



E-Bulletin



P u b l i c P r o c u r e m e n t A u t h o r i t y

INTERVENTIONS TO ADDRESS IMPLEMENTATION CHALLENGES OF ACT 663

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Change is said to be the only constant in any organization or society. Indeed, without it all we will be doing is moving in circles with very little progress being made. It is to avoid such a scenario for Ghana's Public Procurement System that the PPA has since its inception adopted the model of innovative management in its operations for effective implementation of the Public Procurement Act, 2003 (663).

Since the law is made for man and not man for the law, the PPA for almost a decade, has introduced a number of interventions to address implementation challenges within the Act 663. Some of these include the development of the Public Procurement Model of Excellence (PPME) Tool, the introduction of the Low/Minor Value Procurement, Introduction of a Scheme of Service for Procurement Practitioners, Introduction of procurement record keeping manual and the Introduction of the Electronic Government Procurement and the Sustainable Public Procurement Policies.

Given the level of importance of monitoring and evaluation in public procurement, the Authority in its first 2-3 years of establishment committed resources to the development of a customized web-based PPME tool which has since, become one of the flagships of the PPA. The Low/Minor Value Procurement poli-



cy on the other hand was developed in response to demands from the Heads of Second Cycle Institutions after their appearance at the Public Hearings of the Public Accounts Committee of Parliament where they were queried for poor procedures adopted for the procurement of consumables and bad records keeping of their procurement activities.

To ensure the recruitment, motivation and retention of well qualified procurement professionals within the Public Service in Ghana, the PPA following trend analysis have together with the Public Services Commission, Office of the Head of Civil Service and other relevant bodies launched a Scheme of Service for Procurement Practitioners. This Scheme of Service is currently being implemented.

(Continued on page 4)



Online Activities

List of entities that have submitted their 2013 Procurement Plans online As At June 30th , 2013

- | | |
|--|---|
| 1. Accra Academy Sec. Sch. | 56. Ghana Atomic Energy Commission |
| 2. Accra Polytechnic | 57. Ghana Broadcasting Corporation |
| 3. Adisadel College | 58. Ghana Civil Aviation Authority |
| 4. Aflao District Hospital | 59. Ghana Cocoa Board |
| 5. Agona West Municipal Assembly | 60. Ghana Cocoa Board - Quality Control Division |
| 6. Ahanta West | 61. Ghana Education Service |
| 7. Ahantaman Sec. School | 62. Ghana Free Zones Board |
| 8. Akatsi Dist. Hospital | 63. Ghana Grid Company Ltd. |
| 9. Akroso Sec. Sch. | 64. Ghana Highway Authority |
| 10. Amenfi East | 65. Ghana Immigration Service |
| 11. Amenfiman Sec. Sch | 66. Ghana Institute of Journalism |
| 12. Aowin Suaman | 67. Ghana Institute of Management And Public Administration |
| 13. Ashiaman Sec. Sch. | 68. Ghana Investment Fund For Electronic Communications |
| 14. Asikuma/ Odoben/ Brakwa | 69. Ghana Investment Promotion Council |
| 15. Assin Manso Sec. | 70. Ghana Library Board |
| 16. Assin State College | 71. Ghana National Fire Service |
| 17. Atebubu Tr. College | 72. Ghana National Gas Company |
| 18. Baidoo Bonsoe Senior High Technical School | 73. Ghana National Petroleum Corporation |
| 19. Bank of Ghana | 74. Ghana National Sec.Sch. |
| 20. Berekum Tr. College | 75. Ghana News Agency |
| 21. Besease Sec. Comm. | 76. Ghana Police Service |
| 22. Bibiani Sec/Tech | 77. Ghana Ports And Harbours Authority |
| 23. Boa-Amponsem Sec. | 78. Ghana Post Company |
| 24. Bolgatanga Polytechnic | 79. Ghana Post Company Limited |
| 25. Bulk Oil Storage and Transportation | 80. Ghana Prisons Service |
| 26. Central- Regional Co-ordinating Council | 81. Ghana Railway Development Authority |
| 27. Centre for Scientific Research Into Plant Medicine | 82. Ghana Railways Corporation |
| 28. Christ The King Cath. | 83. Ghana Refugee Board |
| 29. Controller And Accountant General Dept | 84. Ghana Reinsurance Company Ltd |
| 30. Copyright Administration | 85. Ghana Revenue Authority |
| 31. Council for Law Reporting | 86. Ghana School of Law |
| 32. Council for Scientific and Industrial Research | 87. Ghana Secondary/Tech. |
| 33. Council of State | 88. Ghana Shippers Authority |
| 34. Daboase Sec./Tech | 89. Ghana Standards Authority |
| 35. Dental School | 90. Ghana Tourist Board |
| 36. Department of Children | 91. Ghana Water Company Limited |
| 37. Department Of Urban Roads | 92. Ghana Water Company Limited - Operations |
| 38. Driver and Vehicle Licensing Authority | 93. Ghana-India Kofi Annan Center of Excellence |
| 39. E. P. Tr. College Amedzofe | 94. Gomoa |
| 40. East Akim Municipal Assembly | 95. Grains And Legumes Development Board |
| 41. Economic and Organised Crime Office | 96. GRATIS Foundation |
| 42. Effa Nkwanta Regional Hospital | 97. Half Assini Sec. Sch |
| 43. Effutu Municipal | 98. Ho Polytechnic |
| 44. Effutu Sec./Tech | 99. Holy Child Sec. |
| 45. Electoral Commission | 100. Holy Child Tr. College |
| 46. Electricity Company of Ghana | 101. Hydrological Services Department |
| 47. Encyclopaedia Africa Project | 102. Internal Audit Agency |
| 48. Energy Commission | 103. Juabeso district Hospital |
| 49. Environmental Protection Agency | 104. Judicial Service |
| 50. Fiaseman Sec. Sch | 105. Jukwa Sec. Sch. |
| 51. Foods and Drugs Board | 106. Koforidua General Hospital |
| 52. Ga West (Ga) | 107. Komfo Anokye Teaching Hospital |
| 53. Ghana Academy of Arts And Sciences | |
| 54. Ghana Aids Commission | |
| 55. Ghana Airports Company Limited | |

The Authority urges all other entities who have not submitted their plans as yet to emulate the example of the above listed entities and comply accordingly.



108. Konongo Odumase Sec. Sch.
 109. Korle bu Teaching Hospital
 110. Kpone Katamanso District Assembly
 111. Krachi West District Hospital
 112. Kumasi High Sch
 113. Kumasi Metropolitan Assembly
 114. Kumasi Polytechnic
 115. Lands Commission
 116. Lands Title Registry
 117. Ledzokuku-Krowor
 118. Management Development And Productivity Institute
 119. Management Services Division
 120. Mankesim Sec/Tech
 121. Manso-Adubia Sec. Sch.
 122. Margaret Mary High School
 123. Maternal and Child Health Hospital
 124. Medical School
 125. Mfantseman
 126. Minerals Commission
 127. MINISTRY OF COMMUNICATION
 128. MINISTRY OF CULTURE And CHIEFTAINCY
 129. MINISTRY OF EDUCATION
 130. Ministry of Employment and Labour Relations
 131. Ministry of Employment and Social Welfare
 132. Ministry of Environment Science and Technology
 133. MINISTRY OF FINANCE AND ECONOMIC PLANNING
 134. Ministry of Fisheries and Aquaculture Development
 135. MINISTRY OF FOOD And AGRICULTURE
 136. MINISTRY OF FOREIGN AFFAIRS AND REGIONAL INTEGRATION
 137. Ministry of Gender Children and Social Protection
 138. MINISTRY OF HEALTH
 139. MINISTRY OF JUSTICE AND ATTORNEY GENERAL
 140. Ministry of Lands and Natural Resources
 141. MINISTRY OF LOCAL GOVERNMENT AND RURAL DEVELOPMENT
 142. MINISTRY OF ROADS AND HIGHWAYS
 143. MINISTRY OF THE INTERIOR
 144. Ministry of Tourism Culture and Creative Arts
 145. Ministry of Transport
 146. MINISTRY OF WATER RESOURCES, WORKS And HOUSING
 147. Ministry of Youth and Sports
 148. Mount Mary College
 149. Namong Sec. Sch
 150. Nandom District Hospital
 151. Narcotics Control Board
 152. National Board for Professional And Technical Examinations
 153. National Cardiothoracic Centre
 154. National Commission For Civic Education
 155. National Communication Authority
 156. National Council for Tertiary Education
 157. National Health Insurance Authority
 158. National Identification Authority
 159. National Insurance Commission
 160. National Lottery Authority
 161. National Pensions Regulatory Authority
 162. National Petroleum Authority
 163. National Road Safety Commission
 164. National Service Secretariat
 165. National Sports Authority
 166. National Vocational Training Institute
 167. Nkawie District Hospital
 168. Non Formal Education Division

169. Nyinahin District Hospital
 170. Office of the Head of Civil Service
 171. OFFICE OF THE PRESIDENT - MAIN
 172. Office of the Regional Health Directorate – Eastern Region
 173. Office of the Regional Health Directorate – Greater Accra Region
 174. Opoku Ware Sec.
 175. Parliament
 176. Peki Training College
 177. Pharmacy Council
 178. Potsin T.I. Ahd. Sec.
 179. Prempeh College
 180. Public Procurement Authority
 181. Public Service Commission
 182. Public Utilities Regulatory Commission
 183. Registrar Generals Department
 184. Ridge Hospital
 185. S.D.A. Sec. Sch.
 186. Savannah Accelerated Development Authority
 187. School of Allied Health Sciences
 188. Sekondi-Takoradi Metropolitan Assembly
 189. Shama Sec. Sch
 190. SIC Life Company Limited
 191. Social Security and National Insurance Trust (SSNIT)
 192. Sogakope District Hospital
 193. St. Augustine's College
 194. St. Francis Trg. College
 195. St. Joseph's Tr. College
 196. St. Monica Training College
 197. St. Theresa's Tr. College
 198. Students Loan Trust Fund
 199. Sunyani General Hospital
 200. Sunyani Polytechnic
 201. Takoradi district Hospital
 202. Takoradi Polytechnic
 203. Tamale Polytechnic
 204. Tarkwa Nsuaem Municipal Assembly
 205. Tarkwa Sec. Sch
 206. Tema Development Corporation
 207. Tema Metropolitan Assembly
 208. University For Development Studies
 209. University Of Cape Coast (UCC)
 210. University of Energy and Natural Resources
 211. University Of Ghana (UG)
 212. University of Ghana Business School(UGBS)
 213. University of Health and Allied Sciences
 214. University of Mines -Tarkwa
 215. University of Professional Studies Accra
 216. University Of Science And Technology (KNUST)
 217. Upper Denkyira East Municipal Assembly
 218. Volta Lake Transport Company Limited
 219. Volta River Authority
 220. Wa General Hospital
 221. Wa Polytechnic
 222. Water Resources Commission
 223. Wenchi
 224. Wesley Girls High Sch.
 225. West Africa Sec. Sch
 226. West African Examination Council



(Continued from page 1)

Owing to the fact that these interventions have always come at a cost to Government, the PPA has in recent times initiated steps to measure the impact of some of these interventions on procurement performance in the country. For instance data from an Impact Assessment Study conducted by the Authority has shown that over 92% of respondents of the study commended the quality of PPA's training and communications activities. Among a number of findings made in that study, there has been significant improvement in the capacity of procurement practitioners that is yielding better value for money and reducing corruption. According to the study, over 91% of procurement entities interviewed had constituted their Entity Tender Committees with the exception of only 9% particularly educational institutions which

are yet to comply with this provision.

Perhaps, the outcome of this study has given rise to the need for even more frantic moves at assessing and documenting the impact of these policy interventions in order to appreciate their impact on the entire public procurement management framework in Ghana.

Thus, until such a time when our monitoring systems would be perfected, we can hold on to one assurance that, although we may not have attained our ultimate objectives, public procurement in Ghana is certainly not where it used to be and that is-Progress!

Rhoda Appiah

Principal Public Affairs

PPA

EFFECTIVE RECORD KEEPING A MARK OF PROFESSIONALISM IN PUBLIC PROCUREMENT



What is a record? A thing constituting a piece of evidence about the past, especially an account of an act or occurrence kept in writing or some other permanent form.

What is Procurement Record? Procurement Record includes all documents relevant to the pre-tendering, tendering and contract administration phases. These records should be able to tell the story of the entire procurement process.

Effective Public Procurement Records Keeping System is one that has some of the following qualities:

- Ability to meet external enquiries for records/information
- Able to satisfy customers
- Able to meet the audit queries that relate to particular records keeping satisfactorily. This is needed to determine compliance with the procurement, legal and institutional framework.

RECORD OF PROCUREMENT PROCEEDINGS

Section 28(i) of the Public Procurement Act (Act 663), states “A procurement entity shall maintain a record of the procurement proceedings containing the following information.”

The Public Procurement Authority in helping entities to achieve the above has developed, a Records Keeping Manual for all Entities. This Manual is to give practical understanding to the above Section 28(i).

Let's take for example, telling the story about how Vehicles (Goods) were procured just by reading a file with a label eg. GR/PPA/GD/007/13

From the last document from behind the file, that is in reverse chronological order(the most recent document placed on top of the last) we look for the following:

- Procurement requisition and authorization (Initiation)
- Invitation/advertisement for National Competitive Tendering
- Tender clarification documents (if any)
- Records of extension of tender closing date (if any)
- Copy of Tender document
- Tender opening documentation comprising:
 - Copy of tender registration/submission form
 - Copy of attendance sheet (tender opening panel)
 - Copy of attendance sheet (tenderers)
 - Tender opening records sheet
 - Tender opening minutes
 - Tender opening check list
- Copies of written acknowledgement/letters
- Copy of letter appointing Evaluation Panel
- Tender evaluation report
- Letter of submission for approval of evaluation report to the relevant approval authority
- Letter of approval from the relevant approval authority
- Extension of tender validity (if any)
- Records of negotiation proceedings (if any)
- Letter of notification of awards/acceptance
- Copy of signed contract

- Evidence of contract award posted on the PPA website
- Copies of letters to unsuccessful tenderers
- Evidence of return of tender securities
- Contract management documentation - comprising:
 - Evidence of communication (expediting)
 - Evidence of inspection
 - Stores Received Advice (SRA) (if necessary)
 - Stores Receipt Voucher (SRV)
 - Records on Receipt and Inspection of goods
 - Records on Payment of goods
 - Records on Contract Dispute and Resolution (if any)
- Suppliers' performance evaluation report.

All these documents in one file, will tell the complete story of how Vehicles (goods) were procured from initiation through to evaluation, selection, contract negotiation and award up to contract close out.

The growth of electronic communications and data from databases to e-mails presents new challenges, but can be managed by the same records management principles that are applied to paper documents.

The transition from manual paper records keeping to EDM (Electronic Document and Records Management) is being pursued by many organizations. In the public sector, this has been driven by the pursuit of E-Government targets/projects where public services are being made available electronically.

The length of time Procurement records are kept in active files, and the internal and external audit and use of these records, is determined by the Procurement Legal and Regulatory framework.

PROFESSIONALISM IN PUBLIC PROCUREMENT

Professionalism in public procurement allows for functionality, transparency and significant savings in Public expenditure.

Promotion of Professionalism and “best practice” in Public Procurement includes good policies and skills in management and economics.



Increase efficiency and best practice in Public Procurement can only be properly evaluated if there is sufficient data available both manually and recently through the use of Information Communication Technology (ICT).

It is important to note that records keeping is not only a professional requirement but also a legal requirement as stated in Section 27 (6) of Act 663, which all procurement professionals must adhere to.

It will therefore go without saying that a Procurement Manager cannot be described as exhibiting a mark of Professionalism without him/her having skills and management in the area of Records keeping which is the basis for telling complete stories of how Procurements are done professionally.

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Director, MIS
PPA

FRAMEWORK CONTRACTING/AGREEMENT – AN ANTIDOTE FOR BREAKING BULK IN PROCUREMENT AS STIPULATED IN ACT 663, SECTION 21(5)



INTRODUCTION

The Public Procurement Act (Act 663) passed in December 2003 has the objective of streamlining public sector procurement to ensure judicious, efficient and economic use of national resources in an environment of fairness, transparency and accountability. The Act requires the various government institutions to set up procurement units within their establishments so as to handle their own procurement activities.

The current public procurement system is characterized by situations where a number of Entities purchase similar common use items in small uneconomic quantities from diverse sources resulting in high transaction costs. In order to obtain better prices through economies of scale in purchase volumes, to operate without contravening the requirements of the Procurement Act through bulk break-

ing, and to ensure competitive tendering therefore, Entities are encouraged to enter into Framework Agreements/Contracting (FWAs) with suppliers for common use items by pooling together the procurement of various institutions and engage in strategic sourcing.

WHAT IS FRAMEWORK CONTRACTING/AGREEMENTS

Framework Agreements (FWAs as acronym), also known as “blanket purchase agreement”, is one that establishes the general terms governing contracts to be awarded during a given period, in particular with regard to price and, where appropriate, the quantity envisaged. It is not a contract but an instrument of understanding that contains terms and conditions (clauses) applicable to Call-offs/Purchase Orders (contracts) issued under the

Agreement. It is usually between one or more buyers and one or more suppliers. It is used for filling anticipated repetitive needs for supplies, services, or works.

A framework contract on the other hand is where a formal document which places an obligation, in writing, to purchase goods, works or services for mutual consideration.

STAGES OF FRAMEWORK CONTRACTING/ AGREEMENTS

The process for framework contracting is in two stages;

Stage 1 involves pre-qualifying contractors / suppliers and entering into the framework agreement, and

In Stage 2, specific contracts (termed Call-offs) are issued to the framework contractors/suppliers based on the terms established in stage 1 of the framework arrangement, as calls for supplies are made. The terms and conditions in the Framework Agreement become binding on both purchaser and contractor/supplier only for requisitions from the framework agreement.

RATIONALE FOR FRAMEWORK AGREEMENTS (FWA)

The following factors, among others, are bases for applying framework agreements:

- Framework contracting becomes the vehicle for rationalizing a public procurement system that is characterized by fragmentation of purchase actions and help minimize administrative costs involved in 'repeat' tendering.

Some agencies of government, lacking the capacity to undertake procurement, can make use of the existing framework agreement, if their requirements fall within the agreement.

To facilitate sustainable social and economic development, framework agreement with local suppliers, would stabilize their operations, increase their profit margins, and so may result in more investment and growth in a sustainable manner; thereby increasing community wealth.

Through framework contracting, the need to reduce the number and cost of individual tendering processes becomes a legitimate way of streamlining the procurement process and help to ensure value for money (VFM).

Where there is uncertainty about the actual usage (demand) of the product; there is the flexibility of increasing or decreasing quantities.

IS FRAMEWORK AGREEMENT THE ANTI-DOTE TO BULK BREAKING?

In Public Procurement, the term **breaking bulk** occurs when an entity decides to procure a particular item in bits instead of a whole package in a single procurement process.

There are several reasons why entities engage in bulk breaking. Some of which are;

Finance: Entities may not have enough funds to purchase items in bulk

Approval Systems: Entities may want to avoid perceived prolonged approval processes from Entity Tender Review Boards like CTRB, MTRB etc.

Procurement Method: Entities may also want to avoid certain procurement methods like National Competitive Tendering (NCT) and therefore resort to bulk breaking by using Price Quotation (PQ) method.

Currently Ghana's Procurement Act, as stipulated in section 21(5), frowns on bulk breaking of requirements. PPA's Procurement Planning Software will not take on any package number which deals with an item description already captured by an earlier package number. The tendency therefore is that Entities are forced to collate their annual requirements of individual items and procure them in one process whether all those items are immediately required or not.

Bulk deliveries will amount to holding large stocks and huge sums of state resources would have to be made available to pay for these seemingly large deliveries, some of which may end up becoming obsolescent. This is why entities are tempted to break bulk. Use of FWAs can prevent both high stock holding and bulk breaking. Framework Agreements covers the bulk quantity which forms



basis for the supplier's price. The Buyer has the comfort and flexibility of calling off the quantities required to meet its immediate requirements thereby saving it from holding stock of the full FWA quantity.

The Supplier therefore acts like a Stockist/ Stockholder over the period of the Agreement.

This will bring about significant savings in transaction cost (cost of procurement) as a result of reduction in repetitive tendering processes which as the result of bulk breaking. Ultimately, this arrangement will bring about significant cost savings on the overall procurement expenditure as a result of the benefits of Economies of Scale. FWA is therefore a panacea for bulk breaking.

TYPES OF FRAMEWORK AGREEMENTS (FWA)

FWAs can be between;

- one or more entities and one supplier,
- one entity and more than one supplier, or
- more than one entity and more than one supplier, over agreed periods.

All the options can be applied within the public sector. Economy is the major determining factor.

BENEFITS TO BE DERIVED FROM FRAMEWORK CONTRACTING

The following benefits, among others, will be realized:

Economies of Scale: this system will involve aggregation of all the small quantities of common items currently put on tender, for purchase from one or a few suppliers, thereby obtaining better terms and lower prices due to higher volumes.

Time Saving: Reduction in administrative time in handling tenders since only one tendering exercise will replace those numerous ones.

Uniformity of prices: Entities benefiting from the FWA obtain similar prices.

Reduction of Delivery Lead Times: The time frame between order placing and delivery will be reduced and the requirement to hold excess stock will be minimized, since it is the supplier who will hold stocks.

Development of Local Industries: Framework contracting with local industry, due to the stability it offers suppliers, will foster profitable businesses and so **may** result in more investment and growth in a sustainable manner; hence community wealth can be enhanced.

Assured Quality: where appropriate quality assurance has been taken into consideration entities would be satisfied with the quality of their purchases.

Standardization: It affords the opportunity to standardize common user items.

EXPECTED CHALLENGES IN THE IMPLEMENTATION OF FRAMEWORK AGREEMENTS (FWA) IN GHANA

The following challenges are envisaged for the implementation of the framework agreement/ contract:

- Need for an efficient distribution system (-from suppliers angle)
- Extraction of the items from procurement plans; may be cumbersome.
- Monitoring of the whole framework agreement.
- Legal framework; need to introduce amendments to Act 663 to simplify implementation of multi-supplier FWAs.

Small enterprises may be disadvantaged as they may be overshadowed by large enterprises. However, they may benefit from the FWA process as subcontractors. They may also present joint tenders.

Getting stakeholders to understand the concept; this will require sensitization and training

Clement Owusu-Fordjour
Principal Operations Officer P&S
PPA



CONTRACT MANAGEMENT – A SURE PANACEA FOR EFFECTIVE PROCUREMENT MANAGEMENT

1.0 Introduction

Managing relationships, review of contract details, financial budgets and risk are the key elements, certain for performance in any contract. Noting that it is a panacea for effective procurement management, the attention of the Public Procurement Authority is now shifting towards promoting contract management at the lowest level of contract implementation to reduce to the barest minimum the little, little waste that wipe away the benefits of the very laborious processes of awarding contracts to the best evaluated responsive tenderer.

There have been several claims that about 40% of waste in the procurement process occurs during contract management. It is therefore an area which calls for significant attention to enhance a positive total outcome from the procurement process. As the saying goes, “what you do not monitor, never gets done.” People will naturally want to enjoy the rights under a contract but are hesitant to discharge the responsibilities the contract imposes on them (to the later), especially where it inconveniences them or challenges their comfort.

Attaining best value for money after an extensive process of identification and award of a contract to the best evaluated responsive Tenderer or the most suited Service Provider, requires effective management of the execution of the contract to guarantee that the buyer gets exactly what the contract is signed for and will eventually pay for, while the seller also receives the related compensation.

This explains why the Public Procurement Planning Template as derived from Act 663 and best practice, requires that Entities' Procurement Plans include the contract management activities. It is anticipated that public procurements will be better delivered if only managers of contracts will ensure that every detail of the agreement is executed.

2.0 What is Contract Management

Contract management is commonly understood as a broader and more strategic concept that covers the whole procurement cycle including planning, formation, execution, administration and close out of a contract, however, the focus of this paper is on the actual execution of a contract to supply goods, undertake works or deliver a service to a buyer.

Generally, Contract Management is based on the idea that the contract is an agreement, a partnership with rights and obligations that must be met by both sides to achieve the goal. Contract management is not aimed at finding fault, but rather at identifying problems and finding solutions together with all contracting parties involved in the process.

Contract management ensures that all parties to the contract, efficiently and effectively meet their respective obligations; delivering the goods, works and services agreed on in the contract. It also protects the rights of the parties and ensures required performance when circumstances change. Contract management includes monitoring and documenting performance.

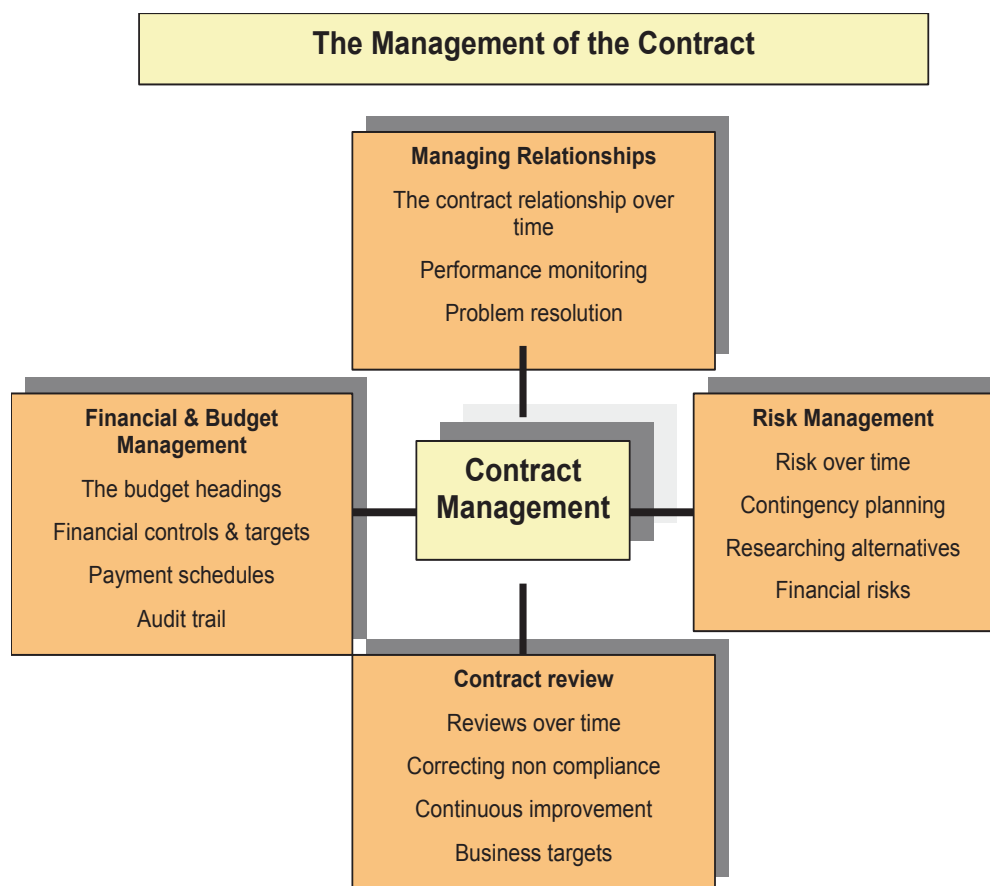
Each contract is a mini-project. It has a unique goal, consumes resources, has a beginning and end date, and requires coordination and planning of relevant activities, as well as documentation in a contract file throughout the process.

3.0 Who does What in the Process

Both the Buyer and the seller have a duty to ensuring effective management of contracts to their common benefit as provided for in the agreement. A lot of responsibility is however placed on the role the buyer plays to ensure that Entities obtain the best-value for every cedi the public sector parts with.

Depending on the organization and goods, services or works being procured, daily/regular monitoring of the contract must be placed in the hands of a



**Fig. 1**

contract manager or a contract management team that is assigned the responsibility of ensuring delivery.

While for simple procurements, an individual could be appointed as a contract manager, for other projects it could be either by a Contract Management Team, Steering Committee etc. Contracts will definitely fail without proper contract management. Contract Managers must ensure that the contract is amended to reflect agreed changes in circumstances, and that any claim or dispute is resolved amicably according to the terms of the contract. Considering that payment is made by the Finance Office, it is necessary that Contract Managers continue to monitor the payment for the goods, works or services to avoid delays and over/under payments which undermine the effectiveness of the

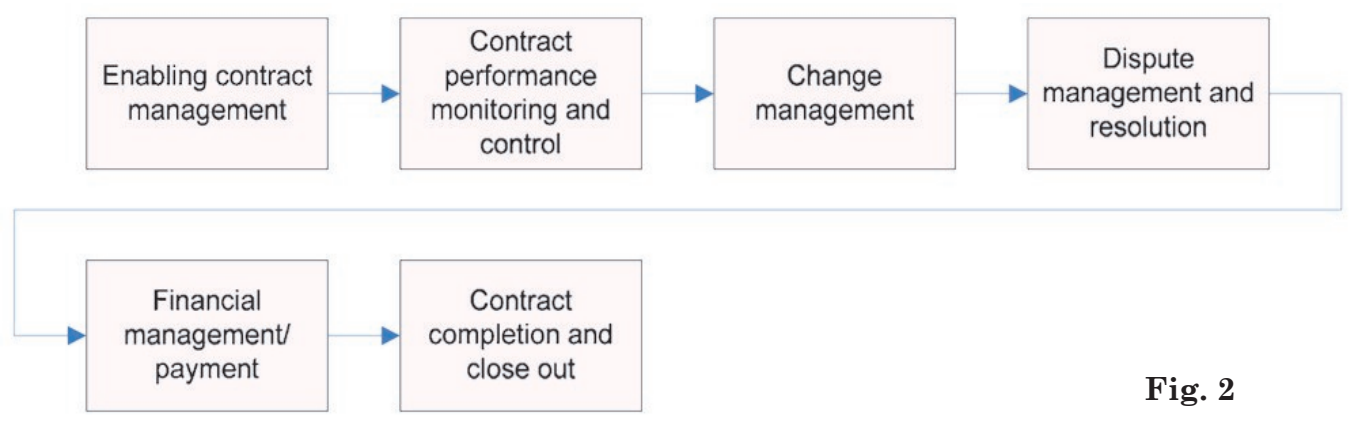
process. Contract close-out remains the responsibility of the Contract Manager.

4.0 Stages in Contract Management

The stages of contract management (Ref. Fig. 1) are intended to ensure that the parties work together to achieve the objectives of the contract. The flowchart (curled from the website of the United Nations) below shows the stages in the contract management process which note that:

The process commences immediately with the signing of the contract. Both parties will have to familiarize themselves with the terms, conditions and responsibilities prescribed in the enabling contract.

The Contract must be monitored and controlled to ensure that time lines/delivery schedules are met as agreed. Deviations must be immediately brought to



the fore for agreed/approved amendments. Every contract manager must detail out clear targets and delivery milestones to guide the monitoring process.

Change is inevitable especially in long term contracts. The manner and speed with which change is managed has significant bearing on delivery of the project. Effective communication that generates more effective buy-ins as the scope/circumstances change is vital for implementation.

Budgets must be managed while payments need to be facilitated to avoid burdening the seller by withholding intended capital while the buyer also ensures the entity receives exactly has been paid for. Delays in payment are a major cause of the rising cost of public projects, since its likelihood is considered in determining the prices quoted by suppliers while there is an open secret of growing payments of interests charged by sellers on delayed payments by the public sector. It is sad to note that often times; the value of the interest on delays far exceeds the invoiced amount due to the long period of delays.

Finally, contract managers must ensure that projects are effectively closed after supervision, inspection and acceptance of the deliverables by the buyer. Generally, the arrival of goods into stores, the expiration of the defect liability period for works and receipt of all reports and related deliverables such as drawings coupled with payment marks the beginning of the end of a contract. Payment of retentions, claims on warranties/guarantees, return of securities etc require urgent attention to avoid surprises that spring up after both parties have assumed closure due to long silence.

5.0 What do you Manage in the Process

As mentioned in the beginning, Fig. 2 provides an obvious detail of the critical components of contract management that contract managers need to pay attention to:

Conclusion

As part of efforts aimed at enhancing effective contract management, let me give credit to the PPA for committing resources to the development of comprehensive contract management manuals to guide the management of contracts for Goods, Works and Services. Training is expected to commence in the first Quarter of 2014 to ensure that the capacity of contract managers is effectively built to manage public procurements which accounts for about 70% of total expenditure (after personal emoluments).

Management theorists believe that supervision is a prerequisite to getting the best from a team. By extension therefore, contract management is key to attaining value. I have not come across any argument yet, that down-plays the importance of managing contracts. Best value in the procurement process can only be attained if maximum attention is given to the actual delivery of contracts for goods, works and services. Indeed, the "Sweetness of the Pudding is in the Eating" i.e the delivery on the contract is as important as the beautiful contract entered into.

Yvonne Vanderpuye
Head HR&A -PPA

Tendering and contract Information for periods indicated

[Tendering Opportunities for Sep - Oct 2013](#)

[Contracts Awarded for Jan - Oct 2013](#)

[Restricted Tender Awards Jan - Oct 2013](#)

[Expression of Interest Requests Sep - Oct 2013](#)

The links above will take you directly to the PPA Website Reports for the months of period indicated.



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