



## Branding the White Horse Negatively: The Public Procurement Act of Ghana Stands Accused

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# INTERNATIONAL JOURNAL OF ACADEMIC RESEARCH IN PUBLIC POLICY & GOVERNANCE



## Branding the White Horse Negatively: The Public Procurement Act of Ghana Stands Accused

Eric Berko, Joseph Kofi Nkuah, Clement Nangpiire  
School of Business and Law, University for Development Studies, WA, Ghana  
Email: vaticanagroventures@yahoo.com

### Abstract

Keeping with government's commitment to financial discipline, accountability, transparency and ethical conduct, effective management of public procurement to obtain value for state spending is paramount. This forms part of the reasons for the introduction of the Public Procurement Act 663 in Ghana to regulate public spending. However, this measure has been plagued with some difficulties in corruption, bureaucracy and general delays in the procurement processes. The study basically aimed at assessing the implementation challenges of the Act 663 in Bosomtwe District Assembly. In all, thirty (30) samples were chosen and studied using convenience sampling. The study relied on both primary and secondary data, and the primary data was collected using self-administered questionnaire. The study adopted descriptive approach and the data collected was analyzed using SPSS version 16. The study revealed that, the implementation of the Act 663 causes delay in the procurement activities of the Assembly. Also there were inadequate qualified procurement officials to handle procurement activities in the Assembly. The study further revealed that, the level of transparency in the procurement process has been enhanced. In spite of the achievement of presumed efficiencies in Bosomtwe District Assembly, it was concluded that, there were some challenges associated with the implementation of the Act in the Assembly. It is therefore recommended that, the prevailing thresholds set for public entities are reviewed to higher levels to avoid delays in the procurement processes; also the Assembly should recruit proficient procurement officials, and regularly train them to become well vested in procurement practices.

**Keywords:** Financial Discipline, Transparency, Public Procurement, Weaknesses, Reduce, Procurement Cost.

### Background of the Study

The need for an efficient, non corrupt and transparent public purchasing system is one of the main drives behind most procurement practices reforms. Every year funds are spent by governments of developing countries (such as Ghana) to procure goods and services. According to Hunja (2003), compliance with procurement laws increases public confidence. An equally

important reason for complying with procurement laws, procedures and processes in the view of Evenett and Hoekman (2003) is that it is a condition for gaining access to foreign markets, loans and grants. Since independence, Ghana has attempted to address weaknesses in public procurement process through several financial laws, rules and policies. The procurement reforms have come in the form of constitutional re-engineering, Acts of Parliament, legislative instruments, administrative instructions and financial circulars. In 1960, the Government enacted the Ghana Supply Commission Act which was reviewed later in 1990 by PNDC law 245 to protect public resources in procurements. In the same year, the Contracts Act, Act 25 of 1960 was also passed. In 1976, the National Procurement Agency Decree, Supreme Military Council decree (SMCD) 55 was passed by the Supreme Military Council. In 1979, another law, the Financial Administration Decree SMCD 221 and Financial Administration Regulation (FAR) (LI. 1234) 1979 was also passed to address weaknesses in public procurements. According to Adjei (2006), all these laws, Decrees and instruments which were meant to provide a comprehensive framework to regulate procurements within the public sector did not work to achieve government objectives in procurements. Apart from the legal frameworks, it was considered that the establishment of an effective oversight body to oversee the successful implementation of these laws will achieve procurement objectives. Ghana Supply Commission and National Procurement Agency were established only as Central Procurement Agencies and as direct frontline procurement bodies but were not assigned oversight responsibilities in public procurement. Procurement regimes in Ghana between 1970 and 1980, no doubt, led to a system which was characterized by lack of harmonized procedures and regulations as well as unclear institutional and organizational arrangement required in the management of the public procurement process. According to Glavee-Geo, (2008) it became clear therefore that; there was the need to critically examine the processes and procedures of public sector procurement to ensure operational efficiency and institutional capacity to address procurement issues. Adjei (2005) reveals that public procurement between 1982 and 2002 represented about 24% of total imports of Ghana and apart from personnel emoluments, public procurement currently takes between 50%-70% of the national budget. Public Procurement continues to accounts for a significant portion of Gross Domestic Product (GDP). Therefore an improvement in the public procurement process will in no doubt create wealth and reduce procurement cost to government. The statistics above indicate that the role of well-functioning public sector procurement in the development process of the developing nation is indisputable. Ghana's development constraints are complex, and their resolution requires the compliance of procurement laws, rules and regulations and processes that minimize costs. The successful implementation of the laws, rules and regulations, etc depends to a very large extent on both political and permanent executive. Even though the adoption of procurement policies and regulations are laudable, compliance with such policies and regulations has become a problem. In view of this, the study was conducted to determine whether the policies and procedures of the District Assembly are in conformity with the public procurement Act 663(2003) and to determine whether the implementation of the public procurement Act 663 (2003) has impact on the District Assembly.

## **Theoretical Issues**

### **Definition of Procurement**

According to Waara (2007), Public Procurement is any purchasing performed by any public authority within the classical sector or within the utilities sector. The public procurement rules applicable to purchasing entities also depend on whether the total purchase value is over or below certain so-called “threshold values”, which differ as regards goods, services and construction works. All procurements above the threshold values apply procurement directives and must be advertised in the Supplement to the Official Journal for public tenders. There are a number of different procurement procedures to choose from, depending on whether it is a purchase above or below the threshold values. Many minor purchases are subject to so-called “direct procurement”, which do not have to be publicly advertised. However, due to principles of market competition, direct procurement should not take place repeatedly, and purchases should not be divided into smaller units in order to avoid exceeding the threshold values. Public procurement is the process by which organizations acquire goods and services using public funds. It includes planning, inviting offers, awarding contracts and managing contracts. According to Sarpong (2007), procurement is the management of sustainable acquisition of goods, works and services to optimize value for money through a professional, auditable and transparent framework.

### **Public Procurement Reforms in Ghana**

The Government launched the Public Financial Management Reform Program (PUFMARP) in 1996 with the aim of improving the overall public financial management in the country. In 1999, the Government established the Public Procurement Oversight Group to manage the development of a comprehensive public procurement reform programme. The Public Procurement Bill was drafted in 2002 and this was passed into law on 31st December 2003 as the Public Procurement Act of 2003, Act 663 (Adjei, 200).

### **Legal Frame Work of Public Procurement**

The Public Procurement Act, 2003 (Act 663) set out the legal, institutional and regulatory framework to secure fiscal transparent and public accountability in Ghana’s procurement system. The Act establishes five basic principles upon which the public procurement is based. (World Bank, 2003). These pillars are: the legal and institutional framework, standardized procurement procedures, and tender documents, independent control system, proficient procurement staff and anti-corruption measures.

### **Procurement Structure**

The Public Procurement Act, 2003 (Act 663) specifies the establishment of procurement structures that will support and strengthen the execution and supervision of the procurement functions. These structures include Entity Tender Committee (ETC), Head of Entity, Evaluation Panel, and Procurement Unit. These structures have varied activities to perform in the procurement cycle. The study established that these structures, especially ETCs and Procurement Units do not either exist in most entities.

### **Entity Tender Committee**

The Act requires in section 17 -18 of the Act 663 that each procurement entity shall establish a tender committee in the manner set out in schedule. Its main function is to ensure that at every stage of the procurement activity, procedures prescribed in this act have been followed. This is achieved through exercising sound judgment in making procurement decision and refer to the appropriate Tender Review Board for approval. The tender committee consists of between seven and nine members, with the precise composition specified in the schedule 1 (Section 17-18 of the Act, 663).

### **Tender Evaluation Panel**

The section 19 of the Act 663 within each Procurement Entity shall appoint a tender evaluation panel with the required expertise to evaluate tenders and assist tender committee in its work. In performance of its functions, a tender evaluation panel shall proceed according to the predetermine and publish evaluation criteria. The membership requirement of tender evaluation panel include: relevant technical skills, end user representation, procurement and contracting skills, financial management (Section 19 of the Act, 663).

### **Head of Entity**

Every procurement entity is responsible for procurement, subject to this Act and to such other conditions as may be laid down in the procurement regulations and administrative instructions of the Minister, issued in consultation with the Board. The head of an entity and any officer to whom responsibility is delegated are responsible and accountable for action taken and for instruction with regard to the implementation of this Act that may be issued by the Minister acting in consultation with the Board. Procurement decisions of an entity shall be taken in a corporate manner and internal units concerned shall contribute to the decision making process. The head of entity is responsible to ensure that provisions of this Act are complied with; and concurrent approval by any Tender Review Board shall not absolve the head of entity from accountability for contract that may be determined to have been procured in a manner that is inconsistent with the provisions of this Act.

### **Procurement Unit**

Each Procurement Entity has a Procurement unit, with the responsibility for managing all procurement activity of the procurement entity, subject to the approval of the Tender Committee or tender Review board where required. The full list of function of the Procurement Unit is given in the regulations. These include; receiving procurement requests from originating officers, checking that the proposed procurement is within the approved procurement plan, and that budgeted funds are available prior to commencement of Procurement proceedings and by ensuring that funds are properly committed prior to issue of any contract or Purchase Order. However, the unit also co-coordinates the preparation of specifications, terms of reference, bills of quantities, drawings, short-lists or advertisements, and prequalification, tender or request for quotation documents. Where so required by the Tender Committee, submission of documentation for review and approval by the Tender Committee prior to issue. It also arranges the publication of advertisements and notices of contract award and co-coordinating the process

of opening of tenders and quotations and ensuring the preparation of formal records of tender or quotation opening in accordance with Section 56 of the Act. Interested Members of the Entity Tender Committee may attend tender openings as observers. The Procurement Unit should be staffed with professional procurement staff, which will be skilled in procurement activities. The size and structure of the unit and the numbers grades of staff depend on the procurement workload of the procurement entity. The head of the procurement unit acts secretary to the Tender Committee, in order to provide technical guidance, clarify submission and facilitate implementation of the committee's decisions.

### **Procurement Methods**

There are various methods of procurement provided under the law for use by public procurement entities. The choice of particular method is based on the amount involved (threshold) and the circumstances surrounding the procurement. The methods of procurement include Competitive tendering, restricted tendering, two-stage tendering, single source procurement, request for quotation, and request for proposal.

### **Competitive Tendering**

**Sections 35** of Act 663 indicate that a procurement entity shall procure goods, services or works by competitive tendering except as provided in this Part. A procurement entity shall use the quality and cost-based method of selection in Part VI when selecting consultants unless the procurement entity determines that, it is feasible to formulate detailed specifications and tendering proceedings or other methods of procurement which are more appropriate taking into account the nature of the services to be procured. The two types of competitive tendering method include (1) international competitive tendering (ICT) which is used when effective competitive cannot be achieved without the inclusion of foreign firms (s.45) and national competitive (s.44) and subject to contract value thresholds specified in schedule 3. If the procurement entity uses the method of procurement other than competitive tendering, it shall include in the record required a statement of the grounds and circumstances on which it relied to justify the use of that method.

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

This is a procurement method with limited competition. Formal procedure with detailed invitation to tender documents is issued to short-listed suppliers who have been selected in accordance with the provisions of the procurement law. The procedure for short-listing suppliers should be transparent and non-discriminatory to ensure effective competition in the selected suppliers.

A maximum of six and a minimum of three short-listed suppliers are required for the restricted tendering system. The law requires that where procurement entity engages in the restricted tendering it shall cause a notice of the selected –tendering award to be publish in the Procurement Bulletin. Restricted Tendering method is applied mainly where procurement requirement is of specialized nature and there is enough evidence to show that the number of potential suppliers is limited. It can also apply where requirements are of public safety and security or due to urgency open competitive tendering is not practical.

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

Two-stage Tendering is an infrequently used procurement process in which a Procurement Entity invites tenderers in the initial stage to contribute to the detailed specification of the goods. This method is recommended where it not feasible for the procurement entity to formulate detailed specification for goods or works that is to be bought. In case of service, it is used to obtain proposal or offer on various means to meet its procurement requirements. A procurement entity shall also engage in two-staged tendering where it seeks to enter a contract for research, experiment, study and development purposes. It is an appropriate method of procurement when it is not feasible for the Procurement Entity to formulate detailed specifications for the goods, to identify their characteristics, or the character of the goods is subject to rapid technological advances.

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

This system involves procurement from a supplier without any competition. It is normally used for procurement of sole or single sourced requirement. Single source procurement may be appropriate when: the purchase is for urgently needed products, provided this is restricted to the minimum quantity to meet the urgent need until a purchase by other methods can be fulfilled; or requirement can only be supplied by one source for physical, technical or policy reasons, e.g. the required equipment is proprietary and obtainable only from one source.

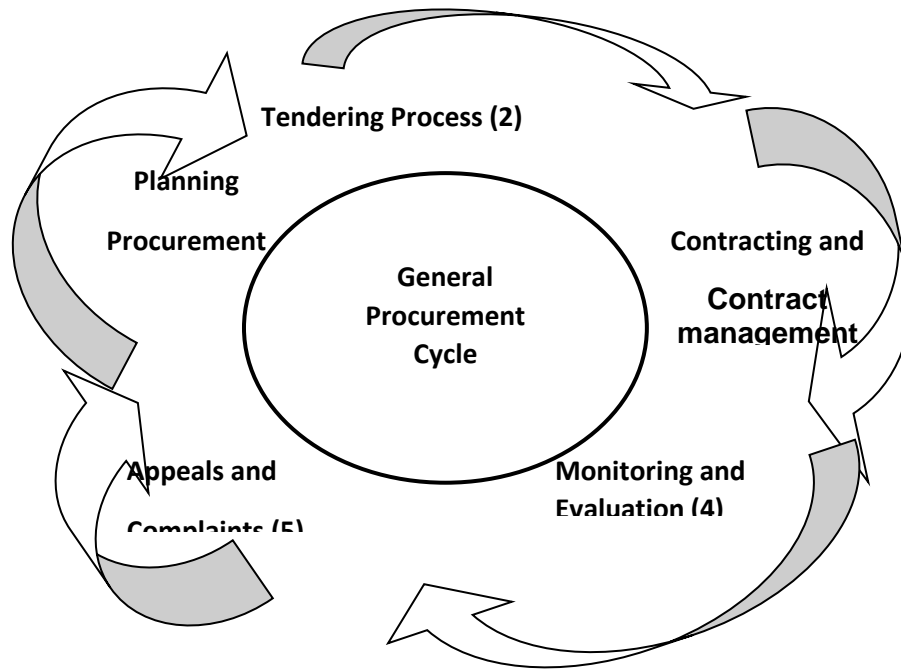
### **Request for quotation (Sections 42-43 of Act 663)**

Procurement entities should engage in Request for quotation where the items to be bought are readily available for technical series that are not specially produced or provided to a particular specification of the procurement entity. The law requires that supplies or contractors from whom quotations are requested should be informed of any additional costs apart from the cost of the goods and services. This additional cost may include transportation, insurance, custom duties and taxes. Under this system each supplier is required to give only one price quotation. No negotiation is allowed to take place between procurement entity and supplier and contractor prior to evaluation of quotations.

### **Request for proposal (Sections 66-77 of Act 663)**

Procurement entities should engage in request for proposal where they are purchasing consultancy services. These are defined as services of an intellectual and advisory nature provided by firms or individuals using their professional skills to study, design and organize specific projects, advice clients, conducting training or transfer knowledge. Two-stage approach should be adopted for the RFP if the threshold is beyond what is indicated in schedule 3. In such a situation a procurement entity shall invite consulting services by causing a notice seeking expression of interest in submitting a proposal to be published in the public procurement bulletin.

### Procurement Procedures / Cycle



Source: Republic of Ghana Procurement Act, Act 663)

#### Planning Procurement

Generally, planning enables organizations to determine performance standards, establish overall direction and reduce the risks of uncertainty, identify and commit resources towards the achievement of goals, determine and develop performance standards, and effectively coordinate various activities in the organization (PPB Manual, 2005). The Public Procurement Act 663 provides for the activity of planning under Part 3 section 21. What the foregoing means is that it is imperative that procurement entities would need to plan their procurement for the coming year by the 30th of November of the preceding year. The plan would be reviewed and approved by their Entity Tender Committees (ETCs), after which the plans are updated every quarter. The list of entities who submitted their procurement plans are published in the Public Procurement Bulletin. In 2010, only 164 entities out of over 1000 entities across the country submitted their annual procurement plan. As at October, 2011 only 199 entities submitted their plan to Public Procurement Authority (PPA Procurement Bulletin 2010/2011). The Regulations require that the procurement planning process is fully integrated with applicable budget processes and circulars issued by the Public Procurement Board and the budget preparation instructions of the Ministry of Finance. Adequate procurement planning and prioritization of needs by each Procurement Entity is an essential prerequisite to effective purchasing for the following reasons: Funding for procurement is unlikely to be sufficient to meet all requirements, and scarce financial resources must be channeled to ensure that the priority aims of a Procurement Entity are adequately met before spending on less essential procurements. Annual budgets are prepared each year in



accordance with the procedures specified by the Ministry of Finance. Detailed instructions for the preparation of Annual Procurement Plans will be issued by the Public Procurement Board in consultation with the Ministry of Finance. The Head of Procurement Entity has responsibility for co-coordinating the preparation of the budget for the Procurement Entity, including procurement plans based on previous consumption and estimated requirements for stores replenishment, and the submissions of Departments, Units and Projects. The work of compilation, costing and prioritization of expenditure for the Procurement Plan will be undertaken with the assistance of the Procurement Unit. Preparation of the Annual Procurement Plan should be commenced at least four months before the start of the Financial Year to allow sufficient time for a realistic and accurately cost plan to be compiled. The content of the procurement plan for each Procurement Entity shall include: A detailed breakdown of the goods, works and services required and schedule of the delivery, implementation or completion dates for all goods, works and services required and the source of funding. An indication of any items that can be aggregated for procurement as a single package, or for procurement through any applicable arrangements for common use items and an estimate of the value of each package of goods, works and services required and the source of funding. A detailed of any committed or planned procurement expenditure under existing multi-year contracts. In determining the optimum packaging of planned contracts a Procurement Entity shall aggregate procurement requirements, where appropriate, to achieve economies of scale. In deciding where aggregation is appropriate, the Procurement Entity shall consider all relevant factors, including: which procurements are of a similar nature and likely to attract the same potential tenderers; shelf-life and storage constraints; when delivery, implementation or completion is required; the optimum size and type of contract to attract the greatest and most responsive competition, taking into account the market structure for the requirement. (Manuals-Public Procurement Act, 2003 (Act, 663))

### **Tendering Process**

The requirement to advertise the intention to buy goods and works is spelt out by Section 47 of Act 663 for procurement using International and National Competitive Tendering. Advertising is required for invitations to tender if there is no pre-qualification. The object of advertising is to provide wide and timely notification of tendering opportunities so as to obtain maximum competition by informing all potential tenderers and to afford equal opportunities. For reasons of transparency, fairness and impartiality, tender documents should be provided for all eligible tenderers by the procuring entity. Tenders should be opened immediately after the close of tenders. A Tender Opening Committee is usually constituted and is made up of at least three persons including the Chairperson. The Chairman of the Tender Opening Committee controls and directs the Tender Opening and does not allow tenderers representatives to interfere with the work of the Committee. Any objections by a Tenderer to the procedures of the tender opening should be made in writing to the Head of the Procurement Entity.

### **Contracts Management**

A formal contract document will be drawn up, using the agreed terms and conditions, and signed by both parties. The awarded contract must then be managed, to ensure that both the buyer and

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

### **Monitoring and Evaluation**

Controlling the performance of the procurement function and ensuring its efficiency and effectiveness is essential to the management of the procurement process. It is vital to evaluate how well the procurement process has gone, identify any weaknesses or problems and agree actions to prevent similar problems in the future. Evaluation may include a formal procurement audit. Procurement monitoring is an essential part of procurement management and control linked to compliance with Act 663 and 33 performance outcomes such as value for money, professionalism and code of conduct in procurement. This will involve the management of entity, staff of PPA, private sector, oversight bodies (internal and external audit), project beneficiaries, and media (PPA Annual Report, 2008).

### **Appeals and Complaints**

Part VII – Review -Section 78 of Act 663 deals with the procedures to be used in handling complaints received from aggrieved parties involved in the procurement process. Any supplier, contractor or consultant that claims to have suffered, or that may suffer loss or injury due to a breach of a duty imposed on the procurement entity, may seek review in accordance with this Part. Procurement decision-making process needs to be properly followed and documented so that complaints can be investigated within the strict time frame. Those involved in audit and in the prosecution of procurement related offences may be able to provide examples of where sanctions could not be applied as a result of poor or inadequate procurement records. In Ghana, the Authority established seven (7) member Appeals and Complaints Panel comprising legal procurement experts, and representatives from the private and public sectors which was inaugurated in 2007. In the same year the Panel successfully concluded fourteen (14) cases out of twenty (20) cases received (PPA Annual report, 2007). The appeal and complains procedures allowed bidding firms with the chance to show their disapproval before the procurement process is completed, as well as thereafter (Alam, 1995).

### **Impact of the Public Procurement on The Public Agencies**

According to Public Procurement Authority (2007), Public Procurement has a direct impact on the following; the successful delivery of government projects and public services, sound public financial management by achieving value for money in government expenditure, reducing corruption in the District. However, public procurement has accounted for more competitions, budgetary savings; reduce debt levels, and encouraging private sector in Bosomtwe District. Moreover public procurement also accounts for social impacts in the district and Ghana as whole. It has enhanced respect for rule of law, improved social sector services, improved prospects of

achieving other government objectives, increased access by local market to government contracts and enhanced reputation for government institutions. Public procurement also helps government and citizens to achieve a successful delivery of government project and public services. Statistics also shows that public procurement account for 50-70% of national budget after personal emolument, 14% of gross domestic product and 24% of total import. It is obvious from the above discussion that procurement has multi-dimensional importance which cuts across all spheres of lives. Governments of developing countries must ensure that they implement procurement laws fully and remove all bottlenecks so as to achieve this importance as stated by PPA. Empirical studies about government procurement auctions show the importance of the competitive environment to achieve savings in government procurement, investigates the competitive effect in the Japanese Official Development Assistance (ODA) projects. Iimi 2007, reports that winning bid decreases as the number of bidders increases. Thus, increasing local firm participation in auctions strengthens bidding competition and results in more efficiency at the auction level. Tas et. al. (2008) analyzes 130,094 government procurement auctions for the years 2004 to 2006 in Turkey and finds that the number of bidders positively and negatively affects the procurement price. They show that competitive environment significantly improves efficiency of government procurement auctions in Turkey. As a result, theoretical and empirical studies show that competitive environment is essential to achieve lower (cost saving) procurement prices in government procurement auctions. A study conducted by PPA revealed that Government of Ghana saved about 25 percent of its domestic revenue from prudent public procurement practices and it has reduced government expenditure in the district and Ghana as a whole. He is of the view that public procurement system in Ghana is in conformity with international best practices (Ghanaian Times, 2009).

### **Challenges of the Implementation of Public Procurement**

An effective public procurement system is essential for good governance. A poor procurement system results in higher costs to government and the public. It delays project implementation which further increases costs, leads to poor project execution performance and delays the delivery of benefits to the beneficiaries. Procurement problems also increase scope for corruption, generate more complaints and raise concerns about the integrity of the procurement process. Finally, poor procurement discourages good firms (both national and foreign) from participating in bidding, thus deprive the country of receiving better prices and goods, works and services (World Bank, 2000). There is less participation in economic activities by the private sector if the government is not seen as a reliable or fair business partner. This reduces private competition and value for money obtained by the government and also reduces private sector growth and investment. It can result in higher tax levels, higher levels of debt (or the inability to repay existing debts) or reduced public service. Reduced public services mean reduced standards in health care, education, and infrastructure etc negatively affecting the country's development and poverty reduction initiatives. Donors have less confidence in the governments of developing countries and reduce levels of assistance or insist on their own procurement procedures. When Goods, works and services are delivered or completed late, it affects the delivery of public services and completion of projects. Stores are not managed well, leading to stock-outs becoming obsolete as a result of excessive stock-holding. Goods, works and services are of poor quality and

quickly deteriorate or fail for example; a sub-standard road will quickly break up, requiring repair (PPB, 2007). Fluctuation of prices in developing economies has a negative impact on government's gross expenditure, thereby affecting the overall procurement's yearly budget. Price is one of the components of evaluating procurement (Agyenim, 2009). The procurement process is complicated because of the size and bureaucratic nature of government. Even though public procurement has similarities with the private sector, such as its focus on value, competitiveness, and accountability, it also has some special characteristics that make it different. For example, the procurement process which includes selecting bidders, evaluating tenders, and selecting contracts should be transparent to the public. In addition, public organizations must follow certain rules and restrictions imposed by the government. According to Weele (2000), purchasing procedures are usually embedded in lots of bureaucracy and require that every superior puts his signature under the intended order. The extensive authorization procedures make procurement a tedious, laborious and slow process. It explains why most procurement entities within the governments of developing countries are more procedure rather than result oriented. He argues that his experiences with governmental procurement projects show that lack of proper procurement procedures and a professional approach to purchasing may lead to significant cost overruns and overruns of time schedules. According to him, the European Commission (EC) estimates that its member countries annually would save at least 4% of their purchasing budgets, provided that they would apply consistent and competitive tender procedures in their dealings with suppliers. This means that bureaucracy and undue procedures in Procurement process may lead to loss of money through over spending and it affects government budget. It is also clear that Weele's view is not far different from the World Bank's assertion that delays as a result of bureaucratic system increase government expenditure.

## **Research Approach**

### **Research Design**

The design employed for the study was descriptive sample survey. The research was specifically conducted by using descriptive survey design to determine the impact of procurement process in the public sector. This design was used for the study because it helps in discovering the real state of affairs or events as they are on the ground in the case of the study. The assessment of the situation was through serving questionnaire to the workers of Bosomtwe District Assembly - Kuntanase. This survey to learn about people knowledge, believes, preference and satisfaction and to measure these magnitudes in the general population.

### **Research Methodology**

In order to make sure that data collected was adequate, reliable and accurate procedures were adopted. However, the surveys to be employed are quantitative method and qualitative methods. With Quantitative Methods, participants are allowed to describe what are meaningful to him or her using his or her predetermined categories. It provides high credibility and face variability results to participants and make initiatives sense to lag. The essence of qualitative research is that it is flexible. Questions are asked in an open ended way and findings are analyzed as data were collected. This means that the design of the study can be continuously modified to follow up significant findings as they arise.

### **Source of Data Collection**

The source of data was gathered from primary and secondary data. In order to make sure that data collected was adequate, reliable and accurate certain procedures were adopted. In order to have a coordinated objectives and rounded view of the research, data will be collected from two (2) main sources which consist of primary and secondary gathering for a specific purpose or for a research project.

### **Primary Data**

The primary data included questionnaires administered to the management of Bosomtwe District Assembly - Kuntanase to understudy the responses from the face to face interview. In this case the Instrument used in collecting the data was personnel interview and questionnaire.

### **Secondary Data**

This literature review comprises the pragmatic theoretical work of expert, which consists of citation, quotations which is relevant to the topic I have chosen to work on. Secondary data were gathered from the internet, library materials, newspapers, published books and journals.

### **Target Population**

The target population comprised the management of Bosomtwe District Assembly - Kuntanase. In gathering the data for this study, the researcher will divide the population under study into two (2) categories, Management and the Employees.

### **Sample and Sampling Procedures**

Since it was not possible to deal with the whole of the target population due to access, effort was made to sample a reasonable number of people, which gave a representation for the research. A sample size of 30 respondents made up of 20 employees and 10 management were chosen for the study. Simple random sampling technique was adopted to select 30 workers out of the numerous employees of Bosomtwe District Assembly - Kuntanase. In all, 30 respondents formed the sample for the study.

### **Research Instruments for Data Collection**

Questionnaire was designed to collect data from management of Bosomtwe District Assembly - Kuntanase. The questionnaires covered items which enabled the researcher to determine the impact of procurement process in the Bosomtwe District Assembly - Kuntanase.

### **Procedure for Data Collection**

Copies of the questionnaire were personally delivered to respondents who were given two days to respond. Prior to the administration of the questionnaire, an introductory letter had been collected from the Registrar; University College of management studies (UCOMS) and delivered to the MCE of Bosomtwe District Assembly - Kuntanase, who then gave permission for the exercise to be carried out.

### Data Analysis Plan

The collected data were statistically analyzed using the Statistical Package for Social Sciences software (SPSS). Representations like figures were used to ensure easy and quick interpretation. Data from the completed questionnaire were checked for consistency. The open-ended items were grouped based on the responses given by the respondents. The items were coded using Statistical Package for Social Sciences (SPSS). Descriptive statistics indicating frequencies and percentages were used to present the results in figurative form. Some percentages and tables will be adopted by the researcher for analyzing the data for the study. The table or percentage approach to the data analysis shall be chosen because it is convenient, reliable, simple and economical to deal with by the researcher and also user friendly. The table and diagrams will clearly display the result of the findings numerals that can be easily pictured and understood by any ordinary person who takes a look at the presentation.

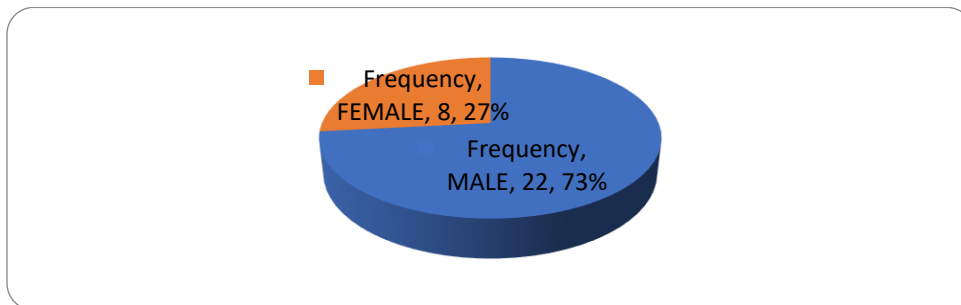
### Results and Discussion

#### Analysis of Demographic Characteristics of Respondents

##### Gender of respondents

Inferring from figure .1, 73% of the respondents were males whilst 27% of the respondents were females. This shows that, majority of the procurement workforce at Bosomtwe District Assembly were males.

**Figure 1: Gender of Respondents**

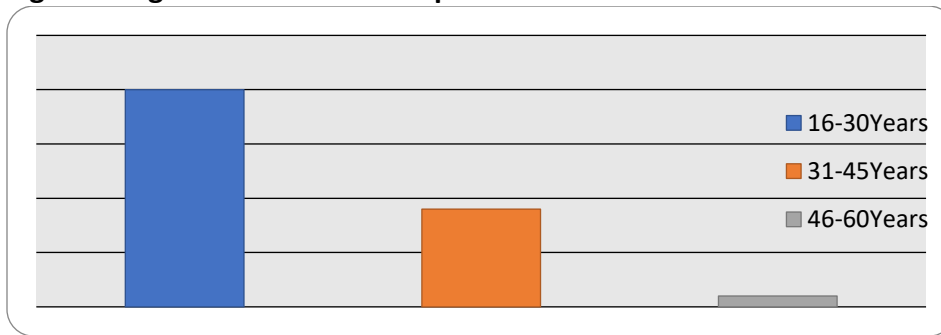


**Source: Writer's field survey; June 2013**

##### Age Distribution of Respondents

From figure 2, it was revealed that, 20 respondents (66.7%) were within the age group of 16-30 years, 9 respondents (30%) were also within the age group of 31-45years whilst one respondent (3.3%) fell within the age group of 46-60 years. This shows that majority of the procurement workforce in the District Assembly were in their youthful age.

**Figure 2: Age Distribution of Respondents**

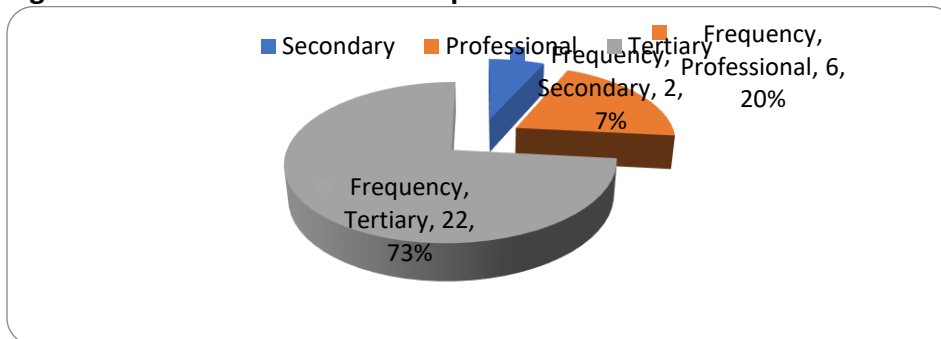


**Source: Writer's field survey; June 2013**

**Level of Education of Respondents**

The educational level of respondents illustrated in figure 3 below revealed that, majority of the respondents representing 73% possessed tertiary qualification. This was followed by professional qualification which constituted 20% of the respondents and then, secondary qualification which also constituted 7% of the respondents. This shows that, all the respondents were educated and could give good responses to aid the study.

**Figure 3: Educational levels of respondents**



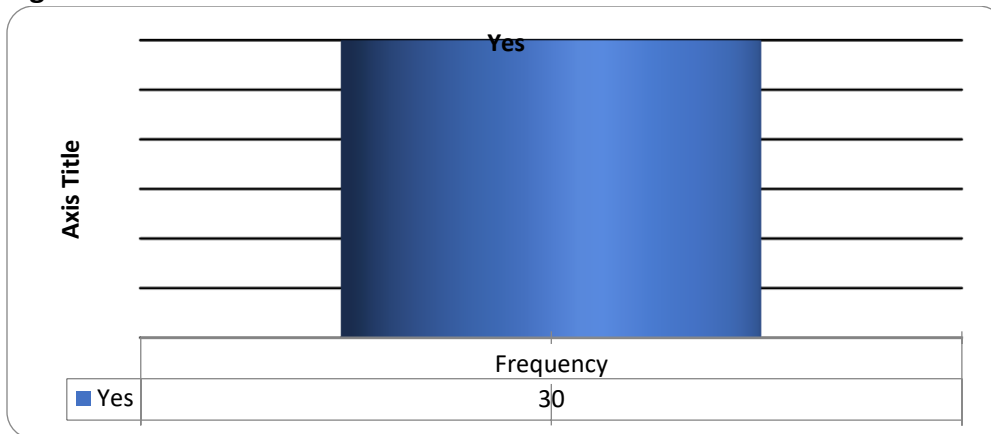
**Source: Writer's field survey; June 2013**

**Implementation Challenges of the Act 663.**

**Familiarization with the Procurement Act 663**

Respondents were asked to indicate whether they were familiarized with the Act 663. From figure 4 below, all the respondents responded in the affirmative. Respondents were further asked to state whether the Act was clear and understood. Figure 4 shows that, 87% of the respondents stated yes whilst 13% stated no. This shows that, the Act was clear and procurement officials in the Assembly new of the existence of the Procurement Act 663.

**Figure 4: Familiarization with the Procurement Act 663**

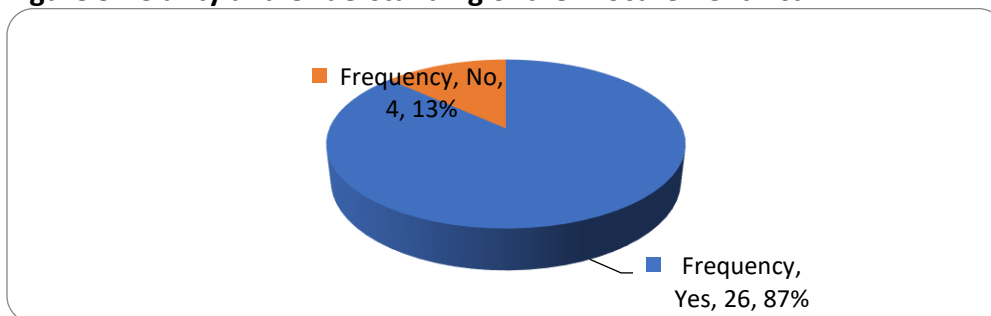


Source: Writer’s field survey; June 2013

### Clarity and Understanding of the Procurement Act

From the chart below, it was revealed that 87% of respondents lacked basic understanding of the Procurement Act; with only 13% indicating having knowledge of the Act. This situation is worrying since majority of those to implement the policy themselves lacked understanding of what they were supposed to do.

**Figure 5: Clarity and Understanding of the Procurement Act**



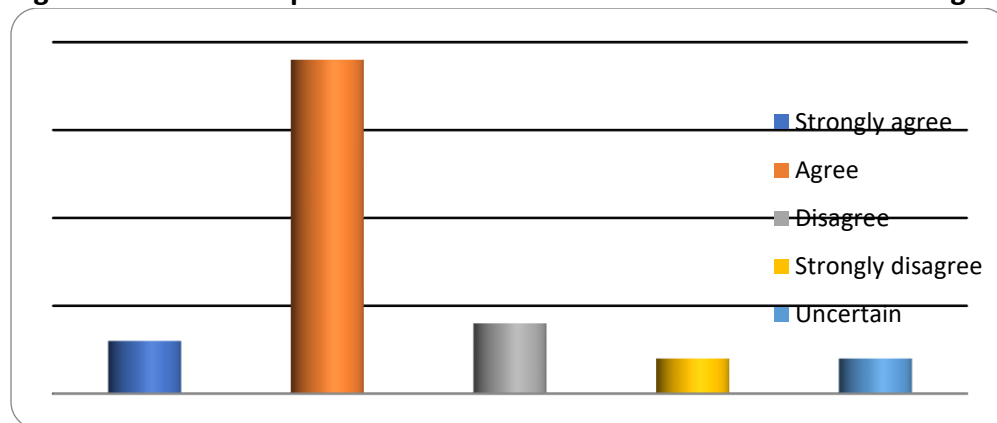
Source: Writer’s field survey; June 2013

### Effective Implementation of Act 663 Reduces Cost of Doing Business

One of the reasons for the enactment of the Act 663 was to ensure judicious and economic use of state resources. Respondents were therefore asked to indicate whether the implementation of the Act had brought about cost reduction in the activities of the Assembly. From figure 6 (10%) of the respondents were strongly in favour of it, 19 of the respondents (63.3%) agreed to it whilst 2 (6.7%) of the respondents were uncertain about the assertion. 4 (13.3%) of the respondents however disapproved the assertion with the remaining 2 (6.7%) of the respondents strongly disapproving the assertion. It could therefore be deduced that the implementation of the Act brought about cost reduction in the operation of procurement activities in the Assembly.



**Figure 6: Effective Implementation of the Act 663 Reduces Cost of Doing Business**

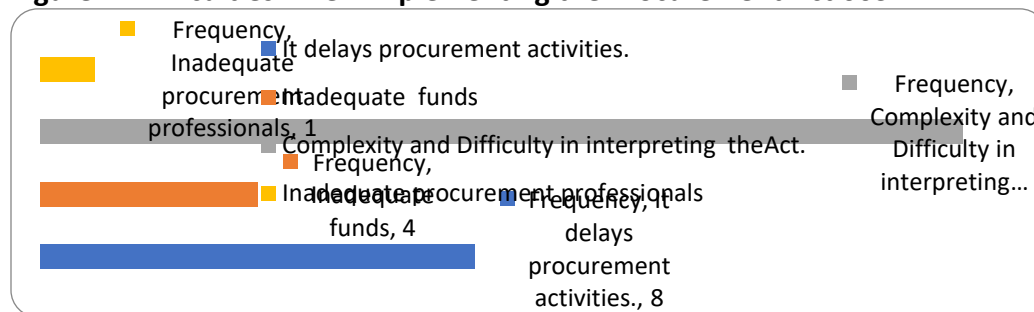


Source: Writer's field survey; June 2013

### Difficulties when Implementing the Procurement Act 663

Respondents were again asked to express the difficulties they encountered when implementing the Act 663 since the Act had been found to be bedeviled with a lot of challenges. As indicated in figure 7 below, 17 (56.7%) of the respondents mentioned that the Act was complex and difficult to interpret, 8 (26.7%) of the respondents were however of the view that, the use of the procurement Act delayed procurement activities, and 4 (13.3%), and 1 (3.3%) of the respondents also mentioned inadequate procurement professionals, and funds to effect procurement activities respectively. This shows that procurement workforce in Bosomtwe District Assembly found it difficult to interpret the Act.

**Figure 7: Difficulties when Implementing the Procurement Act 663**



Source: Writer's field survey; June 2013

### The Impact of Act 663 on the District assembly

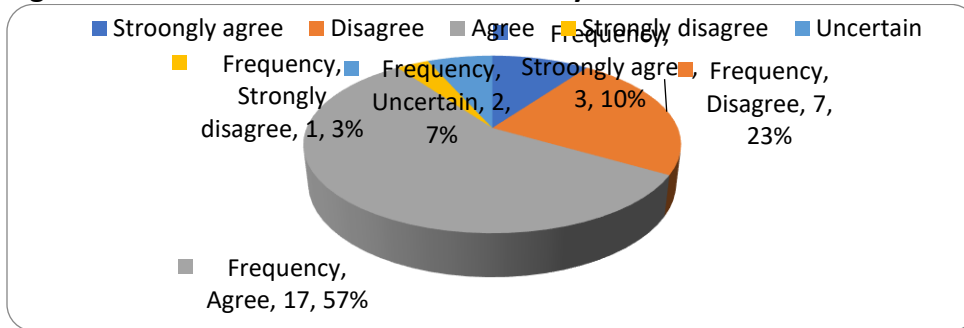
The implementation of procurements is backed by the procurement Act 663 of parliament, which has a defined and spelt out procedure for implementation. However the Act is faced with a lot of challenges since its implementation.

### The Public Procurement Act Causes Delay in Procurement Activities

The researcher wanted to know if the implementation of the caused delay in the District Assembly. From figure 8 57% of the respondents agreed to the assertion, 3% of the respondents

were also strongly in favour of it, 7% of the respondents were however uncertain about the assertion whilst 23%, and 3% of the respondents disagreed and strongly disapproved the assertion respectively. It could therefore be deduced that, the implementation of the Act 663 led to delay in procurement activities in the Assembly.

**Figure 8: the Procurement Act Causes Delay in Procurement Activities**

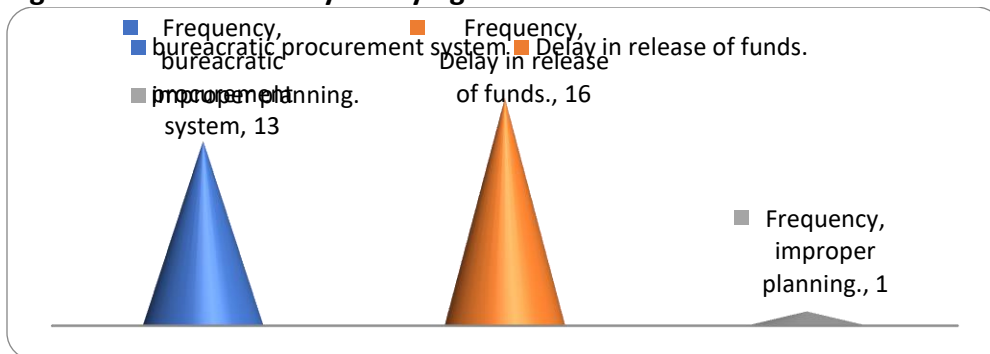


Source: Writer’s field survey; June 2013

**Causes of Delay in Paying Contractors**

Respondents were further asked to state the causes of delay in paying contractors in the Assembly. As indicated in figure 9 below, majority of 16 respondents constituting 53.3% mentioned delay in the release of funds to pay contractors on time. This was followed by bureaucratic procurement system and improper planning which had 13 (43.3%) and 1 (3.3%) of respondents respectively. This shows that, late release of funds as a result of the bureaucratic nature of the Act 663 resulted in delay of paying contractors in the Assembly.

**Figure 9: Causes of Delay in Paying Contractors**



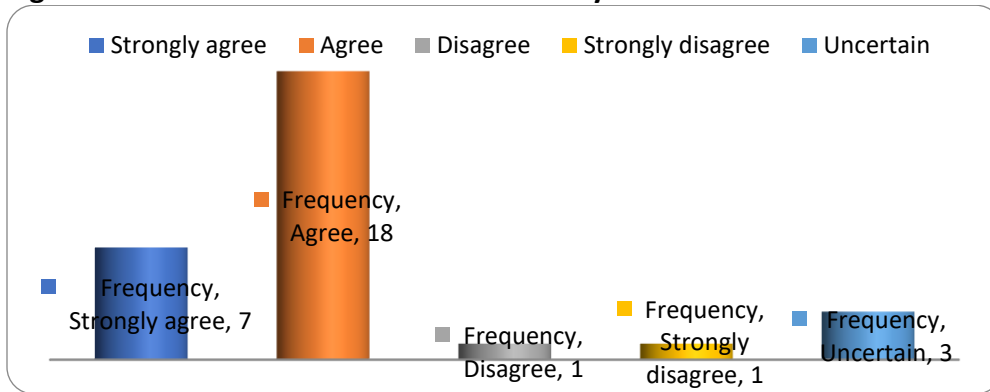
Source: Writer’s field survey; June 2013

**Procurement and Value for Money**

The researcher wanted to know whether the Act 663 had been able to achieve value for money in public contracts which was among the objectives for its enactment. From table 10 below, 7 (23.3%) of the respondents strongly agreed to the assertion, majority of the 18 (60%) respondents also agreed to it whilst 3 (10%) were uncertain about the assertion. However, each of the two remaining respondents strongly disagreed, and disapproved the assertion. It could

therefore be inferred that, the Act 663 brought about value for money in the Assembly's procurement activities.

**Figure 10: Procurement and Value for Money**

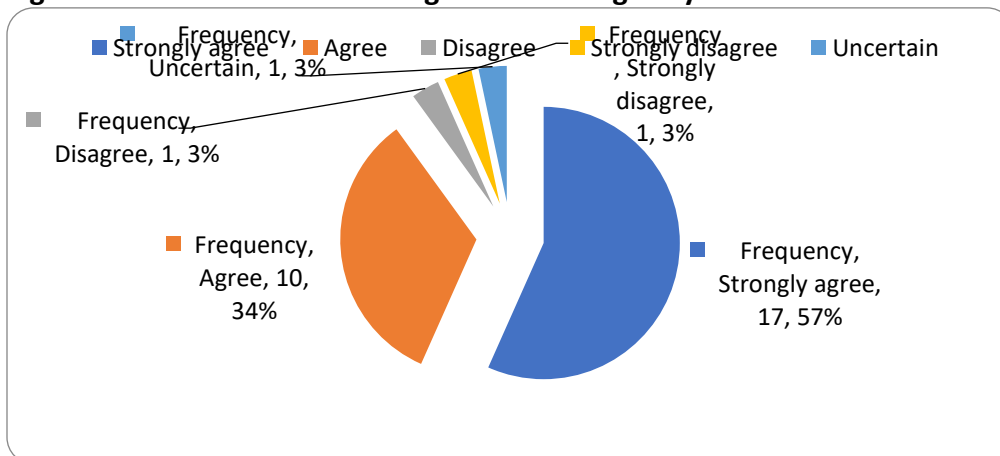


Source: Writer's field survey; June 2013

**The Act has brought about Budgetary Control**

Respondents were further asked to state whether the Act had resulted in budgetary control for the Assembly. Figure 11 below depicts that, 34% of the respondents strongly agreed, 57% agreed, 3% strongly disagreed, 3% disagreed whilst the remaining 3% were uncertain as to whether the Act 663 had impacted positively on the budgets of the Assembly. This shows that, the Act 663 was used as a mechanism to ensure that, the Assembly worked within its budget.

**Figure 11: The Act 663 has brought about Budgetary Control**



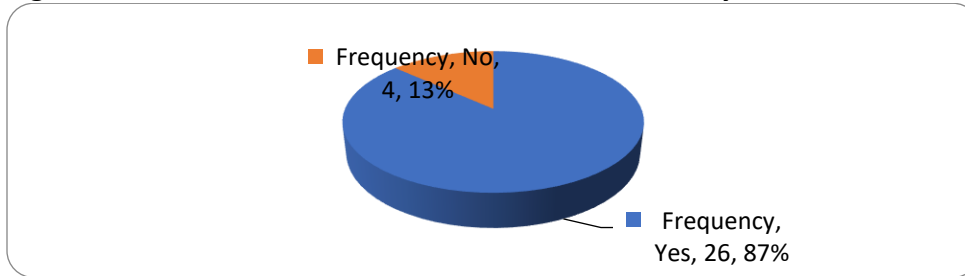
Source: Writer's field survey; June 2013

**The Act 663 has saved Government's Money**

Public procurement typically accounts for 50-70% of the national budget after personal emoluments, 14% of GDP and 24% of total imports in Ghana (World Bank, 2003). Respondents were asked to indicate whether the Act has contributed to government's savings. As shown in figure 12 below, 87% of the respondents responded in the affirmative whilst 13% of the

respondents answered negatively. Respondents were further asked to indicate how the Act 633 contributed to saving government money.

**Figure 12: The Act 663 has saved Government’s Money**

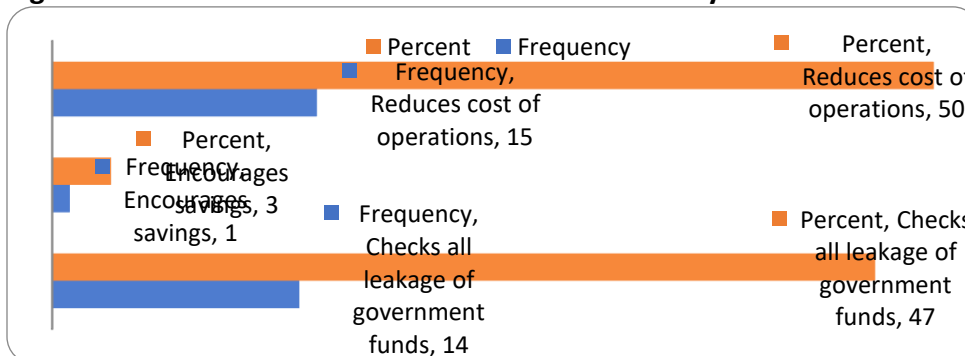


Source: Writer’s field survey; June 2013

**How has the Act saved Government Money**

From figure 13 below, 15 (50%) of the respondents mentioned that, the Act had reduced the cost of doing business in the Assembly, 14 (47%) of the respondents also mentioned that, the Act had helped to check all leakages of government funds and one of the respondents was of the view that, the Act 663 had encouraged savings in the Assembly. It could be inferred that, the Act 663 has contributed substantially to saving government’s money in the Assembly.

**Figure 13: How has the Act saved Government Money**

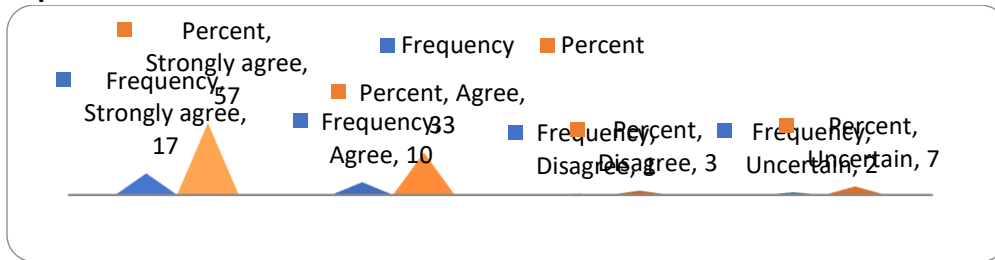


Source: Writer’s field survey; June 2013

**The Act has strengthened and controlled Government Expenditure**

The researcher again wanted to know the impact of the Act 663 on government expenditure. From figure 14 below, 13 (57%) of the respondents strongly agreed, 10 (33%) of the respondents also agreed whilst one respondent disagreed with the assertion. However, 2 (7%) of the respondents were uncertain about whether the Act 663 had contributed to strengthening and controlling government expenditure. This shows that, the Act had helped to strengthen and control government expenditure in the Assembly.

**Figure 14: The Act has strengthened and controlled Government Expenditure**

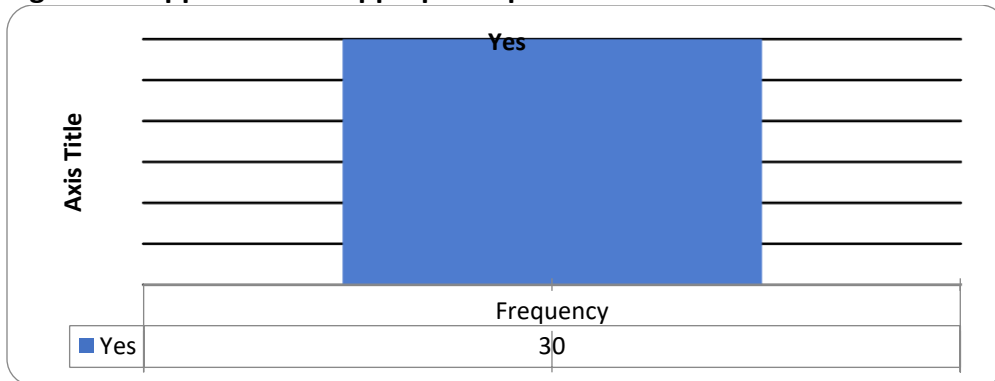


Source: Writer’s field survey; June 2013

**Compliance with the Procurement Act 663  
 Application of Appropriate Procurement Methods**

Respondents were asked to indicate whether the Assembly applied appropriate procurement methods as required by the Act 663. The result in table 15 below shows that, all the respondents answered in the affirmative. Respondents were further asked to mention the type of procurement method often used. From figure 15 below, 27% of the respondents mentioned Competitive Tendering method whilst 7% and 3% of the respondents mentioned Request for Quotation and other forms of procurement methods respectively. This shows that, the Act 663 was indeed followed in awarding contracts, and contracts were awarded in a competitive manner to ensure maximum competition and transparency in the Assembly.

**Figure 15: Application of Appropriate procurement methods**

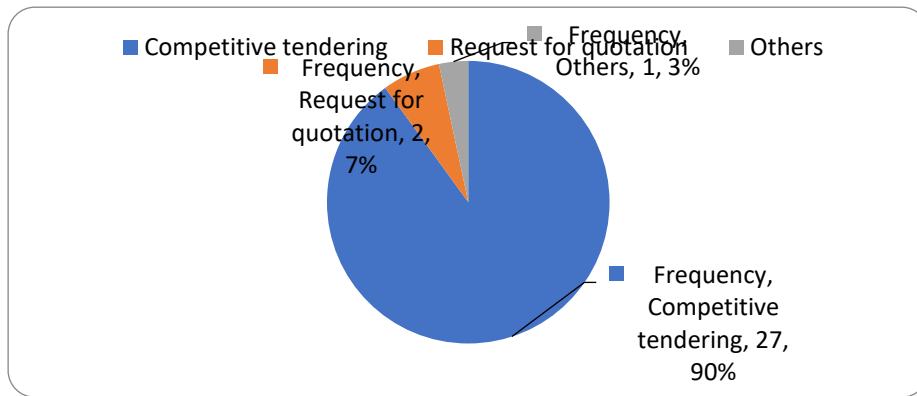


Source: Writer’s field survey; June 2013

**Procurement Method Often Used**

Evidence from the research indicated in figure 16 revealed that, 90% of respondents confirmed the Procurement contracts in the District, were through competitive tendering, 7% through request for quotation, and 3% representing others.

**Figure 16: Procurement Method Often Used**

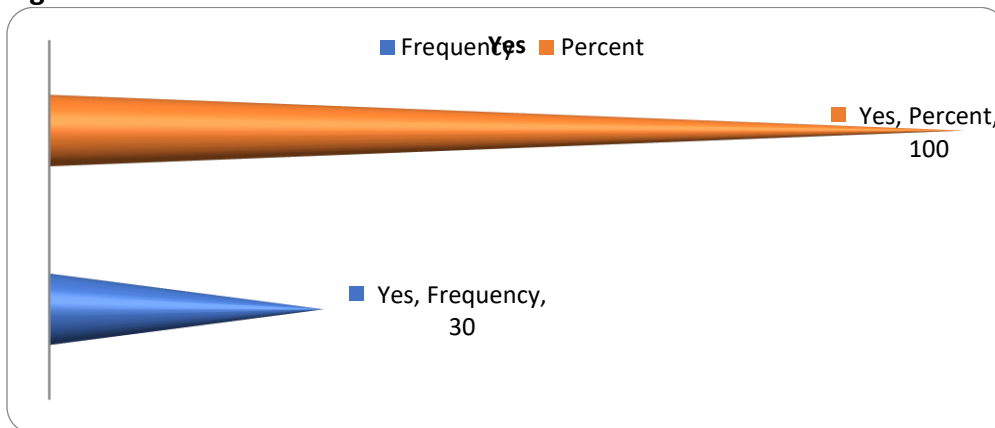


**Source: Writer's field survey; June 2013**

**Advertisement of Contracts**

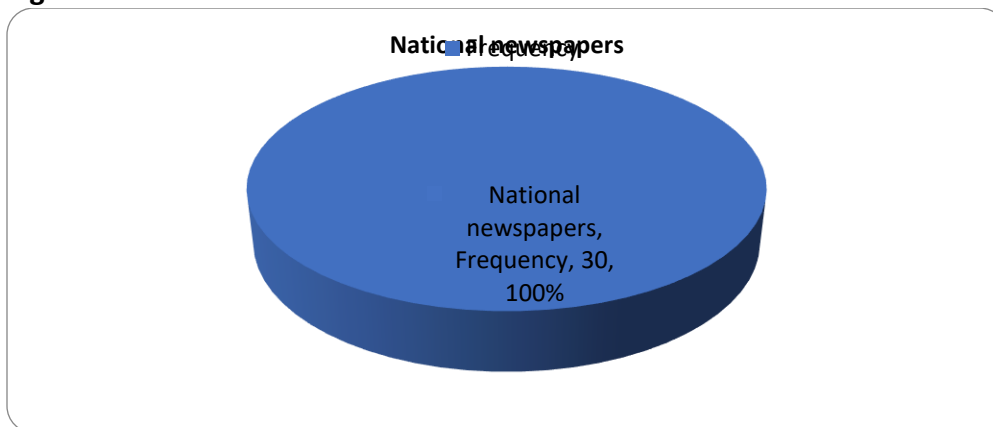
With regards to whether contracts were publicly advertised by the Assembly, all the respondents responded positively as shown in figure 17 below. Respondents were therefore asked to indicate the media through which procurement contracts were published. From figure 18, all the respondents mentioned national newspapers. This shows that, contracts were opened to all prospective stakeholders of the assembly to equally compete.

**Figure 17: Advertisement of Contracts**



**Source: Writer's field survey; June 2013**

**Figure 18: Media of Advertisement**

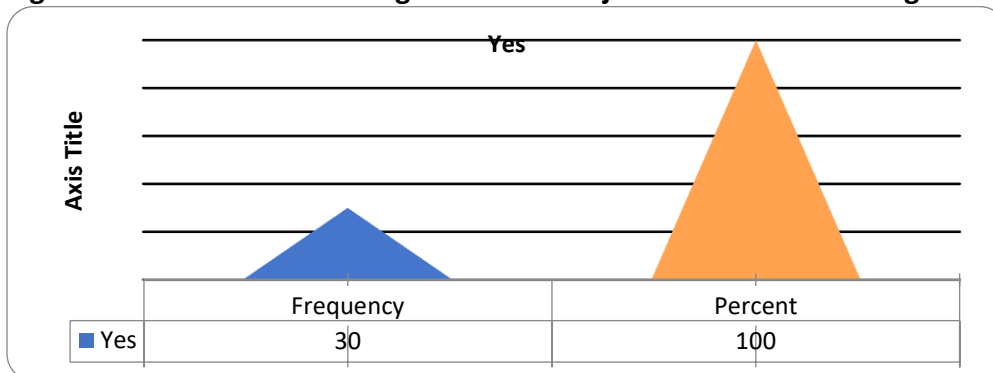


Source: Writer’s field survey; June 2013

**Achievement of Organizational Objectives whilst Adhering to the Act.**

When respondents were asked to indicate whether it was possible to achieve organizational objectives without violating the Act 663, all the respondents responded in the affirmative as indicated in figure 19 below. This shows that, the Act 663 could be used as a policy tool by the Assembly to achieve its objectives.

**Figure 19: Achievement of Organizational Objectives whilst Adhering to the Act**



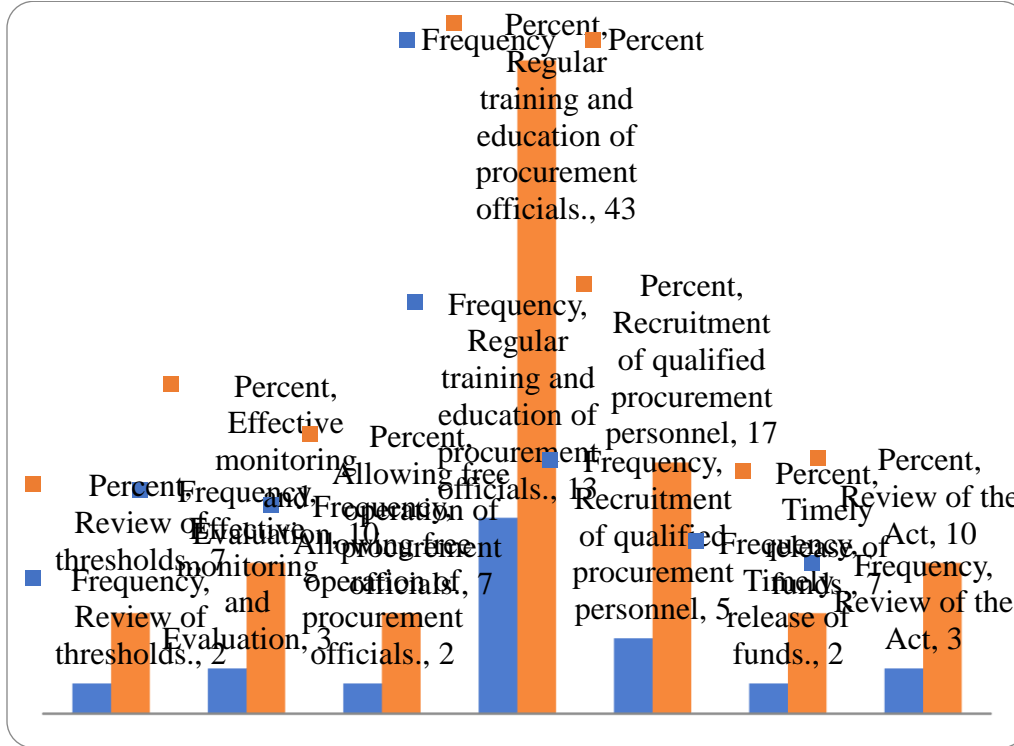
Source: Writer’s field survey; June 2013

**How to Overcome the Implementation Challenges of Act 663**

In order to ensure smooth implementation of the Act 663, all the challenges associated with its implementation need to be tackled. Respondents were therefore asked to suggest measures to overcome the difficulties associated with the implementation of the Act 663 in the Assembly. As indicated in figure 20 below, majority of the respondents representing 43% were of the view that, procurement officials should be given regular training and education on procurement to upgrade their skills, 17% of the respondents also mentioned recruitment of qualified procurement personnel, 7% of the respondents also stated that, funds allocated for procurement activities should be released on time, 10% of the respondents also mentioned that, the Act 663 should be reviewed, 7% of the respondents however mentioned that, procurement officials should be

allowed to operate freely without any influence, 7%, and 10% of the respondents also mentioned that, the prevailing thresholds should be reviewed, and there should be effective monitoring and evaluation of procurement activities in the Assembly.

**Figure 20: How to Overcome the Implementation Challenges of Act 663**



Source: Writer’s field survey; June 2013

**Conclusion**

**Findings of the Study**

This study was set out to assess the impact of Public Procurement Act 663 at the Bosomtwe District Assembly. The research work was undertaken purposely not only to fulfill the academic pursuit but also to ascertain the actual impact of the Act 663 which is a component of (PUFMARP) on Public procurement activities. Based on the analysis and discussions, the following findings were made. The study revealed that, the public procurement Act 663 was clear and easily understood. The study also revealed that, procurement officials in the Assembly were familiar with the procurement Act 633. It was also revealed that, the implementation of the Act 663 brought about cost reduction in the operation of procurement activities in the Assembly. The study however affirmed that, respondents in the Assembly found it difficult to interpret the Act 663. The study established that, the implementation of the Act 663 led to delay in procurement activities in the Assembly. Furthermore, one significant challenge that was realized from the study was in respect of late payment upon completion of contract (project). The study revealed that contractors were not paid on time after execution of contract and this was attributed to the late release of funds and bureaucratic procurement system. The Act also helped the Assembly to obtain value for money hence saved money. Among the reasons assigned to it were that, the Act



had reduced the cost of operations of procurement activities, encouraged savings and checked all leakages of government funds. It was again revealed that the Act has contributed to budgetary control of the Assembly. It was further revealed that, the Act contributed to strengthening and controlling government expenditure. It was revealed that, the Assembly used appropriate procurement methods in awarding contracts and national competitive tendering method was mostly adopted. It also came to light that contracts were publicly advertised and the media through which the public got to know procurement advertisements were the national newspapers. It also came out that, the Assembly was able to achieve its objectives whilst adhering to the Act 663. It was however revealed that, regular training and education of procurement officials, recruitment of qualified procurement officials, and timely release of funds and the review of the Act could help to overcome the challenges associated with the Implementation of the Act 663.

### Recommendation

The following recommendations are made to improve procurement activities in Bosomtwe District Assembly. It is recommended that the Assembly complies with the contractual agreement with contractors or suppliers by honoring prompt payment upon completion of contracts. This would enhance contractor's ability to become resourceful to improve upon their financial capabilities on subsequent execution of contracts. The Assembly should also identify sources of internally generated funds to meet their financial obligations and to decentralize contract payment system to reduce the time, cost and energy of chasing payment by contractors. With regards to delays in procurement activities, government should endeavor to review the Act to limit the number of steps in the procurement process so as to reduce the level of bureaucracy in the system. Bureaucracy delays the smooth procurement process and eventually affects public financial management since it adds more cost to contractors and government if they are to pay interest rate. The Assembly should also provide procurement practitioners with in-service training and opportunities to gain professional procurement qualifications and this will help government to meet the demanding standards required to deliver Government policy of Procurement Act and achieve value for money now and in the future. It is also suggested that the procurement entity should be independent in discharging of their duties without any form of political influence that could impede the entities' performance negatively.

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