

Measures to Improve Upon Public Procurement

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I. INTRODUCTION

Measures according to WordWeb Dictionary are any maneuvers made as part of progress toward a goal. Thus, they are the means to achieve a successful end of solve and issue. Corruption is a global menace that affects corporate credibility and economic sustainability as well as personal security Ameyaw et al., (2010). There is a rising admission that corruption is prevalent within the construction industry and the procurement process in particular. There is ample evidence across the world that corruption hinders economic development; reduces social services; diverts investments in infrastructure and social services and impacts the poor disproportionately Khramkin, (2007).

From the foregoing, it quite imperative for every nation across the globe to strategies in the fight against corruption in all sectors of the economy, and more especially in the procurement process. To reduce corruption it is necessary to resolve the issues making the industry especially susceptible in the first instance and to investigate the issues advocated as possible solutions. It should be noted that professional advisers and consultants are the first line of attack as well as defence, Shakantu, (2006). Shakantu (2006) proffered some possible ways corruption could be tackled in South Africa. Among the findings are: implementation of ethical guidelines and policies; adoption of the World Economic Forum Anti-Corruption Principles; Public awareness campaigns for the Public Finance Management Act (PMFA); Enhancing operations of the Department of Public Works (DPW) Fraud Awareness unit; the CiDB benchmarks of industry best practice; adoption of performance specifications; punish offenders and convictions.

There are various measures in different countries to improve the implementation of Public Procurement. In the Second Regional Seminar on Good Governance for Southeast Asian Countries, SRSGGSAC, (2008), dubbed CURRUPTION CONTROL IN PUBLIC PROCUREMENT, different Procurement Practitioners presented their papers on the means of improving Public Procurement. Some salient measures are as discussed below.

A. Strong legal and institutional framework

An open and broad legal instrument for state procurement is a primary requirement for solving most issues in state contracting. According to Chulasingh Vasantasingh (Deputy Attorney General) Public Procurement Laws must be accustomed to UN Commission on International Trade Law (UNCITRAL) where domestic needs are factored.

B. Procurement Methods and Procedures

One cardinal principle in handling corruptible issues in procurement is the application of the principles of transparency and fairness. Transparency deters practitioners from abuse and boosts the probability of the said abuse being detected. Besides, for tenderers to have trust in the procurement system there should be fairness in the system. This will spark competition and call for more bids SRSGGSAC, (2008).

C. Curbing Corruption by Safeguarding and Enforcing Integrity

In order to protect the integrity of procurement practitioners in various public institutions, Thailand has come out with codes of conduct for public officers. The Royal Decree on Good Governance in State Administration 2003, the Civil Service Act 1992, and the Civil Service Ethic Standards apply to civil servants generally. Adding to other measures especially aimed to ensure the integrity of procurement organisations, measures targeting corporate integrity are required to reduce the risk of corrupt practice in public procurement.

D. Education and Training

According to Thai (2001), irrespective of the perceived attention paid to public procurement as claimed by policy makers, public procurement has been neglected in the academic and research spheres. Indeed, no member of the National Association of Schools of Public Affairs and Administration offers a public procurement program even though over 103 colleges and universities offer courses, certificate programs, bachelor, master and Ph.D. in business programs with emphasis in purchasing, materials management, logistics, supply management, or related areas.

E. Summary

Procurement may be defined as identifying and obtaining needed goods and services. There is more to procurement than just the identification and obtaining. There should be critical considerations as to what is needed and who can supply at the most cost effective way. Public procurement is the process through which public entities utilize public funds for purchases of goods and services for public good. With better compliance come better way of public spending. Health care financing is a major global concern. Ghana, a developing country is not devoid of coming up with ways and means of financing health and this has brought in the National Health Insurance Scheme. This health financing strategy caters for the health needs of the country. However, there are factors that militate against the successful procurement of healthcare services for its members.

Whereas previous studies have always looked at compliance and non-compliance of public procurement procedures not all factors have been dealt with within the Health Insurance Authorities. The aim of the Public Procurement Act of 2003 was to promote fairness, transparency and nondiscrimination in procurement in public institutions with the main aim of ensuring efficient use of public funds. However, studies reveal that even after the enactment of the Act, there are losses of public funds that can be attributed to public procurement. Based on the literature reviewed, the researcher intends to evaluate the indicators that impede the successful institutionalization of the Public Procurement Act. Exercise of strict adherence to the PPA 663 by the NHIA and strict evaluation of open tenders ranked first (81) on the severity index. These two were followed by enforcing the integrity of the procurement personnel (80) and education on Public Procurement (76). Ranking 5th and severity index of 75, some respondents said there should be supervision from Head office of the NHIA and also procurement officers should be employed. Criminalization of offences with severity index of 50 ranked last. Respondents were asked to openly state in their own opinion means through which Public Procurement can be successfully implemented by the NHIA. 70% of them responded that there should be procurement officers at the district offices or one line officer should be trained to perform procurement functions as well. Alternatively, 65% said there should be a Regional Procurement Officer who can be charged to oversee all forms of procurements in the Ashanti Region.

II. DISCUSSIONS

A. Reliability of Response

The Cronbach’s Alpha coefficient for the extent of occurrence of improving factors as seen in table 4.11 below is 0.812. Since this figure is greater than 0.75 (Hinton et al, 2005), the response provided is reliable and can be used and relied upon for this study. This test was carried out using Reliability Analysis of SPSS.

Table 4.12: Reliability Statistics for negative factors that militates against the successful implementation of PPA

Cronbach’s Alpha	Cronbach’s Alpha based on Standardized Items	N of Items
0.801	0.824	13

Source: Field Data, 2914

B. Descriptive statistics of measures to improve upon the successful implementation of PPA

Table 4.12 below shows the statistics for the determinants of measures to improve upon the successful implementation of PPA. There is little variation in the data collected as can be seen from some of the determinants having standard deviations of more than 1. However, it can be said that the sample is representative of the population since the standard error of the determinants are close to 0. It can be seen that the chief determinant of measures to improve upon the successful implementation of PPA is that the NHIA should exercise strict adherence to the PPA with a mean value of 4.23.

This is followed by education on public procurement with a mean of 4.20. The Country Procurement Assessment Report of Ghana in 2003 revealed that most Ministries, Departments and Agencies (MDAs) and District Assemblies (DAs) staff responsible for procurement were not procurement-proficient, even though they have been trained. The report contended that, application of the PPA and the Standard Tender and Contract Documents will not be successful without broad training and “refresher” programs and encouragement of officials in charge of procurement. In view of this, the PPA initiated a training programme in 2007 throughout the country with the aim to build the capacity of personnel responsible for the management of procurement in various institutions. This exercise unfortunately could not be sustained due to financial difficulties thereby leaving most Procurement Managers completely ignorant in the application of the law. The least however is criminalization of offence with a mean of 3.05.

Table 4.13: Descriptive statistics of measure to improve upon PPA implementation

Determinant of Improving Measures	N	Mean	Std. Deviation	Rank	
	Statistic	Statistic	Standard Error		
NHIA should exercise strict adherence to PPA Act 663	60	4.23	0.099	0.767	1
Education on public procurement	60	4.2	0.14	1.086	2
Enforcing integrity of procurement personnel	60	4.17	0.104	0.806	3
Strict evaluation of open tenders	60	4.08	0.117	0.904	4
Procurement officers should be employed	60	4.07	0.098	0.756	5
Adherence to user specifications in the district offices	60	3.98	0.125	0.965	6
Establishment of procurement offices in the district offices	60	3.97	0.095	0.736	7
Open invitation for tenders	60	3.72	0.104	0.804	8
Strong legal and institutional framework on procurement	60	3.7	0.122	0.944	9
Clear and concise contract laws	60	3.55	0.12	0.928	10
There should be supervision from the Head office of NHIA	60	3.4	0.109	0.848	11
Elimination of some unnecessary bureaucracy	60	3.1	0.127	0.986	12
Criminalization of offences	60	3.05	0.122	0.946	13

Source: Field Data, 2014

C. Severity Index of measures to improve upon the successful implementation of PPA

Table 4.13 below shows the severity index table for measures to improve upon the successful implementation of PPA 663. The most severe determinant is NHIA should exercise strict adherence to PPA Act and Strict evaluation of open tenders all having severity index of 81. There is an inclination towards the use of less competitive procurement methods for procuring goods, works and service contracts in Ghana, Osei-Tutu *et al*, (2012). Non-compliance to procurement laws is considered as a major hindrance to the effectiveness of the law Gelderman *et al*, (2006). It is however not surprising that strict adherence to the PPA 633 ranked first on the severity index table. Education on public procurement ranked 4th on the severity table with an index of 76. This means that education on public procurement is a very great measure that can be taken to tone down the challenges faced by PPA. According to Azeem (2003) the challenges to Public Procurement includes poor dissemination of the procurement law, lack of proper training for the managers of the procurement process Forgor, (2007). This stands to reason that education on Public

Procurement will go a long way to solve some challenges of Public Procurement. The least severe determinant is criminalization of offence with severity index of 33.

Table 4.14: Severity Index of measures to improve upon the successful implantation of PPA

Severity Index	Determinant of Improving Measures	Ranking
81	NHIA should exercise strict adherence to PPA Act 663	1
81	Strict evaluation of open tenders	1
80	Enforcing integrity of procurement personnel	3
76	Education on public procurement	4
75	There should be supervision from Head office of the NHIA	5
75	Procurement officers should be employed	5
75	Establishment of procurement offices in the district offices	5
68	Strong legal and institutional framework on procurement	8
67	Open invitation for tenders	9
65	Clear and concise contract laws	10
59	Adherence to user specifications in the district offices	11
52	Elimination of some unnecessary bureaucracy	12
50	Criminalization of offences	13

Source: Field Data, 2014

D. Analysis of Variance of Militating Factors of PPA

A statistical test using One - Way Analysis of Variance (ANOVA) at 5% level of significance and 95% confidence interval was carried out to compare the means of all respondents, on the measures to improve upon the successful implementation of the PPA. Table 4.15 below illustrates the findings of the study. It is evident from the ANOVA table that there is significant difference in the mean of strict evaluation of open tenders and education on public procurement. This is evident with p-values of 0.042 and 0.022 respectively. NHIA should exercise strict adherence to PPA Act also shows p-value with significant difference from the rest of the data set.

Table 4.15: ANOVA table for Measures to Improve

Measures to Improve	F-Statistic Test		
	F-Stat.	Level of Sig. (P Values)	Significant Difference (Yes/No)
Enforcing integrity of procurement personnel	4.210	0.872	No
Open invitation for tenders	3.215	0.124	No
Strict evaluation of open tenders	4.615	0.042	Yes
Education on public procurement	0.136	0.022	Yes
Criminalization of offences	0.288	0.649	No
Elimination of some unnecessary bureaucracy	0.409	0.925	No
There should be supervision from the Head office of NHIA	0.621	0.321	No
Adherence to user specifications in the district offices	2.049	0.416	No
Strong legal and institutional framework on procurement	1.447	0.231	No
NHIA should exercise strict adherence to PPA Act	4.717	0.010	Yes
Procurement officers should be employed	2.869	0.210	No
Establishment of procurement offices in the district offices	0.721	0.514	No
Clear and concise contract laws	0.945	0.378	No

Source: Field Data, 2014

E. Respondents' opinions on improvement factors

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Respondents were asked to openly state their opinions on how Public Procurement can be successfully implemented despite the challenges faced. 70% of respondents was of the opinion that there should be procurement officers at the district offices of the NHIA. This is because they lack trained procurement officers at the various district offices and this is their greatest challenge. They also envisaged that one line officer can be trained to perform procurement functions as well. The line officer will then serve as a procurement practitioner.

Alternatively, 65% of respondents said that there should be a Regional Procurement Officer who can be charged to oversee all forms of procurements in the Ashanti Region and be assisted by the various district managers.

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