



Public Procurement Reform and Financial Management in Ghana's Education Sector: Evidence from Selected Secondary Schools in Kumasi

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ABSTRACT

Aim: This study examines the effectiveness of public procurement reform in managing financial resources in the education sector of Ghana.

Study Design: Descriptive-explanatory survey research design.

Place and Duration of Study: Ten selected secondary schools in Kumasi, Ghana with collection of primary data in 2025. Interpretation and discussion are aligned with contemporary public procurement and public financial management frameworks.

Methodology: Structured questionnaires were used to collect primary data from 85 purposively selected respondents, which included Procurement officers, Accountants, Administrators, suppliers and contractors, with 70 completing and returning. Data were analyzed using descriptive statistics (frequencies and percentages) supported by tables and figures. Interviews were also conducted to obtain further explanation from some selected respondents.

Results: The findings reveal improved procedural compliance and expenditure control following procurement reform; however, transparency practices remain inconsistent, single sourcing is widely used, supplier payments are significantly delayed, and value for money and cost savings are not fully achieved.

Conclusion: Public procurement reform in the educational sector of Ghana has strengthened control and accountability mechanisms but has not translated into optimal efficiency and economic outcomes. Targeted institutional and managerial reforms are required to enhance transparency, competition, payment discipline, and value-for-money outcomes in the educational institutions.

Keywords: Public procurement; public financial management; transparency; value for money; Ghana.

INTRODUCTION

Public procurement plays a central role in public financial management (PFM), particularly in developing countries where fiscal space is constrained and demands on public institutions are increasing. Public Financial Management (PFM) refers to the set of laws, rules, systems and processes used by sovereign nations (and sub-national governments) to mobilise revenue, allocate public funds, undertake public spending, account for funds and audit results (Lawson, 2015). In other words, it relates to how governments spend and manage financial resources of their respective countries for the general good of the citizenry. Lawson (2015) further explains that one important objective of public financial management is following due process in managing the resources which includes being transparent, promoting fairness and disclosure of information and demonstrating accountability in all dealings. Public procurement is one of the major means through which financial resources of the country are distributed. It is the means through which roads are constructed, schools are built, hospital materials and consumables are acquired among others. Globally, public procurement accounts for between 12–20% of Gross Domestic Product, making it a strategic instrument for achieving value



for money, accountability, and sustainable development (OECD, 2019; World Bank, 2020). In Ghana, procurement reform has been a cornerstone of broader PFM reforms initiated in the early 2000s to address inefficiencies, fragmentation of procurement rules, and pervasive perceptions of corruption.

The enactment of the Public Procurement Act, 2003 (Act 663), and its subsequent amendment by Act 914 in 2016, sought to harmonize procurement processes, promote competition, enhance transparency, and ensure judicious use of public financial resources. Prior to the reforms, acquiring goods, works and services by public institutions was undertaken anyhow, with some institutions having their own systems and by no properly trained personnel. There was no legal regulatory regime to back procurement and public spending. Some institutions relied on the then Ghana Supply Commission to procure goods and services on their behalf. It therefore became important for the reforms to be undertaken in order to streamline the processes of public procurement and to ensure judicious use of public financial resources. Despite these reforms, concerns persist regarding delays, excessive use of sole sourcing, limited competition, and weak linkage between procurement compliance and value for money outcomes, especially in the education sector.

Covered schools in Ghana face chronic funding challenges due to delayed government subventions and increasing reliance on internally generated funds. The competing needs of the public makes it difficult to have enough financial resources to cater for educational needs of the country. It is therefore important that the limited resources given to schools are managed well so that the best value could be obtained from them. In this context, effective procurement systems are essential for safeguarding scarce resources. This study examines the effectiveness of procurement reform after the implementation of the Public Procurement Act, 2003 (Act 663) as amended focusing on its contribution to financial management outcomes. The study seeks to:

1. Assess the extent of transparency and fairness in procurement practices.
2. Examine the effects of procurement practices on cost control and value for money.
3. Identify key challenges affecting procurement implementation.

LITERATURE REVIEW

Public Procurement and Public Financial Management

Public procurement is one of the most important components of public financial management, which links budget formulation, execution, and audit (Allen et al., 2017; Pretorius & Pretorius, 2009). Fiscal discipline, functional efficiency, and operational performance depend largely on efficient procurement system to translate budgets into essential commodities and services needed for execution of public activities. Efforts by the government to manage public finance include, but are not limited to, the Public Financial Management Reform Programme, which spanned between 1997 and 2003, as well as the Government of Ghana's Short- and Medium-Term Action Plan covering the period between 2006 and 2009. The Ghana Integrated Financial Management Information System was launched also in 2009 to enhance public financial management through financial reporting, informed decision making, and reliable planning for national development (Asah, 2014).

Transparency, Accountability, and Value for Money

According to (Transparency International, 2020; OECD, 2019), transparency and accountability are core principles of public procurement and are essential for reducing corruption and improving public trust. Value for money extends beyond lowest price to include whole-life costs, quality and fitness for purpose (Thai, 2009; World Bank, 2020). Empirical studies in Sub-Saharan Africa suggest that compliance with procurement rules does not automatically guarantee VfM, particularly where capacity constraints and bureaucratic delays persist (Anvuur et al., 2006; Sarfo, 2011). According to (Dadzie and Yornu, 2025), transparency measures in procurement should be strengthened, and the number one most important thing is that there should be a very comprehensive legal and regulatory system. This is expected to regulate all stakeholders in the procurement process. When the framework is complete, it should be published so all suppliers, contractors, and consultants can access it. In addition, procurement entities must make sure that procurement plans, procurement

opportunities, contract award notices, data on procurement complaints resolved, and annual procurement statistics are made public by publicizing them.

Procurement Reform in Ghana

Ghana's procurement reform aimed to unify procurement rules, strengthen oversight through the Public Procurement Authority (PPA), and professionalise procurement practice (Ministry of Finance, 2001; PPA, 2017). Public procurement reform objectives are usually described as increased transparency, reduced corruption, achieving value for money and professionalising the procurement function (Telgen et al., 2016). However, studies report continued reliance on single sourcing, weak procurement planning, and delayed payments to suppliers, undermining competition and increasing procurement costs (Agbesi, 2009; World Bank, 2022).

Conceptual Framework

The study is guided by a conceptual framework that links public procurement reforms to financial management outcomes through procurement practices, with institutional factors acting as moderating variables. Procurement reforms—such as regulatory changes, transparency measures, competitive policies, and capacity building— influence procurement practices including method selection, compliance, timeliness of approvals, and payment discipline. These practices in turn affect financial management outcomes, namely expenditure control, efficiency, cost savings, accountability, and value for money. Institutional moderators such as governance oversight, funding constraints, and administrative capacity shape the strength and direction of these relationships.

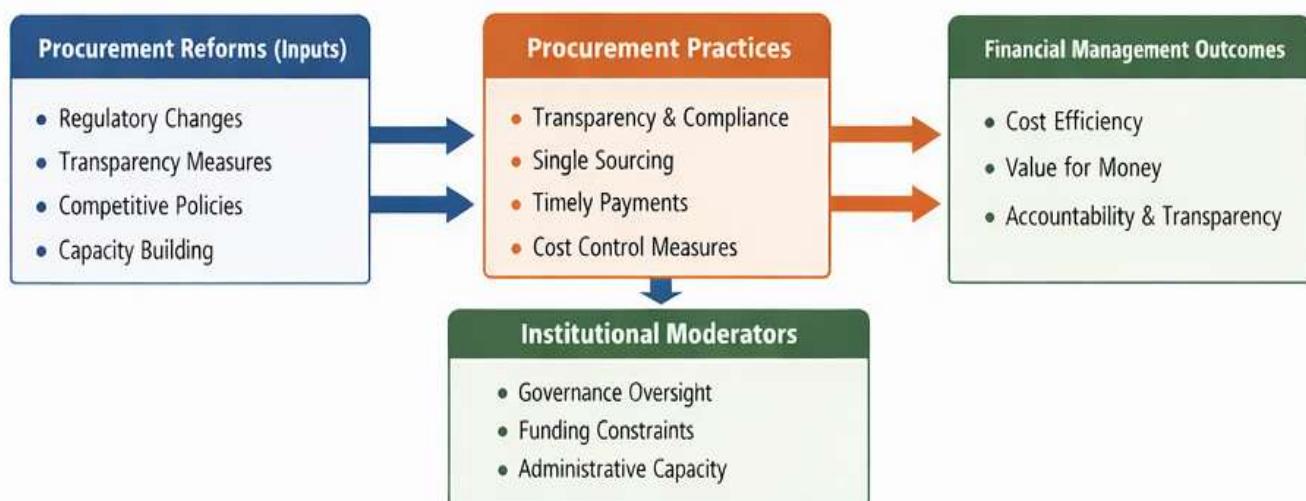


Figure 1. Conceptual framework linking public procurement reform to financial management outcomes in the education sector.

METHODOLOGY

The study adopted mixed methods approach with a descriptive-explanatory survey design to examine relationships between procurement practices and financial management outcomes. Procurement officers, Accountants, administrators, contractors and suppliers at selected educational institutions were taken as respondents. Ten secondary schools in Kumasi were used for the study. A purposive sample of 85 respondents was obtained and structured questionnaire were distributed to them to complete. 70 respondents out of the 85, representing approximately 82%, completed and returned the questionnaire. The respondents were selected based on their direct involvement in procurement activities at the selected educational institutions in Kumasi. Primary data were collected using structured questionnaires containing both closed and open ended questions. Data were analyzed using descriptive statistics such as frequencies and percentages, with support from SPSS and Microsoft Excel. After analyzing the questionnaire results, six Procurement officers and accountants of the



selected schools, were interviewed to obtain further explanation on the questionnaire responses. To strengthen analytical rigor and improve generalizability, survey findings were interpreted alongside insights from national audit reports and existing empirical studies. Data analysis relied on descriptive statistics and thematic interpretation.

Ethical Considerations

Ethical approval for the study was obtained through institutional administrative procedures at the selected schools. Participation was voluntary, and informed consent was obtained from all respondents. Respondents were assured of anonymity and confidentiality, and data were used strictly for research purposes.

Limitations Of The Study

The study relied on self-reported perceptions, which may be influenced by respondent bias and the focus on selected schools in Kumasi limits the generalizability of the findings to other institutions in Ghana. Future studies may adopt longitudinal designs and comparative multi-institutional approaches.

RESULTS AND DISCUSSION

Respondents' Profile and Experience

Table 1: Years of Work Experience of Respondents

| Years of Experience | Frequency | Percentage (%) |
|---------------------|-----------|----------------|
| 1–5 years | 15 | 21.4 |
| 6–10 years | 35 | 50.0 |
| Above 10 years | 20 | 28.6 |
| Total | 70 | 100 |

Procurement Transparency Indicators

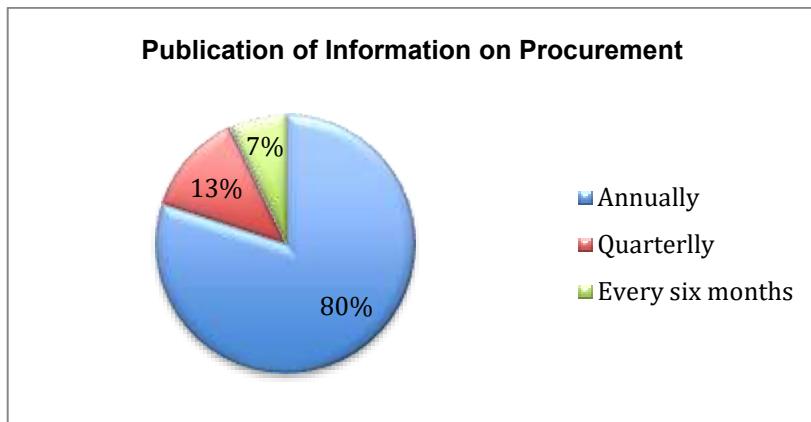
The procurement transparency indicators were used to assess the level of transparency in the procurement system at the schools. The findings below depicted in table 2 and 3 and figures 2, 3 and 4, indicate that procurement information is not published regularly and unsuccessful bidders are often not notified promptly. This undermines the principle of transparency which needs to be checked and corrected. Single sourcing emerged as the dominant procurement method, contrary to the Act's emphasis on competitive tendering. However, majority of respondents indicated that the tenders are opened immediately after the tender submission deadline, which enhances transparency. Although tender openings are generally conducted promptly, limited disclosure of procurement information and weak feedback mechanisms for unsuccessful bidders undermine transparency and competition.

Table 2: Frequency of Publication of Procurement Information

| Frequency | Percentage (%) |
|------------|----------------|
| Annually | 80 |
| Quarterly | 13 |
| Biannually | 7 |

The above data is pictured in the next pie chart.

Figure 2: Frequency of publication of procurement information (pie chart).



The pie chart above indicates that 80% of respondents agreed that procurement information at the selected schools are published annually as against 13% and 7% for quarterly and semiannually publication.

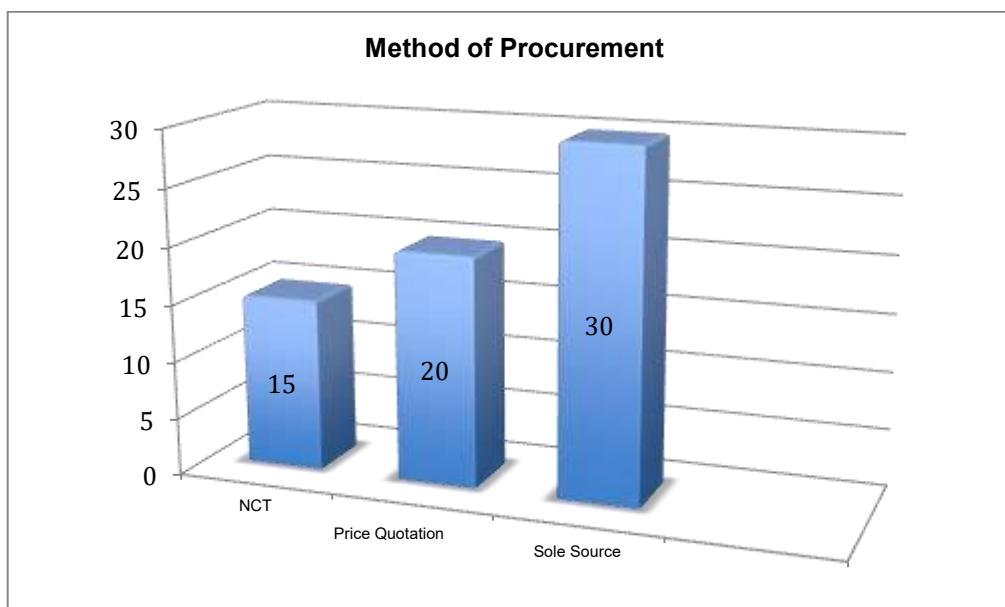
Procurement Methods used

Table 3: Dominant Procurement Methods

| Procurement Method | Percentage (%) |
|--------------------------------|----------------|
| Single sourcing | 41 |
| National competitive tendering | 39 |
| Price quotation | 20 |

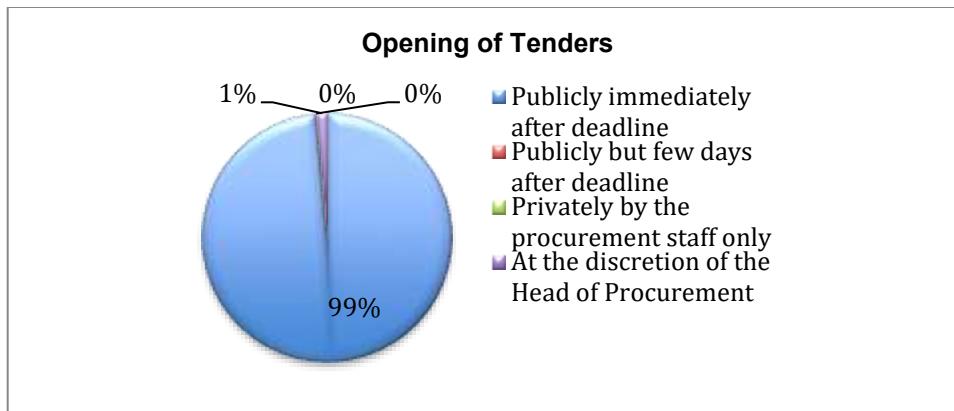
The above data is pictured in the next graph.

Figure 3: Distribution of procurement methods used (bar chart).



The bar chart above describes the procurement method mostly used by the selected schools with single or sole source leading which indicates limited competition.

Figure 4: Period for opening of tenders.



In order to obtain further explanations, the study interviewed the selected respondents to share more light on the identified areas. Respondent A submitted that,

"single source is widely used as a result of limited suppliers in certain areas. For example, we buy some food stuffs from a single supplier because, we are assured of the quality from them over the years. Also, compared to the process of advertising to receive tenders and evaluate before seeking approval from the relevant authority, when we use single source, we only need prior approval from the Public Procurement Authority to award the contract. So it is faster."

When asked about what contributes to transparency in the procurement system, respondent F indicated that following the requirements laid down by the Procurement Act, such as regular publishing of contract awards, opening tenders publicly immediately after deadline for tender submission, and using the right procurement method contribute to achieving transparency.

Procurement Delays and Approval Processes

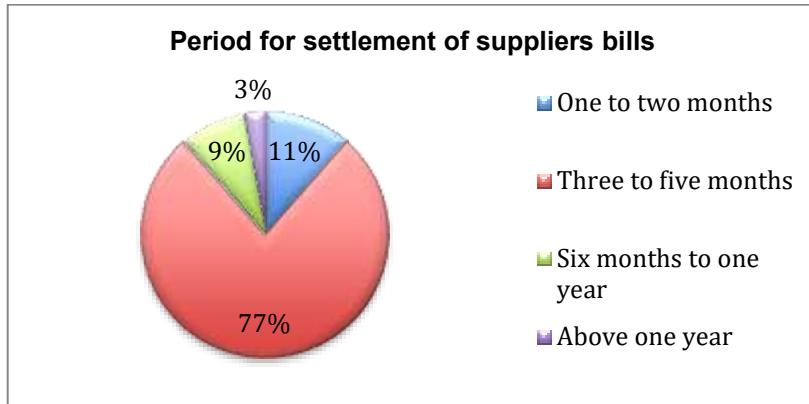
Table 4 below shows the time required to obtain approval from appropriate authorities and Committees for some key procurement activities. Whereas the Head of Entity takes between one to three weeks to approve a procurement transaction within his or her threshold, the Entity Tender Committee and the Central Tender Review Committee gave approval for procurement contracts within their approval thresholds, up to three months and four months respectively. Significant delays occur at key approval stages, particularly at tender committee and external review levels. Supplier payments frequently exceed three months, far beyond the recommended 30-day period. These delays impose financing costs on suppliers, increase bid prices, and discourage competition. While tender evaluation was generally completed within two weeks, significant delays were associated with tender committee meetings and external tender review board approvals, often extending procurement cycles beyond six weeks. This delays the procurement process at the educational sector which could lead to extended validity periods or price fluctuations or even cancellation of procurement processes due to excessive delays. Over 75% of respondents, as per figure 5, also indicated that suppliers are paid between three and five months after delivery, far exceeding the recommended 30-day payment period and potentially increasing procurement costs. With the high demand for educational infrastructure and other resources, delay payment to suppliers can have a burden on the institution as suppliers and contractors may be unwilling to transact business with the institution.

Table 4: Time Required for Key Procurement Approval Stages

| Stage | Typical Duration |
|-------------------------|------------------|
| Tender evaluation | 1-2 weeks |
| Head of Entity approval | 1-3 weeks |

| | |
|---------------------------------------|----------------|
| Entity Tender Committee approval | Up to 3 months |
| External Tender Review Board approval | Up to 4 months |

Figure 5: Period for paying suppliers.



With the above data, the study posed the question to the interviewees “why is payment delayed beyond the standard credit period of 30 days? This is what respondents A and C had to say.

“When it comes to payment delays, there can be several factors. The obvious one is that government subventions sometimes delay but since the schools also need to provide for their students, management is compelled to procure food and other educational materials on credit and when they are delivered, it becomes difficult to pay the suppliers due to lack of financial resources. Sometimes it can even take several months, even beyond 6 months before payment. It really affects us but what can you do? You just have to wait for government.”

On the part of C, he indicated that

“it is quite surprising that sometimes the money is there but the processing of claims can take several weeks. I think the human element plays a critical role in the payment processes. If you do not have a good Accountant who is fast, things can delay”

Respondents also talked about the procurement approval processes and why they delay. According to respondent B, the committees and authorities responsible for approving for the procurement process to continue can sometimes delay.

“the process approval from the Entity Tender Committee and the Central Tender Review Committee often delay making the entire procurement process delayed. The reason why they delay occurs is due to the meeting schedules of the Entity tender committee. For example, in our case, the Entity Tender Committee meets one or two times within the year, so until their meeting, procurements within their approval threshold have to wait.”

It is clear from the above that Committees and individuals contribute to the delays in the procurement process. This does not promote an efficient procurement system at the educational institutions and therefore must be checked and rectified as a matter of urgency.

Financial Management Outcomes

While procurement reforms have strengthened expenditure control through improved procedural compliance, respondents reported limited cost savings and weak achievement of value for money. From an efficiency perspective, prolonged approval processes and delayed payments increase transaction costs and negate potential savings from competitive procurement. This finding highlights a disconnect between compliance-oriented reforms and economic efficiency. Respondents acknowledged improved expenditure control due to procedural compliance. However, majority reported limited cost savings and weak achievement

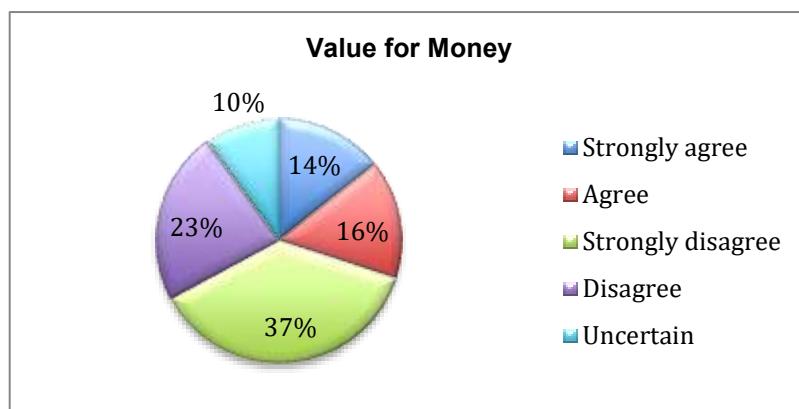
of value for money, suggesting a gap between compliance and economic efficiency. The findings confirm that procurement reform at the educational sector has strengthened formal controls and compliance structures but has not fully delivered on efficiency, cost savings, and value for money. This revelation is quite worrying as government spends huge sums of money on the education sector of Ghana. It is therefore important that conscious efforts are made to ensure that efficiency is achieved in public procurement to ensure economic and efficient use of financial resources.

Excessive reliance on single sourcing (Auditor General of Ghana, 2023), weak procurement planning, and delayed payments undermine competition and increase supplier risk premiums. This is consistent with prior studies in Ghana and other developing economies (Anvuur et al., 2006; World Bank, 2022).

Table 5: Perceived Financial Outcomes of Procurement Reform

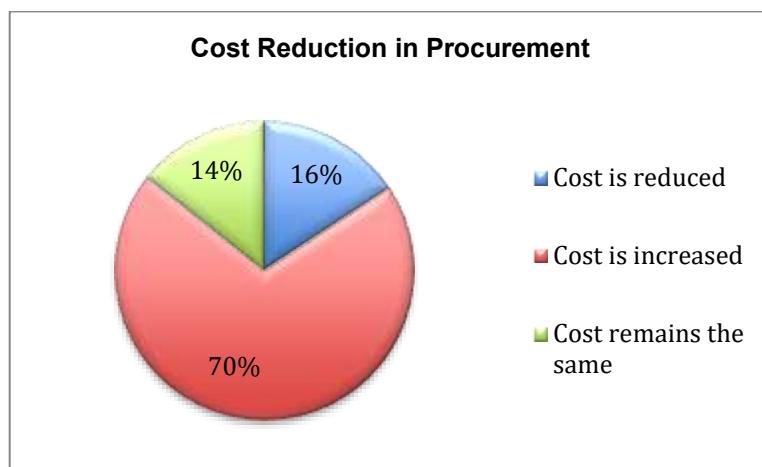
| Indicator | Agree (%) | Disagree (%) | Uncertain (%) |
|---------------------|-----------|--------------|---------------|
| Expenditure control | 81 | 14 | 5 |
| Cost savings | 31 | 66 | 3 |
| Value for money | 40 | 60 | 10 |

Figure 6: Perceived achievement of value for money.



From figure 5, the highest percentage of respondents disagreed to the notion that procurement reforms have ensured value for money. This needs strong attention in order to achieve the reform objectives as value for money is essential in financial management.

Figure 7: Perceived cost reduction in procurement.





Based on the findings above, the selected interviewees were asked to further explain why majority believe that the reforms have helped in expenditure control but in terms of value for money, and cost savings, majority responded that the procurement reforms and financial management have not been able to achieve that. This is what respondents D and E had to say.

“for the expenditure control, yes, perhaps the reality is that the procurement process itself would not allow you spend on time so you may have funds but not spending because you are waiting for the lengthy process to end. On value for money and cost savings, I would say they have not been totally achieved because sometimes the process lead to selection of suppliers who end up delivering poor quality and because of time constraints they are accepted at higher prices than the average open market price”

E also indicated that

“achieving value for money is good but not really the case with our current procurement system. I think the requirements and processes lead to spending more on purchases rather than saving cost for the institution. For example, the time it takes to even pay a supplier can demotivate good suppliers from participating in the procurement process leaving a few ones who would charge high prices to compensate for the delay. All these contribute to not achieving value for money.

The above indicates that a lot need to be done to improve upon efficient utilization of resources in order to achieve value for money. Approval Committee meetings must be more regular so that the procurement process would cut short for early completion.

CONCLUSION

Procurement reform at the educational sector of Ghana has achieved partial success by enhancing expenditure control and procedural accountability. However, persistent challenges relating to transparency, competition, delays, and payment practices limit its contribution to effective financial management. For procurement reform to translate into tangible economic benefits, schools must move beyond procedural compliance toward performance-oriented procurement. Schools must ensure timely publication of procurement plans, tender notices, and contract awards to improve upon transparency and open up competition. Also approval processes must be fast tracked to ensure early completion.

RECOMMENDATIONS

Based on the findings, the study proposes the following policy recommendations:

1. Enforcing Timely Supplier Payments: Strict enforcement of the 30-day payment rule to reduce supplier risk premiums and procurement costs.
2. Reducing Reliance on Single Sourcing: Strengthening procurement planning and market analysis to promote competitive tendering.
3. Adopting E-Procurement Systems: Digitizing procurement processes to improve transparency, reduce approval delays, and enhance auditability.
4. Streamlining Approval Processes: Introducing service-level timelines and accountability mechanisms for tender committees and review boards.
5. Integrating Cost-Benefit and Lifecycle Analysis: Embedding efficiency and value-for-money assessments into procurement decision-making.

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