

**KWAME NKRUMAH UNIVERSITY OF SCIENCE AND
TECHNOLOGY –KUMASI, GHANA**

SCHOOL OF GRADUATE STUDIES



**Comparative study of Procurement Planning practices of
selected Private and Public Procurement Entities**

By

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*A Thesis Submitted to The Department of Building Technology, Kwame Nkrumah
University of Science and Technology in partial fulfilment of the requirement for the
degree of*

MSc PROCUREMENT MANAGEMENT

Building Technology Department, KNUST

APRIL, 2014

DECLARATION

This is to certify that this work or any part thereof has not been previously submitted in any form to the University or to any other body whether for the purpose of assessment, publication or for any other purpose. I confirm that except for any express acknowledgements and references cited in the work, the original work is the result of my own efforts.

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DEDICATION

This work is dedicated to:

- God for His grace favour and protection throughout my study
- My lovely wife Evelyn for her support, prayers and understanding and also to my children Cedrick, Kevin and Donzel for their love.

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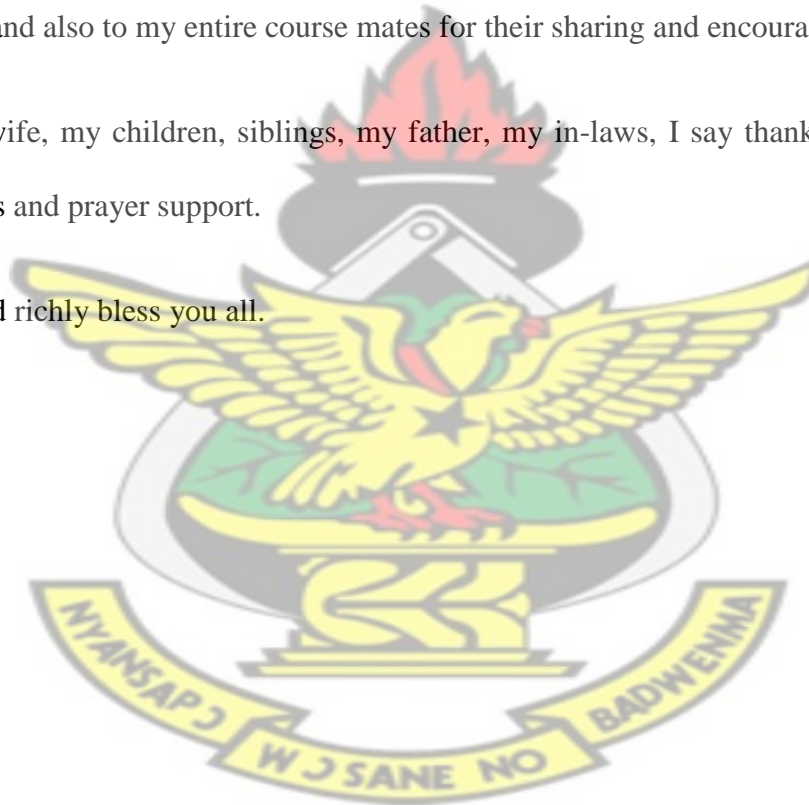
ACKNOWLEDGEMENT

I wish to express my gratitude to my supervisor, Dr. Theophilus Adjei-Kumi for his immense help, guidance, suggestions and encouragement which led to the successful completion of this work, indeed I am most grateful.

My thanks also goes to the Department of Building Technology and to all the lecturers who helped with their guidance. Special thanks also goes to the Session and the entire Congregation of the Greenwich Meridian Presbyterian Church for their prayers and support and also to my entire course mates for their sharing and encouragement.

To my wife, my children, siblings, my father, my in-laws, I say thank you all for your sacrifices and prayer support.

May God richly bless you all.



ABSTRACT

Procurement planning is the primary function that sets the stage for subsequent procurement activities. A mistake in procurement planning therefore has wide implication for local governance in the public sector. Since the passing into law of the Public Procurement Act in 2003, compliance to the law under Clause 21 of Act 663, which states that a procurement plan must be integrated into an annual sector expenditure programme to enhance financial predictability by public entities has been very challenging. The reasons for lack of procurement planning by such entities have been the actual lack of understanding of the value of procurement and proper enforcement of rules relating to planning. It could also relate to lack of capacity due to limited procurement professionals and lack of commitment and support from management of those organizations.

There is a seeming success being chalked by most private institutions in project delivery. Academics, opinion leaders and other interested observers have expressed much concern about the fact that final cost of projects far exceeds budgets, so many delays in project implementation, so many abandoned projects due to lack of funding and these does not match expectation for development. It is in the light of the above that this research is being undertaken to compare the effectiveness of the private sector planning to that of the public sector.

This research therefore aimed at identifying and documenting the procedures adopted by both the Public and Private companies in procurement planning.

It is also to identify the relative importance of the challenges in the preparation and implementation of Procurement Plans and to recommend ways of improving the preparation and usage of Procurement Plans by the Public Institutions.

The research begun with a literature search on Ghana's local government structure procedures for the preparation and usage of procurement plans including their challenges. Observations through interviews were made and data were collected via questionnaires to selected private institutions in the telecommunication sector. Results were analysed statistically using descriptive statistics, and frequency analyses. The findings revealed that MMDAs are currently preparing their Procurement plans in accordance with the, PPA 663 but issues such as, late commencement in the preparation of the plans, identification of specific officers to lead in the preparation, low involvement of key players and non-submission of the approved procurement plans to the PPA still confronts them in the preparation of the plans. The private institutions were seen to use more softwares in planning whiles after budgeting the only plan upon the user departments request. The study also concluded that MMDAs utilized the procurement plans but are faced with a number of challenges.

The study generally recommended that;

1. That the Public Procurement Authority must step up regular monitoring to MMDAs and educate more on the usage of the regulations and the manuals.
2. The Public entities should employ more professionals with procurement training to take up lead roles in ensuring compliance with the ACT 663.

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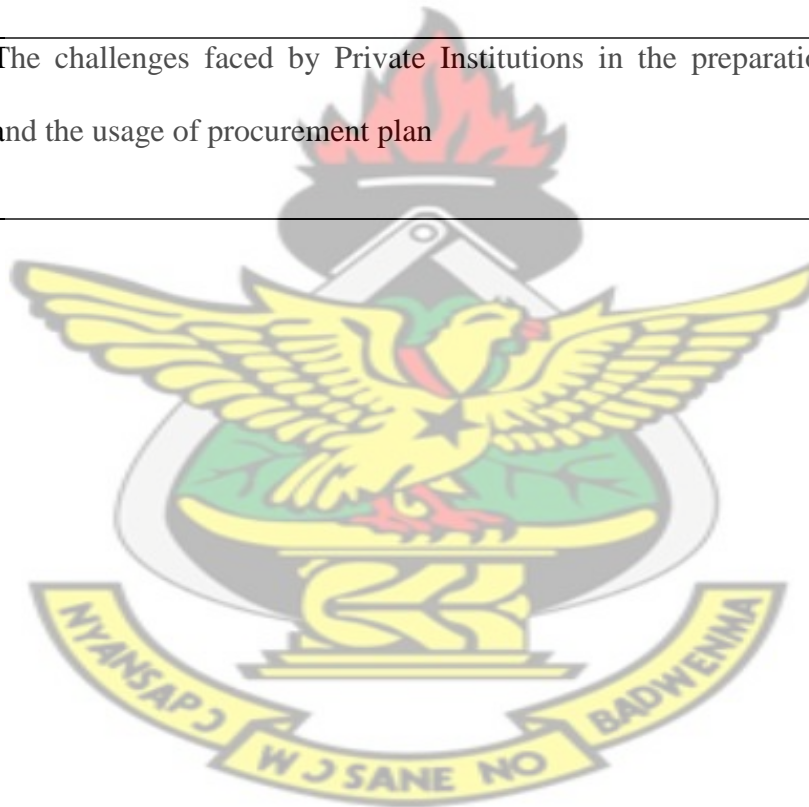
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LIST OF ABBREVIATIONS

MMDAs	Metropolitan, Municipal and District Assemblies
CPAR	Country Procurement Assessment Report
PPA	Public Procurement Authority
PPA	Public Procurement Act 663, 2003
PUFMARP	Public Financial Management Reform Program
FOAT	Functional and Organizational Assessment Tool
GDP	Gross Domestic Product
MTDP	Medium Term Development Program
DACF	District Assembly Common Fund
RCC	Regional Coordinating Council
NDPC	National Development Planning Commission
GPRS	Growth and Poverty Reduction Strategy
HIPC	Heavily Indebted Poor Countries
GSGDA	Ghana Shared Growth Development Agenda
DPCU	District Planning and Coordinating Unit

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CHAPTER ONE

INTRODUCTION

1.1 Background to the Study

Public procurement accounts for about 50-70% of the national budget (after personal emoluments), 14% of GDP and 24% of total imports (World Bank CPAR, 2003). Thus, one can conclude that Public procurement has both serious economic and social impact in most African countries.

Procurement must take a thoroughly professional view of its role in business as a whole and that must include planning (Bailey, Farmer, Jessop & Jones, 1998). Any such procurement, begins with the planning decision to make the purchase and this will involve in the first place, deciding whether there is a need for the particular goods or services, ensuring that the purchaser has the legal powers to undertake the transaction, obtaining any relevant approvals within the government hierarchy and arranging the necessary funding (Arrowsmith, Linarelli & Wallace, 2000).

Research done in Procurement planning in some selected government agencies, shows that many procurement entities at both the central and local government levels have not taken planning a serious activity. The reasons for lack of procurement planning by such entities have been the actual lack of understanding of the value of procurement and proper enforcement of rules relating to planning (Uganda CPAR Report, 2004).

It could also relate to lack of capacity due to limited procurement professionals and lack of commitment and support from management of those organizations. In fact, Thai (2001), maintained that forms and procedures may be convenient and useful tools, but

the planning effort will succeed only with the complete commitment and involvement of top management, along with appropriate personnel that have a stake. This implies that, without thorough procurement planning, the subsequent procurement processes will not yield substantial benefits.

1.2 Statement of the Problem

Procurement planning is the primary function that sets the stage for subsequent procurement activities. A mistake in procurement planning therefore has wide implications on accountability and participation.

Procurement is a newly emerging academic discipline in Ghana. And as such not much scholarly works have been done on the subject of procurement planning. The available 'data' are only based on a few research works on specific public institutions, the World Bank and other reports of the Public Procurement Board and governments audit institutions on public institutions.

Since the passing into law of the Public Procurement Act in 2003, compliance to the law under Clause 21 of Act 663, which states that a procurement plan must be integrated into an annual sector expenditure programme to enhance financial predictability by public entities has been very challenging.

In 2007 an assessment on Metropolitan, Municipal and District Assemblies (MMDAs) termed Functional and Organizational Assessment Tool (FOAT) which has one of the minimum assessment criteria as to whether the MMDAs met the provision in section 21 of the Procurement Act requiring that the Procurement Entities prepare procurement

plan for each fiscal year and prepare quarterly updates for approval by the Tender Committee, only 50 out of the 169 MMDAs met the minimum criteria. This was largely because the procurement unit which should be established within the procurement entity to undertake and co - ordinate all detailed procurement activities is virtually non – existent. Indeed information available in 2010 indicated that, only 66 out of 1,000 entities submitted their plans with the rest living in a state eccentric oblivion, denying themselves of the inherent benefits that a good procurement plan can afford (PPA, 2010).

The public procurement act has clearly stated in section 3(k), as part of the functions of the board, to “develop, promote, and support training and professional development of persons engaged in public procurement and ensure adherence of the trained persons to ethical standards”. This however, seems to be the opposite of what is exactly on the ground. The PPA, after its review in 2006, reported that there is lack of qualified procurement personnel in the system that cause a lot of inconsistencies leading to gross inefficiency of the concept. This is woefully undesirable per the object of the public procurement Act. In a recent Article Dabaga J. (2013), Weakness of the Procurement Act of Ghana, Act 663 (2003) wrote that there is no such clause(s) in the Public Procurement Act indicating where the board should get funds specifically for this crucial but costly task of personnel development and promotion. This study was undertaken so as to compare and document the problems and procedures used by both the public and private entities in the preparation of their procurement plans. The study was to compare personnel competence, documentation, budgeting procedures, and other procedural methods adopted.

1.3 KEY RESEARCH QUESTIONS

This study aims at addressing the following research questions:

1. Do the Institutions comply with the provision of the Act (663) concerning procurement planning or use their own special system?
2. Do the Institutions employ personnel who have the relevant skill in the preparation of their procurement plans?
3. To what extent are procurement plans utilised by various Institutions?
4. Given that plans are prepared and used by the institutions, what are the challenges faced?
5. Do the entities use any software in the preparation of the plans?
6. What available data do the entities rely on in preparing the various plans?

1.4 RESEARCH JUSTIFICATION

Procurement planning must become a priority for public institutions. Increased policy initiatives from the government through various ministries of local government and finance must support this priority. Conceptually, this study will reveal the critical components of procurement planning.

This will range from the process, through the expected practices, the actors to be involved, to its importance.

The efficient utilization of Procurement Plans has a direct impact on:

- The successful delivery of government projects and public services;
- Reducing corruption;
- Sound public financial management by achieving value for money and;
- Encouraging private sector growth and investment.

Ghana CPAR (2003) revealed that 53% out of 291 contracts for Goods, Works and Services between 1997 and 2002 suffered completion delays, poor implementation performance because of choice of uneconomic technical alternatives, inadequate specifications, insufficient contractor qualification and poor supervision by implementing agencies.

Procurement is one area that needs a huge budget which when managed in an accountable manner, will improve service delivery. This is one way of accounting to the tax payers.

The seeming success being chalked by most private institutions will be identified and stakeholders will be able to pay critical attention to private sector procurement planning and its variables as will be identified in this study.

The research work is justified and significant. This is because of the important role the Public Institutions play in the accomplishment of development goals and satisfaction, of people more especially in achieving value for money. Academics, opinion leaders and other interested observers have expressed much concern about the fact that final cost of projects far exceeds budgets. Delays in project implementation, so many

abandoned projects due to lack of funding and others do not match expectation for development.

It is in the light of the above that a study of this nature to evaluate the effectiveness of the private sector planning to that of the public sector is a justifiable idea.

1.5 AIM AND OBJECTIVES

1.5.1 Aim

The main aim of the research is:

To compare the problems and procedures used by both public and private entities in the preparation of their procurement plans.

1.5.2 Objectives

The aim would be achieved based on the following objectives:

1. Identify and document the procedures adopted by both the Public and Private companies in procurement planning.
2. Identify the relative importance of the challenges in the preparation and implementation of Procurement Plans.
3. To recommend ways of improving the preparation and usage of Procurement Plans by the Public Institutions.

1.6 RESEARCH METHODOLOGY/ DESIGN

The methods adopted for achieving the proposed objectives were;

- i. Observation and selection of the Six (6) main telecommunication companies in Ghana on the preparation of their Procurement Plans.

- ii. Literature through;

A comprehensive library based and internet search study.

Study of the Public Procurement Act, Act 663, 2003 regulations, policies and manuals on procurement planning and its utilization

- iii. Development of a structured questionnaire from the literature.

- iv. The questionnaires were administered on the Six Telecommunication companies.

- v. The data gathered from the administered questionnaire and interviews were processed and analyzed using statistical methods.

- vi. The information from the processed data was used to;

Identify and document the procedures adopted by both the Public and Private companies in procurement planning.

Identify the relative importance of the challenges in the preparation and implementation of Procurement Plans.

To recommend ways of improving the preparation and usage of Procurement Plans by the Public Institutions.

1.7 ORGANISATION OF CHAPTERS

The report is organized as follows:

Chapter one outlines the background, problem statement, justifications of the study, aim and specific objectives of the work, the scope of study and the organisation of chapters of the study.

Chapter two is devoted to the procurement planning structure and procedure as outlined in section 21 of the Public Procurement Act (2003), Act 663. It discusses further, Ghana's local governance system. It also discusses the methodology used to assess procurement planning systems.

Chapter three presents the methodology used for collecting data, design and development of the questionnaire, determination of sample size and administration of questionnaires. The second part is devoted to the data process and analysis.

Chapter four presents the main results, dealing respectively with preparation and utilization of procurement plans and its challenges.

Chapter five outlines the summary of major findings followed by the conclusions and recommendations.

CHAPTER TWO

2.1 PROCUREMENT PLANNING AND LOCAL GOVERNANCE

Individual procurement processes differ depending on the value and type of procurement. Despite these differences, all procurements follow the same basic processes which begin by having a coherent procurement plan. Section 21 of the Public Procurement Act 663 (2003) requires Procuring Entities to plan their procurements. A procurement plan helps Procuring Entities to achieve maximum value for expenditures and enables the entities to identify and address all relevant issues pertaining to a particular procurement before they publicise their procurement notices to potential suppliers of goods, works and services. The whole procurement process begins with procurement planning. A procurement plan involves the following:

- ✓ Identification and assessment of the need for the procurement,
- ✓ The methods to be used in the procurement process,
- ✓ How much to procure,
- ✓ Where to procure from and
- ✓ When to undertake the procurement.

The plans should give a detailed description of the goods, services or works and specify the period when the goods, services or works would be required, and the Department that would require the same. It should be emphasized that at the centre of any procurement plan is the budget. Thus, procuring entities must always ensure that they have adequate funds to finance their planned procurements. When correct answers are given to these

questions, one is rest assured that the procurement transaction will be done in an acceptable and professional manner.

Procurement planning is a function that sets in motion the entire acquisition/procurement process of entities. There cannot be a good procurement budget without a plan, and there can be no procurement without a budget to fund it (Thai, 2004).

According to (Basheka 2008), in his paper “Procurement Planning and Local Governance in Uganda” he states that, despite this importance, very limited scientific research has been done to examine the extent to which efforts in procurement planning can contribute to effective local governance. Meanwhile indications are that there exist a very significant positive relationship between procurement planning and local governance. Basheka (2008) in his paper concluded that, the vast resources local governments spend on the function of buying goods, services and works essential for their operations requires adequate procurement planning. The suggestions are made for local government political and administrative stakeholders as well as policy makers on the critical issues of procurement planning essential for local governance.

Arguably, effective procurement planning by Local Government Institutions will lead to compliance of the Public Procurement Act, 2003 Act 663 and the attainment of its objectives. According to Agbesi (2010), there is slow or in some areas absolute non-compliance in procurement planning, and the situation was attributed to inadequate capacity in effective procurement planning.

Though there exist lack of capacity for effective procurement planning, it could be argued that most Local Government institutions have not appreciated the numerous contribution

that effective procurement planning can bring to bare in their service delivery. This would compel them to engage technocrats to handle this technical service effectively in order to enjoy its benefit fully.

2.2 GHANA'S LOCAL GOVERNMENT SYSTEM

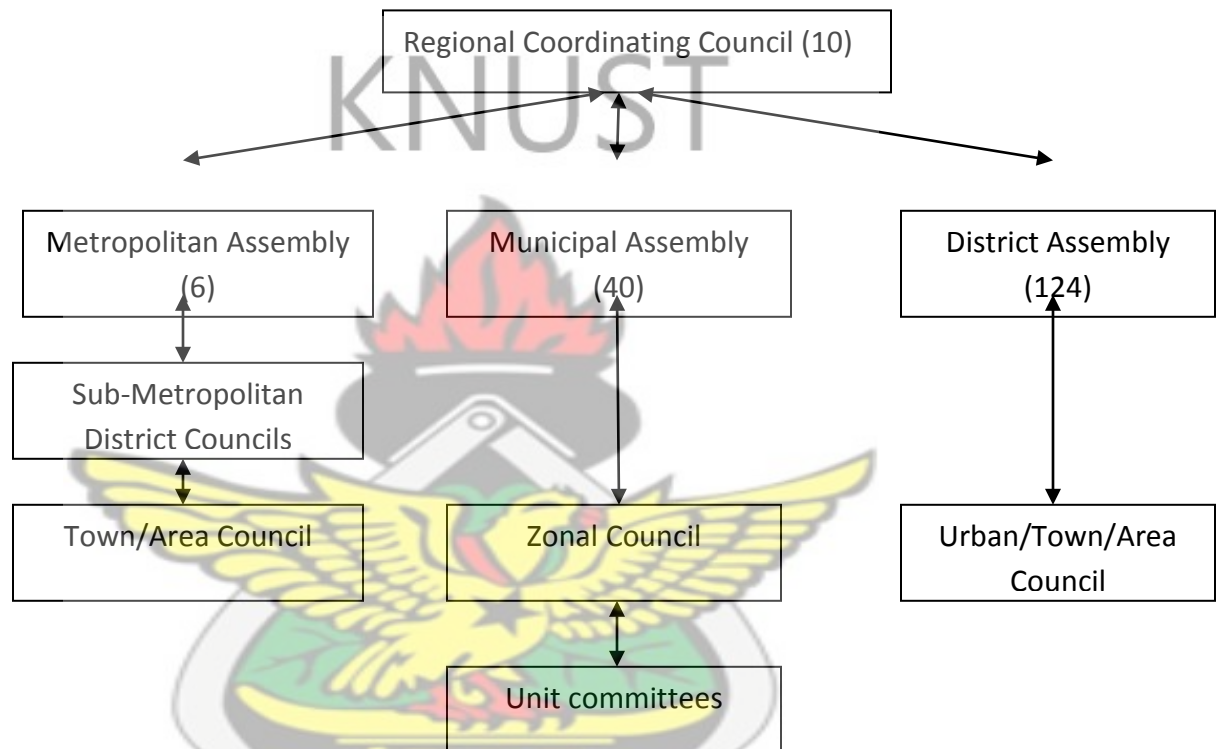
Ghana's decentralisation system is backed by the 1992 Constitution (Act 240). The constitution holds parliament responsible for enacting appropriate laws to ensure that functions, powers, responsibilities and resources are at all times transferred from the Central Government to local government units in a coordinated manner. Parliament by law also undertakes measures necessary to enhance the capacity of local government authorities to plan, initiate, co-ordinate, manage and execute policies in respect of all matters affecting the people within their areas, with a view to ultimately achieving localization of those activities. This constitutional requirement is further articulated in local government legislation

2.2.1 The Local Government Structure

The local government structure as depicted in figure 1 below consists of the Regional Coordinating Council (RCC) and a four –tier Metropolitan, and three-tier Municipal /District Assemblies Structure. The structure below the Metropolitan, Municipal, and the District Assemblies are known as the sub-structure of the Assemblies. For the purposes of the this research the scope was limited to Metropolitan, Municipal, and the District

Assemblies within the structure since they control and manage the various funds and resources allocated within the structure.

Fig. 2.1 The Local Government Structure



The Assemblies were created as a pivot of Administrative and development decision-making body in the district and the basic unit of local government Administration. They have deliberative, legislative as well as executive functions. They have been established as structures to which are assigned the responsibility of the totality of government to bring about integration of political, administrative and development support needed to achieve a more equitable allocation of power, wealth and geographically dispersed

development in Ghana and above all they are constituted as Planning Authorities for the districts.

2.3 GENERAL PLANNING BY MMDAs

District Assemblies and their sub-structures (Sub-Metros, Zonal, Urban, Town, and Area Councils) have wide range of responsibilities towards the public in the provision of essential services. Assemblies also have authority to raise revenue from the public in the form of rates, fees, charges, licences and levies. In addition to such internally generated funds, Central Government makes substantial transfers of monies to Assemblies from the Consolidated Fund in the form of the District Assemblies' Common Fund.

These public monies have to be properly accounted for and Assemblies should be seen to have used the funds for the purpose for which they were intended, and that maximum benefit has been derived. In order to ensure transparency and accountability in the management of public monies, sound financial management practices in the Assemblies are essential.

Ministries, Department and Agencies are required to prepare development plans as a tool to deepen the decentralized planning system in the country.

In the case of District Assemblies analysis of specific issues are considered through community for a to solicit for needs and aspiration in relation to the National Development Goal and Objective within the National Development Policy Framework.

Successive governments, after Ghana has return to constitutional rule have adopted development agendas to accelerate growth of the economy in a sustainable manner.

In 1995 the 'Vision 2020' came into being, with the aim of making Ghana a middle income country in 25 years.

The Ghana Poverty Reduction Strategy (GPRS I 2003-2005) and Growth and Poverty Reduction Strategy (GPRS II 2006-2009) came to being to restore macroeconomic stability and reduce the incidence of poverty as condition for development assistance to Heavily Indebted Poor Countries (HIPC), and to ensure growth through poverty reduction so that Ghana can achieve middle-income status

Currently the Country is now pursuing the Ghana Shared Growth Development Agenda (GSGDA) with seven thematic areas as a Medium Term Development Plan (MTDP) .

District Assemblies as local planning authority develops MTDPs through its technical wing called the District Planning and Coordinating Unit (DPCU) which is comprised of various departmental heads from the Central Administration and Decentralized departments.

After Preparing the 4-Year MTDP, MMDAs are required to phase out the Programme of Action which is within 4-Years planning period into Annual Plans to be implemented by the departments & agencies of the MMDAs.

The 2007 Public Procurement Assessment Report emphasizes that a strong link ties the efficiency of the national procurement system to the achievement of development goals stated in the GPRS II. For 2007 the magnitude of resources involved in public procurement in Ghana is estimated at over 17 percent of GDP and around 80 percent of tax revenue. It is stressed, that transparent and efficient public procurement system offers numerous benefits including better value for money, encouraging investment, innovation, and reduction of corruption.

In addition to reducing costs and ensuring cost-effective delivery of services, infrastructure, and public goods, good management of public resources through an effective procurement system also increases the public's confidence in governance (Ghana CPAR 2010).

The procurement entity is responsible for procurement subject to Act 663. The head of an entity and any officer to whom responsibility is delegated are responsible and accountable for actions taken and for any instructions with regard to this Act, including the timely preparation of procurement plans.

As indicated by the Auditor General's Office, an estimated 45 % of MDAs do not have annual procurement plans. The situation seems to be improving however.

The law does not oblige the procurement entities to send a copy of its procurement plan to PPA for monitoring or publication. However, PPA has developed a web-based procurement planning tool including monitoring of contract awards and expenses and has trained approximately 400 procurement entities as of February 2009. PPA has advised these entities to post their procurement plans into the system yearly by February 15.

Besides, based on a Board policy decision PPA has published an announcement to all procurement entities indicating that no approval will be given to use restricted tendering or single source procurement without reference to the approved procurement plan.

In the 2010 Ghana CPAR report, it states that according to information provided by PPA, as of mid-May 2009 only 51 procurement plans for 2009 had been submitted including only 3 of the 26 high spending procurement entities.

Discussions with PPA in April 2010 indicated that some improvements have been made. PPA has committed the maiden edition of its recently published E-Procurement Bulletin (Vol. 1, Issue 1 of May/June 2010) to the importance of procurement planning. The entities, which have submitted their procurement plans online, are listed in the E-Procurement Bulletin. As of April 30, 2010, 92 entities had submitted their procurement plans, as of June 30, 2010, 129 procurement entities had submitted their procurement plans (out of a total population of approximately 1000 procurement entities).

One of the activities included in the PPA Draft Strategic Plan 2009 - 2011 is to coordinate with other institutions for effective linkage between budget preparation, payment, and audit processes.

2.3.1 Budgeting by MMDAs

The Annual budget of the Assembly is drawn based on the Annual Action Plan. Annual budgets are prepared each year in accordance with the procedures specified by the Ministry of Finance. Pursuant to Section 91 of the Local Government Act 462, of 1993,

the Ministry of Local Government & Rural Development in a Ghana Gazette dated 20th August 2004, issued a Financial Memoranda for use by all Districts Assemblies. In that Gazzette under Section V Sub Titled Estimates, it captures from Sub Sections (39) to (45) how the various assemblies are to prepare their estimates.

2.3.2 Preparation of Estimates

It's gazetted as follows:

For the purposes of preparing a detailed budget, the District Chief Executive shall issue a Budget,

Estimates Memo under his signature to all the heads of decentralized departments and sub-district structures, and which shall:

- i) Include sets of priorities to be followed and the schedule for the preparation and submission of Estimates.
 - ii) Include guidelines for preparation of Estimates issued by the Minister responsible for Finance.
- The Budget Committee shall then prepare draft Estimates based on inputs from Heads of decentralized departments and from sub-district structures and submit to the general Assembly through the Executive Committee for approval not later than 31st December.

- The Finance Officer shall issue monthly financial statements for each section showing the approved Estimates, revised Estimates, actual expenditure and variances
- The monthly statements are to be distributed to the respective budget head holders who shall provide explanations for and budget variances.
- The District Planning and Coordinating Unit (DPCU) shall review variance reports and recommend remedial action to the affected budget head holder for action.
- Budget revision may become necessary for the following reasons:
 - a) Significant changes in the National Budget as finally approved by Parliament
 - b) Significant changes in the national wage policy, prices and / or rates
 - c) Unforeseen events particularly those related to project activity.
- Budget revision shall be initiated by heads of departments or officers responsible for expenditure heads affected by the changes. Revised budgets shall be submitted to the Budget Officer who shall pass it on to the Finance and Administration Sub-Committee.

2.4 PROVISION OF PUBLIC PROCUREMENT ACT 2003, ACT 663 ON PROCUREMENT PLANNING

2.4.1 Objectives of the Act 663 of 2003

The main objectives of Act 663 are given in section 2 and are to:

- Harmonize public procurement processes in the public service
- Secure judicious, economic and efficient use of state resources
- Ensure public procurement fair, transparent and non-discriminatory.

2.4.2 Scope of Act 663

Act 663 applies to the following (Section 14 (1)):

- Procurement financed from public funds-wholly or partly;
- Procurement of goods, works, services and contract administration;
- Disposal of public stores and equipment; and
- Procurement financed by funds and loans taken by the government of Ghana, including foreign aid funds.

The EXCEPTIONS are:

- Where the Minister decides that alternatives procedures are in the national interest;
- Where a loan or funding of agreement specifies alternatives procedures e.g. some aid agreements

- The Act does not apply to stores management and distribution

2.4.3 Who does the Act 663 apply to?

The following institutions which together currently averages about 1,000 come under the ambit of Act 663 (Section 14(2)):

- Central Management Agencies
- Ministries Department and Agencies
- Sub - vented Agencies
- Governance Institutions
- State-owned enterprises (when using public funds)
- Public universities, schools, colleges and hospitals
- The Bank of Ghana and financial institution owned or majority -owned by Government
- Institutions established by Government for the general welfare of the public

2.4.4 Functions of Act 663

The Public Procurement Act has the following functions:

- Establishes the Public Procurement Board, Entity Tender Committees and Tender Review Boards,
- Specifies outline rules for procurement methods, procedure and appeals, by tenderers and disposal of stores

- Defines offences and applicable penalties
- Specifies thresholds in Schedules to the Act
- Authorises the issues of Regulations, which are enforceable under the Act

2.4.5 The Legal Framework

The legal frameworks covering public procurement are:

- Public Procurement Act 663 of 2003
- Public procurement Regulation
- Public Procurement Manual
- Standard Tender Documents
- Guidelines

Regulations

Regulations are issued by the Minister for Finance in consultation with PPB, under section 97 of the Act. They contained detailed rules and procedures for all aspect of the procurement system, the operations of PPA and procurement entities and the conduct of procurement activities.

Guidelines

The guidelines are issued by the Public Procurement Authority (PPA) under the Act and provide supplementary guidance on specific topics, for example:

- Disposal

- Single source procurement
- Margins of preference
- Further guidelines are issued as required by the PPB.

Standard Tender Document

These are issued by the PPB and listed in Schedule 4 of the Act. They comprise standard invitation and contract document for procurement of all values. They are separate standard tender document for goods, works and services.

Public Procurement Manual

This is issued by the PPA. It provides practical guidance and step-by-step procedures for undertaking procurement in accordance with the Act. It contains standard forms to assist with procurement record keeping.

2.4.6 Procurement Planning Under Act 663 (Section 21)

The Public Procurement Act 663 of 2003 provides for the activity of planning under part 3. Section 21 is stipulate as follows;

1. A Procurement Entity shall prepare a procurement plan to support the approved programme and the plan shall indicate;
 - a) Contract packages
 - b) Estimated cost for each package

- c) The procurement method, and processing steps and times (table 1)
 - d) A Procurement Entity shall submit to its Tender Committee not later than one month to the end of the financial year, the procurement plan for the following year for approval.
2. A procurement entity shall submit to its Tender Committee not later than one month to the end of the financial year the procurement plan for the following year for approval.
 3. After budget approval and at quarterly intervals after that, each procurement entity shall submit an update of the procurement plan to the Tender Committee.
 4. The procurement entity shall send to the Tender Review Board, procurement notices for contracts and procurement plans above the thresholds stipulated in Schedule 3 for publication in the Public Procurement Bulletin.
 5. A procurement entity shall not divide a procurement order into parts or lower the value of a procurement order to avoid the application of the procedures for public procurement in this Act.

The following Regulation is issued to supplement the provisions of the Act:

1. Procurement planning shall be fully integrated with applicable budget processes and circulars issued by the Public Procurement Board and the budget preparation instructions of the Ministry of Finance.
2. The procurement plan for each Procurement Entity shall include:

- a) A detailed breakdown of the goods, works and services required;
- b) A schedule of the delivery, implementation or completion dates for all goods, works and services required;
- c) The source of funding;
- d) An indication of any items that can be aggregated for procurement as a single package, or for procurement through any applicable arrangements for common use items;
- e) An estimate of the value of each package of goods, works and services required and the source of funding; and
- f) Details of any committed or planned procurement expenditure under existing multi-year contracts.

3. In determining the optimum packaging of planned contracts a Procurement Entity shall aggregate procurement requirements, where appropriate, to achieve economies of scale. In deciding where aggregation is appropriate, the Procurement Entity shall consider all relevant factors, including:

- a) Which procurements are of a similar nature and likely to attract the same potential tenderers;
- b) Shelf-life and storage constraints;
- c) When delivery, implementation or completion is required;
- d) The optimum size and type of contract to attract the greatest and most responsive competition, taking into account the market structure for the requirement;

- e) Which procurements will be subject to the same tendering requirements and conditions of contract; and
- f) The potential to realize savings in time or transaction costs or to facilitate contract administration by the Procurement Entity.

2.5 PREPARATION OF PROCUREMENT PLAN AS PER PPA'S STANDARD

The manual of the PPA details the preparation of entities procurement plans this outlines the content of the plan, responsibility of key players and guidelines for determining completion time scales.

2.5.1 Contents of the Procurement Plan

The procurement plan for each Procurement Entity shall include:

- a detailed breakdown of the goods, works and services required;
- a schedule of the delivery, implementation or completion dates for all goods, works and services required;
- the source of funding;
- an indication of any items that can be aggregated for procurement as a single package, or for procurement through any applicable arrangements for common use items;
- an estimate of the value of each package of goods, works and services required and the source of funding; and

- details of any committed or planned procurement expenditure under existing multi-year contracts.

In determining the optimum packaging of planned contracts a Procurement Entity shall aggregate procurement requirements, where appropriate, to achieve economies of scale. In deciding where aggregation is appropriate, the Procurement Entity shall consider all relevant factors, including:

- which procurements are of a similar nature and likely to attract the same potential tenderers;
- shelf-life and storage constraints;
- when delivery, implementation or completion is required;
- the optimum size and type of contract to attract the greatest and most responsive competition, taking into account the market structure for the requirement;
- which procurements will be subject to the same tendering requirements and conditions of contract; and
- the potential to realise savings in time or transaction costs or to facilitate contract administration by the Procurement Entity.

2.5.2 Responsibility of key Players

In preparing a Procurement Plan in accordance to the PPA standard there are actions and roles that must be played by

- i. Head of Procurement Entity
- ii. the Procurement Unit

iii. Stores Department

iv. Heads of Department, Units, Projects and Programmes

2.5.3 Responsibility of the Head of Procurement Entity

- Instruct the Procurement Unit to commence development of the Annual Procurement Plan in accordance with the instructions issued by the Public Procurement Board and the Ministry of Finance.
- Ensure that the draft annual procurement plan is reviewed and approved by the Tender Committee not less than one month before the commencement of the new financial year.
- Include the approved annual procurement plan and costings in the Annual Budget submission to the Ministry of Finance.
- If insufficient budget funding is available following notification of the approved Annual Budget, instruct the Procurement Unit to review the Procurement Plan according to service priorities.
- Obtain approval of the final Annual Procurement Plan from the Tender Committee and forward a copy to the Public Procurement Board.
- Ensure that quarterly updates of the procurement plan are prepared for approval by the Tender Committee, and forward a copy of the approved Plan to the Public Procurement Board.

2.5.4 Procurement Unit Actions

- Subject to the instructions of the Head of the Procurement Entity, the Public Procurement Board and the Ministry of Finance, commence the preparation process for the Annual Procurement Plan at least four months before the start of the next Financial Year.
- Issue detailed instructions to the Heads of departments, units, projects and programmes on the format and content of submissions for the Procurement Plan. The instructions should clearly indicate that items omitted from the submissions may not be purchased in the Financial Year without adjustment to the quantities of other items under the same detailed Vote Sub-Head, or the formal issue of a supplementary budget. Note that the Public Procurement Board will provide Procurement planning software and planning templates for use by Procurement Entities, together with detailed instructions and timetables for compilation of the Procurement Plan.
- Receive submissions, check quantities and costing, obtain clarifications and other responses to any queries, analyse and compile all submissions into a procurement plan for the Procurement Entity.
- Submit the draft Annual Procurement Plan through the Head of Procurement Entity to the Tender Committee for review and approval.
- Following approval of the Annual Budget, and in full consultation with Heads of departments, units, projects and programmes, review the Procurement Plan according to service priorities.

- Compile the final Annual Procurement Plan and submit through the Head of Procurement Entity to the Tender Committee for approval.
- Notify individual Heads of departments, units, projects and programmes of their approved procurement plans and annual procurement budgets.

2.5.5 Stores Departments Actions

- Analyse the stores ledger and extract stock descriptions, annual issues and seasonal usage patterns, current stock levels, average purchase quantities, anticipated requirements for the next Financial Year and costings.
- Submit detailed schedules of the annual requirement for stock items, the costs analysed between detailed Vote Codes, and supporting information to the Procurement Unit in accordance with the instructions received.
- Respond to any queries raised by the Procurement Unit.
- Receive notification of the final approved Annual Procurement Plan and budget and use this as an essential guideline for all procurement processes to be undertaken in the new Financial Year.

2.5.6 Heads of Department, Units, Projects and Programmes

Heads of departments, units, projects and programmes are required to ensure the analysis and preparation of Annual Procurement Plans for their own and subordinate areas of control.

Procurements for development partner-funded projects and programmes should also be included but identified in a separate section of the Procurement Plan. Principal stages are as follows:

- Review previous procurement plans to determine if any planned Procurements will need to be carried forward into the new financial year.
- Identify specific procurement requirements and categorise them into the types of procurement, i.e., Goods, Works or Services.
- Aggregate similar items into suitable packages or lots and estimate the cost of each package or lot.
- The procurement thresholds in Schedule 3 of the Act determine the procurement method to be used. It should be noted that the procurement requirement may not be split into parts to avoid the use of a specified procurement method.
- Determine the appropriate body responsible for approval, i.e. Head of Entity, Entity Tender Committee or Tender Review Board.
- Complete the procurement template with realistic Lead Time deadlines, taking cognisance of
 - a. Administrative activities
 - b. Manufacture, Construction or Service periods
 - c. Delivery
 - d. Contract completion
- Note that the dates to appear on the plan are 'Completion Dates' i.e. the projected date by which the whole task would have been accomplished
- Respond to any queries raised by the Procurement Unit.

- Receive notification of the final approved Annual Procurement Plan and budget and use this as an essential guideline for all procurement processes undertaken in the new Financial Year.

Guidelines for Determining Completion Time Scales

Appendices 2, 3 and 4 show the PPA Format for use in Procurement Planning. These formats have been widely recommended for use by the PPA to help identify lead times in planning critical times for various stages of the planning, procurement types amongst others.

2.6 IMPORTANCE OF PROCUREMENT PLANNING

Procurement planning is the process of deciding what to buy, when and from what source. During the procurement planning process the procurement method is assigned and the expectations for fulfillment of procurement requirements determined.

Procurement Planning is important because:

1. It helps to decide what to buy, when and from what sources.
2. It allows planners to determine if expectations are realistic; particularly the expectations of the requesting entities, which usually expect their requirements met on short notice and over a shorter period than the application of the corresponding procurement method allows.

3. It is an opportunity for all stakeholders involved in the processes to meet in order to discuss particular procurement requirements. These stakeholders could be the requesting entity, end users, procurement department, technical experts, and even vendors to give relevant inputs on specific requirements.
4. It permits the creation of a procurement strategy for procuring each requirement that will be included in the procurement plan. Such strategy includes a market survey and determining the applicable procurement method given the requirement and the circumstances.
5. Planners can estimate the time required to complete the procurement process and award contract for each requirement. This is valuable information as it serves to confirm if the requirement can be fulfilled within the period expected, or required, by the requesting entity.
6. The need for technical expertise to develop technical specifications and/or scope of work for certain requirements can be assessed, especially where in-house technical capacity is not available or is non-existent.
7. Planners can assess feasibility of combining or dividing procurement requirements into different contract packages.

The Procurement Plan is the product of the procurement planning process. It can be developed for a particular requirement, a specific project, or for a number of requirements for one or many entities in the public or private sectors.

2.7 CONSEQUENCES OF LACK OF PROCUREMENT PLANNING

A good procurement plan will describe the process in the identification and selection of suppliers/contractors/consultants.

The Lack of a procurement plan invariably creates the following:

- Delays in project implementation
- Inappropriate procurements
- Use of inappropriate procurement methods and procedures.
- Increased packaging costs.

2.8 PROCUREMENT PLAN MONITORING AND UPDATING

During project execution the original procurement plan should be regularly monitored and updated. The essence is to see how actual performance compares with the planned activities and to make changes in the plan if necessary.

If slippage occurs in the award or execution of one major contract, it may require rescheduling of other related contract awards and deliveries.

The purpose of monitoring is to complete the details of what has actually been executed, to note whether there are major discrepancies with what was anticipated, and make adjustments in the plans so as to give a complete picture of procurement performance.

A full revision and update of the Procurement Plan must be submitted to the Tender Committee for review and approval on a Quarterly basis throughout each Financial Year.

2.9 CHALLENGES IN THE PREPARATION AND IMPLEMENTATION OF PROCUREMENT PLAN

This section looked at some challenges in the preparation and usage of procurement plans as identified by researchers and public procurement officers.

Table 2.1 shows the challenges faced by MMDAs in the preparation and the usage of procurement plan.

Which of the following factors are considered to be problems by persons familiar with public procurement in the country?	Yes	No
Inappropriate or outdated laws and regulations	X	
Poor compliance with and enforcement of existing laws	X	
Poor information about procurement needs	X	
Shortage of experienced professional staff	X	
Poor training of procurement staff	X	
Low pay for procurement staff	X	

Poor procurement training	X	
Weak procurement planning	X	
Poor procurement methods and procedures	X	
Lack of good standard procurement documents	X	
Poor technical specifications (Goods only? Works?)	X	
Cumbersome contract approval procedures	X	
Lack of clear delegation of contracting authority	X	
Interference by higher level officials	X	
Inadequate appeals mechanism	X	
Lack of anti-corruption measures and enforcement	X	

Source Ghana CPAR (2003)

The CPAR report (2003) mentioned a tall list of challenges that was facing public procurement in Ghana. This is depicted in Table 2.1 above. Some of these challenges are briefly discussed below:

1) Access to a trained Procurement Officer to lead in the preparation and usage of the Procurement Plan

The challenge is that the existing qualified candidates often choose to seek employment in the private sector where the salary package is more attractive (Office of the Director of

Public Procurement Malawi, 2007). Some public institutions also do not view procurement as an established profession as such there is no standard certification or clear career path (World Bank Ghana CPAR- 2003). While some entities are able to attract qualified professionals for procurement positions, the vast majority of procuring entities suffer from a serious lack of qualified candidates when attempting to recruit new officials (Agbesi 2010).

2) Effective participation of key Players

In preparing a procurement plan by MMDAs it is instructive to public entities that key offices such as Head of entity, **Procurement unit**, Store unit and Heads of Department plays effective role (PPA manual 2003), rather in most cases the preparation of the plan is left with an **individual** to handle hence reliable inputs into the plan becomes a problem.

3) Experience and expertise of key Players

Public procurement entities lack trained procurement officers who have the ability to establish realistic and clearly defined procurement plans and its follow up or updating (Douh 2009). New and emerging procurement systems must become integral component of Continuous Professional

Development Programmes of the Professional Associations in Ghana (Osei-Tutu and Adjei-Kumi 2000).

To disseminate the Public Procurement Act and to ensure compliance with its provisions, PPA has implemented a comprehensive short-term training program. Based on 25 targeted training modules, in 2007 and 2008 3,840 procurement practitioners were

trained, 4,222 members of Tender Committees and Tender Review Boards, 200 service providers, and 353 staff of oversight institutions totalling 8,615 people. In addition to that, with the support of World Bank funded IDF grants, 227 internal audit staff was trained in audit of Procurement and Assets Management Systems and 35 core staff of the Ghana Audit Service was trained in Forensic, Special funds and Procurement Audits. Ghana CPAR (2010)

4) Establishment of functional procurement units

There are virtually non-existent procurement units responsible for procurement activities in the MMDAs (Agbesi, 2010). This therefore meant that procurement functions are diffused in other administration functions which do not guarantee effective procurement outputs.

5) Delays in payment of works executed

Service providers have often times complained about long delays in payment for works, goods or services rendered (Azeem, 2007). MMDAs in that regards are worse offenders, service providers therefore tends to execute their works any how having no regards to contract durations hence affecting the implementation of procurement plans.

6) Timing of resource mobilization

MMDAs on many occasions complained on the inconsistencies in the time their statutory funds are transferred to them for instance whiles in second quarter of a particular year they were yet to receive the fourth quarter allocation of the previous year, the situation therefore makes the execution of their procurement plans ineffective.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 INTRODUCTION

Chapter two concluded the review of literature on the topic with an overview on Procurement planning and Local governance structure in Ghana, preparation and utilization of procurement plans as stipulated in the Public Procurement Act, Act 663 2003 and the regulations and manuals of the Public Procurement Authority in Ghana. It further looked at the consequences of lack of planning and challenges associated with Procurement Planning in the Public Institutions. This chapter discusses research methods with the view of finding the best approach to achieve the research aims and objectives. The chapter describes the research strategy and research design. The methods and techniques which will be used in the data collection and the tool for data analyses.

3.2 RESEARCH STRATEGY/APPROACH

After a thorough review of relevant literature, two main approaches were adopted in the gathering of information and collection of data for the research work.

A category of private institutions under the telecommunication service providers were selected. The key consideration in selecting these institutions was mainly due to their seemingly success in the industry and with the view that, their procurement activities seems to cover mostly works, goods and services. Further to that one of them was identified to belong to the Ghana Club 100 List that was published in October this year being ranked at the 24th position.

Exploratory interviews with these institutions were undertaken. The adoption of the in-depth exploratory interview helped to elicit relevant information from respondents, preceding the main questionnaire survey.

The second approach was to use a questionnaire survey. The survey was conducted to identify the extent of utilization of procurement plan by the selected private institutions in Ghana and the challenges that they face in the preparation and usage of their procurement plans. The survey utilized a structured questionnaire approach. Based on the fact that questionnaires are the simplest method to collect data from a number of respondents, a closed ended well-designed questionnaire was effectively used to gather information. Survey questionnaires are categorized as quantitative research and this was preferred because, quantitative approaches are deemed more specific and result oriented; and involves the collection of numerical data in order to explain, predict, and/or control phenomena of interest.

3.3 RESEARCH DESIGN

The design of the research involved the following steps

- Questionnaire design
- Determination of respondents
- Questionnaire administration
- Data Analysis tools

3.3.1 Questionnaire Design

Based upon a review of current literature and research objectives, structured questionnaire was prepared and self-administered to the various respondents. It was essential to first establish the information to be gathered so that relevant questions are solicited.

The format of the questionnaires was guided by considerations to respondents and ease of reading and supplying the required data so that research participant's time were not wasted during the data collection. Almost all the questionnaires have closed-ended questions to ensure consistency of respondent feedback. Because it is not entirely possible to design all questions as closed-ended, some questions were left open-ended, to obtain numerical data or to solicit some written comment and ascertain expert opinion on some of the issues.

For the purpose of the study, the questions were grouped under four main sections.

- 1) General Information;
- 2) Preparation of Procurement Plans
- 3) Extent of Procurement Plan usage and;
- 4) Challenges in Procurement Plans usage.

The first section, "General Information" dealt with the experience of the respondent in procurement activities and whether the entity has an established procurement unit. This

aspect was deemed necessary in order to ascertain the reliability and credibility of the data and as a result, be used to correlate performance and satisfaction with the public institutions in the preparation and usage of their procurement plans.

The second section “Preparation of Procurement Plans” asked more specific questions in relation to one of the objectives of this study concerning the procedures adopted in planning in relation to the Public Procurement Act, Act 663, 2003.

The section covered the time for the submission and approval of the institutions procurement plan by their respective entity committees, the time with respect to the commencement of the plan preparation, the officer that played the lead role in the preparation of the procurement plan, indications of department and units that played active role in the preparation of the plan, the type template used for the preparation of the procurement plan and whether the approved plan was submitted to the Management for their attention and no objection. The section also provided respondent with close ended questions to give answers (Either YES or NO) on other planning techniques they use to improve on the preparation and implementation of procurement plans by their institutions.

The third and the final section “Challenges in Procurement Plans usage” asked questions in relation to the second objective of this study which was to identify the relative challenges in preparation and implementation of procurement plans by the private institutions. The section asked respondents to rank the extent of seriousness to which a list of challenges affect them in the preparation and implementation of their procurement plans.

3.3.2 Determination of sample size

Sampling is the process of selecting the people with whom to conduct the research. The sampling technique criteria were based on the research problem, purpose, design and practical implication of the research topic.

The total number of Private Institutions targeted as indicated in the literature of this study is 6 which form the population size of this study. These companies are mainly telecommunication service providers who seem to be doing a lot of procurement covering, works, goods and services.

This means that the sample size of private institutions to be used for the study is approximately 6. It is worth noting that during the course of the study it was realised that a lot of the banking institutions and mining firms could have also been covered. Most of them have been listed in the current Ghana Club 100 listing and had it not been for time constraints it would have been ideal to have included them in the sample size. It is recommended that another study covering these institutions is undertaken at a later date.

3.3.3 Questionnaire Administration

The administration of the questionnaire was done ending September 2013 and completed in mid-October 2013. The questionnaires were self-administered to the offices of the telecommunication procurement units. A period of three weeks was allowed for the administration of the questionnaire; however all the completed questionnaires were retrieved in two weeks after distribution and this was as a result of the scattered nature of their business locations and their travelling schedules. A total of 5 questionnaires were

administered to the various institutions. The 6th institution did not have a procurement department and as such the study could not capture its activities. Out of the 5 questionnaires distributed, 4 questionnaires representing 80% were completed and these were used for the analysis.

The high response rate may be attributed to the strict adherence to the techniques employed in distributing the questionnaires and the persistent follow ups to retrieve them. All 4 questionnaire received were found to be responsive.

3.3.4 Data Analysis tools

The selection of an analytical tool is contingent on a thorough review of available analytical and statistical tool. The choice of test is dependent on the type of variables that one has i.e. whether variables are ordinal or interval, categorical and whether they are normally distributed. The collected data from the questionnaires were analysed using the Frequency Analysis.

3.3.5 Frequency Analysis

Frequency analysis was used as preliminary analysis. The frequency analysis is used to represent results of data analysis of the number of frequency of response that the respondent gives to different variables in the questionnaire survey and structural interview. The frequencies are represented in the form of tables, pie charts, and bar chart. For graphic result presentation, pie chart and bar chart has been used as the summary

3.4 CHAPTER SUMMARY

This chapter has discussed research methods and given reasons for the options selected to achieve the research aims and objectives. It is therefore clear that a research design is a very important process that needs much careful attention. Indeed the chapter has comprehensively described the entire research design and the methodology for the study. Survey was deemed the most appropriate research method to obtain data for the study. Following that, the design of the survey instrument including the sample size, techniques for eliciting the relevant data and how the data will be analyzed have been described.



CHAPTER FOUR

DATA ANALYSIS AND DISCUSSION OF RESULTS

4.1 INTRODUCTION

This Chapter presents the analysis of the data collected via questionnaire and the discussion of results. Descriptive statistics involving the use of tables were employed in the comparisons. The results are displayed according to the order of questions from the questionnaire. This section therefore presents the response rate and general information regarding the respondents and the comparative analysis of the responses in respect of procurement plan preparation, the extent of usage by the institutions and the challenges they face in relation to that of the Public institutions as benched mark in the literature review.

Comparisons have also been made with findings as documented in the 2003 and 2010 World Bank Country Procurement Assessment Reports.

In 2003, a Country Procurement Assessment Report (CPAR) was conducted. The CPAR recommended actions to improve the public procurement system focused on all aspects of the system including the legal and institutional framework, procurement procedures, proficiency, oversight mechanisms and anti-corruption measures.

In reviewing progress in implementing the CPAR recommendations, the 2007 Procurement Assessment Report concludes that substantial progress had been achieved since 2003 in strengthening public procurement. Highlights include: (i) enactment of the Public Procurement Act (Act 663 given assent on December 31, 2003); (ii) establishment of the Public Procurement Authority (PPA);

(iii) development of standard bidding documents and request for proposals; (iv) establishment of an appeals and complaints panel; (v) development of a software package for procurement planning; (vi) development of core short-term training modules for public officials, the private sector and national oversight bodies; and (vii) development of the PPME (Public Procurement Model of Excellence) tool to collect and assess data on compliance and performance.

The 2007 Public Procurement Assessment concluded that the Ghana public procurement system is above average. The report outlines that Ghana has laid secure foundations for its public procurement reforms. In spite of progress, challenges remain and that improvements are required in the areas of supplementing the procurement legal framework, further linking procurement with public financial management, enhancing the institutional development capacity, improving the efficiency of procurement operations and operational practices, addressing procurement-related issues in control and audit systems and making operational the appeals mechanisms.

For the purpose of this report, these CPAR reports undertaken by teams from the World Bank have been identified as very reliable and have thus been used to benchmark activities that take place in the public sector.

4.2 QUESTIONNAIRE RESPONSE RATE

Four out of the five questionnaires representing 80% were completed and these were used for the analysis. The response rate may be attributed to the strict adherence to the techniques employed in distributing the questionnaires and the persistent follow ups to

retrieve them. All Five questionnaires were meant for respondents from the Telecommunication service providers. Six Companies were identified overall as providing telecommunication service in Ghana.

One was identified as not having a procurement unit thus the respondents were reduced to five. Out of the Five, Four questionnaires were received and were found to be responsive.

KNUST

4.3 GENERAL INFORMATION

This section describes the characteristics of the four respondents. They all operate in the telecommunication sector.

All the Respondents indicated that they were senior staff members of their companies and also had more than 10years working experience This distribution showed that, most of the respondents sampled had long working experience and hence the answers they provided based on questions asked in respect of their work were valid and reliable.

Another question posed to the respondents was whether the companies they worked for had an established and functional procurement unit. It was observed that, all respondents answered yes to this question. In view of this it is clear that to improve procurement planning in various entities in the public sector, they must have procurement units. The most recent PPA 2008 Annual Report of June 2009 covers 760 procuring entities (out of an estimated population of approximately 1,000 which should be established to have a functional procurement unit.

In most Procuring Entities, the procurement function is diffused between various officials as a result of which it is difficult to identify officers accountable and responsible for procurement. The World Bank Country Procurement Assessment Report (2003 p.12) recommends the creation of a procurement unit in each Procurement Entity. Such Units would ensure there are specific staffs accountable and responsible for procurement function and a focused capacity building for procurement proficiency.

KNUST

4.4 PREPARATION OF PROCUREMENT PLAN

This section aimed at identifying and documenting the procedure adopted by the private institutions in preparing their annual Procurement Plans. The results were to compare with the PPA's standard provisions as per their regulations and the Public Procurement Act 663, 2003 as is being used by most public institutions.

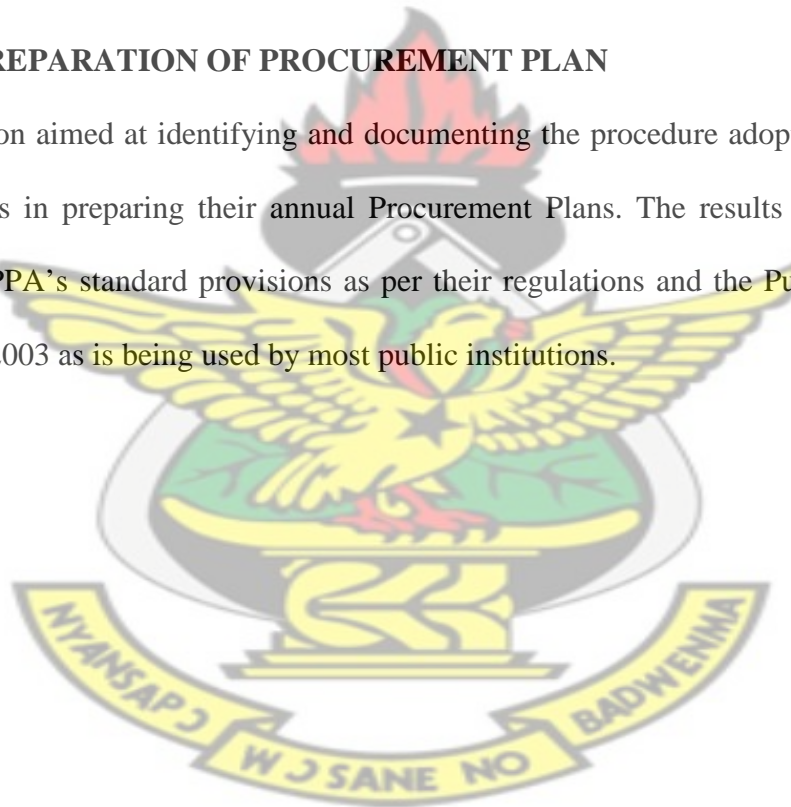


Table 4.1: Documentation and Procedures adopted by the Private Institutions in Procurement Planning

Aspect of Procurement Planning	Yes	No	CPAR (2003, 2010) Comments and Observations on Public Institutions PPA ACT 663 (2003) Requirements
<p>1. Are your Procurement Plans submitted to the Management not later than one month to the end of the previous financial year</p> <p>Budgets are rather prepared and approved</p>		X	Required
<p>2. When is the preparation of the procurement Plan initiated?</p>		N/A	Required – 4 months to end of the financial Year
<p>3. Indicate the Officer that played the Lead Role in the Preparation of the Procurement Plan.</p> <p>Finance Officer</p>			Required

<p>4. Indicate which departments are involved in the preparation of the Procurement Plan.</p> <p>Heads of Procurement</p> <p>Finance</p> <p>Head of Departments</p>			<p>1.Head of Procurement Entity</p> <p>2. the Procurement Unit</p> <p>3. Stores Department</p> <p>4.Heads of Department, Units, Projects and Programmes</p>
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<p>5. Indicate which template is used for the preparation of the procurement Plan.</p> <p>Entities own Template</p> <p>Using the following:</p> <p>1. System Applications Product (SAP) software</p> <p>2. Oracle database applications</p>			<p>Required – PPA TEMPLATE software currently loaded on- line.</p>
<p>6. Is the approved Plan submitted to board or Management</p> <p>Entities are made to defend their budgets individually to management and if approved will be captured into the yearly budget.</p>	X		<p>Required</p>

7. Are project implementation units adequately staffed with trained procurement, planning, scheduling, expediting and cost estimating personnel?	X		Yes
8. Is overall planning for complex goods, works and other contracts done in sufficient detail to produce realistic project definition, achievable completion schedules, and accurate cost estimates? Not always			No. - Major issues across all entities. Primarily incomplete designs, wrong technical options, and overestimates for price and completion time CPAR (2003)
9. Is the early technical and financial planning well-coordinated so that projects are fully funded when work needs to begin, based on accurate cost estimates?	X		No ; CPAR (2003)
10. Are appropriate methodologies used to plan multiple inter-related procurement activities on large projects (e.g. the critical path method)?		X	Procurement planning is very weak for across all entities – CPAR (2003)

11. Are project components appropriately packaged for procurement purposes?	X		Only for Donor financed Projects – CPAR –(2003)
12. Are completion schedules generally met for goods, works and consultant services contracts? If not, what is the major cause for slippage?	X		Completion Schedules are not generally met because of weak management capacity of procurement staff, poor procurement planning, unpredictable cash release for payments and political interference. – CPAR (2003)
13. Do procurement units regularly conduct market surveys to update their knowledge of prevailing prices for goods and works?	X		Sometimes – CPAR (2003)

Source: Survey data, 2013, Ghana CPAR 2003, PPA 663

4.4.1 Timely Submission of Annual Procurement Plan for Approval

According to Act 663 section 21, procurement plans are to be prepared and submitted to the Entity Tender Committee one month prior to the end of the fiscal year for approval. After budget approval and at quarterly intervals, each procurement entity shall submit an update to the Tender Committee.

However indication from Table 4.1 above shows that all the respondents from the private institutions do not submit Procurement Plans to their Entity Tender Committees as is to be done in the public institutions.

Indications are that these private firms run the Group Management System and Budgets are rather prepared without a detailed procurement plan. Budgets are prepared three months to the end of the fiscal year. Each User / Department is responsible for its own Budget.

The Users / Departments defend their budgets to management or in other scenarios a Project Control Board, which when accepted is forwarded to the finance department to include in their budgeting for the upcoming year. The Project Control Board is sometimes made up of people from Governance, Supply Chain Department, Procurement Unit, Health and Safety and the User department. When all budgets are accepted the \Program or Finance officer then forwards the Budget for the country to the Head of Group for final approval for the country's Budget.

The various Departments / Users are however allowed to update their budgets quarterly.

Thus when a department intends to undertake a project, it informs the procurement unit about its intention. The procurement unit will in turn check from finance whether funds for the said project have been allocated in the budget before the procurement process begins.

The CPAR recommends that the majority of procurement plans are prepared based on the annual and multiyear operating plans independently from budget allocation but they are revised to meet the forward budget estimates for the sector or agency allocations before expenses are committed.

It was however realised that although in the Public sector Procurement plans are normally prepared based on the annual and multiyear operating plans, links with budget planning are weak and plans are not required to match the budgetary allocation available before expenses are committed. This sometimes creates shortfalls in funding to complete projects.

KNUST

4.4.2 Time for the Commencement of Preparation of the Annual Procurement Plan

Though the PPA manual stipulates that the preparation of the Annual Procurement Plan must commence four months to the end of the financial year, results from Table 4.1 shows that all the respondents commenced the preparation three months to the end of the financial year.

It is also realised that they actually prepared their budgets three months to the end of the year without any further input into the plan.

Procurement planning should become more pro-active. Once the budget ceilings are known (usually in August), the different budget items could be broken down and the procurement activities could be planned and used as major inputs to the budget process. This would allow for quicker updates by procurement entities and their subsequent approval by each entity's Tender Committee not later than one month after the end of the fiscal year (by end January).

Since considerable progress has been achieved to make the web-based procurement planning tool operational and due to the fact that about 400 procurement entities have already been trained, in the context of amending Act 663, it should be considered to make the use of the tool and the timely publication on the PPA website mandatory for all procurement entities. Such a step would enhance policy implementation and would lead to increased efficiency and transparency in the procurement process.

4.4.3 The Officer that played a lead role in the preparation of the Procurement Plan

Unlike the preparation of the annual budget and action plans of the MMDs which are led by the Budget and Planning Officers respectively, there is no mention of a specific officer responsible for playing the lead role in the preparation of the annual procurement plan. This is evidenced in the analysis of Table 4.1 where two of the respondents indicated that the Finance Officer played the lead role, one indicated the Works Engineers, whilst the other indicated No one but it was multidisciplinary.

However in the entities that have established functional procurement units it is expected that the Procurement Officers will be playing the lead role in the preparation of the procurement plan.

Procurement plan does not involve only what need to be procured and their values, but also the timing of the many procurement steps within the process. Procurement Officers

have the mandate to direct on all issues regarding procurement in any entity. By their training and professionally Procurement Officers are supposed to be in charge of the preparation procurement plan. During the time of preparation the procurement Officer will then work on information from user departments and professional inputs from Budget Officer, Planning Officer, and Works Engineers etc. The current managers of the procurement preparation may result in inaccurate plans which will in turn affect the smooth implementation of the plan.

4.4.4 Participation of key players in the preparation of the Procurement Plan

The study also was able to provide information pertaining to which departments within the private institution is involved in procurement planning. The emergent results revealed that, the roles and responsibilities of the accounts or finance department, the user departments and procurement department is very pertinent. The results indicated that accounts or finance department has a very important role to play in procurement planning. This is essentially because procurement planning and budgeting are closely interwoven.

1. Accounts or finance departments
2. Users of the respective departments
3. Head of Procurement / Procurement Department

It was identified that once there is no approval for use of a Budget allocation for any procurement, the procurement department will not expedite action on any process.

When the procurement department is given the No Objection and is through with the selection process and an award given, a Purchase Order is then issued on the contract sum and it is within this amount that the contract is supposed to run.

The PPA manual made mention of officers and offices such as the Head of the Entity, the procurement unit, the store unit, heads of Department and Units to be directly involved in the preparation of the procurement plan.

4.4.5 The Use of Procurement Plan Template

All respondents confirmed that they use their own procurement plan template rather than that of the PPA (as shown in Appendix 2, 3, and 4).

They went further to elaborate on the software they use in their planning.

One respondent confirmed that they use the Systems Applications and Product SAP software.

Another was the Oracle database applications.

These software's enable for ease of database usage on the entire company's system.

The PPA has developed a web-based procurement planning tool including monitoring of contract awards and expenses and has trained approximately 400 procurement entities as of February 2009. PPA has advised all entities to post their procurement plans into the system by February 15 each year.

4.4.6 Submission of the Approved Procurement Plans to the PPA

It is required of all public entities to submit their approved annual procurement plans to the PPA for further actions and comments. The effect is that those who do not submit their approved procurement plans to the PPA might not be preparing the plans to the expected standard since the plans do not get to the PPA for their respective comments.

Table 4.1 however indicates that the respondents do not submit a procurement plan.

4.5 EXTENT OF PROCUREMENT PLAN USAGE BY MMDAs.

Concerns are normally raised as to whether procurement plans are used effectively and if used the extent at which it is been used. This section therefore reports the results of the extent of usage of procurement plans.

4.5.1 Extent of Adherence in the Implementation of Procurement Plan

Three respondents indicated that the highest percentage of projects executed as against those planned was the percentage interval of (61-80) obtaining the highest count whilst one indicated the percentage interval of (41-60). This means that, most of the projects planned for were executed.

4.5.2 Variation in actual total contract price against planned estimated total price

The researcher wanted to determine the percentage variation in *actual total contract price* as against *estimated total price*. The variations were recorded from '0-5' to '21-25'. It

was realized that, the *actual total price* as against the *estimated total price* were mostly varied at (11-15) percentage interval receiving all 4 counts.

This means that all the respondents have their total actual contract prices within acceptable range though a few are still not getting their initial estimates right.

It was however revealed during further discussions that due to the fact that projects are pinned down to available budgets there are times that quality is compromised in trying to work within the approved budget.

4.5.3 Rate of achievement of determined lead times

The PPA has given estimated lead times for the determination of completion time scale for each activity on the Procurement Plan, the research wanted to therefore established the rate of achievement of these lead times.

Basically but for Advance mobilisation which 2 of the respondents said was not applicable to their system, all the lead times were confirmed to be highly achievable as shown in Table 4.2.

Activities that had their lead times fairly achieved were completion time and the Final acceptance period.

The above results give an indication that the determined lead times as given by the PPA for the various activities in the procurement plan are largely achievable.

Table 4.2: Showing rate of achievement of determined lead times*(a) Not achieved**(b) Fairly achieved**(c) highly achieved*

ITEM	ACTIVITY	LEAD TIME	(a)	(b)	(c)
	National Competitive Tendering (Works)				
A	Preparation of Tender Documents	2weeks minimum			X
B	Prior Review/ETC/TRB	1-2 weeks			X
C	Advertising/Tender Invitation	2-4 weeks			X
D	Tender Close/Opening	same date			X
E	Tender Evaluation and Report Submission	2-4 weeks			X
F	Post Review /ETC/TRB approval	1-2 weeks			X
G	Contract Award	1-2 Weeks			X
H	Contract Signature	1-3 Weeks			X
J	Mobilisation (Advance Payment)	2-4 weeks			N/A
K	Completion Period	As per contract		X	
L	Final Acceptance	24 Weeks		X	

Source: Survey data, 2013

The researcher went on further to determine if the various institutions could indicate their applicable lead times as pertaining to their institutions and it was deduced that as per

Table 4.3 , but for the preparation of the Tender documents, most of the Lead times could be halved to achieve the same results.

Table 4.3: Showing the organisation's actual achievement of determined lead times

ITEM	ACTIVITY	LEAD TIME	Organisation's Average lead time
	National Competitive Tendering (Works)		Highest Frequency
A	Preparation of Tender Documents	2weeks minimum	2wks
B	Prior Review/ETC/TRB	1-2 weeks	1wk
C	Advertising/Tender Invitation	2-4 weeks	2wks
D	Tender Close/Opening	same date	1day
E	Tender Evaluation and Report Submission	2-4 weeks	3wks
F	Post Review /ETC/TRB approval	1-2 weeks	1wk
G	Contract Award	1-2 Weeks	1wk
H	Contract Signature	1-3 Weeks	1wk
J	Mobilisation (Advance Payment)	2-4 weeks	N/A
K	Completion Period	As per contract	Varies
L	Final Acceptance	24 weeks	Varies

Source: Survey data, 2013

4.6 CHALLENGES IN THE PREPARATION AND USAGE OF PROCUREMENT PLAN

This section presents the challenges faced by the MMDAs in the preparation and usage of procurement plan. However twelve challenges were discovered from the study and their state of seriousness was measured as against each challenge listed.

Table 4.4 shows the challenges faced by Private Institutions in the preparation and the usage of procurement plan.

(a) Not serious

(b) Fairly serious

(c) Very Serious

ITEM	ACTIVITY	FREQUENCY	(a)	(b)	(c)
A	Access to a trained Procurement Officer to lead in the preparation and usage of the Procurement Plan				X
B	Experience and expertise of key Players				X
C	Effective participation of key Players				X
D	The use of Procurement Plan Template		X		
E	The timing for the preparation, submission and approval of the Procurement Plan		X		
F	Established and functional procurement unit				X
G	The quantity of projects and programmes planned for			X	

H	The standard lead times for activities in the Procurement Plan				X
J	Timing of resource mobilization			X	
K	Delays in payment of works executed		X		

Source: Survey data, 2013

4.6.1 Very Serious Challenges

Challenges such as

- Access to a trained Procurement Officer to lead in the preparation and usage of the Procurement Plan,
- experience and expertise of key players,
- effective participation of key Players,
- Established and functional procurement unit and
- The standard lead times for activities in the Procurement Plan were found to be very serious challenges faced by the private institutions in the preparation and usage of the procurement plans. These very serious factors are discussed below:

a) Access to Trained Procurement Officer to Lead in the Preparation and Usage of the Procurement Plans

Access to trained procurement officers to lead in the preparation and implementation of procurement plans have become a challenge due to the fact that most of the respondents felt procurement planning is a highly technical activity and therefore must be done

professionally.. KNUST through the Department of Building Technology has also begun training professionals in procurement management. Other tertiary Institutions such as GIMPA have also introduced these professional courses and its hoped these interventions will hopefully curtail this challenge in the near future.

b) Experience and Expertise of Key Players

According to Kwagbenu (2003), procurement staff lacks range of skills and expertise required to handle the full complement of procurement function within public entities, and departmental heads. The effect of this challenge is that procurement planning management is not handled professionally.

c) Effective Participation of Key Players

Most respondents indicated that participation of key players is a challenge, this is supported by earlier analysis where entity heads who are supposed to prompt for the commencement of the procurement plan process do not participate, the effect is that realistic and clearly defined procurement plans are not archived.

d) Establishment of Functional Procurement Units

A number of Public Institutions have still not been able to establish a functional procurement unit though is mandated of them to have such units. According to Agbesi (2010), the non-establishment of this unit means procurement functions are defused in other administrative functions. Unlike the private institutions, the effect is that there is no unit whose function is to monitor and evaluate the preparation and usage of procurement plans within the entities and therefore this are done anyhow.

e) The Standard Lead Time

- The determined lead times in the PPA manual for the various activities in the procurement plan were mostly achieved by the Private Institutions. According to them it becomes a big challenge if these times are not adhered to religiously when planning is done and it has the tendency to throw projects off their critical paths. These mostly arise when there is an attempt to interfere with the procurement process from top management and also there arise delays of input from a User department. Further to these attempts to do a Top down approach of cutting budgets affects implementation.

4.6.2 Fairly Serious Challenges

Challenges such as timing of resource Mobilisation and the quantity of projects planned for were found to be fairly serious challenges faced by the Private Institutions in planning. These very serious factors are discussed below:

a) The Quantity of Projects Planned for

Most respondents complained that the annual action plan and budget are loaded with projects and hence those projects are subsequently captured on the procurement plan, this then becomes a challenge because unfair prioritization of the plan eventually emerges and the effect is that important projects and programmes are rather not implemented. It is thus pertinent to draw up a proper programme to be able to follow its implementation.

b) Timing of Resource Mobilization

Procurement plans are prepared to meet projected timing release of sources of revenues intended to be used to fund the projects and programmes on the plan. The Inclusion of unplanned / emergency projects tend to derail the smooth implementation of projects. Inadequate resources due to bad budgeting also were discussed as a major factor.

It is however noted that the challenge of this in the Public sector is such that most of these traditional funds that are transferred from central government to the MMDAs do not come on time hence making implementation of the plans so difficult by the various entities. Observations made on the 2011 implementation year revealed that as of third quarter of 2011 the MMDAs have then received only first quarter transfer of their main traditional funding source the District Assembly common Fund (DACF).

4.6.3 Non Serious challenges

The use of procurement plan template and the delay in payments for activities in the procurement plan were found not to be of a challenge by most respondents. The PPA has made available a standard procurement plan template to be used by public entities in the preparation of the plans most of the respondent uses the standard templates and there is therefore no need to develop their own templates and this have made things easier for the MMDAs.

a) Delays in payment of works executed

According to Agbesi (2010), attributed delay in payments to delay in release of funds from central government, unrealistic estimates in the budget formulation process and inadequate budget allocation for projects.

The situation normally results in vacation of site by service providers and in numerous abandoned projects. The consequence is that as testified by respondents, procurement plans are dislocated. However in the private institutions when budgets are approved entities are to ensure they execute the works as per the budget or less than it.

b) Time That the Preparation of the Procurement Plan Commences

In the earlier analysis on the time for the commencement of the plan it was realized that most entities only commence planning when the User department has approached the procurement entity for the need. Clearly there is thus no haste and this confirms the non-serious challenge. The effect is that enough time is allocated to the plan preparation activity and the content qualities of most of the procurement plans are therefore not questionable

c) The Timing for the Submission and Approval of Procurement Plan

The timing for the submission and approval of procurement plans is a challenge because from observation and confirmation from respondent, annual action plans and budgets are not approved in time meanwhile the procurement plan is supposed to be extracted from the annual budget.

CHAPTER FIVE

SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATIONS

5.1 GENERAL

This dissertation which focused on the Comparative Study of Procurement Planning Practices of Selected Private and Public Procurement Entities in Ghana begun with set aim and objectives, review of literature in procurement planning and also the structure of the MMDA's as pertaining in Ghana. Data was collected on the procurement planning methods of selected private Institutions using questionnaire and was analysed to arrive at findings.

This chapter presents the summary of findings, drawing of conclusions to the findings and recommendations made to address the main results from the analysis in the light of the set specific objectives.

The first part deals with the summary of the main findings with regards to the objectives assigned to reaffirm the achievement of those objectives. The second part deals with the conclusion of the study. Finally specific and general recommendations are presented in the chapter.

5.2 SUMMARY OF FINDINGS

The objectives set for the study were to:

- i. Identify and document the procedures adopted by both the Public and Private companies in procurement planning.

- ii. Identify the relative importance of the challenges in the preparation and implementation of Procurement Plans.
- iii. To recommend ways of improving the preparation and usage of Procurement Plans by the Public Institutions.

These three objectives were achieved through observation interviews and analyses of data obtained from the survey, the following main findings were revealed and are presented below.

5.2.1 Identify and document the procedures adopted by both the Public and Private companies in procurement planning.

The findings on the documentations and procedures adopted by the Private Institutions compared to that required to be done by the Public Institutions in preparing procurement plans in accordance to the Public Procurement Act, Act 663, 2003 are summarised as follows.

a) Preparation and submission of Procurement Plans for Approval.

Most MMDAs prepare their procurement plans and submit them to their entity tender committees for approval not later than one month before the end of the financial year and this is in accordance with the provision of the Public Procurement Act, Act 663, 2003. However most Private Institutions do not submit their Procurement Plans to management

a month before the financial year. They rather prepare a plan upon request from a User department after Finance department gives a No Objection to the Budget.

b) Commencement of Preparation of the Annual Procurement Plan

Most MMDAs do not commence the preparation on time though the PPA manual provide that MMDAs commence the preparation four months before the end of the financial year as per the CPAR (2010) . However, the Private Institutions Prepare their Budgets per departments and each Department submits and defends it to management to be captured in the total expenditure budget 3 months to the end of the fiscal year

c) The Officer that played a lead role in the preparation of the Procurement Plan

There is no specific officer responsible for the leading in the preparation of the procurement plan, different officers leads this task at the various MMDAs. In the Private Institutions because a Procurement Plan is not actually developed, a procurement officer leads in the preparation to source for a vendor / supplier /contractor for a project

d) Participation of key players in the preparation of the Procurement Plan

The Head of Procurement takes care of procurement for a project. He teams up mainly with the Finance director and the head of the User Department. The PPA manual mentions specific units and officers such as Head of the Entity, the procurement unit, the store unit, heads of Department and Units to play key role in the preparation of the annual procurement plan the findings revealed that only a few of this officers are involved in the preparation of the annual procurement plan.

e) The Use of Procurement Plan Template

The findings revealed that majority of MMDAs use the PPA's template for the preparation of the procurement plan.

The Private institutions however use their own templates from database softwares such as

1. **Oracle Database Application**
2. **Systems Applications and Product (SAP)**
3. **Great Plain Logistics Management Tool**

f) Submission of the Approved Procurement Plans to the PPA

The findings revealed that most MMDAs do not submit their approved procurement plans to the PPA for further action though the MMDAs are mandated to do so.

The Public Institutions do not also practise this kind of System

5.2.1.1 The findings on the level of use of the approved procurement plan by MMDAs are summarised below.

a) Successfully executed projects as against planned projects

A range of 61% to 80% quantum of projects was largely successfully executed by private Institutions.

Ghana CAPR (2003) revealed that 53% out of 291 contracts for Goods, Works and Services between 1997 and 2002 suffered completion delays, poor implementation performance because of choice of uneconomic technical alternatives, inadequate specifications, insufficient contractor qualification and poor supervision by implementing agencies

b) Variation in actual total contract price against planned estimated total price

Variations in actual total contract price as against planned estimated total price averaged 10% - 15%

c) Achievement of determined lead times

The determined lead times in the PPA manual for the various activities in the procurement plan were mostly achieved by the MMDAs.

The Private Institutions strongly agreed that the lead times could be achieved and that they could even do better with half the Period.

They however did not encourage Advance Mobilisation.

5.2.2 Identify the relative importance of the challenges in the preparation and implementation of Procurement Plans.

The findings on challenges in the preparation and usage of procurement plan were rated in their level of seriousness that is very serious challenges, fairly serious challenges and challenges that are not serious, these are summarised below.

a) Very Serious Challenges

- Access to a trained Procurement Officer to lead in the preparation and usage of the Procurement Plan,
- experience and expertise of key players,
- effective participation of key Players,
- Established and functional procurement unit and
- The standard lead times for activities in the Procurement Plan were largely found to be very serious challenges faced by private institutions in the preparation and usage of the procurement plans. The MMDA's found these challenging as well.

b) Fairly Serious Challenges

- Challenges such as timing of resource Mobilisation and
- the quantity of projects planned for were found to be fairly serious challenges faced by the Private Institutions in planning

c) Non Serious Challenges

- The use of procurement plan template ,
- Time That the Preparation of the Procurement Plan Commences, and
- the delay in payments for activities in the procurement plan were found not to be of a challenge by most respondents the procurement plans. However it's a challenge for the Public Institution.

5.3 CONCLUSION

Procurement plans are expected to be prepared as part of the annual budgeting process, preferably during the last quarter of each year. The procurement unit of each entity is required to initiate the process of collating each individual user department's requirement to be procured in the ensuing year and it is these information that are fed into the procurement plan and then reviewed and approved by the Entity Tender Committees of the procurement entity for onward submission to the Public Procurement Authority (PPA).

This research has shown that though the private institutions are seemingly doing well in the procurement of goods, works and services by way of delivery on time and within approved budget,

Its procurement unit though having been established that they don't go through procurement planning from the user request stage through budgeting, selection of procurement method, lead times as directed by the PPA has its best practice in procurement under the following strategy

- Involving and consulting key stakeholders at the decision making stage
- Making budgetary proposals and seeking approval from top management without a planning tool.
- Identifying sources of funding for the procurement
- Clear assignment of responsibility from various departments involved in the procurement

- Make clear Terms of reference or Scope of Works requirements from the User
- Determine departmental work plans after receipt of request to tender.

These practices are further enhanced by the use of appropriate software such as the ORACLE and the SAP.

According to this research literature discusses that most MMDAs are currently preparing their Procurement plans in accordance with The Public Procurement Act, Act 663, 2003 but issues such as, late commencement in the preparation of the plans, identification of specific officers to lead in the preparation, low involvement of key players and non-submission of the approved procurement plans to the PPA still confronts them in the preparation of the plans.

The study also concluded that MMDAs do utilize the procurement plans and its usage have been further boosted by its upload on the PPA's website opening up for transparency and easy access. However, there are still a number of challenges faced by MMDAs in the preparation and usage of the procurement plan, these are outlined below:

- Non establishment of functional procurement units
- The timing for the submission and approval of the Procurement Plan
- Access to a trained Procurement Officer to lead in the preparation and usage of the Procurement Plan
- Experience and expertise of key players
- Effective participation of key Players
- Delays in payment of works executed

- Timing of resource mobilization
- The quantity of projects and programmes planned for
- Strict adherence to the approved Procurement Plan

Finally, interventions for these findings will go a long way in improving on the preparation and utilization of procurement plans by MMDAs.

KNUST

5.4 RECOMMENDATIONS

The primary aim of this study was to identify and document the procedures adopted by both the Public and Private companies in procurement planning, identify the relative importance of the challenges in the preparation and implementation of Procurement Plans and to recommend ways of improving the preparation and usage of Procurement Plans by the Public Institutions.

5.4.1 Recommendations Based On Findings

Based on the findings on the preparation and usage of procurement plans by the public institutions, the following recommendations are given;

1) Early commencement of preparation of the procurement plan:

- The Entities should take advantage of the developed software for planning loaded on the website of the PPA and this will help them in their preparations commencing four months before the end of the financial year as ensuring in the PPA's manual.

- Entities should also help procure database and logistics software and train personnel to use them

2) Lead officer in the MMDAs to lead in the preparation of the procurement plan,

- There should be an effort to employ highly skilled procurement professionals with attractive remuneration in the public service. These officers should be made to head procurement departments to handle procurement issues in the MMDAs.

3) Enhance the involvement of key players

- The Public Procurement Authority must alert entity heads on the need to use key players that are supposed to be involved in procurement planning. These individuals should be held responsible for any planning that goes bad if they are adamant to partake at the planning level.

4) To address the problem of non-submission of approved procurement plans to the PPA

- MMDAs should be required to support their annual budget estimates with their procurement plans as precondition for the approval of transfer of their statutory funds.

5) Establishment of functional procurement units

- The Ministry of Local Government and Rural Development must compel all MMDAs to establish procurement units

6) To improve on the timing for the submission and approval of the Procurement Plan,

7) MMDAs Procurement planning should become more pro-active. Once the budget ceilings are known (usually in August), the different budget items could be broken down and the procurement activities could be planned and used as major inputs to the budget process. This would allow for quicker updates by procurement entities and their subsequent approval by each entity's Tender Committee not later than one month after the end of the fiscal year (by end January).

8) To improve on the Access to a trained Procurement Officer to lead in the preparation and usage of the Procurement Plan

- Institutions of higher learning such as KNUST and GIMPA must train more students at the BSc. And MSc. levels in procurement management and collaborate with the Local Government service to absorb such professionals to manage activities in the MMDAs. Continuous Professional Development courses should be encouraged.

9) To improve on the experience and expertise of key players

- PPA must commit resources in building the capacity of key players in procurement activities.

10) To reduce the delays in payment of works executed

- MMDAs must confirm the availability of revenue to fund projects before they initiate their procurement process.
- MMDAs must give priority in payment for planned projects and programmes before attending to unplanned ones.

11) To improve on the timing of resource mobilization

- MMDAs must not depend solely on their traditional sources of funding but must engage financial institutions to advance them funds on time for the implementation of their planned programmes whiles their traditional transfers pay off at later dates.

12) To address the issue of the quantity of projects and programmes planned for,

- Political figures must keep their hands off procurement plans and should go by what is planned. New unplanned projects should not be introduced mid year or as at when deemed politically expedient. MMDAs should ensure preparing realistic budget estimates so that they do not over burden the procurement plans with projects.

13) To ensure strict adherence to the approved Procurement Plan

- The Ministry of Local Government and Rural Development must penalise MMDAs who do not strictly adhere to their plans and give rewards to MMDAs who adhere to their approved plans.

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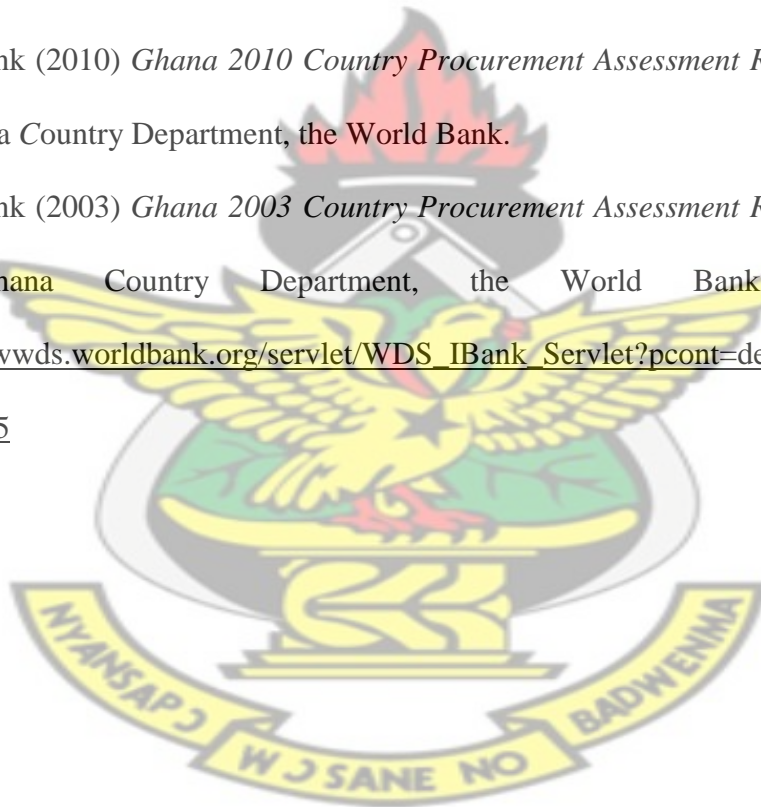
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APPENDIX 1:

KWAME NKRUMAH UNIVERSITY OF SCIENCE AND TECHNOLOGY,

KUMASI

DEPARTMENT OF BUILDING TECHNOLOGY

QUESTIONNAIRE

KNUST

Dear Madam / Sir

This questionnaire forms part of a study on **The Comparative Study of Procurement Planning Practices of Selected Private and Public Procurement Entities in Ghana** undertaken by CHARLES ADOLPHUS LOKKO, a Msc. Student in Procurement Management at KNUST.

Your participation by filling this questionnaire will help to achieve the aim and objectives of the study. Your input therefore will be very appreciated for the successful completion of this exercise.

Thank you.

Please tick the appropriate option and specify where necessary

GENERAL INFORMATION

1. Please indicate your Sector of Operation.

☐ Telecommunication ☐ Other.....

2. Please indicate your years of experience in procurement activities

☐ Less than 3 years ☐ between 3 and 5 years

☐ Between 5 and 10 years

☐ More than 10 years

3 Please indicate your status in your organisation (Optional)

☐ Director/Principal Partner

☐ Associates Partner

☐ Senior Staff

☐ Junior Staff

☐ Other (please specify):

4. Please do you have an established and functional procurement unit

☐ Yes

☐ No

PREPARATION OF PROCUREMENT PLAN

5. Please was your current Procurement Plan submitted to the Management and approve not later than one month to the end of the previous financial year?

☐ Yes

☐ No

6. Please indicate when the preparation of a Procurement Plan is initiated.

Two months to the end the financial year []

Three months to the end the financial year []

Four months to the end the financial year []

Five months to the end the financial year []

Other (Specify)

.....

7. Please indicate the officer that played the lead role in the preparation of the Procurement Plan.

Procurement Officer []

Works Engineer []

Development planning Officer []

Budget Officer []

Others

8. Please indicate which of the under listed were involved in the preparation of the Procurement Plan.

Head of Procurement Entity []

Procurement Unit []

Stores Unit []

Finance Department []

Heads of Departments and Units []

9. Please indicate which template is used for the preparation of the Procurement Plan.

PPA's template []

Entities own developed template []

Others

10. Please was the approved Procurement Plan submitted to the Board / Management of your entity?

☐ Yes

☐ No

PROCUREMENT PLANNING – GENERAL INFORMATION	YES	NO
11. Are project implementation units adequately staffed with trained procurement, planning, scheduling, expediting and cost estimating personnel?		
12. Is overall planning for complex goods, works and other contracts done in sufficient detail to produce realistic project definition, achievable completion schedules, and accurate cost estimates?		
13. Is the early technical and financial planning well-coordinated so that projects are fully funded when work needs to begin, based on accurate cost estimates?		
14. Are appropriate methodologies used to plan multiple inter-related procurement activities on large projects (e.g. the critical path method)?		
15. Are project components appropriately packaged for procurement purposes?		
16. Are completion schedules generally met for goods, works and consultant services contracts?		
17. Do procurement units regularly conduct market surveys to update their knowledge of prevailing prices for goods and works?		

EXTENT OF PROCUREMENT PLAN USAGE

18. Please indicate the percentage of projects that were actually executed as against the once planned for in the last 3 years Procurement Plan.

☐ 0 – 20 ☐ 21 – 40 ☐ 41 – 60 ☐ 61 – 80 ☐ 81 - 100

19. Please indicate the percentage variation in actual total contract price as against the estimated total price in the last 3 years Procurement Plan.

☐ 0 – 5 ☐ 6 – 10 ☐ 11 – 15 ☐ 16 – 20 ☐ 21 - 25

20. The PPA has given estimated lead times for the determination of completion time scale for each activity on the Procurement Plan. Please indicate the rate of actual achievement (by your outfit) by ticking the appropriate box below as;

(a) Not achieved

(b) Fairly achieved

(c) highly achieved

ITEM	ACTIVITY	LEAD TIME	(a)	(b)	(c)
	National Competitive Tendering (Works)				
A	Preparation of Tender Documents	2weeks minimum			
B	Prior Review/ETC/TRB	1-2 weeks			
C	Advertising/Tender Invitation	2-4 weeks			
D	Tender Close/Opening	same date			
E	Tender Evaluation and Report Submission	2-4 weeks			
F	Post Review /ETC/TRB approval	1-2 weeks			
G	Contract Award	1-2 Weeks			

H	Contract Signature	1-3 Weeks			
J	Mobilisation (Advance Payment)	2-4 weeks			
K	Completion Period	As per contract			
L	Final Acceptance	25 Weeks			

21. Please compare your outfits lead time to that of the PPA and indicate its similarity or otherwise for each activity on the Procurement Plan. Please indicate the rate of actual achievement by ticking the appropriate box below as;

ITEM	ACTIVITY	LEAD TIME	Outfit
	National Competitive Tendering (Works)		
A	Preparation of Tender Documents	2weeks minimum	
B	Prior Review/ETC/TRB	1-2 weeks	
C	Advertising/Tender Invitation	2-4 weeks	
D	Tender Close/Opening	same date	
E	Tender Evaluation and Report Submission	2-4 weeks	
F	Post Review /ETC/TRB approval	1-2 weeks	
G	Contract Award	1-2 Weeks	
H	Contract Signature	1-3 Weeks	
J	Mobilisation (Advance Payment)	2-4 weeks	
K	Completion Period	As per contract	
L	Final Acceptance	24 weeks	

CHALLENGES IN THE PREPARATION AND USAGE OF PROCUREMENT PLAN

Please select one response per row on how you will rate the extent of the following challenges in the preparation and usage of Procurement Plan by your outfit? Please tick the appropriate box below as;

22. (a) *Not serious*

(b) *Fairly serious*

(c) *Very Serious*

ITEM	ACTIVITY	(a)	(b)	(c)
A	Access to a trained Procurement Officer to lead in the preparation and usage of the Procurement Plan			
B	Experience and expertise of key Players			
C	Effective participation of key Players			
D	The use of Procurement Plan Template			
E	The timing for the preparation, submission and approval of the Procurement Plan			
F	Established and functional procurement unit			
G	The quantity of projects and programmes planned for			
H	The standard lead times for activities in the Procurement Plan			
J	Timing of resource mobilization			
K	Delays in payment of works executed			