

Original Paper

The Public Procurement Act 663 (2003) Of Ghana: Compliance level in Selected Education District Offices

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Abstract

The Procurement of Act 663 (2003) of Ghana was promulgated to sanitize the procurement management process with the ultimate aim of ensuring value for money. Since its introduction in 2003, various evaluation reports have come up with a number of strategies to ensure full compliance in public organizations. The aim of the study was to establish the extent to which district education offices adhere to Act 663; to identify the weakness associated with the practice and to propose recommendations for high level of compliance. The study adopted both qualitative and quantitative research approaches in data collection involving five selected districts in Ashanti region namely Ashanti Akim Central, Asante Akim South, Bosome-Freho, Ejisu-Juaben and Sekyere East. Relative Importance Index (RII) was used to analyze data collected. The study revealed low compliance level of 42.42 percent implying a huge compliance deficit of 57.58 percent. The study further identified contract management, lack of procurement units, lack of proper procurements plans, inadequate use of standard tender documents and high propensity to use sole sourcing method without recourse to Section 40 of Act 663 were identified as weaknesses areas. These weaknesses have negative implications in procurement management practices. It is therefore recommended that procurement units should be established in all the district education offices in Ghana, more importantly, these units should be provided someone with technical expertise in procurement. Similarly, under the auspices the Public Procurement Authority (PPA), refresher courses in procurement management should be organized for district education officers involved in procurement duties. The on-going review of the Act 663 should conspicuously spell out the composition of the Tender Committee at the district education offices. It is anticipated that if these suggestions are enforced, the current level of compliance of the Act 663(2003) would be improved in the district education offices.

Keywords

public procurement act, compliance level, education, Ghana

1. Introduction

Public procurement has become an emerging issue in both developed and developing countries. Its prominence in contemporary economic systems knows no bounds. To promote an effective public procurement system, various Countries have, in recent times, carried out vigorous Country Procurement Assessments (CPA) to identify the weaknesses of the status quo for a refined procurement system capable of ensuring efficiency and Value for Money (VM).

More importantly, the efficiency of public procurement systems lies in the management approach of environment of transparency, competitiveness and cost-effectiveness, which in turn will make a strong economic gain. Such economic gains could be channeled into other productive use. This thinking has been the fulcrum around which public procurement reforms revolve. It is further argued with empirical fact, that lack of regulatory system in public procurement breeds shoddy constructional works, poor quality of goods and technical services in public institutions (World Bank, 2003).

In Ghana, the rudiment public procurement can be trace back to the 1999 when the Government of Ghana set-up the Public Procurement Oversight Group (PPOG) with the responsibility to design a comprehensive Public Procurement reform. Accordingly, the drafted public procurement bill in September (2002) was signed into Act 663 in 31st December, 2003(Osei-Tutu, 2012).

Following this, all entities within the public sector were supposed to undertake all procurement activities within the purview of the procurement Act 663 of 2003 with a periodical evaluation. However, indication from Ministry of Education (2012) revealed that 71 percent of district education offices in Ghana have problems with procurement management (GES, 2012). This situation gives negative connotation to the kind of procurement management practices going on in these education offices. This study therefore takes a critical scrutiny at the procurement practices of some selected district education offices in Ashanti region through a methodical exposition on the extent to which these entities comply with the Act 663 of 2003.

2. Literature Review

Procurement is described as the process of obtaining or acquiring goods and services from another for some consideration (Aqua Group, 1999). However, theoretical rationalist consider procurement as the interplay of time, cost, quality and finance as the primary determinants of value in construction procurement and provides criteria for the selection and use of any particular procurement arrangement (Rowlinson, 1999b). In Ghana, procurement process is hinged on the Public Procurement Act (Act 663) 2003, which was enacted to harmonize public procurement processes in the public service, secure judicious, economic and efficient use of state resources, and furthermore, ensure that public procurement is fair, transparent and non-discriminatory (Ministry of Finance, 2001; Anvuur and Kumaraswamy, 2006). In addition, it presents comprehensive legislative framework designed to eliminate the shortcomings and organizational weaknesses, which were inherent in public procurement in Ghana. Furthermore, the PPA is established on the five basic pillars namely: comprehensive,

transparent legal and institutional framework; clear and standardised procurement procedures and standard tender documents; independent control system; proficient procurement staff; and anti-corruption measures (World Bank 2003; Anvuur & Kumaraswamy, 2006).

Notwithstanding public procurement in Ghana is characterized by anomalies such as poor contract management, contract variations, undue delay in payment for work done and failure to adhere to the Act 663 (Lamity, 2013). According to McDonald (2008) it sounds very administrative and technical that the rules that guide government purchases of goods, works and services are the most controversial aspects of Good Governance agenda. In addition, Osei-Tutu *et al.* (2012) indicated that, non-conformity of the Act in the MMDAs was very rife. On this basis, Anvuur and Kumaraswamy, (2006) argued that a framework for guiding the implementation of the public procurement Act and other alternative procurement arrangements and modalities will be required to sustain the momentum to reform, and improve the scope for achieving value for money in the public procurement function.

3. Methodology

Data collected involved both primary and secondary sources of information. The primary data was involved the use of questionnaires, which focuses on the four areas of Organization of Economic Co-operation and Development (OECD) for assessing the level of compliance. Hence, the questionnaires was designed and distributed to five main district involved in the study namely Ashanti Akim Central, Asante Akim South, Bosome-Freho, Ejisu-Juaben and Sekyere East. At each district questionnaires were administered to five (5) people who are involved in the procurement process namely the District Directors of education, Budget officers, Finance & Administration Officers and Accountants. Data generated from the survey was therefore analyzed using the Relative Importance Index (RII) statistical method. For the secondary source various source of articles and laws regarding procurement management processes were reviewed. In addition, checking the reliability and validity of the data collected for study, reliability co-efficient method was adopted in the use of Cronbach Alpha formula. Here the co-efficient of reliability ranges from 0 to 1 however, according to Medelon, (1999) data with a co-efficient reliability of zero is absolutely unreliable. On the other hand, co-efficient of reliability of one implies that the data is perfectly reliable. The Cronbach Alpha formula calculates the Reliability Co-efficient as follows:

$$\text{Alpha} = N / (N-1) * (\text{Total Variance} - \text{Sum of Variance for each Question}) / \text{Total Variance}.$$

Where N = the number of items or Questions

Variance = Square of (score - Average).

Total variance = square of (score - Average) for the total group values.

Table 1. Reliability Co-efficient

District	Absolute Score for questionnaire	Sum of variance for each question	Total value for all the variances
Asante Akim Central	200.4	5	250
Asante Akim South	153.6	4	200
BosomeFreho	132	4	200
Ejusu-Juaben	184.8	5	250
Sekyere East	177.6	7	350
Mean	169.68	5	250

Author's construct, 2013

Number of questions =50, Sum of variance =5, Total value for the variances=250. Hence, the Co-efficient of Reliability = $50 / (50-1) * (250-5) / 250$

$$= 1.02 * (245/250)$$

$$= 1.02 * 0.98$$

$$= 0.99$$

Reliability co-efficient of 0.99 implies that, the data is highly reliable and valid for scientific conclusions and generalization.

4. Data Analysis and Discussion

Data was analysed using the scoring criteria, the five districts were scored on the four OECD compliance criteria namely: Procurement Management System, Procurement Information & Communication, Procurement Process and Contract Management. These broad compliance criteria were disaggregated into measurable sub-indicators to facilitate the scoring process. Using the Relative Importance (RII) statistical method, which further refines the respective scores, the table shows the overall compliance levels of the individual districts.

Asante Akim Central with a total score of 200.4 from the respondents has a mean score of 50.10. The Statistical Relative Importance (RII) of this mean score is 10.44. This ranks the district first in terms of performance. Ejisu-Juaben district had a total score of 184.8 which gives a mean score of 38.40. With RII of 9.63, the district ranks second.

Table 2. The overall Compliance Level

Districts	Score	Mean Score	SD	RII	Rank
Asante Akim Central	200.4	50.10	17.07	10.44	1st
Asante Akim South	153.6	38.40	8.14	8.00	4th
Bosome- Freho	132	33.00	12.18	6.88	5th

Ejisu –Juaben	184.8	46.20	18.63	9.63	2nd
Sekyere East	177.6	44.40	7.96	9.25	3rd
Standard	480	120.00	0.00	25.00	

Similarly, Sekyere East had a total score of 177.6 marginally lower than Ejisu-Juaben district. The district is ranked third with RII of 9.63. Asante Akim South had a total score and a mean score of 153.6 and 38.40 respectively. This gives RII of 8.00. This performance ranks the district fourth. Lastly, Bosome-Freho has a Relative Importance Index of 9.63 and a mean score of 33.00. The district is placed fifth among the other districts. The overall mean score of 212 out of the total score of 480 by the 5 districts further translates into 42.42% as the overall compliance level. This confirms the assertion by Osei-Tutu (2012) that there is low compliance level of the Procurement Act 662 of 2003. This is inimical to efficiency and value for money in Public Procurement.

Table3. Performance of the Districts under the Specific Compliance Areas

	CRITERIA			
	Procurement Mgt. system	Information & Communication	Procurement Process	Contract Management.
DISTRICTS				
Asante Akim central	54	64	57.6	25.2
Asante Akim South	42	34	48	30
Bosome-Freho	29	40	45.6	18
Ejisu- Juaben	53	31	69.6	31.2
Sekyere East	46	46	52.8	33.6
Average	45	43	54.72	27.6

Table 3 above further disaggregates the total scores over the four compliance criteria. With reference to the table, though each of the five-(5) districts has its own strength of compliance, **Procurement Process** is the strongest. This compliance area has the highest average absolute score of 54.72.

On the other hand, all the districts had weak compliance under the **Contract Management Compliance**. With an average absolute score of 27.6, contract management is the weakest. This finding equally confirms with Lamily *et al.* (2013) assertion that contract management remains a major challenge of the public procurement process in the construction sector.

With an average score of 45 by the 5 districts, **Procurement Management System** needs improvement. This performance by the districts is below average. Best procurement management practices like appropriate procurement methods, Good record keeping and records of procurement proceedings using the **Standard Tender Documents**, as required by **Schedule 4** of the Procurement Act, were lacking. Obviously, these procurement rules partly portray how transparent a procurement process is. Therefore

it is quite worrying for these basic procurement rules to be a challenge to some of the district education offices. Hence, immediate attention is needed.

Similarly, **Information & Communication sub – compliance section** registered unsatisfactory performance. The mean compliance score of 43 by the 5 districts under this section is not encouraging. Whiles Asante Akim Central had a score of 64 which is over and above the mean score, the rest of the districts had a score below this mean score as portrayed by **table 3**. The implication is that, these districts are grappling with procurement Information and Communication best practices like procurement advertisement, Keeping of Suppliers Register and display of procurement information on entity notice board. These best practices are equally to instill transparency, fairness and competition in the procurement process. Intervention is therefore needed to make these offices improve upon the compliance level of this area.

5. Conclusion

On the basis of the Organization of Economic Co-operation and Development (OECD)/ World Bank four compliance, the overall performance of the five selected District education offices in Ashanti region is 212.1 [**being the mean score of the 5 districts**] out of a total standard score of 480. This translates as 42.42 percent.

With a co-efficient variation of 0.09 and Reliability co-efficient of 0.99, the study scientifically concludes that there is low compliance level of the Public Procurement Act 663 by the district education offices and a confirmation that, district education offices have problems with procurement management.

With respect to the **Management System compliance sub-section**, as a matter of urgency, procurement Units needs to be created at district education offices. As buttressed by section 98 of the Act, such a unit provides expertise and technical backstopping to the procurement entity. This will strengthen the procurement system by eliminating unethical conduct in the procurement process. This unit, handled by qualified procurement officers, has the potential of addressing unprofessional conduct identified in the form of poor records of procurement proceedings, inappropriate use of procurement methods, Poor procurement plans, among others.

Under the **Contract management compliance**, the defunct monitoring and evaluation Units at the District education offices should be reconstituted and strengthened to augment the work of the internal auditors in monitoring procurement activities. The Monitoring and evaluation Units should be made to prepare indicators taking into consideration the four compliance areas. These indicators should be periodically monitored and evaluated to ensure compliance.

Arguably, strict adherence to the **Procurement Process** is to ensure transparency and efficiency. This compliance sub-subsection needs to be strengthened. Adequate procurement Plan detailing contract packages with their respective costs, procurement methods and processing times need to be in place before every financial year as required by the Act. Using the standard template, the plan must be

prepared with due consideration to the various *value thresholds* as spelt out in *Schedule 3* of the Public procurement Act 663 of 2003.

Admittedly, *Contract management compliance sub-section* needs serious attention by Ghana Education Service. Contract Administrators, notably professional Procurement officers, Quantity surveyors and planning officers with the technical expertise should be part of the project monitoring team. This will minimize shoddy works as a result of poor project monitoring. It is highly anticipated that, these interventions, if implemented, will serve as a catalyst in upholding procurement best practices vis-à-vis the Public Procurement Act 663 (2003) in district education offices.

The limitation of study is that it critically look at only Selected district within the Ashanti Region, hence, it is recommended that further studies be could be conducted using larger sample size. In practice the paper clearly shows the significant of the procurement in educational process, it is therefore important more attention are drawn into this area of education processes which seems to be neglected.



Ghanaian Parliamentarians seriously debating on the way forward to ensure acceptable compliance level of Public Procurement Act 663(2003) in the public sector including Ghana Education Service.

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