

Source: Field Survey (2017).

#### 4.2.2 Educational Background of Respondents

This had to do with the level of education of the respondents. The table below shows the level of education of respondents.

**Table 4.2: Educational Background of Respondents**

Level of Education	Frequency	Percent
Polytechnic	3	7.5
1st Degree	21	52.5
Master's Degree	9	22.5
Professional Certificate	7	17.5
Total	40	100.0

Source: Field Survey (2017).

From table 4.2, it can be observed that the workforce of the East Mamprusi District Assembly are highly educated. Out of the 40 respondents who answered the questions, 82.5%



had either completed a polytechnic, college or a university. This shows that, respondents are appropriate in the spheres of education who could answer questions pertaining to this research.

#### **4.2.3 Job Title of Respondents**

From table 4.3, Out of the 40 respondents who were interviewed on their job title, 27.5 % were heads of departments, 60.0 % were unit officers while 12.5 % constituted others. Even though the questions on job title included procurement officer, none of the respondents ticked it because none of them held such position. The implication of the job title of the respondent indicated above is that, they are suitable participants in most procurement activities in the district.

The purposive sampling that was employed to select some respondents could not identify a procurement officer in the East Mamprusi District Assembly for the interview. The finding of absence of a procurement officer in this research posing a challenge to the implementation of the public procurement act is corroborated by the Public procurement authority in its electronic bulletin. In this bulletin, the PPA identified that the capacity of procurement practitioners in terms of knowledge, experience and numbers is challenged. There are entities without procurement professionals and therefore the practice is handled by others without the requisite background and or experience. In most hospitals Pharmacists have taken over the procurement of medicines even where appointed procurement professionals exist (PPAE - Bulletin May-Jun 2014).

A similar study conducted by Mohammed (2012) on a public tertiary institution identified the absence of a procurement officer as a challenge to the smooth implementation of the public procurement act.



**Table 4.3: Job Title of Respondents**

Job Title	Frequency	Percent
Head of department	11	27.5
Unit officer	24	60.0
Others	5	12.5
Total	40	100.0

Source: Field survey (2017)

#### **4.3: Staff level of awareness of the public procurement Act 2003 (Act 663).**

This section collected information on all the sections of the Public procurement Act in relation to the awareness of staff.

##### **4.3.1 The knowledge of the existence of the public procurement Board**

This question sought to collect information on the awareness of staff of East Mamprusi District Assembly on the existence of the Public Procurement Board.



**Table 4.4: Knowledge of the existence of the Public Procurement Board**

Response	Frequency	Percent
very unaware	1	2.5
Unaware	3	7.5
Aware	16	40.0
very aware	20	50.0
Total	40	100.0

Source: Field Survey (2017)

The results on table 4.4 showed that out of the total number of 40 respondents, 90.0 % indicated their awareness of the existence of the public procurement Board while 10.0 % did not know of such a board.

#### **4.3.2 Knowledge of the Procurement Structures**

This question collected data on the awareness of respondents of the procurement structures put in place. The results are indicated below.



**Table 4.5: Knowledge of the Procurement Structures**

Response	Frequency	Percent
very unaware	17	42.5
Unaware	10	25.0
Aware	10	25.0
very aware	3	7.5
Total	40	100.0

Source: Field Survey (2017)

The response on the knowledge of procurement structures in place indicated that out of the 40 respondents, 32.5 % had knowledge of the procurement structures in place while 67.5 % did not have any knowledge of the procurement structures in place.

#### **4.3.3 The Awareness of Rules Governing the Procurement of Goods, Works and Services.**

This question sought information from respondents' awareness of the rules governing the procurement of goods, works and services. The results collected are shown below.



**Table 4.6: Rules Governing the Procurement of goods, works and services**

Response	Frequency	Percent
very unaware	2	5.0
Unaware	4	10.0
aware	14	35.0
very aware	20	50.0
Total	40	100.0

Source: Field Survey (2017)

The results from table 4.6 show that out of the 40 respondents, 85.0 % said they were aware there are rules governing the procurement of goods, works and services, while 15.0 % said they did not know that there are rules governing the procurement of goods, works and services.

#### **4.3.4 Knowledge of the methods of procurement.**

There was the need for the researcher to establish the respondents' knowledge of the various procurements methods. 62.5 % of the respondents had some knowledge of one method or the other of the various procurement methods while 37.5 % had no idea on the subject matter. They were further given the list of the methods of procurement to tick the method(s) that they know; the results are shown in table 4.7 below. The results show 50.0 % indicated they were familiar with only sole or single sourcing, 12.5 % said they were familiar with price quotation while 37.5 % said they were not familiar with any of the methods of procurement.



Other methods such as competitive tendering, two-stage tendering and restricted tendering was not familiar to all the respondents.

**Table 4.7: Knowledge of the methods of procurement**

Methods of procurement	Frequency	Percent
Sole or Single Sourcing	20	50.0
Price quotation	5	12.5
Not familiar	15	37.5
Total	40	100.0

Source: Field Survey (2017)

#### **4.3.5 Knowledge of Respondents on the tendering procedures.**

Respondents were asked on their knowledge level in the tendering procedures. Table 4.8 shows that 60.0 % of the respondents indicated that they know the tendering procedures, 40.0 % said they did not know the tendering procedures. The response collected is shown below



**Table 4.8: Knowledge of Respondents on the Tendering Procedure**

Response	Frequency	Percent
very unaware	10	25.0
Unaware	6	15.0
aware	14	35.0
very aware	10	25.0
Total	40	100.0

Source: Field survey (2017)

#### **4.3.6 Methods and Procedures for Procuring Consultants.**

Respondents were asked if they were aware of the methods and procedures for procuring consultants. The response to this question is shown below.

**Table 4.9: Methods and Procedures for Procuring Consultants**

Response	Frequency	Percent
very unaware	20	50.0
unaware	10	25.0
Aware	7	17.5
very aware	3	7.5
Total	40	100.0

Source: Field Survey (2017)





From table 4.9, 25 % indicated that they know the methods and procedures of procuring consultants, 75 % said they did not know the methods and procedures for procuring consultants.

#### **4.3.7: Knowledge on the rights to a review by parties to a contract.**

The question seeks to solicit information from respondents on their awareness of the rights to a review by parties to a contract who feels they have not been fairly treated. The response of respondents is indicated below on table 4.10

**Table 4.10 Rights to a Review by Parties to a Contract**

Response	Frequency	Percent
very unaware	23	57.5
Unaware	5	12.5
Aware	8	20.0
very aware	4	10.0
Total	40	100.0

Source: Field Survey (2017)

Table 4.10 shows the responds by respondents on their knowledge on to the rights to a review by parties to a contract. 30 % indicated that they know that parties to a contract have the right to a review and 70 % said they did not know that parties to a contract have the right to review.



#### 4.3.8: Awareness of Laws Governing the Disposal of Stores, Plant and Equipment.

Respondents were asked to indicate whether they have knowledge in the laws governing the disposal of stores, plant and equipment. The results collected are shown in table 4.11 below.

**Table 4.11: Laws Governing the Disposal of Stores, Plant and Equipment**

Response	Frequency	Percent
very unaware	8	20.0
unaware	6	15.0
Aware	16	40.0
very aware	10	25.0
Total	40	100.0

Source: Field Survey (2017)

From table 4.11, 65.0 % of the respondents indicated they were aware there are laws governing the disposal of stores, plant and equipment while 35 % said they did not have any knowledge on the existence of laws governing the disposal of stores, plant and equipment.

#### 4.3.9: Knowledge of Miscellaneous Provisions in the Public Procurement Act 2003 (Act 663).

This question collected information from respondents as to whether they are aware of the miscellaneous provisions in the public procurement act. The results obtained are in table 4.12 below. From table 4.12, out of the 40 respondents, 5.0 % indicated that they know there are miscellaneous provisions in the public procurement Act, 95.0 % said they did not know of the miscellaneous provisions in the public procurement Act.



**Table 4.12: Miscellaneous Provisions in the Public Procurement Act 2003 (Act 663)**

Response	Frequency	Percent
very unaware	30	75.0
unaware	8	20.0
Aware	2	5.0
Total	40	100.0

Source: Survey (2017)

In conclusion, this study sought to establish the level of awareness of the procurement laws among respondents in the East Mamprusi District Assembly. Respondents were asked to rank their awareness of some variables under consideration. The results are presented in mean scores and standard deviations for the various variables. The results are shown in table 4.13 below;



**Table 4.13: Level Of Awareness of the Procurement Laws**

Variable	N	Mean (Level of Awareness)	StD
Do you have any knowledge of the existence of the public procurement board	40	3.38 (Average)	.740
I know the procurement structures put in place	40	1.98 (low)	1.000
I'm aware there are rules governing the procurement of goods and services	40	3.30 (Average)	.853
I know the methods of procurement	40	2.63 (Average)	.868
I know the tendering procedures	40	2.60 (Average )	1.128
I know the methods and procedures for procuring consultants	40	1.82(low)	.984
I'm aware that parties to a contract have the right to a review	40	1.83(low)	1.083
I'm aware that there are laws governing the disposal of stores, plant and equipment	40	2.70(Average)	1.067
I'm aware of the various miscellaneous provision in the public procurement Act 2003	40	1.30 (low)	.564
Valid N (Mean of mean)	40	2.39 (low)	

Source: Survey (2017)



The aggregate mean score for the level of awareness of the procurement laws is 2.39. Given that the highest score is 5, 2.39 is a low score. This can therefore mean that there is low level of awareness of the procurement laws in East Mamprusi District Assembly.

This finding justifies a similar study by Mensah (2015), he identified that public procurement innovation has not materialized on a large scale particularly in the developing nations and one of the factors is lack of awareness among key stakeholders.

In establishing if the age of respondents has any impact on their level of awareness of the procurement laws, ANOVA results comparing means utilizing variables of procurement law awareness as against ages of respondents are shown below indicating that, age of respondents have significant impact on their awareness level of procurement law in East Mamprusi District Assembly. See Table 4.14



**Table 4. 14: Respondents’ Age Impact on Procurement Law Awareness ANOVA Results**

		Sum of Squares	Df	Mean Square	F	Sig.
Do you have any knowledge of the existence of the public procurement board	Between Groups	18.433	3	6.144	84.609	.000
	Within Groups	2.542	35	.073		
	Total	20.974	38			
I know the procurement structures put in place	Between Groups	28.019	3	9.340	48.428	.000
	Within Groups	6.750	35	.193		
	Total	34.769	38			
I'm aware there are rules governing the procurement of goods and services	Between Groups	23.856	3	7.952	68.862	.000
	Within Groups	4.042	35	.115		
	Total	27.897	38			
I know the methods of procurement	Between Groups	21.686	3	7.229	44.000	.000
	Within Groups	5.750	35	.164		
	Total	27.436	38			
I know the tendering procedures	Between Groups	35.152	3	11.717	32.974	.000
	Within Groups	12.438	35	.355		
	Total	47.590	38			
I know the methods and procedures for procuring consultants	Between Groups	26.923	3	8.974	52.350	.000
	Within Groups	6.000	35	.171		
	Total	32.923	38			
I'm aware that parties to a contract have the right to a review	Between Groups	29.736	3	9.912	31.009	.000
	Within Groups	11.188	35	.320		
	Total	40.923	38			
I' am aware that there are laws governing the disposal of stores, plant and equipment	Between Groups	29.229	3	9.743	25.377	.000
	Within Groups	13.438	35	.384		
	Total	42.667	38			
I'm aware of the various miscellaneous provision in the public procurement Act 2003	Between Groups	5.248	3	1.749	14.622	.000
	Within Groups	4.188	35	.120		
	Total	9.436	38			

Source: Field survey (2017)

The researcher furthermore assessed the respondents’ job title impact on their awareness of procurement laws; ANOVA indicated that, job titles of respondents have significant impact



on their awareness level of procurement law in East Mamprusi District Assembly. Table 4.15 given below illustrates the ANOVA results for job titles of respondents' impact on procurement law Awareness in East Mamprusi District Assembly.



**Table 4.15: ANOVA Results for Job Titles of Respondents Impact on Procurement Law Awareness**

		Sum of Squares	Df	Mean Square	F	Sig.
Do you have any knowledge of the existence of the public procurement board	Between Groups	11.023	2	5.511	19.698	.000
	Within Groups	10.352	37	.280		
	Total	21.375	39			
I know the procurement structures put in place	Between Groups	23.942	2	11.971	29.463	.000
	Within Groups	15.033	37	.406		
	Total	38.975	39			
I'm aware there are rules governing the procurement of goods and services	Between Groups	16.593	2	8.297	26.000	.000
	Within Groups	11.807	37	.319		
	Total	28.400	39			
I know the methods of procurement	Between Groups	23.314	2	11.657	71.167	.000
	Within Groups	6.061	37	.164		
	Total	29.375	39			
I know the tendering procedures	Between Groups	38.691	2	19.345	65.613	.000
	Within Groups	10.909	37	.295		
	Total	49.600	39			
I know the methods and procedures for procuring consultants	Between Groups	23.242	2	11.621	29.585	.000
	Within Groups	14.533	37	.393		
	Total	37.775	39			
I'm aware that parties to a contract have the right to a review	Between Groups	27.017	2	13.508	26.645	.000
	Within Groups	18.758	37	.507		
	Total	45.775	39			
I 'am aware that there are laws governing the disposal of stores, plant and equipment	Between Groups	34.385	2	17.192	63.516	.000
	Within Groups	10.015	37	.271		
	Total	44.400	39			
I'm aware of the various miscellaneous provision in the public procurement Act 2003	Between Groups	7.242	2	3.621	25.972	.000
	Within Groups	5.158	37	.139		
	Total	12.400	39			

Source: Field survey (2017)





Again, to assess respondents' years of working experience impact on their awareness of procurement laws, ANOVA results indicated that, respondents' years of working experience have significant impact on their awareness level of procurement law in East Mamprusi District Assembly. Table 4.16 given below illustrates the ANOVA results for respondents' years of working experience impact on their awareness of procurement laws in East Mamprusi District Assembly.



**Table 4. 16: ANOVA Results for Years of Working Experience Impact on Procurement Laws Awareness**

		Sum of Squares	Df	Mean Square	F	Sig.
Do you have any knowledge of the existence of the public procurement board	Between Groups	12.708	2	6.354	27.1	.000
	Within Groups	8.667	37	.234		
	Total	21.375	39			
I know the procurement structures put in place	Between Groups	12.675	2	6.337	8.916	.001
	Within Groups	26.300	37	.711		
	Total	38.975	39			
I'm aware there are rules governing the procurement of goods and services	Between Groups	17.733	2	8.867	30.756	.000
	Within Groups	10.667	37	.288		
	Total	28.400	39			
I know the methods of procurement	Between Groups	17.153	2	8.576	25.963	.000
	Within Groups	12.222	37	.330		
	Total	29.375	39			
I know the tendering procedures	Between Groups	34.133	2	17.067	40.828	.000
	Within Groups	15.467	37	.418		
	Total	49.600	39			.000
I know the methods and procedures for procuring consultants	Between Groups	9.075	2	4.538	5.850	.006
	Within Groups	28.700	37	.776		
	Total	37.775	39			
I'm aware that parties to a contract have the right to a review	Between Groups	9.075	2	4.538	4.575	.017
	Within Groups	36.700	37	.992		
	Total	45.775	39			
I'm aware that there are laws governing the disposal of stores, plant and equipment	Between Groups	30.044	2	15.022	38.718	.000
	Within Groups	14.356	37	.388		
	Total	44.400	39			
I'm aware of the various miscellaneous provision in the public procurement Act 2003	Between Groups	1.200	2	11.600	5.982	.021
	Within Groups	11.200	37	.303		
	Total	12.400	39			

Source: Field survey (2017)



In short, respondents' ages, job titles and years of working experience have significant impact on their procurement law awareness levels in the study district.

#### 4.4 The Extent of Staff Compliance to the Public Procurement Act 2003 (Act 663).

##### 4.4.1 Strictly follow the Procedure/Guidelines of the Public Procurement Act 2003 (Act 663)

This aspect of the research question sought to find out if the staff of the East Mamprusi District Assembly comply with the laid down laws when procuring goods, works and services.

**Table 4.17: Adherence to Procurement Procedure and Guidelines**

Response	Frequency	Percent
strongly disagree	5	12.5
Disagree	10	25.0
Agree	20	50.0
strongly agree	5	12.5
Total	40	100.0

Source: Field Survey (2017)

From table 4.17, out of the 40 respondents, 15 representing 37.5 % said their organizations do not adhere to the Procurement Procedure and Guidelines, while, the rest (62.5 %) indicated that their organizations adhere to the Procurement Procedure and Guidelines. This supports the findings of Kidd (2010) which indicated higher adherence to the Procurement Procedure and Guidelines.



#### 4.4.2: Organization Annual Budget following the Procurement Process.

This question was used to collect information from respondents to find out whether their organization annual budget followed the procurement process. The result obtained is shown below in table 4.18.

**Table 4.18: Organization Annual Budget follows the Procurement Process**

Responses	Frequency	Percent
Disagree	1	2.5
Agree	21	52.5
strongly agree	18	45.0
Total	40	100.0

Source: Field Survey (2017)

From table 4.18, out of the 40 respondents, 39 representing 97.5 % said their organizations budget conform to the procurement process, 2.5 % indicated that their organizations budget did not conform to the procurement process.

#### 4.4.3 Procurement Training/Seminar by the Public Procurement Authority Attended.

This question collected information on the level of knowledge acquired by respondents through trainings and seminars organized by the public procurement Authority. Respondents were asked to rate their attendance of such trainings. The result is shown in table 4.16 below.



**Table 4.19: Procurement Training/Seminar**

Response	Frequency	Percent
strongly disagree	20	50.0
Disagree	8	20.0
Agree	8	20.0
strongly agree	4	10.0
Total	40	100.0

Source: Field Survey (2017)

From table 4.16, 30.0 % said they have attended a training or seminar organized by the public procurement Authority, 70.0 % said they have not attended any training or seminar organized by the public procurement Authority. This finding justifies a similar finding made by PPA in the PPAE-Bulltin May-June (2012). Among the myriad of challenges that confronted the PPA soon after its establishment was that of low levels of capacity among procurement practitioners within the public sector. After all, what good is it to have a good law in the hands of unskilled people! This therefore caused PPA to commission its first Training Needs Assessment (TNA) study which identified among others, huge capacity gaps and consequently lead to the development of a comprehensive set of training modules which are currently in use across the country.

#### **4.4.4: Head of Procurement Reporting Directly to the Accounting Officer.**

This question sought to find out from respondents if the head of procurement was reporting directly to the accounting officer. The response is shown in table 4.20 below



**Table 4.20: Head of Procurement Reporting Directly to the Accounting Officer**

Response	Frequency	Percent
strongly disagree	5	12.5
Disagree	10	25.0
agree	15	37.5
strongly agree	10	25.0
Total	40	100.0

Source: Field Survey (2017)

From table 4.20, 25 respondents (62.5 %) said the head of procurement was reporting directly to the accounting officer, 15 respondents (37.5 %) said the head of procurement was not reporting to the accounting officer.

**4.4.5: Is there any Cost Savings in your Organizations Annual Budget after the Implementation of the Public Procurement Laws.**

This question was aimed at finding out if there was any cost savings in the annual budget of the respondents' organization after the implementation of the public procurement law. The responds is shown below in table 4.21.



**Table 4.21: Cost Savings after the Implementation of the Public Procurement Laws**

Response	Frequency	Percent
strongly disagree	1	2.5
disagree	2	5.0
agree	25	62.5
strongly agree	12	30.0
Total	40	100.0

Source: Field Survey (2017)

From table 4.21, out of the 40 respondents, 92.5% of the respondents said there is cost saving in the organization's annual budget after the implementation of the public procurement law. While 7.5% of the respondents indicated that there was no cost savings in the organizations annual budget after the implementation of the procurement law. The findings is in conformity with that of Birmata (2014) when it was identified in his study that majority of the respondents said there have been a very significant improvement in cost savings after the implementation of the public procurement act.



#### **4.4.6: Rating of the Public Procurement Laws in Relation to Respondents**

##### **Responsibilities in Terms of Effectiveness and Efficiency.**

Respondents were asked to rate the public procurement laws and how it has impacted in their individual responsibilities in terms of its effectiveness and efficiency. The responds is shown in table 4.22 below.

**Table 4.22: Respondents Responsibilities in Terms of Effectiveness and Efficiency**

Response	Frequency	Percent
Agree	25	62.5
strongly agree	15	37.5
Total	40	100.0

Source: Field Survey (2017)

From table 4.22, all the 40 respondents representing 100.0 % rated the public procurement laws high in relation to their duties in terms of efficiency and effectiveness.

#### **4.4.7: Public Advertisement of the Organization’s Annual Tenders.**

This question was intended to find out from respondents if the organization complied with the procurement law which demands that all tenders should be advertised publicly. The result is shown below in table 4.23





**Table 4.23: Public Advertisement of the Organization’s Annual Tenders**

Response	Frequency	Percent
strongly disagree	1	2.5
Disagree	3	7.5
agree	26	65.0
strongly agree	10	25.0
Total	40	100.0

Source: Field Survey (2017)

From table 4.23, out of the 40 respondents 36 representing 90.0 % of the respondents said there was compliance to the provision of Public Advertisement of the Organization’s Annual Tenders.

This finding is in line with the OECD (2007) finding which stated that Publicity and transparency are crucial for sound and open procurement practices. These principles also act as deterrents to corruption in public procurement. Equally, experts suggested that the lack of public notice and transparency create a haven for corruption. Publicized and transparent procedures allow a wide variety of stakeholders to scrutinize public officials and contractors performance and decisions. This scrutiny, in addition to other mechanisms, helps keep officials and contractors accountable.

#### **4.4.8: Recorded Complain from Suppliers and/or Bidders Regarding Tender Award and Tender Disqualification.**

This question was intended to get information from respondents whether there is any recorded complaint from the organizations suppliers and/or bidders in relation to the award and disqualification of tenders. The responds is shown in table 4.24 below.



**Table 4.24: Tender Award and Tender Disqualification**

Response	Frequency	Percent
strongly disagree	4	10.0
Disagree	7	17.5
Agree	15	37.5
strongly agree	14	35.0
Total	40	100.0

Source: Field Survey (2017)

From table 4.24, out of the 40 respondents, 29 representing 72.5 % said they have been recorded complaint from suppliers and/or bidders regarding tender award and tender disqualification. 11 representing 27.5% indicated that there have not been any recorded complaint from suppliers and/or bidders in relation to tender award and or disqualification. This finding is justified by Ayitey (2012) who stated that to avoid non-compliance with the Procurement Act, 2003; the law enjoins all suppliers to report instances of abuses if they feel aggrieved at the award of contract. On the other hand, the willingness of public entities to listen and effectively address the concerns of aggrieved suppliers/contractors.



**Table 4.25: Extent of Compliance to the Public Procedure Act 2003 (Act 663)**

Variables	N	Mean (Level of Adherence)	StD
Strictly follow the procurement and guidelines of the public procurement Act 2003	40	2.63 (Average)	.868
All annual budgets follow the procurement process	40	3.43 (Average)	.549
I attended any training/seminar conducted by the public procurement authority	40	1.90 (Low)	1.05
			7
The head of procurement department reporting directly to the accounting	40	2.75 (Average)	.981
There are cost savings in your organisation annual budget after the implementation of the public procurement laws	40	3.20 (Average)	.648
The public procurement law is efficient and effective	40	3.38 (Average)	.490
My organisation advertise all your annual tenders publicly	40	3.12 (Average)	.648
There exist recorded complaint from your suppliers and/or bidders regarding tender award and tender disqualification	40	2.98 (Average)	.974
Valid N (Mean of mean)	40	2.69 (Average)	

Source: Field Survey (2017)

In conclusion, this study sought to establish the level of awareness of the procurement laws among respondents in the East Mamprusi District Assembly. Respondents were asked to rank the extent of compliance to the public procurement Act 2003 (Act 663) variables under consideration. The results are presented in mean scores and standard deviations for the various variables. The aggregate mean score for the level of awareness of the procurement laws is 2.92. Given that the highest score is 5, 2.92 is a low score though average. This can therefore mean that there is an average compliance to the public procurement act 2003 at East Mamprusi District Assembly. The results are shown in table 4.25 above.



#### 4.5: Challenges faced by the Assembly when procuring goods, works and services.

This research question sought to get information from respondents regarding the challenges they face when making procurement of goods, works and services. Respondents were given options ranging from strongly agree, agree, neutral, disagree and strongly disagree to choose from.

##### 4.5.1: Challenge when Procuring Goods, Works and Services for your Department or Unit.

This sought to find out whether respondents in their various departments and units, face any challenges in the procurement of goods, works and services. The result is shown below in table 4.26.

**Table 4.26: Challenge when Procuring Goods, Works and Services**

Response	Frequency	Percent
Strongly agree	1	2.5
Agree	6	15.0
Disagree	33	82.5
Total	40	100.0

Source: Field Survey (2017)

From table 4.26, out of the 40 respondents, 1 representing 2.5 % strongly agreed that he/she did not have any challenges when procuring goods for the unit or department, 6 representing 15.0 % agreed that they did not have challenges when procuring goods for their unit or department. 33 representing 82.5 % disagreed implying that they have challenges when procuring goods for their units or departments. This finding is in line with a similar study conducted by Osi-Tutu et-al (2012) which also identified that there are challenges in the procurement of goods, works and services in the public sector.

#### **4.5.2: The Influence of Local Politicians in Respondents Procurement of Goods, Works and Services.**

The research was to find out whether the local politicians within the study area have an influence in the process of respondents procuring goods, works and services.

The result is shown in table 4.27 below.

**Table 4.27: Political Interference in Procurement of Goods Works and Services**

Response	Frequency	Percent
Strongly agree	34	85.0
Agree	5	12.5
Disagree	1	2.5
Total	40	100.0

Source: Field Survey (2017)

From table 4.27 out of the 40 respondents, 34 representing 85.0 % strongly agreed that local politicians have an influence in their procurement of goods, works and services. 5 representing 12.5 % also agreed that indeed, local politicians do influence the procurement process when they are procuring goods, works and services. 1 person representing 2.5 % disagreed that local politicians had an influence in their procurement of goods, works and services. Davis (2014) in a similar study found out that there was an influence of local politicians in the procurement of military equipment in the United States of America.

#### **4.5.3: Ministers and political party functionaries force for awards of procurement contracts to their party favourites.**

This aspect of the study was to find out from respondents if indeed ministers and political party functionaries always want procurement contracts to be awarded to their party followers.



The result obtained is shown below in table 4.28. From table 4.28, out of the 40 respondents, 39 representing 97.5 % strongly agreed that ministers and political party functionaries force for awards of procurement contracts to their favourites, 1 person representing 2.5 % of the respondents agreed to this assertion. This finding is in line with the work of Emanuelli (2014): Political interference in public procurement. He discovered that recent newsreel highlights include premiers resigning over spending scandals, senators suspended over expense claims, municipal councils mired in conflict of interest lawsuits, and former cabinet ministers, MPS, mayors and political operatives facing charges or serving sentences for breach of trust and influence peddling.

**Table 4.28: Political Interference in awards of Procurement Contracts**

Response	Frequency	Percent
Strongly agree	39	97.5
Agree	1	2.5
Total	40	100.0

Source: Field Survey (2017)



**4.5.4: Contracts for both Works and Consultancy Service delay before they are awarded.**

This was to elicit information from respondents whether there are always delays in the award of contracts for works and consultancy services or not. The responds given by respondents is shown in table 4.29 below.

**Table 4.29: Service delay before they are awarded**

Response	Frequency	Percent
Strongly agree	2	5.0
Agree	37	92.5
Disagree	1	2.5
Total	40	100.0

Source: Field Survey (2017)

From table 4.29, out of the 40 respondents, 2 representing 5.0 % strongly agreed that contracts for works and consultancy services delay before they are awarded, 37 representing 92.5 % agreed there is always a delay in the award of contracts for works and consultancy services. 1 person disagreed there are delays in the award of contracts for works and consultancy services. This is in line with the findings of Eyra and Oluka, (2011) and Ntayi (2009) in which contracts for works and consultancy services delay before they are awarded.

#### **4.5.5: There is Transparency and Accountability in the Procurement Process.**

This aspect of the study sought to find out from respondents if there is transparency and accountability in the procurement process in their organization. The core reason for the passing of the public procurement law is to bring about transparency and accountability in the procurement process. The responds of respondents is shown below in table 4.30.



**Table 4.30: Transparency and accountability in the procurement process**

Response	Frequency	Percent
Agree	2	5.0
Disagree	37	92.5
Strongly disagree	1	2.5
Total	40	100.0

Source: Field Survey (2017)

From table 4.30, out of the 40 respondents, 2 representing 5.0 % agreed that there is transparency and accountability in the procurement process, 37 representing 92.5 % disagreed that there is transparency and accountability in the procurement process, while 1 respondent representing 2.5 of respondents strongly disagreed that there is transparency and accountability in the procurement process. The above findings is in conformity with Thai (2009), who explains that “ a series of weaknesses including abuse and mismanagement of contract variations, lack of effective checks and balances with respect to authorizing the different procurement and expenditure steps, lack of fair and transparent competition...”. He went on to add that “the general lack of political will and commitment to fight corruption has encouraged other public officials to engage in the same practice”, (Thai, 2009, p.149). The GPRA sought to standardize and institutionalize procurement reforms and address the lack of transparency and accountability that have long plagued the Philippine government in its procurement.

#### **4.5.6: The procurement practices known to respondents.**

Respondents were asked if they know the procurement practices, their responds is shown on table 4.31.





**Table 4.31: The procurement practices known to Respondents**

Response	Frequency	Percent
Agree	13	32.5
Neutral	1	2.5
Disagree	26	65.0
Total	40	100.0

Source: Field Survey (2017)

From table 4.31, out of the 40 respondents, 13 representing 32.5 % agreed that the procurement practices are known to them, 26 representing 65.5 % disagreed they know the procurement practices while 1 respondent representing 2.5 % was neutral. This finding is in line with a similar study carried out by Mohammed (2012) on the challenges facing the implementation of public procurement laws in a public institution. It was discovered that majority of respondents did not know the procurement practices and procedures.

Procurement practices and procedures give the guidelines that are followed so as to achieve value for money in the procurement process. This assertion is supported by Tassabehji and Moorhouse (2008), who say, “Procurement is of strategic importance and may be considered a core component of many organizations”. This means that procurement practitioners and user departments who are involved in the procurement of goods, works and services need to have the knowledge in procurement practices and procedures to enable them carry out their activities effectively.



#### 4.5.7: The standards used in procurement practices are known to Respondents.

This was to find out if respondents know the standards used in procurement practices. Their responds is shown in table 4.32.

**Table 4.32: The standards used in procurement practices are known**

Response	Frequency	Percent
Agree	13	32.5
Neutral	1	2.5
Disagree	26	65.0
Total	40	100.0

Source: Field Survey (2017)

From table 4.32, out of the 40 respondents, 13 representing 32.5 % agreed that the standards used in procurement practices are known to them, 26 representing 65.0 % disagreed implying that the standards used in procurement practices are not known to them. 1 respondent representing 2.5 % was neutral. This is in line with recent findings of Mithamo, et al (2013) in Kenya.

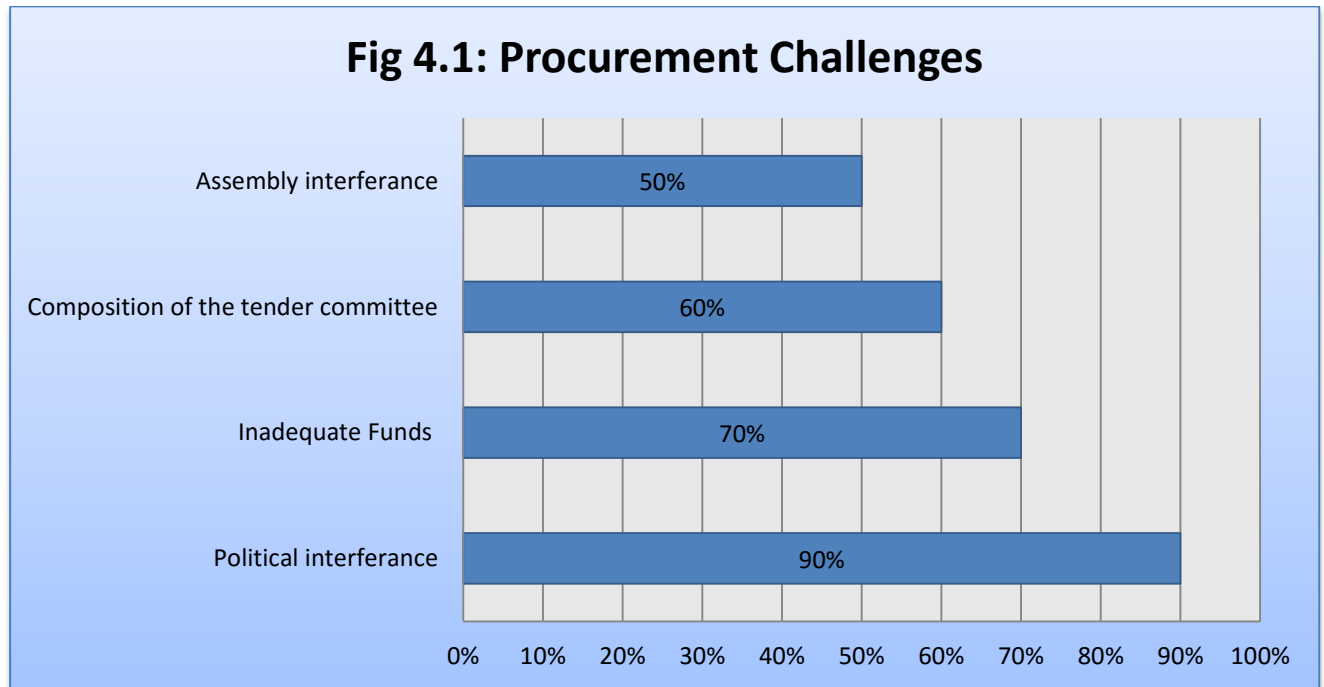
#### 4.6: The challenges faced by public entities in procuring works, goods and services

The study through interview of top management examined the challenges faced in operationalizing the procurement law was expressed by figure 4 below. Out of the 10 top management contacted, 90 % expressed political interference as the top most challenge faced in the operationalizing of the procurement law. This was followed by inadequate funds as indicated by 70 % of the contacted top management. In addition, other key challenge faced in the operationalizing the procurement law in the district were the challenge of the composition



of the tender committee and the interferences from some big wigs within the Assembly (See Fig 4.1)

**Fig 4.1: Procurement Challenges**



Source: Field Survey (2017)

Out of the 10 top management contacted, 90 % expressed political interference as the top most challenge faced in the operationalizing the procurement law. Political interference as a top most challenge was expressed and supported by a top management in an interview as follows;

*“.....that some contracts come pre-awarded: There is always a directive from the invisible hand detailing who such contracts should be awarded to. The political heads of the assembly makes sure that the directives are followed to the later. The fact that those contracts still have to go through the bidding procedures is just a “white wash”*  
**(Top management expressed).**



This is in line with findings of Bouwer, et-al (2005) and Carlsson and Waara (2006) where the top most procurement challenge turned to be political interference. This is also in line with the view of Basheka (2009),

The results of this study identified inadequate funds as indicated by 70 % of the contacted top management as the second key procurement law operationization challenge in the district. Subsequently, this was capitulated by a 45-year-old top management, who lamented on the inadequate funds available to them as follows;

*‘There are no funds readily available to buy low value goods which demands the use of price quotation. This method of procurement demands that invoices are collected from three different suppliers and the lowest price wins the contract. Since there are no ready funds to buy such goods, the loyal supplier who is ready to supply on credit is made to generate three different invoices just to attempt to satisfy the requirements of the law. He or she knows very well that the contract is already won in advance’*  
**(Top management lamentation).**

Though, as one of the key challenges as indicated by Azeem (2007) it is the number one among the challenges whereas it is the second top most challenge according to the finding of this current research.

In addition, other key challenge faced in the operationalization of the procurement law in the district indicated that, the challenge of the composition of the tender committee within the Assembly as indicated by an expression by another top management that;

*‘There is also the challenge of the composition of the tender committee: 2 representatives from finance and administration subcommittee, Head of works*



*department, 2 assembly persons, 2 heads of decentralized department. .... The challenge here is that the two heads usually should include one from the user department. However, if any of the two heads of the decentralized departments is seen to be someone who will want to ensure that the right is done, that person is deliberately not included in the committee even if that head is from the user department’ (An experienced Top management expression).*

Additionally, the interferences from some big wigs within the assembly as expression by an aged top management as another key challenge for the procurement law operationalization, and he expressed that;

*‘Some big wigs within the Assembly who have been benefiting directly or indirectly from procurements even though that is not their duty, Still interfere or attempt to out-do the procurement officers, by trying to still involve themselves as though they were the procurement officers of their institution. This is because unqualified people within the institution used to make procurements for the institution when procurement officers were not available. Such people find it difficult to let go’ (An Aged Top Management Expression).*

The above assertion supports the view of Akech (2005) that, in many cases intimidated public officers are forced into obeying illegal ministerial and assembly directives leading to non-compliance.

Besides the above examined key procurement challenges expressed by the top management, through the questionnaires all the 40 respondents lamented on additional challenges including the following;



- On the issue of delay of contracts for both works and consultancy services before they are awarded, 37 out of the 40 respondents agreed that contracts for both works and consultancy services usually delay before they are awarded.
- 34 out of the 40 respondents revealed that there is no transparency and accountability in the procurement process in their organization that is, East Mamprusi District Assembly.
- Many as 21 respondents said the procurement practices were not known to them and again half of the 40 respondents also revealed that the standards used in procurement practices are not known to them.



## CHAPTER FIVE

### SUMMARY OF FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

#### 5.1 Introduction

This Chapter presents a summary of the findings, conclusions and recommendations on the challenges of the Public Procurement Act 2003 (Act 663) in the East Mamprusi District Assembly of the northern Region of Ghana.

#### 5.2 Summary of Findings

##### 5.2.1 Background information of Respondents

The age structure of a population is important to its total factor productivity. According to Yihan and Niklas (2016) older workers may enjoy higher productivity due to the accumulation of work experience while younger workers benefit from better health, higher processing speed and ability to adjust to rapid technological changes, and greater entrepreneurship leading to more innovation. Again, aging is likely to increase the relative demand for services (e.g., health care service), causing a sectorial shift towards the more labor intensive and less productive service sector. Also the size or density of the population may also impact productivity as it spurs technological change, create positive agglomeration and network effects, and stimulate learning by doing and innovative activity.

- The age structure of staff of the East Mamprusi District Assembly was found out to be a blend of both youthful and old. 87.5 % of the respondents are between ages 26 to 55, while 12.5 % are 56 years and above. This means that they would all bring on board their varied expertise and experience to bear to increase productivity in the institution.





- It was also found out that respondents have a very high educational training. Majority of respondents (52.5 %) had acquired their first degrees with the least qualification been the Higher national diploma from the polytechnic. 22.5 % had their second degree, that is masters, while 17.5 % had professional certificates. This is very significant as the level of training of human resource have a positive impact on their output. In the case of the East Mamprusi District Assembly, they have the required human resource with the knowledge needed to increase the productivity of the organization.
- Information collected on the job title of respondents revealed that heads of departments constituted 27.5 % of respondents, 60.0 % been unit officers and 12.5 % others. What was conspicuously missing was a procurement officer. Even though the sampling technique made use of purposive sampling so as to enable the researcher include people who directly deal with procurement in the sample, it was found out that the East Mamprusi District Assembly did not have a procurement officer. This is not good enough for the organization since it cannot do without the procurement of goods, works and services. The other officers who carryout procurement activities may not have adequate knowledge in terms of the laws governing procurement procedures in public sectors. The use of unqualified persons to carryout procurement activities in the district may have a consequence on compliance with the procurement laws and ensuring that there is transparency, economy and value for money for the organization.



## 5.2.2: The level of awareness on the public procurement laws,

### The following findings were made:

- On the awareness of the existence of the public procurement board, 90.0% of the respondents are aware that there is a public procurement board put in place to streamline all procurement contracts. Those respondents who said they are not aware of the existence of the public procurement board constitute 10.0%. Even though majority of the respondents are aware of the existence of the public procurement board the minority also need to know about its existence since the actions and inactions of the minority in terms of the laws governing procurement in the district can have a daunting image on the organization as a whole.
- It was also revealed in the study that 67.5 % of respondents are not aware that there are procurement structures put in place, only 32.5 % of them know there are procurement structures put in place. To ensure that the due process in procurement practices are followed, it is important that all staff of the organization are aware of the procurement structures put in place.
- The knowledge of the rules governing the procurement of goods, works and services is very paramount to ensuring effective procurement practices. It was revealed in this study that 85.0 % of respondents are aware there are rules governing the procurement of goods, works and services. The rest of the 15.0 % of respondents did not know there are rules governing the procurement of goods, works and services.
- Respondents were also asked to indicate among the methods of procurement those that they know. The results revealed that 50.0 % said they know only sole



sourcing, 12.5 % indicated that they know price quotation while the rest of the respondents constituting 37.5 % said they are not familiar with any of the methods of procurement. Respondents did not know all the methods of procurement.

- It was also found out in this study that 60.0 % of respondents know the tendering procedures while 40.0 % of them do not.
- On the methods and procedures used for procuring consultants, 25.0 % of respondents know that there are methods and procedures for procuring consultants, 55.0 % of them do not know there are any methods and procedures for procuring consultants. 20.0 % of the respondents were neutral, that is, do not know whether there are methods and procedures used for procuring consultants or not.
- Parties to a contract have a right to a review regarding tender award and tender disqualification if they feel dissatisfied with any procurement contract. The study sought to find out from respondents if they are aware of the right to a review by parties to a contract. It was revealed that, 30.0 % of respondents do know that parties to a contract have the right to a review, 57.5 % said they do not know that parties to a contract have the right to a review. 10.0 % of the respondent was neutral indicating that they do not know whether parties to contract have the right to a review or not.
- The public procurement act has put in place laws for the disposal of stores, plant and equipment. It was revealed in the study by respondents that 65.0 % of them know that there are laws governing the disposal of stores, plant and equipment, 30.0 % of the respondents said they did not know there are laws governing the disposal of stores, plant and equipment. The remaining 5.0 % of respondents were



neutral as to whether there are laws governing the disposal of stores, plant and equipment or not.

- On the awareness of miscellaneous provisions in the public procurement act, 5.0 % of respondents said they are aware there are miscellaneous provisions in the public procurement act. 70.0 % of respondents said they are not aware there are miscellaneous provisions in the public procurement act, while 20.0 % of respondents were neutral.
- Respondents' age, and job titles and years of working experience have statistical significant impact on their procurement law awareness levels in the district.

### **5.2.3 The extent of compliance to the public procurement Act 2003 (Act 663).**

Respondents were asked questions that would reveal whether they complied with the public procurement act or not, their responses revealed the following:

- The study sought to find out whether the annual budget of the East Mamprusi District Assembly followed the procurement process or not. 97.5 % of respondents said their organizations annual budget followed the procurement process, while 2.5 % of respondents said their organizations budget did not follow the procurement process.
- It was also revealed in the study that out of the 40 respondents sampled for the study, 30.0 % of them have attended training or seminar conducted by the public procurement authority, 70.0 % of them said they have never attended any training or seminar conducted by the public procurement Authority before.





- The study also sought to find out if those at the helms of procurement report directly to the accounting officer or not. 62.5 % of respondents said yes the head of procurement reports directly to the accounting officer, while 37.5 % of respondents said the head of procurement does not report directly to the accounting officer.
- Out of the 40 respondents, 92.5 % of them revealed that there have been cost saving in their organizations annual budget after the implementation of the public procurement laws. 7.5 % of respondents said there have not been any cost savings in their organizations annual budget after the implementation of the procurement laws.
- All respondents rated the public procurement laws high in relation to their responsibilities in terms of its effectiveness and efficiency.
- Respondents were also asked to say whether their organization advertised publicly their entire annual tenders or not.90.0 % of respondents said their organization do advertise publicly all their annual tenders, while 10.0 % Of respondents said their organization does not advertise publicly all their annual tenders.
- 72.5 % of respondents revealed that there have been recorded complaints from their suppliers and/or bidders regarding tender award and tender disqualification, while 27.5 % said there have not been any recorded complaints from their suppliers and/or bidders regarding tender award and tender disqualification

#### **5.2.4: Key Challenges faced by East Mamprusi District Assembly when procuring goods, works and services.**

This section of the study sought to find out from respondents the challenges they faced in the procurement of goods, works and services. The key procurement challenges included:

1. Political Interference
2. Inadequate funds readily available
3. the challenge of the composition of the tender committee

#### **5.3: Conclusion:**

On the whole, the study sought to investigate the level of awareness, impact of age, job titles and years of working experience on level of awareness, extend of compliance and key challenges faced by the East Mamprusi District Assembly in the operationalisation of the public procurement Act 2003(Act 663) of Ghana. The East Mamprusi District Assembly and other public institutions as well as stake holders in procurement should study these findings and recommendations and make the necessary corrections in other to bring about transparency, accountability, efficiency, effectiveness and value for money.

The study identified the absences of a qualified or trained procurement officers, the low level of awareness of the public procurement Act 2003(Act 663), inadequate training /seminars on public procurement for officers in the public sector by the Public procurement Authority (PPA), the influence of politicians for the award of procurement contracts to their favourites, the delay in the award of contracts for both works and consultancy services , the lack of transparency and accountability in the procurement process , and the low level of knowledge in the procurement practices and standards used in the procurement of goods, works and services , as the major challenges militating against the operationalisation of the Public Procurement Law in the public sector.



It was also revealed by a majority of respondents that the annual procurement budget of the organization followed the procurement process. The study also revealed that there have been cost savings in the annual budget of the organization after the implementation of the public procurement laws. Respondents also rated high the use of the public procurement laws in relation to their responsibilities in terms of effectiveness and efficiency.

#### **5.4 Recommendations:**

Following the findings and conclusions made above on this, the recommendations below are made for consideration and implementation by respective stakeholders in the field of procurement.

- A conscious effort should be made by government to train and employ qualified procurement officers in the various public sectors. The absence of procurement officers in the various Metropolitan, Municipal and District Assemblies (MMDAs) have contributed to the poor implementation of the public procurement law.
- The Public Procurement Authority (PPA) should organize periodic training/seminars for all public sector workers to increase the awareness level of the public procurement act in them. Refresher trainings should also be carried out.
- The Public Procurement Authority should make sure that the annual procurement budgets of the public sector are approved before implementation. There should also be periodic monitoring by the Authority to ensure that the approved budgets are been implemented accordingly.



- The PPA should also ensure that there is a timely approval of contracts on both works and consultancy services to remove the delays in the award of contracts.
- Any politician who influence or attempts to influence either directly or indirectly the procurement process with the intension of obtaining direct or indirect benefits or to the benefits of favourites should be exposed by the society and punished by the law courts if found guilty.
- There should also be more transparency in the tendering process to reduce suppliers and/or bidders complain regarding tender award and tender disqualification.

### **5.5: Areas for future research**

The findings and conclusions to this study are not exhaustive in addressing all the challenges facing the implementation of the Public Procurement Act 2003(Act 663) in Ghana. More research can be done in other to overcome the implementation challenges of the public procurement laws.

The following are areas for further research:

- The use of electronic procurement systems to ensure transparency and speed in the award of procurement contracts.
- The impact of the Public Procurement Act 2003(Act663) in the growth of the Public Sector.
- The contribution of stakeholders in public procurement in overcoming procurement challenges.

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**APPENDIX**

**UNIVERSITY FOR DEVELOPMENT STUDIES**

**QUESTIONNAIRE**

**SECTION A (BACKGROUND INFORMATION OF RESPONDENTS)**

1. Age? 18-25 [ 1 ] 26-35 [ 2 ] 36-45 [ 3 ] 46-55 [ 4] 56 and above [ 5]

2. Educational Background;

S.H.S [ 1 ] Polytechnic [ 2 ] 1st Degree [ 3 ] Master’s Degree [ 4 ] Professional Certificate [ 5 ]

3. What is your job title?

Procurement officer [ 1 ] Head of department [ 2 ] Unit officer [ 3 ] others [ 4 ]

4 How long have you been in this position?

Less than 3 years [ 1 ] 3 to5 years [ 2 ] above 5 to 10 years [ 3 ] above 10 years [ 4 ]

**SECTION B: LEVEL OF AWARENESS OF THE PROCUREMENT LAWS.**

Please use the four-point Likert scale to answer the questions in the table below on the level of awareness of the procurement laws. Where 1=Very unaware, 2= Unaware, 3=Aware,4=Very Aware

S/N	Question Item				
		1	2	3	4
5.1	I have any knowledge of the existence of the public procurement Board				





5.2	I know the procurement structures put in place				
5.3	I'm aware there are rules governing the procurement of goods, works and services				
5.4	I know the methods of procurement				
5.5	I know the tendering procedures				
5.6	I know the methods and procedures for procuring consultants				
5.7	I'm aware that parties to a contract have the right to a review				
5.8	I'm aware that there are laws governing the disposal of stores, plant and equipment				
5.9	I'm aware of the various miscellaneous provision in the public procurement Act 2003(act663)				

**SECTION C:** please use the four-point likert scale to answer the questions in the table below on the extent of compliance to the public Procurement Act2003 (Act663).Where 1=Very non-compliant , 2=Non- compliant, 3= Compliant,4=Very compliant



S/N	Question Item				
		1	2	3	4
6.1	Strictly follow the procedure and guidelines of the public procurement Act2003 (Act663)				
6.2	All annual budgets follow the procurement process				
6.3	I attended any training/seminar conducted by the public procurement Authority				

6.4	the head of procurement department reporting directly to the accounting				
6.5	there are cost saving in your organization annual budget after the implementation of the public procurement laws				
6.6	the public procurement law is efficient and effective				
6.7	My organization advertise all your annual tenders publicly				
6.8	There exist recorded complaint from your suppliers and/or bidders regarding tender award and tender disqualification				

**SECTION D**

**What are the key procurement challenges in your department or unit?**

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**INTERVIEW GUIDE FOR TOP MANAGEMENT ON THE CHALLENGES FACED BY PUBLIC SECTOR WHEN PROCURING GOODS, WORKS AND SERVICES**

1. What are the key procurement challenges in your department or unit?
2. How often do you experience Local Politicians influence on your procurement of goods, works and services?
3. Can you dwell on Ministers and political party functionaries forcing for awards of procurement contracts to their favourites.

4. What is your view on Contracts for both works and consultancy services delaying before they are awarded?
5. Is there any transparency and accountability in the procurement process?
6. Are standards used in procurement practices problematic to you?

**THANK YOU FOR YOUR TIME**

