

**UNIVERSITY FOR DEVELOPMENT STUDIES**

**TAMALE**

**EXAMINING PROCUREMENT MANAGEMENT PRACTICES AS A TOOL IN  
ENSURING VALUE FOR MONEY IN GHANA'S MMDAs – A CASE STUDY OF  
HO MUNICIPAL ASSEMBLY**

**BY**

**JULIUS NUTIFABA KORSI NECKU**

**UDS/MCM/0128/16**

**NOVEMBER, 2019**



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**A THESIS SUBMITTED TO SCHOOL OF BUSINESS AND LAW, UNIVERSITY  
FOR DEVELOPMENT STUDIES, IN PARTIAL FULFILLMENT OF THE  
REQUIREMENTS FOR THE AWARD OF A MASTER OF COMMENCE  
DEGREE IN PROCUREMENT AND SUPPLY CHAIN MANAGEMENT**

**NOVEMBER, 2019**



**DECLARATION**

**STUDENT'S DECLARATION**

I hereby declare that this thesis with the exception of quotations and references contained in published works which have been identified and dully acknowledged, is entirely my original work, and it has not been submitted, either in part or whole for another degree elsewhere.

NAME OF STUDENT: JULIUS NITIFABA KORSI NECKU

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DATE: .....

**SUPERVISOR'S DECLARATION**

I hereby declare that the preparation and presentation of this work was supervised in accordance with the guidance for the supervision of dissertation as laid down by the University for Development Study, Tamale

NAME OF SUPERVISOR: Dr. STEPHEN KPINPUO

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DATE: .....



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## DEDICATION

I dedicate this work to my lovely eloquent, resilient wife Mrs. Lydia Avornorkadzi Necku and family, who provided me with strong courage and immeasurable support throughout my studies.



## ABSTRACT

The study examined procurement management practices as a tool in ensuring value for money in Ghana's MMDAs using Ho Municipality as a case study. Mixed method was used to collect both quantitative and qualitative data from respondents. The study employed purposive and stratified random sampling techniques to select five (5) departments (Procurement, Store, Account, Internal Audit and Works) within Ho Municipal Assembly. Simple random sampling was used to select a sample size of thirty (30) participants. All over the world, both advance and developing nations have had their fair share of losing enormous sums of money in the face of limited economic resources as a result of bad procurement decision. The findings of the Ghana audit service year after year has revealed a lot of procurement bridges across the MMDAs in Ghana, in some case a total disregard for procurement procedures. The major challenge confronting the procurement entity is identified as interference from interest groups such as top management members and political office holders. The MMDAs must adopt an institutional structure changes that favor and support the need for excellence best practices in realizing cost effectiveness with limited resources in the management of all purchasing within the MMDAs.



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## CHAPTER ONE

### INTRODUCTION

#### 1.1 Background of the study

In the governance of any society, state or country, procurement forms an integral part of achieving high financial performance and sound economic growth. This is largely because almost all the activities that are involved in the provision of social amenities such as good drinking water, electricity generation, educational infrastructure, advance health care, housing and the development of human skill capital are all greatly involve procurement and supply chain management. A study by Construction Industry Development Board (2007) and United Nations Procurement Capacity Development Centre (2011) show that procurement in the public sector represents an estimate of 15% of GDP in advance nations and 25%-30% of GDP in low middle income countries.

One of the major economic activities undertaken by government as part of its major function is to improve the general welfare of society, which includes; awarding of contract, purchasing of goods and services. Hence, government is the country's largest buyer of goods, services and construction works (Linna, Pekkola, Ukko and Melkas, 2010). However, internationally accepted procurement standards across the world demands that funding of procurement activities, procurement process must harmonies best standards for the acquisition of goods, services and works (Petrus and Harpe, 2009). Governments across the world are very much involved and interested in the provision of public needs. The reality here is that government remains and continues to be the major shareholder





in terms of the total amount of goods and services consumed in each year. Government's ability to acquire goods, services and works from external sources for use has to do with the use of public money to benefit the populace. For that matter, procurement best practices need to be embraced for sound economic management processes to reduce poverty and enhance cost effective delivery. Procurement methods must be well managed in to promote cost effectiveness with limited resources (Mubarak, 2010).

All over the world countries are developing better and more proactive methods to support sustainability in procurement and also a comprehensive framework of rules, regulations and procedures that help to promote long lasting impact of projects. These methods have greatly achieved successful outcomes across the world in the area of health, education, engineering, road construction and housing. Primary stakeholders in procurement procedures include the public institutions, citizens and individual suppliers directly involved in the procurement of goods, services and works. Procurement management practices still remains a challenging area of balancing supply with demand in their right quantities, correct prices, correct delivery procedures, mutually beneficial payment plans and customer after service delivery services (Petrus and Harpe, 2009). In order to meet the aspirations of all parties, strategies formulation is important in such a way that is devoid of corruption and bias. In the view of Fuzile (2015), The critical role played by procurement managers in the procurement management of goods, services and works, hence the need to critically balance the needs and wants of

clients to ensure efficient and effective use of public fund and to avoid or reduce waste in the public sector.

Ghana needs sound procurement management system that promotes best practice which is of international standards. As part of government efforts to meet the international requirement and to ensure effective procurement management of the procurement transactions lead to the formulation of the Procurement Act, Act 663 in 2003. The Ghana Public Procurement Act, 2003 seeks to unveil procedures and methodologies that can confront the challenges of procurement as a whole. It also provides strategies and methods that seek to bring to bear challenges which were inherent in ensuring cost effectiveness, efficiency and promote fairness.

In the MMDAs, procurement management is a critical area for achieving goals in corporate performance as it draws increasing concern in both developed and developing countries (Wharton, 2008). It is an essential tool use by government to achieve its policy objectives. For that matter, measures have to be adopted to check the way public funds are used in procuring goods, works and services. Therefore, taking into consideration the significant amount of public fund that go into procurement only, there is the need for a comprehensive formulation and implementations of procurement processes that are geared toward achieving value for money.



This study therefore seeks to provide a contribution to the procurement dialogue and policy decision by providing a current understanding of procurement management practices. It uses Ho Municipal Assembly in the Volta Region as a case study.

## **1.2 Problem Statement**

Public procurement is prone to high level of corruption, favoritism, discrimination and bias if left unchecked (Krivinsh and Vilks, 2013). Research findings by Ireland Environmental Protection Agency, (2013) on “Roadmap for a National Resource Efficiency Plan for Ireland” revealed a high level of corruption in MMDAs and procurement in general projected to be between \$390-400 billion in a year across the world. Lengwiler and Wolfstetter (2006) investigations further revealed that in Sub-Saharan Africa, corruption is estimated at almost 70% of government procurement alone, frequently as a result of overcasting of prices in about one third of all procurement activities and transactions arising in total project cost. The continent of Africa has suffered over the years as a result of this, losing almost \$148 billion in each year (Mawenya, 2008). All over the world both advance and developing nations have had their fair share of losing enormous sums of money in the form of limited economic resources as a result of bad procurement decisions.

According to Osei-Tutu, Badu and Owusu-Manu, (2009), the interference and conflict of interest by top management, political governments, procurement officials, professionals, store managers, contractors, and consultants in





procurement processes have affected public procurement adversely. Additionally, Fuzile (2015) identified that public procurement authorities relatively do not exercise caution when awarding contracts or acquiring public goods and services to ensure prudent use of public funds. Unfortunately, this has lowered public trust in how public money is managed. Moreover, there is no fairness and equitable distribution of contracts in ensuring non-discrimination, transparency and accountability as there have been allegations of awarding contract to non-deserving clients (United Nations Procurement Capacity Development Centre, 2011).

Despite the emphasis placed on public procurement management, there are emerging environmental, social, and economic challenges faced by both the developed and developing countries. The Auditor General of Ghana (2015) reported that public institutions spend about 15% of the country's GDP. It means that about 45% of the country's budget is spent on public procurement. This suggests that public expenditures through procurement processes have a significant impact on a country's economy. The challenge here is how to implement sound procurement practices and policies that greatly harmonize the elements of prudent measures in promoting cost effectiveness in procurement management activities (Petrus and Harpe, 2009). Furthermore, how to formulate policies to improve, promote sound procurement methods and dispute resolution mechanism, education of service providers, training on tender evaluation, supervision and reporting under contract management are problematic (PPA Procurement digest, 2012).





Although, Ghana has made efforts regarding enactment of various financial and procurement laws, it has not effectively resulted in making a significant impact on the socio-economic growth of the nation and with an accelerated sustainable development. This is because of decades of poor harmonization of human resource, poor coordination and greed coupled with the high rate of illiteracy. Presently, in the MMDAs of Ghana, there are many audit findings in relation to inefficient procurement processes that have been carried out. As a result the government continues to lose huge amounts of money (Auditor General Report, 2007). The findings of the Ghana audit service year by year have revealed a lot of procurement breaches across the MMDAs. In some case, a total disregard for procurement procedures by various Ministries and Departments, Agencies and Government Enterprises. This is evident in a 2007 assessment of Auditor General Report of Ghana which revealed several lapses in the procurement processes of second cycle institutions where a large amount of their expenditure were in purchase of food items and resulting in government loosing huge sums of money. According to Auditor General Report (2007) many public officials are not adhering to procurement procedures in awarding contracts, purchase of goods and services. It also revealed that procurement officials are not conversant with the management of procurement process. This coupled with the absence of sound managerial skills and knowledge which is creating much waste in the MMDAs. Besides, there is an imbalance between the procurement practices on the ground and what has been stipulated by the procurement Act, as this has resulted in the

government losing a lot of money, weak infrastructure, poor health care and lower level of literacy (Auditor General of Ghana Report, 2007).

In spite of the fact that Ghana has good procurement laws, its impact have not been felt, sadly because of the high audit findings. To overcome these problems, the study seeks to examine procurement management practices as a tool in ensuring value for money in MMDAs in Ghana using Ho Municipality as a case study.

### **1.3 The purpose of study**

The study seeks to examine procurement management practices as a tool in ensuring value for money in the MMDAs of Ghana and share approaches that can be adapted by the MMDAs so as to promote quality, fair competition, equity, transparency, quality delivery and a timely accomplishment of projects, provision of services, works and goods in Ghana.

### **1.4 Research Questions**

#### **1.4.1 General question:**

How to examine procurement management practices as a tool in ensuring value for money in the Ho Municipal Assembly?

#### **1.4.2 Specific research question**

1. What public procurement management standard and the procurement Act require as procurement practices at the Ho Municipal Assembly?



2. How do procurement management processes, principles and methods create value for money in Ho Municipal Assembly?
3. How do the challenges of procurement processes of Ho Municipal Assembly affect the creation of value for money?
4. What are the strategies that would overcome the challenges confronting the procurement entity in order to boost public confidence in the procurement practices in Ho Municipal Assembly?

## **1.5 Research Objectives**

### **1.5.1 General Research objective:**

To examine procurement management practices as a tool in ensuring value for money in the Ho Municipal Assembly.

### **1.5.2 Specific Research objectives:**

1. To highlight on public procurement management standard and the procurement Act of Ghana.
2. To identify procurement management processes, principles and methods in creating value for money in Ho Municipal Assembly.
3. To highlight the challenges of the procurement processes in the Municipality Assembly with regard to creating value for money.
4. To outline strategies that would overcome the challenges confronting the procurement entity in order to boost public confidence in the procurement practices in Ho Municipal Assembly.



## 1.6 Significant of the study

This study is important because most of the research works that the researcher came across such as Nsiah-Asare and Prempeh (2016), focused on measures of ensuring value for money in public procurement. Tetey (2016) looked at Challenges facing public service managers. Again Osei-Owusu and Gyapong (2013) researched on Assessing the role of the public procurement Act, 2003(Act 663) in procuring goods, works and services in a public institution, Emmett, S. and Crocker, B. (2008). The findings from these studies revealed that the researches on public procurement have been carried out at the international levels and in a wider context global solutions were proposed. Unfortunately little research has been conducted in Ghana as a nation. Therefore, the study sought to examine procurement management practices as a tool in ensuring value for money and information to enhance policy formulation in public procurement and effective procurement service delivery.

Additionally, the study sought to initiate the development of a guide line document on creation of value for money in public procurement. It also sought to identify procurement management practices in a form of strategies and methodologies that can be implemented in government establishments in order to ensure fairness, equity, transparency, competitiveness and cost effectiveness in awarding government contract. The study sought to bring to bear how effective collaboration among procurement practitioners and institutions can result in compliance through rigorous monitoring and evaluation to ensure value for money.



The research sought to develop an institutional structure of changes that can favor and support the need for excellence, best practices in maximum utilization of limited resources government policy objectives.

Finally, this research provided a concise reference material in procurement and supply chain management. It brought to the attention of stakeholders and researchers how sound procurement management practices can help reduce waste and detect fraud as well as eliminate corruption in the public sector. The study sought to spur policy decision and educational campaign programme in public procurement.

### **1.7 Definition of Key Terms**

The explanation of key terms provide better understanding of the language used in the study (Locke, Spirduso and Silverman, 2007)

**Procurement:** It talks about all the activities that are involved in acquiring services, works and general merchants.

**Procurement Management:** It brings to bear the ways and means of ensuring efficient, effective and transparent sound procurement system to ensure cost effective in the use of limited resources (Krah, 2016).

**Value for Money:** It is the comprehensive approach adopted in the use of limited resources in the best possible manner in other to obtain the highest level of output leaving a very great positive impact (Ogot, Nyandemo, Kenduiwo, Mokaya and Iraki, 2016).

**MMDAs:** simply mean Metropolitan, Municipal and District Assemblies.





### **1.8 Limitations of the study**

The researcher faced a little difficulty in accessing information from some authorities or respondents due to busy schedule on the part of public officials as the main challenges. However, the researcher was able to book an appointment and scheduled meetings with the respondents at their convenience. The researcher also gave two weeks duration for questionnaires to be completed and gave constant reminder via the telephone communication and social media platform. These are the strategies employed in collecting data on time so that delays in assessing and retrieving information do not affect the reliability and validity of the findings.

### **1.9 Delimitations of the Study**

The study covers the area of procurement management practices as a tool in ensuring value for money. The research was carried out in only five departments such as Procurement, Store, Account, Internal Audit and Works in the Municipal Assembly at Ho because these departments are directly link and involved in procurement activities within the MMDAs. The study also focuses on Ho Municipal Assembly as the case study. Thus, the findings of this study might not be the same in other MMDAs in other parts of Volta Region and could not be generalized as a true representation of the whole country. The study was restricted to procurement management practices in MMDAs and may not reflect what happen in other government institutions such as Ministries, Departments and Agencies as far as procurement issues are concerned. The findings in the research

also excluded private sectors because the same perimeter could not be used to measure the procurement processes in both sectors.

### **1.10 Theoretical Framework**

A theory is a logical statement(s) supported by evidence. Theories are systematic explanations of the relationship among phenomena (Okumbe, 1998). A very useful in examining procurement management practice as a tool in ensuring value for money in the MMDAs in Ghana is “Agency theory”.

The Agency theory originates from the problems of risk sharing between principal and agents (Daily, Dalton and Rajagopalan, 2003).The theory emerged in the 1970s from the combined disciplines of economics and institutional theory. It was originated by theorist Stephen Ross and Barry Mitnick. Agency theory is a useful framework for designing sound government structures, governance and controls in organizations.

According to Daily et al., (2003), Agency theory is a management and economic theory that attempts to elucidate relationships and self-interest in business organizations. The agency relationship appears whenever one of the parties must rely on the acts of the other.

However, agency relationship appears whenever one of the parties must rely on the acts of the other. A study by Fauzi and Locke (2012) explained that the agency relationship is a contract, under which the principal engages another person (the agent) to perform specific projects on its behalf, delegating decision making with authority. Agents are seen as having ethical duties to the principals.





The effectiveness of output depends greatly on the principals operations and the Agents actions in totality. Because it is very critical to success if managed properly by stating clearly the roles and responsibilities of the parties involved and also ensuring compliance or it will result in the down fall the organization if poorly managed. This theory is critical in procurement management practices because if the MMDAs as the agent for government perform their roles and responsibilities as mandated, financial resources available for government operation would be effectively utilizes to achieve value for money.

A comprehensive assessment on Agency theory by Balta (2008) on *“The impact of business environment and boards of directors on strategic decision-making”* indicated that the application of Agency theory to the public procurement system as one of the forms of Contracting out eliminates waste and corruption as the government keep track of activities undertaken by the MMDAs and held them answerable for procurement decisions made. The agency theory also explained core problems in organizations and institutions by enumerating strategies and polices that deals with the problem of goal setting mutual understanding which is devoid of bias, inconsistency, self-seeking benefits but mutual understanding targeted at the total benefit of the organization or institutions. It tries to clearly set the parameters for principals and agents (Panda and Leepsa, 2017).

A research conducted on agency approach to public procurement system by Przedanska and Chrisidu- Budnik (2017) reveals that corporate losses can be significantly minimized if agents and principals develop a common interest, and



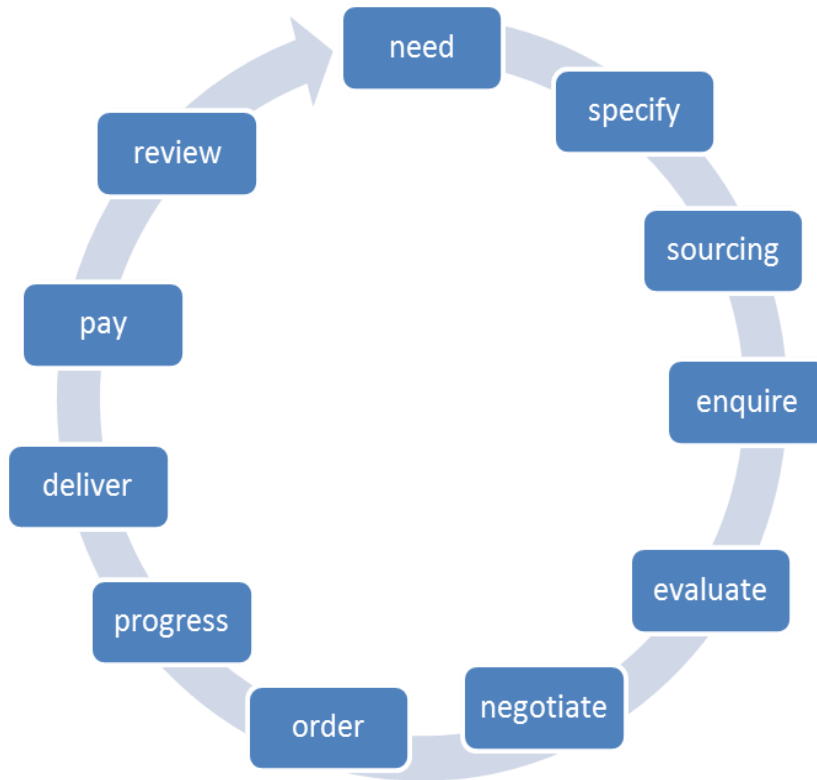


also were the principal is knowledgeable about the implications of the agent's actions and inactions. These make the principal clearly interpret agent's objectives if they do not support the interest of the principal. In this regard the MMDAs act as the agency for the government that is principal whose objective is to undertake activities to satisfy the socio-economic needs of its citizens. The MMDAs are given the authority to carry out procurement activities in order to acquire goods and services and award contract on behalf of the government (Panda and Leepsa, 2017). One objection to agency theory is that it "relies on an assumption of self-interested agents who seek to maximize personal economic wealth" (Bruce et al., 2005). This is largely because both are motivated by self-interest.

This theory is very critical to the study because it provides a strong foundation for the topic "Examining Procurement Management Practices as a Tool in Ensuring Value for Money in Ghana's MMDAs – A Case Study of Ho Municipal Assembly". This is largely because in corporate governance the central government bears all costs that come with transactions that are made by various MMDAs. MMDAs are the direct consumers and benefactors of all central government programs and projects. Lastly, in the procurement of goods and services or awarding of contract, the MMDAs act as Agents who execute this task on behalf of the government to achieve policy objectives. MMDAs own a primary responsibility to promote the interest of central government. This results in an agency relationship and also comes with a cost.

### 1.11 Conceptual Framework

According to Kilemi and Wamahiu (1995), conceptual framework brings order, unity and relationships between variables. The study is centered on the conceptual framework adopted from Emmert and Crocket (2008) on the activities involved in procuring goods, services and contract in the public sector.



**Figure 1.1 The procurement cycle: Adopted from Emmert and Crocket (2008)**





Conceptually, public procurement process is seen by Emmert and Crocket (2008) as a cyclical shape because the process repeats itself once there is the need to procure goods and services or award a contract. This framework takes into consideration decision of procurement procedures which should be used. The first stage in the circle is the identification of need. Over here, the procurement authority sought to establish whether there is a need to be satisfied and at what cost, quantity and quality. However, specification is used as a communication tool by public procurement authority to advertise the need of the public sector institution to interested parties to supply goods and services or undertake contract (Sollish and Semanik 2007; Baily, David, Barry, Jossop and Jones 2005; Weele, 2010). In this regard, the public procurement Act 2003, Act 663 of the republic of Ghana requires that in order to achieve value for money, specification preparation should encourage maximum competition and be open to everybody to participate. At this stage, the procurement authorities give detailed description of the goods, services or works to be procured.

During sourcing which is the third stage in the procurement circle, quotations are being delivered to suppliers, in addition to order notice on drawings, uniqueness and details of prospective suppliers (Lysons and Farrington 2006). The Act also described sourcing to include pre-qualification of potential suppliers, preparation and issue of tender documents, requests for quotation or for proposals, evaluation of responses and the selection of successful tender which constitute the entire sourcing process. At this stage quotation are sent to suppliers, accompanied



by additional documents, such as drawings, specification and any document or information that will enable potential suppliers to submit a quotation (Lysons and Farrington, 2006). Other important stages in the procurement cycle are enquiry and evaluation which determine the quality of the product to be procured. According to Emmert and Crocker (2008), suppliers are requested to give background information on the organization, financial details, equipment and facilities, management skills and reference in order to assess the capabilities of that particular source before procurement entity would allow quotation or tender on the product or service. The public sector procurement in Ghana referred to these two stages as the analysis stage which sought information on the technical and financial competencies of the source identified.

After the necessary information is solicited from the prospective supplier or contractor, the next stage in the procurement cycle is to negotiate. Lysons and Grillingham, (2006) and Burt, Dobler and Starling, (2006) agreed that to negotiate is where substantive concerns are accurately decided, interpersonal relationship established and a contract sealed in improving tasked to undertaken productivity are synchronized. Furthermore, the structure of purchasing agreement also involve the ordering and progressing stage which required that a formal contract document be drawn up, using the agreement reached and sealed by agents to the procurement deed (Public Procurement Act 663, 2003). As outlined in the contract document, both parties are to be actively involved in the management of the contact to facilitate easy transfer of goods and services.

Kusi, Aggrey and Nyarku (2014) indicated that terms of the contract to large extent determine on payment arrangement for goods, services and contract acquired. For instance if pre-financing is set as a condition in the agreement, then payment is advanced at the initial stage of the procurement process prior to delivering of goods are services. On the other way round if the payment is to be effected after delivery and tendering of the appropriate certification, hence the last stage before reevaluation of the whole procurement process. The last stage in the procurement circle is to review. The degree of assessment, inspection and control mechanism to a large extent depend on the significance of the good or service being obtained in line to the corporate strategy (Emmett and Crocker, 2008). Otterheim and Strand (2006) also suggested that events at this stage can include activities such as establishing warranty prerogatives and punitive measures, documentation of parties' experience in relation to the products and contractors completed submission to the project.

The procurement cycle provided by (Emmett and Crocker, 2008) gave a clear description of the processes involved in the procurement of goods, services and works. The activities to be undertaken at each stage are specified to ensure that due diligent is done before a contract is awarded to a deserving supplies/contractor. This is an essential element in the procurement management practices that avoid wasteful expenditure and overpricing of contract so as to achieve value for money.

### **1.12 Organization of the study**

The study is structured into five chapters as follows:

Chapter one covers detailed introduction of the study which include; background of study, problem statement, research objectives and research questions, study significance, study limitations, delimitations and organization of the study.

Chapter two covers a detail review of relevant literature. This chapter shares with the readers the result of other studies that are closely linked to the topic. It also ascertains the magnitude of the study and standard in comparing the results in depth current findings.

Chapter three discusses the methodology used in the study. It covers the population, research sample, research design, approach and data collection instruments, reliability and validity and also ethical standards.

Chapter four focuses on the presentation and discussion of findings obtained from the field.

Chapter five discusses the summary of the findings, conclusions and recommendations on the study.



## CHAPTER TWO

### LITERATURE REVIEW

#### 2.0 Overview

In this chapter, the researcher focuses on the relevant literatures that are related to the topic. The review focused on what educationalist, researchers and other authors have written in regards to this area. The information available in this chapter is obtained from educational journals, articles, books, library documents and websites that are of relevant. The literature review is grouped into the following themes:

- The overview of public procurement
- The procurement Act of Ghana
- Importance of procurement management practices
- Roles and Responsibilities of Public Procurement Authority
- Procurement process
- Procurement method in the public sector
- Procurement principles
- Challenges of procurement
- Procurement Strategy

#### 2.1. Overview of Public Procurement Management

Procurement transactions and activities have continued to be more demanding across the world. This is because developing countries have procurement budgets around 20% (Project Management Institute, 2013). It is worth noting that about





50%-70% of national budget is spent on procurement (World Bank, 2003). Internationally, public expenditure on procurement amount to almost 15% of the global GDP. In India, estimates of public procurement vary between 20% of GDP to 30% of GDP (UNODC, 2013).

The Local Government is set up to ensure that government resources are fairly distributed across the MMDAs. In the MMDAs power resides in the domain of public officials other than private owners whose mission consist of providing quality services and not profit making. It comprises of the central government which includes the presidency, parliament, ministries, department and agencies (MDAs). Ministries are the highest organization in the public sector and it is made of departments, divisions and agencies which are all responsible for the sector.

Subject to the 1992 constitution of Ghana, government department and agencies are created by or under the authority of the civil service act and are units under the ministry of local government. They comprises of Metropolitan, Municipal and District Assemblies (MMDAs) and also public corporations, they are statutory public commercial organizations which have been set up to conduct commercial business. They are managed by boards appointed by the state and have some degree of operational and financial independencies (Agalega, 2016).Some of the characteristics of MMDAs organizations include:

1. They are established to provide basic needs of the people and not for the purpose of making profit.
2. They are established by acts of parliament which empowers them to be sole producers of certain basic service, as a result enjoy some level of monopoly.



3. The services provided are unavoidable in the sense that they form part of the basic needs of the public.
4. Funding from government and internal generated fund are usually the main sources of funds available for MMDAs.

**Some of objectives of the MMDAs include:**

1. To aid control and economic regulation in key areas.
2. To correct perceived inequalities in the standard of living of the people.
3. To provide benefit to everyone with socially acceptable norms.
4. They are set up to fulfill the legal requirements for their establishment.

In the past the word “procurement” was originally known as “purchase” has become a workable tool for public institutions due to globalization and internalization of businesses. Procurement, however, has the ability to penetrate every corner of a society and promote economic development (Tanner et al., 2008). One of the hindrances in coining the word ‘procurement’ is that it deals with a lot of actions and processes making it cumbersome in trying to define it. One can only explain it from the point of view and the type of actives it being applied on, public procurement operate within a vast area providing a varieties of activities starting from identifying the needed goods or service to be procure through to the closure of the procurement process (Kidd, 2005).

The Public Procurement Authority Module (2007) defines public procurement as ‘the purchasing of goods, services and awarding of contract at the right imaginable overall price in ensuring accuracy in quantity and quality, at the right





time, in the precise place for absolute advantage and to promote the wellbeing of the citizens. On the contrary, public procurement refers to ways and means by which organizations purchase goods, services and works with tax payers' money. Broadly, it consider factors such as planning, allocation of budget for government contract, bidding for quotations, valuation of tender, contract management, project appraisal, supervision, reviewing and reporting (Public Procurement Act, 2003).

McDonald (2008) indicated that governments in under developed countries spend about 4.5% of GDP on procurement alone. Thus, governments have a tendency acquiring and consuming goods and services in a larger quantity. However, public procurement proceedings do not eliminate corruption only but foster a more comprehensive affiliation between government and the populaces. Public procurement management is essentials because of the huge amounts involved.

In the view of Arrowsmith (2000), procurement is the acquisition of goods and services and awarding to deserving contractors and specialists to deliver on the terms of the contract. Public sector procurement refers to buying goods and services by or on behalf of government ministries, departments and agencies, as well as Metropolitan, Municipal and District Assemblies. According to Odhiambo and Kamau (2003). Public sector procurement intents to accomplish numerous purposes such as nondiscrimination, equitable treatment and fairness among potential suppliers, economy, (that is effectiveness and efficiency). Public

procurement also aims at promoting accountability, integrity and transparency so as to promote international trade among various nations.

Furthermore, the process in procurement enable public organization to acquire goods, works and services using the procedures stipulated in the procurement Act without any difficulty. The sequence in public procurement encompasses planning, commencing with valuation of need through provision, appealing for proposals, selection of suppliers, presentation of contracts, implementing and handling contracts, as well as concluding on accounting and auditing. Procurement can consequently be regarded as deliberate constituents of supply chain management concerning with sustaining consumers or purchaser needs. Public procurement management practices aim at achieving value for money, economy, effectiveness and efficiency and transparency (Arrowsmith, 2005).

Additionally, public procurement entails the procedure of selection of vendors, instituting terms and conditions for payment, tactical screening and selection, the bargaining of contracts and also authentic procuring of goods and services. Procurement in the public sector also entailed the acquisition of goods, services, and/or award of contract that is instrumental to public institutions. Essentially, procurement management practices are the all-embracing or parasol span within which public purchasing can be located. Procurement is regarded as a planned purpose employed to advance the civil service profitability. More so, procurement is viewed as aiding to modernize practices, reduce price and cost of raw material. It also aids to categorize importance sources of supply. The aspiration of an



outstanding procurement association move far above the outmoded conviction that procurement's prime role is to acquire goods, services and contract in answer to in-house requirements.

Notably, procurement is the corporate managerial task that safeguards proof of identity, sourcing, and right of entry and managing of the outside resources that are needed by organizations or may need to satisfy its premeditated goals. Procurement occurs to discover supply market prospects and to device resourcing approaches that distribute the superlative result to the institution, its stakeholders and customers. Besides, procurement relates the science and art of outer resource and supply administration through a frame of knowledge construed by proficient specialists and experts (Odhiambo and Kamau, 2003).

On the other hand, management is a function defined, as the arrangement and synchronization of activities of any innovativeness in accordance with stated target. Procurement management therefore is the act of bringing people and resources together to achieve anticipated objectives and goals in a well-organized and effectual way. Procurement management fundamental functions include that of the organizing, planning, coordinating, directing and controlling.

Procurement management practices support organized personnel, finance and material and also technological recourse to convey an accepted plan in a methodical modus. For operational procurement management, procurement authorities are required to arrange for leadership to their organizations so far as



matters relating to procurement are concerned. Procurement officials and professionals need to nurture their thought of the requirements of the public procurement act. As well as gain the necessary communication and decision-making skills that will enable them to deliver the much anticipated procurement guidance and give bearing to management (Baily, Farmer, Crocker, Jessop and Jones, 2008).

### **2.1.1 Public Procurement Act of Ghana**

The essence of public procurement regime in Ghana has celebrated as an imperative area that need critical responsiveness to restore public discernment of corrupt acts and wastefulness in the award of contract, acquisition of goods and services in order to increase public confident.

Ghana has made several attempts to resolve the defects in its public procurement structure by the enactment of numerous monetary and legitimate frameworks in order to guarantee soundness and value for money in the public procurement setting. These include statutory, judicial instruments, governmental instructions and fiscal circulars. In 1960, the effort of government to establish a comprehensive procurement law have led to the enactment of two laws which include, the Ghana Supply Commission Act and Contracts Act, Act 25 of 1960. Unfortunately, the Ghana Supply Commission Act was later revised in 1990 by PNDC law 245 to suit the trend at that time. Additionally, in 1976, the National Procurement Agency Decree SMCD 55 law was enacted by the Supreme Military Council. In that same year, the Financial Administration Decree SMCD 221 was





also passed into law. In 1999, however, effort of the Government of Ghana has seen the passage of the Public Procurement Oversight Group. The main purposes of these decrees, legislative instrument, regulation and law were intended to offer an inclusive charter of administrative supremacies to control the happenings within the procurement system in the public sector (Adjei, 2006).

The government of Ghana also propelled the Public Financial Management Reform Program (PUFMARP) in 1996. The purpose of the program was to upgrade financial system in Ghana. Moreover, PUFMARP address the problem in the procurement system. There is a strong believe that such steps are the only way to ensure that contracts properly conducted but poor methods of evaluating of contracts for value for money, poor supervision and monitoring by the regulators have compromise on standards. Sanctions and penalties are not deterrent enough to discourage poor ethics of procurement practices (Aniekwu and Okpala, 1988; Kumaraswamy, 1994; Rwelamila, Talukhaba and Ngowi, 1999). Adjei (2006) is of the view that Public Financial Management Reform Program and Public Procurement Oversight Group which were established to implement these laws and address the above challenges have not achieved their mandate.

Consequently, it has become obvious that there was the necessity to reconsider the phases and methods of public sector procurement to improve functioning, proficiency and established capability to steadfast the procurement system in Ghana. This has cognizant the resolution of government of Ghana to restructure



its procurement system to safeguard accountability, fairness and transparency in the public procurement and as matter of fact to updated the public financial management. Besides, the prerogative of the government was to endorse the practice of public procurement as an apparatus for national development and economy growth (Anvuur, Kumaraswamy, and Male, 2006).

Nevertheless, this reform has resulted in the draft of Public Procurement act by Parliament of Ghana on 31st of December 2003 which received presidential accent and became operational on 27th August 2004. This is now referred to as “the Public Procurement Act (PPA) of 2003, Act 663”. Thus, in Ghana, public procurement system is now substance to the Act and implementation principles and executive regulations. The Public Procurement Law, 2003 (Act 663) is a comprehensive legislation. The challenges of public procurement lead to the creation of the Ghana Public Procurement Authority (Anvuur and Kumaraswamy, 2006). This Act sought among other things to annulled and consolidate the multiple procurement related legislations in Ghana such as the metropolitan, municipal and District Tender Board Regulations, 1995 (L.I.1606), the Ghana National Procurement Agency Decree 1976 (SMCD 55) and the Ghana Supply Commission Law, 1990, PNDCL 245 (Azanlerig and Akay, 2015). Therefore, the Act and administrative laws make available the universal headings prevailing public procurement process (Procurement Act, 2003).

More so, The PPA Act 663 necessitates that all government organizations establish procurement divisions within their administrative system which would

be straightly in control of the day to day operation of procurement activities within their establishments. This Act has made it compulsory for all government agencies to seek out authorization from the Ministry of Finance, through endorsement as resilient of the accessibility and sufficiency of funding, before any works or contract is awarded to suppliers or contractors (Anvuur, Kumaraswamy, and Male, 2006).

### **2.1.2 Importance of Public Procurement Management Practices**

A sound procurement system brings about numerous assistances that help to solve the challenges to some large in the public sector. It emphasizes on cost reduction and to guarantee smooth supply of goods and services. The procurement management practices also help to promote and support tactical structural goals such as market growth and commodity development (Kidd, 2005). A well-structured public procurement process are dominant in ensuring prudent expenditure by government and a dynamic module in the public policy to expand the communal, trade and industry of unindustrialized countries to improve upon the welfare of citizens (Petrus and Harpe, 2009). In the public sector the absolute merit earned through the effective procurement subsidizes to costs benefit for the institutions and allowing taxpayers money to be preoccupied to forefront amenities such as hospitals and schools. This would eventually lead to judicious use of public sector funds on pressing needs to better the life of citizens in the country. As identified by Ambe (2009), countries such as the UK, US and Canada have extensively used procurement management in handling of their productivity.





Gansler et al., (2004: 4) accredited that the Department of Defense (DOD) in the US has curtailed cost by using sound procurement processes in managing their logistics by commissioning effective procurement management practices in public system.

Moreover, Essig and Dorobek (2006) also hold the view that the incorporation of procurement in the public sector played an acute part in augmenting logistical maintenance and cultivating the supervision of ancillary portfolio. Governments in every country endeavor to stimulate productivity in the public sector as general public is eager to see resourceful financial administration. One of the ways governments in some dominions are make an effort to suggestively expand a good organization in the distribution of public sector services is through the institutionalization of procurement management outmost practices. It is the expectation of citizens in every country to see their public sector operating in an efficient, effective and economy system to enhance the socio-economy well-being of citizen. Governments and stakeholders in public procurement are thriving to make life better for its people through competent procurement management practices. If chunk of financial resources spent fruitlessly on back-office progressions, lesser money would be left to be disbursed on social amenities such as water, classrooms, hospital ward among others and procurement management seek to address the kind of misappropriation of priority.

More operative utilization of the procurement adds to the broader program of refining proficiency and value for money in the public sector's viable





engagements, by sanctioning healthy competition and not just at paramount step supplier level, but transversely a widespread range of supply base and also strengthens a more effectual controlling of suppliers. It also ensures transparency which is geared at blocking public authorities from concealing discrimination in favor of national suppliers of goods. Arrowsmith (2003) pointed out that vibrant procurement rules and regulations also provide backing for other public policies such as restitution, averting bribery, daunting abuse of freedom of choice, upholding the confidence of contractors and suppliers in the public system. Public procurement management system is also employed as measures to preclude concealed discernment against suppliers.

Additionally, a study conducted by the European Union (EU) on the effects of the procurement directives enacted in the EU, confirm the evident available that amount spend by authority on public procurement in the EU are cost effective when the procurement guidelines are functional. The solicitation of procurement directives seems to decrease prices to almost 30%. According to Falvey et al., (2007) price decline is as a result of healthy competition that procurement offers (thus, economical and translucent procurement markets aid government to obtain goods and services at a reduced price.

Ambe and Badenhorst-Weiss (2011) delineated other importance of procurement to the public sector as follows:

1. **Effective allocation of risk:** better risk apportionment is a perilous reflection in procurement. Risk allocation is always done in accordance to

the capability of the institutions and their strategies put in place to curtail it, and a proper comprehension of the approach in which the requisite requirement can be conveyed.

2. **Better reflection:** better reflection of the system produces opportunity for subcontracting prospects for a vast array of establishments that can bring improved competition, vitality and precise services or assets to the public sector. This would go a long way to upsurge competition and permit organizations with specific skills or knowledge to get on board in the public sector open market.
3. **Larger chances for modernization:** a sound procurement process offers opportunity for supplier innovation for improves quality, better delivery and reduction whole life costs. A good procurement management contributes robust prospective for innovation to be on the loose through the supply chain.
4. **Improve distinct requirements:** procurement safeguard business growth and shapes their operations through market sounding.
5. **Enhanced capability to detect risks or blockages:** In contract conveyance, grander ability creates consciousness of exactly how the contract awarded would be instigated.
6. **Exceptional worth:** measures are acknowledged for better-quality product, service and works.



### **2.1.3 Roles and Responsibilities of Public Procurement Authority**

According to Public Procurement Act 2003, Act 663, the objective of the public procurement authority is to harmonize the processes of public procurement in the public service to secure a judicious, economic and efficient use of state resources in public procurement and ensure that public procurement is carried out in a fair, transparent and non-discriminatory manner.

In order to achieve the objective stipulated above, the public procurement authority performs the following functions as prescribed by the Act:

1. To offer a suggestion on strategies formulation in procurement;
2. To enact policies that will ensure progression in human resource for public procurement;
3. To formulate rules and regulations governing public procurement and procedures for public procurement documentation;
4. To warrant compliance of public procurement regulatory requirements through monitory and supervision;
5. Have the obligation to ascertain information from contracting authorities in relation to public procurement;
6. To launch and device an information system concerning public procurement;
7. To generate and publish a monthly report on public procurement detailing all information deem useful to public procurement, this shall contain notices on procurement proposals, notices of invitation to tender and information contract awarded;





8. Shall evaluate the procedures of the public procurement processes and make a recommendations to enhance the processes;
9. To submit annual reports to the minister on the progress of public procurement processes;
10. To develop program to sharpen the skills and knowledge of public officials involved in public procurement at various stages;
11. Nurture, stimulate and assist in the career and personal development of persons involved in public procurement, and ensure that staff adhere to ethical standards;
12. To offer expert advice to government on matters involving public procurement;
13. To organize and partake in the organizational evaluation procedures;
14. Design and direct technical aids in the public procurement arena;
15. Preserve a catalogue of procurement units and members of and secretaries to tender committees of public procurement entities;
16. To keep a statistics of suppliers, contractors and consultants and a document of prices to provide support for the work of procurement entities.

## **2.2 Procurement Management Processes**

Procurement management processes involve all methodology and the efficient procedures that are harmonized to promote best standards in supply chain management, resulting in higher quality of products and services across the procurement cycle (Project Management Institute, 2013).



Procurement management process is a prescribed technique which enhances the acquisition of goods or services for a project from outside sources. This process involves management of requisition, delivery, evaluation and authorization of products supply by suppliers, as well as the maintaining of supplier relationships to warrant constant customer satisfaction (Weele, 2010: 29). With a concrete procurement management process put in place as shown in the conceptual framework, it would be easy to affirm that the goods and services delivered by the supplier are ‘appropriate for intended benefit’ and thus achieved the right prescription underlined within the procurement plan. However, without a proper procurement process, it will be problematic to categorize and control issues relating to suppliers. This would then escalate the risk revolving around the project. The procurement management process is completed only when the implementation stage of the project is concluded (Project Management Institute, 2013). A Procurement Management Process is essential in ensuring that all products obtained for the project are in harmony with the guideline spelt out by the Procurement Plan.

Procurement management process demands that:

- There is timely acquisition of products.
- There is a defined level of quality.
- Products are acquired within a defined budget cost.

The process also sets out the measures for improving relationships with supplier and accurately management of suppliers through consistent appraisal of the performance of supplier as well as identifying and resolving supplier disputes.



Weele (2010) has classified procurement process into five different categories which include specification, selection of suppliers, awarding contract or ordering of products, advancing and assessment of the whole procurement approach used.

The discussion in this study focused on four major process of procurement identified by procurement management institute. These processes include the following:

1. Planning of Procurement
2. Conducting Procurements
3. Controlling Procurements
4. Closure of Procurements

### **2.2.1 Planning of Procurement**

The preparation of a procurement plan is a vital portion of the procurement process. It is one of the indispensable apparatuses used in accomplishing the stated targets set by Public Procurement (Fitzgerald, Girón and Bermudez, 2006).

In the view express by Project Management Institute (2013) the main component of procurement management lies on proper planning that defines how procurement units would order for goods and services from external suppliers outside the acting organization. It can be prescribed or un-prescribed, extremely comprehensive or largely enclosed and it rest on the needs of each project. Hence, procurement planning is an energetic process that demands contribution from wide ranges of professionals. It is therefore suggested that procurement planning be supported by a multidisciplinary unit established specifically for the purpose,

with the participation of different technical and administrative professionals who have knowledge in procurement procedures (Fitzgerald, Girón and Bermudez, 2006). Though there are some few problems in planning procurement, it helpful if an organization put strategy in place to curtail those challenges (Ministry of Finance and Planning, 2014).

The procurement Act, 2003 also mandated procurement units to formulate a procurement plan to aid it project into the future and the plan shall detailed out the terms of the contract, projected price for each contract, the procurement phases and method of processing and timescale. The adherence to the standards underlined in the procurement Act is the finest technique in planning public procurement as it ensures a smooth flow of the procurement process. In the nut shell, procurement planning could eradicate unplanned and impromptu orders and reduce purchase price as well as facilitate service delivery. The Procurement plan formulation therefore aids in timely manner and assists performance against the stipulated target and also safeguard against unplanned activities.

In the Procurement Act 2003, procurement plan is classified into four phases which are described as documentation, bidding, evaluation and contracting.

Phase one in the planning process is documentation of bid and contract proposal which include review and strategically effort which demand that procurement entity make available a concise framework that guide how the procurement activities are to be executed and then articulate a workable estimation of project







cost (relying on a best quality outlook and cost effectiveness) of the price of the project with an analysis of vibrant price tags prior to advertisement of bid. This stage does not allow any form of communication and relationship of any sought between procurement official who have prior information and the tenders. As encompassing in the documentation stage, an expert should be selected and be mandated to enforce this initial task in order to ensure uninterrupted monitoring of the contractor or supplier so as to ensure that all jobs are voted for in accordance with the plan prepared which could facilitate greater outcome. On contrary, if grant or loan is to be obtained from global market or the project is to be supported by international partners or donors, then the condition and the terms of these funds are to be incorporated in the preparation stage of the procurement plan and donors' guidelines adhered to. It would be necessary to obtain a sample of publication documents from such agencies or donors at the initial phase of this process in order to attain an appropriate and accurate implementation of the procurement plan.

The second phase of procurement planning is bidding. This spells out the kind of contract to be signed and enclose the provisions in the anticipated contract to be awarded. The tendering brochures shall disclose all relevant details for a potential supplier or contractor to conceive a tender for the goods, services and works to be supplied. While the element and intricacy in these proposal may differ with the size and nature of the anticipated tender document and proposal, they generally include: offer to tender; guidelines to suppliers or contractor; method of tender;



procedure of contract; circumstances of contract, both universal and distinct; stipulations and design; necessary methodological data (including ecological and conservational nature); gradient of works or notice of quantities; carriage lead time or agenda of execution; and relevant additions. The foundation for tender review and choice of the less appraised tender shall be drawn in the directives to tenders and or the provisions (Project Management Institute 2013).

The third phase in procurement planning is the evaluation of bid. At this phase bidders originally be weighed, in relation with the assessment method being employed by the procurement units. There are two technique of assessing bid document and policy selected has to be specified in the bid proposal. All bidders must be informed of the assessment technique to be trailed and whether there are any exceptional clauses elaborated. In the first technique, the procedural and pecuniary propositions are joined and offered in a singular envelope. The second technique, called dramatic bid, comprises a two envelope scheme in which the procedural application (first envelope) is valued and tenders classified before the pecuniary proposal (second envelope) is unlocked. It ensures that cost does not affect the procedural assessment of the tender. This tactic should be favored, in specific in the situation of multifaceted contracts. Where a two envelope bidding policy is applied, it should be identified in the bid proposal that bidders are to place the practical and monetary mechanisms of their bids in detached, plainly discernible envelopes. These envelopes are to be put in only one envelope and standard processes smear for the accommodating the bid. It should be



distinguished that estimation of bid on procedural ground is the evaluation of contract on the bases of technical criteria rather than non-price bases. The assessment crew should not have induction to the bid cost at this phase as methodological matters are taken into consideration. However, the evaluation of the non-price bases is to be recorded prior to moving onto the third phase of the assessment. On the contrary, once bids have been evaluated against the practical standards, a fiscal assessment of the prices quoted (or tendered) could then commence (Project Management Institute. 2013).

The fourth phase of procurement planning after the last classification has been concluded is contracting. The contractor or supplier with the maximum score is given the contract. If, there are any ins and outs as to whether a contract should be awarded to the utmost assessed tenderer, other tenderers must be officially made aware and granted the chance to raise an objection but not alter their tender within ten to fourteen days. Afterwards, the procurement authority must take into consideration all protests to make ultimate pronouncement in order to evade lawful problems in case a decision is taken not to award the contract to the obvious or the successful tenderer. Once the procurement entity make the decision to give out the contract, the probable contractor or supplier can be informed and the contract handled over. If for any reason the contract fails or would not be executed by the winner of the bid, then second ranked tenderer can be invited in but this is an unethical and unprofessional practice to bargain with two tenderers at any one given moment in an effort to knock the two bidders head against each



other. Moreover, once the contract has been agreed upon and awarded, the other, unproductive tenders should be properly notified of the award of the contract but not of the concluding cost. The real assessment is intimate and information thereof is only revealed if an unsuccessful tenderer should take legal action and settlement has to be made. The decision to award a contract should be circulated with a list of all the tenderers, main basics of the assessment procedure informed and precise details as to why the contract is awarded to the deserving contractor.

### **2.2.2 Conducting of Procurements**

To conduct procurement is a practice that ascertains replies from supplier or contractors, selection of prospective suppliers, and onward signing of contract. It makes available prearrangement for inner and outside participants' prospects through recognized deeds. In order to conduct an effective procurement, it demands skills and performances such as tenderer consultations, quotations assessment methods, autonomous estimation, specialists' verdict, publications, logical systems, procurement bargaining (Project Management Institute 2013).

### **2.2.3 Controlling of Procurements**

Procurement controlling involves the means and manner in which procurement entity manages and maintains supplier's relationships, supervise contract execution, and making the necessary amendment and alterations to contracts as deem fit. Controlling procurement also aims at regulating all the elements in the procurement process to ensure that performance of suppliers and contractors

match up with the required specification of the procurement spell out of the legitimate arrangement. This contains presentation of applicable proposal of organizational progressions to the predetermined affiliation(s) and incorporation of the productivities from these systems into the general administration of the contract. At this moment, it is important to ensure that projects are modified to suit the internal control measures put in place, supervision of progress made which include appraisal of procurement presentation, monitoring, auditing, and reportage of performance. Additionally, controlling of procurement also aimed at achieving an efficient supervision of payments regime, management of entitlements and information management system (Project Management Institute 2013).

#### **2.2.4 Closure of Procurements**

Closing procurement is the concluding phase of the process in public procurement.

All contract deeds and records connected to the contract are kept for forthcoming purposes. There is also verification of all projects and goods or works to be delivered by the contractors or suppliers are satisfactory accepted and primary dissolution of the project are extraordinary instances to the closure of procurement process. The device and methods applied to control the processes in procurement are: auditing of procurement, negotiation of procurement and information management scheme (Project Management Institute, 2013).



## **2.3 Procurement Methods**

After preliminary packaging plans have been formulated, it is important to determine the procurement method to be used taking into consideration the need and specifications of need (Government of Jamaica, 2014).

The procurement method to consider must be in relation to value for money (Government of Bhutan, 2007).

However, public procurements are processed in one of the following methods:

1. Competitive tender
2. Two-stage tendering
3. Restricted or limited tender or bidding;
4. Single source procurement;
5. Request for quotations;
6. Two-envelope bidding or tendering
7. Direct contracting or sole source procurement method
8. Contracting under emergency circumstances.

### **2.3.1 Competitive Tender**

Open tender or bidding is the process whereby bidders compete for the supply of goods, services or execution of works under one of the procurement procedures set. A tender is prepared inviting interested individuals to supply goods, services or execution of works made in accordance with the terms and conditions set out in the bidding document inviting such offers. This method is basically used by Government procurements agencies. Under this method, all contenders that are capable of providing the goods or services sought and are eligible for entering

into a contract shall be given an equal opportunity of submitting bids following a notification (Government of Bhutan, 2007). Notice of tender invitations should be advertised in the press for free response by all interested suppliers or contractors.

CACFP (2014) has outlined the under listed steps in conducting a competitive bid:

1. **Preparation of Bid Specifications:** Preparation of an Invitation for Bid (IFB) is the first vital procedure in the competitive bidding method, which communicates uniform information concerning the institutions' specific contracting requirements (with minimum essential characteristics of the product or service to be procured) to all prospective bidders. The IFB must be approved by the State Agency prior to publication. The IFB explained clearly and entirely the product or service to be procured and approved prior to publication by the procurement authority. Such descriptions should not, however, include information that could serve in any way to hinder competition. In addition to giving functional product specifications, the IFB must also state clearly where and when bids must be submitted. The IFB must allow a minimum of 14 days between the public advertisement of IFB and the deadline for submission of bids (CACFP, 2014).
2. **Publicizing the Procurement:** The next step in conducting competitive bid is to publicize the procurement. After the Invitation for Bid (IFB) has been prepared, it must be sent to the suppliers of the product or service procured. The procurement entity must formally advertise the proposed





procurement to other potential vendors by advertising in the legal notices of area newspapers and or in newspapers of general circulation in the state. The formal advertisement must include: (1) the name, address, and telephone number of the contracting agency; (2) how to obtain the IFB; (3) a brief and general description of the contracting requirements; (4) the deadline for receipt of bids; and (5) the date, time, and place of the public bid opening (CACFP, 2014).

3. **Bid Opening and Contract Award:** After the deadline stipulated on the IFB, bids must be publicly opened and read aloud and the contract awarded to the lowest responsive and responsible unless the bidder is found to be nonresponsive or not responsible. For a bid to be considered vital, it should offer a product that does not substantively move from the requirements of the IFB. Moreover, all terms stated in the IFB, including price, expected quantities, delivery schedule, and quality must be considered minimum requirements, and not attempt to modify these minimum requirements (CACFP, 2014).

### **2.3.2 Two-Stage Tendering**

According to Government of Jamaica, (2014) two-stage tendering is used where requirements are not sufficiently well developed for the suppliers to aid realistic pricing. It take into consideration all due diligence in contract tendering analysis, tender pricing, risk management, qualities of tender submission, completeness of tender submission, post tender interview, excellent quality of project. Selected tenderers are invited to a post tender interview given the avenue to respond to





questions critical to the success of the project. A procurement entity engaged in procurement by two-stage tendering where it is not feasible for the procurement entity to formulate detailed specifications for the goods or works or, in the case of services, to identify their characteristics and where it seeks tenders, proposals or offers on various means of meeting its needs in order to obtain the most satisfactory solution to its procurement needs; or where the character of the goods or works are subject to rapid technological advances. Besides, the procurement entity seeks to enter into a contract for research, experiment, study or development, except where the contract includes the production of goods in sufficient quantities to establish their commercial viability or to recover research and development costs (Public Procurement Act, 2003).

### **2.3.3 Restricted or Limited Tender Process:**

This method is applicable to procurements of goods or services that can only be provided by a limited number of suppliers or suppliers who are sole agents or patented distributors. The procuring agency shall send invitation for bids to selected bidders capable of providing the goods, services, and or works as set out in rule and select in a non-discriminatory manner, a number of suppliers or contractors to ensure effective competition. As set out in the Procurement Act, 2013, a procurement entity may for reasons of economy and efficiency and subject to the approval of the board engage in procurement by means of restricted tendering; (a) if goods, works or services are available only from a limited number of suppliers or contractors; or (b) if the time and cost required to examine and evaluate a large number of tenders is disproportionate to the value of the

goods, works or services to be procured. Where the procurement entity engages in restricted tendering, it shall cause a notice of the selective-tendering award to be published in the Public Procurement Bulletin (Government of Bhutan, 2007). Procurement offered through Limited Tender is not advertised. Procuring Entities may award their contracts by the limited tendering procedure, in the following cases:

1. When no suitable tenders have been submitted in response to an International or Local Competitive Bidding procedure, on condition that the requirements of the initial tender are not substantially modified;
2. When for technical reasons or for reasons connected with protection of exclusive rights, the contract may be performed only by a particular contractor and no reasonable alternative or substitute exists; and
3. For purchases made under exceptionally advantageous conditions, which only arise in the very short term in the case of unusual disposals, resulting for example, from liquidation, receivership or bankruptcy, and not for routine purchases from regular contractors (Government of Jamaica, 2014).

#### **2.3.4 Single-Source Procurement**

The single-source procurement is most suitable for comparatively up-front procurement of typical technologies and secondary services. It is applicable when:

- (1) there is a disastrous event that inhibits or interrupts broadcasting procurement;
- (2) goods and services can only be obtained from only one source.; or (3) after, only a single bid or tender is expected competitive bidding (CACFP, 204). The





public procurement board must give authorization before a procurement agency can sought for single-source procurement. This happen where goods, works or services are only obtainable from a specific supplier or contractor, or if a particular supplier or contractor has monopoly over the goods, works or services, and no equitable alternative is available. According to Public Procurement Act, 2003, under the circumstance of nature disaster, Single-source is also used where there is a critical need for the goods, works or services and carrying out bid proceedings or any other method of procurement is unrealistic as a result of unanticipated situations which demand an urgent action.

To get approval of funding for noncompetitive procurement, an institution must provide documentation of its attempts to get competition in a correct way. Such documentation should include: (1) a copy of the public advertisement; (2) a copy of the IFB or RFB; (3) copies of all letters received from prospective bidders or respondents, including letters showing a prospective bidder's lack of interest in competing for the contract; and (4) any other materials which would serve to justify the institution's use of noncompetitive procurement (Public Procurement Act, 2003).

### **2.3.5 Request for Quotations Process:**

The public sector in the acquisition of goods and services in procurement, methods such as request for quotation is adopted; it is procurement and supply chain management processes that take a form of a formal invitation to potential

suppliers to part take in a specific bidding process. To ensure an effective and credible outcome, it takes into consideration the following steps which are necessary in ensuring cost effectiveness with limited resources. These steps include;

1. **Quotation request preparation:** This process talks about all the actives and strategies that are employed to clearly give specific roles and responsibilities to each party that is buyers and suppliers an invitation. This is the process of clear outlining the major aim of the procurement, thus processes for quotations, by providing relevant information of the contract or project.
2. **Giving out contract:** This is a comprehensive procedure that ensures a fair playing field for all potential suppliers and subsequently a transparent selection process that results in the decision of awarding contracts to the best fit supplier and also giving reasons for disqualification of orders.
3. **Contract closing:** It is a final comprehensive strategic process that involves the declaration of the winner of the contract negotiation and final endorsement based on mutual understanding and benefits. After two to six weeks of evaluation and negotiation, a contract is awarded to that respondent whose overall cost and technical proposal are most advantageous to the contracting agency (Public Procurement Act, 2003).





### **2.3.6 Two-Envelope Bidding System:**

It is a procurement process where invitation to bid, are mailed to prospective vendors or made available at the office. The process involves only one copy to be submitted to the office and vender obligated to keep the other copy. After the sealed copy is examined and recorded. The original copy kept for further examination. It involves a pre-qualification process with the first one containing pre-qualification information and requirements while the other contains the tender document, which is a technical document. A comprehensive examination of the technical proposal is made after which qualified bidders are invited to a final formal bidding process, it takes a lot of time but ensures cost effectiveness and a greater project impact (CACFP, 2014).

### **2.3.7 Direct Contracting or Sole Source Procurement Method:**

According to CACFP (2014), this method is permitted for procurement under the following circumstances:

1. where the procurement is of a confidential nature;
2. if a particular contractor or supplier has exclusive or proprietary rights in respect of goods, services or works;
3. where standardizing equipment is available only from a specific source, and the Procuring Entity has purchased goods, equipment or technology from a contractor, and additional supply is required for reasons of uniformity;
4. for the purposes of research, experiment, study or development;

5. follow-on procurement, where a contractor has already provided goods, services or work and additional goods, services or works of a similar nature are required to complete the procurement requirements; or
6. For reasons of extreme urgency brought about by events unforeseen by the Procuring Entity, the products or services could not be obtained in time by means of International Competitive Bidding, Local Competitive Bidding or Limited Tender procedures.

### **2.3.8 Contracting Under Emergency Circumstances**

These are very important solutions that are needed to mitigate epidemic that can kill many people within a short period of time. Contractors must be registered with the National Contracts' Commission and possess a valid Tax Compliance Certificate prior to award. Where the contractor is based overseas or is not registered, the procuring entity shall refer the matter to the National Contracts' Commission for approval (CACFP 2014).

Emergency contracting is permitted in any of the following circumstances:

1. For the repairs or remedial action necessary to preserve public safety or property; or to avoid great social harm or significant public inconvenience;
2. for the procurement of goods, services or works in any mitigating circumstances in which the Procuring Entity is likely to incur or suffer financial loss if the procurement is not executed immediately;





3. for the procurement of goods, services or works in any circumstance in which the national interest and/or national security considerations demand that the procurement be undertaken immediately; or
4. for business-sensitive procurement of goods, services or works in any extenuating circumstances in which the operating functions or business objectives of a Procuring Entity are likely to be significantly impeded, or placed in jeopardy if the procurement is not executed in a limited timeframe.

#### **2.4. Procurement Principles**

The fundamental principles of procurement include transparency, integrity, fairness, economy, competition and accountability. This is so because tax payers' money is entrusted in the hand of public official to provide social services to the benefit of the people (UNOPS Procurement Manual, 2014). They are held accountable and responsible for the management of the public fund. A significant amount of these funds are spent through procurement processes. For this reason, there is high public expectation in terms of achieving value for money, ethics, sustainability, efficiency as well as transparency and accountability. These expectations form the basis of public procurement principles. The Procurement Act of Ghana ensures that in the management of public funds, procurement agencies perform due diligence on projects and contracts (Public Procurement Act, 2003).

Value for money (cost effectiveness with limited resources) principle include,

1. Fairness, integrity and transparency;

2. Effective competition;
3. The best interest of all parties.

These principles ensure excellent output within the procurement cycle resulting in quality healthcare, education, public service and national security.

#### **2.4.1 Value for Money**

In the view of Raymond (2008) value for money is the most important principle of procurement. It is defined as the trade-off between price and performance that provides the greatest overall benefit under the specified selection criteria (Nsiah-Asare and Prempeh, 2016). According to Bauld and McGuinness (2006), value for money in the public sector involves consideration of the contribution to be made to advance government policies and priorities while achieving the best return and performance for the money being spent. Cummings and Qiao (2003) are of the opinion that value for money enables the compilation of a procurement specification that includes social, economic and environmental policy objectives within the procurement process.

Also, value for money ensures that there is sustainable procurement considerations and optimization of social and environmental benefits to minimize adverse impacts. Value for money further talks about the methods, procedures and process that are involved in creating and also maintaining sound cost effectiveness with limited resources. It is not only concern with limited resources. But also relative minimum price and more importantly maximum efficiency and effectiveness in the use of funds with the right procurement procedures, because it





helps to measure the level of quality relative to product cost that results in a greater socioeconomic impact. So, factors such as the quality of the products or services and track records of the bidders come to play. Pele (2007) believes that cost effective measure are necessary in public procurement. Thus, government departments are required to adapt to creative ways to simplify procedures and eliminate wasteful expenditure and inefficiency to facilitate productive use of resources in public procurement. He identified economy, efficiency and effectiveness as the elements underlying value for money.

**Economy:** Identifies specific inputs that are acquired at the lowest cost and at the right time.

**Efficiency:** This relate to how productively inputs are translated into outputs. It aims at attaining maximum output with little cost.

**Effectiveness:** The extent to which outputs achieve desired outcomes and make significant impacts

#### **2.4.2 Transparency Accountability and Fairness,**

To achieve cost effectiveness with limited resources, it helps prevent illicit practices such as fraud, corruption, collusion and other unethical practices. The procurement process must be conducted on the basis of clear and appropriate regulations, rules, processes, procedures and standards that are applied consistently to all potential suppliers. Furthermore, the manner in which the procurement process is conducted must provide all internal and external stakeholders of the organization with assurance that the process is fair and



transparent and that integrity has been maintained (Nsiah-Asare and Prempeh, 2016). Procurement practitioners need to be very equitable in their day-to-day dealings with their suppliers and potential bidders and the public at large in order to earn the trust of the various actors within the procurement system (Nsiah-Asare and Prempeh, 2016). The procurement management process should be as transparent as possible, within commercial and legal constraints so that everyone involved, especially suppliers understand the elements of the process (that is, the procedures, timescales, expectations, requirements and criteria for selection). To ensure transparency, tender documents should provide all the necessary information to facilitate submission of appropriate and competitive tenders. Good procurement therefore, holds individuals or organizations accountable.

### **2.4.3 Effective Competition**

A basic principle of public procurement is to provide ample and equal opportunities for participation to interested and qualified suppliers of goods, works or services to ensure a healthy and effective competition. It is principally through such an open and effective competitive environment that the government, just like any procurer, gets the best value in procurement and at minimum cost. On the other hand, competition safeguards against favoritism and profiteering and provides equal participating opportunities to every potential and eligible supplier or contractor.



For procuring entities, open and effective competition should aim at obtaining from suppliers the best possible combination of costs, goods and services. Suppliers or contractors competing with each other become market conscious by being innovative, strategic and focused in the delivery of their services. Consequently, they make effort to optimize their price and quality for the procuring entity (Raymond, 2008).

It ensures an open and effective competition among supplier that promotes fairness, equitable access, transparency and most importantly integrity of the procurement process by government (Erridge et al., 1999). Furthermore it helps to ensure a credible procurement system that does not give room for favoritism, discrimination; fraud and bias of the tendering process reduce prices, improve quality and lead to greater competitiveness among suppliers. Organization should treat all bidders with fairness and ensure that they are given the same level of information when preparing quotations or tenders.

#### **2.4.4 Best Interest of all Parties**

In the public sector, interested parties in the procurement process include the government, general public and suppliers. This principle ensures full disclosure of information by all parties regarding the procurement process and no relevant information should deliberately be withheld by either party nor should any misleading information be given (Chartered Institute of Purchasing and Supply, 2007). The assumption is that government uses public fund to carry out its activities and achieves its policy objectives. So, goods, works and services



procured by government should be in the best interest of citizen and be able to improve their socio-economic status.

## **2.5 Challenges Facing Procurement Entity in the Public Sector**

According to Odhiambo and Kamau (2003), repeated problems with procurement lead to long-term issues that seriously affect organizations. The prevailing institutional weaknesses do not only undermine the procurement entity's capacity for carrying out its mandates effectively but also lead to a public perception that the public sector was not getting maximum value for money spent on procurement. Some of the challenges confronting the procurement practitioners in carrying out procurement activities are outlined below:

### **2.5.1 Non-compliance of Procurement Policy**

One major challenge facing public procurement authorities is how to comply with national economic policies in promoting local firms without treating foreign firms unfairly as provided in the World Trade Organization (WTO) agreements (Thai, 2001). Due to international trade among countries, public practitioners are confronted the problem of how to comply with their government's regulations, social and economic procurement goals without violating regional and or international trade agreements. Also, public procurement authorities are uncertain between free trade agreements and their countries' economic development or stabilization policies when they face a hard choice between selecting domestic or foreign firms. In addition, public procurement practitioners find it difficult to



make optimal decision regarding management requirements and policy requirements as there are always tradeoffs among these goals.

The obvious result of non-compliance is loss of money, a bad reputation and negative publicity, lack of quality control and weak contract management. These lead to the kind of financial losses that can sink institutions and increase the level of non-transparency, poverty for the whole nation and reduces the pace of development in the country (Odhiambo and Kamau, 2003).

The consequences of non-compliance behavior in public procurement include:

1. Conflict of interest in the procurement of good, service and works by officers handling the procurement processes.
2. Increase corruption in procurement of goods, services and works because no action is taken to prevent corruption. These allegations of corruption include inefficiency, delay in procurement due to long procurement processes, high cost of projects, lack of fairness, transparency and discrimination in the selection and award of government contracts, as well as inflating contract figures.
3. Poor service delivery and execution of projects in procurement, which are not able to last for a longer period resulting in higher maintenance cost and rehabilitation.
4. Increase loss of public funds, it very important that public funds are managed in ways and manners so us to protect the public purse. Poor



procurement methods have resulted in huge public service debt and also poor quality of products (Ntayi, 2009).

5. Create confusion, redundant spending and misinterpretation of contracts and needs. These all result in institutions not obtaining the products it needs at the proper quality. Non-compliance can mean procurement entity improperly analyze a supplier resulting in lower quality purchases or purchases that don't meet your needs (Ntayi, 2009).

### **2.5.2 Rapid Technological Development**

In recent years, public procurement authorities have forcefully faced a challenge due to rapid developments in modern procurement technology which have led to new procurement methods such as the use of e-signature and purchase cards. Previously, public procurement has been perceived as a mere clerical task. Now, procurement practitioners are expected to adjust to this new changes and involved in strategic procurement planning as well as be knowledgeable in many aspects and considerations of how to procure information technology, this at times can be very frustrating (Office of Management and Budget, 1997; Hinson and McCue, 2004).

### **2.5.3 Influence from Internal Forces**

Internal factors form the core stake holders like managers' employees, investors and board of directors. Their influence is very critical and important in the procurement management. This is largely because the impact of their inputs can leave bad or damaging effects if not checked, effects which are both immediate



and long term resulting in weak structures, low quality of product. In the long term bad effects like delay in project completion (Thai, 2001).

#### **2.5.4 Environmental factors**

These factors have costly effect on total productivity of the whole organizational in a larger impact. These factors include socio economic factors, legal factors, market fact (Thai, 2001). Consequently, the behavior of people and their way of life, consumption patterns, product choice, and customer satisfaction range from one factor to the next. Thus, political decisions and polies with market patterns and product movement of demand and supply have great impact on socio-economic benefits of the organization. The legal frame work is so necessary in other to promote good relationship that promotes the absence of conflict and judgment debt.

#### **2.5.5 Pressure from Interest Group**

In a democracy dispensation, there is an active involvement of pressure or interest groups in all facet of public procurement system. These interest groups includes individuals, groups, and private sector institutions such as trade and industry players, professional bodies, and business organizations. All these groups have their own aspirations, goals and agenda which they perceive by manipulating the public procurement system using the statutory bodies to influence the procurement laws in order to suit their purposes. This many at times lead to impelling the implementation of these laws, inducing budget authorization and appropriations processes. Eventually government approved programs are



compromised by the various interest groups, policy makers and management in an attempt to get their program or project adopted (Thai, 2001).

### **2.5.6 Political Pressure**

However, public procurement authorities have choices as they face various political pressures as well as sound economic decisions. Most countries be it an advance or developing impose socio-economic policies on their public procurement. Government entities use their large procurement outlays for economic stabilization or development purposes by preferring national or local firms over firms from other countries or other geographic locations. This would have a great impact on public procurement practices as they may face an imperfect competitive market.

### **2.5.7 Public Perception**

Public procurement has been perceived as government activity mostly susceptible to corruption. Public procurement as a main periphery between the public and the private sectors, offers numerous chances for both public and private sectors to sidetrack public coffers for private gain. Over the years, public procurement has been alleged as an area of waste and corruption because of the gaps in the public procurement Act (Kagwe, 2005) and deficiency in executing the rules and regulation (Jones, 2007).

Aside the above challenges, it is evidentially clear that the Public Procurement Authority (PPA), since its establishment, have always cited inadequate funding as the foremost obstruction to efficient operations of the Authority. Lack of adequate





office accommodation was specifically reported in the 2007 and 2008 annual reports (PPA Annual Report, 2007 and 2008). Sierra Leone in its 2005 report also outlined inadequate funding, deficient staff strength, organizational and logistical limitations as the challenges facing the procurement authority. (NPPA Annual Report, 2005). They face additional challenges including communication, currency exchange rates and payment, customs regulations, lead-time, foreign government regulations, trade agreements, and transportation (National Institute of Governmental Purchasing, Inc., 1999).

## **2.6 Procurement Strategies**

Despite the challenges confronting the MMDAs in procuring goods, services and works, there is the need to formulate good strategies and implement them to overcome some of these challenges. The formulation of this strategies would not only help the procurement authority adopt best practices but also drive their readiness to meet up with future changes due to research, development and technology. Procurement does not only seek to reduce costs and to ensure supply; it also supports strategic organizational objectives such as market expansion and product innovation. Procurement strategically brings together all the elements of prudent strategic procurement which include marketing, innovation, goal, efficiency, testing, planning, and development management are all harmonized to promote cost effectiveness with limited resources. It further takes into consideration budget funding and project risk management.



According to Lysons and Farrington (2012), “strategy” as the word connotes is derived from a Greek word “strategia” meaning generalship and is primarily a military concept. They observe that the word strategy has long been used implicitly in different ways. In the view of Lysons and Farrington (2012), Strategy is very critical because it brings to bear the precise procedures that are very necessary to guide the development of any successful implementation of sound objective which leave greater economic impacts across the supply chain. This is what a sound strategic management hopes to resolve. It is concerned with how strategic government organizations try to provide organizational direction and predetermine course of action. On the other hand, a strategy as a ploy is a particular maneuver intended to outweigh an opponent or competitor. Whereas a strategy as a pattern, looks at a stream of various demonstrating consistency in behavior whether intended or not intended. A strategy as a position is also a means of locating an organization in an environment. The positional approach sees strategy as a mediation force by which organizations find and protect their positions or riches in order to meet growth and subvert competition in the external environment. Lastly, a strategy as a perspective is a concept or myriad way of perceiving the world (Bailey, Farmer, Crocker, Jessop and Jones, 2008).

More so, strategy formulation and implementation is the excellent method in addressing procurement related issues by accessing the MMDAs in this regard in order to achieve value for money. This can be done by using a popular strategy known as “SWOT Analysis” which talks about an environmental scanning. The



SWOT analysis simply refers to the strengths, weaknesses, opportunities and threats in the environment. The SWOT analysis can be taken under three organizational levels, which are corporate, business and functional (Lysons and Farrington, 2012). However, in carrying out procurement processes to acquire goods, services and award contract in the public sector, there is the need to identify the strength of the institution and utilize it to exploit external opportunities. The identification of the organizational strength would help formulate appropriate strategy to overcome the weaknesses that confront the sector so that external opportunities can be easily exploited without difficulty. There are many opportunities in the external environment which MMDAs can take advantage of to expand their operations and improve performance. Nevertheless, knowing an organization's strengths and weaknesses will put the organization in a strategic position to face the threats in the external environment. It also helps to establish defensive plans to prevent organizational weaknesses from being highly vulnerable to external environment (Baily, Farmer, Crocker, Jessop and Jones, 2008). By using the SWOT, MMDAs will be able to make a proper assessment of their state, which would help build stronger visions, and mission statement. The objectives of an organization cannot be achieved without having a good and formidable procurement strategy.

Baily et al., (2008) proposed the following strategies for effective procurement system:



1. Monitoring supply markets and trends (material price increases, shortages, changes in suppliers) and interpreting the impact of these trends on company strategies.
2. Identifying the critical materials and services required to support company strategies in key performance areas, particularly during new product development.
3. Developing supply options and contingency plans that support company plans.
4. Supporting the organization's need for a diverse and globally competitive supply base.

These strategies would help put all procurement activities in check in order to achieve a high cost effectiveness which results in greater satisfaction and economic growth in many areas like public service, health care and education road infrastructure and housing across the world, minimize cost that might arise due to bad planning. These form an important aspect and foundation on successful procurement procedures. According to Baily et al., (2008), The SWOT analysis can be applied to procurement situations by identifying the following:

**Table 2. 1: The SWOT Analysis**

Strengths	Weaknesses
<ul style="list-style-type: none"><li>• Purchasing power</li><li>• Regular demand</li><li>• Purchasing probity and goodwill</li></ul>	<ul style="list-style-type: none"><li>• Highly sensitive imported materials</li></ul>
Threats	Opportunities
<ul style="list-style-type: none"><li>• Competition for the material from competitors</li><li>• Few suppliers</li><li>• Exchange rates</li></ul>	<ul style="list-style-type: none"><li>• Alternative materials</li><li>• Possibility for vertical integration with a supplier</li><li>• Outsourcing</li><li>• Partnership</li><li>• Virtual company formation</li></ul>

Consequently, evaluating these strategies and putting them into practice will help MMDAs to undertake due diligent in procuring goods, services and works in order to achieve value for money.

## 2.7 Summary of Literature Review

The literature review covered areas related to the study. It began with a discussion the overview of public procurement, the procurement Act of Ghana, benefit of public procurement, the roles and responsibility of procurement agencies, procurement process, procurement method in the public sector, the principles of procurement and challenges facing public procurement as well as procurement strategies. The review of related literature has revealed that effective and efficient procurement system would reduce the general public perception of corruption in the public sector. There is no doubt that a good procurement practices ensures that



goods, works and services are procured not only in good quality but at a lower cost in so as to achieve value for money and reduce waste in the public sector.

Although, the researcher came across many researches in the area of public procurement as such as Nsiah-Asare and Prempeh (2016) which focused on measures of ensuring value for money in public procurement. Tettey (2016) looked at Challenges facing public service managers. Again, Osei-Owusu and Gyapong (2013) researched on Assessing the role of the public procurement Act, 2003(Act 663) in procuring goods, works and services in a public institution. The findings from these studies revealed that the researches on public procurement have been carried out at the international levels and in a wider context global solutions were proposed. Unfortunately little research has been conducted in Ghana as a nation.

The literature review brought to light the gap created in the public procurement system in provision of goods, works and services in the public sector as there is inadequate information on the topic under review. This might imply that little is known about the essence of procurement management practices in ensuring value for money. It is a serious gap that needs urgent redress. For that matter, this research has to be conducted to unearth the essence of procurement practices as a tool in ensuring value for money in the public sector using Ho Municipal Assembly as a case study as well as spur on research and academic discussion in procurement and supply chain management.



## CHAPTER THREE

### RESEARCH METHODOLOGY

#### 3.0 Overview

This chapter outlined the methods the study employed in achieving stated objectives. This section also describes the research design, the sampling techniques employed and data collection procedures. It gives detailed explanations to data collection instruments and how these instruments were used in gathering insightful data from respondents. In addition, the chapter also provided information on the validity and the reliability of the instruments that are employed in the study.

#### 3.1 Research Design

It is important to know that every detailed study must be carefully plan in order to enhance its validity. This has to do with the various parts of the study, as these would contribute to the achievement of the stated objectives of the study (Asamoah-Gyimahand Doudu, 2007). According Neuman and Wiegand (2000) research design as a detailed arrangement and organizing about a particular study that would serve as a guide to the researcher in order to know the valid and appropriate strategies to adopt to meet the objectives of the study.

There are two main research approaches identified by research methodological analysts: quantitative and qualitative approaches. It is important to note that each of these strategies has its own advantages and disadvantages. For this reason, it is possible to conduct a research employing the two approaches concurrently. This is often referred to as a mixed approach. This is done to overcome the limitations of



the two approaches (Marshall and Rossman 1989; Mason, 2002 cited in Sarantakos, 2005; Bryman, 2004).

Therefore for the purpose of this study, a descriptive research design was adopted, where both quantitative and qualitative approaches are used. The form of data collection is centered on structured questionnaire and in-depth interview. The responses from the survey were analyzed using frequency and percentages. This study is mainly a fact-finding about the conditions, characteristics, opinions and experiences of the various departments in procurement management. With this design, interpretations of meanings are directed at understanding participants' experiences, their perceptions of what worked, and what did not. This design enables the researcher solicit the experiences and knowledge of the respondents on procurement management practices as a tool in ensuring value for money in Ghana's MMDAs.

### **3.2 The Study Population**

The target population comprises of the staff within the following departments; Internal Audit, Works, Accounts, Procurement and Store at the Ho Municipal Assembly. Statistics from the Ho Municipal Assembly indicated that it has about 120 workers within the aforementioned departments. Hence the sample size for the study was determined from this figure.

### **3.3 Sampling Techniques**

Sample means a proportion of a universe or population selected for observation and analysis. This could also mean part of a whole on which inferences are being





made which represent the entire population. This implies that part of the population is being selected on which conclusions are made (Asamoah-Gyimah and Doudu, 2007). Sampling could also be explained as sub-group of the study population which stands for the whole population in the area under study (Orodho, 2012). The study relied on both probability and non-probability sampling techniques.

### **3.3.1 Stratified Random Sampling**

Stratified Random Sampling was used to select thirty (30) workers from the population of 120 workers in the Ho Municipal Assembly. The workers were divided into strata (that is according to departments under the assembly such as (Procurement, Stores, Accounts, Internal Audit and Works) because each stratum has distinct information of interest to the researcher. After grouping, simple random sampling was used to select the respondents.

### **3.3.2 Purposive Sampling**

The sample units were selected because they meet certain criteria (knowledge about the phenomena) which are not randomly distributed in the population. In line with this, purposive sampling was used to select people who are familiar with issues concerning procurement management within the Ho Municipal Assembly. In this regards the various heads of departments of these units; Procurement, Stores, Accounts, Internal Audit and Works were sampled purposively.

The total individual unit drawn from the population was thirty (30) workers in the Assembly.



### **3.4 Sample Size**

Determining the sample size for research work is very important as that could affect the representativeness and generalization drawn from the study. According to Sarantokos (2005:154) the wise rule is that the sample must be “as large as necessary, and as small as possible.” From this viewpoint, the determination of one’s sample size depends on the following factors: the paradigm that guides the research, the underlying methodology, the nature of the target population, available time and resources as well as the purpose of the study. From the above reasons, a sample size of 30 was used in soliciting information. Asamoah-Gyimah and Doudu (2007) also proposed that in research a sample size of 10% to 30% to universe size is desirable. This then, informed the choice of a sample size of 30 participants which represent approximately 25% of the total population respectively.

### **3.5 Instruments of Data Collection**

The research relied on both primary and secondary data sources. The researcher employed primary data collection techniques in the field to gather information from respondents. Twumasi (2001) underscored the importance of using more than one tool in a research work, which helps the researcher to evaluate his data sources and to detect inconsistent answers. Secondary data was solicited from books, archives, journals, articles and Internet. Primary data collection techniques that the study used are structured questionnaire and in-depth interview.



### **3.5.1 Structured Questionnaire**

The structured questionnaire gathered information on the procurement management practices as a tool for ensuring value for money in Ghana MMDAs in the Ho Municipal Assembly. The questionnaire highlights areas such as procurement processes, methods, principles and challenges as well as the extent to which procurement practices have reduced corruption and waste in the public sector. The questionnaire had an introductory front page and three sections. Section A sought biographical information on the participants and made up of six (6) items. Sections B and C were made up of fifteen (15) closed-ended questions in a likert scale to which respondents were asked to choose the appropriate options that conform to their level of agreement and disagreement to each question asked.

### **3.5.2 In-depth Interview**

The researcher conducted an in-depth interview to probe into the procurement practice in the Ho Municipal Assembly and how such practice ensures the value for money in the MMDAs. Using an interview guide, officers in the Assembly including; the procurement officer, the Director, Municipal Chief executive and Finance Officer were interviewed. A well structured interview guide helps to gather information that cannot be captured using questionnaires (Denscombe, 2007). The researcher was able to ask questions that might not be on the interview guide but very vital to the study.

### **3.6 Methods of Data Analysis and Presentation**

Data analysis defined by Ellen (1984) as the computation of certain measures along with searching for patterns of relationship that exist among data groups. For any data to be meaningful, the data must be organized and interpreted by the researcher. This is done by integrating the data together, examining variations and determining the patterns involved.

Qualitative method of data analysis in this research was used to better understand, explain and build on the results from responses obtained on the research objectives. Qualitative data analysis was conducted after data collection based on descriptive content analysis due to the nature of the data collected. Data was be edited and examined for consistency of responses and information that is not relevant to the study was removed. The researcher read all data in order to determine whether the replies are meaningful and all questions answered properly. Qualitative data grouped into categories and themes for analysis. This was be done manually by collating all the responses from the qualitative methods used in collecting the data.

This research also used quantitative method to collect, analyze and interpret data in numeric forms through questionnaires administered to respondents by using simple descriptive statistics (frequency, percentage, mean and standard deviation). Pie chart and bar chart were used in presenting the data. Quantitative data analysis was conducted with the use of Statistical Package for Social Sciences (SPSS) version 20 and Microsoft Excel. Data was checked, edited and close-ended



questions coded for the computer processing. To guarantee accuracy, the data was first cleaned by removing information that was not relevant to the study.

### **3.7 Research Validity and Reliability**

Validity and Reliability are both quality measures of research instruments and important in ensuring integrity in the research findings. Validity of research study is the degree to which the scores from a measure represent the variable they are intended to or the extent to which a concept is accurately measured in a quantitative study. Validity is concerned with the meaningfulness of research components while reliability is consistency of measurement or stability of measurement over a variety of conditions in which basically the same results should be obtained (Creswell, 2006).

To ensure the validity and reliability of the study methodological triangulation was employed in order to achieve a multiple perspective and to confirm authenticity of data as well as gain a more complete understanding of phenomena (Onwuegbuzie and Turner, 2007)). This was done by collecting data from different sources and the used of different approaches in data collection that helped in capturing different dimensions of the same phenomenon. Before the actual study, a pilot study was carried out in Ho Municipal Assembly to pre-test the research instruments to check their feasibility and reliability. It consisted of ten respondents, other than those who constituted the focus of the study who were randomly selected, interviewed and excluded from the actual study.





Validity is the standard criterion by which researchers judge the quality of the research. To ascertain validity, necessary to demonstrate that the prepositions generated, refined or tested, or match the conditions that exist in human life (Lancy, 1993 cited in Sarantokos, 2005). However, to ensure validity and reliability of the research, the researcher involved the participants by checking accuracy of data. In addition, the researcher makes phone calls to probe further to get clarification on interview questions. To ensure content-valid data, the researcher started by identifying some indicators which were relevant to the variables of the study. The identified sets of indicators were then discussed with the research supervisor to ensure that it accurately represented the concept of procurement management practices as a tool in ensuring value for money.

### **3.8 Ethical considerations**

Ethical issues have to do with the researcher adhering to the laid down rules and regulations governing research. It is mandatory on the part of the researcher to make sure every ethics issues regarding the study must be at the back of the mind and strictly observe if proper work needs to be done since subjects are very particular about anything that would cause harm to them in any form. The researcher must protect, respect and hold in high esteem the views of their respondents. The respondents must be assured this right before soliciting any information from them. It is not ethical to make certain details of the respondents known to the public or any third party since this might affect them negatively if care is not taken. Thus, confidentiality is paramount in the field of research (Bell,

2005). Creswell (2006) is also of the view that, the integrity of the respondents must be protected if ethical principles must be adhered to in research.

The researcher obtained consent from the Ho Municipal Assembly before interviewing the staff as well as the heads of the various departments. The respondents were informed about the purpose of the study through the coordinating director, how they were expected to participate and how the study would affect them directly or indirectly. This enabled them to decide whether or not to volunteer information by responding to the questionnaire. The researcher also acknowledged all sources of information from other researchers.

To comply with internationally accepted ethical codes of ethics, names of individuals were not recorded on the questionnaire. In this way, no individual was linked to a particular completed questionnaire thus assuring anonymity. In addition, the information provided by the respondents is used for academic writing and not shared anywhere else, bringing the issue of confidentiality in play. The researcher endeavored to report the findings of the study as accurately and as objectively as possible and in turn disseminated the findings to the Ho Municipal Assembly.



## CHAPTER FOUR

### RESULTS AND DISCUSSIONS OF DATA

#### 4.0 Overview

This chapter begins with the demographic description of respondents, followed immediately with a discussion of the results obtained. The data is presented using pie chart, bar chart, frequency tables, percentage, mean and standard deviation as a statistical tool. Other areas includes; an overview of public procurement management standard and the procurement Act of Ghana, procurement management processes, principles and methods in creating value for money in Ho Municipal Assembly. The challenges of procurement processes with regard to creating value for money and the strategies that would overcome the challenges confronting the procurement entity in order to boost public confidence in the procurement practices in Ho Municipal Assembly.

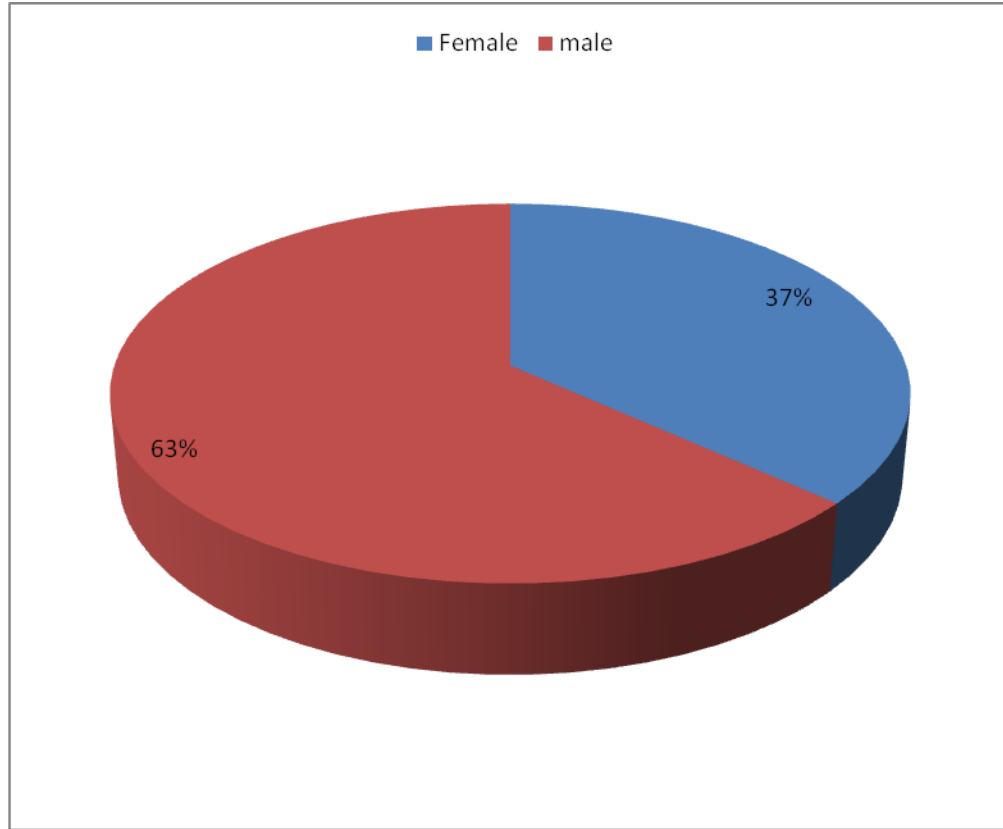
#### 4.1. Demographic Characteristics of Respondents

This study analyses the demographic profile of the respondents in the study area. A set of background information on educational qualification; department of the respondents, year of service and level of management positions of respondents were assessed. These comprised staff from the Procurement, Stores, Accounts, Internal Audit and Works department because they are directly link with procurement activities at Ho Municipal Assembly. The study revealed a relationship between the procurement management practices in achieving value for money and their demographic composition.





#### 4.1.1 Gender of Respondents

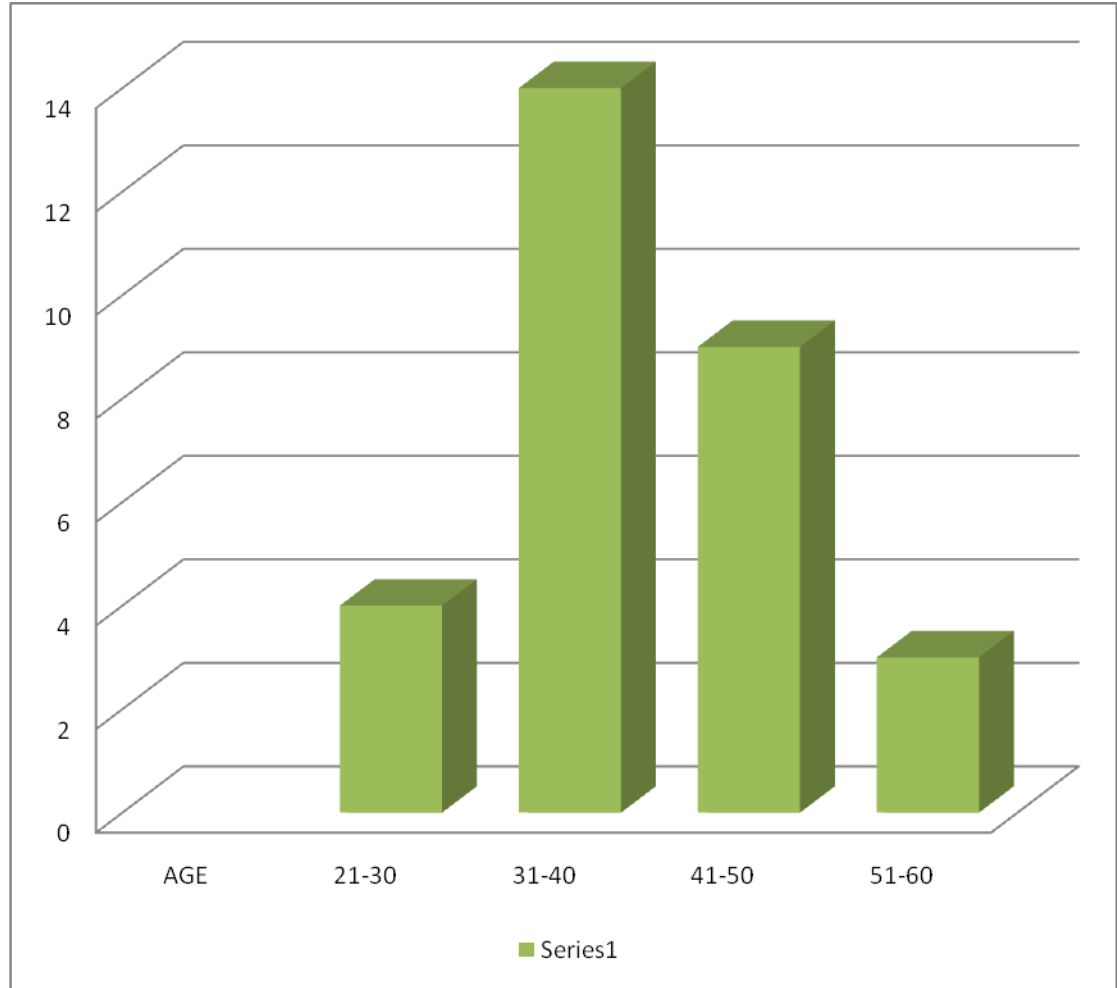


**Figure 4.1 Pie chart: Gender Distribution of Respondents (field data, 2018)**

The pie chart above indicates that out of the 30 respondents, 19 of them were males representing 63% while 11 of them were females representing 37%. This implies that majority of the respondents that were contacted from the study area were males. Thus, Ho Municipal Assembly is a male dominated area for that matter MMDAs in Ghana. This implies that procurement decisions are mostly made to suit males when it comes to gender priority although the area under study is a female dominated area.



#### 4.1.2 Age Range of Respondents

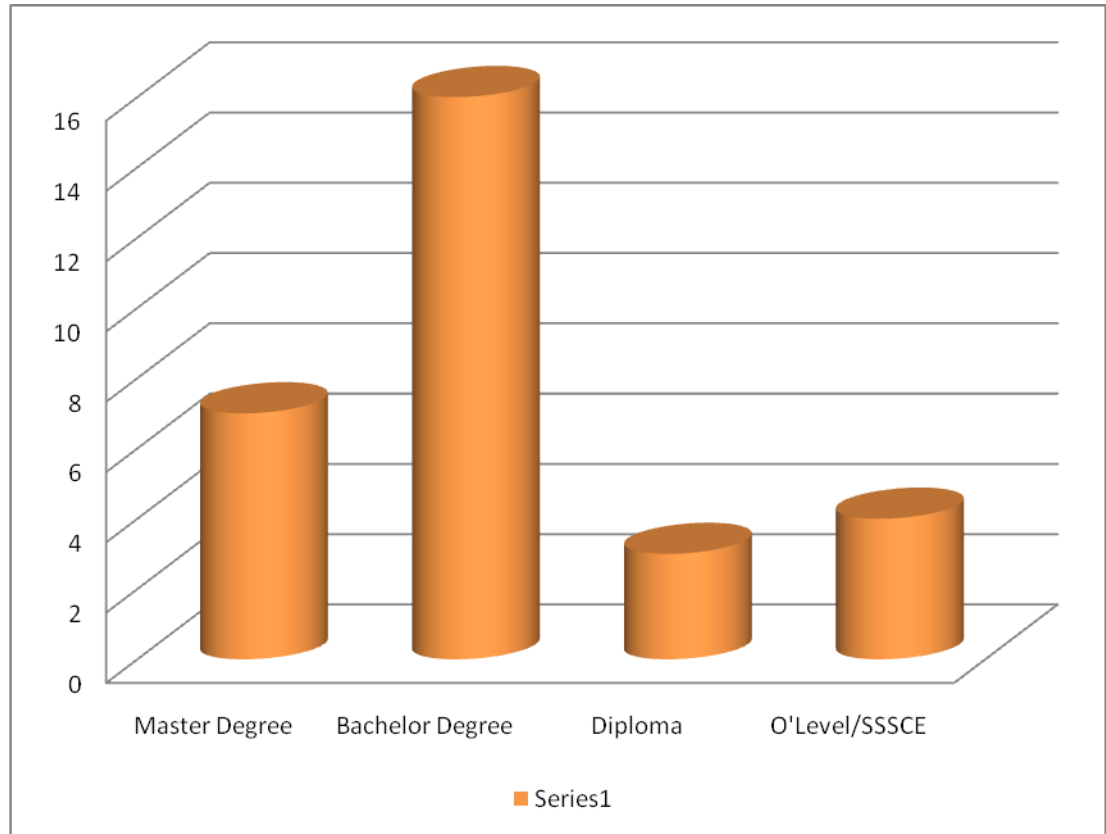


**Figure 4.2 Bar chart: Age Range of Respondents (field data, 2018).**

The bar chart above clearly depicts the age distribution, 13.3% out of a total of 30 respondents range between 21-30 years old, 46.7% are in the ages range of 31-40 years. Furthermore, 30% of the total respondents are within age range between 41-50 years, and ages between, 54-60 recorded 10% of the total respondents. This clearly shows that the human resource capacity is dominated by youth within the age bracket of 31-40 making their inputs so vital and relevant to the study. This

also suggests that the youth are actively involved in the procurement management practices in the Ho municipality that can achieve best result.

#### 4.1.3 Education Qualification of Respondents.



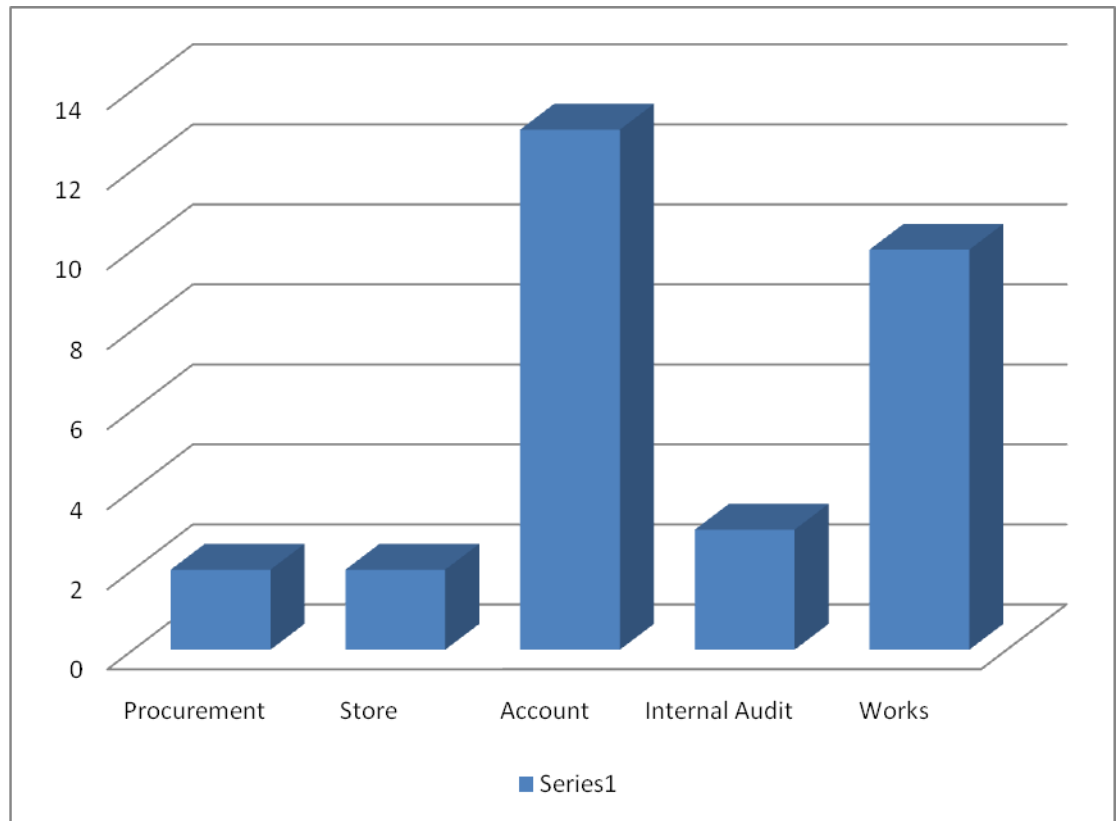
**Figure 4.3 Educational Qualifications of Respondents. Source: Field Survey, 2018.**

Figure 4.3 revealed the educational qualification of respondents. It detailed the various qualifications relative to their percentages. A small number of staff in the Ho Municipal Assembly obtained a Master Degree, which constituted 23.3% with majority having Bachelor Degree which shows 53.3%. Only a handful of staff constituting 10% and 13.3% possessed Diploma and O'Level/SSSCE



respectively. The implication of the findings reported in this section indicated that the participants have the minimum level of acceptable and relevant academic qualification required to demonstrate best practices in procurement management. This is relevant in procurement management as the respondents need the requisite knowledge and training on procurement management processes in order to delivery efficiently at the same time ensuring value for money.

#### 4.1.4 Department of Respondents



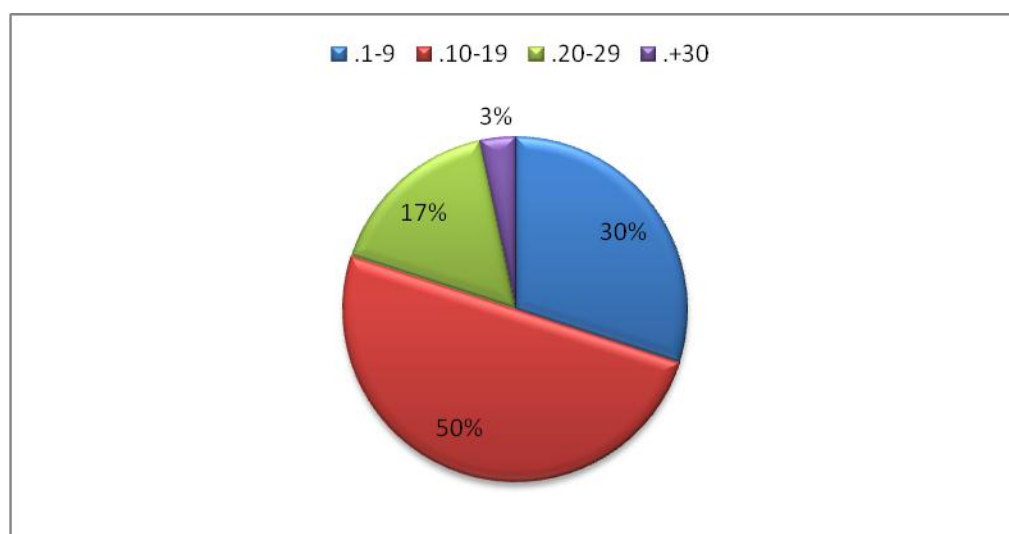
**Figure 4.4 Department of Respondents**

**Source: Field Survey, 2018**



Figure 4.4 indicated, majority of the respondents representing more than 43.3% works in the Accounting department while about 10% in the Internal Audit department. Again, the participants from the Works department represent 33.3%. However, the staff in the Procurement department represents 6.7% and that of Store also represent 6.7%. This clearly shows that the Procurement Department is understaffed and also reveals that most procurement transactions are handled by unprofessional and unqualified procurement personnel. Again, other departments have much input when it comes to the procurement of goods, services and award of contract, the danger here is that their interest may surpass what is required in the procurement management practices as prescribed by the procurement act in relation to the roles and responsibility of procurement professionals. This is due to lack of procurement professional that are mandated to enforce and implement the rules and regulations regarding procurement in the Ho Municipal Assembly.

#### 4.1.5 Year of Service of Respondents

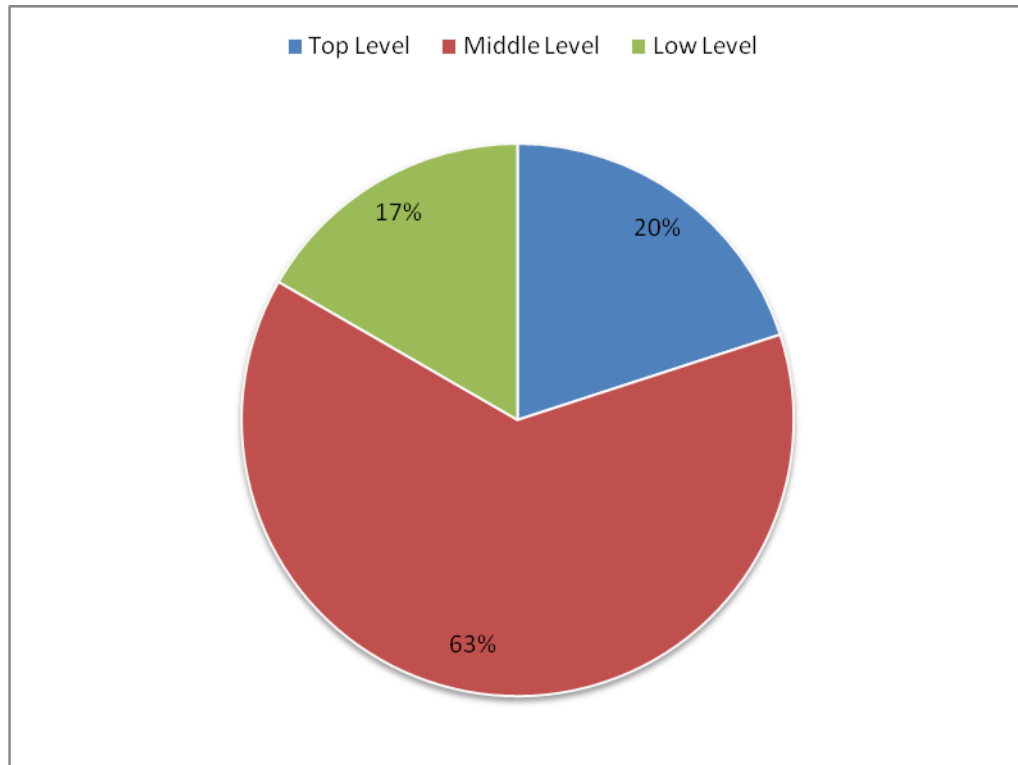


**Figure 4.5 Year of Service of Respondents. Source: Field Survey, 2018**



Figure 4.5 revealed, 30% and 50% of participants had between 1-9 and 10-19 years of working experience respectively. And 16.7% had a working experience within the range of 20-29 years. The remaining 3.3% of total respondents had 30 plus years of working experience. This presupposes that the staffs in the Ho Municipal Assembly have adequate working experience to understand procurement related issues in enforcing best standard and also have over the years engage in some procurement activities where lessons could be drawn to improve on current procurement management procedures and adherence to the rules of engagement.

#### 4.1.6 Level of Management Position of Respondents



**Figure 4.6 Level of Management Position of Respondents. Source: Field Survey, 2018**

Figure 4.6 shows a statistics of the level of management position held by the respondents. The findings showed that 20% of participants are in top level management and 63.3% in middle level management. The remaining 16.7% are in low level of management. Therefore, this implies that any procurement policies and decisions formulated at the top can easily be implemented and enforce by the middle level managers and then handle down to those at the bottom. Since majority of the workforce in the middle level management, there would be a speedily implementation and enforcement of procurement policies and decision that would yield value for money at a possible time.

#### **4.2 Overview of Procurement Management Standard and the Procurement Act of Ghana.**

The first research question sought to address public procurement management standard and the procurement Act requirement in procurement practices at the Ho Municipal Assembly.

In examining the procurement management standards and procurement act in the public sector in relation to purchase of general merchandise, infrastructure services and consultancies, a total of eight (8) likert scale items were developed for respondents to rates them according to their degree of high, average and low. Consequently, to determine the level of impact in terms of awareness, mean score and standard deviation were used. A significant value of 2.0 is used to measure all the responses to determine their relevance in public procurement.

**Table 4.1: Procurement Management Standard and the Procurement Act of Ghana.**

DESCRIPTION	Mean	Std. Deviation	Ranking
<ul style="list-style-type: none"> <li>Unplanned procurement activities are as a result of poor checks and non-adherence to the procurement Act in the Assembly.</li> </ul>	3.27	.907	1 <sup>st</sup>
<ul style="list-style-type: none"> <li>Enforcement of Public Procurement Act will reduce corruption and improve service delivery.</li> </ul>	2.40	.770	2 <sup>nd</sup>
<ul style="list-style-type: none"> <li>The Assembly has a strategy on value for money for procurement activities</li> </ul>	1.77	.817	3 <sup>rd</sup>
<ul style="list-style-type: none"> <li>Procurement plan must relate to the budget of the Assembly</li> </ul>	1.73	.691	4 <sup>th</sup>
<ul style="list-style-type: none"> <li>Does the Assembly strictly follow the procurement act as stipulated by the law?</li> </ul>	1.70	.877	5 <sup>th</sup>
<ul style="list-style-type: none"> <li>The Assembly plans annual procurement spending as per the requirement of regulation.</li> </ul>	1.67	.711	6 <sup>th</sup>
<ul style="list-style-type: none"> <li>Public Procurement Authority must effectively and efficiently evaluate</li> </ul>	1.63	.765	7 <sup>th</sup>





Procurement activities of the Assembly	1.50	.731	8th
• The procurement activities of the Assembly aimed at achieving value for money			

**Source: Field Survey, 2018**

From table 4.1, the highest ranked procurement management standard and procurement Act 663, 2003 was unplanned procurement activities are as a result of weak checks and poor adherence to the procurement Act in the Assembly. This recorded a mean of 3.27 and 0.907 as the standard deviation. The second ranked procurement standard was ‘Enforcement of public procurement Act would reduce corruption and improve service delivery with 2.40 as the mean, 0.770 as being the standard deviation which is above significant level.

Again, in an interview with an Account staff of the Assembly regarding the relevance of procurement practices and requirement that ensuring cost effectiveness with limited resources, *he revealed that “the prerogative of the Assembly is to ensure that the standards set for procuring goods, services and awarding contract in the procurement Act are carried out effectively as it is the presidents’ priority to reduce corruption relating to public procurement (Key Informant Accounts Unit, August 2018). However, strict adherence to the procurement Act also comes with its own challenges, where the processes leading to selecting a suitable supplier or contractor could be cumbersome and time*



consuming and mostly may lead to delay in purchasing of goods, services and contract. This often makes most heads to opt for sole-sourcing to save time and money (Key Informant Procurement Unit, August 2018).

### 4.3 Roles of Procurement Practitioners

This section presents the roles and responsibilities of procurement officers of Ho Municipal Assembly with regard to creating value for money. The researcher sought to find out the views of the respondents on the role and responsibilities carried out by the procurement practitioners that help to achieve value for money in the public sector.

**Table 4.2: Roles and responsibility of procurement officer**

ITEMS	VARIABLE	FREQUENCY	PERCENTAGE
		(N)	(%)
The Procurement officials are professionals and experienced in the work	Yes	30	100.0
	No	0	0.0
Procurement officer is secretary to the tender committee	Yes	25	83.3
	No	5	16.7
Invitation to attend workshop	Once a year	7	23.3
	Twice a year	11	36.7
	Not at all	12	40.0
Management support in promoting the role of	Yes	8	26.7



procurement officer

Sometimes 15 50.0

No 7 23.3

Review of procurement plan

Annually 15 50.0

Semi

annually 9 30.0

Quarterly 7 23.3

Not at all 0 0.0

Publication of procurement plan on the website

Yes 0 0.0

No 28 93.3

Sometimes 2 6.7

disclosure of information to supplies or  
contractors

Strongly

agree 3 10.0

Agree 7 23.3

Strongly

disagree 10 33.3

Disagree 10 33.3

Helping to prepare procurement plan (Annual,  
quarterly, monthly)

High 1 3.3

Average 6 20.0

Low 23 76.7

Helping in project implementation and evaluation

High 1 3.3

Average 20 66.7



	Low	9	30.0
Organizing training sections for the procurement officers	High	4	13.3
	Average	16	53.3
	Low	10	33.3
Registration of suppliers	Yes	22	73.3
	No	8	26.7
Good relationship with suppliers	Yes	21	70.0
	No	9	30.0
Advertisement of bids	Always	14	46.7
	Sometimes	10	33.3
	Not at all	6	20.0

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**Source: Field Survey, 2018**

The data collected indicated that the procurement officers at the Assembly are not professional and experienced on the area of procurement as well as supply chain management. This indicates that 23.3% of participants who indicated yes on the professionalism of the procurement officers and 76.7% of respondents could not attest to this fact. The finding supports the assertion by De Boer and Telgen (1998), The PPDA Audit Report (2008), Basheka and Mugabira (2008), Eyaa and Oluka, (2011) also reported lack of competence with skill, few avenues for long term learning and enhancement in public procurement sector.



Again, capacity building is a very important element in enhancing worker knowledge on new practices or changes at the working environment. The response in Table 4.2 shows that 23.3% of participants attend capacity building workshop relating to public procurement management at least once a year. Besides, 36.7% of the participants responded that they do receive training on public procurement management as least twice a year. The remaining 40.0% indicated that they never attend any workshop on procurement management. The procurement officer indicated that due to insufficient fund, the assembly is not able to organize training session on public procurement management to enhance worker's knowledge on the subject matter. The Procurement Act, 2003 required the procurement entity to fund and develop the capacities of procurement experts in order to enhance skill capabilities, experiences, advance technical knowhow to aid the achievement of corporate objectives and goals resulting in strong growth and expansion as a result public procurement standards.

The research also revealed management support in promoting the roles of the procurement officer in the assembly. The finding revealed that 26.7% agree that top management support the procurement officers to carry out their roles and responsibility effectively without any constrain. About 50% of the respondents indicated that top management supports for procurement is not regular. The Assembly only supports procurement activities only when the need arises. In this case, 23.3% of the participants revealed that the Assembly does not support procurement officers to enhance their work.



The finding on the reviewing of the procurement plan shows an annual review 50%, semiannual 30% and quarterly review 23.3%. This is a good indication that the procurement is not only documented down but have been continually revised to make way for new inputs that will ensure that value for money is achieved.

The data available in table 4. 2 show that the assembly does not publish its procurement plan on the internet. This is represented by 93.3% of the responses obtained while 6.7% of the respondents are of the view that the procurement plan is been published. An interview with one of the officers in internal audit department revealed that the Ho Municipal Assembly do not have a website and even if it has nothing of this sought have ever been publish less alone to talk of procurement plan. As part of its function, the procurement officer is supposed to make available monthly notice that is supposed to be in line with the public procurement Act with its pros and cons. (Public Procurement Act, 2003).

Moreover, the procurement regulation also mandates the purchasing practitioners to embark on monitory and evaluation on project to enhance and maintain cost effectiveness with limited resources is achieved using public fund to undertake projects. But it seems less is done in this area as the findings shows low level of participation. Additionally, in response to the question whether procurement officers should disclose information to supplier or contractors prior to the bidding process, 66.6% represents both strongly disagree and disagree on the opinion as 10% and 23.3% strongly agree and agree that procurement officers should disclose information to suppliers. In the procurement process, the Act did not

allow procurement authority to disclose information to suppliers or contractors prior to bidding process unless it has become necessary and such information must be communicated to all suppliers within the same time frame. This finding support the objective of the GPA and Model Law which seek effectiveness and efficiency among contractors and suppliers are maximized.

Table 4.2 further revealed that 46.7% of participants responded that bids are always advertised and 33.3% response indicated that advertisements of bids are not done always but when the need arises. On the other hand, 20% of respondents revealed that advertisement of bids is not done at all. This finding corresponds to an interview granted to the procurement officer in the Assembly. According to him advertisement of bid is done depending on the item to procure or contract to be awarded. If the price or quantity of what the Assembly decides to purchase does not reach a certain threshold it is considered not significant and those items are purchased outright or sole-sourced without advertising. It was also observed that advertisement of bids is only done internally or in- house.

Furthermore, 73.3% of respondents indicated that the suppliers are registered in accordance of the procurement Act whilst 26.7% of respondents revealed that the suppliers are not registered. The procurement Act, 2003 required that suppliers are duly registered. Besides, the study revealed that the assembly has good relationship with suppliers. This is step in good direction because in the assembly effort to achieve cost effectiveness with limited resources and also to protect the



central government purse, it must maintain good relationship with its suppliers both internal and external as well as ensure that the suppliers or contractors are treated fairly without any discrimination.

#### **4.4 Procurement Management Processes, Principles and Methods in Creating Value for Money**

Table 4.3 displays information on procurement management processes, principles and methods. In examining the procurement processes, principles and methods, a likert scale items was developed from the literature for each item, for respondents to choice their level of knowledge, rate them according to their degree of awareness ranging from very good, good, satisfactory and poor. Therefore, in establishing the level of awareness of the procurement management practices that ensure cost effectiveness with limited resources, using a mean score and standard deviation. A mean of 2.0 is set as the significant value.





#### 4.4.1 Procurement processes in acquisition of goods and services

**Table 4.3 Procurement Processes Adopted**

<b>DESCRIPTION</b>	<b>Mean</b>	<b>Std. Deviation</b>	<b>Ranking</b>
Regular audit of procurement activities and transaction to ensure value for money?	2.93	1.048	1 <sup>st</sup>
The Assembly budget be in line with the annual procurement plan	2.80	1.095	2 <sup>nd</sup>
Are the procurement plans in your department properly and timely documented?	2.17	.747	3 <sup>rd</sup>
Procurement decisions are based on price or quality or both.	1.73	.868	4 <sup>th</sup>
The Assembly has a policy on cost effectiveness to procurement activities	1.37	.669	5 <sup>th</sup>
The value for money check against unplanned procurement activities of the Assembly	1.37	.615	6 <sup>th</sup>
Procurement processes leading to selection of supplier/contractor are simple and timely resulting in value for money	1.27	.583	7 <sup>th</sup>

**Source: Field Survey, 2018**





The findings revealed that there is regular audit of procurement activities and transaction. This indicated cost effectiveness of limited resources at a high level of 2.93 as the mean, which is above the significant value of 2.0 with standard deviation 1.048. Secondly, the Assembly budget is in line with the annual procurement plan follows with a mean value of 2.80 also above the significant value showing a standard deviation 1.095. The third in the ranking is the procurement plans in the various department properly and timely documented had a mean of 2.17 which is above the significant value of 2.0 with standard deviation 0.684.

The fourth and the fifth items in the rank are procurement decisions based on price or quality or both with a mean value of 1.73, standard deviation 0.868 and the Assembly has a policy on cost effectiveness of limited resource for procurement activities with a mean value of 1.37, standard deviation 0.669 and the sixth item on the rank is, The value for money check against unplanned procurement activities of the Assembly recorded a mean value of 1.37, standard deviation 0.615. Procurement processes leading to selection of supplier or contractor are simple and timely resulting in value for money is the least with mean of 1.27, standard deviation 0.583. The mean value of this processes are below the significant value of 2 it implies that these procurement processes are not significantly taken into consideration in carrying out procurement activities.

### 4.3.2 Procurement Principles in Creating Value for Money.

**Table 4.4 Procurement principles adopted**

<b>DESCRIPTION</b>	<b>Mean</b>	<b>Std. Deviation</b>	<b>Ranking</b>
Accountability	1.77	.817	1 <sup>st</sup>
Transparency	1.77	.774	2 <sup>nd</sup>
Fairness	1.70	.877	3 <sup>rd</sup>
value for money	1.50	.731	4 <sup>th</sup>

**Source: Field Survey, 2018**

From the literature, accountability, transparency, fairness and value for money were identified as the core principles underlying public procurement. From the enquiry, the respondents specified that they had a low level of accountability, transparency, fairness and value for money as procurement principles in the public sector as they are ranked below the significant value of 2.0. Accountability recorded the highest mean of 1.77 with standard deviation recorded as 0.817. The second principle in promoting value for money was ‘Transparency’ with 1.77 as being the mean and 0.774 as the standard deviation. ‘Fairness is ranked third in the procurement principles recorded 1.70 as the mean and with 0.877 as its standard deviation. The finding revealed that “value for money” was ranked the lowest with mean of 1.50, standard deviation of 0.731 among the principles. This goes to mean that the essence of value for money was not promoted or encouraged by the system. This is because the principle of sound procurement



that ensures value for money is very critical towards the growth of any organization. The finding is in line with Ademan (2014), who also conducted a study and found out that transparency, accountability, fairness and value for money as procurement principles adopted in awarding contract in public procurement.

#### 4.3.3. Procurement methods adopted in acquisition of goods and services

**Table 4.5 Procurement methods adopted**

DESCRIPTION	Mean	Std. Deviation	Ranking
Request for quotations	2.9	0.803	1 <sup>st</sup>
Request for proposals	2.73	0.868	2 <sup>nd</sup>
Restricted tendering	2.6	0.894	3 <sup>rd</sup>
Single sourcing	2.33	0.802	4 <sup>th</sup>
Two-stage tendering	2.33	0.994	5 <sup>th</sup>
Competitive tender/bidding	2.17	1.02	6 <sup>th</sup>
International competitive tendering	2.1	1.029	7 <sup>th</sup>

**Source: Field Survey, 2018**

Respondents were asked to rank the procurement method adopted to obtain cost effectiveness with limited resource or value for money in government enterprises and agencies. The result revealed that experts (procurement officers, accounts officers, internal auditors, storekeepers in and engineers) were compared, the



results show that the mean scores of all the seven methods assessed are above the neutral value of 2 for the entire the respondents. This show an indication that all the procurement methods articulated in the procurement Act are been taken into consideration in the award of contact, purchasing of goods and services.

From the analysis, request for quotations was ranked highest with mean value of 2.90, standard deviation of 0.803. This is follow by request for proposals showing a mean value of 2.73, standard deviation of 0.868. Additionally, Two-stage tendering was rank with mean value of 2.33 and standard deviation of 0.984. Competitive tender or bidding; it has a mean of 2.17, standard deviation of 0.020. Among the methods, International competitive tendering was rank the lowest with mean of 2.10, standard deviation of 1.029.

This result does not conform to the literature review which indicates that competitive process and negotiation are basically used by government agencies to invite all bidders who have the capacity of purchasing general goods, services and infrastructure as potential supplies should be given a fair, transparent, nondiscrimination and equal playing field for participants in a project. (Government of Bhutan, 2007). Rather, the findings indicated that Request for quotations and Request for proposals is been used as the main method of awarding contract as officials have find it very convenient to hide under this method to achieve their parochial interest.



#### 4.5 Challenges Procurement Process in Ho Municipal Assembly

In assessing the challenges confronting the procurement entity, it is significant to investigate the severity of the challenges in the opinion of respondents. Respondents were requested to mark the major challenges faced by the procurement entity in achieving value for money in the in the range of severity on a three-point Likert scale items (high, average and low) indicating the impact of the challenge in achieving value for money.

**Table 4.6 Challenges confronting the procurement entity**

ITEMS	VARIABLE	FREQUENCY	PERCENTAGE
		(N)	(%)
Influence from suppliers	Always	6	20.0
	Sometimes	13	43.3
	Not at all	11	36.7
Political and management interference in procurement decisions	Yes	19	63.3
	Sometimes	10	33.3
	No	1	3.3
Absence of transparency in procurement of goods and services results in poor accountability	High	16	53.3
	Average	9	30.0
	Low	5	16.7
Lack of competent and skillful personnel	High	14	46.7





	Average	9	30.0
	Low	7	23.7
Problem of non-compliance of procurement	High	16	53.3
Policy	Average	9	30.0
	Low	5	16.7
Lack of top management support	High	5	16.7
	Average	19	63.3
	Low	6	20.0
Poor evaluation methodologies and measures of			
the procurement policy for monitoring	High	14	46.7
to ensure value for money	Average	9	30.0
	Low	7	23.3
Absence of appropriate bidding or incorrect			
utilization of the limited bidding process	High	17	56.7
	Average	5	16.7
	Low	8	26.7
Inadequate funding and logistical support	High	15	50.0
	Average	12	40.0
	Low	3	10

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**Source: Field Survey, 2018**

Political and management interference is one of the challenges that confront the procurement entity in carrying out their mandate as detailed in the Procurement



Act. In the light of this the researcher in his quest wanted to know if there have been political or management interfering in the work of the procurement officer. The result obtained from the field indicated a high level of interference from management and politicians as majority of the responses represent 63.3% and 33.3% indicating management and political interference in the work of the procurement officers. The rest 3.3% of the respondents indicated that there is no management and political interference in the work of the procurement entity. The procurement office as established by the Procurement Act has given some kind of autonomy to the procurement authority in discharge of their mandate (Procurement Act, 2003). It could be clearly seen from the data available that independent of the procurement officers is been manipulated to suit management or political agenda.

Another challenge that the procurement officers face in trying to obtain cost effectiveness with limited resources in the public sector procurement management is influence from suppliers and contractors aside management and police interference. This is because all contractor or supplier want their bid accepted and possibly became the ultimate winner of the contract. Hence, these people try to influence the procurement officers to channel procurement decisions in their favor or have an access to information that would help them seal their way through. The findings in table 4.6 revealed that suppliers always influence procurement officers and this is put at 20%. More so, some respondents believed that procurement officers are sometimes influence by the suppliers or contractors and this result





also shows 43.3%. The remaining 36.7% of participants indicated that suppliers do not influence the decision making of procurement officers in attempt to win bid to undertake a contract. Consequently, the data as put together shows lack of accountability and transparency as 83.3% and lack of competent and skilled personnel as 76.7% high are among the major challenges in public procurement.

In comparison, there is problem of failure to adhere to best supply chain management process is on its peak. This indicates that 53.3% high, 30% and 16.7% low. This stems from the fact that as procurement authorities are trying to meet the international procurement agreements they might be compromising on the local standards to suit foreign partners. Compliance to public procurement regulations has a direct corresponding link between the success of any organization and its output. When regulations are adhered to, it leads to the attainment of expected goals and objective and performance (Eyaa and Oluka, 2011).

Nevertheless, poor evaluation methodologies and measures of the procurement policy for monitoring to ensure value for money as well as lack of management support are also affecting the operation of the procurement entity. Table 4.6 revealed 76.7% of each of the finding shows inadequate measures for monitoring and evaluation while 80% for lack of management support. The deficiency in the absence of unauthorized bidding or inefficiency in the use of scarce resources has been an issue adversely affecting public procurement. This was rated as 73.4%. The fact is that public procurement officials have exploited this method which invite specific number of contractors or suppliers to bid.

Aside the above challenges, it is evidentially clear from the finding that lack of funds and logistics are major constraints as 90% of the respondents collectively attest to the fact. This outcome supports an existing literature that the Public Procurement Authority (PPA), since its insertion, has perpetually recorded low capacity development funding, inadequate funding and lack of logistics as the foremost obstruction to efficient functioning of the Authority (PPA, 2007 and 2008).

#### 4.6 Strategies to Overcome the Challenges Confronting Public Procurement

This section addressed the strategies adopted to overcome the problems facing public procurement which is related to research question four. “What are the strategies to overcome the challenges confronting public procurement in the Ho Municipality?”

**Table 4.7 Strategies to overcome the challenges**

ITEMS	VARIABLE	FREQUENCY	PERCENTAGE
		(N)	(%)
Support for the implementation of procurement strategies from management	Strongly agree	13	43.3
	Agree	10	33.3
	Disagree	5	16.7
	Strongly disagree	2	6.7



Provide tools and motivation for procurement officers	Strongly agree	8	26.7
	Agree	13	43.3
	Disagree	5	16.7
	Strongly disagree	4	13.3
Engage the service of consultant in procurement	Strongly agree	7	23.3
	Agree	14	46.7
	Disagree	3	10.0
	Strongly disagree	6	20.0
Regular audit to ensure compliance of procurement laws	Strongly agree	8	26.7
	Agree	17	56.7
	Disagree	5	16.7
	Strongly disagree	0	0.0
Engage qualified procurement staff	Strongly agree	16	53.3
	Agree	14	46.7
	Disagree	0	0.0
	Strongly disagree	0	0.0



	disagree		
Suppliers selection and approval should be	Strongly		
agreed in Principles by all the stakeholders	agree	18	60
	Agree	12	40
	Disagree	0	0
	Strongly		
	disagree	0	0
procurement activities in terms of audit should	Strongly		
be carried out in a timely and effective manner	agree	17	56.7
in the Assembly	Agree	13	43.3
	Disagree	0	0.0
	Strongly		
	disagree	0	0.0
Strong regulation and implementation of the	Strongly		
law on public procurement.	agree	20	66.7
	Agree	8	26.7
	Disagree	2	6.7
	Strongly		
	disagree	0	0.0
	Strongly		
	agree	15	50.0
Strong regime of enforcement of punitive			
sanctions on nonprofessional officers	Agree	12	40.0



	Disagree	3	10.0
	Strongly disagree	1	3.3
Procurement agreement documents by parities must be written in good understandable language.	Strongly agree	9	30.0
	Agree	16	53.3
	Disagree	4	13.3
	Strongly disagree	1	3.3
Dealers in public procurement must be discouraged from influencing procurement practitioners.	Strongly agree	21	70.0
	Agree	9	30.0
	Disagree	0	0.0
	Strongly disagree	0	0.0

---

Source: Field Survey, 2018



The respondents were tasked to indicate their level of agreement on the strategies identified to address the challenges encountered by the procurement entity in their attempt to enforce and implement procurement regulation. The degree of agreement is rated using likert-scale item (Strong agree, Agree, Disagree and strongly disagree). The response is analyzed cumulatively by putting together strongly agree and agree as on variable as disagree and strongly disagree are also combined. The respondent agreed that management support is key strategy in ensuring that procurement procedures are executed without any difficulty and 23.3% of respondents are not in support of this strategy. In addition, provision of tools and motivation for the procurement officers in discharging of their duties, the result revealed that 70% of participants agree to this strategy as one of the solution in resolving the procurement challenge while 30% disagreed. The assembly has to stir up effort in this regard to provide the needed tools that will help the procurement entity to achieve its core mandate. Also the officer must be motivated in order to boost their morale so that they carry out their duties effectively.

More so, the researcher sought to find out whether the assembly engages the service of expert or consultant and qualified procurement personnel in resolving issues relating to procurement management. These are the result obtained; 70% of participants responded that expert in the field of procurement and qualified staff are been used to carry out procurement activities whilst 30% disagreed that the experts service is needed.

Another important measure to address the problem in procurement in order to achieve cost effectiveness with limited resource include; regular audit to ensure compliance of procurement laws, the finding revealed that 95% of participants support this as a strategic measure to recheck non- compliance issues. Only 5% of participants disagree to this measure.

Other essential measures identified are strong regime of enforcement of punitive sanctions on nonprofessional officers. The result available show that 93.3% and 90% agreed to this strategic measure as a way of addressing the challenges confronting the procurement entity. The findings support the assertion by Ntayi. Gerrit and Eyaa (2009), who also concluded that millions of dollars go unprofitable due to unskilled procurement officials not adhering to procurement ethical standards leading untimely service provisions,

Table 4.7 further revealed that 83.3% of participants are in agreement that Procurement Contract Document should be stated in clear terms. In the same way 100% participants also agree that dealers in public procurement must be discouraged from influencing procurement practitioners as a punitive measure of ensuring compliance to procurement laws and regulations. The procurement Act, 2003 mandates the procurement entity to investigate procured items; potential supplies and suppliers need to go through a comprehensive prequalification process so as to segregate illegible supplies from capable and competent supplies to promote the attainment of organizational objectives.



## CHAPTER FIVE

### SUMMARY OF FINDINGS CONCLUSIONS, RECOMMENDATIONS AND SUGGESTIONS FOR FURTHER STUDY

#### 5.0 Overview

This chapter covers summary of findings, conclusion, recommendations, and suggestions for further studies.

#### 5.1. Summary of the Study

A summary of the findings in relation to procurement management practices as a tool in ensuring value for money are presented along the following themes:

1. Overview of public procurement management standard and the procurement Act of Ghana.
2. Procurement management processes, principles and methods in creating value for money in Ho Municipal Assembly.
3. Challenges that confront public procurement entity in Ho Municipality Assembly with regard to creating value for money.
4. Strategies that would overcome the challenges confronting the procurement entity in order to boost public confidence in the procurement practices in Ho Municipal Assembly.





### **5.1.1 Overview of Public Procurement Management Standard and the Procurement Act of Ghana**

The findings under this theme revealed that the public procurement process was based on Procurement law (Act 663 2003) which enacted comprehensively to aid in the due process that are involved in the purchasing of general merchandise, services and infrastructure with all government establishment and transactions to ensure that public funds and resources are used judiciously and efficiently. According to the Public Procurement Act, 2003 (Act 663), procurement in the MMDAs is the use of tax payer money for the purchases and management of sound procurement management across the public sector. It creates an enabling environment for promoting quality, cost effective and sustainable procurement methods that serves the citizens better because of the long term effects of good decisions taken.

It was disclosed that the basic standard upon which the procurement Act was established is based on Accountability, Transparency and Fairness in order to achieve value for money in acquiring goods, services and works in the public sector. However, the findings available revealed that these standards have not been achieved as public official's compromise on accountability, transparency and fairness in the award of contract. This shows that procurement practitioners, who violate any section or part of the act, are not held culpable for non-compliance of the laid down procedures stipulated in the Act.





Given the limited resources available to Metropolitan, Municipal and District Assembly, adopting strategies that promote the judicious use of public fund is vital to ensure maximum utilization of scarce resources. The findings revealed that this is not based on only low price to be achieved but also on quality. The formulation of prudent sustainable procurement methods in form of policy implementation and execution will result in leaving a great impact on the society in terms of the net benefits of best methods of procurement. During the observation period, it could be clearly seen that there is no value for money as items bought by the assembly are of low standard but at a higher price as compare to the market value. The study expose the inefficiency in the public sector as contract are awarded and goods procured without any clear procurement guideline. It is interesting to know that many public officials do not have the needed knowledge on the procurement Act and therefore conduct procurement activities as deem fit without reckon to the laws and regulations governing public procurement.

From the research findings, the procurement officers are mandated by the procurement Act to implement best procurement strategies as stipulated in the law. The procurement practitioners are required to act professionally in the discharge of their duties and serve as a secretary to tender committee. They are also expected to prepare procurement plan and ensure contract review of the plan and ensure that the plan is in line with the budgetary allocation. It beholds on procurement officers to advertise for bids, register all suppliers and keeps suppliers' register as well as maintaining good relationship with suppliers. The

procurement officers are also responsible for ensuring that adequate information is provided to suppliers and full disclosure is made devoid of bias and discrimination. Among the roles performed by the procurement officers, it was also identified that they have to carry out monitoring and evaluation of contract and projects to ensure that value for money is achieved for the use of public funds in order to reduce waste in the procurement system.

### **5.1.2 Procurement Management Processes, Principles and Methods in Creating Value for Money**

Despite the fact that the processes, methods and principles underlying the procurement of goods, services and award of contract in the public sector are clearly spelt out in the procurement Act, these practices are not fully implemented by the Ho municipal assembly in order to achieve value for money in the use of taxpayer money to undertake activities in the public sector. It was discovered that there have not been any proper documentation on the process leading to an award of a contract to procure goods, services works and the method adopted awarding contract. As stated in the literature review the procurement process is grounded on four (4) pillars which are planning, conducting, controlling and closing procurement. These processes seem to be neglected. Though, the procurement act required procurement entity to prepare a procurement plan which describe how the entity would procure goods and services with the use of excellent outsourcing methods, this have not been achieved in the public sector as identified in the study. This is because there have not been frequent review of the procurement





plan the assembly claim to have at its disposal. Nonetheless, the literature review has also showed that the various procurement methods as prescribed in the procurement act and the circumstances under which they are used. The findings indicated that sole-sourcing is been used as the main method of awarding contract as officials have find it convenient to hide under this method to achieve their parochial interest. As a result of this, the core principle of procurement which is based on cost effective with limited resources in the public domain.

### **5.1.3 The Challenges of Procurement Processes of Ho Municipal Assembly**

The findings revealed political and management interference is one of the challenges that confront the procurement entity in carrying out their mandate as detailed in the Procurement Act. Another challenge that the procurement officers face in trying to obtain cost effectiveness with limited resources in the public sector procurement management is influence from suppliers and contractors aside management and political interference. It was also revealed that there is failure to adhere to best supply chain management process. Poor evaluation methodologies and measures of the procurement policy for monitoring to ensure value for money as well as lack of management support are also affecting the operation of the procurement entity. Besides, the deficiency in the absence of unauthorized bidding or inefficiency in the use of scarce resources has been an issue adversely affecting public procurement. Lastly, insufficient fund and logistic are also identified as the challenges that affect the public procurement entity in achieving value for money.

#### **5.1.4 Strategies to Overcome the Challenges Confronting the Procurement**

##### **Entity.**

On strategies that would overcome the challenges alienating the public procurement, the following strategies are identified which include timely auditing, monitoring and evaluation of all procurement activities with procurement in the assembly, implementation and enforcement of regulations regarding public procurement are very critical to facilitate cost effective standards and outcomes.

#### **5.2. Conclusions**

This study became indispensable because stakeholders in public sector expressed discernment about the irregularities in the public procurement. Therefore, the study conducted to examine procurement management practices as a tool in ensuring value for money was pertinent since most Ghanaians have the notion there is an increasing level of excess public expenditure and waste of funds, misappropriations of fund in the MMDAs of Ghana especially in areas of purchasing goods, rendering service and work in the public sector.

In assessing the results of this research findings it is concluded that the efficacy of procurement management practices depend on full implementation of the public procurement Act, 2003 without any obstruction so as to promote value for money in the MMDAs in Ghana. An efficient public procurement system strengthens the perception of accountability, transparency and fairness which help to reduce the activities of corruption and the development of mutual trust.





The competitive tender or bidding is recognized as the appropriate method of procurement as all contenders or bidders who have gone through prequalification have demonstrated the ability to delivery on the terms of the contract if given the opportunity. Relatively, not all public procurement officials can be acknowledged to be executing the practices in the procurement management given that there is poor or limited information that would aid in revealing what the concept means. Therefore, a clearer definition of procurement management practices as specified in the Procurement Act is obligatory in direction to enhancing execution in public procurement activities. This is because when the procurement practitioners understand the procurement management practices and apply it in the procurement processes in acquiring goods, services and works, there would be value for money when project are carried out..

Additionally, the procurement entity lacks professional and experienced procurement officers, inadequate financial resources and logistical support are also major factors affecting effective delivery in MMDAs. In spite of this, timely consistent monitoring of procurement entities audits is very necessary in promoting adherence to procurement standards. Implementing the guidelines, requirements would promote cost effectiveness.

### **5.3 Recommendations**

This research examined procurement management practices as a tool in ensuring value for money` in Ghana`s MMDAs using Ho Municipal Assembly as a case study. Therefore, the essence of procurement management practices geared towards value for money can only be achieved through institutional structure

changes that favor and support the need for excellence best practices in realizing cost effectiveness with limited resources in the management of all purchasing within the MMDAs.

The MMDAs must ensure that procurement contract documents with the third parties are written in good understandable and simple language and devoid of ambiguities, Dealers such as suppliers, contractor and consultant in public procurement must be discouraged from influencing procurement practitioners and the suppliers who try to influence the procurement process must be excluded from partaking or engaging in procurement activities in the MMDs and from government of Ghana contract. The MMDAs must also adapt modern technology to make search and verification of requirements, timely delivery of products and the receipts of feedback across the procurement system within the MMDAs.

More importantly, the MMDAs must employ strategies to expand supplier network, a credible and dependable supplier base in every procurement entity. This is because from this list potential supplies can be easily selected and given contracts and projects to execute this would reduce the autonomy exhibited by some supplies in execution of procurement contract.

Building and maintaining sound supplier relationship, it is suggested that procurement professionals maintain, create and strengthen relationships with credible supplies in other to promote trust among them, this is very critical in conflict resolutions, negotiations discussions, and discussions on payment terms and conditions and many more. MMDAs must examine carefully every purchasing decision it is important to make and maintain excellent purchasing



decisions so as to promote long term positive impact of projects in other to maintain sustainability in procurement practices.

Public Procurement Authority in collaboration with public entities (Metropolitan, Municipal and District Assemblies) must ensure compliance through rigorous monitoring and evaluation of the procurement policy to ensure value for money.

The Public Procurement Authority must enforce full implementation of the Public Procurement Act 2003, Act 663 in order to promote professionalism in the procurement function and punish procurement professionals when they do not comply. The Procurement Authority must enforcement punitive sanctions is recommended for procurement professional that violate and disregard the standard set up the procurement act for personal gain. These stiffer penalties will promote excellence behavior of procurement professionals across the supply chain. The Ghana Public Procurement Authority must bring together Metropolitan, Municipal and District Assemblies as a team and enforce its power as a regulator in terms reviewing all actives in relation to procurement management practice like evaluation and measurement of procedures involved to ensure its value for money. Ghana Public Procurement Authority in cooperation with public bodies (Metropolitan, Municipal and District Assemblies) requires safeguard procedures and actions that harmonize excellent and internationally accepted methods of procurement and supply chain management as this result in effective and efficient procurement management policies are developed across the supply chain. The government of Ghana should take the necessary step to address the problem of lack of career developmental path for procurement professionals,







low salaries of procurement personnel, poor motivation for work to boost the morale of personnel in the procurement unit in the MMDAs and other government institution. Stakeholders like contractors, consultants, procurement professionals, policy makers in government, consumers must come to the understanding of the positive effects of team work resulting in the creation of a great synergy in the operation of the whole procurement and supply chain management which aids the sharing of rich experiences from individual stakeholders.

#### **5.4 Suggestions for further study**

This study was conducted using only Ho Municipal Assembly as a case study. The study findings brought to bear in depth findings that could aid research but it did not cover entire Metropolitan, Municipal and District Assemblies in Ghana. Thus, similar studies should be done to cover all public sectors in Ghana. To unearth the essence of procurement management practices in ensuring cost effectiveness.

In order to improve upon practices in procurement management and to ensure vigorous strategic implementation of the procurement regulations, further research can be extended to include factors such effects of procurement laws and regulation, in measuring its value for money, assessing the roles of Public Procurement Authority and also the impact of sustainability in supply chain management.

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## APPENDIX I

### QUESTIONNAIRE

My name is Necku Julius Nutifafa Korsi, a student of the University for Development Studies studying toward a Masters of Commerce in Procurement and Supply Chain Management. Currently, I am conducting a study on Procurement management practices as a tool in ensuring value for money in the Public Sector – a case study of Ho Municipal Assembly. I would like to solicit from you information relating to the study. The information given is strictly confidential and would be used solely for the research only. I would also like to assure that participation in this research is voluntary and participants may quit or choose not to respond to questions they do not wish to provide information on.

#### Section A: Background Information of Respondents

Please tick in the appropriate space provided below and supply answers where required

1. What is your highest academic qualification?

- a) Master degree
- b) Bachelor degree
- c) Diploma
- d) O' level/SSSCE

2. Which department or organization do you work in the public sector?

- (a) Account
- (b) Internal Audit



(C) Procurement (d) Store

3. How many years have you been working in public sector?

- (a) 1-9 (b) 10- 19 (c)20- 29 (d) 30+

4. What level of management do you belong in your organization?

- (a)Top level management (b) middle level management (c) lower level management

**Section B: Overview of procurement management standards and procurement Act**

5. Rate the level of procurement management practices in the public sector

- [a] High [b] Average [c] Low

8. What is the level of your knowledge on the procurement Act?

- [a] High [b] Average [c] Low

9. What is your assessment of the following practices by your management in promoting procurement regulations in your department?

Indicators	High	Average	Low
Regular appraisal of procurement activities by management to ensure value for money	0	13	17
The procurement system ensures that the Assembly links its budgets to procurement plan	4	14	12
Adherence to the public procurement			



Act in the Assembly system serves as a check against unplanned procurement activities			
Enforcement of public procurement Act will reduce corruption and improved service delivery	17	8	5
Procurement activities of the Assembly are effectively and efficiently assessed annually by the Public Procurement Authority.	5	9	16

10. Adherence to the procurement Act in the Assembly system serves as a check against unplanned procurement activities.

a. strongly agree b. agree c. strongly disagree d. disagree

16-7-6-1

11. What can you say about accountability, transparency, fairness and value for money in procuring goods, services and award of contracts in your department? Please tick [√] the option that best reflects how you associate with each of the following:

- i. Accountability - Rating Scale: High [3] Average [2] Low [1] 7-9-14
- ii. Transparency- Rating Scale: High [3] Average [2] Low [1] 6-11-13
- iii. Fairness- Rating Scale: High [3] Average [2] Low [1] 8-5-17
- iv. value for money- Rating Scale: High [3] Average [2] Low [1] 4-7-19



**SECTION C: Roles and responsibilities of procurement officers**

12. Is the procurement officer the secretary to the entity tender committee in your organization?
- (a) Yes (b) No
13. How often do you attended or organized any workshop for procurement officers or other workers?
- (a) once a year (b) two a year (c) not at all
14. Have your management been supportive in promoting the roles of procurement officers in your department?
- (a) No (b) Yes (c) some times
15. How often do your tender committee of your department given the opportunity to review and approve annual procurement plans?
- a. annually (b) semiannually (c) quarterly (d) not at all
16. Do you post your entities procurement plan and also any update of the procurement plan on the website of the public procurement authority?
- (a) Yes (b) No (c) some times
17. do you think your department is in full compliance with the procurement law and regulations
- (a) very consistent (b) consistent (c) not consistent
18. It is appropriate for a procurement officer to disclose information to a supplier or contractor if the disclosure will compromise national security or impede fair competition?



(a) I agree (b) I strongly agree (c) I strongly disagree (d) I don't agree

19. Does your organization advertise its bids in the national newspapers?

(a) always (b) sometimes (c) not at all

20. Does your organization have a registered list of supplier base for procurement?

a. Yes (b) No

17. Does your organization have a good relationship with prospective suppliers' base on fairness, equity and transparency?

a. Yes (b) No

**Section D: procurement process, method and principles in the public sector.**

18. Does your organization make decisions based on lowest prices only or high quality of work?

a. Price only (b) Quality only (c) both price and quality

19. The assembly budget is in line with the procurement plan

[a] High [b] Average [c] Low

20. Please tick [✓] the option that best highlight the procurement structures in the public sector.

Rating Scale: Excellent [4] Very Good [3] Good [2] Satisfactory [1]





Indicators	Excel lent	Very good	Go od	Sati sfac tor y
Are the processes, methods and principles underlying procurement in the department clearly defined, stated and practiced				
How will you rate the tender committee in your department, in terms of transparency in their activities?				
Has the tender review board played its role more effectively				
Are the procurement processes in your department documented properly				

21. Indicate your level of agreement or disagreement to the following questions.

- a. Strongly agree                      (b) Agree      (c) Disagree      (d) strongly disagree
- i. The assembly's procurement activities are established through competitive process and negotiation.
  - i. The assembly has a policy on value for money for procurement activities.
  - i. Procurement processes leading selection of supplier/contractor are simple and timely resulting in value for money.





7. Have your organization followed the procedure clearly stated in the procurement Act as stipulated by law?

22. How will you rate your audit queries on procurement practices for non-compliance

- (a) Bad      (b) very bad      (c) fairly good      (d) good

**Section E: Strategies to overcome the challenges facing the procurement entity.**

23. Have you experience any political interference or management interference in exercising sound judgment in making procurement decisions in your duties as a procurement officer?

- (a) Yes      (b) No      (c) some times

24. Do suppliers try to influence you into favoring them with in information or consent to win a contract?

- (a) Always (b) sometimes      (c) not at all

25. What are the ways in which non-compliances have affected your organization?

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

26. Rate the following challenges confronting the procurement entity in order of High, Average and Low.

Indicators	High	Average	Low
Lack of accountability and transparency in procurement of goods and services			
Lack of competent and skillful personnel			
Lack of top management supports			
Inadequate measures for monitoring and evaluation of the procurement policy to ensure value for money			
Lack of appropriate bidding or incorrect utilization of the limited bidding process			
Lack of fund and logistics			

27. Indicate your level of agreement or disagreement on the following strategies identified to overcome the challenges facing public procurement.

(a) Strongly agree      (b) Agree      (c) Disagree      (d) strongly disagree

Indicators	Strongly agree	Agree	Disagree	Strongly disagree





Support for the implementation of procurement strategies from management				
Provide tools and motivation for procurement officers				
Engage the service of consultant in procurement				
Regular audit to ensure compliance of procurement laws				
Engage qualify procurement staff				
Criteria for the selection of suppliers should be set and agreed by all the parties				
Regular procurement audits and monitoring for compliance with procurement activities in the assembly				
Strong or Consistent				



enforcement of the prevailing rules and regulations				
Punitive sanctions to procurement officials who fail to comply with the procurement activities				
Procurement contract document should be stated in simple and clear term				
Supplier/Contractor/Consultant who attempts to influence procurement process should be sanctioned and debarred from government of Ghana contract.				

## APPENDIX II

### STRUCTURED INTERVIEW

My name is Necku Julius Nutifafa Korsi, a student of the University for Development Studies studying toward a Masters of Commence in Procurement and Supply Chain Management. Currently, I am conducting a study on Procurement management practices in ensuring value for money in the Public Sector – a case study of Ho Municipal Assembly. I would like to solicit from you information relating to the study. The information given is strictly confidential and would be used solely for the research only. I would also like to assure that participation in this research is voluntary and participants may quit or choose not to respond to questions they do not wish to provide information on.

### INTERVIEW GUIDE

1. How relevant is procurement management practices in ensuring value for money in the public sector?
2. What capacity requirements are needed for effective procurement management by officers in the discharge of their duties?
3. How would you compare the procurement act 663 and efforts made for implementing the regulation?
4. What is the impact of public procurement authority in ensuring that procurement processes at the departmental levels are adhering to?
5. What are your general impressions about the level of performance of the procurement unit?



6. What do you think can be done to improve the level of credibility of procurement processes in the public sector?
7. What is your general impression on how procurement is managed in the public sector?
8. Does the municipal procurement unit operate and maintain a transparent procurement management practice?

