

A Comparative Study of the Impact of the Ghanaian Public Procurement Processes before and after the Enactment in 2003- A Case Study of Accra Polytechnic

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Abstract

In Ghana, a Public Procurement law was passed in 2003 as the Public Procurement Act 663. The enactment of the Public Procurement law was to ensure that Ghana's public procurement practices were harmonized and streamlined to conform to International procurement best practices and standards. This study is a comparative analysis of the impact the Public Procurement practices before and after the enactment of the Public Procurement Act, Act 663 of 2003. More specifically, it seeks to analyze the extent to which the introduction of the Public Procurement law widened the competitiveness and transparency element of the public procurement process. A case study approach was adopted and Accra Polytechnic was used as the research unit. The researchers used questionnaires and interview schedule to gather data. The departments involved were the procurement unit, finance, internal audit, development, stores and estates. The findings revealed the impact from a broader public sector management perspective and also exhaustively focused narrowly and specifically on the impact of the Act on Accra Polytechnic procurement practices. The findings also indicated that prior to the enactment of the Public Procurement Law the procurement process was often shrouded in secrecy, lack of transparency, thereby limiting the competitive space. However, with the enactment of the Act and the subsequent creation of the regulatory body, Public Procurement Authority (PPA) to oversee and superintend over public sector procurement, there has been an improvement and enhancement of procurement entities responsiveness and competitiveness.

Key words: Competitiveness, transparency, value for money

1. Introduction

Public Procurement is the process by which large amounts of public funds are utilized by public entities to purchase goods and services from the private sector Hunja (2003). Public procurement is identified as a significant governmental function and also forms a greater portion of the Nation's GDP. Government is therefore looking for innovative ways to improve its efficiency and transparency. Thai (2001) views public procurement as an important function of government, as government institutions continually engage in procurement processes for educational, health, social and other infrastructural items and service for the country's development agenda. The Public Procurement Act of Ghana, Act 663 was implemented amidst high hopes and expectations of improving the levels of efficiency of the public sector organizations, by first and foremost streamlining the different pieces of legislation on public procurement that existed before the enacted of the Act in 2003. The Act was aimed at reducing inefficiencies and waste often associated with public sector financial management.

As part of the requirements of the Act, a regulatory body namely the Public Procurement Authority (PPA) was established. This body is made up of members from both the private and public sectors with the oversight responsibility of ensuring that the provision of the Act are fully complied with and that public sector expenditure ensured value for money spent on government procurement. The objective of the (PPA) is to harmonize the process of public procurement in the Public Services to ensure judicious, economic and efficient use of state resources in public procurement and ensure that public procurement is carried out in a fair, transparent and non-discriminatory manner (The Public Procurement Act, 2003). The Ministry of Finance and Economic Planning that has oversight responsibility on the public purse also implemented what it termed as "The Ghana Value for Money Contract Assessment Project". The principal objective of this project is to achieve improved efficiency, transparency, accountability and value for money in Ghana Government financial resource utilization" particularly public procurement (PPA-e-Procurement bulletin)

The aim of this study was to gain an understanding on how public procurement was conducted before the promulgation of the Act in 2003 and the challenges and abuse fraught with that regime and finally, the social and

economic impact of the public Procurement Act on the operations of Accra Polytechnic. The specific objective of this paper is to evaluate the competitiveness and transparency elements of the Public Procurement Act.

2. Procedure & Methodology

This research is a small-scale case study. Both primary and secondary data were used. Open and close ended questions were asked. Questionnaires were administered on staff of Procurement, Internal Audit, Finance, Stores and Estates departments of Accra Polytechnic.

The design adopted for this study was eclectic in approach. In a wider sense, both the descriptive and the quantitative research methods were used. The method directed the planning of the study, development of instruments, sampling procedures, data collection and analysis. The quantitative procedures were directly used to analyse numeric data, while the descriptive approach focused on in-depth interpretation and analysis of the results obtained from the questionnaires and interviews. This eclectic approach was aimed at eliminating or reducing any weakness which a single approach would have brought.

2.1 Study population

Study population can be defined as all the people or item (unit of analysis) with the characteristics that one wishes to study Bhattacharjee, (2012). Since this study is about impact of public procurement processes in Accra Polytechnic, the target population was the departments that were directly involve with the procurement processes. These units/departments are the Procurement unit, the internal Audit unit, the Finance Unit, Estates, Development and Stores. The Internal Audit unit plays a crucial role vis-a-vis the procurement process as it virtually has to keep an ever watchful eyes not only on the process but also ensure strict adherence to the provision of the Act. While Finance and Sores may have a direct correlation with the procurement activities, the Development and Estates units were included because of the technical roles they play in the procurement process.

2.2 Data sources

The research consists of both primary and secondary data. Primary data are freshly gathered data, for a specific purpose or specific research project. Primary data was in a form of open ended interviews and discussions with some officials of Accra Polytechnic Management staff. Questionnaires were also be used as primary data source. It was administered to staff of Procurement, Internal Audit, Finance, Stores, Estates and development units/departments of Accra Polytechnic.

2.3 Data Analysis

The raw data would be analyzed using Microsoft Excel. Bar charts, graphs, pie charts, and tabular representations would be used to depict pictorial illustrations of results. The data gathered was synthesized, re-organized and properly arranged for the researcher to carry further analysis. The primary data used for the analysis was based on the completed questionnaires and interview responses.

2.4 Sampling Plan

The sample for this research was collected by a preferential sampling method from the identified sampling frame. A sampling unit looks at the phenomenon to be covered. It may be a natural geographical unit such as a state, a district, a village or a constructed unit such as the use of a flat. It may be a social entity such as a family or school. It may also be an individual or an organization. Sampling size deals with how many people to be surveyed. There are two basic requirements for the sampling procedure to fulfil. A sample must be representative and it must be adequate. When it is representative, a sample will be relatively small piece of the population and mirrors the various patterns and subclasses of the population. Sampling procedure deals with how the respondents should be chosen. To obtain the representative sample, a probability sample of the population should be drawn. This allows the calculation of confidence limit for sampling error. A non-probability sample may also be useful in many circumstances especially when the sampling frame is unavailable even though it does not allow sampling error. In this study purposive convenience sampling techniques were

employed.

2.5 Data Collection Instrument

A case study approach is extensive and exhaustive and is often adopted when a thorough and in-depth analysis is required. For the purposes of this study a case methodology was used. Both open and close-ended questions were asked allowing respondents come out with their divergent views on the subject. Interviews sessions were carried out as a follow up with some respondents that included the Finance officer, the Procurement officer and some suppliers, consultants and contractors. This was to ensure validity and reliability of the research findings.

Having designed the questionnaire to align with the objectives of the study, 43 were sent out with only thirty-eight (38) questionnaires being returned.

3. Results and Discussion

From table 1 respondents that have served with organization for a period of between 5 years to 10 years are in number representing 34.22 per cent of the respondents. The 15.785% is the percentage of those who have served in excess of 11 years. Fifty percent (50%) of the respondents have been in the services of Accra Polytechnic for the past five years. The analysis that could be made is that as almost half of the respondents were with Accra Polytechnic during the introduction of the Public Procurement Act, the institution would have benefitted from the many workshops, seminars, programmes organized by the Public Procurement Authority to enhance the human resource base of procurement professional within the public sector.

As regards the question on the roles that the various units and departments play in the procurement process, the responses indicated Accra that Polytechnic takes procurement decisions in a corporate manner by involving all the key stakeholders. For instance, the procurement unit plays an active by adhering to the Provision of the Public Procurement Act. Sourcing for good quality suppliers, preparing tender documents, negotiating for contract terms, etc are some of its activities. Internal Audit plays a direct role in the procurement process by undertaking pre and post audits to ensure conformance to the Act. Some specific pre-audit activities include scrutinising preparing of claims before payments are effected and being physically present when goods are received into the stores. Finance actively vets invoice and ensures that suppliers/vendors are VAT compliant.

Table 2 catalogues the procurement processes before and after the enactment. Table 3 represents the responses gathered on respondent's educational qualification. From the statistics, 17 respondents were holders of a Higher National Diploma (HND) while 10 and 4 respondents are Bachelor and Master's Degree holders respectively. Seven (7) of the respondents have qualifications that are neither of the above stated ones.

Analysis shows that a large chunk of the procurement related staffs are within middle level management.

Table 3 indicates responses on having strategic relationship with the suppliers. This table indicates a 100% response rate on the above question. That means the procurement function of Accra Polytechnic is placed strategically as it reports directly to the Rector who is the Head of Entity and that the institution attaches strategic importance to procurement. The graph explains depicts the results.

Table 4 Respondents were unanimous on the changes that have occurred since the introduction of the Act. In fact, all thirty-eight answered in the affirmative. Responses on some of the changes include; the need to keep proper documentation, the setting up of Procurement units/departments, no preferential treatment meted out to favourites, friends and relations, clearly defined procedures and processes, introduction of ETC in all procurement entities. Others changes were the preparation of an annual procurement plan. Posting of contract awards on the websites of the Public Procurement Authority, Equal treatment of suppliers or bidders during tendering, the strategic importance attached to procurement evidenced by the creation of a separate department responsible for procurement, the annual assessment of the entity's procurement activities, application for approval of the Public procurement to undertake single source procurement and restricted tendering.

Conclusions

The aim of the study is to gain an insightful understanding of how public procurement was conducted and the challenges fraught with the system before the enactment of the Act. The findings of the study was summarized as the validation of both of the hypotheses. The findings include the following:

- ❖ Procurement function was regarded as a back door clerical function mostly performed by non-professionals and that public sector procurement practices were characterized by under dealing, mismanagement, awarding contracts based on personal connection, party affiliations, cronies etc
- ❖ Total absence of a comprehensive, well-defined and an encompassing Public Procurement legislation to regulate the activities of the public sector as well as the conduct of individual persons charged with the responsibility of procurement. It also revealed that the public procurement system lacked transparency and fair competition.

Findings specific to Accra Polytechnic:

- ❖ There were no clear cut guidelines and policy regarding procurement and as such public fund were misapplied, misused and waste as individual users (departments/units) procured their requirements.
- ❖ There was no separate unit for procurement although a stores unit existed under the Finance was then responsible for procurement on behalf of the institution.

Post Act 2003 findings

- ❖ Public procurement activities have been clearly defined with an apex body presiding and superintending over its activities. Injection of professionalism, transparency, capacity development, competitiveness and value for money coupled with public interest and participation.
- ❖ Accra Polytechnic is ably represented by a procurement officer well versed in the field resulting in procurement being conducted in a professional and integrated manner with the active involvement and participation of all key stakeholders
- ❖ There is proper documentation and record keeping of all procurement projects, contracts etc as well as a database of registered and potential supplier

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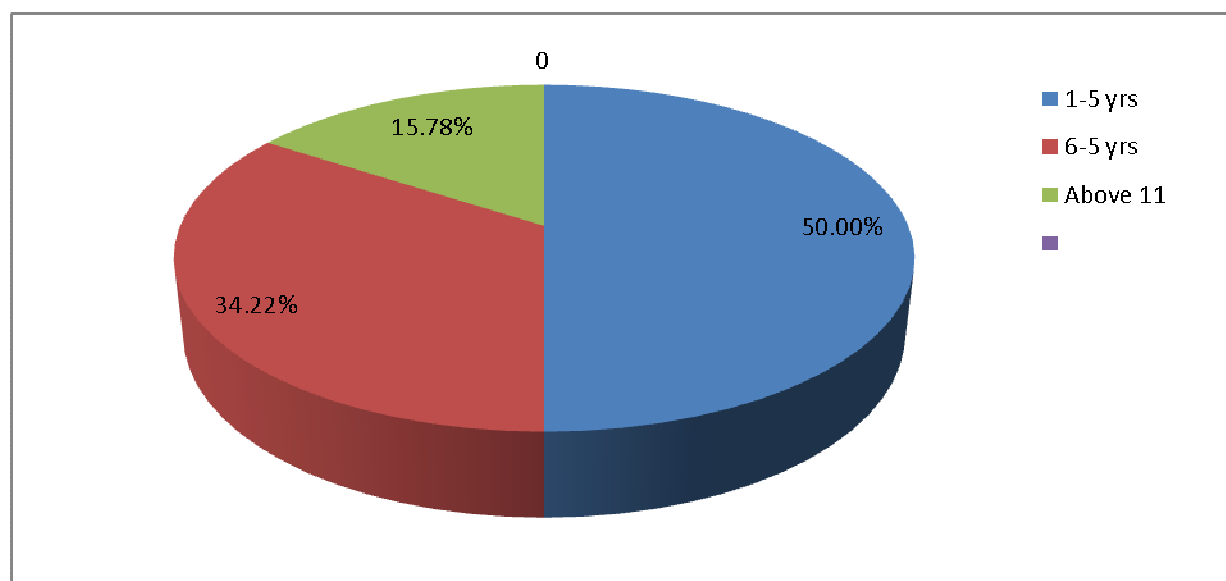
Musah Doumbia was born in Accra, Ghana on 15th February 1974. He attended Accra Polytechnic from November 2001 to December 2004 where he obtained a Higher National Diploma [HND] First class in Purchasing and Supply. From 2005 to 2009, he worked with Continental Consultants as a Procurement Assessor/Officer. While working he enrolled with the Chartered Institute of Purchasing and Supply [CIPS] UK in 2006 as an Associate member to pursue a Professional career. Musah Doumbia gain Corporate Membership of the Chartered Institute of Purchasing and Supply in 2008. He started a lecturing career with the Department of Purchasing and Supply of the School of Business and Management studies of Accra Polytechnic in 2009. He also holds a Master of Science [MSc] degree in Supply Chain Management from Coventry University in the UK in 2012. MusahDoumbia's field of study is Procurement and Supply Chain Management.

Appendices

Table 1

	Responses	Percentage
1 -5 years	19	50 %
6 -10 years	13	34.22 %
Above 11years	6	15.78 %
Total	38	100 %

The table above is represented pictorially using a pie-chart below



SOURCE: Field Data 2011

Table 2: Analysis of Accra Polytechnic's procurement processes before and after the enactment of the Act.

BEFORE ENACTMENT IN 2003	AFTER ENACTMENT (POST 2003)
No bidding or tendering process in place	Bidding/Tendering process in place
No proper document	A file for each procurement transaction
Stores decoupled from procurement	Stores partly integrated in procurement
Purchases are based on budget	Procurement plan is prepared as a guide
No purchase person served on the evaluation team/panel	Procurement persons served on ETCs and by extension evaluation panel
Lack of competition and accountability	More competition and accountability
Less transparency	Greater/ more transparency
Individual departments determine specifications.	Determination of specifications is all inclusive
Condition of purchase is determined by sellers.	Procurement entities (Buyers) are in control
Difficulties in monitoring contracts	Proper and efficient monitoring of contracts

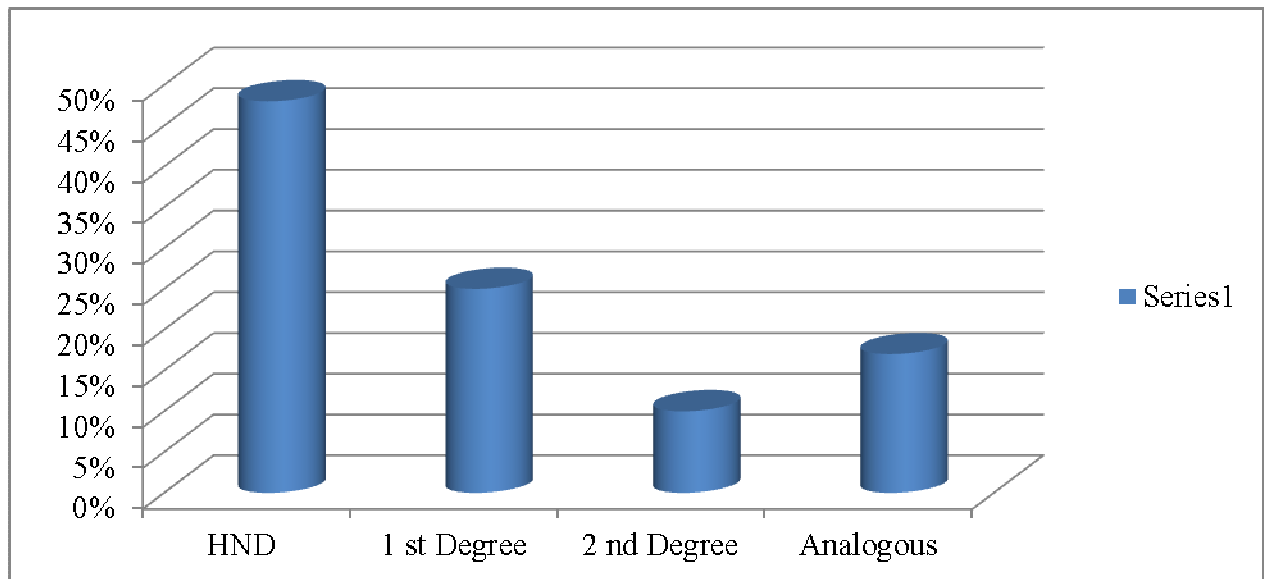
SOURCE: Field Data 2011

Table 2: Educational Qualification

Qualification	Tally	Percentage
HND	17	48 %
1st Degree	10	25 %
2 nd Degree	4	10 %
Analogous	7	17 %
Total	38	100 %

SOURCE: Field Data 2011

The table above is represented graphically below



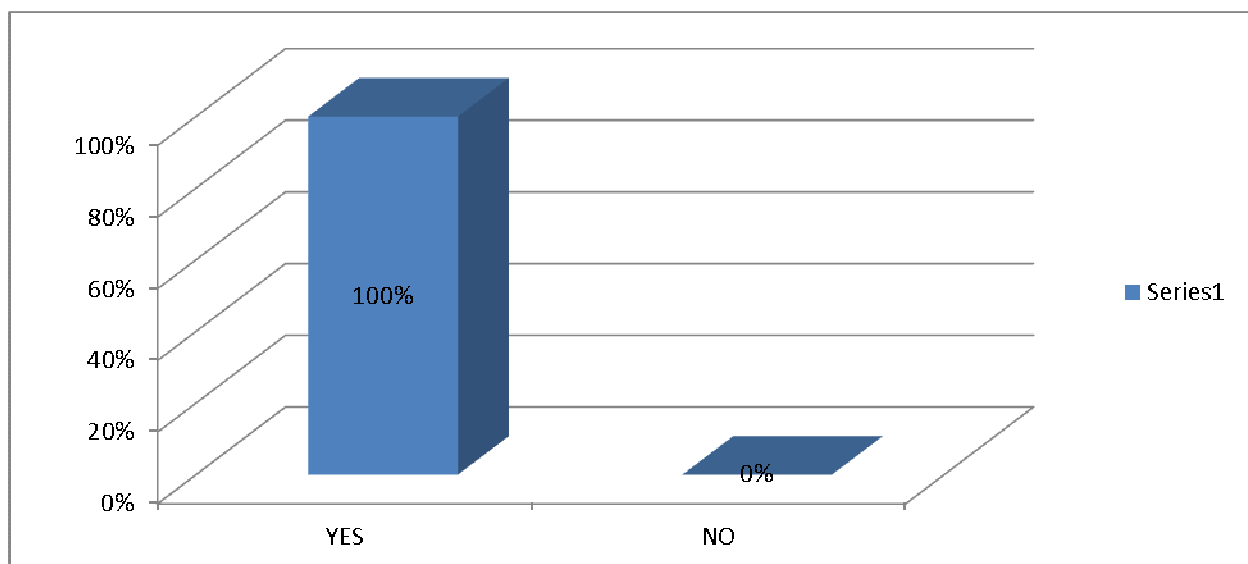
SOURCE: Field Data 2011

Table 3: Response on changes that have occurred since the introduction of the Act

Responses	Questionnaire Completed	Percentage
YES	38	100
NO	-	100
Total	38	100

SOURCE: Field Data 2011

The data above is graphically represented below



SOURCE: Field Data 2011

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