

Health Sector Procurement And Stores Management Practices-

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What is Public Procurement ?

- The process by which the Government purchases goods, works and services using public funds
- Includes planning, inviting offers, evaluating offers, awarding contracts and managing contracts

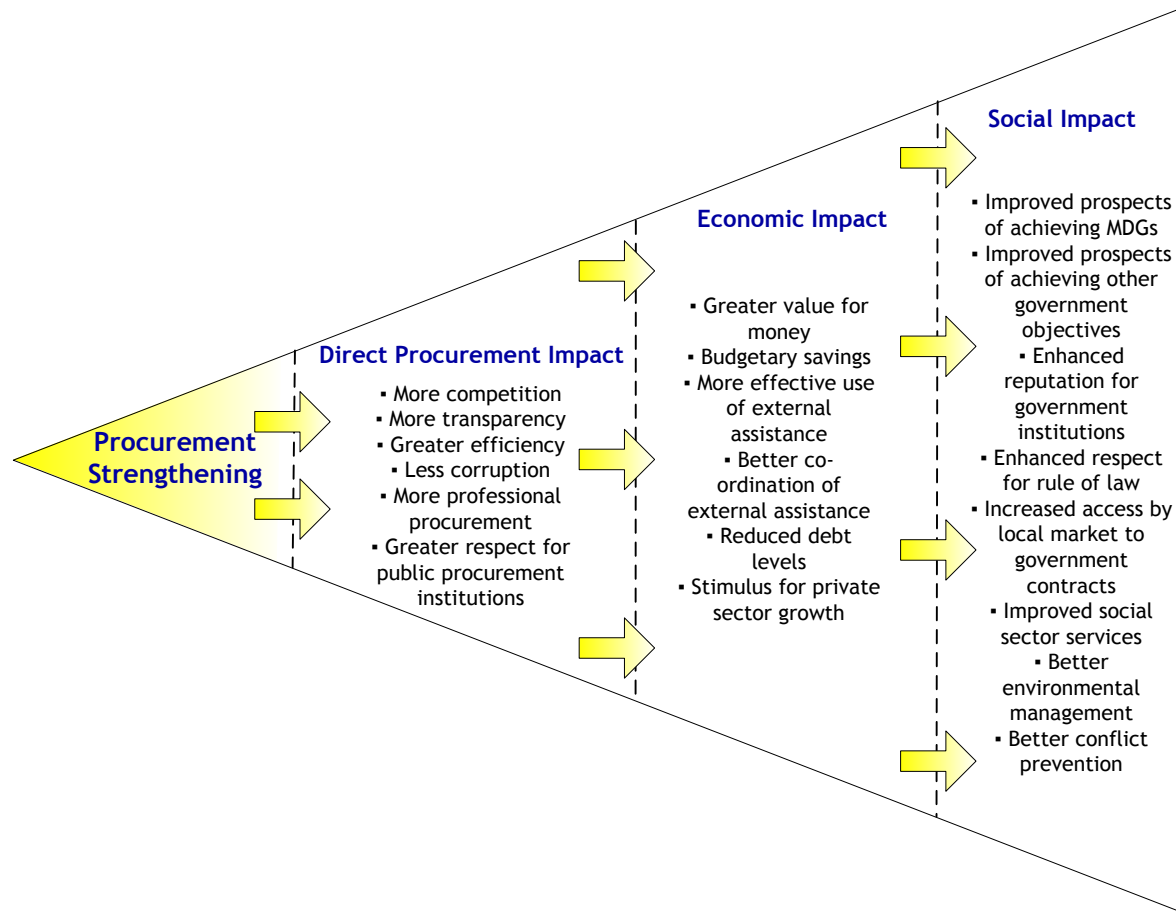
Why is it important ?

- Public procurement has a direct impact on:
 - the successful delivery of government projects and public services
 - sound public financial management by achieving value for money in government expenditure
 - reducing corruption
 - encouraging private sector growth and investment

The Statistics

- Public procurement accounts for:
 - 50-70% of the national budget (after personal emoluments)
 - 14% of GDP
 - 24% of total imports(World Bank CPAR 2003)
- Public procurement therefore has both economic and social impact

The Impact of Procurement



Procurement Reform in Ghana

- 1996 - Government launched the Public Financial Management Reform Programme
- To improve overall public financial management in Ghana
- PUFMARP identified weaknesses in the procurement system

Identified Weaknesses

- No comprehensive public procurement policy
- No central body with technical expertise
- Absence of clearly defined roles, responsibilities and authority for procurement entities
- No comprehensive legal regime to safeguard public procurement

Identified Weaknesses

- Lack of rules and regulations to guide, direct, train and monitor public procurement
- No independent appeals process to address complaints from tenderers
- No authority to dispose of public assets
- No independent procurement auditing function

Procurement Reform in Ghana

- 1999 – Government established Public Procurement Oversight Group
- To steer the design of a comprehensive public procurement reform programme
- Drafted a public procurement bill in September 2002.
- Public Procurement Bill was passed into law on 31 December 2003 (Act 663)

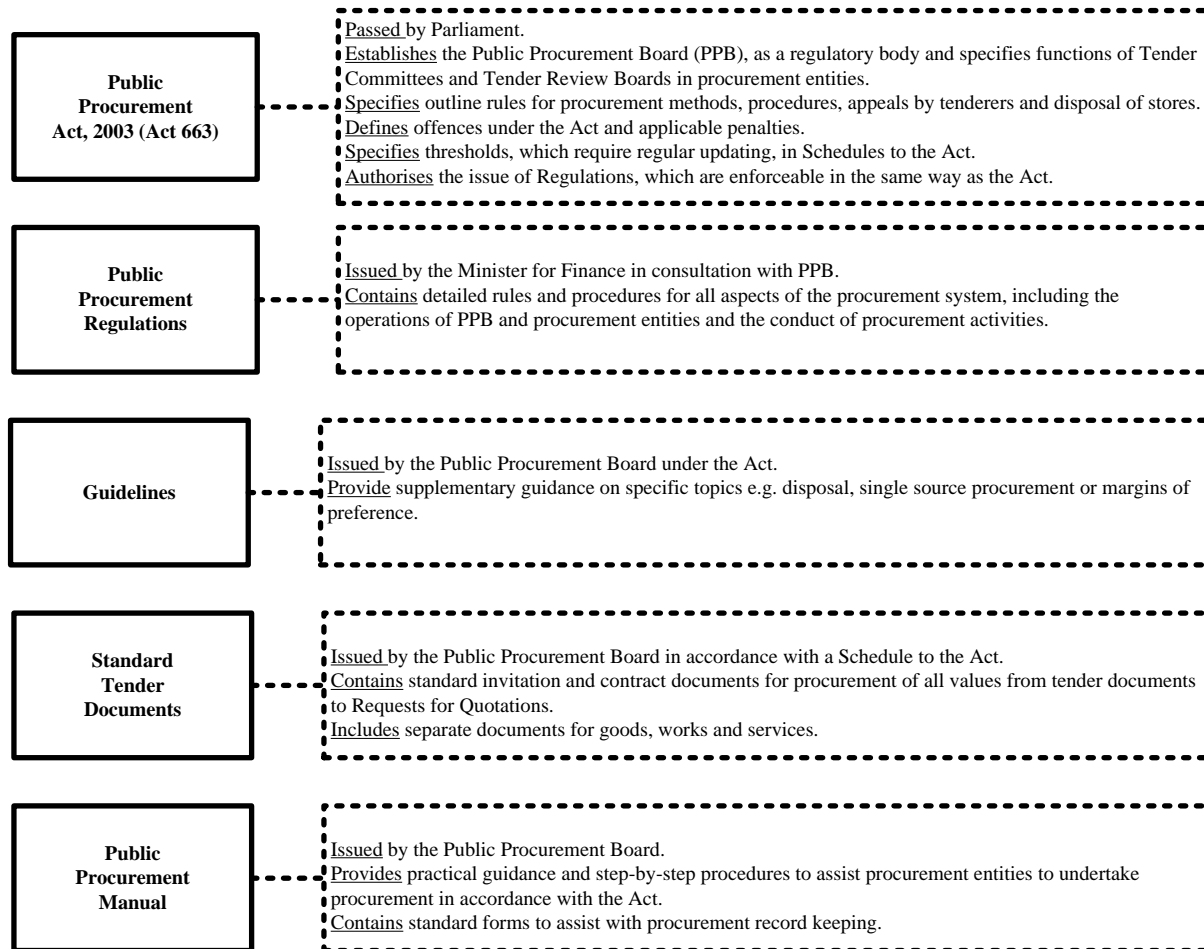
Objectives of Act 663

- Harmonising public procurement processes in the public sector
- Securing judicious, economic and efficient use of state resources
- Ensuring public procurement is fair, transparent and non-discriminatory

What does the Act apply to?

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

Legal Framework



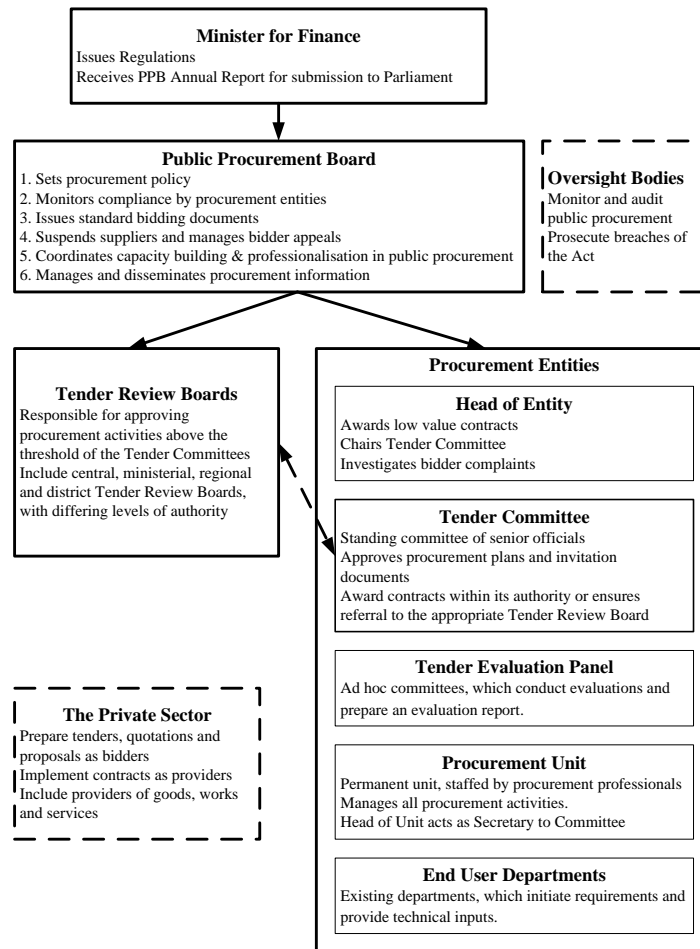
The Legal Framework

- Public Procurement Act, 2003 (Act 663)
- Public Procurement Regulations
- Guidelines
- Standard Tender Documents
- Public Procurement Manual

Public Procurement Act

- Establishes the Public Procurement Board, Tender Committees and Tender Review Boards
- Specifies rules for procurement methods procedures, appeals by tenderers and disposal of stores
- Defines offences and applicable penalties
- Specifies thresholds in Schedules to the Act
- Authorises the issue of Regulations, which are enforceable under the Act

Roles and Responsibilities



Procurement Principles

What is Professionalism?

It is the discipline whereby educated, experienced and responsible procurement officers make informed decisions regarding purchase operations.

What is Transparency?

Transparency means that the same rules apply to all suppliers of goods, works and services and that these rules are publicised as the basis of procurement decisions prior to their use.

- Enables the creation of open, fair and transparent procedures
- Encourages inward investment
- Encourages competitiveness as public sector is seen as a responsible business partner

What is value for money?

It is the optimum combination of whole-life cost and quality to meet the customers' requirements

- It is the object of the Public Procurement Authority that procurement is done :
'to secure a judicious, economic and efficient use of State resources in public procurement'
- Ultimately ensures that national goals can be met

What is competitiveness ?

Actively encouraging greater supplier participation in the tendering process through advertising, sourcing reviews, pre-qualification and transparent procedures.

- Potential for cost savings
- Increases the potential supplier base
- Greater awareness of new developments
- Greater understanding of the Act and confidence in the public sector

What is Accountability ?

The process of holding an individual(s) or an organisation fully responsible for all aspects of the procurement process over which they exert authority.

- Strengthens the perception of transparency and fairness
- Reduces the incidence of corruption
- Based around Act 663 and regulatory framework and clearly defined responsibilities

What is Fairness?

Showing consideration and impartiality in all stages of the procurement process, especially demonstrating equality in tender evaluations.

- Development of mutual trust
- Increases the potential supplier base
- Underpinned by following procedures in the procurement law eg at all stages of the tendering process

What is an Ethical Approach ?

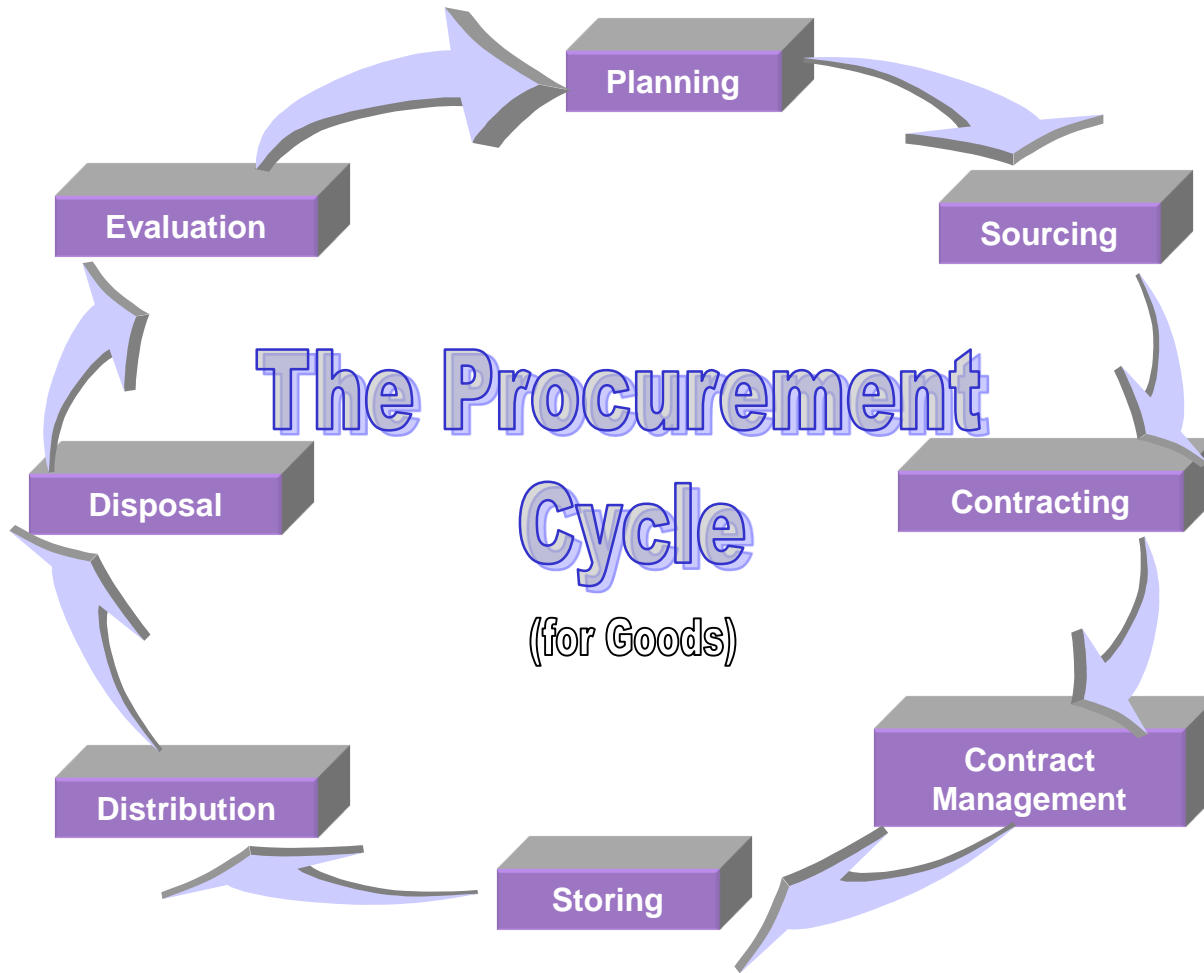
Exemplary approach to all procurement processes that cannot be questioned or criticised.

- Reduction in corruption
- Embodies all procurement principles
- Enhanced profile for procurement
- Supported by code of conduct (section 86 of Act 663) and professional behaviour
- Combination of rules and values

Basic Objectives of Good Procurement

- **RIGHT QUALITY** goods, works or services
- in the **RIGHT QUANTITY** from a reliable source
- delivery at the **RIGHT TIME** and;
- delivered to the **RIGHT PLACE**;
- paying the **RIGHT PRICE** whilst achieving VFM
- *the **RIGHT** way (ie in accordance with the Act and in an ethical manner)*
- *and with consideration to **RIGHTS** (eg labour standards in construction contracts.)*

Procurement Cycle



Procurement Cycle

- Planning – including specification
- Sourcing – invitation and evaluation
- Contracting
- Contract Management
- Storing
- Distribution
- Disposal
- Evaluation (of process)

Procurement Rules

- PEs to prepare procurement plans for each fiscal year
- PEs to aggregate requirement to achieve economies of scale, where appropriate
- Tenderers should satisfy all qualification requirements under the Act
- Pre-qualification proceedings to identify qualified tenderers

Procurement Rules (cont)

- PE should publish notice of contract award promptly
- PE should reject all forms of inducements from service providers
- Description of goods should be accurate and non-restrictive
- Language of tender documents and offers should be in English

Procurement Methods

- Procurement Methods available:
 - Competitive Tendering (section 35 & Part V)
 - Restricted Tendering (sections 38-39)
 - Two-Stage Tendering (sections 36-37)
 - Single Source Procurement (sections 40-41)
 - Request for Quotation (RFQ) (sections 42-43)
 - Request for Proposals (RFP) for Consultancy Services (sections 66-77)

Choice of Procurement Methods

- Choice of procurement method will be:
 - threshold or
 - circumstances driven.
- Thresholds to be issued periodically in a Schedule to the Act
- Circumstances defined in the Act and Regulations

Procurement Methods (cont)

- Circumstances:
 - Urgent or emergency requirements
 - Limited number of suppliers
 - Contract extensions
 - Research, experiment, study or development purposes
 - National Security

Competitive Tendering

- Standard high value tendering methodology (goods, works & non-consultancy services)
 - Procurement method with maximum competition
 - Formal procedure with detailed invitation to tender documents
 - Standard tender documents available for drafting tender documents
 - Opportunities advertised & open to all tenderers
 - Public Tender Opening

Types of Competitive Tendering

- International Competitive Tendering
 - High Value or complex procurement
 - Nature of procurement unlikely to attract enough competition locally
 - Procurement above threshold stated in Schedule 3 of Act 663

Types of Competitive Tendering (cont)

- National Competitive Tendering
 - Relatively low value
 - Procurement unlikely to attract foreign competition
 - Good justification to restrict tendering to domestic suppliers
 - Goods valued within threshold stated in Schedule 3 of Act 663

Restricted Tendering

- Procurement method with limited competition
 - Formal procedure with detailed invitation to tender documents
 - Tender documents available to short-listed suppliers
 - Minimum of three and maximum of six suppliers

Restricted Tendering (cont)

- Applicable where:
 - Requirement is of specialised nature
 - Has requirements of public safety
 - Has requirement of public security
 - Number of potential suppliers is limited
 - Open competitive tendering has failed

Single Source Procurement

- Procurement from a supplier without competition
 - Procurement method for sole or single source requirements
 - For goods, works and all services
 - Simple procurement documents or standard tender documents can be used to draft invitation
 - Sole/single source identified
 - No Public Tender Opening required

Single Source Procurement (cont)

- Appropriate when:
 - Procurement is for urgent items
 - Requirement can only be supplied by one source
 - Additional requirements for standardisation
 - Purposes of research, experiment, study or development
 - Procurement that concerns national security

Request For Quotations

- Appropriate when:
 - the goods, works or technical services are readily available and not specially produced or provided to a particular specification of the procurement entity
 - for goods where there is an established market if the estimated value is less than the threshold

Procurement Rules (cont)

- Need for all communications between PE and tenderers to be in writing
- Good record keeping of procurement proceedings
- Grounds for rejection of tenders should be specified in the tender documents
- Acceptance of tender and entering into force of contract should be in line with the Act

Procurement Process

- Invitation for quotation/Advertisement
- Receipt and close of tenders
- Tender opening
- Tender Evaluation
- Preliminary
- Detailed
- Evaluation Report
- Awards Notification
- Acceptance of offer
- Signing of contract
- Issue of local Purchase order

Delivery of Goods

- Delivery into Receiving bay
- Goods checked for quality/quantity
- Goods sent to appropriate stores
- Goods recorded appropriately in
 - Ledgers
 - Bin Cards
- Issue of stores receipt advice

Payment Procedures

- Receipt of invoices and SRA
- Preparation of vouchers
- Signing of cheques
- Issue of receipt

GOD BLESS

VIELEN DANK



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