

UNIVERSITY FOR DEVELOPMENT STUDIES

**ASSESSING PROCUREMENT COMMITTEES AND PROCURMEENT LAWS
IN THE NORTHERN REGION OF GHANA**

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MOHAMMED ABDUL- KARIM



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IN THE NORTHERN REGION OF GHANA**

BY

MOHAMMED ABDUL- KARIM

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**THESIS SUBMITTED TO THE DEPARTMENT OF PROCUREMENT
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REQUIREMENTS FOR THE AWARD OF MASTER OF
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MANAGEMENT OPTION).**

OCTOBER, 2019



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: 25th June,2020.....

Name: Mohammed Abdul-Karim.....

Supervisors'

I hereby declare that the preparation and presentation of the thesis was supervised in accordance with the guidelines on supervision of thesis laid down by the University for Development Studies.

Principal Supervisor's Signature:.....  Date: 24th June 2020.....

Name: Andrews Salakpi.....



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DEDICATION

This work is dedicated to my mother, Hajia Adishetu and my wife Mariam for their unflinching love and support throughout my studies.



ABSTRACT

Millions of dollars get wasted due to inefficient and ineffective procurement structures, committees, policies and procedures. Against this backdrop the study assessed procurement committees and procurement laws in the northern region of Ghana by specifically determining the level at which the procurement committees comply with the contract value threshold in the Northern region, examining whether there are significant differences in the use procurement methods in reducing corruption and to identify the challenges confronting the procurement committees in complying with the contract value threshold. The study adopted mixed research design with a sample size of 127. The study employed compliance index, one way ANOVA, and five points Likert Scale in addition to Kendall's coefficient of concordance to achieve the three specific objectives. The study revealed that only four MMDAs namely Gusheigu Municipality, Kumbungu District, Mion District, and Saboba District have high compliance level with Kumbungu District having the highest compliance index (index of 0.81) among the MMDAs studied with the remaining MMDAs having moderate compliance. We found out that the overall compliance among the MMDAs in the Northern Region of Ghana of Ghana is moderate. Also, study revealed that there are statistically significance differences among the methods of procurement in reducing corruption. The study found out that Two Stage Tendering Method reduces corruption compared to other methods. The study further revealed that Political interference is the most pressing challenge while delay in the release of procurement reports being the least pressing challenge. The study recommends that procurement supervision at the MMDAs level should be strengthened by the Public Procurement Authority and the Ministry of Local Government.



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LIST OF ACRONYMS

Public Works Department	(PWD)
Ghana National Construction Corporation	(GNCC)
Ghana Supply Commission	(GSC)
Ghana National Procurement Agency	(GNPA)
Architectural and Engineering Services Corporation	(AESC)
The Public Financial Management Reform Programme	(PUFMARP)
Metropolitan, Municipal and District Assemblies	(MMDAs)
Regional coordinating council	(RCC)
District Assembly	(DA)
Financial Administration Act	(FAA)
Financial Administration Regulation	(FAR)
Public Procurement Authority	(PPA) Public
Procurement Board	(PPB)
Entity Tender Committees	(ETCs)
Tender Review Boards	(TRBs)
Standard Tender Documents	(STDs)



Value for Money Expenditure Management	(VFM) Public (PEM)
Drivers of Change	(DoC)
Expected Utility Stakeholder Model	(EUSM)
New Public Financial Management	(NPFM)
Public Expenditure Management Approach	(PEM)
Expenditure and Financial Accountability	(PEFA)
Heavily Indebted Poor Country	(HIPC)
International Financial Institutions	(IFI)
Development Assistance Committee	(DAC)
Expected Utility Stakeholder Model	(EUSM)
The National Audit Office	(NAO)
e-Government Procurement	(e-GP)
Terms of Reference	(TOR)
Official Development Assistance	(ODA)
Corruption Perception Index	(CPI)



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CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

The history of public procurement in Ghana can be dated back to the colonial era. World Bank report (2003) indicated that Ghana has accumulated considerable and valuable experience on public procurement under civil and military administrations. Prior to independence, there was a public procurement policy in which public procurement was treated as part of the colonial administrative process in the British Empire (Frank, 2014). The colonial administration engaged Public Works Department (PWD) for procurement of works and Crown Agents for procurement of goods. After independence to 1967, the Government of Ghana shifted its attention from the frequently Crown Agents for procurement of goods and goods delivery directly through Ministries Departments Agencies (MDAs). Ayitey (2012) indicated that for the procurement of works, the Government set up Ghana National Construction Corporation (GNCC) to carry out works and reduced the force account component of PWD. In 1960, the Government established the Ghana Supply Commission (GSC) for procurement of goods for all public institutions. Essentially GSC took over the functions of Crown Agents. In 1976, the Government established Ghana National Procurement Agency (GNPA) for procurement of bulk items such as sugar, fertilizers, auto parts, etc. for sale to public and private sectors (Frank, 2014). GSC and GNPA had purchasing manuals for their use. In 1975, the Architectural and Engineering Services Corporation (AESC) was established to carry out consulting services for works contracts. Except for SOEs, public institutions were



mandated to use GSC, GNPA GNCC and AESC for public contracts (World Bank, 2003). In 1967 the Government set up Central, Regional and District Tender Boards as advisory bodies for works contracts and subsequently in 1996 changed them to contract awarding authorities (Frank, 2014).

By 1996, GSC was overwhelmed by the demands from its clients, inefficiency was rampant, and there were numerous complaints on contract prices, delayed delivery and at times delivery of wrong items. MDAs began to handle procurement of goods following FAR rules but without institutional arrangements. Works procurement procedures, though not comprehensive, are described under the Central, Regional and District Tender Board procedures. There are still no guidelines for procurement of consultant services. AESC and GSC were transformed into limited Companies in 1996 and 1999 respectively, thus rendering them no more providing services to public institutions on a mandatory basis. Due to the inadequacy of public procurement procedures, procurement procedures under World Bank-financed project signed from 2000, defined in a “Procurement Procedures Manual” prepared for the project. These manuals are based on World Bank guidelines and Bank’s standard bidding documents are used (World Bank, 2004). Hence, the Public Procurement Authority Annual Report of 2007 clearly articulated the purpose of the public procurement reforms in Ghana as to mainstream “good practices” into the procurement of goods, works and services, which transcend into the achievement of savings and value-for-money (Frank, 2014). Public procurement in Ghana is regulated by the public procurement Act 663 (Act 2003) as amended by Act 914 (Act 2016). As a guiding tool for efficient public procurement, the Act was enacted primarily to harmonize public procurement processes to ensure secure judicious, economic and efficient use of state resources (Frank,



2014). The Act presents a comprehensive legislative framework designed to eliminate the shortcomings and organizational weaknesses that characterized public procurement hitherto (Felix, 2014). With the enactment of the procurement Act, huge sums of public purse have been saved from unprofessional public procurement officers.

Public procurement started gaining its popularity over the last couple of years in line with the efforts of most African nations in implementing procurement policies to ensure efficient use of state resources. This is largely because of the realization that nations can't progress in any meaningful development within a wanton misappropriation of state resources. A chunk of national resources are often allocated to public procurement the world over which needs proper management to ensure judicious use of the public purse (Ayitey, 2012). Accordingly, Mlinga (2009) posited that in Africa, procurement budgets accounts for about 20 percent of government expenditure each year. This calls for an effective and efficient public procurement system to be scaled up to ensure value for money in the government outlay, which is essential to a country facing enormous developmental challenges like Ghana.

Successive governments of Ghana have thus, scaled up various procurement policies and measures to regulate and strengthen public sector procurement. The Public Financial Management Reform Programme (PUFMARP) in 1996 (Ayitey 2012) is an example. The purpose of the programme was to improve overall financial management in Ghana. PUFMARP principally, identified weaknesses in the procurement system. Some of these weaknesses included: lack of comprehensive public procurement policy, lack of central body with technical expertise to handle procurement, absence of clearly defined roles and



responsibilities for procurement entities, absence of comprehensive legal regime to safeguard public procurement, lack of rules and regulations to guide, direct, train and monitor public procurement (Felix, 2014). The programme also identified that there was no independent appeals process to address complaints from tenderers and independent procurement auditing unit. These findings led to the establishment of the Public Procurement Oversight Group in 1999. The aim of this group was to steer the design of a comprehensive public procurement reform programme which led to the drafting of a public procurement bill in September 2002 that was passed into law on 31st December, 2003 (Ayitey 2012). The Act provides the legal framework and guides all public procurement activities in Ghana. The main objective of the Act was to eliminate the flaws and organizational defects which characterized the Financial Management Reform Programme (PUFMARP) for public procurement in Ghana (Felix, 2014). The government of Ghana together with other stakeholders viewed the Act as something that requires urgent attention in view of the widespread perception of corruption and inefficiencies that engulfed the public sector procurement.

The public procurement act (ACT 663, 2003) establishes guidelines and benchmarks for the use of tender methods as enshrined in the contract value threshold. The procurement committees chaired by head of department as appointed by the central government and other three oversight members form a quorum for tender decisions at the MMDAs in accordance with the provisions of the PPA (ACT 663, 2003). Tender committees therein remain the implementation agents for the contract value threshold for ministries departments and agencies in the buying for public sector organizations (Dabaga, 2013).



However in the discharge of its oversight responsibilities as the driven force for the public procurement law at the rank and files in the public sector, PPA has failed to defined urgency situation as a key determinant for sole sourcing and hence allows PPCs to use arbitral powers and their caprices to define such situations. The results of this obviously account for uncompetitive bidding among potential bidders which many believe is a source of misappropriation and corruption in the public buying process (Dabaga, 2013).

1.2 Statement of the Problem

Public procurement managers and stakeholders (public procurement committees) are governed by a complex array of statutes, regulations, policies and directives (Dabaga, 2013). They operate in an environment of increasingly intense scrutiny and accelerated changes driven by technology, program reviews, and public and political expectations for service improvements. These combined, results into growing institutional complexity and risks. Further, Ntayi (2009) observed that millions of dollars get 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. Irregularities such as poor contract management, wrong tender procedures, contract variations, undue delay in payment for work done and non-compliance with the provisions of the Public procurement Act 663, are the hallmark of public procurements in Ghana (Frank (2014). Osei-Tutu et al. (2012) indicates that non-conformity with the Act in the public institutions have been a major setback and cause for a large number of faults in the public procurements. Yakubu (2014) held that the compliance rate of the public sector organizations to the public procurement Act, 2003 Act 663 stood for as low as between 17.80% - 19.58% which should be a major source of worry considering the huge budgetary



allocation for procurement related issues in Ghana. Arguably, Dagaba (2013) made sound remarks when he criticized the Act as lacking clear procedures for emergency situations which has not only slowed down the procurement process but tempted other procurement staff to temper the tenets and provisions of the Act. Again, there has been lack of qualified procurement personnel to manage public procurement within the public sector organizations.

It appears that most of the public sector organizations still do not realized the tenets of the Act and hence see no need to engage professional procurement officers, instead, planning and budget officers are preferred (Felix, 2014). Such situations, according to Felix (2014) accounts for the use of inappropriate tender methods for the acquisition of goods, works and services. Again high cost of advertisement in most cases led to unnecessary costs hikes and hence affecting value for money in the public sector procurement (Dagaba, 2013).

Public Procurement Committees (PPC) undervalue the provisions in the PPA and abuse the application of sole sourcing (Felix, 2014). According to the source, most public procurements are done through sole sourcing without considering conditions under which it ought to be used largely because of inability of the Act to clearly defined emergency situation as one of the conditions for using sole sourcing (Yakubu, 2014). Again some procurement for goods, works and services are not within the threshold for which their respective tender methods are used. This situation is what increases public sentiments and raises the index of corruption in the public service over the years (Felix, 2014).

The weakness of the Act remains one of the major challenges in the business of public procurement, right from the Board to sub-committee levels (Public Procurement Authority, 2006). The researcher however viewed that serious concerted efforts need to be



done in the area of research to properly reveal the administrative and implementations flaws of the Act to properly nip the issues in the bud. In doing, the literature revealed some research works have been conducted in the area of the Public procurement and Value for money and compliance. For instance Felix (2014), Evelyn et al. (2016) and Frank (2014) have all assessed various degrees at which the public procurement Act 2003 achieves value for money in the public procurement of Ghana. Also Osei-Tutu et al. (2011) and Ayitey (2012) have dealt with the compliance of the public procurements with the tenets of the public procurement Act 663, whereas Yakubu (2014) delve into the implementation challenges of the public procurement Act 663. In effect, little work has been done on procurement committees and procurement laws in the Northern Region of Ghana as enshrined in the public procurement amendment act 914 (Act 2016). The cumulative effect of this is what whips up the interest of the researcher to assess procurement committees and procurement laws within the MMDAs in the Northern Region of Ghana.

1.3 Main Objective

Assessing procurement committees and procurement laws in the Northern Region of Ghana, the case of MMDAs in the Northern Region.

1.3.3 Specific Objectives

To determine the level at which the procurement committees comply with the contract value threshold in the Northern region.

To examine whether there are significant difference in the use procurement methods in reducing corruption.



To identify challenges confronting the procurement committees in complying with the contract value threshold.

1.3.2 Research Questions

What is the level at which the procurement committees comply with the contract value threshold in the Northern region?

Are there significant differences in the used procurement methods in reducing corruption?

What are the challenges confronting the procurement committees in complying with the contract value threshold?

1.4 Justification

Best practices in the public procurement is second to none in ensuring value for money particularly in the developing world where close to 20% of the public purse goes into procurement (Arrow smith 2011). Most often than not, procurements officers abuse the use of procurement methods to gain undue economic benefits in the public sector organizations. Issues like these deserve serious concerted efforts to safeguard and prevent misplace of public resources and siphoning of the public purse which creates income by unscrupulous nonprofessional procurement proxies in the public sector. The research intends to assess the procurement committees and the procurement laws in the Northern Region of Ghana. When successful, it will offer enormous role to the Public Procurement Authority. For instance it will offer useful guide to the MMDAs in Northern Region especially in determining appropriate procurement methods for specific contracts taking into account the contract sums. It will also aid policy makers to design and implement



appropriate monitoring and evaluation strategies to protect the public purse. It will equally serve as a reference material for other prospective researchers who may want to search into same or similar topic. Again, it will bring to light the best available empirical evidence, the various public procurement challenges that exist in the public sector which inhibits efficient public buying process. Finally the work will offer some critically suggestions to the stakeholders dialogue in making the sector more efficient and economical.

1.5 Scope of the Study

Primarily, the scope of the work is focused on the procurement committees of the MMDAs in the Northern Region. Currently, the region consists of sixteen (16) administrative MMDAs: One Metropolis, Five Municipalities and Ten District Assemblies. These are; Tamale Metropolis, Sagnerigu Municipality, Savelugu Municipality, Yendi Municipality, Gusheigu Municipality and Nanumba North Municipality. The rest are Tolon District, Kumbungu District, Mion District, Nanton District, Karaga District, Nanumba south District, Saboba District, Tatale/Sanguli District, Zabzugu District and Kpandai District. The procurement Act 633/914 (2003/2016) has identified seven member procurement committee for each MMDA in the country. They include: the Metropolitan/Municipal/District Chief Executive, the Director of Finance, a lawyer appointed by the Metropolitan/Municipal/District Assembly; One Member of Parliament; and three heads of Departments.

1.6 Limitations of the Study

In every human endeavor limitations are bound to exist as a result of time constraints resources and personnel. This research work leaves without such limitations and



constraints; the most prominent of all is time constrain. The work is undertaking purposely to fulfill an academic requirement and hence is time bound. That is to say that the period for the research is too short and therefore compels the researcher to fast truck certain research procedures in order to work within time. For this reason, the researcher in most cases may be restricted in terms of in-depth research. Also the researcher will be constraint by finance. The researcher is expected to foot all the financial liabilities and other costs associated with data collection and analysis. This makes the findings more applicable to the study area and cannot be seen to be general throughout the country due to differences in idiosyncratic features of respondents in other locations.

1.7 Organization of the Thesis

This research consists of five chapters. Section one contains the background, the problem statement, objectives, research questions, and the scope. The rest are the overview of the limitations and organization of the study. Section two outlines the literature review which consists of the theoretical review, empirical review and conceptual frame work. Chapter three looks at the research methodology in details; research design, data sources, the target population, sampling techniques, data collection procedures and techniques of data analysis. Chapter four contains data analysis and discussions of the major findings and finally, chapter five which examines the final aspect of the work which contains the summary of findings, recommendations and conclusion.



CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

This Chapter constitutes the backbone of the work. It contains critical reviews of important current debates, theories and concepts accounting for the flaws in the procurement process of goods and services in the public sector. Again, the chapter contains definitions and discussions of the major concepts critical to the topic and finally reviews the conceptual framework.

2.1 Definition of Concepts

This part of the chapter discusses key concepts pertaining to the topic. Key among them include: procurement, public procurement, contract value threshold, value for money, procurement committees.

2.1.1 Procurement

Chopra and Meindl (2007) stated that Procurement includes all activities require in order to get a product from the supplier to its final destination. It is seen from a lay man point of view as the process of acquisition of goods, services or works. It starts from supplier selection, negotiation, forecasting, process evaluation and the assessment of the value of the item. It is favorable that the goods/services/works are appropriate and that they are procured at the best possible cost to meet the needs of the procurement entity/purchaser in terms of quality, quantity, time, and location. Corporations and public bodies often define



processes intended to promote fair and open competition for their business while minimizing exposure to fraud and collusion. Procurement is responsible for acquiring all the materials needed by an organization (Mentzer et al., 2001, p. 4). It consists of all the related activities needed to get goods, services and any other materials from suppliers into an organization.

2.1.2 Public Procurement

Ayitey (2012) defined public procurement as that function responsible for obtaining goods, services or works by purchase, lease or other legal means, equipments, materials, supplies and services required by an undertaking for use in satisfying wants. The definition of the overall purchasing task is “to obtain materials, goods and services at the right quality, in the right quantity from the right source delivered to the right place at the right time at the right price, to achieve an organizational objective. According to the Public Procurement Act, 2003 (Act 663), Public procurement is defined as ‘the acquisition of goods, works and services at the best possible total cost of ownership, in the right quantity and quality, at the right time, in the right place for the direct benefit or use of governments, corporations, or individuals, generally via a contract’. In other words, Public Procurement is the process by which organizations acquire goods, works and services using public funds. Arrow smith (2004) indicated that public procurement amongst to the government activity of purchasing the goods and services needed to perform its functions. Equally, Odhiambo and Kamau (2003), posits that public procurement is the purchasing, hiring or obtaining any contractual means such as goods, works and services by the public sector. It involves the purchase of commodities and contracting of construction works and services if such acquisition is effected with resources from state budgets, local authority budgets, state foundation funds,



domestic loans or foreign loans guaranteed by the state, foreign aid and revenue received from the economic activity of state. It is a comprehensive process that runs from proper procurement planning, budget allocation, bids invitation, bids evaluation, award of contract, contract management, performance measurement, monitoring, auditing and reporting.

2.1.3 Procurement Committees

Procurement committees are the classified set of people who forms the decision making body for procurement related decisions in the public and private sector organizations. The procurement law 663 (2003) has specifically identified the composition of the procurement committees for Ministries, Regional Coordinating Councils and MMDAs, Tertiary Institutions, State Enterprises, Hospitals etc. Below is the representative of the Tender Committee for MMDAs:

The Act outlines the members as follows; the Metropolitan, Municipal, District Chief Executive as the chair person, the finance director, a lawyer appointed by the MMDAs, one Member of Parliament and three heads of departments one of whom represents the user department or agency (Act 663, (2003).

The MMDCE represents the chairperson the coordinating director as the secretary. The Act indicated that a quorum of the Tender Committee shall be four members, including the chairperson and members shall not delegate their responsibility to any other person. However, voting Decisions shall be made by simple majority and the chairperson shall have a casting vote.



Functions of the tender committees are also spelt out by the Act as follows:

Reviews procurement plans in order to ensure that they support the policies and programmes of the Assembly

Confirms the range of acceptable costs of items to be procured and match these with the available funds in the approved budget of the Assembly;

Reviews 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;

Ensures 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;

Facilitates contract administration and ensure compliance with all reporting requirements under this Act;

Ensures that stores and equipment are disposed of in compliance with this Act.



2.2 Historical Development of Local Government in Ghana

As stated by the Institute of Local Government, during the colonial era, the earliest effort at local administration were with the 355 native authorities, centered on a chief or certain undefined local royalty unit. These native authorities were not democratic but were just representatives, since they were merely chosen to act in such capacity. Their primary

interests were to assist the colonial government of British with restricted engagement in administration locally, through the administering of law and order.

During this time, the Municipal Ordinance of 1859 came to being and instituted municipalities in the coastal towns of Gold Coast. By 1943, a new established Ordinance allowed for the voting of town councils for Kumasi, Sekondi Takoradi, Cape Coast and Accra. Again in the 1953, another Municipal Councils Ordinance was passed. Then after Ghana's independence the Local Government Act 54 of 1961 was followed. With all these pieces of enactment, the difference between local and central government agencies was maintained. In terms of the difference, there have been two distinct machineries for Ghana's administration, one based in greater Accra the capital with branches at the local or district level; with other separate district level, based in well-defined localities that are called local government. Here the central government bodies at the local level deals with matters at national level. They pull better qualified persons in terms of skills management and professional expertise. The central government bodies had clearly less defined powers in terms of local duties, although by their reasons had much better presence of their "de facto" position as bodies of the central government. As such, making decisions this time took long time because the bodies had to refer these decisions on several matters of importance to a ministry, bogging down to national significant matters was unable to act quickly and efficiently to problems from the local level, thereby leading to a slowdown of activities at the administration. Authority was entrusted in the bodies of the local government specifically for local matters, and later grew up alongside the agencies of the central government that operated at local level.



They were needed to provide amenities and services in their localities without regard to how resources are delivered. Clearly, there was lack of personnel at these bodies with the needed expertise professionally and skills. Again their inability to raise funds to meet bodies obligations, and able to attract competent officers; for this, the local government bodies succeeded in establishing unpleasant image, in several cases of incompetence and ineptitude. (<http://www.ilgs-edu.org/downloads/localgovsys> accessed 07/01/2016).

2.3 Structure of the New Local Government System

The system of the current local government is composed of the regional coordinating council (RCC), and a four-tier metropolitan and three-tier Municipal/District Assemblies (DA) structure.

2.3.1 Composition of Local Government Structure

The composition of the Regional Coordinating Councils (RCC) include the regional minister as chairman, his/her deputies, one presiding member from each District Assembly (DA), district chief executives from each district in the region, two chiefs from regional house of chiefs and decentralized ministries with no right to voting. Also, the DA is composed of municipal/district chief executive, two thirds of elected members, member(s) of parliament, and not below 30% of appointed members by the president in discussion with interest groups and chiefs in the district. In addition, the district chief executive is appointed by the president, endorsed by two thirds of the present and voting DA members. The district assembly has a presiding member who is elected from members among the two thirds members of the assembly. However, the structure of the sub district includes:



The sub metropolitan DCs which is made up of not less than 25 and not more than 30 members, consist of all voted members of the assembly in the sub metropolitan/district and other persons resident in the sub-metropolitan district appointed by the president.

The urban council composes of not less than 25 and not more than 30 members consisting of not more than eight persons voted from among the DA members, not more than 12 representatives from the unit committees in the area of authority of the urban council and not more than 10 persons resident in the urban area.

Also the zonal council is made up of not less than 15 and not more than 20 members made up of not more than five persons voted from among the municipal assembly members, not more than 10 representatives from the unit committees and not more than five persons resident in the zone.

Additionally, the town/area councils is composed of not less than 15 and not more than 20 members made up of not more than five persons voted from among relevant assembly members, not more than 10 representatives from the unit committees and not more than five persons resident in the town or area.

Finally, the unit committee is made up of not more than 15 persons consisting of 10 voted persons resident in the unit and not more than five other people's resident in the unit and appointed by the district chief executive, acting on behalf of the president.

Is important to note that elections to all these bodies of the local government are on the basis of non-partisan-while the state sponsors the elections and the electoral commission conducts it.



2.3.2 Regional Coordinating Councils (RCCS)

Regional Coordinating Councils are established in each of the ten regions of Ghana. The RCC is a coordinating and administrative rather than a policy making and political body.

The council's functions include: Coordinating, monitoring, and assessing performance of the District Assemblies in the region; Monitor the usage of all monetary allocations to the DAs by any institution of the central government; coordinate and review the general services of the public in the region; perform other responsibilities as may be assigned to the council by or under any enactment.

2.3.3 Metropolitan/Municipal/District Assemblies

Ghana's District Assemblies are either metropolitan (with a population of over 250,000), municipal (population of over 95,000) and/or district (population of 75,000 & over). With a total of two hundred and sixteen (216) Metropolitan, Municipal and District Assemblies in Ghana, Assemblies are made to consist of six Metropolitan, forty nine Municipal and one hundred and sixty one District assemblies.

A Metropolitan/municipal/District assembly is: created as a point of administrative and developmental decision making in the district and is the basic unit of government administration; assigned with deliberative and legislative as well as an executive functions; establish a monolithic structure to which an assigned responsibility of the totality of government given, to bring about integration of administrative, political, and development support required to achieve a more equal allocation of wealth, power, and geographically dispersed development; and; Constituted as the planning authority for the district.



2.4 Functions of the Assemblies

In discussing the functions of the assemblies, it can be said that it includes a deliberative, legislative and executive. As stated in section 10(3) of Act 963 that the assemblies will: Be in charge of the overall development of the district and shall ensure the preparation and submission through the RCC for approval of the development plan to the commission and budget to the minister of finance: Develop and execute programs, strategies, and plans for effective mobilization of resources needed for the overall development of the district: Support and promote productive activities and social development in the district and take of any barrier to development and initiatives: Introduce/start programs for the development of basic infrastructure and provide services and works in the district: Be in charge of enhancement, development and management of human settlements and the environment: Cooperate with appropriate local and national security agencies and be responsible for the maintenance of public safety and security: To ensure ready access to public tribunals and courts for the supporting and encouragement of justice: and: To finally initiate, carry out and/or sponsor such studies as may be required for the discharge of any of the functions bestowed by Law or any other enactment to perform such other functions as may be provided under any enactment.

2.5 Fiscal Decentralization

For the purposes of fiscal decentralization, the legal frame work for the regulation of financial management and administration in Ghana are; The 1992 Constitution of Ghana; the Public Financial Management Act, Act 921, 2016; Financial Administration Regulations (2004) LI 1802; The Internal Revenue Act (2000) Act 592; The Internal



Revenue Regulations (2001) LI 1675; The Customs Excise and Preventive Law (1993); The Bank of Ghana Act (2002) Act 612; The District Assemblies Common Fund Act (1993) Act 455; Public Procurement Act, 914, 2016; The Audit Service Act (2000) Act 584; The Internal Audit Agency Act (2003) Act 658; Financial Memorandum for Municipal and Urban Councils of 1961; Local Government Act, Act 936, 2016.

Furthermore, while Financial Administration Act (FAA) and the Financial Administration Regulation (FAR) also provide for the legislative framework for central government financial administration, Financial Memorandum Act governing the local government financial administration.

2.6 Local Government Financial Administration

For proper accountability, each local government has local treasury, with the responsibility of checking expenditure and revenue, side by side with the treasury of the central government of the Controller and Accountant General's Department at the district level. In the area of local government financial administration, which provides the latitudes within which the local government operates; while the Act seeks to provide general direction in terms of policy; Thus, against the background of DAs being the highest administrative, political, planning and rating authorities with significant devolution of financial authority, conflicts between the Financial Administration Regulation (FAR) and the Local Government Act, and the policy of decentralization in general. This need has to be therefore felt for a reconciliation and review of the two financial administration systems to consolidate the benefits of both. This however underlined the essence for fiscal decentralization to go in tandem with both administrative and political decentralization.



2.7 Contract Value Threshold for the MMDAs

The procurement Act sets regulations that guide the acquisition of goods, works and services. The type of procurement method used in each case depends on the sum total value of the goods, works or service to be procured. This gives rise to the use of appropriate tender methods to ensure that there is value for money in the public purchasing. Below table indicates the contract value threshold as enshrined in the Public Procurement (amended) Act 914 (2016).

Table 2.1: Contract Value Threshold for Goods, Works and Services

Approving Authority	Metropolitan Assemblies			Municipal and District Assemblies		
	Goods	Works	Services	Goods	Works	Services
Regional Tender Review Committee	Above Ghc550,000	Above Ghc750,000	Above Ghc550,000	Above Ghc400,000	Above Ghc550,000	Above Ghc400,000
Entity Tender Committee	Above Ghc75,000 to Ghc550,000	Above Ghc125,000 to Ghc750,000	Above Ghc75,000 to Ghc550,000	Above Ghc50,000 To Ghc400,000	Above Ghc90,000 To Ghc550,000	Above Ghc50,000 To Ghc400,000



Entity Head	Up to Ghc75,0 00	Up to Ghc125,000	Up to 75,000	Up to Ghc50 ,000	Up to Ghc90,00 0	Up to Ghc50,000
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Source: Schedule III, Public Procurement (Amended) Act 914 (2016)

2.8 The Public Procurement Reforms in Ghana

As indicated earlier, the first attempt to regulate public procurement in Ghana saw the establishment of the Public Financial Management Reform Program (PUFMARP) in 1996 (Ayitey, 2012). The aim of the PUFMARP was to improve the overall public financial management in Ghana. In 1999, the Government of Ghana established the Public Procurement Oversight Group to manage the development of a comprehensive public procurement reform program. Finally the Public Procurement act, 2003, (Act 663) was passed by parliament of Ghana into a law which intend established the Public Procurement Authority (PPA) as a body corporate charged with the oversight responsibility for the effective implementation of the Act. The object for PPA is to secure a judicious, economic, and efficient use of public funds in a fair, transparent and nondiscriminatory manner while promoting a competitive Local industry.

As part of the Legal and Regulatory Framework of Public Procurement Act, 2003 (Act 663), it was set as an institutional and regulatory framework to secure fiscal transparent and public accountability in Ghana's procurement system. The Act establishes five basic principles upon which the public procurement is based (Ayitey, 2012). These pillars are: the legal and institutional framework; standardized procurement procedures and tender



documents; independent control system; proficient procurement staff; and anti-corruption measures.

The objectives of Act 663 are to harmonize public procurement processes in the public sector to ensure judicious, economic and efficient use of public resources and to ensure that public procurement functions undertaken within the public sector are fair, transparent and nondiscriminatory. The Act applies to procurement financed wholly or partly from public funds for the procurement of goods, works, services and procurement financed by loans contracted by the government of Ghana, including foreign aid and donor funds. The Public Procurement Act 663 establishes the Public Procurement Board (PPB) now PPA, Entity Tender Committees (ETCs) and Tender Review Boards (TRBs). It specifies in clear terms the laws for procurement methods and thresholds, procedures, appeals and complaints resolution procedures and disposal of stores. It authorizes the issuance of enforceable regulations, Guidelines, Standard Tender Documents (STDs) and Manual under the Act

2.9 Value for Money (VFM) in Public Procurement

Value for money according to Frank (2014) is usually denotes by buying a product or service with the lowest whole-life costs that is ‘fit for purpose’ with the require specification. Where an item is acquired outside its lowest whole life cost, the additional value added must be justifiable. Assessment of supplier bids should be conducted only in relation to a published set of evaluation criteria, which must be relevant to the subject of the contract, and any „added value“ that justifies a higher price must flow from these defined criteria (Office of Government, 2007).



Given the limited resources available to government, ensuring VFM in procurement is key to ensuring the optimum utilization of scarce budgetary resources. VFM is the primary driver for procurement. VFM also incorporates affordability; clearly, goods or services that are not affordable cannot be bought. This should be addressed as soon as possible within the process, ideally at the business case stage before procurement commences. In order to address this issue, a change in procurement approach, specification or business strategy may be required. VFM is often primarily established through the competitive process. A strong competition from a vibrant market will generally deliver a VFM outcome. But where competition is limited, or even absent, other routes may have to be used to establish value. These can include benchmarking, the construction of theoretical cost models or „shadow“ bids by the authority. For major contracts, this can require considerable financial expertise and external support may be justified.

VFM should always be assessed over the whole life of the project to take into account sustainability issues. This should include disposal (either sale proceeds or decommissioning costs) and take into account all costs and benefits to society as a whole, not simply those directly relevant to the purchaser as set out in HM Treasury's Green Book (2006). At award stage of procurement however, authorities may only assess on criteria relevant to the subject of the contract. This approach ensures that all factors are understood before a purchase or investment decision is made. Value for Money (VFM), according to the HM Treasury (2006) is defined as the optimum combination of whole-of-life costs and quality (or fitness for purpose) of the good or service to meet the user's requirements. Value for money is therefore not a choice of goods or services which is based on the lowest bid



price but a choice based on the whole life costs of the project or service. Frank (2014) revealed that VFM aids public agencies to decide whether to implement a project through public procurement or not. It is further argued that VFM assessment should ensure that the public sector focuses on the quality of the work as well as the competencies of the private party and not on the lowest bid in order to meet the objectives outlined in the project statement.

Frank (2014) also associates VFM with (3) Es. These are: Economy (acquiring or using resources of an appropriate quality at minimum cost), Efficiency (gaining maximum output from the resources employed or devoting a minimum level of resources for a given level of output) and Effectiveness (making sure that the output from any given activity attains the desired goals). All public procurement of goods and services, including works, must be based on value for money, having due regard to propriety and regularity. Value for money is not about achieving the lowest initial price: it is defined as the optimum combination of whole life costs and quality. This policy is set out in guidelines issued to departments and reproduced in Public Procurement Act, 663 of Ghana. Goods and services should be acquired by competition unless there are convincing reasons to the contrary. The form of competition should be appropriate to the value and complexity of the procurement and barriers to the participation of suppliers should be removed (Public Procurement Act of Ghana, 2003).



2.10 Models and Approaches to PFM Reform

2.10.1 Expenditure Management Model

After the 1970s and 1980s, OECD countries and other developing countries began to review the management of their public sector. This brought about implementation and development of the NPM model. At the end of the mid 1990s, academics and practitioners saw that the transferability of these ideas to developing countries was entangled with challenges, and the need for developing countries to get their basics right before going into more complex initiatives was noted (Schick 1998c). At this same period, the World Bank reviewed the approach to providing budget reforms and develops a Public Expenditure Management (PEM) Approach.

The starting of 2000 saw governments in developing countries and donors started questioning why PFM and public sector management interventions to enhance expenditure management had only accomplish restricted success. Ensuing, this search for answers led to the development of methods geared towards enhancing country ownership; and establishes more realistic pace of change; improve donor harmonization and recognize the significance of political context. This chapter structure mirrors this history of expenditure management but before going on to discuss management of revenue. This part provides brief description of the approach and its impact. This approaches covered include: the NPM model; PEM Approach; Getting the Basics Right; the Platform Approach; the Strengthened Approach to PFM reform; the Drivers of Change (DoC) Approach and the Expected Utility Stakeholder Model (EUSM). The last three have been included under expenditure, as they



are more usually linked to expenditure management, although they could be applicable to other issues.

2.7.2 New Public Financial Management (NPFM)

The introduction of the NPM was not just a different way of managing the services of the public, but also the necessity for a distinct financial management techniques and tools. This introduction initially was in response to widespread public service criticism.

Meanwhile, the overall ethos of the reforms was to achieve higher efficiency in the public sector and, as Manning (2001) asserts, has two key tenets; by allowing managers to manage and putting managers to account. Common objectives of NPM are: A

management culture and orientation that is focused customer and results: the structural or organizational alternatives that support decentralized and control authority, and: The separation of policy making from the delivery of service. Implicitly, there are greater expectations of operational efficiency and bureaucratic responsiveness to political principals. In its implementation, there are multiple options rather than a single answer.

Subsequently, the introduction of NPM did not follow common path. For instance, New Zealand is regarded as at the forefront of such reforms, but Schick (1998) notes that few other countries have adopted the total mantra. Singapore and Iceland employed selected parts of the New Zealand system, with many only accepting the managerial ethic. Also several African countries impacted by donors have also employed some NPM reforms, though in most cases with little real progress (ECA 2003).

The measures of financial management connected with the introduction of NPM model which can often be referred to as the NPFM. This term can also not be explained by just a



single Singapore and definition. As Olson et al. (1998) explains it more as are forming spirit aimed at increasing financial awareness in public sector decision making and therefore an integral part of the broader public service reforms. Guthrie (2005) identifies five key dimensions to NPFM: i) changes to financial reporting systems (cash to accrual); ii) devolution of budgets; iii) Market based costing and pricing systems; IV) Performance measurement approach and

2.7.3 Performance Based (internal and external) Auditing

In terms of the progress and impact of the overall NPFM reform process, Olson et al. (2001) notes that several authors have questioned the adequacy of the reform evaluations. This is somewhat ironic, given the emphasis on performance evaluation in NPFM itself. In a move to remedy this, the OECD's 'Government at a Glance' publication is being developed to help governments monitor the progress of their reform agendas (Lonti and Woods 2008). What is clear from available literature on NPFM reforms in OECD countries is that social, political and organizational issues affect public sector accounting and management, and influence the direction and speed of reforms. How things have progressed in Northern Europe is different from Southern Europe, in Sweden from the United States (Guthrie et al 2005). Newberry and Pallot (2005) conclude that while there has clearly been progress, initial expectations have not been met and some concerns have been raised about the increasing complexity of the financial management systems, actually reducing rather than enhancing political accountability and control.



2.7.4 Public Expenditure Management Approach (PEM)

The work of the World Bank in the management of public expenditure evolved from a focus on investment efficiency in the 1980s to a wider recognition of building governance and institutions. Some development started in the late 1990s and then gave detail as the contemporary budgeting approach. Meanwhile, the Approach of PEM is seen as a way of managing public expenditure. The approach requires the need to comprehend the rules of the system that govern the formulation and execution of budget, and the method that organizations impacts positively on choice and the accomplishment of government's objectives (Schick 1998a). The emphases again moved from due 'approach process' of budgeting conventionally to a broader stage, which highlights the significance of the complex web of actors and organizations inclusion in the process of budgeting, and of connecting expenditure with measurable outcomes in terms of outputs and results. Particularly, the Approach of PEM emphasized on motivation and the informal practices and budgeting behavior. Supporters of this approach focused that enhancements in managing public expenditure needs changes in budgetary organizations, the roles of controllers and spenders, the rules under which institutions claim, allocation and usage of resources and the data available to them (Schick 1998a). No assessment of the influence of the PEM Approach on reform implementation could later be found.



2.7.5 The Platform Approach

Usage of a review measures by donors was further adopted to handle the weaknesses in PFM systems when giving a policy based lending, and laying the foundations for the Approach Platform (Brooke 2003). It is quiet almost the same to 'getting the basics right',

it although requires more holistic approach to the reforming process of PFM. It focuses on implementing a package of activities or measures that is designed to accomplish an increasing degree of competence over a timeframe that is manageable (DFID 2005c). In that, the aims of each package are on intended result, rather than the accomplishment of a particular activity or output.

2.7.6 Platform Approach in Cambodia

Most importantly, the government at the initial stage would have to define its broad vision for public accountability and financial management. As indicated in the above figure, the definition of platforms then looks at achieving this vision. However, placing this in a country context is important. For example in Cambodia, the four first platforms designed to meet long-term vision of government for PFM was to have a budget that credibly delivers predictable resources. Again in Russia, with the fundamental systems in place, the delegation of financial powers to budget holders and the introduction of results based management have been seen as the first steps (Olander 2007). The assumptions behind the Approach Platform is its ability to facilitate genuine government leadership, an acceptable political pace of change, harmonization of donors and greater degrees of trust. These were all challenges recognized as the actual reasons for the lack of reforms progress on PFM (DFID 2005c). Once there has been definition to the platforms, then the approach suggests a series of iterative steps to develop the action plan for that particular platform, with the inclusion of the initial activities needed for subsequent platforms.

Several countries, including Uganda, Cambodia, Kenya, Kyrgyzstan, India and Russia have utilized the Approach Platform. In all of these cases, reforms are at early stages.



In the case of Cambodia the first lesson was for instance proposed that for the process to be successful, it was essential for donors to allow government to lead, in order to be realistic with timescales, to be honest, open and be prepared to drop any project that is inappropriate (DFID 2005c). After the completion of the Platform One in Cambodia, most of the positive and tangible advantages came to light. These were reported to be: 1) the amount of customs revenue collected through the system of banking increased from zero in 2004 to almost one third in 2006; and 2) the stock of old expenditure arrears was decreased by over 40% (OECD 2008b). Further, a recent presentation on the issues sequencing in the reform processes in Cambodia revealed several vital success factors chalked which including: 1) the significance of time wasting and extensive consultation within government at the level of managerial and technical; 2) the significance of ensuring donor unity through processes of lengthy consultation; and 3) the need to limit donor demands (Taliercio 2008).

2.7.7 Strengthened Approach to PFM Reform

In response to the need for enhance systems of PFM as a crucial element for development and economic growth, several organizations united in 2001 to establish Public Expenditure and Financial Accountability (PEFA) initiatives. The PEFA program which was in 2003 commissioned conducted a research to assist develop an effective and a more coordinated way of evaluating and reforming PFM in developing countries. In particular, those receiving vital help externally (Allen et al., 2004). Allen and others identified three challenge areas. Firstly, the emphasis was on diagnostics, to the degree of countries being over-diagnosed. This report highlighted on a large scope of diagnostics being carried out, the level of duplication, the different purposes, the gaps and most critically, the inability to measure objectively any progress. During this time, only the Heavily Indebted Poor



Country (HIPC) evaluations had any performance based measurements. The second limitation was the lack of country ownership, reflected by the multitude of externally move action plans. Also, the third barrier was the huge number of PFM reform projects, which often unplanned or organized, and competing sometimes, and regularly over taxing officials of government charged with implementation. However the different lessons from this research were distilled into the ‘Strengthened Approach’ to the reform of Public Financial Management, with three pillars of best practice in PFM.

These included: 1) a country led agenda, with country led reform action plan and strategy for PFM; 2) a planned and organized program of support, with a well-coordinated International Financial Institutions (IFI) do normulti-year program of PFM work; which supports and aligned with PFM strategy of government; and 3) share data pool, with a framework for results measuring that gives a consistent data on the country PFM performance, including progress over time. The new relationship is illustrated in the above figure and the approach is now factored in the 2005 Paris Declaration for Aid Effectiveness and OECD Development Assistance Committee (DAC) Guidelines on Capacity Building in PFM. Recently, Betley (2008) finished a report on the influence of the ‘Strengthened Management Approach’. On the bases of the 12 countries reviewed, Betley found that: 1) PEFA evaluations have had an influence on both governments and donors; 2) there are cases where PEFA evaluations have led to a direct change in governments’ PFM reform programs; and 3) in several cases, they have given stakeholders with an understanding and evidence based view of PFM weaknesses and strengths as well as accomplishments and challenges.



2.7.8 Political Economy Models

According to Marquette and Scott (2005), until the 1980s, the development of politics was an integral part of a development discourse; as such both disciplinary and institutional reasons the research of development became dominant economically. At the beginning of the 21st century, in response to the increasingly complex and highly political nature of their work, DFID, the World Bank and Sida developed models for political analysis. These approaches talked about in the preceding parts look at the implementation of PFM reforms. Another political and economy model also give a framework to research the political context in which any type of civil service, sector or PFM reform occurs. Per Bjuremalm (2006), Sida's power analysis research tend to gravitate towards an emphases on the connection between human rights, poverty reduction, democracy, formal versus informal organizations, agents and the relevance of processes. None of the examples use in researches for PFM reform were found in the literature, whereas, DFID's Drivers of Change (DoC) approach and the World Bank's Expected Utility Stakeholder Model (EUSM) have been utilized in relation to the reform of PFM reform.

2.7.9 The Drivers of Change (DoC) Approach

The approach of the DFID's DoC focuses on the essence of a political analysis to comprehending what is likely to bring about change positively. This approach came from three researches commissioned by DFID in 2004, studying the political economy of the process of budget in Ghana, Malawi and Mozambique (Killick 2005; Rakner et al., 2004; (Hodges and Tibana, 2004). The main conclusions drawn were that, the budget is a political process rather than just a technical one. Secondly there is a gap between formal



organizations and informal practices (DFID 2007b). In addition, Schick (1998c) has said that in countries that are poor, informal practices that often does not make the system work but rather retard development and breed corruption. In describing this further, Rakner et al. (2004) asserted that the budget process as a theatre that masks the actual distribution of resources and spending patterns.

In view of Killick (2005), the undermining of formal organizations leads to large deviations between budget estimates and actual spending, strong systematic biases and huge leakages between the centre and frontline. It was discovered that the state of affairs is generally tolerated in all three countries. The reasons given were that: 1) Accountable organizations were not effective (lack of capacity, time constraints, lack of political will and ineffective parliamentary scrutiny); 2) There was an inadequate flow of data; 3) Low public awareness; and 4) Donor conditionality's; 5) The researchers suggest that reform PFM will only succeed if there is political will to move the reforms, sufficient capacity for long term sustainability, strengthened parliamentary systems, and a civil society to keep the government accountable. Without strong political leadership, Hedger and Kizilbash (2007) believe that politically astute technocrats can take centre stage in the process of reform. Currently it seems not to be possible to verify whether these high level analyses have been translated into programs and operational strategies. To this end, Marquette and Scott (2005) acknowledged the usefulness of DoC analysis, and questioned its practical application in reform planning. Generally, some of the DFID's latest country assessment shows that in some cases the approach of DoC has been utilized to identify potential entry points. For instance, in the Kenya Revenue Authority, the level of its use and how it impact on both the design and implementation of interventions is unclear.



2.7.10 Expected Utility Stakeholder Model (EUSM)

Other main model on Political Economy has been piloted by the World Bank's East Asia and the Pacific Region, and had sought to elevate the sophistication, accuracy, and operational importance of its political analysis by piloting a theoretic approach to analyze the governance of the public sector reform issues in two of its client countries (Nunberg and Green 2004:p.1). This model has also been utilized to determine the responses to the administration of tax reform. Additionally, Marquette and Scott (2005) questioned whether such an economic based methodology can be applied effectively and reliably. Among the Revenue Models and Approaches include; 1) Tax revenue reform has been widely influenced by four main theoretical approaches.

These are: the Public Economics Approach, which emphasizes the(micro-economic) efficiency and equity of taxation systems; 2) The Macro-Economic Approach, which emphasizes the impact of taxation on economic aggregates e.g. distribution of household income, levels of savings, level of inflation and public debt; 3) The Administrative Approach, which emphasizes effectiveness and efficiency in terms of the administrative cost of collecting tax and the cost of compliance and; 4) The Political Approach, which recognizes the inherent political nature of the taxation process and the various preferences and incentives inexistence (Lledo et al., 2004). The scope of this review excludes policy related literature. The following paragraphs therefore focus only on two of the main administration model.



2.8 General Purchasing Procedures for the Acquisition of Materials

Basically the procurement purchasing system is a communication process. In order to decide what needs to be communicated, to whom to be communicated, and in what format and time frame is at the heart of an efficient and effective purchasing and supply management process. It is essential for purchasing and supply professionals to determine when and where in the process they can add value and when and where they can disentangle themselves from transactions that are best left to others. The important steps in the procurement purchasing processes are as follows:

2.8.1 Need Recognition

There should always be the recognition of a definite need by the procuring organization before any purchase originates. The procuring entity should know what the individual requirement unit's is – what, how much, and when it is needed. This may result in the preparation of a material requisition from inventory. From time to time, such requirements may be met by transfer or surplus stock from another section or department.

Some purchase requisitions originate within the production or using department. The supply department is responsible for helping to anticipate the needs of the user departments. The supply manager should advocate not only that the requirements be as nearly standard in character as possible and that a minimum of special or unusual orders be placed, but also that requirements be as accurate as possible.

2.8.2 Need Description

What the procuring entity wants should be what is expected to be bought by the purchaser, which is the purchaser must know exactly what they want. For this reason, it is vital to have





a precise description of the need, the commodity, the article, or the service requested. Purchasing and the user, or the cross-functional sourcing team, share responsibility for accurately describing the item or service needed. It is at this stage in the purchasing process that costs are determined in the final cost of possession. If the buyer or user writes unclear or unambiguous descriptions, or over-specifies materials or quality levels, this will lead to needless spending. The purchaser should question a specification if it appears that the organization might be better served through an amendment. An obvious case is the one where market shortages exist in the goods requested and a substitute is the only realistic option. It makes sense to have a high degree of interaction between the purchasing and the specifying departments in the early stages of the need definition because future market conditions play a vital role in purchasing process. Inaccurate description of goods and services may result in some loss of time at its best and at its worst it may have grave financial consequences and cause disruption of supply, lost opportunity for a product or service improvement, a loss of supplier trust and respect. There should be consistent in the terms used to describe desired articles or services. The significance of proper classification as a means of avoiding misunderstanding cannot be overemphasized. The most effective and efficient way to secure this uniformity is to maintain in the supply office a file listing the articles usually purchased. These files may be kept in various ways. In this case some organizations have found it meaningful to maintain a general catalogue, which contains a list of all of the items carried in stock. This can help to promote uniformity in description if such catalogs are adequately planned and properly maintained.

2.8.3 Selection of Possible Sources of Supply

This is an important part of the purchasing process. Supplier selection involves the location of qualified sources of supply and assessing the probability agreement that would result in prompt delivery of acceptable product and needed services before and after the sale. Some of the essential records that should be found in a well-organized supply office either computerized or hard copy should be;

A record of suppliers

A commodity classification of items purchased

Outstanding contracts against which orders are placed as required.

There is no problem with many commodities which are in constant use by an organization. Largely, commodities for which there is an open and free market on which quotations can be obtained at particularly any hour of the day. Bids are often called for on merchandise of common use, such as stationery.

2.8.4 Request for Quotation

When the purchasing department has identified some number of suppliers, a document called quotation note is sent to the suppliers requesting them to quote their prices and delivery terms for the items to be supplied.

2.8.5 Analysis of Quotation

At this stage of the purchasing process, suppliers are selected based on those who will meet the organizational requirements. Price is one most important issue to be considered for



items that are frequently bought. In this case price list, catalogues and discount schedules may be useful. There are no obligations to buy from the supplier quoting the lowest price.

The modus operandi employed is one or more of the following circumstances, thus

Product needed is complex and costly and the purchasing department has little or no experience in procuring it.

There are items competitions among suppliers of the product or materials.

Not enough price information is required on the item needed.

Intended purchase would involve relatively high expenditure.

A major contract is up for renewal and purchasing want to research the market for competitive prices and services.

Generally, it is mandatory in public organizations or government institutions, to invite for bids when a major purchase is planned. Except in an unusual case that requires an elaborate justification for soul sourcing. The contract must be awarded to the lowest bidder following public opening of the bid. When suppliers submit their quotation, the various processes of negotiations and decision making takes place between the time a purchase is authorized and the time an order is issued.

2.8.6 Acknowledgement of Order

This is a document which the supply sends to purchasing department, informing them that the purchases order has been received and is been acted upon. It is usually of little legal



importance but should be checked to make sure that error does not find its way into the supplier reference.

2.8.7 Order Placement

Placement of an order is the next stage of the process after the analysis of the quotes and the selection of the supplier. In view of the fact that analysis of bides, quotations, and proposals and the selection of the supplier are matters of judgment, it is necessary only to indicate here that they are biological steps in purchasing. A simple bid analysis form is use by some organizations to assist them in analyzing the bids.

After the purchases order has been issued to a supplier, the buyer may wish to follow up and/or expedite the order. At the time the order is issued, an appropriate follow-up date is indicated. In some firms, purchasing has full-time follow-up and expediting personnel. Follow-up is the routine quotations, but there is no uniform practice. And many purchases are placed through methods other than bidding, for example, from price lists or through negotiations.

2.8.8 Expediting and Follow-Up

After the tracking of an order to ensure that the supplier will be able to meet delivery promises. The buyer needs to know as soon as possible if problems in terms of delivery or quality are developing, so that appropriate action can be taken to ensure efficiency and effectiveness. The application of pressure on a supplier to get it to meet the original delivery promise, to deliver ahead of schedule, or to speed up delivery of a delayed order is what is meant by expediting. It may also involve the treat of order cancellation or withdrawal of future business if the supplier cannot meet the agreement. Expediting should be necessary



on only a small percentage of purchase orders issued. If the buyer has done a good job of analyzing supplier capabilities, only reliable suppliers will be selected. That is those who will perform according to the purchase agreement.

2.8.10 Advice Note

This is a document indicating the confirmation from the supplier detail information about the consignment to be shipped or transported in terms of mode of transport, date of dispatch and other relevant information to the organization or company.

2.8.11 Receipt and inspection of Goods

It is of vital importance to properly receive materials and other items. With the exception of large organizations with multiple aides, many organizations have as a result of experiences centralized all receiving in one department. Receiving is so closely related to purchasing such that, in many organizations, the receiving department is directly or indirectly responsible to the purchasing department. In companies where just-in-time inventory management systems have been implemented, materials from certified suppliers or supplier partners bypass receiving and inspection entirely and delivered directly to the point of use.

The major purposes of receiving are;

To ensure the quantity ordered has been received.

To check that the shipment arrived in good condition.

To forward the shipment to its proper next destination, be it storage, inspection, or use.



To ensure that proper documentation of the receipt is registered and forwarded to the appropriate parties’.

To confirm that the order placed some time ago has actually arrived.

2.8.12 Maintenance of Records

After having gone through the steps described, all that remain for the completion of the order is to update the records of the supply department. These processes involve little more than assembling and filling the purchasing department’s copies of the document relating to the order and transferring the appropriate records or information the department may wish to keep (Lenders, Fearon, 1993).

2.9 Measuring the 4 Es

The heart of public procurement is value for money which is measured by the four (4) Es notably, Economy, Effectiveness, Efficiency and Equity.

2.9.1 Economy

The National Audit Office (NAO) (undated) define economy as spending less which implies achieving the expected purpose of a project at the lowest possible cost. ITAD (2010) view economy as everything that goes into providing services, goods and works to target beneficiaries. ITAD says economy is about the whole life cost both direct and indirect from acquiring goods, services or works and disposing it. Alluding to the above views expressed by NAO and ITAD (2010) economy is the cost incurred in executing the



project by taking into consideration all potential cost from the beginning of a project to the end.

2.9.2 Efficiency

NAO, used the relationship between quantity of goods produce at a given resources to measure efficiency. This implied that using say one hour to execute work that can take two hours and achieve the same purpose. NAO sees such activities as spending well.

ITAD (2010) is use the relationship between output and input to measure efficiency. ITAD noted that getting more output with a given inputs leads to achievement of efficiency. The output in relation to what is put in. Hence efficiency is achieving the desired results at less input.

2.9.3 Effectiveness

NAO is of the view that effectiveness is achieved when there is zero variance between intended objective and actual objective for a particular objective. Inferring from this effectiveness occurs when one intend to spend GH¢ 10,000.00 to build three unit class room block and was able to build the three class room block with the GH¢10,000.00 making the project variance zero. ITAD (2010) sees effectiveness as the relationship between outputs and outcomes. That is the quantitative and qualitative measure of increase or decrease in outcomes that show a programme is effective in delivering its intended objectives.



2.9.4 Equity

However, equity is defined by NAO as ability of a project to fairly satisfy all intended beneficiaries to avoid some beneficiaries benefiting more than others. ITAD (2010), sees equity as the ability of a project to satisfy all categories of beneficiaries being poor, rich or physically challenged.

2.10 Theoretical Review

The principal-agency theory will be the underpinning theory used to establish the framework for this study. Evelyn et al. (2016) contributed immensely to propagate this theory in the literature. The theory sort to explain the relationship that exists between a principal and an agent. The principal-agent theory concerns with the arrangement that exists when one person or entity (called the agent) acts on behalf of another (called the Principal). For example shareholders of a company (principals) elect management (agents) to act on their behalf, and investors (principals) choose to fund managers (agents) to manage their assets. In this case the government of Ghana (Principal) engages procurement entities and the Public Procurement Authority as agents to undertake public procurement and enforcing the Public Procurement amendment Act 2016 (Act 914) on its behalf.

By the principal agency theory, the PPA therein the agent acting on behalf of the central government to harmonize the process of public procurements in the country and to ensure that public procurements are done in a fair and non-discriminatory manner to achieve value for money (Evelyn et al., 2016). Using the public procurement Act 663 and its amended version Act 914, the procurement agent supervise public procurements in line with the provisions. Sections (21, 42, 44 and 66) are the provisions that defined the contract value threshold under which procurement committees also functioning as agents to the public

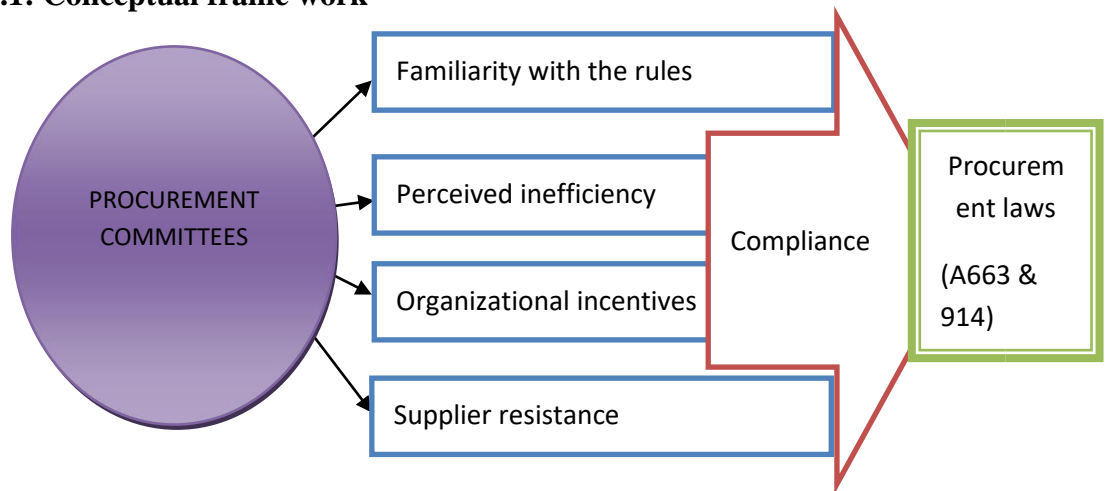


procurement authority sanctions the use of respective tender methods for the procurement of works, goods and services respectively. Agency theory, according to Frank (2014) applies vicarious liability concept where the principal is responsible for all actions of the agent. The central government thereafter acting as the principal is responsible for all public procurements.

2.11 Conceptual framework

Below construct has been deduced as adopted conceptual framework from the literature to explain the concept of contract value threshold compliance among the procurement committees in Ghana.

Figure 2.1: Conceptual frame work



Source: Author's Construct 2019

The conceptual framework above indicated that there are four main factors that influence procurement committees' compliance with the public procurement Act 663/914. These



include; familiarity with the procurement rules; the perceived inefficiencies in the public procurement systems; the organizational goal achievement and suppliers resistance aim to result in compliance with the public procurement law (Act 663).

Ayitey (2012) indicated that public procurement committees hitherto were not familiar with the legal connotations of the public procurement laws thereby leading to noncompliance with the law. Thus, both the principal and agent often are motivated by their own personal intents during public procurement process. That is to say that most procurement committees assume that the procurement laws are not clearly spelt out the duties and responsibilities of the agents who are the key drivers of value for money in the public procurement processes. This leads to the notion that there exist a relationship between familiarity with the procurement rules and its compliance leading to positive impact of the public procurement in particular and the economy of Ghana in general (Evelyn et al., 2016).

Additionally, the conceptual model indicates that there is a perceived inefficiency in the procurement rules. According to Ayitey (2012) the public procurement Act, 2003 (Act 663) specifies a number of rules, legal and ethical conducts that aim to ensure that public procurements are carried out in a fair and non-discriminatory manner in the process of acquiring goods, works and services in the public sector. However, these rules have been criticized on the premises that they are not efficient enough to achieve its aim in the process of acquiring goods, works and services in the private sector (Evelyn et al., 2016).

The third component in the conceptual framework is the organizational inceptives. According to Ayitey (2012), organizational incentives can result in non-compliance with the procurement rules. The source indicated further that bureaucrats in the public sector try



to drain fully their procurement budget so as to avoid reductions in their future budget. To these bureaucrats, cost reductions due to competitive procurement procedures in one year do not necessarily result in increase in subsequent budgets. This impedes professionalism in the public procurement process and subsequently leads to noncompliance among procurement agents in the public sector. From this, according to Ayitey (2012) public entities are not likely to comply with the directives of the procurement laws.

In the public sector, procurement officers are the agents who act on behalf of the principal (the state) to realize the goals and objectives of the state. Therefore, the goals of the agent must be in conformity with that of the principal (the state) in order to achieve efficient reform in the public procurement programme (Evelyn et al., 2016).

Again, supplier resistance according to conceptual framework is essential for compliance with the procurement rules. 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 as well as the opportunity to take action against public purchasers is likely to influence private sector participation and compliance with the procurement rules (Evelyn et al., 2016).

Finally, compliance with the public procurement Act, 2003 (Act 663) is achieved according to the conceptual framework achieved when public sector agents behave in a manner that is consistent with the objectives and goals with the principal (the state) which is to ensure value for money in the public procurement process. Thus, when procurement professionals and suppliers are familiar with the procurement rules and when suppliers are



knowledgeable and courageous to resist any abuse in the procurement process (Evelyn et al., 2016).

2.12 Public Procurement Principles for Value for Money

The Public Procurement Act 663/914 has identified some key principles to ensure that the procurement objectives are met. These principles are the guiding principles that ensure that provisions in the Act are met and hence the objectives of the public procurement laws are met. Henceforth, procurement committees must ascribe to the laws to ensure that public procurements are carried out in a fair and non-discriminatory manner. These principles are explained below:

2. 12.1 Professionalism

Professionalism is the discipline whereby educated, experienced and responsible procurement officers make informed decisions regarding procurement operations. It is in the recognition of this fact that the Public Procurement Authority focuses its resources on the training, professional development, promotion and support for individuals that are engaged in public procurement to ensure adherence to professional and ethical standards (Adjei, 2006). To achieve this, the Authority developed a Capacity Development Policy Paper which aimed at ensuring that Each Procurement Entity has a functional Procurement Unit that is managed by personnel who have the requisite procurement training, competencies, and adhere to agreed code of ethics. Personnel in the Procurement Units in the public service will have career paths in procurement and given opportunities to gain professional procurement qualifications.



2. 12.2 Transparency, Competitiveness and Fairness

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

Transparent procurement procedures can contribute to a more efficient allocation of resources through increased competition, higher quality procurement and budgetary savings for governments and thus for taxpayers (Adjei, 2006).

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

In this regard, the Act 663 and Regulations endorse the use of competitive tendering which encourages maximum competition in the procurement system. It involves the use of STDs, advertising procurement opportunities, public opening, publication of contract awards, creating windows of addressing appeal and complains, etc. Public Procurements using other uncompetitive methods are vigorously monitored and evaluated by PPA and Audit Agency to ensure transparency, fairness, and value for money (Act 663, 2003).

This position has been collaborated by Ayitey (2012) when he opined that, government agencies can achieve transparency by strategizing through effective and efficient advertising; publicly opening bid documents; effective evaluation of bid documents; the publication of award results; fair and speedy protest and dispute resolution handling



processes and the disclosure of signed contracts; and the use of independent evaluation methods, that are consistent with the terms of bid documents (Ayitey, 2012).

2. 12.3 Value for Money in the Procurement Process

This is the optimum combination of whole cost and quality of a product to meet the customer's requirements. It is reflected in the price of the item or service procured. It has to be noted that Value for Money (VFM) is a critical measure of the effectiveness of the procurement process, its outputs and outcomes. Achieving VFM requires a strategic and integrated approach to procurement (PPA Manual, 2006). This, of course, has significant organizational and institutional implications. VFM may be compromised if the Public Procurement Act and Regulations are not followed. This in procurement function is an important test against which well functioned procurement management must be addressed to justify a procurement outcome as necessary conditions for best value, transparency and accountability in public procurement (Ayitey, 2012). It is associated with deployment of resources for realization of some expected value in an economic, in efficient and effective manner.

The concept of value for money concerns not only the acquisition price/cost but also takes into consideration efficiency and effectiveness of a procurement process. The procurement professionals need to continuously improve upon their performance and innovations necessary to deliver greater value to the procuring entity. Therefore, public procurement professionals need a defined skills and knowledge to efficiently and effectively run the procurement process while public entities strive to motivate procurement staff in terms of remuneration and better conditions of service.



However, studies (EOCD/DAC, 2007) indicate that some procurement officials lack some level of skills and knowledge to manage the procurement cycle. Thus simple issues like bid evaluation and selection were only based on lowest price and not the lowest evaluated price. Project time, cost, and communication are poorly handle in Ghana thereby rendering Value for Money concept ineffective.

2. 12.4 Efficiency

Efficient public procurement system is the one which operates in a timely manner, with a minimum bureaucracy, while being responsive to the needs of the ultimate users of the goods or facilities procured (Ayitey, 2012). Efficiency is defined narrowly in terms of value for money – the best quality at the lowest cost. In this view, efficiency is best secured through open competition, so procurement reform is seen as encouraging a more liberalized system. A broader definition of efficiency that considers development gains alongside cost and quality would ensure that procurement plays more of a role for poverty reduction (Shadrach, 2003). In Ghana to be efficient and effective in Public Procurement is to carry out procurement activities in a professional and transparent environment with a clear set of predefined rules to foster enhanced competition thus stimulating efficiency and innovation amongst bidders. There is a better utilization of funding, increased attractiveness to private sector and improved customer satisfaction (PPA, 2008).

According to Shadrach (2003), efficiency as expressed in the public sector means satisfying the most essential needs of the community to the greatest possible extent using the limited resources that are available for this purpose. Thus, public entities should be represented by competent personnel capable of putting the Public Procurement Act (Act 663) into practice to attain efficiency and value for money.



2. 12.5 Accountability

Accountability can be explained as the process of holding an individual or an organization fully responsible for all aspects of the procurement process over which they exert authority. The essence of accountability is to strengthen the perception of transparency and fairness. It reduces the incidence of corruption and enforces the Act 663 and regulatory framework which clearly defined responsibilities (Shadrach, 2003).

2. 12.6 Ethical Approach

Ethics concerns with moral principles and values which govern our beliefs, actions and decisions (Ayitey, 2012). Ethical approach implies exemplary approach to all procurement processes that cannot be questioned or criticized. The following are some ethical conducts prohibited by Ghana's Public Procurement Code of Ethics:

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

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

Accepting or requesting money, travel, meals, entertainment, gifts, favours, discounts or anything of material value from tenderers or prospective tenderers or discussing or accepting future employment with a tenderer or prospective tenderer;



Requesting any other Public Servant or Government official representing the Procurement Entity into violating the public procurement rules or procedures.

2. 12.7 Technology

Technology in procurement is most widely seen in a case of E-procurement. Eprocurement can increase transparency and procedural efficiency without prejudice to competition (Ayitey, 2012). Shadrach (2003) argues for this, not only because of its transparency, but also to improve efficiency. The benefits of e-procurement include: an increase in contract compliance, leveraging the procurement spend, increased involvement of staff, and lower processing costs. The lack of a corporate e-procurement system in public sector entities means they will find it difficult to analyze their expenditure on a macro-economic level (Shadrach, 2003). Technological developments have added a new dimension to potential procurement reforms in both developing and industrial economies. E-procurement offers the promise of cutting costs and simplifying administrative procedures. Promising innovative mechanisms that revolve around eprocurement have been implemented in countries such as Brazil (Ayitey, 2012). In this Brazilian case it has reportedly led to significant cost savings and an increase in the transparency and accountability of government bodies. Moreover, E-procurement can support better statistical reporting, enhanced transparency (Ayitey, 2012). However, implementing these innovations in Ghana entails costs of infrastructure development, and training personnel in the public entities, etc.) With the growing use of computers in procurement systems, Ghana is able to assemble such data and made available procurement information such as procurement plan



templates, standard tender documents, contract awards, dispute and complain resolutions, quarterly procurement bulletin, and online.

Realizing the immense benefits of e-procurement; PPA is working hard to implement the e-Government Procurement (e-GP) system in Ghana. The e-Government Procurement (eGP) is being implemented as one of the systems under the e-Ghana project being supported with funding from the World Bank. Implementation of e-GP began with a series of meetings with a team from the World Bank, the Public Procurement Authority and e-Ghana. The purpose of these meetings was to draw up an implementation plan for e-GP establishment in Ghana. In June 2011, the team completed work on the final Terms of Reference (TOR) to be used for the engagement of a Consultant for the Systematic Development of Electronic Government Procurement (e-GP) in Ghana. It is expected that evaluation will be completed after October 28, and a relevant contract signed for work to begin in November 2011.

2.13 Empirical Review

2.13.1 Performance/Compliance of Procurement Entities

In their study of Ghana Osei-Tutu, Mensah & Ameyaw (2011) observed that management of procurement contract was ranked high on their noncompliance index employed in their study. Most procurement managers place premium in the contract awarding stage than the contract management stage especially when contract management is the most important aspect of the procurement stages. This confirmed the frequent projects abandonment or delivery of poor goods, services or works after huge sums of tax payers monies have been



injected into a project. Their study revealed absence of reports on going project to track performance, indicated that contract management recorded a very low compliance level. It was observed that most entities take contract management for granted and thus are not enthusiastic at the contract management stage as compared to the award stage. According to these authors, there is a complete lack of information on ongoing contracts, poor project supervision; poor record keeping and ineffective project monitoring and control system even if it exists.

In addition to the above, Kannan, Levi, and Burrows, (2003), indicate that there are several breaches in contract because of the ineffective communication and they indicated that one of the ways to ensure effective contract management is through information interaction and communication.

The public procurement managers during it report in 2006 observed that Ghana public procurement system is infested with so many problems which need to be addressed a sap. The authority revealed that the procurement system of Ghana has small professionals, low standards in the procurement processes, weak supervision, wrong application of act 663 or interpretation of the act, and abuse of sole sourcing. Other identified weakness include slow pace in regularizing the draft regulations, lack of implicit procurement procedures, poor career progression policy, bad planning for procurement activities, poor control systems, no proper handling of complaints, poor record keeping and management of awarded contract as well as mobilization and implementation of projects (PPA, 2007).



2.13.2 Relevance of Public Procurement Practices in Ensuring Value for Money

The benefits of public procurement are enormous and can be seen in different perspectives. From development point of view, public procurement policies are significant in reducing poverty and attaining health, education, and other objectives among the citizenry. That is, it ensures that the limited public funds are used judiciously for the procurement of goods, services, and works to propel public development. Generally, the efficient, effective and professional application of public procurement laws can contribute towards sound management of public expenditures (Hunja, 2003).

Also, efficient public procurement planning leads to the identification of major investment expenditures, that in turn facilitates budgetary and allocation decision-making of procurement practitioners. It is difficult however, to envision how public can deliver significant improvements in the welfare of its citizens without prudent management of public expenditure that emphasis on effective and efficient procurement policies. This recognition therefore accounts partly for the increasing concentration on public procurement laws and practices and the likely consequences of their reforms.

Furthermore, there is a growing appreciation of the linkages between specific public sector objectives and public procurement practices. For instance, public procurement issues are often a central focus of programmes to deal with corruption and to ensure that appropriate entrusted power for private gain by public officials are curbed (Evenett, et al., 2005). In addition, public procurement activities are assuming growing access to international markets. International trade negotiations, whether bilateral, regional, or multilateral are an instrument through which governments in developed and developing countries address the terms upon which international companies can compete in domestic public procurement



markets. Public procurement has increase donor trust in public systems and has helped improve in donor funding, grants and loans, and foreign direct investment in Ghana

The benefit of the Public Procurement according to the Public Procurement Authority of Ghana (2007) has a direct impact on the economy as well as the social life of the people.

According to the Authority, the following Act provides the following impacts:

Successful delivery of government projects and public services

Sound public financial management by achieving value for money in government expenditure

Reducing corruption

More competition

Budgetary savings

Reduce debt levels

Encouraging private sector

The social impacts of public procurement according to the Public Procurement Authority (2007) include; enhanced respect for rule of law

Improved social sector services, improved prospects of achieving other government objectives

Increased access by local market to government contracts

Enhanced reputation for government institutions



It is obvious from the above discussing that procurement has multi-dimensional importance which cuts across all spheres of lives. Governments of developing countries must ensure that they implement procurement laws fully and remove all bottlenecks so as to achieve this importance as stated by PPA.

Empirical studies about government procurement auctions show the importance of the competitive environment to achieve savings in government procurement, investigates the competitive effect in the Japanese Official Development Assistance (ODA) projects. Iimi (2007), reports that winning bid decreases as the number of bidders increase. Thus, increasing local firm participation in auctions strengthens bidding competition and results in more efficiency at the auction level. Tas et. al. (2008) analyzes 130,094 government procurement auctions for the years 2004 to 2006 in Turkey and finds that the number of bidders positively and negatively affects the procurement price. They show that competitive environment significantly improves efficiency of government procurement auctions in Turkey. As a result, theoretical and empirical studies show that competitive environment is essential to achieve lower (cost saving) procurement prices in government procurement auctions.

A study conducted by PPA revealed that the Government of Ghana could save about 25% of its domestic revenue from prudent public procurement practices and it reduces government expenditure. He is of the view that public procurement system in Ghana is in conformity with international best practices (Ghanaian Times, 2009).



2.13.3 Challenges of the Public Procurement Laws in Ensuring Value for Money

Value for money challenges are the identified setbacks that prevent an institution, organization or nation the opportunity of acquiring goods and services at the lowest whole life cost and ensuring that goods and services acquired fit for their intended purposes. The literature outlines some of the major challenges confronting public institutions in ensuring value for money in procurement. These are discussed in the subheadings as follows:

2.13.4 Lack of Knowledge and Skills of Procurement Practitioners

For effective procurement practice and to achieve value for money in the procurement process, PPA act 663 (2003) has mandated the National Treasury to extend training support to impact knowledge and skills to the procurement professionals. However, the shortage of skills has been a re-concurrent theme in public discussion. According to Frank (2014), skills and capacity shortages have been identified as the single greatest impediment to the success of public procurement in South Africa. Adequate capacity in the form of appropriate structures with fully skilled and professional supply chain management personnel is a key success factor for proper supply chain management implementation. In some government entities, the quality of supply chain management personnel's skills and ability are well below standard. Frank (2014) assert that many supply chain management actors in the South African public sphere have attended a number of training workshops on supply chain management, but they still lack the appropriate knowledge for proper implementation. McCarthy (2006) contends that there is a lack of capacity and knowledge by supply chain management actors to handle procurement processes that have led to bad governance. The South African government embarks on programmes that educate practitioners, but implementation of its programmes always falls short.



Non-compliance with policies and regulations supply chain management is guided by a number of related policies and regulations (National Treasury, 2005). Compliance with these policies and regulations is a problem. Some of the practices relating to noncompliance with the rules and procedures relate to the tendency not to utilize a competitive process for both quotations and bids, and incorrect utilization of the preference points system. There is a lack of appropriate bid committees; use of unqualified suppliers, passing over of bids for incorrect reasons; utilization of the incorrect procurement process in respect of the thresholds; extensions of validity periods; and incorrect utilization of the limited bidding process. Furthermore, there are inadequate controls and procedures for the handling of bids; appointment of bid committee members not aligned to policy requirements; and insufficient motivation for deviations from supply chain management procedures (Frank, 2014).

2.13.5 Inadequate Planning and Linking Demand to the Budget

Demand management is integral to the supply chain management process. It defines the decision-making process that allows departments to procure at the right time, at the right place and at the right cost. However, many government entities are still faced with the challenges of improper planning and linking demand to budget. Cost-effective procurement depends on a specialists skills to ensure that buying requirements are reliably determined, appropriate contract strategies are developed, contracts are well managed and opportunities are seized to secure the best deals at the right time and at the right price. The importance of drawing up accurate and realistic strategic plans cannot be overestimated. At times there is an absence of coherent plans. Some government entities cannot properly quantify the



needs of those requiring their services or properly estimate costs, nor can they accurately track, control or report on expenditure. There is a need to monitor the delivery of services properly to ensure that scarce resources are efficiently and effectively procured. Poor planning and budgeting have also affected the implementation of procurement. It is therefore vital that procurement practitioners adequately link demand planning to budget (Frank, 2014).

2.13.6 Accountability, Fraud and Corruption

Accountability constitutes a central pillar to public procurement. Without transparent and accountable systems, the vast resources channeled through public procurement systems run the danger of being entangled with increased corruption and misuse of funds. Yet, the majority of people who had hoped freedom would bring with it relative socio-economic liberation and improvement are feeling increasingly bitter towards government over issues that include a lack of perceived quality of governance, service delivery failure, fraud and corruption in some spheres of the economy and disillusionment with empowerment policies. The Public Service Commission Committee (2011) indicated that a total of 7 766 corruption cases had been reported through the National Anti-Corruption Hotline since its inception in September 2004 up till June 2010. Corruption, incompetence and negligence by public servants were to be blamed. Hence, there is an urgent need to rethink innovative ways of curbing corruption and some other administrative malpractices within public procurement of Ghana and spheres of government. To fight the scourge of maladministration, mismanagement of finances, fraud and corruption, government needs to strengthen and review existing internal control systems to detect deficiencies.



2.13.7 Determinants of Effective Procurement Methods

Kirai and Kwasira (2016), in their study on assessment of determinants of procurement performance at Kenya pipeline company using a sample size of 65 and employed descriptive statistics such as mean. The study revealed that competition in methods of procurement enhances the performance of the projects. They further stressed that with competition, entities are forced to provide the right project specifications with the right cost while offering the procuring entity the opportunity to select from the many bidders.

Boyne, (1998) conducted a study on competitive tendering in Local Government Services using a sample size of 125 revealed that the best measure of a good procurement method is the end value of that method. He observed that a good procurement method must produce quality output that meets the expectations of the end users. So Boyne (1998) findings indicate that the effectiveness of a procurement method is largely dependent on the quality of its output.

Hamza, Gerbi and Ali (2016) in their study on the factors affecting procurement performance Awaasa Textile Share Company using sample size of 40. The study employed correlation coefficient and descriptive statistics; they found out that procurement method which uses fewer resources including less time gives the best results than other methods of procurement which is a key determinant of good procurement method.

In their study on evaluating the effectiveness of the Procurement Acts in public financial administration in Ghana, Senzu and Ndebugri(2017) found out that procurement method that leads enable the project to achieve its intended purpose to the beneficiaries coupled



with the best possible cost taking into consideration the best cost can be termed as the most effective method of procuring goods.

2.14 Conclusion

A number of studies have been conducted on public procurement in Ghana. Studies such as Azanlerigu and Akay (2015), focused on the prospect and challenges on procurement in Ghana; Khalid (2013) looked at the efficiencies and inefficiencies in the procurement act; ADF (2014) also focused on governance in procurement. Also, Issaka (2014) researched into the challenges of the Procurement Management in Ghana and Ameyaw, Mensah and Osei-Tutu (2012) also focused on the challenges of the Ghana's procurement act. These recent studies sought to explore the key variables in the Procurement Act from challenges to implementation. However, little efforts have been made in assessing the role of procurement committees at the local government level and how it affects compliance, and generally, its effect on corruption reduction. This has formed the basis for this study to assess the role of procurement committees and the procurement laws in the Northern Region of Ghana.



CHAPTER THREE

METHODOLOGY

3.1 Introduction

This chapter demonstrates the methods and strategies adopted to carry out the study. Primarily it consists of the research purpose, research strategy, and sources of data, the population, sample and sampling procedure. The rest are the methods of data collection, data presentation and analysis, validity and reliability and finally the overview of the study area.

3.2 The Research Purpose/Design

It is imperative to note that every research we conduct can be categorized by purpose. If a research is categorized by purpose, it can be grouped under exploratory, descriptive, analytical and predictive (Collis and Hussey 2013). Considering the nature and purpose of this work, one can confidently say it is an explorative research. Explorative research according to Saunders et al. (2011) is that type of research that the researcher has little or no knowledge in. In effect, the aim is to look or conduct a research for a problem that has not been clearly defined for pattern or ideas rather than hypothesis testing. Saunders et al (2011) stated that an explorative research is used in situations where the researcher has no or limited knowledge prior to the research and primarily aims at finding basic understanding to the case at hand. This method will be adopted because even though a lot research has been done in the efficacy of the public procurement in Ghana, there still remains grey area in actual assessing efficiency of the procurement committees and the



procurement law in the MMDAs in northern region of Ghana. This area in both theories and in practice remains a grey area where little knowledge exists. The researcher therefore needs to delve into the literature, collect survey data in order to present a generalized conclusion and give more explanation to the exact role the public procurement committees play in ensuring strict compliance with the contract value threshold as enshrined in the Public Procurement Act 663 (2003) and amended Act 914 (2016).

In order to do this, the researcher will adopt a mixed research approach out of the three major research approaches. According to De Vaus (2001) there are three major types of research approaches used by researchers: Namely qualitative, quantitative and mixed approach. The mixed approach which combines the two approaches is what the researcher will adopt to accomplish this work. This approach according to De Vaus is the application of both quantitative instruments and that of qualitative to unravel a mystery. To answer the questions under investigations convincingly, it will be necessary to obtain relevant evidence to test the theories of the procurement committees in ensuring compliance in Ghana.

3.3 The study Population

According to Saunders et al. (2012) population of a study is a set of people or cases from which a sample is drawn. Yin (2009) also posited that it is “the total number of units from which data can be collected”. Population of a study may include individuals, artifacts, events or organizations. The study primarily focuses on assessing procurement committees and procurement laws in the Northern Region of Ghana. A case of MMDAs in the Northern Region.



Therefore, the researcher considered individual members of the procurement committees in the various MMDAs in the region. The region currently is inhabited by sixteen (16) administrative MMDAs: One Metropolis, Five Municipalities and Ten District Assemblies. These are; Tamale Metropolis, Sagnerigu Municipality, Savelugu Municipality, Yendi Municipality, Gusheigu Municipality and Nanumba North Municipality. The rest are Tolon District, Kumbungu District, Mion District, Nanton District, Karaga District, Nanumba south District, Saboba District, Tatale/Sanguli District, Zabzugu District and Kpandai District. The procurement Act 633/914 (2003/2016) has identified a seven member procurement committee for each MMDA in the country. Therefore, target population is made up of the procurement committee members in all the MMDAs in the Northern Region of Ghana as well as contractors. The estimated target population is 143.

3.4.1 Sample size Determination

The study utilized all the MMDAs in the Northern Region of Ghana by focusing on the procurement committees. The sample size of the study is equivalent to the total number of procurement committee's members in the region. Saunders et al. (2012) indicates that where the sample population is marginable, the sample frame is equivalent to the sample size. Therefore, the researcher considered the sample population for study without any further selection. The procurement Act as indicated earlier mandates each MMDA to have a seven member procurement committee. Therefore, the sample size of the study is made up of one hundred and twelve (112) drawing from the entire seven member each from the sixteen administrative MMDAs in addition to 15 contractors selected through simple random method using random tables making it 127.



3.4 Sampling Techniques/Procedures

According to Yin (2009), Sampling is defined as the process of selecting a participant for a study from a set of participants or population. Sampling is classified into probability and non-probability, each of the broad classification has a number of sub-sampling methods. Yin (2009) indicates that the basic relationship between probability and nonprobability sampling is that probability sampling provides equal opportunity for all sample units to be part of the study whereas non-probability sampling provides unequal opportunity for all sample units.

This research adopts non probability sampling specifically purposive sampling technique which allows the researcher to identify respondent's base on certain characteristic features. MMDAs were purposely selected for the study because of the recent increasing cases of non-professionalism exhibited by many procurement practitioners in the MMDAs in the acquisition of works, goods and services. Again the procurement committees were equally purposively selected because the researcher views that it is the ultimate unit in the public sector that possess the powers according to the public procurement Act to manage and control public procurement activities.

3.5 Types and Sources of Data

The study makes use of the two major sources of data namely primary and secondary sources of data. Saunders et al. (2012) stated that no single source of data has a complete advantage over the other and that various sources of data collection are highly complementary. Two major sources of data namely primary and secondary sources of data were used in this study.



3.5.1 Secondary Data

This is processed information that is readily available to be used by a researcher (Saunders et al., 2012). They include Published information available from other sources such as journals, articles, books among others. Secondary data sources for this study include; past and present publications on public procurement, annual procurement plans and reports, journals, published books, internet information among others which were duly cited in the text.

3.5.2 Primary Data

This provides first-hand information on the subject under study (Saunders et al., 2012). Primary data is meant to be gathered any time there is no already existing data. Data gathered specifically in a current research project is primary data and which the researcher is the primary user (Creswell, 2003). The Primary data for this work was collected through questionnaires, and interviews.

3.6 Data Collection Method

The study used closed and open ended questionnaires to collect the primary data. Besides that, secondary sources of literature were consulted for comparison. Primary data was gathered directly from respondents by use of questionnaires. According to Ngechu (2004), there are many methods of data collection and therefore a choice of a tool and instrument depends mainly on the attributes of the subjects, research topic, problem question, objectives, design, expected data and results. The research instrument was organized based on the objectives of the study and detailed below:



3.6.1 Questionnaire

The intended purpose for this work was to elicit information to assess procurement committees and procurement laws within the MMDAs in northern region. In doing this, questionnaires were designed focusing primarily on the MMDAs level of compliance, challenges and the relevance of the procurement methods in the amended act 914(2016) in reducing corruption. The study employed close and open ended questionnaire in eliciting to achieve the three specific objectives stated in chapter one.

3.7 Data Presentation and Analysis

First of all, data will be analyzed, sorted, edited and ran by using Stata and statistical Package for Social Sciences (SPSS). Data analysis based on each specific objective was done using the methods below;

3.7.1 Level of Compliance with Contract Value Threshold

In order to assess the compliance level of the procurement committees of the contract value threshold among the MMDAs in the Northern Region of Ghana, the study employed quantitative approach in achieving this objective. This was done by selecting five contracts each on goods, works and services for the period 2015-2018 and compared to the threshold the approving authority stated in the procurement act for each MMDA.

The Relative Importance Index proposed by Lim and Alum (1995) in their work was modified to ascertain the compliance level of the procurement committees for each MMDA. The compliance indicators identified through the procurement act were measured using five points Likert Scale where 5= Strongly Agree, 4=Agree, 3=Neutral, 2= Disagree and 1= Strongly Disagree.



The Relative Importance index was adjusted to Compliance Level Index as

$$\text{Compliance Level Index (CLI)} = \frac{5n_5 + 4n_4 + 3n_3 + 2n_2 + n_1}{5N}$$

Where:

n_5 = Strongly Agree; n_4 = Agree; n_3 = Neutral; n_2 = Disagree; n_1 = Strongly Disagree; and

N = number of respondents.

Compliance Level Index categorized the compliance level of the MMDAs into High compliance, Moderate Compliance and low compliance where

CLI= 0.8-1.00 means high compliance;

CLI= 0.6-0.79 means moderate compliance and CLI=

0.2-0.59 means low compliance.

3.7.2 Examining Whether there are Significant Differences in the use of Procurement Methods in Reducing Corruption in the Public Procurement

In order to identify if there are differences in procurement methods in reducing corruption, the study proposed to use One Way ANOVA. ANOVA is appropriate when a study compares the means of interval dependent variable to more than two groups for a categorical independent variable. This study seeks to compare the means of corruption index considered as dependent variable to the independent variable procurement methods with five groups. The study will test the assumption of normality and heteroscedascity before performing the test.



The tested hypothesis is indicated below;

Ho: There is no difference in the use of procurement methods in reducing corruption Ha:

There is difference in the use of procurement methods in reducing corruption.

The ANOVA formula is depicted below

$$F = \frac{MST}{MSE}$$

Where,

F = Anova Coefficient

MST = Mean sum of squares due to treatment MSE=

Mean sum of squares due to error.

Formula for MST is given below:

$$MST = \frac{SST}{p - 1}$$
$$SST = \sum n(x - \bar{x})^2$$

Where,

SST = Sum of squares due to treatment p =

Total number of populations n = Total

number of samples in a population.



Formula for MSE is given below:

$$MSE = \frac{SSE}{N - p}$$
$$SSE = \sum (n - 1)S^2$$

Where,

SSE = Sum of squares due to error

S = Standard deviation of the samples

N = Total number of observations Decision

rule:

The null hypothesis (Ho) will be rejected if the P-value < 0.05 at 5% significant level.

When the decision from the One-Way Analysis of Variance is to reject the null hypothesis, it means that at least one of the means isn't the same as the other means. What we need is a way to figure out where the differences lie, not just that there is a difference.

This is where the Scheffe' and Turkey tests come into play. They help us to analyze pairs of means to see if there is a difference. However, the study performed Turkey test since the sample size was the same across group.

Turkey Test

Hypothesis



Both tests are set up to test if pairs of means are different. The formulas refer to mean i and mean j . The values of i and j vary, and the total number of tests will be equal to a combination of k objects, 2 at a time $C(k,2)$, where k is the number of samples.

$$\begin{array}{l} H_0: \mu_i = \mu_j \\ H_1: \mu_i \neq \mu_j \end{array}$$

The number of samples, k , is used as an index along the top, and the degrees of freedom for the within group variance, $v = N-k$, are used as an index along the left side.

The test statistic is found by dividing the difference between the means by the square root of the ratio of the within group variation and the sample size.

$$TS: q = \frac{\bar{x}_i - \bar{x}_j}{\sqrt{s_w^2/n}}$$

Decision Rule

Reject the null hypothesis if the absolute value of the test statistic is greater than the critical value.

3.7.3 Challenges Confronting the Procurement Committees in Contract Value Compliance



First of all, literature review identified some challenges and constraints face by the public sector organizations in complying with the Procurement Act. These challenges would be identified by the respondents through Likert five scale (agree, strongly agree, disagree, strongly disagree and neither agree nor disagree). The respondents were made to rank the challenges from 1 to the final number with number one indicating the most pressing challenge respectively. Finally, Freidman was used to test the level of significant agreement among respondents on the ranking of the constraints.

3.8 Validity and Reliability

Validity refers to the extent to which a test measures what it actually intended to measure (de Vaus, 2002). Validity describes the extent to which the results correspond to the reality. One way to increase validity is to use various perspectives during the research study (deVaus, 2002). All the interviews and interaction with the respondents during the research will be done with the appropriate respondents who have the experience and basic knowledge of the research topic. This avoids subjectivity and enhances validity of any scientific research.

However, validity alone of a study is never enough unless the study is reliable as well.

Reliability has to do with the accuracy and precision of a measurement procedure (Cooper et al., 2011). In other words, reliability concerns itself with estimates of the degree to which a measurement is free from random or unstable error. This research would be undertaken by taking into consideration the basic format in research study and follows a genuine and systematic procedure through the process from the start to the end. Base on this, the researcher will be confident that the study is reliable and will produce same or similar out



come if in future any investigation is carried out on the same topic with the same procedure as described (de Vaus, 2002).

3.9 Ethical Considerations

During the data collection, accurate steps would be taken to explain to each respondent the purpose of the study and assured them of confidentiality of the information. Respondents would be very comfortable in giving responses because as some would be interviewed at their work places, others would be interviewed at the comfort of their homes to provide more convenience for the respondents. Questionnaires would be giving to the respondents to answer at their convenient times and those who cannot read would be giving enough guide and time to be more convenient in responding to each question.



CHAPTER FOUR

RESULTS AND DISCUSSIONS

4.0 Introduction

First part of this chapter presents brief profile of the contacted respondents, while the second section processed the data and presented it in a form of tables and charts including analysis and discussions in relation to each specific objective. The data analysis is based on 124 respondents because some of the questionnaires were not properly answered.

4.1 Background of Respondents

4.1.1 Staff Respondent's Background

This section gives profile of the staff contacted respondents which is necessary to ensure that respondents with the required knowledge were contacted for the study. This has implication for the accuracy of the results.



4.1.1 Division of the Respondents

Table 1: Division of the Respondents

Division	Frequency	Percent
Quantity Surveyor	48	38.8
Engineer	32	25.7
Others	44	35.5
Total	124	100

Source: Field Survey, 2019

Table 1, provides the result on the various division of work of the contacted respondents. The result showed that 48 respondents representing 38.8% are quantity surveyors, 32 respondents making up 25.7% are engineers, and 44 respondents representing 35.5 % work in other divisions such as procurement, accounts, and administrative. This implied that the study contacted respondents that deal with procurement and road construction related issues.



4.1.2 Role of Respondents

Table 2: Role of Respondents

Role	Frequency	Percent
Contract Administrator	23	18.5
Project Supervisor	41	33.1
Procurement Officer	35	28.2
Quality Assurance Officer	25	20.2
Total	124	100

Source: Field Survey, 2019

Table 2 provides result on the work roles of the contacted respondents. The result indicates that 23 respondents representing 18.5% are contract administrators, 41 respondents making up 33.1% are project supervisors, 35 respondents representing 28.2% are procurement officers and 25 respondents representing 20.2% are quality assurance officers. This



indicates that majority of the interviewed respondents are project supervisors who are directly involve in road project.

4.1.3 Number of Years Worked

Table 3: Number of years worked

Years	Frequency	Percent
>1yr	13	10.5
1-5yrs	36	29.0
6-10yrs	27	21.8
11-15yrs	42	33.9
16-20yrs	3	2.4
>20yrs	4	3.2
Total	124	100

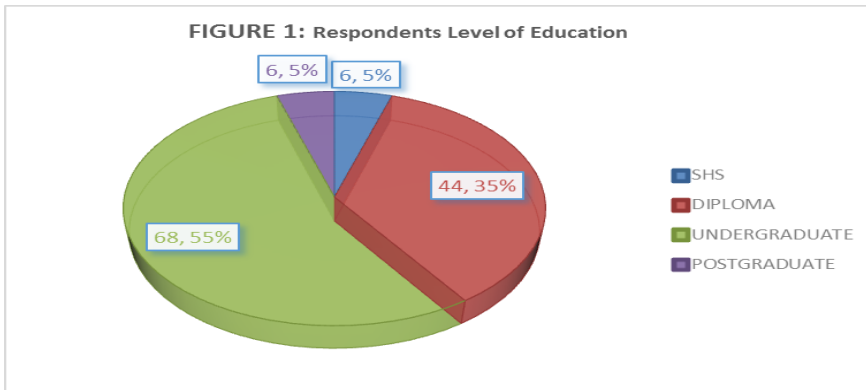
Source: Field survey, 2019

Table 3, illustrates that 13 (10.5%) of the respondents have worked at their work place for less than one year, 36 (29.0%) have worked between 1 to 5 years, 27 (21.8%) have worked



between 6 to 10 years, 42 (33.9%) between 11 to 15 years, 3 (2.4%) between 16 to 20 years, and 4 (3.2%) have worked for more than 20 years. This indicates that majority (more than 60%) have worked for more than 5 years which indicate that they are well abreast with the issues concerning procurement in the contraction sector.

4.1.4 Level of Education



Source: Field survey, 2017

Figure 1: Respondents Level of Education

Result from figure 1 indicates that 44 respondents representing 35% are diploma holders, 6 respondents representing 5% are SHS holders while 6 respondents representing 5% are holders of postgraduate degree and 68 respondents representing 55% are holders of undergraduate degree. This indicates that majority of the contacted respondents have higher education and they are capable of responding appropriately to the questionnaire.

4.1.5 Procurement Method Commonly Used for Road Project



Table 4: Procurement Method Commonly Used for Road Project

Procurement Method	Frequency	Percent
Competitive Tendering	63	50.80
Two stage Tendering	4	3.20
Restricted Tendering	45	36.30
Request for Quotation	12	9.70
Total	124	100.00

Source: Field survey, 2019

Table 4 contains the result of the methods of procurement employed in the construction industry, the result showed that 63 respondents representing 50.8% said Competitive Tendering was employed in the contracts they were privy to, 4 respondents said Two Stage Method was employed in the contracts they were privy to, 45 respondents making up 36.3% said Restricted Method was employed for the contracts they are aware while 12 respondents making up 9.7% revealed that Request For Quotation method was employed. This indicates that Competitive and Restricted method of procurement dominates in the construction industry of Ghana. One respondent said “said his office use restricted tendering most because it is good for dealing with emergency procurement with some level of competition”



4.1.7 Constraints of Affecting Project

Table 5: Which Constraints Seriously Affects Project

Constraints	Frequency	Percent
Cost Overrun	57	46.0
Time Overrun		
Quality Issues	43	34.7
Total	24	19.3
	124	
		100

Source: Field survey, 2019





Table 5 revealed that 57 respondents representing 46% are of the view that Cost Overrun is a major constraints in project execution, 43 respondents making up 34.7% believe time Overrun is a major setback in project execution while 24 respondents representing 19.3% were of the view that quality seriously affect project. This implied that many of the respondents place premium on Cost Overrun as a major project setback. This is quite surprising as people focus much on cost rather than quality. An interview with a procurement revealed that “cost overrun will be experienced continuously in the procurement sector because even in Department Feeder Roads, Urban Roads and Ghana Highway Authority similar projects are priced differently across the country while price inflation and Interest on Delayed Payment are the major contributors”

Table 6: Are You Aware of the Term Value for Money

	Frequency	Percent
Yes	124	100.0

Source: Field survey, 2019

Result in Table 6 revealed that all the contacted respondents were aware of the term value for money. This implied that value for money is a key terminology in the procurement circle. This also indicates that all projects executed are expected to have value for money

since the key actors are aware of it. An interrogation of the respondents indicates that value of money of a project is assessed based on cost and quality. One interviewee said “value for money is achieved when cost overrun is not experienced”. Though many of the respondents are aware of the value for money but do not really understand it.

Table 7: Do You Think Current Procurement Structures and Systems can Reduce Corruption at the MMDA Level

	Frequency	Percent
Yes	63	50.8
No	61	49.2
Total	124	100

Source: Field survey, 2019

From Table 7, the results show sharp difference in procurement committee members in the robustness of the current procurement systems in reducing corruption in Ghana. While 63 respondents representing 50.8% believe the current procurement systems and structures are robust enough to minimized corruptions, 61 respondents making up 49.2% think otherwise.



One respondent said “the contract for sale expose did not surprise him because worse things are happening and it is those who are benefiting from the current procurement structures who would hail it as robust to aid their fictitious deals”. Similarly, Alhaji Alidu Musah a native of Tamale lamented on deteriorated nature of a recently completed road project from Kakpagyili to Yong Community within a year owing to opaque procurement processes.

Table 8: Do you Agree that Value for Money is Best Measured with Economy, Effectiveness, Efficiency and Equity

Response	Frequency	Percent
Yes	124	100.0

Source: Field survey, 2019

The above result in table 8 revealed that value for money is best measured by the four Es that is Economy, Effectiveness, Efficiency and Equity.

4.3: Identifying the Difference in the Procurement Methods in Reducing Corruption

This section assesses the compliance level of the procurement committees of the contract value threshold among the MMDAs in the Northern Region of Ghana. The study modified the relative performance index to compliance index to ascertain the level of compliance of the individual MMDA.

Table 9: Compliance Level of the MMDAs

MMDA	COMPLIANCE INDEX	COMPOSITE
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	WORKS	GOODS	SERVICES	COMPLIANCE INDEX
Tamale Metropolis	0.40	0.71	0.82	0.64
Sagnerigu Municipality	0.61	0.41	0.79	0.60
Savelugu Municipality	0.51	0.83	0.78	0.71
Yendi Municipality	0.74	0.75	0.80	0.76
Gusheigu Municipality	0.80	0.79	0.81	0.80
Nanumba North Municipality	0.67	0.76	0.83	0.75
Tolon District,	0.76	0.79	0.82	0.79
Kumbungu District,	0.81	0.84	0.79	0.81
Mion District,	0.83	0.78	0.79	0.80
Nanton District,	0.75	0.80	0.79	0.78
Karaga District,	0.71	0.79	0.83	0.78
Nanumba South District	0.72	0.76	0.81	0.76
Saboba District,	0.82	0.76	0.83	0.80
Tatale/Sanguli District,	0.81	0.46	0.82	0.70

Zabzugu District	0.78	0.53	0.82	0.71
Kpandai District	0.63	0.76	0.81	0.73
OVERALL INDEX	0.71	0.72	0.86	0.79

Table 9 contains the result of the compliance level of the MMDAs in the Northern Region of Ghana by utilizing the compliance index created in chapter three of the study.

We noticed that only four MMDAs namely Gusheigu Municipality, Kumbungu District, Mion District, and Saboba District, representing 25% have high compliance level with compliance index of 0.8 and above with Kumbungu District having the highest compliance index (index of 0.81) among the MMDAs studied.

The remaining MMDAs had moderate compliance level with compliance index ranging from 0.60 to 0.79. We noticed that Sagnerigu Municipality had the lowest compliance index followed by Tamale metropolis. The moderate compliance is consistent with the study of Ghana Osei-Tutu, Mensah & Ameyaw (2011) observed that management of procurement contract as well as the threshold compliance were ranked high on their noncompliance index. One respondent said “most procurement committees do not comply with their thresholds and in some cases break projects into several lots in order to circumvent the conditions attached to threshold especially at the local government level.” Similarly, public procurement managers during it report in 2006 observed that Ghana public procurement system is infested with so many problems which need to be addressed a sap. The authority revealed that the procurement system of Ghana has small professionals, low standards in the procurement processes, weak supervision, wrong application of act 663 or interpretation of the act, and abuse of sole sourcing.



On various categories of public procurement, we observed from Table 9 that services have high compliance with compliance index of 0.86 followed by goods with works having the lowest compliance index though both goods and works have moderate compliance to their thresholds. The overall compliance index of 0.79 indicates there is moderate compliance among the MMDAs in the Northern Region of Ghana.

4.3: Identifying the difference in the Procurement Methods in Reducing Corruption

Table 10: Descriptive Statistics

Procurement Method	MEAN	STD Deviation
Competitive tendering	21, 341	11,006
Restrictive tendering	12,213	14,668
Request for quotations	11,090	13,227
Sole sourcing	3,612	4,314
Two stage tendering	6,109	7,045

Source: Field survey, 2019

Result in Table 10 indicates that competitive tendering has higher mean value of 21,341 compared to restrictive tendering, request for quotations, sole sourcing and two stage tendering.



The tested hypotheses are indicated below;

Ho: There is no difference in procurement method in reducing corruption

Ha: There is difference in at least one procurement methods in reducing corruption

In order to determine whether there is difference in at least one procurement method in reducing corruption, the study tested the above hypothesis using one way ANOVA. The Levene statistics of 2.281, $p > 0.05$ implied that the study do not reject the null hypothesis that equality of variance assume. Hence the variance is equal among the groups.

Table 11 shows the output of the ANOVA analysis and whether there is significant difference between the procurement methods in reducing corruption.

Result in Table 11 revealed that the One way ANOVA test had an F-value of 7.496 and a P-value of $0.000 < 0.0001$ indicating that the One Way ANOVA test is statistically significant. The $F_{4,96} = 7.496$, $P < 0.0001$, the study reject the Ho (Null Hypothesis) and conclude that reduction in corruption is statistically significantly different for at least one of the procurement method.

Table 11: ANOVA Test Result

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	3,205,401,253.614	4	1,006,210,187.231	7.496	0.000
Within Groups	11,020,560,039.100	96	128,396,320.618		



Total	14,117,231,134.201	100			
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Levene statistics 2.281, $p = 0.043$

Source: Field survey, 2019

The result from Table 11 above revealed that there is statistically significant difference among the procurement methods in reducing corruption but did not tell which means were statistically different from the other mean. Hence the study performed the Post Hoc turkey test to identify the direction of the difference.

Output in table 12 revealed that there is statistically significant difference between competitive tendering and request for quotations, two stage tendering, and sole sourcing but no difference with restrictive tendering with a $p= 0.171 > 0.1$. The result further shows that there is significant difference between restrictive tendering and sole sourcing ($p=0.020 < 0.05$) but no difference with the remaining procurement methods ($p > 0.1$)

Again, the result further shows that there is significant difference between request for quotations and competitive tendering ($p=0.020 < 0.05$) but no difference with the remaining procurement methods ($p > 0.1$). The result further shows that there is significant difference among sole sourcing, competitive tendering and restrictive tendering but no difference with the remaining procurement methods ($p > 0.1$). Two stages tendering also showed significant difference with competitive tendering but no difference with the rest of the procurement methods.



In summary, according to the one way ANOVA, $F_{4, 96} = 7.496$, $P = 0.000$, the procurement methods were unequal in reducing corruption. The running of Turkey post hoc test in Table 12 indicates four significant comparisons with $p < 0.1$, the other comparisons were not significant. From Table 10, Two Stage Tendering had the lowest mean value indicating that it reduces corruption than other methods. This finding is consistent with the findings of Patrick, (2011) and by McDonald, (2008) who revealed that there is likely difference in the procurement methods in reducing corruption if proper analysis is done.




Multiple Comparisons

Table 12: Tukey HSD

(I) Procurement method	(J) Procurement method	Mean Difference (I-J)	Std. Error	Sig.	95% Confidence Interval	
					Lower Bound	Upper Bound
Competitive tendering	Restricted tendering	8513.68421	3785.08760	.171	-2014.2970	19041.6654
	Request for quotations	11650.00000*	3736.24572	.020	1257.8694	22042.1306
	Sole sourcing	18130.00000*	3736.24572	.000	7737.8694	28522.1306
	Two stage tendering	16580.50000*	3736.24572	.000	6188.3694	26972.6306
	Competitive tendering	-8513.68421	3785.08760	.171	-19041.6654	2014.2970
Restricted tendering	Request for quotations	3136.31579	3785.08760	.921	-7391.6654	13664.2970
	Sole sourcing	9616.31579	3785.08760	.090	-911.6654	20144.2970



Request for quotations	Two stage tendering	8066.81579	3785.08760	.216	-2461.1654	18594.7970
	Competitive tendering	-11650.00000*	3736.24572	.020	-22042.1306	-1257.8694
	Restricted tendering	-3136.31579	3785.08760	.921	-13664.2970	7391.6654
	Sole sourcing	6480.00000	3736.24572	.418	-3912.1306	16872.1306
	Two stage tendering	4930.50000	3736.24572	.680	-5461.6306	15322.6306
Sole sourcing	Competitive tendering	-18130.00000*	3736.24572	.000	-28522.1306	-7737.8694
	Restricted tendering	-9616.31579	3785.08760	.090	-20144.2970	911.6654
	Request for quotations	-6480.00000	3736.24572	.418	-16872.1306	3912.1306
Two stage tendering	Two stage tendering	-1549.50000	3736.24572	.994	-11941.6306	8842.6306
	Competitive tendering	-16580.50000*	3736.24572	.000	-26972.6306	-6188.3694
	Restricted tendering	-8066.81579	3785.08760	.216	-18594.7970	2461.1654
	Request for quotations	-4930.50000	3736.24572	.680	-15322.6306	5461.6306

Sole sourcing	1549.50000	3736.24572	.994	-8842.6306	11941.6306
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*. The mean difference is significant at the 0.05 level.

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4.4 Examining the Challenges Procurement Committees Face in Complying with the Procurement Act

This section focused on unearthing the key challenges facing procurement committee in complying with the procurement act in the Northern of Ghana.

Table 13: Does the Procurement Sector Face Challenges

	Frequency	Percent
Yes	121	97.6
No	3	2.4
Total	124	100

Source: Field Survey, 2019



Table 13 illustrate that procurement sector is bridled with a lot of challenges as 121 respondents representing 97.6% revealed that the procurement sector is faced with a number of challenges while 3 representing 2.4% they do not see any serious challenges facing the procurement sector of Ghana. This confirms the findings of of Hamza, Gerbi and Ali (2016) who indicated the procurement sector is faced with a number of challenges in most developing countries.

The study first identified and presented a list of challenges identified through the literature review for the respondents to confirm or otherwise as the challenges facing the public procurement sector. Any item with a mean score <1.5 depicts the respondent reject it as a challenge facing procurement in the construction industry.

Table 14: Identifying the Challenges Facing the Procurement Sector

Items	Mean Score	Std Deviation
Political interference	1.7	0.030
Inadequate professionals	1.6	0.035
Insufficient funding	1.8	0.002
Low level of knowledge in procurement practice	2.0	0.000
Bribery and corruption	1.9	0.001
Unclear career development path and scanty salaries	1.5	0.470
Inadequate threshold	1.6	0.370
Delay in payments and late commencement of projects	1.9	0.154
Delay in the release of procurement reports	1.8	0.232
Poor project preparation	1.6	0.378
Inadequate capacity of local service providers	1.7	0.269

Source: Field Survey, 2019

Result from Table 14 revealed that all the items presented to the respondents had a mean score >1.5 indicating that the respondents confirm it as challenges facing procurement in



the construction industry. This confirms the assertion of World Bank, (2004b), ODP, (2007) and Azeem, (2003) that political interference, low level of capacity, poor project preparation are some of the challenges facing procurement in the construction industry.

Also, transparency international 2009 and Kakwezi and Nyeko, (2010) opined that bribery and corruption, delay in payments and late commencement of projects, Inadequate threshold and Poor project preparation are some identified challenges facing the procurement regime in Ghana. These findings are in consonance with the views of the respondents as the respondents are well abreast with the procurement system. This made one interviewee to confer that “most roads projects he has personal participated have been inflated as high as 40% of the actual cost coupled with kickbacks”. This again made another respondent to indicate that “corruption is the major cost of poor road projects which experienced pot holes within six months after construction”.

The study further ranked the challenges facing the procurement sector in order of pressing needs to enable it to be addressed as resources are scarce.

The study employed Kendall coefficient of concordance to rank the nine (9) identified challenges in the procurement sector. The Kendall Coefficient concordance value of 0.718, P-value $0.000 < 0.0026$ was highly significant and the coefficient of 0.718 shows high level of agreement among the respondents that the items presented in table 15 are challenges facing the procurement in the construction industry of Ghana as was suggested by Legendre (2005), that Kendall coefficient must at least have a value of 0.70 to confirm the strong level of agreement among the raters on a set of items they rated as in the case of the challenges presented in table 15.



Table 15: Ranking of the Challenges

RANK	CHALLENGES	MEAN RANK
1	Political interference	2.38
2	Bribery and corruption	2.46
3	Inadequate threshold	3.18
4	Delay in payments and late commencement of projects	3.75
5	Inadequate professionals	3.77
6	Insufficient funding	3.82
7	Unclear career development path and scanty salaries	4.14
8	Inadequate capacity of local Contractors	4.35
9	Delay in the release of procurement reports	5.15

Source: Field Survey, 2019

Result from Table 15 showed that political interference and bribery and corruption were ranked first and second with a mean score of 2.38 and 2.48 respectively. This implied that political interference in the procurement system is on the rise as politicians in authority influence the technocrats to manipulate the procurement process which hinders the effectiveness or fairness of the procurement processes. World Bank, (2004b) confirmed that political interference with the procurement process is a big challenge to the implementation process and public procurement processes. A good number of politicians



think that they have the right to intervene in the procurement procedures thereby leading to a capricious procurement decisions. This is manifested in the politicians engaging in conflict of interest by establishing their own companies to bid for project which they are privy to some vital information. One road contractor said “most contracts are awarded to the politicians especially those affiliated to the party in power with no capacity to execute who also sell the contracts to the real contractors as high as 20% of the total contract amount”

Bribery and corruption is on the ascendancy which has become a bane on public procurement. Some bidders pay monies to influence the procurement processes to enable them win projects at times at an inflated cost. The 2009 Corruption Perception Index (CPI) released by Transparency International (TI) confirmed the bribery and corruption in the procurement sector by indicating that Ghana has not made progress in the fight against corruption through passing of legislations. The country maintained its 2008 score of 3.9 in the 2009 CPI report. Ghana's score in the Transparency Internationals report, points to the fact that corruption is still deeply rooted in the country's procurement process.

Inadequate threshold and delay in payments and late commencement of projects were ranked 3rd and 4th with a mean score of 3.18 and 3.75 respectively. The procurement threshold has been criticized by many practitioners as woefully inadequate who compel procurement practitioners and contractors to undertake shoddy work causing the state to incur more cost as project don't last long. Also, delay in project commencement and payment negatively affects the procurement system especially in the construction industry as contractors are unable to raise funds to execute their projects and the projected are not being paid compelling them to abandon projects or undertake shoddy work. This put the



procurement system in jeopardy as practitioners cannot ensure quality work done when funds are not being released. Daily Guide (July, 25th, 2017) edition confirmed that the ministry of roads and highways own contractors to the tune of Ghc2billion which affects effectiveness and equity in the procurement system coupled with low threshold. A road project contractor said “the government owes my company three (3) payment certificates totaling GH¢10.5million on various contracts over the last three years. All the projects are stand still and progress at site”

Inadequate professionals and insufficient funding 5th and 6th with a mean score of 3.77 and 3.82 respectively. Most of the practitioners in the Ghana procurement sector are not well trained are deficient in the requisite procurement skills which affect delivery. This is consistent with the revelations in of the Country Procurement Assessment Report of Ghana in 2003 which indicated that most Ministries, Departments and Agencies (MDAs) and District Assemblies (DAs) staff responsible for procurement were not procurementproficient, because they do not have the professional skills and training.

Unclear career development path and scanty salaries, inadequate capacity of local Contractors and delay in the release of procurement reports were ranked 7th, 8th and 9th respectively. Most local contractor do not have the requisite capacity to execute certain projects yet these local contractors bid and win projects which result in poor execution. This does not affect the public purse but also put the life of the end users in danger. This concurs with the findings of ODPP, (2007) which indicated that 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 coupled with delay in releasing procurement reports.



CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.0 Introduction

This is the final section of the thesis report. It includes study key findings, conclusions and recommendations based on the reviewed literature and data analysis.

5.1 Summary

The study assessed the procurement committees and the procurement laws in the northern region of Ghana by looking at three specific objectives which includes determining the level at which the procurement committees comply with the contract value threshold in the Northern region, examining whether there are significant differences in the use of procurement methods in reducing corruption and identifying the challenges confronting procurement committees in complying with the contract value threshold. The study employed descriptive design with a sample size of 127.

5.1.1 Compliance Levels of Contract Thresholds by Procurement Committees

The first objective was to determine the level at which the procurement committees comply with the contract value threshold in the Northern region. The study modified the relative importance index proposed by Lim and Alum (1995) into compliance index to ascertain the level of compliance of the MMDAs. We noticed that only four MMDAs namely Gusheigu Municipality, Kumbungu District, Mion District, and Saboba District, representing 25% have high compliance level with compliance index of 0.8 and above with



Kumbungu District having the highest compliance index (index of 0.81) among the MMDAs studied. The remaining MMDAs had moderate compliance level with compliance index ranging from 0.60 to 0.79. We noticed that Sagnerigu Municipality had the lowest compliance index followed by Tamale metropolis. We observed that services have high compliance with compliance index of 0.86 followed by goods with works having the lowest compliance index though both goods and works have moderate compliance to their thresholds. The overall compliance index of 0.79 indicates there is moderate compliance among the MMDAs in the Northern Region of Ghana. The moderate compliance is consistent with the study of Ghana Osei-Tutu, Mensah & Ameyaw (2011).

5.1.2 Examining Whether there are Significant Differences in the Use Procurement Methods in Reducing Corruption in the Public Procurement

The second objective was to identify the difference in procurement method in reducing corruption. The study employed one way ANOVA to test the hypothesis that there is no difference in methods of procurement in reducing corruption. From the one way ANOVA, $F(4, 98) = 7.496, P=0.000$, it revealed that the procurement methods were unequal in reducing corruption. Turkey post hoc test was performed which indicates four significant comparisons with $p < 0.1$, the other comparisons were not significant. From table 9 two stage tendering had the lowest mean value indicating that it reduces corruption more than other methods. These findings are consistent with the findings of

Patrick, (2011) and McDonald, (2008).

5.1.3 Identifying Challenges Confronting the Procurement Committees in Complying With the Contract Value Threshold

The third objective was to identify the challenges confronting the procurement committees in complying with the contract value threshold. This was achieved by employing three



point's Likert scale and Kendall's coefficient of concordance. The study found out that political interference, inadequate professionals, insufficient funding, low level of knowledge in procurement practice, bribery and corruption, unclear career development path and scanty salaries, inadequate threshold, delay in payments and late commencement of projects, delay in the release of procurement reports, poor project preparation, and inadequate capacity of local service providers are the challenges facing the procurement in the construction industry with political interference being the most pressing challenge while delay in the release of procurement reports being the least pressing challenge. The findings were in consonance with the findings of Kakwezi and Nyeko, (2010), World Bank, (2004b) and ODPP, (2007).

5.2 Conclusions

Based on the findings the following conclusions were drawn by the study;

We noticed that only four MMDAs namely Gusheigu Municipality, Kumbungu District, Mion District, and Saboba District have high compliance level with Kumbungu District having the highest compliance index (index of 0.81) among the MMDAs studied with the remaining MMDAs having moderate compliance. We found out that the overall compliance among the MMDAs in the Northern Region of Ghana of Ghana is moderate.

The study revealed that there are statistically significance differences among the methods of procurement in reducing corruption. The study found out that Two Stage Tendering Method reduces corruption compared to other methods.



The study revealed that Political Interference, Inadequate Professionals, Insufficient funding, Low level of knowledge in procurement practice, Bribery and Corruption, Unclear Career Development path and Scanty Salaries, Inadequate threshold, Delay in Payments and Late Commencement of projects, Delay in the release of procurement reports, Poor project preparation, and Inadequate capacity of local service providers/Contractors are the challenges facing procurement committees with Political interference being the most pressing challenge while Delay in the release of procurement reports being the least pressing challenge.

5.3 Recommendations

The study made the following recommendations;

Procurement supervision at the MMDAs level should be strengthened by the Public Procurement Authority and the Ministry of Local Government.

Procurement practitioners should ensure that two stage tendering method of procurement is employed most to reduce corruption.

The government should collaborate with stakeholders to address the challenges facing the procurement sector.

Future studies should focus more on the impact of the procurement sector on economic growth.

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APPENDIX

QUESTIONNAIRE

UNIVERSITY OF DEVELOPMENT STUDIES, WA

Questionnaire Number Interviewer.....

Date of interview/...../20.....

MMDA.....

TOPIC: ASSESSING PROCUREMENT COMMITTEES AND PROCURMEENT
LAWS IN THE NORTHERN REGION OF GHANA

I would be very grateful if you could kindly share your time, thoughts and experiences earnestly to contribute to the success of the study. Be assured that all information given will be treated with utmost confidentiality.

DIRECTIONS: Please fill in the needed information by ticking like this (√) in the appropriate box [] or write down your answer as appropriate to each item as the question or statement may require.



SECTION A: RESPONDENTS PROFILE

Division of the respondents:

Quantity Surveyor b) Engineer c) Others Role:

Contract Management b) Project Supervision c) Quality Assurance

Level of education:

Senior High School b) Diploma c) Undergraduate d) Postgraduate

f) Professional Certification

4. Number of years worked?

a) >1yr b) 1 – 4yrs c) 5 – 8yrs d) 9 – 12yrs

e) 13 – 16yrs f) 17 – 20yrs g) < 20yrs

5. Which of the procurement methods is commonly used for the procurement of road projects?

Competitive b) Two-stage c) Restricted d) Single Source

e) Request for Quotation

6. Which of the following constraints seriously affects the projects?

Cost Overrun b) Time Overrun c) Quality Assurance



7. Do you agree with the assertion that Cost Overruns, Time Overrun and Quality Assurance can affect the core objectives in the construction sector?

a) Yes [] b) No []

8. Are you aware of the term Value for Money?

a) Yes [] b) No []

a) Yes [] b) No []

9. Do you agree that the current procurement structures and systems can reduce corruption at the MMDA level?

a) Yes [] b) No []

11. If no give reason (s)

.....
.....
.....
.....



Section B: Level of compliance with contract value threshold

12. The table below measures the compliance level of your MMDA with respect to the contract thresholds stipulated in amended procurement act 2016. Where, 1 depicts

low compliance with 5 depicting high compliance of the thresholds. Please tick as appropriate.



Nature of Contract	Compliance level				
	5	4	3	2	1
Works					
Goods					
Services					

13. The table below measures the compliance level of your MMDA with respect to the contract approving authority stipulated in amended procurement act 2016. Where, 1 depicts low compliance with 5 depicting highly compliance of the thresholds. Please tick as appropriate.

Nature of Contract	Compliance level				
	5	4	3	2	1
Works					
Goods					
Services					



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14. The table below measures how the different procurement methods enhance or reduce corruption at the MMDA. Where, 1 low corruption with 5 depicting high corruption (For contractors only)

Procurement Method	Corruption Level				
	5	4	3	2	1
Works					
Goods					
Services					



Section C: Challenges Facing Procurement

15. Does the procurement sector face challenges?

a) Yes [] b) No []

16. On a scale of 1-3 determine your level of agreement or disagreement on the following as factors limiting the procurement in the construction sector, where 1= Disagree, 2= Neutral, 3=Agree

Items	1	2	3
Political interference			
Inadequate professionals			
Insufficient funding			
Low level of knowledge in procurement practice			
Bribery and corruption			
Unclear career development path and scanty salaries			
Inadequate threshold			





Delay in payments and late commencement of projects			
Delay in the release of procurement reports			
Poor project preparation.			
Inadequate capacity of local service providers			
Others specify.....			

17. On a scale of 1-9 rank the following as factors limiting the procurement in the construction sector, where 1= Most pressing challenge, 9=Least pressing challenge

Items	Rank
Political interference	
Inadequate professionals	
Insufficient funding	
Bribery and corruption	
Unclear career development path and scanty salaries	
Inadequate threshold	
Delay in payments and late commencement of projects	
Delay in the release of procurement reports	

Inadequate capacity of local Contractors	
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Thank you for your time

