

# **Assessment of Public Procurement Policy Implementation in the Educational Sector (A Case Study of Takoradi Polytechnic)**

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## **Abstract**

Public Procurement Act 663 of 2003 has experienced a number of reviews and amendments since independence and have mostly been characterised by huge contractual payment arrears, corruption, delay in delivery of contracts, unsustainable foreign debts and excessive budget deficits. To address these and many other challenges, the Ghana Public Procurement Act 663 (2003) was promulgated and assented on 31<sup>st</sup> December, 2003. Ten years down the line, compliance has become a major challenge in the implementation of the Act among public institutions in Ghana. This precipitated the conduct of this study to find out whether Takoradi Polytechnic fully complies with the provisions of the Act, and if so, are there any challenges that inhibit the smooth implementation of procurement activities.

Subject to the nature of the population and the field of study, descriptive survey design was adopted for the study with questionnaires and semi-structured interview as the main data collection instruments.

The findings of the study proved that Takoradi Polytechnic uses the Ghana Public Procurement 2003 (Act 663) in its procurement of goods, works and services from suppliers through the established Procurement Unit of the Institution. However there are some major challenges such as excessive bureaucracy, cumbersome documentation processing, inadequate storage facilities and others and it is incumbent on the Public Procurement Authority to intervene to curtail

some of the challenges even as the Polytechnic performs certain internal interventions to counter such challenges in the procurement cycle.

**Key words:** Procurement, Procurement Cycle, Ghana Public Procurement Act, Compliance, E-Procurement

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### **1.0 Introduction**

Procurement is essential for the development of economies and as a result governments, policy makers, business practitioners and academia are giving it much attention than ever. Procurement budgets in developing countries account for about 20 per cent of government expenditure globally (Mlinga, 2009). Many governments have embarked on reforms in their procurement systems to streamline and harmonise legal and institutional framework. In Ghana, public procurement represents about 24% of total imports and apart from personal emoluments, public procurement represents 50 -70% of the national budget and 14% of Gross Domestic Product (Adjei, 2006). Studies indicate that the annual value of public procurement for goods, works, and consultancy services was about US\$600 million (World Bank, 2003) which represented about 14 per cent of Ghana's (GDP). The bulk of the expenditure were programmes run by Ministries, Departments, Agencies (MDAs) and District Assemblies (DAs) as well as Public Hospitals, Universities, Schools and Colleges which involve procurement of works, goods technical and consultancy services. Ghana's public procurement is a major activity of government that generates important financial resources.

Public Procurement is the process by which governments and other public-funded entities acquire goods, works and services needed to implement public projects. It accounts for at least 15% of World's Gross Domestic Product (GDP) and even more in African Countries (World Bank Report, February 4<sup>th</sup>, 2013). Public procurement is an integral function of governments in both developed and developing countries as the gigantic financial outflows has a great impact on their economies that needs prudent management (Thai, 2001). Thus prudent handling of public procurement functions is fundamental to achieving economic, socio-political and other government objectives.

Upon all the benefits Ghana gain through procurement; the state is still challenged in so many ways. To operationalise the concept of good governance and to push towards "zero tolerance" of corrupt practices, the Public Procurement Act, 2003 (Act 663) was enacted by the government of Ghana to address the real and perceived weaknesses in the public procurement of goods, works and services. The main objective of passing the procurement Act (Act. 663) in 2003 is eliminating corruption in the procurement process, regulating expenditure and also instilling discipline in public finances. (Public Procurement Authority: Electronic Bulletin, 2011). The Public Procurement Authority (PPA) is mandated by Sections 3(d), 3(e) and 3(h) of the Public Procurement Act, 2003 (ACT 663) to assess the performance of each entity to ensure compliance with the provisions of Act 663.

## **1.1 Brief History of Procurement Laws in Ghana**

Before the Public Financial Management Reform Programme commenced in 1996 in Ghana, procurement was guided by many different rules. Government officials struggled to identify which rules to follow, due to lack of existing policy framework for public procurement, lack of existing institutional arrangement, and the absence of a Central Body for Procurement (Suleiman, 2010). In 1999, the Public Procurement Oversight Group was formed to design and coordinate the reform as well as oversee the improvement of the country's public financial health. The absence of a comprehensive public procurement policy and poor comprehensive legal regime to safeguard the integrity of the public procurement system were identified as some shortcomings and organisational weaknesses in the country's procurement system. In 2003, the Government of Ghana put together the main public procurement guidelines currently used in Ghana and enacted these guidelines to fight against and overcome the shortcomings. This Act was implemented to replace the many different rules that guided procurement activities. The act provided a comprehensive framework for developing and strengthening procurement institutions and operational processes in the context of poverty reduction, private sector development, good governance and anti-corruption.

The Public Procurement Authority in its effort to make public procurement transparent, efficient, and fair, established five basic pillars of the public procurement - comprehensive transparent legal and institutional framework; clear and standardised procurement procedures and standard tender documents; independent control system; proficient procurement staff; and anti-corruption measures. The legal and institutional framework stipulated that the Public Procurement Authority established the Public Procurement Board as a legal corporate entity. This entity comprised of ministries, departments agencies and all para-statal establishments that utilised public funds. In each entity, a tender committee was charged of providing a one-stop shop for concurrent approvals, awards and management of contracts.

This study was conducted to assess the level of compliance in the implementation of the Public Procurement Policy (Act 663) of 2003 by Takoradi Polytechnic, examine the challenges faced by the Institution during its implementation, and also assess measures put in place to ensure effective compliance of the act, including making recommendations.

## **2.0 Literature Review and Conceptual Framework**

Procurement is the process of obtaining goods or services in any way, including borrowing, leasing and even force of pillage (Lysons & Farrington, 2006). Procurement is the process of acquiring goods, works and services, covering both acquisitions from third parties. It involves option appraisal and the critical "make or buy" decision which may result in the provision of goods and services in appropriate circumstances (PPB, 2003/www.ppghana.org). According to Ghana Integrity Initiative (2007), public procurement is the acquisition of goods and services at the best possible total cost of ownership, in the right quantity and quality, at the right time, in the right place for the direct benefit or use of governments, corporations, or individuals, generally via a contract. In Ghana, public procurement is estimated at 50-70% of government's expenditure (Public Procurement Authority: Electronic Bulletin, 2011).

Procurement process is a cycle or chain that shows the activities that procurement goes through in obtaining a given need for operational and strategic purpose. Wan Lu (2007) argued that process consisted of flow chart and blue print to describe a process in pictures using symbols with arrow lines connecting each operational step. Emmett and Crocker (2008) also argued that the traditional procurement model for most sectors is represented in Figure 1.

**Figure 1: Procurement Process Model**



**Source: Emmert and Crocket 2008**

Public sector procurement process has a similar phase which starts with the identification of operational requirements that are determined and specified by the user and subsequently consolidated as a composite requirement for the procurement of annual procurement plan which according to the procurement Act, is mandatory for every public sector institution to have. The approach is decided; including consideration such as whether to produce the product(s) in house or source them externally. The goods, work or services may be available under existing framework contract. Decision will be taken on funding the applicable procurement rules and the method of procurement, which should be used (example open or restricted tendering, request for quotations or proposals single source, etc). A timetable for procurement process is prepared to serve as a guideline.

Specification is defined as a communication tool used by procurement to communicate the need of the organisation to the external users that has interest in the product or service in question (Sollish & Semanik 2007; Baily, David, Barry, Jossop & Jones (2005); Weele 2010). In Ghana, the public procurement Act, 663 of 2003 requires that, specification preparation should be devoid of brands that will not limit competition but rather present specification which is open to everybody to participate in order to achieve value for money.

In Ghana, the public sector Act defines 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. Lysons and Farrington (2006) also argued in the same line by saying that, sourcing stage includes, activities or processes like enquires or request for quotation which 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.

Enquiry and evaluation stage is very important in the procurement cycle because this determined the quality of the output (product) to be procured. Suppliers are requested to give information on the details of the organisation, financial details, equipment and facilities, management skills and reference to assess the capabilities of that particular source before it will allow providing information (quotation or tender) on the product or service (Emmert & Crocker, 2008). This stage determines the technical and financial capabilities and competencies of the source identified. Public sector procurement in Ghana defined this stage as the analysis of information that has been submitted by potential sources.

Negotiation can be defined as conflict resolution mechanism. Lysons & Grillingham, (2006) and Burt, Dobler & Starling, (2006) add that negotiation is where substance issues are properly resolved, relationship can be developed and an agreement reached in enhancing performance to attain efficiency and harmonisation. In public procurement, certain conditions must prevail before negotiation will be allowed as a method of procurement. These conditions according to Carter and Kirby, (2006) and must prevail; when sole source action has been approved; suspected "Cartel" amongst the suppliers; when competitive tendering is not feasible and when country's regulation allows for negotiation.

During the ordering and progressing stage, in Ghana, the Public Procurement Act 663 (2003) requires that a formal contract document be drawn up, using the agreed terms and condition and signed by both parties. Simpler requirements may be used as procurement order or where framework contract exist, contracting may consist of placing a call-off order under an existing contract.

Early delivery can be achieved if effective progressing work is done well. In Ghana, the Act stipulates that the contract should be managed by both the buyer and the supplier to ensure early delivery. Activities may include; expediting, arranging inspection or freight forwarding chock bank guarantees, establish letters of goods, verification of document and making payment.

Payment of goods procured will largely depend on the terms of contract (payment terms). If the payment terms indicate pre-payment or finance of contract, then payment is probably effected at the early stage of the procurement process before goods are delivered. However if the payment terms affirm payment after delivery and submission of the approved documentation, then that will be the last before reviewing of the entire procurement process. Payment in public sector procurement in Ghana is a cumbersome issue due to inadequate funds for payment with the agreed payment period in the contract payments. Payments are done within ninety days which result in poor delivery and overall abysmal performance of the supplying firm.

Reviewing of the whole contract process can be done from any angle of the procurement process. The extent of reviewing, monitoring and control allocated will depend on the importance of the product or service being procured in relation to the business strategy (Emmett & Crocker, 2008). Otterheim and Strand (2006) argued that, activities at this stage can include setting warranty claims and penalty clauses, recording the user's experience with the specific products and suppliers and total compliance pre-project.

## 2.1 Compliance level of Public Entities in Ghana Description

The Public Procurement Act, 2003 (Act 663) specifies a number of rules, process, procedures and ethics for the whole procurement process. These rules aim to secure efficiency in the use of public funds to ensure non-discrimination, fairness, transparency and accountability in the procurement process. Assessment of public procurement management performance is defined in terms of compliance with the set procurement rules (Schapper, Veiga Malta, & Gilbert, 2006). Compliance as a concept compares the conduct of the regulators to the equivalent legal obligation that the regulators should comply with (Gelderman, Ghijsen, & Brugman, 2006). Therefore, compliance is considered by political and social regulators as a prescribed process of elimination or avoidance of risk that is normally associated with public procurement systems. Subsequently, the Public Procurement Authority has been conducting annual procurement assessment via its Benchmarking, Monitoring and Evaluation Directorate. The main objective of the assessment is to find out how the procurement 'good practices' enshrined in the Act and its accompanying documents are being employed in the public entities and to inculcate into the public sector entities that need to monitor and evaluate procurement performance.

The Performance Assessment System (PAS) adopted by Ghana Procurement Authority is a step in the right direction. The Performance Assessment System (PAS) gives a qualitative report on the performance of Public Entities as captured by the assessment exercise using the Public Procurement Model of Excellence. The PAS report looks at four (4) main areas: Management Systems, Information and Communication, Procurement Process, and Contract Management. Management system covers leadership, human resources, monitoring and control system, ethics and compliance with regulatory framework, and complaints, appeals and disputes resolution mechanism. Information and communication category examines entities' capacity to give out information in the right format, and ability to utilize information received including market place, data analysis, and knowledge of Apex Body. Procurement Process category provides information on the entities' knowledge of the procurement cycle and how they conduct their activities at each stage. This covers procurement planning, notice, preparation of tender documents invitation for tenders, submission of tender, tender opening, tender evaluation and contract award. Contract Management measures how entities follow through the performance of the contracts they award. This includes planning and mobilisation, implementation, supervision, inspection, inventory control and disposal, and reporting. Table 1 shows the PAS report on Compliance of the Act by public entities for the years 2010 and 2011.

**Table 1: Performance Assessment System Report on Compliance of the Procurement Act 663 (2003) by Public Entities for the years 2011 and 2010**

PPME Criteria	2011 Average Compliance Level (Performance Assessment)	2010 Average Compliance Level (Performance Assessment)
Management System	46.16%	57.04%
Information and Communication	44.13%	60.88%
Procurement process	48.91%	70.04%
Contact management	36.95%	55.66%

**Source: 2011 Annual Report of Public Procurement Authority (PPA)**



Table 1 indicates a general fall in all the four performance measures as prescribed by the Public Procurement Model of Excellence (PPME) in the year 2011 when compared with the results of the 2010 Annual Report of the PPA. This is a cause for concern.

The public procurement Act specifies a number of rules, processes, procedures and ethics for the whole procurement process. These rules aim to secure efficiency in the use of public funds to ensure non-discrimination, fairness, transparency and accountability in the procurement process (Osafo-Marfo, 2003). Compliance as a concept compares the conduct of the regulators to the equivalent legal obligation that the regulators should comply with (Gelderman et al., 2006). Therefore, compliance is considered by political and social regulators as a prescribed process of elimination or avoidance of risk that is normally associated with public procurement systems. Assessment of public procurement management performance is defined in terms of compliance with the set procurement rules (Schapper, Veiga Malta, & Gilbert (2006).

## **2.2 Good Practices and Importance of Procurement**

According to PPA (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; more competition; budgetary savings; reduce debt levels; and encouraging private sector. Social impacts of public procurement include enhanced respect for rule of law, improved social sector services, improved prospects of achieving other government objectives, increased access by local market to government contracts, and enhanced reputation for government institutions. 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. The whole idea of e-procurement is to reduce cost and activities efficiencies in the procurement function. Cost Reduction can be achieved through reduction in paper work, man hours and little space needed for files and goods. E-procurement has contributed to the procurement process by making the process short between ordering and the use of suppliers; and also there is a greater flexibility in ordering goods from different sources at the same time.

## **2.3 Procurement Challenges and Consequences of Poor Procurement**

The PPA (2011) Annual Report enumerated the following as the main challenges encountered in the procurement of goods, works and consultancy in Ghana. The challenges included lack of funding-delays were experienced with funding releases, even where prior approval for the GoG funds had been secured, resulting in the delayed implementation of programmes-, inadequate office accommodation, failure of entities to post their Procurement Plans, Tender Awards and Contract Awards and insufficient Contract and Procurement Records management. (2011 Annual Report, PPA). A total of GH¢ 48, 435, 279.59 was misappropriated by Metropolitan, Municipal and District Assemblies (MMDAs) during the 2012 fiscal year. According to the Report of the Auditor- General on the management and utilization of the District Assemblies Common Funds (DACF) for 2012, cash irregularities recorded by the assemblies during the 2012 totaled, GH¢ 29.2 million; contract management irregularities, GH¢ 11.9 million; procurement and stores irregularities GH¢6.7 million and tax irregularities GH¢ 674, 891.15. (The Ghanaian Times,

Tuesday, December, 10, 2013). 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.

#### **2.4 Electronic Procurement (E-Procurement)**

In the last four decades, both public and private sector organisation have been making good use of information technology system in an attempt to shorten and also automate their procurement and other processes. E-procurement is defined a comprehensive process in which government uses Information Technology (IT) systems (including Internet) to establish agreements for the acquisition of products or services (PPA Electronic Bulletin, 2010). E-procurement systems have recorded the needed attention it deserves as a means of enhancing the procurement process (Kishor et al. 2006). Chartered Institute of Purchasing and Supply (CIPS) as cited in Lysons and Farrington (2006) defined e-procurement as using the Internet to operate the transactional aspects of requisitioning, authorising ordering, receiving and payment processes for the required services or product. The success of these depends on the ability of the system to communication across boundaries. Krishor et al (2003) have indicated that quite a number of public institutions are in the process of implementing e-procurement as part of e-government agenda.

E-procurement can increase transparency and procedural efficiency without prejudice to competition (Erridge, Fee, & McIlroy, 1998; Hill, 2005). Hill (2005) argued for this, not only because of its transparency, but also to improve efficiency. The benefits of e-procurement include: an increase in contract compliance, leveraging the procurement spend, increased involvement of staff, and lower processing costs. The lack of a corporate e-procurement system in public sector entities means they will find it difficult to analyse their expenditure on a macro-economic level.

Most of these benefits can be grouped under three major areas, namely; Governance, Efficiency and Economic Development ([www.ppaghana.org](http://www.ppaghana.org)).

#### **2.5 Governance**

Government procurement is often identified with tensions between public expectations of high standards of governance, management requirements for performance, overt political influence and broader stakeholder interests particularly from the private sector. Technology offers the potential to substantially strengthen transparency of government procurement, addressing an area of sometimes intense public interest. E-Procurement will enhance governance in terms of transparency and accountability. Transparency is achieved in terms of; available information on public procurement function, available information on procurement transactions, higher compliance levels reduced corruption, audit trails on procurement transactions, improved quality of public procurement reporting, monitoring and management. In terms of accountability, the following will readily be available on an e-Procurement system; online disclosure of procurement notices, online disclosure of awarded contracts, open and fair competition increased compliance with procurement policy, public access to procurement information, less opportunity for corruptive, collusive, fraudulent and coercive practices.



## 2.6 Efficiency

Using e-Procurement also offers gains in terms of efficiency and effectiveness. The benefits of online technology for the efficiency and effectiveness of government procurement reflects on the cost of transactions and value-for-money outcomes. This can be measured in terms of; increased price transparency, increased competition, lower transaction cost for suppliers. In addition to these outcomes e-procurement can be expected to provide significant but less quantifiable benefits through greatly improved management information and analysis, laying the foundation for innovation in sourcing, aggregation and service production.

## 2.7 Economic Development

Implementing e-Procurement also has the potential of changing the procurement landscape in terms of economic development. These developments can be attributed to private business activation and infrastructural development capacity building. For all procurement practitioners to participate in procurement activities using e-Procurement, will require building broadband capacity, promoting digital literacy, and encouraging businesses to use information and communication technologies for procurement activities.

## 3.0 Methodology

Descriptive research design was employed to undertake this study. Survey research was selected because it captures fleeting moment in time, much as a camera takes a single-frame of an ongoing activity, draws conclusions from one transitory collection of data and further extrapolates over state of affairs over a longer period of time (Leedy & Ormrod, 2010).

The population for the study included all the key stakeholders in procurement activities at Takoradi Polytechnic Institute. This included respondents from Procurement Unit, End user departments, Central Stores and Suppliers whose activities are in consonance with public procurement Act. Takoradi Polytechnic was selected for the study and had a total population of 80 workers. 66 respondents were selected to participate in the study. The selection of the sample size was based on The Population-Sample Size Matrix designed by Kirk, R. E. (1995).

**Table 2: Distribution of sample**

<b>Position</b>	<b>Frequency</b>	<b>Percentage (%)</b>
Procurement Unit	1	1.52
<b>End-user departments:</b>		
School of Applied Arts	21	31.82
School of Engineering	21	31.82
Central Stores	21	31.82
Suppliers	2	3.02
<b>Total</b>	<b>66</b>	<b>100</b>

**Source: Field Survey, 2014**

Questionnaire and semi-structured interviews (both face-to-face and telephone) were the research instruments used to obtain the primary data. The close-ended items employed checklist – a list of behaviour, characteristics or other entities that the researchers are

investigating – and Likert scale – which is more useful when behaviour, attitude or other phenomenon of interest needs to be evaluated in a continuum (Leedy & Ormrod, 2010). The subjective/open-ended types were used for amassing divergent views in issues concerning the implementation of the procurement cycle. The face to face interview was selected because it enabled the researchers to establish rapport with potential participants and therefore gain their cooperation and yields the highest response rate (Leedy & Ormrod, 2010).

The responses from the questionnaires were then entered into Statistical Package for Social Science (SPSS) version 17.0 for the analysis. In order to have a clear analysis of the available data, results from the analysed data, were tabulated with frequency table and percentages and graphs.

#### 4.0 Results and Discussion

A response rate of 81.9% was recorded for the research. Demographic information of respondents is presented in the table below.

**Table 3: Demographic Information of respondents**

Characteristics	Frequency	Percentage
<b>Position of respondents</b>		
Procurement Unit	1	1.85%
End-user departments	36	66.67%
Central Stores	15	27.78%
Supplier	2	3.70%
<b>Working experience of respondents</b>		
- 1-5 years	5	9.23%
- 6-10 years	14	25.93%
- Above 10 years	35	64.81%
<b>Respondents' knowledge of Procurement Act</b>		
- Yes	54	100%
- No	-	-
<b>Educational level of respondents</b>		
- SHS/Equivalent	3	5.56%
- DBS/HND/Equivalent	12	22.22%
- First Degree/Equivalent	32	59.26%
- Second Degree/Equivalent	6	11.11%
- PHD	1	1.85%
- Others		

**Source: Field Survey, 2014**

Table 3 gives the summary of the findings on the demographic information on the respondents. Majority of the respondents have worked in the Polytechnic for more than 10 years and hence have sufficient working experience with procurement practices in the institution especially with regards to the procurement legislative instruments. Additionally, most of the respondents have first degree or equivalent as their current level of education hence the adoption of the research instruments.

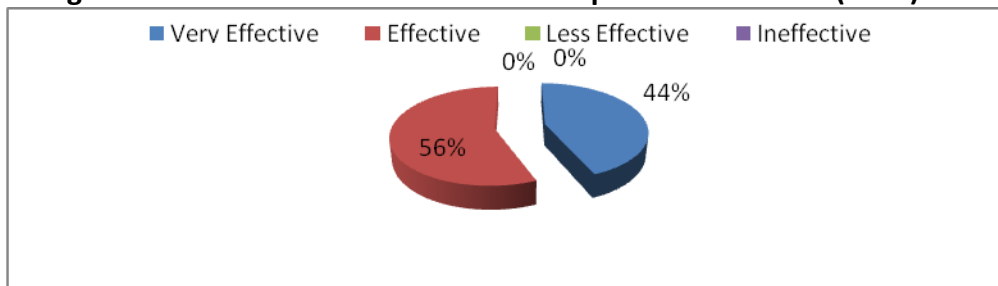
All the respondents have good knowledge about the Public Procurement Act 663 (2003) and its implications in procurement activities pertaining to procurement in Ghana Education Service (GES). This indicated that workers were employed based on their qualifications and continuous improvement by GES as some of the respondents had undergone periodic training and aware of current issues in their working field.

Takoradi Polytechnic uses the Ghana Public Procurement Act 663 (2003) in its procurement of goods, works and services from suppliers through the established Procurement Unit of the Institution. Compliance as a concept compares the conduct of the regulators to the equivalent legal obligation that the regulators should comply with (Gelderman et al., 2006). Assessment of public procurement management performance is defined in terms of compliance with the set procurement rules (Schapper, Veiga Malta, & Gilbert (2006). This follows that in the face of compliance, PPA is mandated by Section 3(d), 3(e) and 3(h) of the Public Procurement Act, 2003 (ACT 663) to assess the performance of each entity to ensure compliance with the provisions of Act, and Takoradi Polytechnic is no exception.

The scope of application of the Act is enshrined in Section 14, sub-section 2 (f), and covers public universities, public schools, colleges and hospitals. Further, it was revealed that, Takoradi Polytechnic fully follows the procurement cycle as demanded by the Ghana Public Procurement Authority. This is in consonance with the provision in Part III, section 21 to 34. Again, it was revealed that Takoradi Polytechnic adopted and used the procurement methods that are by law, to be used by all institutions covered by the Procurement Act 663 (2003). The methods as stated by the respondents included National Competitive Tendering, Price Quotation and Single or Sole Sourcing. This is in compliance with the provisions in Part IV, section 35-43 of the Procurement Act which concerns Methods of Procurement and Part V, section 44-65 which also deals with Tendering Procedures in government institutions.

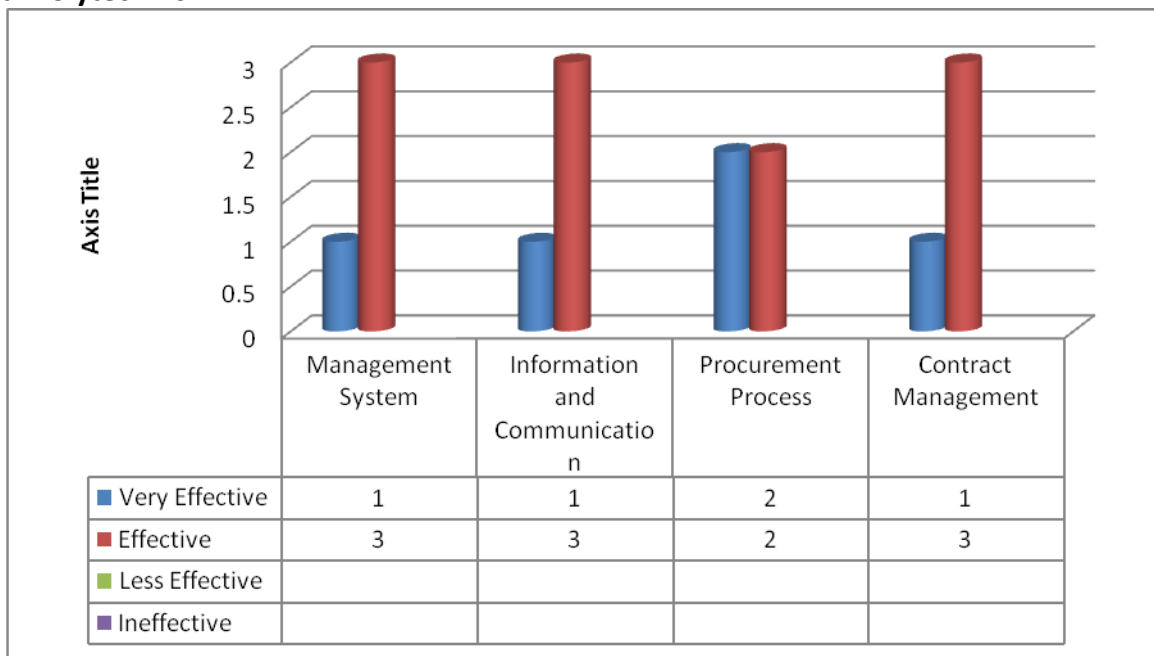
Assessment of public procurement management performance is defined in terms of compliance with the set procurement rules (Schapper, Veiga Malta, & Gilbert (2006) and this was the case of this research. Results from the baseline performance evaluation grid demonstrated that the overall compliance level of the Polytechnic is Effective (56.25%), when measured by the criteria of Management System, Information and Communication, Procurement Process and Contract Management. Osafo-Marfo (2003) had it that these rules when complied with promote efficiency in the use of public funds to ensure non-discrimination, fairness, transparency and accountability in the procurement process. This is demonstrated in Figure 2.

**Figure 3: Degree of overall effectiveness of the compliance of Act 663 (2003)**



Source: Field Study, 2014

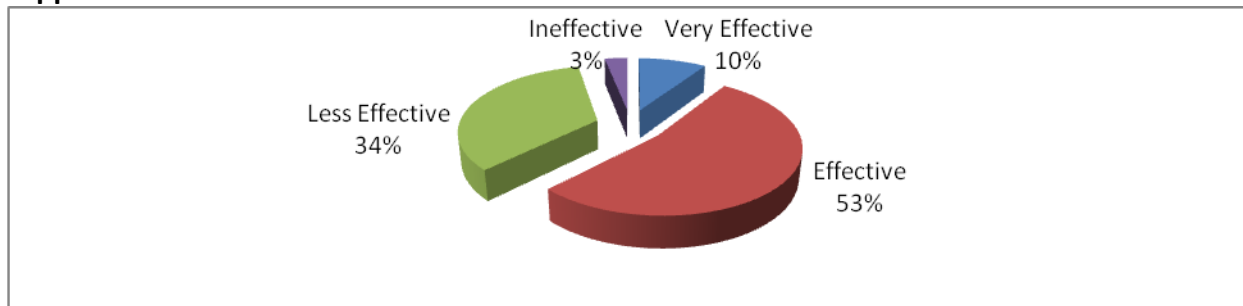
**Figure 4: Breakdown of the overall effectiveness of the compliance of Act 663 (2003) at Takoradi Polytechnic.**



Source: Field Study, 2014

The findings from Figure 3 indicate individual performance of the individual criterion used in the evaluation of compliance of Takoradi Polytechnic based on the Performance Assessment System Report. Procurement process was rated “Very Effective” by the respondents. Management system, information and communication and contract management were rated “Effective”. The overall effectiveness of the implementation of the Procurement Act 663 (2003) by Takoradi Polytechnic, measured in terms of the four key variables as enshrined in the Baseline Performance Evaluation Grid, according to the suppliers (Interviewees), was rated “Effective” represented by 53% as shown in Figure 5 below.

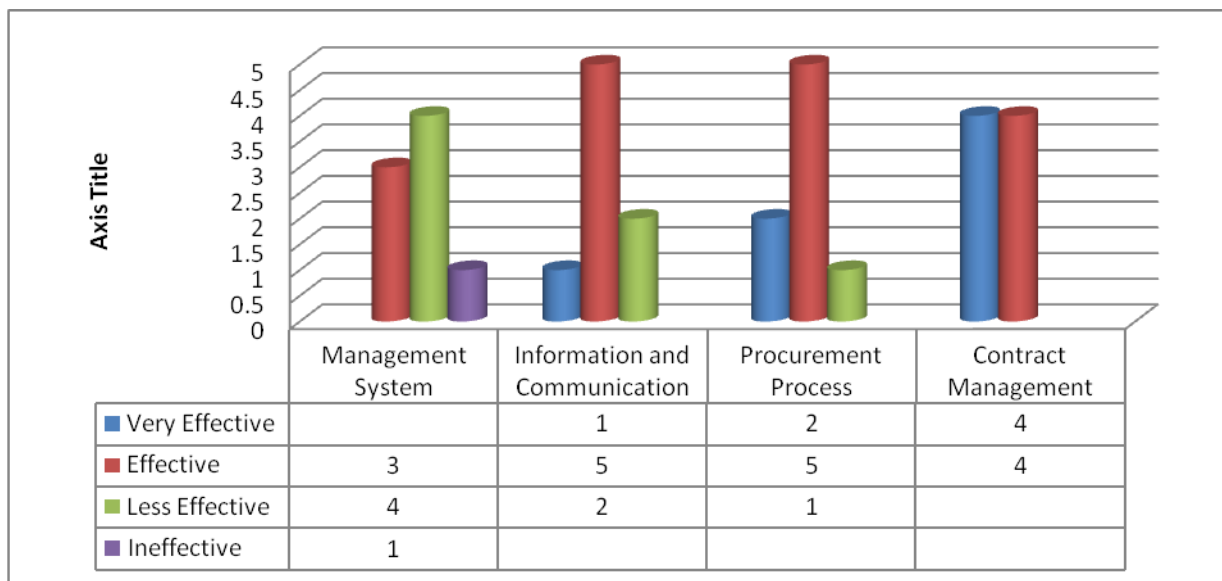
**Figure 5: Degree of overall effectiveness of the compliance of Act 663 (2003) by suppliers**



**Source: Field Study, 2014**

The 3% respondents who rated the performance of the institution with respect to Baseline Performance Evaluation Grid stated that delays in payment, cumbersome documentation and prolong board meeting are the main reasons that account for this inefficiency in the procurement function. Poor procurement practices 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). Additionally, this confirmed the findings in the Annual Report of PPA (2011) that exposed the challenges that confront the Authority in discharging its functions effectively.

**Table 6: Breakdown of opinions of suppliers on the compliance level of the Public Procurement Act 663 of 2003 by Takoradi Polytechnic**



**Source: Field Study, 2014**

Takoradi Polytechnic does not integrate Information Communications and Technology modules such as e-commerce or e-procurement in its procurement activities as all the respondents said they have not or do not use e-commerce in their procurement activities (Procurement Unit).

The study also found some major challenges that the implementers of the Ghana Public Procurement Act 663 (2003) in Takoradi Polytechnic are facing. Among the challenges included prolonged quarterly meetings of Procurement Board of the institution that resulted in delays in the delivery of orders. This challenge occurred as a result of a provision in the Ghana Procurement Act 663 (2003) Part I sub-section 1(1). Another major challenge was the issue of unnecessary interference by heads of institution. According to the respondents, the heads of the institution, in their bid to carrying out their oversight responsibilities, sometimes take a long time to peruse the documents hence the delay. Cumbersome documentation process and delayed payment to suppliers were identified. Another challenge was the delay in order delivery or suppliers' failure to supply all or parts of the items ordered by the institution through the Procurement Unit. Access to supplies is often difficult. When asked of the reasons behind their responses, it was indicated that long delays in approval of requisitions by heads, unavailability of some requested items at the store, and strenuous authentication procedure as the major causes.

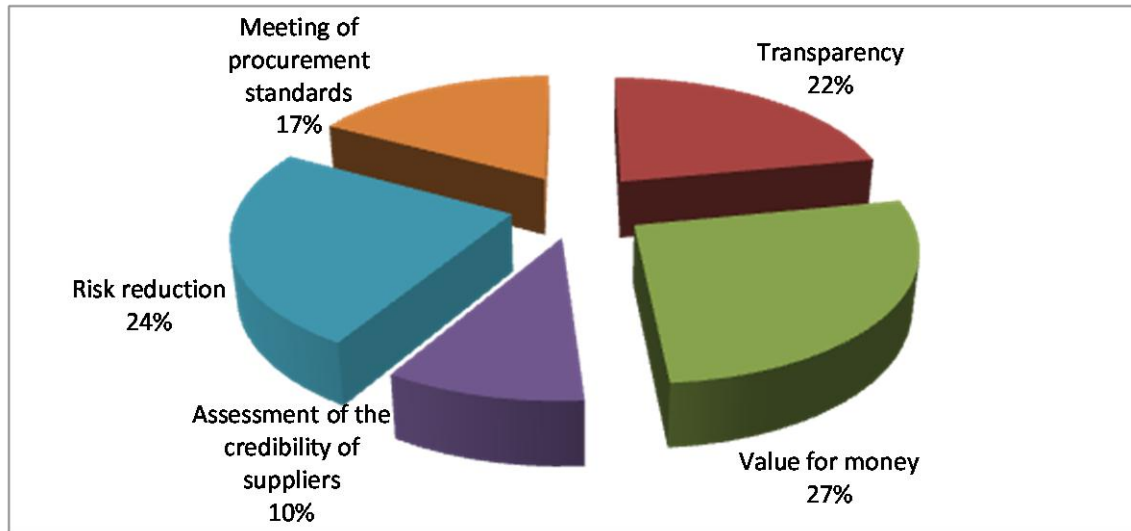
When asked of the major challenges suppliers encounter in their dealings with the institution, the following were stated: delays in payment-which necessitate the increment of contract prices subject to variables such as changes in exchange rates, interest rates, bank charges, inflation rate and other economic variables; wrong specification of items – especially from the end-user departments; and delays in submission of requisition which put pressure on suppliers to deliver on scheduled time limits.

The major challenges that the Central Stores of the Takoradi Polytechnic encountered in the face of receiving, keeping and issuing of items included prolonged delays in order delivery from suppliers, long procurement documentation processing and interference by heads of institution, wrong supply specification from end users and deterioration of items, poor level of safety (inadequate protective gadgets), poor handling and movement of supplies, supply of substandard supplies and inadequate warehousing facility. These challenges do not only adversely affect the smooth operations of the Polytechnic but also serves as a drain on the financial strength on Government of Ghana's coffers.

It was discovered that, Takoradi Polytechnic has put in place some internal mechanisms to reduce or eradicate the procurement challenges the institution is facing. In-service training programmes such as short periodic courses, seminars, conferences and other programmes related to the content and the scope of procurement in the ambit of the Ghana Public Procurement Act 663 (2003) for all its workers are periodically undertaken. Also study leaves are made available to all qualified workers.

**Figure 7: Benefits associated with the compliance with the Procurement Act 663 (2003)**





**Source: Field Survey, 2014**

Figure 7 shows the summary of the major reasons for the adoption of the procurement methods being used in the institution as; Value for money – amount paid meets the expectant satisfaction of users; Risk Reduction – through diversification, legal backing and due diligence; Transparency – openness of for all business practitioners by promoting equal chances of winning contracts and publishing of intended tendering; Meeting procurement standards – conducts within the framework of the adopted standard of procurement; and Supplier Credibility - through critical supplier evaluation. This confirms the assertion by PPA (2007), that streamlining Public Procurement has a direct impact on the successful delivery of government projects and public services, sound public financial management by achieving value for money in government expenditure, reducing corruption, more competition, budgetary savings, reduce debt levels, and encouraging private sector. Since public procurement is an integral function of governments in both developed and developing countries with gigantic financial outflows, prudent management is what is mostly needed (Thai, 2001) as its promotes economic development.

### **5.0 Conclusions**

Takoradi Polytechnic complies with the provisions in the Public Procurement Act 663 (2003) in the conduct of all procurement transactions. The overall level of compliance was rated “Very Effective” in this study.

The institution’s role in the implementation of the Act brings certain challenges as have been suggested by some authorities in the Literature Review. Among the most prominent challenges discovered in this study included inadequate funding for some programmes, delayed payment of contract sum to suppliers, delays in delivery on goods, works and services by some suppliers, non-usage of ITC (E-procurement), poor storage facilities and prolonged quarterly meetings of Procurement Board.

Takoradi polytechnic has put in place measures to effectively mitigate the various challenges in the implementation of the Procurement Act 663 (2003). These measures included in-service training and granting study leave.

## **6.0 Implications**

### **6.1 Inculcation of e-procurement in the Public Procurement System**

The current Procurement Act does not cater for the use of electronic, transactions in the procurement process. It therefore implies Act 663 should be amended to cater for electronic transactions or use of the executive orders to accomplish same. As much as the usage of Act 663 has streamlined procurement processes in the country, as well as establishing a high level of sanity in the procurement environment, it is entirely manual based hence the need for the establishment of e-Procurement in the country. E-Government Procurement (eGP) also referred to as E-Procurement is defined as a comprehensive process in which governments use IT systems (including the Internet) to establish agreements for the acquisition of products or services. The Internet's rapid growth has driven many governments to add an electronic commerce component to their operations to gain competitive advantage. Business-to-business online procurement has recently emerged as one of the hot test topics in the world of commerce and technology. Use of information technology to conduct government procurement is therefore expected to generate benefits for both government and procurement practitioners. This will pave the way for entities to advertise their tenders online; suppliers can also submit their bids online; and finally conducting contract award processes online. PPA must be resourced to update its website and also encourage public entities and selected service providers to create their own websites to enable them access tender adverts and tender documents as well as post contract awards notices as a measure to reduce cost of procurement. Government must also reform the Information and Communication Technology in the country to support the procurement reform activities.

### **6.1 Capacity Building**

A system to provide timely and continuous education and capacity building for all employees connected to the procurement implementation processes is highly recommended. Building the capacity of service providers has been identified as one of the success factors of public procurement reforms. It is important that PPA organises training sessions for heads of institutions, contractors, surveyors, architects, consultants and suppliers in the private sector on tendering process, and the appeals, complaints and dispute mechanism. Audit Service, the Judiciary, and other oversight bodies should also be trained and retrained where necessary on the procurement process and audit to appreciate the public procurement issues to enforce accountability to improve compliance. Since competence is based on training, procurement practitioners must be given continuous practical training, especially, in procurement planning, posting of procurement documents on PPA website, contract management, appeals and complaints process, procurement methods and procedures and tender evaluation procedures. Practicing procurement officers, without procurement qualifications, can be sponsored to pursue medium/long term courses in procurement in a formal educational system to develop a

career and enhance their expertise. PPA must develop and sponsor publications that disseminate research results and technical information to public procurement and public administration professions and also develop progressive systems for delivering training programmes for the public procurement practitioners. The adopted detailed curriculum and models (approved by the National Accreditation Board) and lecture notes for the delivery of programmes which leads to the award of certificates, diplomas and bachelor's degrees in procurement in various tertiary institutions in the country is a good avenue for the medium and long term training programmes for employees of the institution to enhance competencies of the workforce.

### **6.2 Review of the Procurement Act 663 (2003)**

In line with the challenge of prolonged Board Meetings which subsequently leads to delay in the preparation of documentations and delivery of supplies, it is highly recommended that Government reviews the Act to limit the number of steps in the procurement process so as to reduce the level of bureaucracy in the system and streamline the system to promote quick-response strategy in the implementation of the Act. Bureaucracy delays the smooth procurement process and eventually affects public financial management. The Act must be amended to address the eminent difficulties facing its smooth implementation. To improve on compliance of entities such as the Takoradi Polytechnic, PPA must, as a matter of urgency, expedite action on the review process of the Procurement Act, 2003 (Act 663). This will give procurement entities greater control over procurement decisions to reduce lead time and needless delays caused by Tender Review Boards (TRBs). Invariably, it will enhance the local government concept of decentralisation.

### **6.3 Provision/Refurbishment of Warehousing and Storage Facility**

Proper means for storage of procured items for Takoradi Polytechnic should be put in place to ease the Central Stores of some of the challenges it faces. Adequate storage facilities, protective gadgets for employees, periodic in-service training for employees and specialty training would be of immense release as these interventions would help employees at the Central Stores to deliver on time and in an efficient manner. There is the need for the rehabilitation of the existing stores structure and if possible, further expansion. The replacement of damaged shelves, containers, nets and other gadgets needed for the safe keeping of items is also recommended. Proper material management system that ensures the right quantity of the right item, at right quality, at the right time, at the right place and at the right costs should be developed and implemented accordingly. This would help Takoradi Polytechnic to gain economy in purchasing, satisfy demand during period of replenishment, hold reserve stock to avoid stock out, stabilise fluctuations in consumption and provide reasonable level of client services. Installation of software for inventory management that would lead to the timely identification of material control measure such as maximum stock levels, minimum stock level, economic order quantity, maximum lead time, minimum lead time, buffer stocks, stock returns, re-order levels and expiry date monitoring sensors, would not only enhance service delivery at the Central Stores but also promote harmonious interdependency among all units of the Polytechnic.

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