

# The Role of Procurement Planning and Monitoring in the Health Sector

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## **Abstract**

*Effective procurement planning in the organization will lead to quality and timely acquisition of goods and services. The procurement department monitor the performance of supplier concerning quality, packaging, conformity with standard and time delivery and used of the right mode of transportation. In recent times procurement plan has been the main norm in the acquiring of goods and service in the organization. Procurement plan must be practices in all public institution especially the health sector. The study is ensuring that the right personnel are used in the procedures I acquiring goods and services further more to make management commitment of the procurement activity. The study will also elaborate on structure that is put in place for the procurement function. The background of the study will help research to know and understand the procurement law 2003(Act 663).*

**Keywords:** *Role of Procurement, Procurement Planning, Procurement Monitory*

## **I. LITERATURE REVIEW**

### *A. Definition Of Purchasing*

Purchasing in generic term is buying and following up of materials that are needed by an individual or organization but it goes beyond that and many research work and books attest to the fact that purchasing is more than just buying and expediting .

According to Harder and Fear on procurement is a” somewhat broader term and include purchasing, stores, traffic, receiving, incoming inspection and salvage”. From the above definition, it can be realized that purchasing does not just perform the function of buying and supplying, but goes a long way by supplying the need of organization.

Purchasing, therefore like any other department such as marketing, finance etc is a sub-system responsible for obtaining materials, equipment, parts etc on behalf of the organization, either through outright purchase, lease or hire.

### *B. Evolution Of Procurement Planning*

Procurement Planning has been seen in many organizations as relatively unimportant functions. Along with the other input activities of stores\stock control the amount of attention given to procurement planning has in increased slowly. During the early years, the procurement planning tended to be handled in a value “staff support “manner. Subsequently, it was conducted more professionally with a managerial emphasis. But it was still viewed largely as a group of tactical activities. though some organization have fully recognized the importance and significance of a developed procurement planning, this has been slow in coming .the firms that have seen the strategic potential inherent in this functions have tended to enhance its basic activities by

### *C. Importance Of Procurement Planning*

It is obvious that inputs are critical to business success. When procurement planning is done properly, thousands of cedi can be saved. Every organization profit and not-for –profit has a purchasing requirement. The cedi volume and the degree of quality goods will vary considerably with the type size and nature of the product or services and with the complexity of the business enterprise, regardless of this wide divergence. Modern competitive demand dictate that the procurement process/plan be accomplished in a professional manner. This brings about the importance of procurement or purchasing. In order to enhance efficiency in operations, companies now concentrate this activity on limited part of the total value charge. One consequence of their development of goods and component parts from other organization. External suppliers now play an important role in most manufacturing companies. This is because manufacturing companies procure materials running into billions of cedi annually. The magnitude of these purchases underscores the need for performing the purchasing functions (procurement plan) in the most effective and efficient manner possible by ensuring that the right suppliers are sourced to provide the right material the organization. Procurement Planning therefore, is a major strategic importance to a company. The industrial procurement plan is a key figure in any profit making organization

*D. The Act And Regulation*

This defines the rules for public procurement in Ghana. The rules in the public procurement system cover procurement plan, qualification of tenders, form of communication, record of procurement proceedings, rejection of tenders, proposals and quotations, entry into force of the procurement contract, public notice of procurement contract awards, inducement from suppliers, contractors and consultants, description of goods, works and services and language.

*i. Procurement Planning*

A Planning is a process thought to doing or achieving something or a diagram showing the layout of something. It involves what to do, when to it, how to do it, and who to do it. This helps organizations to achieve their aims and objectives. Therefore, section requires procurement entities to prepare a procurement plan for each fiscal year, and prepare quarterly updates for approval by the Tender Committee. The regulation require that the procurement planning process is fully integrated with applicable budget processes and circulars issued by the public procurement Board and the budget preparation instructions of the ministry of Finance. Before the budget is prepared, there must be an approved budget from management and must indicate contract package, estimated cost for each package, the procurement method and the processing steps and items.

*ii. Qualification of Tenderers*

A tender in public procurement shall pose the necessary professional and technical qualifications and competence, financial resources, equipment and other physical facilities, managerial capacity, religious, reliability, experience in the procurement object and reputation, the personnel to perform the procurement contract. Must have the legal capacity to enter the contract; be solvent, not be in receivership, bankrupt or in the process of being wound up, not have its business activities suspended and not be the subject of legal proceedings that would materially affect its capacity to enter into a contract, have fulfilled its obligations to pay taxes and social security contributions and any paid compensation due for damage caused to property by pollution. And must have directors or officers who have not in any country been convicted of any criminal offence relating to their professional conduct. The procurement entity may require tenderers to provide appropriate documentary evidence or other information that it considers useful to satisfy itself that the tenderers are qualified in accordance with the criteria but may disqualified a Tenderers who submits a document containing false information for purpose qualification

*E. Procurement Methods*

There are various methods of procurement provided under the law for use by public procurement entities. The choice of particular method is based on the amount (threshold) and the circumstances surrounding the procurement. The educational sector according to the law is supposed to use the following methods:

*i. Competitive Tendering*

The Act and Regulations endorse the use of competitive tendering method for standard high value procurement for goods, works and consultancy services. It is the most preferable method under the law, as it encourages maximum competition in the procurement system. It involves the use of standard tender documents to draft tender documents inviting potential suppliers to tender for public procurement opportunities. Such opportunities are always advertised and opened to all tenders who are interested. The method also encourages public opening of tenders. There are two types of competitive tendering method. These include international competitive tendering (ICT) and National Competitive Tendering (NCT). The ICT system is normally used for high value and complex procurement, particularly when the nature of procurement is such that it is unlikely to attract enough competition locally and the value is also above the threshold stated

The NCT on the other hand is applicable when the value of procurement is relatively low and the nature of procurement is unlikely to attract foreign completion. It is also suitable for goods, works and services whose values are within the thresholds stated in Schedule 3 of the Act. It should be noted that a good justification is required whenever procurement tendering system is restricted to domestic suppliers

*ii. Restricted Tendering*

This is a procurement method with limited competition. Formal procedures with detailed invitation to tender documents are issued to short-listed suppliers who have been selected in accordance with the provisions of the procurement law. The procedure for short-listing suppliers should be transparent and non –discriminatory to ensure effective competition in the selected suppliers. A maximum of six and a minimum of three short-listed suppliers are required for the restricted tendering system. To apply this method a procurement entity requires specific approval from the public procurement Authority. The law also requires that where procurement entity engages in restricted tendering it shall cause a notice of the selected tendering award to be published in the public procurement bulletin. This method is also applied where procurement requirement is of specialized nature and there is enough evidence to show that number of potential suppliers is limited. It can also applied where requirements are of public safety and security

This method is recommended where it is not feasible for the procurement entity to formulate detailed specification for goods or works that is to be bought. In the case of services, it is used to obtain proposal or offers on various means to meet its procurement requirements. A procurement entity shall also engage in two-staged tendering where it seeks to enter a contract for research, experiment, study and development purposes. The purpose is to invite tenderers at the initial stage to contribute detailed specification so that the right specifications can be prepared and issued to selected suppliers at second stage.

This system involves procurement from a supplier without any competition. It is normally used for procurement of sole or single sourced requirements. The law allows this method where:

- Procurement is for justification urgent items
- Requirements can only be supplied one source
- Additional requirements for purposes of standardization
- Purpose for research, experiment, study or development
- Procurement that concerns national security

This type of method is applied where the items to be bought are readily available for technical services that are not specially produced or provided to a particular specification of the procurement entity. The law requires that suppliers or contractors from whom quotations are requested should be informed any additional costs apart from the cost of the goods or services. These additional costs may include transportation, insurance, custom duties and taxes. Under this system each supplier is required to give one price quotation. No negotiation is allowed to take place between procurement entity and supplier/contractor prior to evaluation of quotations.

This type of procurement method is used where there is a purchasing consultancy service. This is defined as services of an intellectual and advisory nature provided by firms or individuals using their professional skills to study design and organize specific projects, advice clients, conduct training or training or transfer knowledge. Two –stage approach should be adopted for the RFP if the threshold is beyond the one that has been indicated. In such situation a procurement entity shall contain the name and address of the procurement entity and brief description of the service to be procured.

**Table 1.Thresholds for Procurement Methods**

<b>Procurement Method/Advertisement</b>	<b>Contract Value Thresholds</b>
1.Pre-Qualification Goods Works Technical Service	Above GH¢ 35 billion Above GH¢70billion Not more than 10% of cost of works
2. International Competitive Tender Goods Works Technical service	Above GH¢ 15.0 billion Above GH¢ 20.0 billion Above GH¢ 20.0 billion
3. National Competitive Tender Goods Works Technical service	More than GH¢ 200 million up to GH¢ 2.0billion. More than GH¢ 500million up to GH¢ 15billion More than GH¢ 200million up to GH¢2.0 billion
4. Restricted Tendering	Subject to Approval by Procurement Board

5. Price quotation Goods Works Technical Service	Up to GH¢ 200 million Up to GH¢500 million Up to GH¢ 200 million
6.Single Source Procurement and Selections	Subject to Approval by Procurement Board
7.Advertisement for Expressions of Interest for Consulting Services	Above GH¢ 700 million
8.least-Cost Selection	Up to GH¢700 million
9.Selection based on Consultant's Qualifications	Up to GH¢350 million
10. Single Source – Selection	Subject to Approval by Procurement Board

**Table 2.Decentralised Procurement Entities-Thresholds for Review/Approval Authority**

Authority	Goods GH¢	Works GH¢	Technical Services(GH¢)	Consulting Services(GH¢)
Head of Entity	Up to 50m	Up to 100m	Up to 50m	Up to 50m
Entity Tender Committee	50m – 250m	100m – 500m	50m-250	50m - 100m
District Tender Review Board	250m – 1.0b	500m – 2.0b	250m – 1.0b	100m – 500m
Ministerial and Regional Tender Review Boar	1.0b – 8.0b	2.0b – 15.0b	1.0b – 8.0b	500 – 3.5b
Central Tender Review Board	Above 8.0b	Above 15.0b	Above 8.0b	Above 3.5b

**Table 3.Other Procurement Entities-Thresholds for Review/Approval Authority**

Authority	Goods GH¢	Works GH¢	Technical Services(GH¢)	Consulting Services(GH¢)
Head of Entity	Up to 50m	Up to 100m	Up to 50m	Up to 50m
Entity Tender Committee	50m – 1.0b	100m – 2.0b	50m-1.0b	50m - 500m
Ministerial and Regional Tender Review Boar	1.0b – 8.0b	2.0b – 15.0b	1.0b – 8.0b	500 – 3.5b
Central Tender Review Board	Above 8.0b	Above 15.0b	Above 8.0b	Above 3.5b

## II. SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

### A. Summary

The study sought to identify the procedures involved in the procurement of goods and services at Ghana Health Service (GHS). It also focused on identifying the challenges inherent in the application of the public Procurement Act, 663 by determining the efforts of management at tackling the challenges of procurement at Ghana Health Service. Non probability sampling was employed for all the categories resulting in a sample size of 15. Data for the study were

obtained from both primary and secondary sources. A survey, using questionnaires, was used to collect primary data from the procurement department.

The major findings of the study are as follows:

- The procurement department has been in existence for over 10 years by 75%.
- The respondents consist of male and female, 66.7% constitute male and 33.3% constitute female. The male respondents were more than the female.
- The source of entity fund for Ghana Health Service was mainly their own income
- The institute used tender document to invite Tenderers and award contract by 100%
- 100% of respondents mentioned that the head of entity is the one who finally signs the tender documents before they are issued out to the public
- The institute prepare procurement plans on yearly bases (90%) agreed and 10% disagreed.
- 100% of respondents attest that the entity plan is categorized into goods, works and services
- Contract is packaged by considering the estimated value and the method of procurement.
- 66.7% or respondent stated that suppliers are disqualified for providing false information while 33.3% revealed that suppliers are blacklisted.
- The respondents rate the performance of procurement department high and average but maximum of 75% was given to highest as their performance and 25% to average
- The procurement department faced the following challenges when buying items. 33.3% low threshold, 25% lack of understanding of the law, 8.3% lack of trained procurement personnel, 16.7% delay in procurement procedures and 16.7% stated that there is corruption

#### *B. Conclusion*

A number of logical conclusions can be drawn from the findings of the study. These constitute a key or critical issues that should form the basis for the necessary corrective or improvement actions. The conclusions for the research are as follows: The procurement rules and method are; procurement plan, qualification of Tenderers, rejection of Tenderers, description of goods, works and services, national competitive tendering, international competitive tendering request for quotation and request for proposal and local purchase order. The challenges inherent in the application of the procurement law includes low thresholds, delay in procurement procedures, lack of procurement personnel, corruption, poor image of procurement staff with the perception that the procurement officers are corrupt and non-availability of vehicles to enhance mobility.

However, to tackle these challenges, the diploma and degree course introduced by government and other universities and polytechnics is in the right direction.

#### *C. Recommendations*

- The findings and conclusions have a number of implications for management. The following recommendations are offered to improve the management of procurement procedures at Ghana Health Service:
- A platform should be created to foster stronger coordination between departments on handling procurement of goods and services.
- Procurement personnel should be trained and retrain on the use of the Procurement Act in order to know how to apply the Act.

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