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**KNUST**

**AN EXAMINATION OF TENDER EVALUATION PRACTICES IN  
METROPOLITAN, MUNICIPAL AND DISTRICT ASSEMBLIES IN  
ASHANTI REGION**

**By**

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**MASTER OF SCIENCE IN PROCUREMENT MANAGEMENT**

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## DECLARATION

I hereby declare that this submission is my own work towards the MSc in Procurement Management and that, to the best of my knowledge, it contains no material previously published by another person nor material which has been accepted for the award of any other degree of the University, except where due acknowledgement has been made in the text.

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## DEDICATION

This work is dedicated to my wife – Mavis Siaw, my children- Leticia, Scally, Bryan, Edwin and my parents Mr. Reynolds Ahenkan Boateng (late) and Miss Regina Oteng for their unconditional love

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## **ABSTRACT**

This study is an examination of Tender Evaluation Practices in Metropolitan, Municipal and District Assemblies in Ashanti Region of Ghana. It takes into account how tenders are evaluated and by whom and also the criteria for the selection of contractors. The effectiveness of the processes of evaluation is also considered as well as interferences with the process. The researcher used quantitative data which involved the use of primary source collected through the questionnaires from the Metropolitan, Municipal and District Assembly. Data obtained and analysed showed that there were permanent Tender Evaluation Panel. In addition, there are unfair tendering processes in various MMDAs. Delays in tender evaluation due to lack of capacity consumes time and other resources. It was also noticed that tender evaluation panel members are remunerated by the MMDAs in question. It was proposed that influences from politicians must be eliminated to allow for true transparency and speed in tender evaluation. It is emphasized that Tender evaluation should be done against criteria set in tender documents.

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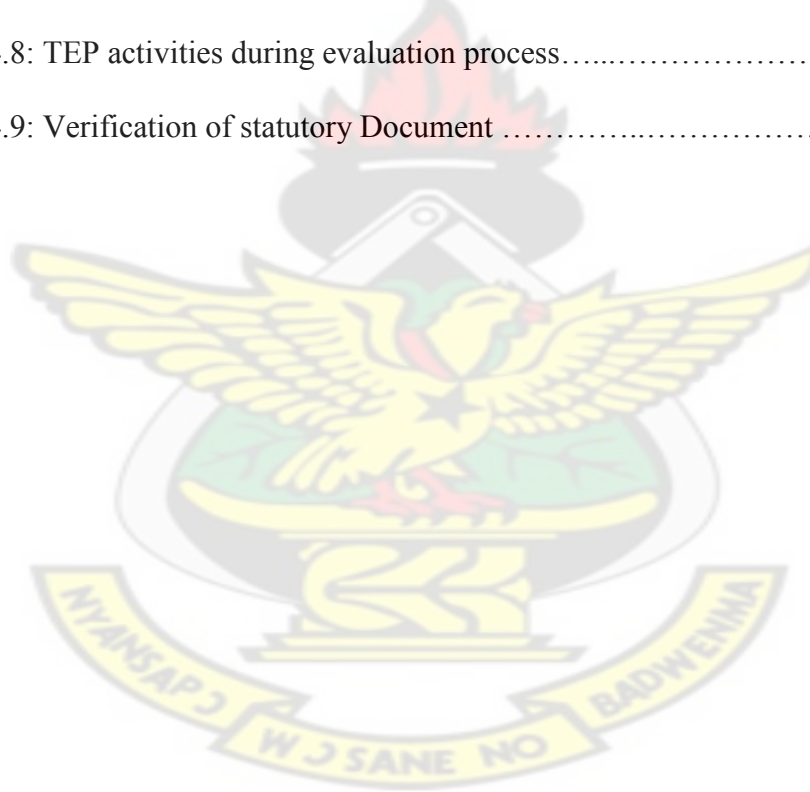


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## **CHAPTER 1**

### **GENERAL INTRODUCTION**

#### **1.1 BACKGROUND OF THE STUDY.**

According to DFAT, (2012), the term ‘Procurement’ encompasses the whole process of acquiring and utilizing goods or services. It begins when a department identifies a need and decides on its requirements. The overall objective of a procurement system is to provide value for money by ensuring that funds are spent in a transparent, efficient and fair manner (Public Procurement Act 663, 2003).

Tendering is an effective contracting method to achieve favorable outcomes for both public and private entities (Smita *et al*, 2012). On the other hand, Evaluation as defined by American Association of Evaluation (2006), as assessing the strengths and weaknesses of programs, policies, personnel, products, and organizations to improve their effectiveness.

According to Douh, (2009) Tender Evaluation is a very critical phase in the tendering process involving many activities such as receiving, opening, examination, comparison and classification of bids, reporting and recommendation of the most appropriate contractor.

Local governments usually organize tenders where companies bid for projects supported and financed by the government (Smita *et al*, 2012). In Ghana, the

Public Procurement Act 663(2003) was promulgated alongside guidelines, manuals and regulations to improve the procurement and tendering methods.

Ashanti Region of Ghana is centrally located in the middle belt of Ghana. It lies between longitudes 0.15W and 2.25W, and latitudes 5.50N and 7.46N. The region shares boundaries with four of the ten political regions, Brong-Ahafo in the north, Eastern region in the east, Central region in the south and Western region in the South west. The Ashanti Region contains the thirty districts; this made up of one Metropolitan, seven Municipals and twenty-two Districts under Ministry of Local government and Rural Development of Ghana (Ghana of Government, 2013).

The Local Government Act No. 462 of 1993 states the functions of the District Assemblies as: to be responsible for the overall development of the district, improvement and management of human settlements and monitor the execution of projects under approved development plans , assess and evaluate their impact on the people's development, the local, district and national economy. This means that government responsible for financing most the developmental projects in districts as stated in the Public Procurement Act 663 (2003).

Public Procurement as a function of government includes decisions about the services that will be delivered to local authorities and the communities they serve (Hughes, 2005) as cited in (Bamfo *et al*, 2013). According to World Bank, (2003a), In Ghana, public procurement accounts for 50%-70% of the national budgets (after personal emoluments), 14% of GDP and 24% of imports.

Implicitly, public procurement therefore has both social and economic impact on the country. However, according to (Aduamoah and Campion, 2012), one major challenge of the Public Procurement law of Ghana and its implementation is in the selection of right suppliers. In other words, selection of right suppliers has an immediate and long-term effect on an organizations ability to serve its customers.

Public procurement is the act of providing goods, services or awarding work assignments by a state body, organization, institution or some other legal person regarded as a procuring entity in the manner and under the conditions prescribed by a nation's law (Public Procurement Act, 2003). This act is supported by standard tender documents and is essential for procurement (Gnanih, 2012). This is a formal document in which the proposals and requirements of work to be done are set out (Republic of Ghana, 2006).

## **1.2 STATEMENT OF THE PROBLEM.**

The Constitution of the Republic of Ghana provides that Metropolitan, Municipal and District Assemblies (MMDAs) are the highest political authority in the local level. The Local Government Act 462 of 1993 stated the functions of the Metropolitan, Municipal and District Assemblies (MMDAs) to be responsible for the overall development of the district and initiate programmes for the development of basic infrastructure, provide municipal works and services in the district, and also monitor the execution of projects under approved development plans.

Tender evaluation process plays important role for the MMDAs in selecting competent contractors to achieve their mandate. Ajayi (2010) stated that, contractor's selection is crucial decision that needs to be taken by the client and his representative, in order to ensure that projects are completed within cost, time and quality standard. When wrong decisions are taken, they can lead to delays, corruption, and abandonment of projects.

Tender evaluation stage of the procurement process is the most susceptible to corrupt practices. It is worth noting that a lot of things happen during this stage. Evaluation panel are sometimes pressurized to disqualify the most competitive tender and rather recommend favorites of politicians or those in authority, other times corrupt bidders pay their way through the evaluation team to use all foul means to disqualify other bidders to their advantage (Ameyaw et al, 2013)

According to World Bank, 2003 Poor procurement practices have led to increase in the interest on late payments. The frequent price change due to extensive negotiations which further exacerbate the funding act problem and have increased government expenditure and reduced savings.

Therefore for this research work to achieve its practical and credible conclusion; the following questions will be posed:

1. Could tender evaluation panel members do due diligence before recommending for award of a contract?
2. Could tender evaluation panel members be influenced?



3. Could decisions taken during tender evaluation affect project implementation?

### **1.3 AIM OF THE STUDY.**

The aim of the study is to prescribe best Tender Evaluation Practices for Metropolitan, Municipal and District Assemblies in Ashanti Region of Ghana.

### **1.4 OBJECTIVES OF THE STUDY**

For the above stated aim of the research to be achieved, the following specific objectives are expressed:

1. To identify current tender evaluation practices based on Public Procurement Act 663 (2003) in MMDAs in Ghana.
2. To identify the bottlenecks in Tender Evaluation that affects procurement

### **1.5 JUSTIFICATION**

The enactment of the law in 2003 further ensured that modern trends in procurement was adopted to bring about the much needed sanity to local procurement system which had been flawed by bad procurement practices such as corruption and other malfeasances (Osei-Tutu *et al.*, 2010).

Moshiro, (2011) opined that, Government procurements are normally made through tendering method, which is generally said to be transparent. However, the observations concluded that in tendering, there is high possibility of the lowest evaluated bidder, who sells at lower prices to win the contract without effective



consideration of other factor like quality, delivery and financial position of such supplier, which make a supplier reliable. Lack of control and efficiency in selection procedure is found to be the source of complaints among suppliers (Moshiro, 2011).

## **1.6 RESEARCH METHODOLOGY**

The research work basically uses primary source of data. Primary data is been obtained through field survey using structured questionnaires in Metropolitan, Municipal and District Assemblies tender evaluation committee members in the Ashanti Region. In all, forty (40) questionnaires were issued to respondents in eight district assemblies in Ashanti Region out of the thirty Districts. The obtained Data were processed and analyzed using statistical tools.

## **1.7 SIGNIFICANCE OF THE STUDY.**

The research work shall help Metropolitan, Municipal and District Assemblies in Ashanti Region and other districts in the country to make prudent decisions concerning tender evaluation and award of contract. It will enable MMDAs to award contract to deserving supplier/ contactors in order to achieve value for work deliver within cost, time and quality standard. It may also be useful to government in ensuring value for money through proper procurement management. It can also serve as guide to students in their studies.

## **1.8 SCOPE AND LIMITATIONS**

This research was carried out in the Ashanti Region because it has thirty (30) administrative districts, the highest in the country. This shows that government does a lot of public procurement through MMDAs in this region.

The study was concentrated on population sample drawn from the tender evaluation committee members in MMDAs in Ashanti Region. From these sources, it is believed an idea of problems associated with Tender Evaluation of MMDAs in Ashanti Region would be obtained to reflect the general situation of the population.

As a characteristic to any research work, the researcher was also confronted with certain problems that hinder the smooth research work. Some respondents deliberately refused to provide the accurate information which made the analysis data difficult and time consuming.

One other limitation was that, some of officials were not willing to provide information about their operations. They have the notion that, when information is given out the general public will use it to criticize them.

## **1.9 ORGANIZATION OF THE STUDY**

The study comprises five chapters, of which chapter one is consist of General introduction, background, statement of the problem, Aim of the study, Objectives, Justification, Research methodology, Significance of the study, Scope and limitations of the study and organization of the study; chapter two is the literature

review, chapter three is methodology, chapter four presents results and analysis and the chapter five is the summary, conclusions and recommendations.

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## **CHAPTER 2**

### **LITERATURE REVIEW**

#### **2.1 INTRODUCTION**

This chapter focuses on tender evaluation. A thorough literature was undertaken under these topics. The chapter contains literature on tender evaluation in relation to Ghana and the world as a whole.

#### **2.2 PUBLIC PROCUREMENT OVERVIEW**

According to ISO 10845:2010 procurement is the process through which contracts are created, managed and fulfilled. It involves all the steps from the identification of the project or products to be procured, soliciting and evaluating tender offers, awarding and administering contracts and confirming compliance with requirements. Similarly, Hughes (2005) defines Procurement as a process that spans from identification of needs through to the end of a services contract or the end of the useful life of an asset. It includes the design and delivery of those works, products or services, the assessment of their quality, and the evaluations and reviews that will lead to further procurement.

Public procurement systems are the bridge between public requirements such as roads, hospitals, defense needs among others; and private sector providers. (Wittig, 1999).

## **2.3 OVERVIEW OF TENDER EVALUATION**

### **2.3.1 Composition of Tender Evaluation Committee**

According to the Local Government Regulation of Uganda 2006, a contracts committee shall consist of five members nominated by the accounting officer from among the public officers of the procuring and disposing entity and approved by the Secretary to the Treasury. It also states that there shall be an evaluation committee for each tender consisting of technical officers and persons recommended by the procurement and disposal unit and approved by the contracts committee. Also in South Africa, the accounting officer should appoint a bid evaluation committee for the evaluation of bids received for goods / works or services. Where there is a lack of capacity (human resources) to establish the committee structure in a specific municipality / municipal entity, it may be agreed upon to share / utilize the committee structure of another municipality/ municipal entity if and when required. The accounting officer, who initiated the requirement, will be accountable for the decisions taken. (National Treasury of South Africa, 2011)

In Zambia, the Controlling Officer or chief executive officer shall appoint an evaluation committee for each procurement requirement. The function of an evaluation committee shall be to evaluate bids in accordance with the Act. These Regulations and solicitation document; and prepare an evaluation report for submission to the approvals Authority (Procurement Regulation of Zambia, 2011). However, In Ghana, the Public Procurement Act 663, (2003) states that a

Tender Evaluation Panel shall be an ad hoc body of not more than five members constituted for a specific procurement package. (PPA, 2003).

According to the Procurement Regulation of Zambia, the Procurement Procedures Manual of Nigeria and the Public Procurement Act 663(2003) of Ghana, the members of an evaluation committee shall have the skills, knowledge and experience relevant to the procurement requirement, which may include the technical skills relevant to the procurement requirement, end user representation, procurement and contracting skills, financial management or analysis skills; and legal expertise.

The Public Procurement Act 663(2003) goes further to state that , the members appointed to the Panel may be staff of the Procurement Unit but no member of the Entity Tender Committee shall act as a member of the Tender Evaluation Panel, except in an advisory capacity. To ensure transparency, members of the Tender Evaluation Panel shall not be directly involved in the approval of any award of contract.

### **2.3.2. Meeting of Tender Evaluation Panel**

According to PPDA 2007, of Uganda, The quorum for a meeting of the contracts committee shall be any three members. The chairperson and members of a contracts committee shall be paid such remuneration and at such rates in consultation with the Minister responsible for Public service.



The Procurement Act of Ghana and Procurement Regulation of Zambia states that the number of members of the evaluation committee shall however; depend on the value and complexity of the procurement requirement. The Procurement Regulation of Zambia states that the members of the evaluation panel shall in all cases be a minimum of three while that of Ghana demands a minimum of three panel members.

The Secretary to the Tender Evaluation Panel shall record minutes of all Panel meetings, which shall include a register of attendance, list of all submissions considered and the recommendations made, any conflicts of interest declared by members and any dissenting opinions among Tender Evaluation Panel members.

Where any member of the Tender Evaluation Panel has a conflict of interest in any tender evaluation, he/she shall declare his interest in the tender, leave the meeting while the matter is considered and shall not participate in the deliberations or decision-making process of the Panel in relation to that submission. In Nigeria the Secretary of the Tenders Board shall be the Chairperson of the Technical Evaluation Subcommittee.

Bamfo *et al* (2013) in a study identified that, the tender committee members in most districts in Ghana do not meet to form quorum. The reason given was that members of these committees mostly offer these services for free. It is therefore necessary to reward members for their work.



### **2.3.3 Key Decisions Taken During Tender Evaluation**

According to the Procurement Procedures Manual of Nigeria (2011), the successful bid shall be that submitted by the lowest evaluated cost bidder from the tenderers responsive as to the bid solicitation, but need not necessarily be the lowest bidder provided. Similarly, The Public Procurement Act 663 of Ghana also states that, the lowest evaluated tender is selected and recommended for the award of the contract.

Many countries have introduced modifications, involving clearly defined procedures for tender evaluation, to this lowest tenderer criterion (Zedan and Martin, 1998). In Denmark, for example, the two highest and the two lowest tenders are excluded and the closest to the average of the remaining tenders is selected. A similar procedure is used in Italy, Portugal, Peru, and South Korea, but with only the lowest and highest being excluded. In Saudi Arabia, the lowest tenderer is selected provided that the tender is not less than 70% of the owner's cost estimate. In Canada and the U.S.A., especially in the public sector, the "lowest tenderer" is selected, but a tender bond in an amount equal to 10% of the tender price also has to be provided. In Scotland, it is a policy to award contracts on the basis of Most Economically Advantageous Tender (MEAT), evaluating both the price and quality of the tenders submitted. Quality can include a number of factors including technical merit and functional characteristics (Scottish Government, 2008). The French practice however, excludes tenders which appear to be abnormally low. In all cases, tender prices are the sole basis for contractor selection and competition cited in (Zedan and Martin, 1998).Gildenhuis (2002)

cited in (Ngobeni, 2011) however argues that, governments are not and should never be obliged to accept the lowest tender. Good reason may exist why the lowest tender should not be awarded. There may be doubts, for instance, on the quality of product or service offered by tenderer.

## **2.4 TENDER EVALUATION PANEL ACTIVITIES**

Evaluation is conducted by a designated evaluation team and in accordance with the relevant regulations, rules and procedures, using the evaluation criteria and method pre-determined in the solicitation document in order to conduct a fair and unbiased evaluation (UN, 2006).

Public Procurement Act 663 (2003) stated that procurement entity shall evaluate and compare the tenders that have been accepted in order to ascertain the successful tender in accordance with the procedures and criteria set out in the invitation documents. No criterion shall be used that has not been set out in the invitation documents.

By far the most frequently used method of selecting construction contractors is competitive tendering, in which the lowest evaluated tenderer is awarded the contract.

Similarly, the EU procurement directives stipulate that public contracts are awarded to the lowest bidder or to the bidder with the economically most advantageous offer; the latter requiring that a scoring rule must be specified (Bergman and Lundberg, n.d). The economically most advantageous bid can be the bid with the highest quality for a given price, in so-called beauty contests. It

can also be the bid that achieves the highest combined price and quality score. The latter method falls into two main categories. First, quality can be evaluated in monetary terms, so that quality value in excess of the minimum requirement can be subtracted from the price bid or, alternatively, so that the value of the quality gap relative to the maximum quality level can be added to the price bid. This method can be seen as a quality-adjusted lowest-price tender; here the expression quality-to-price scoring will be used. Second, price can be transformed into a score that is added to the quality score, making the tender a price-adjusted highest-quality tender.

In Ghana, the lowest evaluated tender is selected and recommended for the award of the contract. (Public Procurement Act 663, 2003) In other words, the responsive tenderer who satisfied the Post-Qualification Evaluation requirements and offered the least evaluated tender price is the first to be considered for the award of the contract.

## **2.5 TENDER EVALUATION AND CONTRACT SELECTION**

Under the Public Procurement Act (PPA) of Ghana (Act 663, 2003), National Competitive Tendering (NCT) procedures are employed if only domestic suppliers or contractors are desired to submit tenders and International Competitive Tendering (ICT) is to be used where open competitive tendering is employed. The evaluation of tenders received is normally carried out in three stages. These are preliminary examination, detailed examination and post-qualification evaluation

### 2.5.1 Preliminary Examination

This is carried out to identify and reject tenders that are incomplete, invalid or substantially non-responsive to the tender document and therefore would not be considered further. Under this section of the evaluation of tenders, the following parameters are checked:

- *Verification:* Here, tenders are scrutinized to establish whether they were signed by the appropriate authority within the firm. In Ghana, Tenders are also checked of mandatory requirements. (Akortsu, 2012). In Nigeria, the Bureau of Public Procurement (2011) states that, the verification step are done to ascertain whether the tenderer is eligible. *Eligibility:* Tenders are checked to determine whether they are from eligible countries as per the instructions to tenderers and whether they provide documentary information of their registration. In this case, a Certificate of Incorporation/Registration is looked out for.
- *Tender Security:* The Public Procurement Act 663 (2003) requires that all tenders are provided with tender securities. Every Invitation for Tender (IFT) therefore captures this and specifies an amount or sum of Tender Security, or Tender Bond to be provided by all tenderers. This is therefore checked to ensure that all tenderers provide the facility adequately. Tender Security Declarations are also accepted as an alternative. If the Procuring Entity tends to reject incomplete bids, it shall be clearly stated in the bidding

documents. If Procuring Entity intends to consider incomplete bids, the bidding document shall specify the minimum number of items for which prices must be quoted in the bid, or the minimum value of the items to be quoted

- *Completeness of Tenders:* In terms of the completeness of tenders, tenders received are to ensure that they submit complete tendering documents and that all the items of the Bill of Quantities (BoQ) provided in the tendering documents are wholly priced.

According to the Nigeria Bureau of Public Procurement (2011), if the Procuring Entity intends to reject incomplete bids, it shall be clearly stated in the bidding documents. If Procuring Entity intends to consider incomplete bids, the bidding document shall specify the minimum number of items for which prices must be quoted in the bid, or the minimum value of the items to be quoted

- *Substantial Responsiveness:* Tenders that meet the above requirements are determined to be substantially responsive and are taken through detailed examination.

### **2.5.2 Detailed Examination**

Only tenders that survive the preliminary examination are considered for further evaluation (Akortsu, 2012). This further evaluation involves the correction of arithmetic errors and comparison of tenders. There are two stages involved:

- *Correction of Arithmetic Errors:* The priced BoQs of the responsive tenders are checked for arithmetic errors in extensions, summations, transfers and summaries. Errors detected are corrected in accordance with the tender guidelines provided by the Board of the Public Procurement Act 663, 2003. A notice is sent to the affected tenderer(s), giving details of the errors and the adjusted figure(s) which they have to either accept or decline.
- *Evaluation and Comparison of Tenders:* The evaluated (corrected or discounted) tender prices are determined by subtracting provisional sums, discounts offered and contingencies in the summary of the BoQs. The evaluated tender prices of the responsive tenders are then ranked in ascending order (Akortsu, 2011).

According to Nigeria Bureau of Public Procurement (2011), deviation from any provisions of the bidding documents (instruction to bidders, Bid Form, price schedules, Bills of Quantities, condition of contracts and technical specifications, etc.) is a common feature in many Bids. (PPA 2003)

### **2.5.3 Contractor Selection**

A successful tenderer must meet all the minimum qualifying criteria stated in the tender document. The lowest evaluated tender is selected and recommended for the award of the contract. (Public Procurement Act 663, 2003) In other words, the responsive tenderer who satisfied the Post-Qualification Evaluation requirements



and offered the least evaluated tender price is the first to be considered for the award of the contract.

Acquaye (2011) stated that after determining the lowest evaluated price, the Tenderer's capability and resources available to carry out the work should be cross-checked. It is the review process carried out by the evaluation panel to ascertain whether the tenderer offered the lowest evaluated tender price has the capacity or resources to carry out the contract effectively. Again the document summarized and stated that the Tender Evaluation procedures involve two stages:

- Assessment of Information submitted which involves verification of information submitted or provided by the Tenderer, in response to the Tender Document
- The second stage is the Tender Evaluation Report which captures all the tendering processes, from advertisement, Tender submission and evaluation, in concise manner at the same time conveys, clearly, all the issues considered in arriving at the recommendation for the award of the contract.

Also in South Africa, tender evaluation stages as described by the National Treasury involves request for invitation of tenders, calling for tenders, submission and receiving of tenders, opening of tenders, assessing of tenders and awarding tenders. In the Chadian Public Procurement Act, tender evaluation stages are fully described in articles Compared to the PPA 663 of Ghana, it appears that the following six steps form the structure of tender evaluation



process: Submission of tender, Opening of tenders, Examination of tenders, Responsiveness of tenders, Evaluation of tenders and Tender evaluation report.

In the light of the above descriptions or propositions of steps or activities, it could be concluded that Tender Evaluation Process varies little from one country to another and from one institution to another. But, in essence, TEP involves the following five main steps, it is described with detail below in a chronological order: Submission, opening, examination, evaluation, and reporting.

#### **2.5.4 Post-Qualification Evaluation**

According to PPA 2003, Post-Qualification of the lowest evaluated responsive tenderer should be conducted to determine the tenderer's capability to perform the contract. Using the criteria specified in the Tender Document, this review should include an assessment of the tenderer's financial and physical resources available to undertake the contract, including his current workload.

In Ghana, if the lowest evaluated responsive tenderer fails post-qualification, his Tender should be rejected, and the next ranked tenderer should then be subjected to post-qualification examination. If successful, this tenderer should receive the award. If not, the process continues for the other tenderers.

In Zambia, A procuring entity shall, where it determines that a bidder is not qualified, reject the bid and conduct a post qualification on the bidder who submitted the next lowest evaluated responsive bid.

Akortsu (2011) stated that the choice of the route depends on the procurement entity. The exercise applies the following checks, as set out in the tender documents:

- *Experience in Similar Works:* The experience of tenderers, as Prime Contractor or Main Contractor, in works of similar nature and complexity are assessed. A minimum threshold established in the tender document is used.
- *Personnel Capability:* The experience and qualification of key personnel in the firm is also assessed. Minimum thresholds established earlier are used.
- *Financial Capability:* Tenderers are required to submit certified Financial Statements and these are assessed to ascertain whether they have adequate financial capabilities to execute the contract. This coupled with undertakings or declarations from companies' bankers also indicate the adequacy of the lines of credit available to the tenderers.
- *Equipment Holding:* Thresholds established are used to check the appropriateness of the equipment provided in documentary evidence by the contractors for the specified financial classes.
- *History of Litigation:* Tenderers are also required to provide evidence of non-involvement in litigation, or the history and details of any such litigation.

- *Annual Turnover*: Qualified tenderers must meet the minimum annual turnover thresholds specified for the particular financial class.
- *Methodology/Works Programme*: After the contract has been won it is important for the work to be completed on time and to the required standard (quality) and within budget, therefore tenderers are required to provide method statements and programmes of work, which are compared with the Master Programme.

## **2.6 EFFECTS OF TENDER EVALUATION DECISIONS**

According to Ang *et al* (2005), traditional forms of procurement and tendering, supported by prescriptive, solution- based specifications and the lowest price only, are suitable for routine projects but will hamper innovation in other types of projects. Selection of the lowest bidding contractor is one of the major causes of the poor performance of a construction project. Time-delays and cost-increases of construction projects are closely related to specifications on the qualifications of contractors financial, technical, experience, etc (Koushki, 2005).

Selection contractor based on the price of the lowest bidding contractor alone is one of the major causes of the poor performance of a construction project (Banaitiene and Banaitis, 2006). Time-delays and cost-increases of construction projects are closely related to specifications on the qualifications of contractors (financial, technical, experience, etc). In effect Lingard *et al* (n.d) stated that,

Contractor selection systems should be subject to a cost-benefit analysis. From this, selection of contractors is a very critical issue and if not well considered, it could go a long way to affect the project time, cost and quality.

## **2.7 BOTTLENECKS IN TENDER EVALUATION**

Westring (1997) attributes the causes of the delays to extensive post-award negotiations, delays in the preparation of technical specifications and drawings, delays in evaluation, an extensive system of controls, reviews and approvals, and land ownership disputes.

In a brief literature, (Moshiro, 2011) stated that, Government procurements are normally made through tendering method, which is generally said to be transparent. However, the observations concluded that in tendering method, there is high possibility of the lowest evaluated tenderer, who sells at lower prices to win. This is done without effective consideration of other factors like quality, delivery and financial position.

Public Life (2003) identified several forms of corruption which include; influencing of the law-making process; forming of cartels by tenderers; bribing of the decision makers in order to win tenders; conflict of interest and massaging of the processes to favour a particular tenderer. Corruption also manifests itself in various forms including; bribery, embezzlement, fraud, favoritism, extortion, conflict of interest, political bargains, abuse of discretion and abuse of power (Habtermicheal, 2009).

According to Ameyaw *et al* (2013), tender evaluation stage of the procurement process is the most susceptible to corrupt practices and the evaluation panel as provided by the law should therefore be given a close monitoring to foil any attempt by unscrupulous tenderers to bribe official at this stage. It is worth noting that a lot of things happen during this stage and evaluation panel are sometimes pressurized to disqualify the most competitive tender and rather recommend favorites of politicians or those in authority. Other times corrupt tenderers pay their way through the evaluation team to use all foul means to disqualify other tenderers to their advantage.

To prepare for a tender is both time-consuming and costly, and offering a bribe may be seen as a shortcut to a contract award. Motives for bribery include, for example, gaining information, speeding up bureaucratic processes, receiving preferential treatment, disqualifying competitors, getting away with substandard work, influencing outcomes of legal and regulatory processes, and influencing the allocation of benefits such as subsidies, taxes, and pensions.

Also, according to Bamfo *et al* (2013), another bottleneck on evaluation that affects procurement in most districts in Ghana is that, the tender committee members at times do not meet to form quorum and the reason given was that members of these committees mostly offer these services for free. Other problems identified include the delays in the preparation of tender documents and evaluation reports.

## **CHAPTER 3**

### **RESEARCH METHODOLOGY**

#### **3.1 INTRODUCTION**

This chapter contains a detailed description of the methods and techniques that were used by the researcher in the study. This involved data collection, analysis and presentation. In order to undertake salient analysis, primary data were used to address the specific objectives under the study.

#### **3.2 AREA OF THE STUDY**

The study was undertaken in Metropolitan, Municipal and District Assemblies in the Ashanti Region of Ghana. The study covered an examination of Tender Evaluation practices in Metropolitan, Municipals and District Assemblies in Ashanti Region. The study was undertaken in this region because the region has the highest number of Districts in the country and because of that government does a lot of public procurement through MMDAs in this region.

#### **3.3 RESEARCH DESIGN**

The design was to enable researcher in an intensive description and analysis of a single entity of study because it involve an empirical investigation of a particular contemporary phenomenon within its real life context using multiple sources of evidence.



The design of this research involves a descriptive study, which sought to examine the Tender Evaluation Practices in Metropolitan, Municipal and District Assemblies in the Ashanti Region of Ghana.

### **3.4 TARGETED POPULATION**

The target population for the study was made up of members of tender evaluation committees in Metropolitan, Municipal and District assemblies in the Ashanti Region. Ashanti Region has thirty (30) administrative districts, the highest MMDAs and most populated region in the country. This shows that government does a lot of public procurement through MMDAs in this region.

The reason for selecting members of evaluation committees of the Assemblies helped in identifying current tender evaluation practices based on Public Procurement Act and also helped in identifying the bottlenecks on Tender Evaluation that affects efficiency of procurement

### **3.5 SAMPLE TECHNIQUE**

In selecting samples to be included in the study, both probability and non-probability sampling techniques were used. Particularly the purposive sampling technique which is a non-probability sampling technique was used to select the members of evaluation committees. This is because it was believed that all the members of the evaluation committees at the Metropolitan, Municipal and District were in the best position to respond to the research questions. In all, eight metropolitan, municipals and districts assemblies- (Kumasi Metropolis,



Ejisu Juaben, Bosomtwe, Kwabre East, Konongo, Atwima Kwawoma, Bekwai and Offinso south) were selected for the study. The selected MMDAs have practiced tender evaluation for many years, and also all the MMDAs in Ashanti Region are homogeneous in character; eight is enough to make a generalization. Twenty nine municipal and districts assemblies were group together. Seven were selected randomly and Kumasi Metropolitan Assembly was added, because it is the only metropolitan assembly in this region and also it has resources to conduct effective tender evaluation.

### **3.6 SOURCE OF DATA**

The researcher used primary sources of data. Primary data was obtained through field survey using structured questionnaires. The respondents were members who have taken part in tender evaluation.

### **3.7 PRIMARY METHOD**

The primary data provided reliable and accurate first-hand information relevant to this study about the Evaluation Processes. In collecting the primary data, questionnaires surveying was used.

#### **3.7.1 Questionnaires**

Questionnaire was used as primary source of data. Questionnaire approach was appropriate because it was assumed that the members of evaluation committees were literate and for that matter they would be able to respond to the questions unaided. Questionnaire facilitated the collection of data that ensured the best

matching of concepts with reality; it provided the same responses from a given set of respondents and helped reduce inconvenience caused by unfavorable interview times and busy schedules.

In all, 40 questionnaires were administered to members of evaluation committee. Generally, five (5) questionnaires were given in each MMDAs of eight (8) MMDAs selected in the region. The researcher personally administered the questionnaire to the respondents. The questionnaire included both closed and open ended questions, based on the research questions.

### **3.8 DATA ANALYSIS AND PRESENTATION**

The quantitative approach involves manipulation of numbers, use of tables of frequencies and percentages.

Computer data analyses software such as the use of Statistical Package for Social Sciences (SPSS) and other relevant software such as Microsoft Excel were the main tools employed to analyse the data in order to help interpret results. The justification for the choices of these programmes was that, these techniques facilitated word processing and data analysis very easy and accurate pictorial presentations. The percentage index technique was used to analyze the research objectives. The technique helped the researcher to assess respondents' knowledge of tender evaluation practices in MMDAs.

The other questions that were open-ended were analyzed by listing and comparing all the important responses given by the respondents

## **CHAPTER 4**

### **DATA PRESENTATION AND ANALYSIS**

#### **4.1 INTRODUCTION**

This chapter presents an in-depth analysis of the data obtained from the field. The data was processed using Statistical Package for Social Sciences (SPSS) and presented with tables, charts and graphs before analysis was made. All the data used in this analysis was first-hand information collected from the sample of data. The total number of questionnaires administered was forty, but only thirty six were received and analysed. This represents 90% response rate. According to Dommeyer et al (2002), 75% or more response rate is considered ideal for paper based questionnaires than online surveys. Almost all respondents (thirty five) were part of the Tender Evaluation panel of their district. This meant that they would be able to offer accurate information with regards to Tender Evaluation and how things are done in their various districts.

#### **4.2 PROFESSION OF RESPONDENTS**

Table 4.1 shown below, five respondents were building technologists, nine respondents were technician engineers and six were quantity surveyors. There were seven respondents who were Procurement officers. Five were district engineers and only one respondent was a teacher. Construction managers were three that indicate that selection of tender evaluation panel members by MMDAs consider technical skills of members and end user.

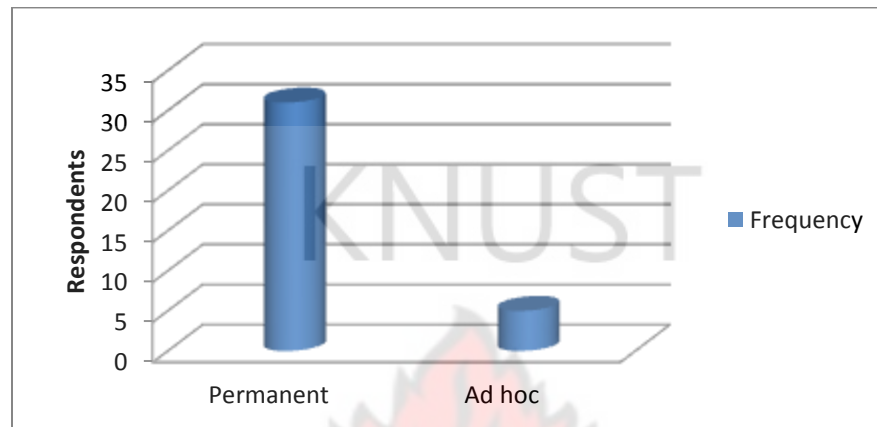
Table 4.1: Professionals Distribution per District

<b>Profession</b>	<b>K M A</b>	<b>EJ MA</b>	<b>KO MA</b>	<b>B M A</b>	<b>OS MA</b>	<b>B D A</b>	<b>AK DA</b>	<b>KE DA</b>	<b>TO TAL</b>
Building Technologist	1	1	1	1	1				<b>5</b>
Technician Engineer		1	1	1	1	1	2	2	<b>9</b>
Quantity Surveyor	1	1		1	1	1	1		<b>6</b>
Procurement officer	2		1		1	1	1	1	<b>7</b>
District Engineer			1	1		1	1	1	<b>5</b>
Teacher		1							<b>1</b>
Construction Manager	1				1	1		1	<b>3</b>
<b>TOTAL</b>									<b>36</b>

### 4.3 TENDER EVALUATION PANEL FORMATION

Thirty one respondents said their districts have permanent Tender Evaluation Panel. This does not conform to Public Procurement Act 663(2003) because the Act states that tender evaluation panel shall be an ad hoc committee in (Fig 4.1). This means that Panel shall be formed when the need arises. Procurement Regulation of Zambia (2011) states the Controlling Officer or chief executive officer shall appoint an evaluation committee for each procurement requirement and also in Nigeria, the Chairperson of the Tenders' Board shall constitute a Technical Evaluation Subcommittee with the responsibility for the evaluation of

bids received. According to practices of various countries such as Ghana, Zambia and Nigeria has confirmed what five respondents were saying that Tender Evaluation Panel shall be formed as a when needed.



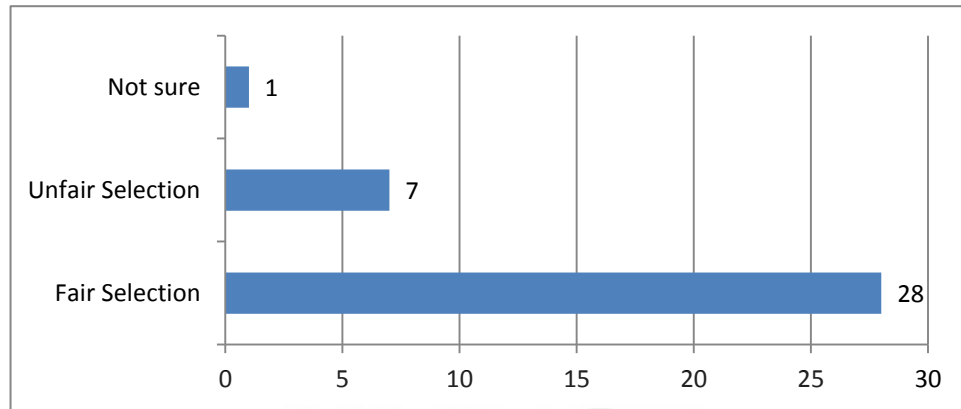
*Figure 4.1: Tender evaluation panel*

Source: field data

#### **4.4 SELECTION OF TENDER EVALUATION TEAM**

Since more than ninety percent of the officials were members of the Tender Evaluation Panel, they were asked if there was fair selection of the panel members. This was also sought due to the non-permanent nature of Tender Evaluation Panels as stated by Public Procurement Authority of Ghana.

Twenty eight respondents saw the selection of Tender Evaluation Panel members as fair and equitability while seven saw it as unfair and unequal selection. Only one respondent was not sure as to whether it was equal or not equal. This means the panels' recommendations on the award of contract easily will be acceptable to everyone. This is shown in the Figure 4.2 below.



*Figure 4.2: Fair selection of tender evaluation panel members*

Source: field data

#### **4.5 SELECTION AND DISSOLUTION OF TEP**

The cross tabulation in Table 4.2 shows Tender Evaluation Members are invited and how the Team is dissolved afterwards. It was realized that more than half (eighteen respondents) of the respondents were invited by letter and get dissolved by letter.

This however stands to reason that the whole process of tender evaluation is highly formalized and the outcome accounted.



*Table 4.2: Selection and dissolution of tender evaluation panel*

			How Tender Evaluation Panel is Dissolved			Total
			By letter	Verbal communication	Other (e-mail, telephone, etc...)	
How Tender Evaluation Panel Members are invited	By letter		18	1	3	22
	Verbal		8	6	0	14
Total			26	7	3	36

Source: field data

#### **4.6 CRITERIA USED TO SELECT TENDER EVALUATION PANEL**

It is believed that the criteria used to select Tender Evaluation Panel members determine the quality of the panel and their decisions. If the criteria are not sound, the panel members may not be capable enough to make sound decisions on tenders.

Table 4.3 below shows a multiplicity of criteria to select panel members. Among the thirty six respondents, the choices of criteria used were technical skills relevant to the particular project (twenty six officials). This was followed by twenty four respondents who also saw end user representation as a criterion. Only one official considered other means of panel member selection as based on appointment by the Head of Department.

*Table 4.3: Tender evaluation member selection criteria*

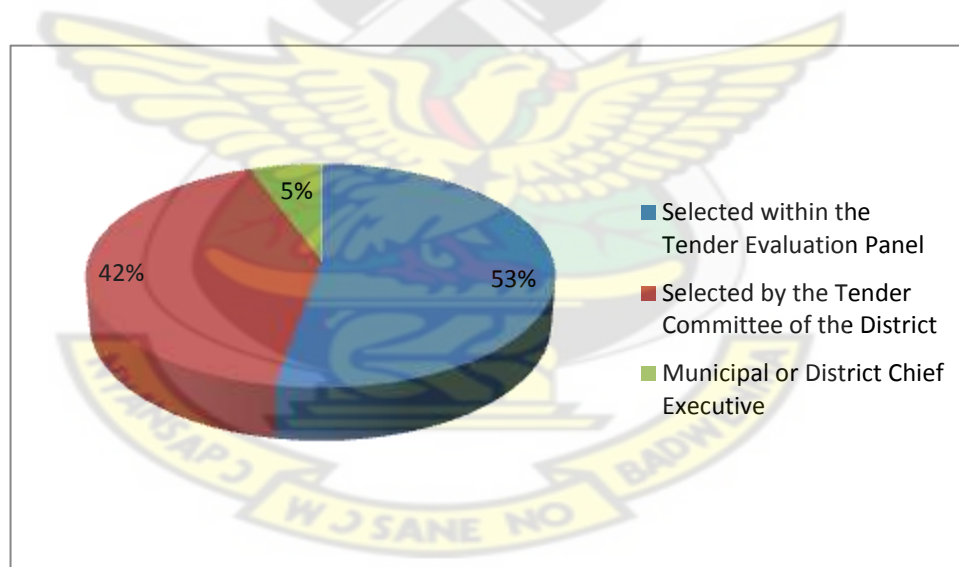
Criteria	Frequency
Technical Skills relevant to the particular project or good	26
Knowledge and Experience relevant to procurement requirement	24
End user Representation	10
Procurement and contracting skills	18
Financial management or analysis skills	11
Legal expertise	11
Association with the Assembly	2
Political Affiliation	5
Other	1
<b>Total</b>	<b>108</b>

Source: field data

#### 4.7 SELECTION OF TEP CHAIRMAN

The figure 4.3 below shows how the Chairman of the Tender Evaluation Panel is selected. Fifty three percent of respondents show from the chart that the chairman is selected from within the Tender Evaluation Panel. Forty two percent however shows that the chairman is selected by the Tender Committee of the district. Two respondents indicated that the chairman is selected by other means such as by the Municipal or District Chief Executive.

The Public Procurement Act 663(2003) was silent about how the chairman of Tender evaluation Panel should be selected. Whenever, the Chairman is selected from among the panel, the execution of process goes on smoothly, since there is usually minimal influence.

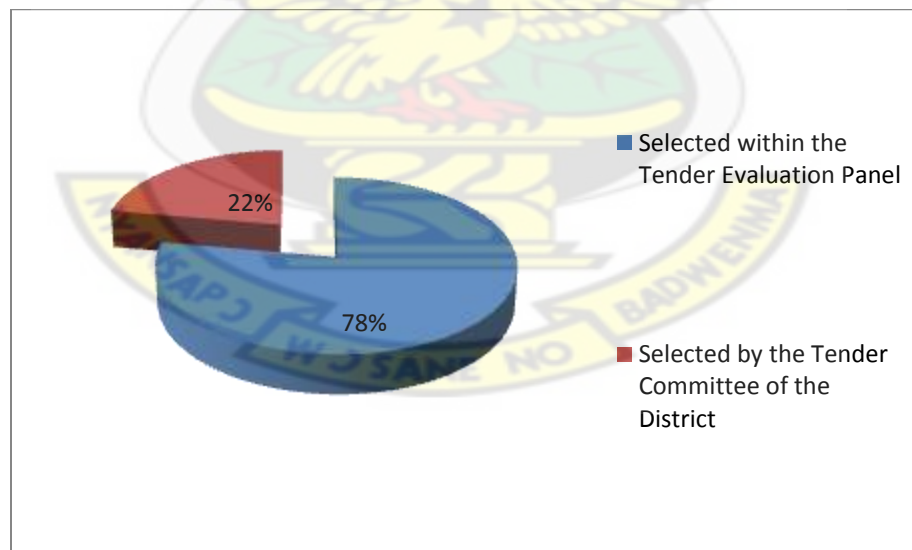


*Figure 4.3: Selection of TEP chairman*

Source: field data

#### 4.8 SELECTION OF TEP SECRETARY

In figure 4.4 below, seventy eight percent of respondents indicated that the secretary is selected from within the Tender Evaluation Panel. Twenty two percent however showed that the secretary is selected by the Tender Committee of the district. Again, the Public Procurement Act 663(2003) was silent about how the Secretary of Tender Evaluation Panel should be selected, but it stated that there should be a Secretary to Tender Evaluation Panel whose duties are as follows: shall record minutes of all Panel meetings, which shall include: a register of attendance; a list of all submissions considered and the recommendations made; any conflicts of interest declared by members; and any dissenting opinions among Tender Evaluation Panel members. Selecting a secretary from within the Tender Evaluation Panel is better since the secretary is a member of the panel and is acquainted with the activities of the panel.



*Figure 4.4: TEP's secretary selection*

Source: field data

#### 4.9 DISSEMINATION OF INFORMATION

Dissemination of information is of great importance. If not properly done, it would bring about misinformation. Information from most meetings were conveyed by letter (this constituted seventy -five percent of respondents. Verbally communicated information accounted for only twenty two percent. Only three percent was communicated through other means such as emails and telephone calls. This is shown in below

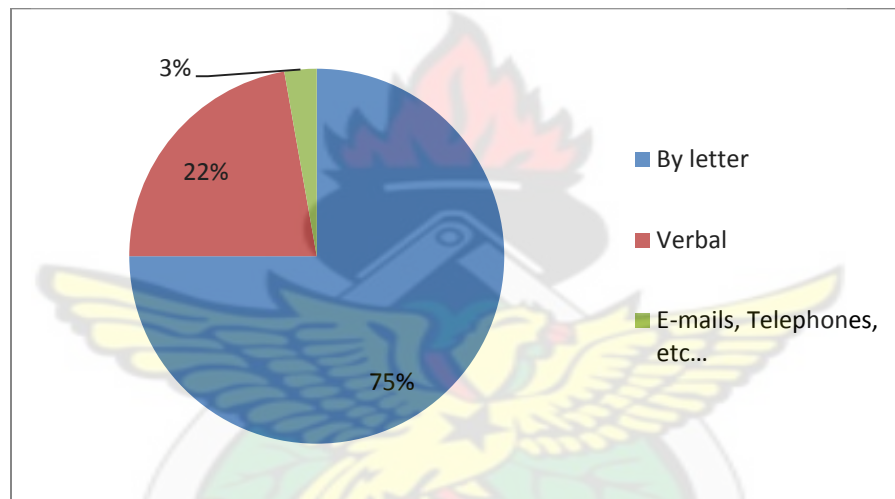


Figure 4.5: Dissemination of information

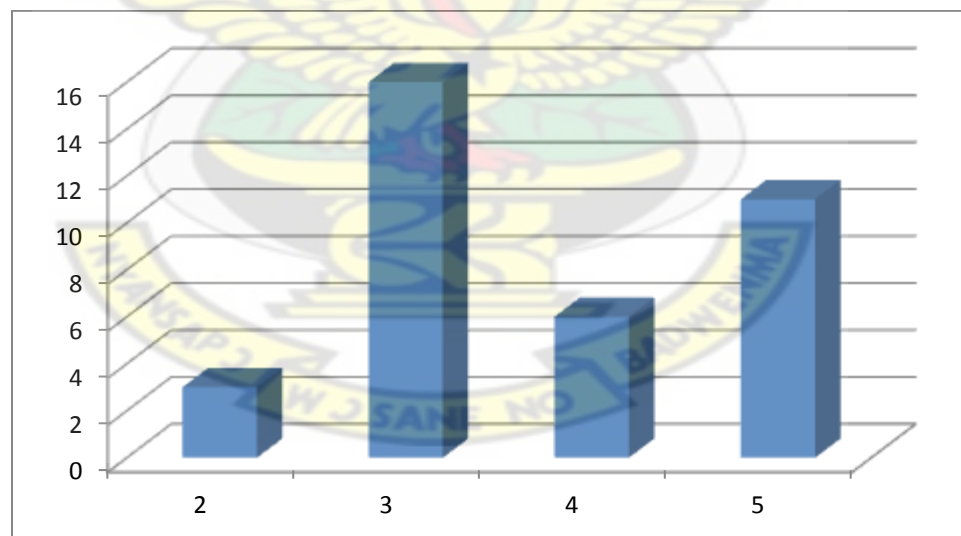
Source: field data

#### 4.10 QUORUM FOR TENDER EVALUATION MEETINGS

The minimum number of officials from the panel that form a quorum is three (PPA, 2003). They may be the ones to sit on final acceptance or rejection of matters discussed at meetings. Bamfo *et al* (2013) in a study identified that, the tender committee members in most districts in Ghana do not meet to form quorum

and the reason given was that members of these committees mostly offer these services for free.

According to three respondents, quorums were made up of only two members, followed by sixteen respondents saying quorums were made up of three members. Six respondents said only four members made up the quorum while eleven respondents said as much as five members formed a quorum. Only two people forming a quorum would be problematic and affect efficiency of procurement. Five members forming a quorum may delay decision making since there might not be achieve consensus in time to allow for procurement. It may be necessary that officials forming quorums should be reduced to three. This shall be devoid of situation whereby Tender Evaluation members wait for other members to form quorum. This will also delay activities during tender evaluation.



*Figure 4.6: Number of people forming quorum*

Source: field data



#### 4.11 TENDER COMMITTEE MEMBERS WORK AS TEP

In some districts Tender Committee members also work as Tender Evaluation members. This informed the researcher to find out if the phenomenon widespread in the selected districts for the study. According to the Public Procurement Act 663(2003), it is stated that, the members appointed to the Panel may be staff of the Procurement Unit but no Member of the Entity Tender Committee shall act as a member of the Tender Evaluation Panel, except in an advisory capacity. Again, to ensure transparency, members of the Tender Evaluation Panel shall not be directly involved in the approval of any award of contract. When Tender Committee members work as Tender Evaluation Members, it leads to conflict of interest and also makes their recommendations of award of contract suspicious.

Table 4.5 below shows that exactly fifty percent of Tender Committee members work as Tender Evaluation panel members. The other fifty percent do not work as Tender Evaluation Panel members. It will be good for Tender Committee members to stay away from Tender Evaluation activities, so that the work of Tender evaluation panels can be criticized.

*Table 4.4: Tender committee members working as TEP members*

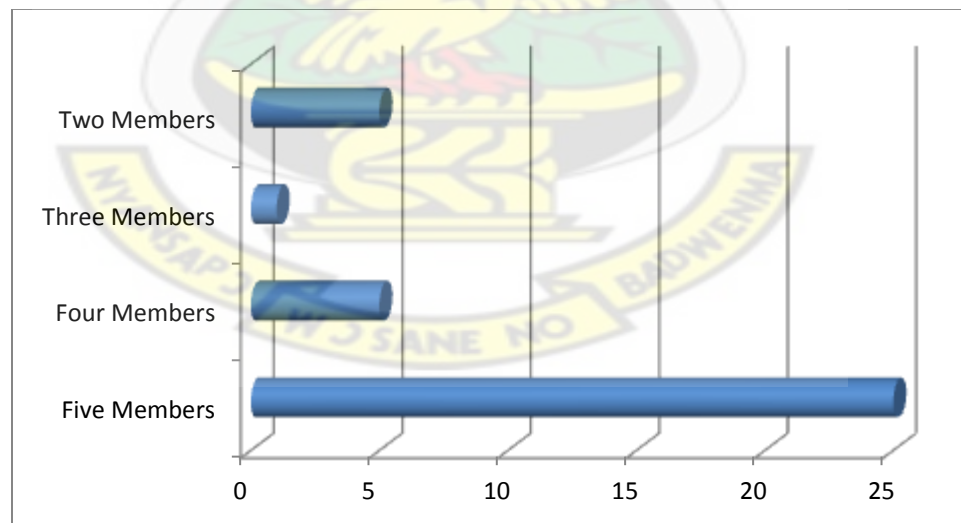
Response	Frequency	Percent
Yes	18	50.0
No	18	50.0
Total	36	100.0

Source: field data

#### 4.12 SIZE OF TENDER EVALUATION PANEL

In some countries like Uganda, the evaluation panel should not consist of more than five members. Beside that of Uganda, the Public Procurement Act of Ghana stated that Tender Evaluation panel should not be more than five members constituted for a specific procurement package. The Procurement Regulation of Zambia (2011) states that the members of the evaluation panel shall in all cases be a minimum of three.

The chart below shows sixty nine percent of respondents stated that Tender Evaluation Panel consisting of five members. Fourteen percent of respondents stated that Tender Evaluation Panel consisting of four members and three percent of respondents stated that Tender Evaluation Panel consisting of only three members. The Evaluation panel should be between three and five members. This will reduce delays in quorum forming to take decision.



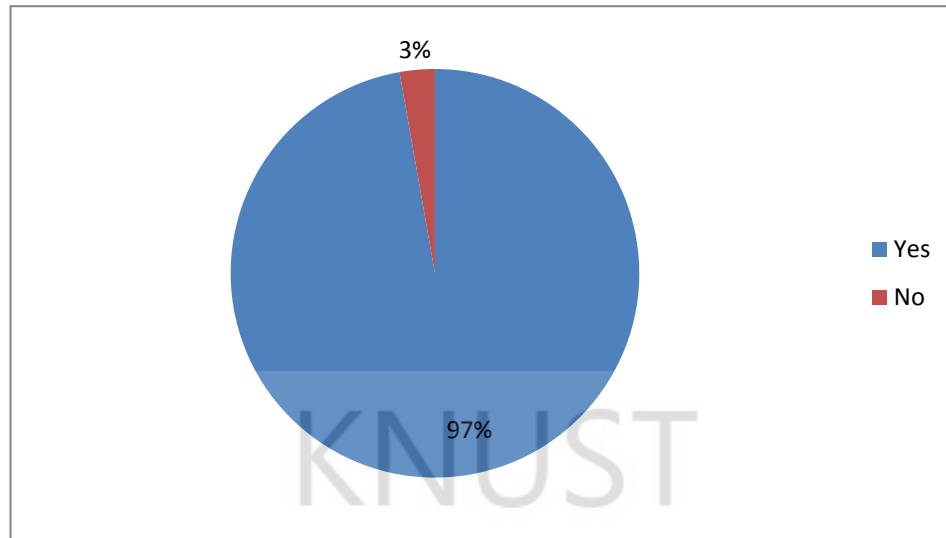
*Figure 4.7: Number of officials forming the tender evaluation panel*

Source: field

#### **4.13 ACTIVITIES OF TENDER EVALUATION PANEL**

Tenders are and should be evaluated based on criteria set in tender documents. This is to ensure uniformity and transparency with standards on every tender evaluation. Evaluation is conducted by a designated evaluation team and in accordance with the relevant regulations, rules and procedures. This done using the evaluation criteria and method pre-determined in the solicitation document. In so doing, evaluation may be fair and unbiased (UN, 2006).

Figure 4.8 below shows that ninety -seven percent of respondents agreed that tender evaluation is done based on criteria set in tender documents while three percent of respondents indicated that tender evaluation is done off criteria set in tender documents. The reason for the three percent was that there are external influences on the tender evaluation panel that affects the decisions taken by the panel. According to Public Procurement Act 663(2003), recommendations for award of contract shall be made solely on the basis of information and evaluation criteria provided in the tender documents or request for proposals and without recourse to any extrinsic evidence, or influenced by personal or political preferences. In my view, evaluation of tenders should be done based on criteria set in the tender document.



*Figure 4.8: Activities of TEP*

Source: field data

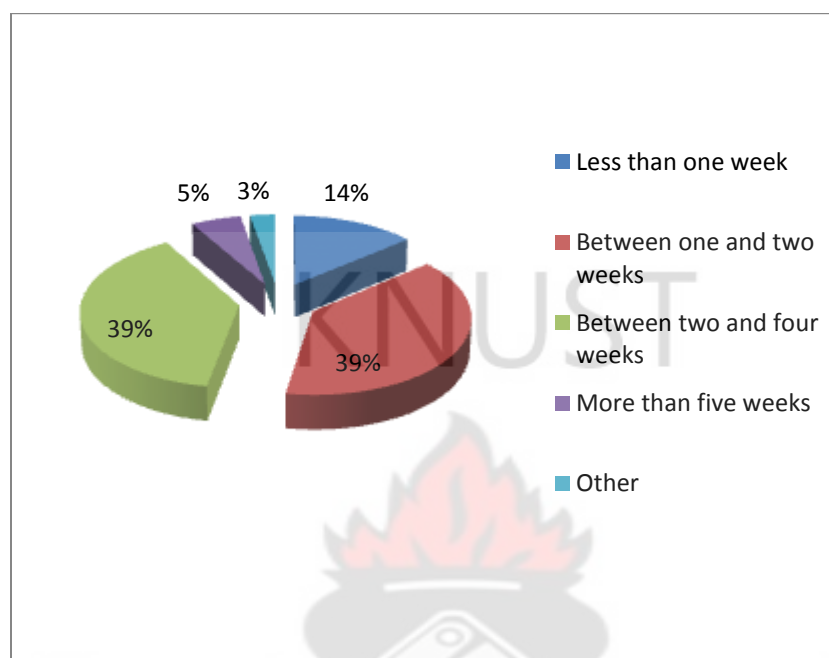
#### **4.14 DURATION OF TENDER EVALUATION**

The complexity and requirement of tender will definitely determine the time and energy to be invested by the Tender Evaluation Panel.

From the Figure 4.9 below, it can be seen that despite the stipulation of the Procurement Act in Ghana, seventy eight percent of respondents indicated that most tender evaluation activities take between one to four weeks. Fourteen percent of respondents took less than one week, five percent of respondents took more than five weeks and three percent of respondents took some other period.

The other period was not fixed but dependent on the procurement. The result of respondents indicated that MMDAs are doing the right thing as far as duration of tender evaluation are concerned. According to Public Procurement Act 663(2003), tender evaluation and submission of report should be between two to

four weeks for both international competitive tendering and national competitive tendering for works.



*Figure 4.9: Time taken to evaluate tenders*

Source: field data

#### **4.15 PREPARATION OF TENDER EVALUATION REPORT**

The credibility of the report writer in question is very necessary because if the report writer is not considered credible, the acceptance would be a problem.

Table 4.5 below shows how the Tender Evaluation Reports are prepared and accepted. According to twenty nine respondents, the Tender Evaluation Report is written by the group (Tender Evaluation Panel) among which sixteen say the District Tender Committee is responsible for accepting the report written. This

outweighs reports that are individually written (seven respondents) and the Tender Review Board accepting.

*Table 4.5: Preparation of tender evaluation reports*

		Who accepts Tender Evaluation Reports			Total
		The District Tender Committee	The Tender Review Board	Other	
Who writes Tender Evaluation Report?	Individually written	4	3	0	7
	Group	16	9	4	29
Total		20	12	4	36

Source: field data

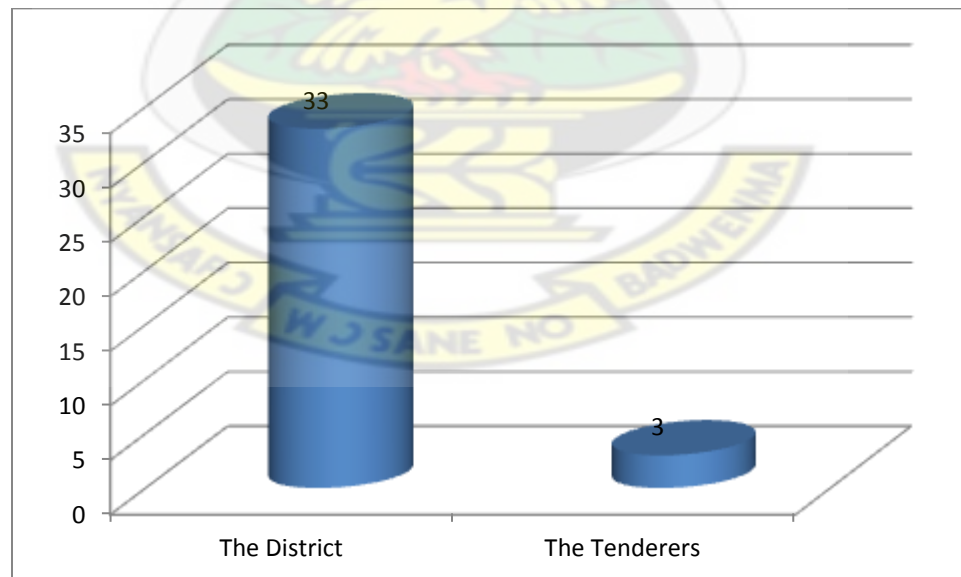
#### **4.16 REMUNERATION OF TEP**

According to motivation theorists such as B. F. Skinner, if the outcome of an action is desirable, then an individual would likely perform and perform well. With remuneration, Tender Evaluation Panel would put in their best knowing there is a reward for them afterwards.



The chart in Figure 4.10 shows thirty three respondents saying that Tender Evaluation Members are paid by the district in question while only three respondents said they were paid by the tenderers.

According to Ameyaw *et al* (2013), tender evaluation stage of the procurement process is the most susceptible to corrupt practices and the evaluation panel as provided by the law should therefore be given a close monitoring to foil any attempt by unscrupulous tenderers to bribe official at this stage. It is worth noting that a lot of things happen during this stage and evaluation panel are sometimes pressurized to disqualify the most competitive tender and rather recommend favorites of politicians or those in authority. When the Tender Evaluation Members are paid by MMDAs, it will prevent the situation whereby the contractors and others be influenced during Tender evaluation.



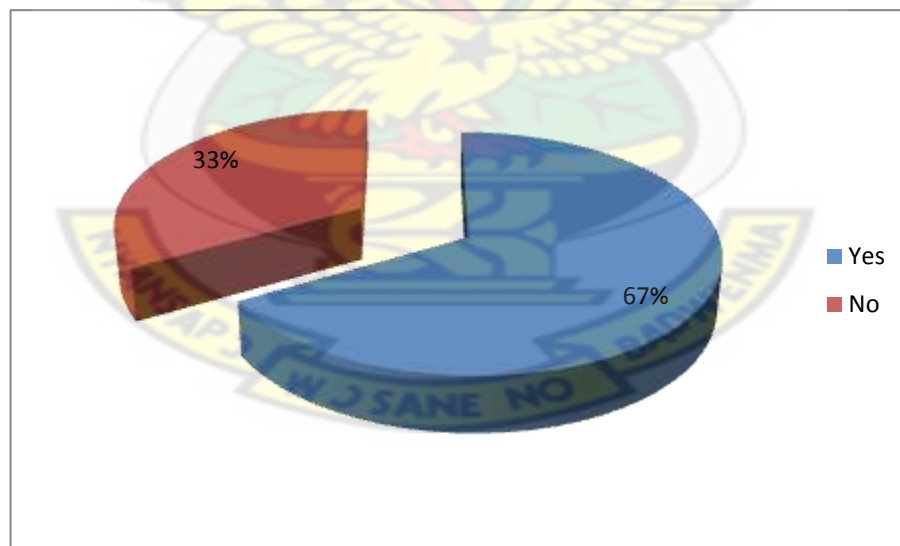
*Figure 4.10: Remuneration of TEP members*

Source: field data

#### 4.17 VIEWS ON CURRENT SYSTEM OF EVALUATING TENDERS.

From the chart below it can be seen that sixty seven percent of respondent considered the current system of evaluation tenders as good because it was based on reasons such as the rational selection of panel members, transparency and the evaluation based on criteria set in tender evaluation document. The other thirty three percent considered the current system of evaluating tenders as not good enough. Their reason was that winners are known before tender evaluation.

The reason why officials think that, the current system of evaluating tenders is good is that, it allows right selection of tender evaluation panel members, the use of criteria set in the tender evaluation documents to evaluate bids and the system's ability to identify best bids. The system was seen as easy to use and so there's fair selection of contractors making it highly competitive.



*Figure 4.11: Views on current system of evaluating tenders*

Source: field data

#### **4.18 INFLUENCES EXPERIENCED BY EVALUATION PANEL**

Public Life (2003) identified several forms of corruption which include; influencing of the law-making process; forming of cartels by tenderers; bribing of the decision makers in order to win tenders; conflict of interest and massaging of the processes to favour a particular tenderer. With this in mind, influences that affect decision making of tender evaluation committee were investigated.

The table below shows that thirty four percent of respondents indicated that influences come from politicians, twenty eight percent of respondents said it comes from contractors; nineteen percent of respondents also indicated that it comes from friends, eighteen percent of respondents that it comes from colleagues and only one percent of respondents indicated that it comes from family members of the tender evaluation panel members.

This stands to reason that in such instances of influence, the Public Procurement Act does not achieve its objectives such as secure a judicious, economic and efficient use of state resources in public procurement and ensure that public procurement is carried out in a fair, transparent and non-discriminatory manner. This creates difficulty in ensuring efficiency in procurement.

*Table 4.6: Influence on the tender evaluation panel*

<b>Influence</b>	<b>Percent</b>
<b>Influence from Politicians</b>	34
<b>Influence from Contractors</b>	28
<b>Influence from family members</b>	1
<b>Influence from colleagues</b>	18
<b>Influence from friends</b>	19
<b>Total</b>	100

Source: field data

#### **4.19 IMPACT ON EXTERNAL INFLUENCES**

Fifty percent of respondents indicated that such influences are sometimes acceded to by the panel members this is closely followed by twenty five percent of respondents never succumbing to those influences. Fourteen percent of respondents rarely succumb to those influences. This is followed by six percent of respondents each often times and always succumbing to the influences. This is shown on the Table 4.7

When they succumb to these influences, their decisions are affected since they begin to have a personal interest in the tendering process. This does not serve the districts in the right way but rather negatively affect the finances of the districts.

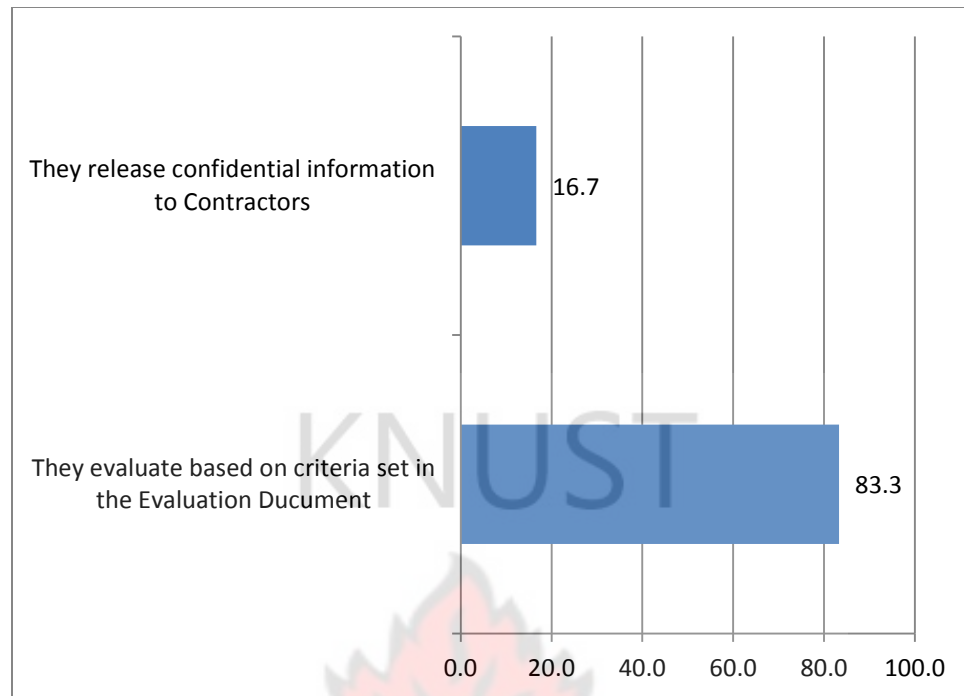
*Table 4.7: Impact of External influences*

	Frequency	Percent
<b>Never</b>	9	25.0
<b>Rarely</b>	5	13.9
<b>Sometimes</b>	18	50.0
<b>Often times</b>	2	5.6
<b>Always</b>	2	5.6
<b>Total</b>	36	100.0

Source: field data

Again, when tender evaluation panel members are influenced, they conduct themselves negatively during the process.

The chart in Figure 4.12 shows that eighty three percent of respondent evaluate tenders based on criteria set in the tender evaluation document. The other seventeen percent of respondents release confidential information to contractors. When confidential information is released unto contractors, the tendering process goes in favour of the contractors.



*Figure 4. 12. How panel operate when influenced*

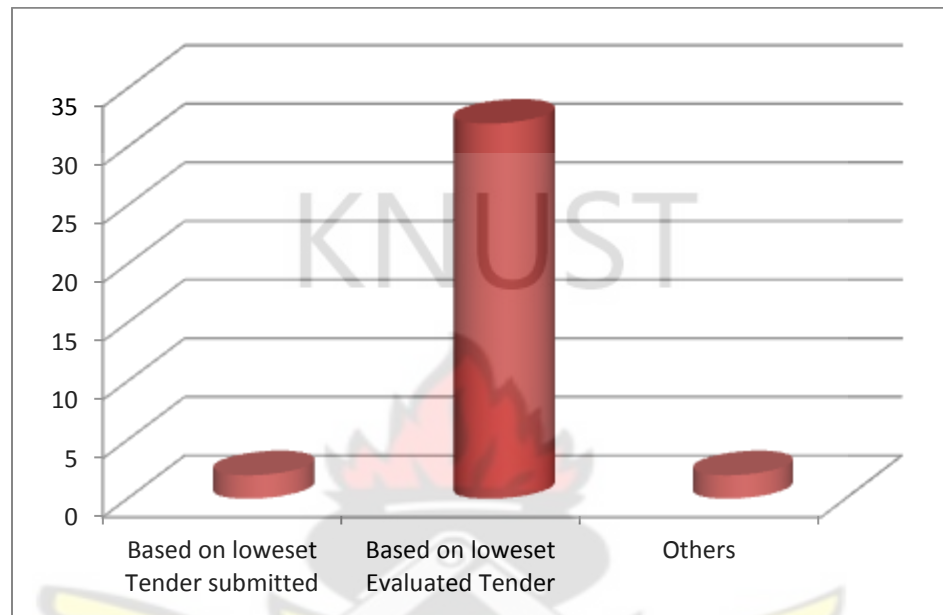
Source: field data

#### **4.20 SELECTION OF CONTRACTORS IN MMDAs**

The lowest evaluated tender is selected and recommended for the award of the contract (Public Procurement Act 663, 2003). The chart in figure 4.13 shows that thirty two respondents were of the view that contractors were selected based on lowest evaluated tender and only two respondents were of the view that the selections were based on lowest tender submitted. Another two respondents agreed that the selections were based on some other criteria. In my view, the current practice is very good whereby contractors are selected based on lowest evaluated tenders. According to Public Procurement Act 663(2006), the evaluation Panel must evaluate Tenders solely on the basis of the information



provided in the respective Tenders and no changes in the Tender price or substance of a Tender will be permitted. Besides that, evaluation panel should verify data concerning lowest evaluated tender.



*Figure 4.13: how contractors are selected*

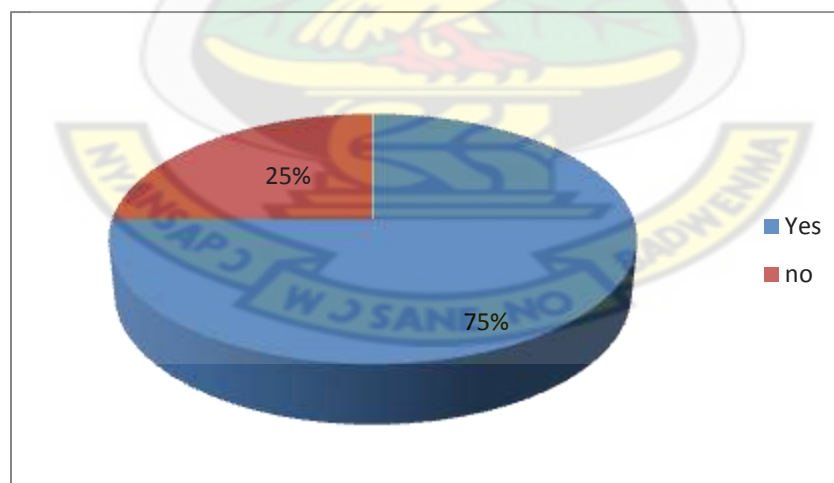
Source: field data

#### **4.21 PROBLEMS OF IDENTIFICATION AND SELECTION OF CONTRACTOR**

There were various problems stated by the officials. Thematically there are four main problems facing existing procedures. The credibility of the contractors becomes incredible because most of the contractors do not have permanent place to conduct their businesses. The influence of politicians and contractors was also another problem facing tender evaluation.

Some contractors submit fake documents and capacity in order to win contract. A contractor may exaggerate on his capacity as being able to offer the services and goods but the end thereof is a mess. The Tender Evaluation Panel members also lack financial capacity, equipment and human resources capacity to successfully evaluate tenders. All these go a long way to affect the identification and selection of the right contractor.

Figure 4.14 below shows that seventy five percent of respondents of districts may have regretted in selecting a particular contractor, while twenty five percent of respondents may not. The reasons for respondents response is based on their experience with their various Districts concerning non performance of contractors. These contractors were recommended by Tender evaluation panel members. It is necessary that the tender evaluation panel members should do due diligence on the information provided by contractors.



*Figure 4.14: Regret of selected a contractor*

Source: field data

#### 4.22 TEP ACTIVITIES DURING TENDER EVALUATION

Table 4.8 below shows that identifying and rejecting tenders that are incomplete tenders takes about thirty seven percent of respondents. This is followed by the correction of arithmetic errors and comparison of tenders while the post-qualification evaluation takes only twenty percent of respondents.

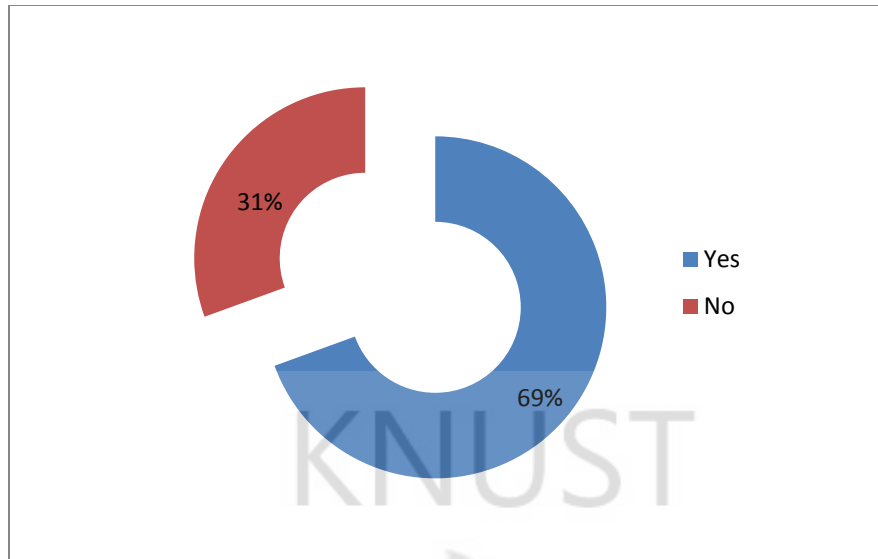
*Table 4.8: TEP activities during tender evaluation*

Activity	Percent
Identify and reject tenders that are incomplete tenders	37
Correction of arithmetic errors and comparison of tenders	34
Post-Qualification Evaluation	29
Total	100

Source: field data

#### 4.23 IMPROVEMENT ON TENDER EVALUATION

Interestingly, sixty nine percent of respondents thought that there should be some improvement to the evaluation process in their districts. This was based on venue for evaluation from the office, allowing experts to undertake such programmes and member from public procurement authority to join the evaluation process. The duration of evaluation should be long enough, to allow members to do due diligence on information submitted. This is shown on the chart in Figure 4.15



*Figure 4.15: Improvement of evaluation process*

Source: field data

#### **4.24 VERIFICATION OF STATUTORY DOCUMENTS**

Twenty one members responded that statutory documents are verified for validation and from the appropriate issuing authority. Six said they were validated but from previous works. Only one respondent consented, that the documents were not validated based on some other reasons such as time and money. This is shown in the cross tabulation below.

Respondents said this is usually done so as to make sure that they are employing a qualified and state recognized contractor for a particular job.

Table 4.9: Verification of Statutory Documents

		How verification is done					Total
		From the appropriate issuing authority	From previous works	From the supervising agencies	Other	N/A	
Do Evaluation Panel Members validate Statutory Documents submitted by Tenderers?	Yes	21	6	3	1	0	31
	No	0	0	0	1	4	5
Total		21	6	3	2	4	36

Source: field data

#### 4.25 CAUSES OF DELAY DURING TENDER EVALUATION

There are so many causes of delay in the tender evaluation. Among which are the issue of Evaluation Panel members also working as regular staff members of the districts. Response from bids and evidential proof of documents and acceptance of correction of errors is also another cause of delay. Justification of unit rates of contractors and lack of technical expertise to evaluate is also another cause. Political interference was seen as the main cause of delays during tender evaluation. This gives an understanding that despite popular belief that tender evaluation is quick and transparent, it is rather slow and non-transparent due to political influences and lack of permanently trained Tender Evaluation Panel. This was reiterated by Moshiro (2011).

## **CHAPTER FIVE**

### **SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATIONS**

#### **5.1 INTRODUCTION**

This section of the study discusses the summary of findings, conclusion and recommendations based on the examination of tender evaluation practices in metropolitan, municipal and district assemblies in Ashanti region. The study so far has established the grounds that tenders are evaluated before any further action is taken.

#### **5.2 SUMMARY OF FINDINGS**

All respondents had been to school and the highest qualification was Master's Degree with only few having attained it. It was realized that this made the answering of the questionnaires easier than expected.

There was permanent tender evaluation panel. This does not conform to Public Procurement Act 663(2003) because the Act states that tender evaluation panel shall be an ad hoc committee. The panel is formed as and when needed. This is done with letters inviting qualified personnel into the panel. Members were of the view that the selection of tender evaluation panel was fair except for few. The tendering process was highly formalized since they had to invite by letter and also dissolve the panel with letter.

The panel membership was mostly done based on two criteria. The technical skills relevant to the particular project and knowledge and experience relevant to



procurement requirement were the two most used criteria. These criteria are very good and important since they point clearly to knowledge and skills in the process of selection. Selection of chairman and secretary for the evaluation panel are usually taken from among persons selected. Information on meetings is usually conveyed by letter and the highest minimum number of officials forming a quorum was three members from the evaluation panel.

It was also noted that tender committee members also work as tender evaluation members. This leads to conflict of interest and also makes their recommendations of award of contract unacceptable. It also against the public procurement Act. Five members constituted the tender evaluation panel and evaluation was done based on criteria set in tender documents.

According to responses, it takes a month or less to evaluate tenders received and the tender evaluation panel submits the report to the district tender committee. The district tender committees then accept and approve or reject it. Remuneration of the tender evaluation panel is done by the district or municipal in charge.

There are some external influences that dawn on the tender evaluation panel. These influences are from politicians, contractors and even friends of the panel members. These come in the form of money or threats so that tenders would be evaluated to their favour. The panel members sometimes succumb to these influences and at other time too they do not. Sometimes when faced with this, they release confidential information to contractors instead of following criteria set in tender documents. Contractors are selected based on lowest evaluated

tender. Because of this some districts regret selecting particular contractors since they do not deliver quality services and goods. Statutory documents of contractors are verified from the appropriate issuing authority or supervising agencies.

### **5.3 CONCLUSION**

Tender evaluation takes place in the district, municipal and metropolitan assemblies of the country. This is highly known and respected in that it is a sign of transparency and fairness. However, this is not always the case. Tender committee members work as tender evaluation panel members which go a long way to affect the quality of evaluation done by the assemblies. Influences, especially political are gradually killing the confidence of evaluation panel since the outcome of their meetings is already decided even before they start meeting. This kills their morals and undermines their authority in making decision.

It can be seen that contrary to popular belief that tender evaluation panel members are remunerated by the government, the districts in question bears the cost of remunerating them. There is no fixed amount of payment. Selecting the lowest possible evaluated tender does not serve the nation best since they tend to use shoddy materials for their jobs so as to make more profit.

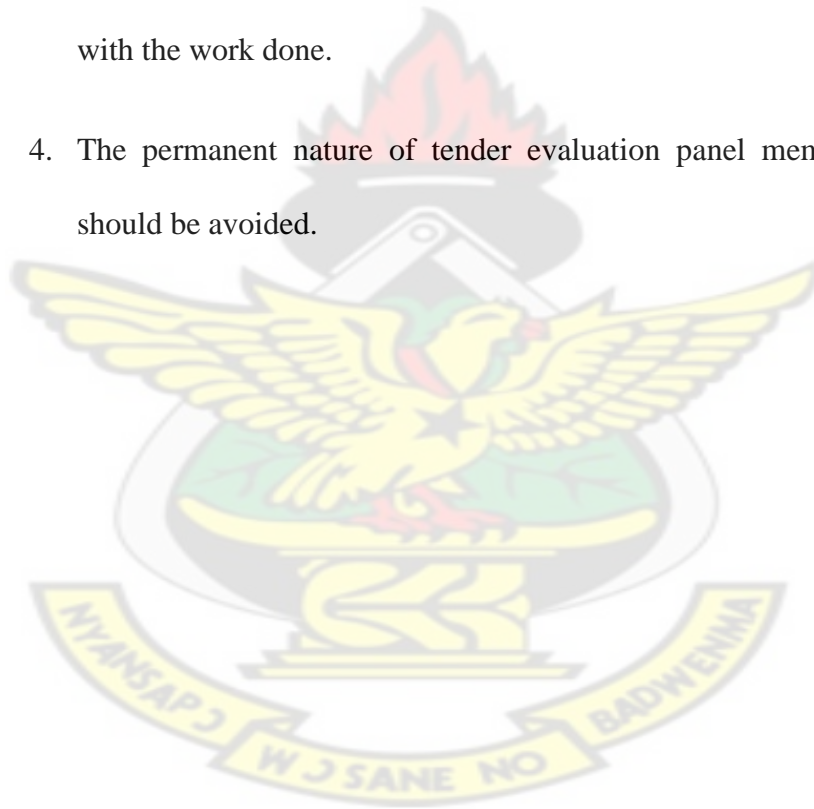
### **5.4 RECOMMENDATIONS**

Based on the findings I would recommend that;

1. Influences from Stakeholders should have positive impact on tender evaluation panels for them to work effectively and efficiently. If influences are limited or eliminated, the panel would work independently

and thus be bound to its decisions. With that in mind, they will critically evaluate based on criteria set in tender documents.

2. Tender committee members should not work on the tender evaluation panel. This leads to conflict of interest and also makes their recommendations of award of contract unacceptable .It also against the public procurement Act.
3. Remuneration of the tender evaluation panel should be commensurate with the work done.
4. The permanent nature of tender evaluation panel members in districts should be avoided.



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KNUST





## APPENDIX 1

**KWAME NKRUMAH UNIVERSITY OF SCIENCE AND TECHNOLOGY**  
**COLLEGE OF ARCHITECTURE AND PLANNING**  
**DEPARTMENT OF BUILDING TECHNOLOGY**

KNUST

***AN EXAMINATION OF TENDER EVALUATION PRACTICES IN  
METROPOLITAN, MUNICIPAL AND DISTRICT ASSEMBLIES IN  
ASHANTI REGION***

**Dear Sir or Madam**

I am a student from the Department of Building Technology, KNUST Kumasi. I wish to conduct a study among Tender Evaluation Panels in Metropolitan, Municipal and District Assemblies in Ashanti Region. It is strictly for academic purpose. Please answer the under listed questions as accurately as possible. All information provided will be treated confidential. No name will be ascribed to any response. You are at liberty to answer or not to answer any questions that seem to embarrass you.

I will be very happy if you could spend part of your time to answer the question for me.

Thank you.

## QUESTIONNAIRE

### A. BACKGROUND OF RESPONDENT

1. Name of Respondent.....
2. Gender: Male ☐ Female ☐
3. Profession.....
4. Name of District.....
5. Please tick the appropriate box to indicate the level of your Education and/or Professional qualification  

<input type="checkbox"/> Certificate level	<input type="checkbox"/> Diploma
<input type="checkbox"/> Advance diploma/First degree	<input type="checkbox"/> Masters Degree
<input type="checkbox"/> Other Professional qualification: .....	
6. Please indicate your years of experience in procurement practices?  

<input type="checkbox"/> Less than 3 years	<input type="checkbox"/> between 3 and 5 years
<input type="checkbox"/> Between 5 and 10 years	<input type="checkbox"/> More than 10 year
<input type="checkbox"/> Not Applicable	

### B. GENERAL INFORMATION ON TENDER EVALUATION

7. Does the district have a Tender evaluation panel in place?  
☐ Yes ☐ No
8. Have you ever been involved in tender evaluation as a panel member for the evaluation and selection process for this district?  
☐ Yes ☐ No

9. Do you think there is fair selection of members to form tender evaluation team?

- ☐ Equal selection/representation      ☐ Unequal selection/representation  
☐ Not sure

10. How is the tender evaluation panel members appointed in your district?

- ☐ by letter  
☐ verbal  
☐ Any other (Please state):.....

11. Which of the following criteria are used to select Tender Evaluation panel Members in your district?

- ☐ Technical Skills relevant to the particular project or goods  
☐ Knowledge and Experience relevant to procurement requirement  
☐ End user Representation  
☐ Procurement and contracting skills  
☐ Financial management or analysis skills  
☐ Legal expertise  
☐ Association with the Assembly

☐ Political Affiliation

☐ Any other (Please state):.....

12. How does your district select the chairman of tender evaluation panel?

☐ selected within the tender evaluation panel member

☐ selected by the tender committee of the district

☐ Any other (Please state):.....

13. How does your district select the Secretary of the evaluation panel?

☐ selected within the tender evaluation panel

☐ selected by the tender committee of the district

☐ Any other (Please state):.....

14. How information on meetings is conveyed?

☐ by letter

☐ verbal

☐ Any other (please state):.....

15. How many people form a quorum for meetings among evaluation members?

☐ 2

☐ 3

☐ 4

☐ 5

16. Do your district's tender committee members also work as tender evaluation panel members?

☐ Yes ☐ No

17. How many members constitute Tender Evaluation Panel in the District?

☐ Five Members ☐ Four Members ☐ Three Members

Any other (Please state):.....

18. Does this district normally evaluate tenders based on criteria set in tender documents?

☐ Yes ☐ No

19. If no to question 18

Please why don't you use criteria set in tender documents?

.....

20. How many weeks do district tender evaluation panel members use to evaluate tenders received in the District?

☐ Less than 1 week

☐ Between 1 and 2 weeks

☐ Between 2 and 4 weeks

☐ More than 5 weeks

☐ Any other (Please specify).....

21. How is the tender evaluation report written?

☐ individually written

☐ Group

☐ Any other (Please State):.....

22. How are tender evaluation reports accepted?

☐ by the district tender committee

☐ by the tender review board

☐ Any other (Please state).....

23. How is the tender evaluation panel dissolved

☐ by letter

☐ by verbal communication

☐ Any other

24. Are the tender evaluation members remunerated?

☐ Yes ☐ No

If yes, who is responsible for this remuneration?

☐ by the district

☐ by the tenderers

25. Is the current system of evaluating tenders good?

☐ Yes ☐ No

If yes, kindly explain:.....

26. Which of the following are influences experienced by the evaluation panel during Tender evaluation?

☐ influence from politicians

☐ influence from a contractor

☐ influence from family members

☐ influence from colleagues

☐ influence from friends

☐ Any other (Please specify).....

27. How often does the evaluation panel succumb to the above stated influences?

☐ Never

☐ Rarely

☐ Sometimes

☐ Often times

☐ Always

28. How does the panel members conduct themselves during this period

☐ they evaluate based on criteria set in the evaluation document

☐ they release confidential information to the contractors

☐ Any other (Please state).....

29. How does this district often select a contractor?

☐ Base on lowest tender submitted

☐ Base on lowest evaluated tender

☐ Selecting those between lowest and highest tenderers

☐ Any other (Please specify).....

30. What are the problems facing the existing procedures of identifying and selecting the right contractor?

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

31. Has the district ever regretted selecting a particular contractor during the evaluation process for a project? Yes ☐ No ☐

32. What does your district do during tender evaluation?

☐ identify and reject tenders that are incomplete tenders

☐ correction of arithmetic errors and comparison of tenders

☐ Post-Qualification Evaluation

☐ Any other (Please state):.....

33. Is there anything that you think should be added to the evaluation process in your district to make the process more effective? Yes ☐ No ☐

If yes, kindly state.....

34. Do the Evaluation panel members verify statutory documents submitted by tenderers?

Yes ☐ No ☐

35. If yes to question 34, how do you verify them?

☐ from the appropriate issuing authority

☐ from previous works

☐ from the supervising agencies

☐ Any other.....

36. What are some of the causes of the delay during Tender Evaluation?

.....  
.....