GEEM 445
Engineering Ethics and Professional Practices

PROCUREMENT METHOD:RULE 52, 61-88

What we learned in the Last class?

Procurement methods:

OTM

- LTM
- Two-stages Tendering Method
- One-stage Two Envelope Method

What we are going to learn today?

Procurement methods:

- **RFQ**
- **DPM**

RFQ Method

RFQ Rule: 70-73

Request for Quotation:

- Also call **Quotation in purchasing** or **draft purchase order.**

- **An early stage of procurement** in which there are no confirmation yet from the supplier **about the price** or the **availability of the product.**

REQUEST FOR QUOTATION: RULE-69

FOR RFQ (G, W OR PHYSICAL SERVICES) AS PER BUDGET & THRESHOLD

Subject to threshold		Revenue budget
➢ Readily available off-the-shelf goods	G	Tk 2 lac (Each case) annual aggregate taka 10 lac
➢ Low value simple works and physical services	W	Tk 5 lac (each case). Annual Tk 20 lac
		Development budget
	G	Tk 5 lac (each case). Annual Tk. 20 lac
	W	Tk 10 lac (each case) annual Tk 40 lac

RFQ Rule: 70-73

Criteria:

- **Quotations for off-the self goods and low value of simple works**:

  -Unit rate
  -Lump sum
  -Cost plus fee

- **No tender or performance securities is required**.

- **Publish advertisement in notice board, PE's website**

- **At least three (3) responsive quotations.**

SPM Office
চট্টগ্রাম প্রকৌশল ও প্রযুক্তি বিশ্ববিদ্যালয়
"Establishment of a Fab Lab in Chittagong University of Engineering & Technology (CUET)"
চট্টগ্রাম-৪৩৪৯

Memo No: CUET/ HEQEP/ CP#5007/G-2/02 তারিখ: ০৫/০৯/২০১৮ ইং

ঃ কোটেশন আহ্বান ঃ

Establishment of a Fab Lab in Chittagong University of Engineering & Technology (CUET); CP#5007 এর অধীনে নিম্নবর্ণিত প্যাকেজের পণ্যসমূহ প্রকৃত সরবরাহকারীর নিকট হতে সীল গালা করা খামে কোটেশন আহবান করা যাচ্ছে।

প্যাকেজ নং	বিবরণ
G-2	**Procurement of Tools & Spare Parts for Fab Lab Machinaries**

আগামী ১২/০৯/২০১৮ তারিখ পর্যন্ত সকল কার্য দিবসে (ছুটির দিন ব্যতীত) এই বিশ্ববিদ্যালয়ের SPM Office, **Establishment of a Fab Lab in Chittagong University of Engineering & Technology (CUET); CP#5007** -হতে কোটেশন সমূহ বিনামূল্যে সংগ্রহ করা যাবে। কোটেশনসমূহ আগামী ১৪/০৯/২০১৮ তারিখ বেলা ১১:০০ ঘটিকার মধ্যে অফিস চলাকালীন সময়ে নিম্নস্বাক্ষরকারীর দপ্তরে জমা দিতে হবে। দরপত্রদাতাদের হালনাগাদ **Valid Trade License, Tax Identification Number (TIN), VAT Registration Number and Financial Solvency Certification**-এর ফটোকপি সহ ব্যবসা প্রতিষ্ঠানের স্থায়ী ঠিকানা এবং প্রয়োজনীয় কাগজপত্র কোটেশনের সাথে সংযুক্ত করতে হবে। কর্তৃপক্ষ কোন কারণ প্রদর্শন ব্যতিরেকে যে কোন কোটেশন আংশিক বা সম্পূর্ণ বাতিল করার ক্ষমতা সংরক্ষন করেন।

(অধ্যাপক ড. মোঃ মশিউল হক)
সাব-প্রজেক্ট ম্যানেজার
HEQEP (CP:5007), CUET

Memo No: CUET/ HEQEP/ CP#5007/G-2/02 তারিখ: ০৫/০৯/২০১৮ ইং

অবগতি ও প্রয়োজনীয় ব্যবস্থা গ্রহণার্থে অনুলিপি ঃ

১. পি এস টু ভিসি। ভিসি মহোদয়ের জ্ঞাতার্থে।
২. Head, UAIFS, CUET.
৩. পরিচালক, আইআইসিটি। চুয়েট। টেন্ডার বিজ্ঞপ্তিটি চুয়েট ওয়েবসাইটে প্রকাশের প্রয়োজনীয় ব্যবস্থা গ্রহণের অনুরোধ সহকারে।
৪. সংরক্ষন নথি।

(মোঃ মাহফুজুর রহমান)
অফিস ম্যানেজার
HEQEP (CP:5007)
চট্টগ্রাম প্রকৌশল ও প্রযুক্তিবিশ্ববিদ্যালয় চট্টগ্রাম-৪৩৪৯।

Request For Quotation (RFQ)
Rule 70 - 73

70. Documentation Needed for the RFQ Method. |— (1) The Request for Quotations shall contain a clear statement concerning the Procuring Entity's requirements in respect of the Goods and related Services and low value simple Works or physical Services, such as quality, quantity or volume of Goods, scope of physical Services and their duration, terms and time of delivery or completion, and payment terms and invoicing procedures, including special requirements.

(2) Tenderers may be required to furnish documentary evidence(s) demonstrating its eligibility by providing a valid trade license, Tax Identification No. (TIN), VAT registration and Bank solvency certificate.

(3) Tenderers shall be requested to quote prices or rates in a process similar to those in Open Tendering Method.

(4) The evaluation criteria to be used shall be stated in the requests for quotations considering type and value of Goods and related Services and low value simple Works or physical Services to be procured using the RFQ Method.

Documents needed for RFQ

- Clear statement of **PE's requirements**.

- Tenderers' documentary evidence demonstrating it ability for fulfillment of the PE's requirements **ie.**

  -Valid Trade License.
  -TIN certificate,
  -VAT registration Certificate and
  -Bank solvency certificate.

- Tenderers' to **quote price or rate** in a process similar to OTM**.**

- **Evaluation criteria** to be mentioned in RFQ**.**

Question: What is RFQ? List he documents to be needed for RFQ.

Question: Describe the procedures for use of Request for Quotation Method invitation.

Premier Bank
service first

Ref: Premier/DSRB/GB/2020/631
Date: July 13, 2020

TO WHOM IT MAY CONCERN

This is to certify that **STR Enterprise Limited, represented by its Managing Director, Mr. Md. Abu Sadeq Choudhury, Business Address: House No: 32/01, MIRPUR ROAD, KHAN PLAZA, 5th FLOOR, Dhaka, Bangladesh** has been maintaining a satisfactory conducted current account 0162 – 111 – 00000042 with our The Premier Bank Limited, Dhanmondi Satmasjid Road Branch.

To the best of knowledge **STR Enterprise Limited, represented by its Managing Director, Mr. Md. Abu Sadeq Choudhury, Business Address: House No: 32/01, MIRPUR ROAD, KHAN PLAZA, 5th FLOOR, Dhaka,** is financially sound & solvent.

So far we know that the company is capable to invest **BDT.500 Cr** from their own capacity to execute any valid work order.

Furthermore, we certify that if the company is awarded any valid work order of **BDT.600 Cr or above,** we are eager to provide financing facility **upto BDT.400Cr** subject to valid work order & fulfillment of credit norms of our bank.

Md. Mosharof Hossain
FVP & Manager
The Premier Bank Limited
Dhanmondi Satmasjid Road Branch

71. Procedures for use of Request for Quotations Method Invitation. |— (1) The Procuring Entity shall invite quotations from Suppliers by letter, fax or electronic mail, indicating the last date by which the quotations shall be submitted.

(2) Requests for Quotation do not need to be advertised in the newspaper ; but for the minimum circulation shall publish that advertisement in the Website of the Procuring t Entity,if any, including its Notice Board and shall send with request for publication to the administrative wing of the another nearby Procuring Entities. .

(3) The Procuring Entity shall not charge any fees for the RFQ Document.

(4) Time for invitation shall be kept minimal but reasonable, within the threshold specified in Schedule II.

(5) The Procuring Entity shall carefully select the Tenderers to be invited to submit quotations for Procurement of Goods or Works taking into account its specific requirements as well as the reputation and capability of the Tenderers.

(6) The Procuring Entity shall request quotations from as many Tenderers as practical and shall obtain and compare at least three (3) responsive quotations to establish the competitiveness of the quoted price,

(7) The Procuring Entity should, in order to minimize the risk of not receiving satisfactory number of responsive quotations, request all potential Tenderers to confirm whether or not they will be submitting a quotation in order to invite other Tenderers to replace those who are not submitting a quotation.

(8) The Procuring Entity shall, in order to diversify the source of supply and treat all potential Tenderers equally as long as they provide good performance and economic price, ensure that the same Tenderers are not always invited to quote.

(9) The RFQ Method for national Procurement is generally limited to Persons resident and commercially registered in Bangladesh and to the supply of Goods, of both local and foreign manufacture, which are usually available from more than one source within Bangladesh at a competitive price.

Preliminary Working Draft

Procedures for use of RFQ Methods:

- PE to **invite quotations** from suppliers **by letter, fax or email**.
- Need **not to be advertised** in **newspapers**.
- Shall **not be charged** for RFQ documents.
- Shall carefully **select tenderers** taking into account its specific requirements, as well as capability and reputation of the tenders.
- Shall request quotations from **as many tenderer as practical** but compare at least 3 responsive quotations.
- PE to **request to all potential tenderers** **to confirm whether or not** they will be submitting a quotation.
- PE shall **ensure that the same tenderers** are not always invited to quote.
- For national procurement, is generally **limited to persons resident and commercially registered in Bangladesh**.

Rule 72

72. Submission of Quotations. |— (1) The Tenderer shall have the choice to submit its offer in a sealed envelop clearly marked on the top as `Quotation' or by fax or e-mail.

(2) The Procuring Entity shall stamp all quotations, received sealed or otherwise, indicating both the date and time of receipt and shall submit without opening to the Chairperson of the Tender Evaluation Committee for evaluation.

(3) If the Procuring Entity has not received at least three (3) responsive quotations within the given time, it shall verify with the other Tenderers to whom it sent a request for quotation whether or not they intend to submit a quotation, and if so how soon.

(4) The Procuring Entity, unless there is extreme urgency or there are already three (3) or more responsive quotations available, may give reasonable amount of additional time for other

Submission of Quotations for RFQ Methods:

- Tenderers to **submit the offer** in a **sealed envelope** clearly marked on the top as Quotation or by fax or email.
- PE to **stamp all quotations**, received sealed and without opening **hand over** to chairperson of TEC.
- If PE has not received within given time at least 3 responsive tenderers, he **may ask others tenderers** to submit and how soon.
- PE, unless there is an **extreme emergency** or **has 3 or more** responsive tenderers, **may give reasonable amount of time** for other.

Question: Describe the procedure of submitting Quotations by the tenderers to Procuring Entity for Request for quotation Method.

73. Evaluation of Quotations and Issuance of Purchase or Work Order. |— (1) All quotations, whether submitted in sealed envelopes or by other means, shall be examined and evaluated by a Tender Evaluation Committee, following the procedure specified in Rule 98 on the very submission date after the deadline specified.

(2) In the case of evaluation of quotations, only the requirements specified in the Request for Quotations is to be examined, following which the lowest evaluated quotation shall be selected for award of the work order. rovided that in special circumstances, the TEC may recommend an award to a Tenderer who has not submitted the lowest priced quotation when such recommendations are fully justified on technical, social or economic grounds.

(3) A slightly higher price may be justified for faster delivery or immediate availability in cases of extreme urgency or when late delivery may result in heavy consequences for the purchaser,

provided that in such cases, the intention to favour early delivery should be clearly indicated in the RFQ.

(4) The Evaluation Report must demonstrate clearly that the award is based on sound economic criteria.

(5) The winning Tenderer shall be notified immediately by sending him or her purchase order in the case of Goods or by inviting him or her to sign a standard contract in the case of Works and Physical Services.

(6) The awarded Tenderer shall confirm in writing receipt of the purchase order or work order to the Procuring Entity.

(7) If the Procuring Entity couldn't receive the minimum required number of quotations, it shall refer the matter to the HOPE recommending either to cancel the Procurement or to use other Procurement methods such as Direct Procurement.

(8) The record of Procurement as specified in Rule 43 shall include the list of Tenderers invited and the list and value of the quotations received and the Evaluation Report.

Preliminary Working Draft

Evaluation and issuance of WO or PO:

- **All quotations to be examined and evaluated by TEC**. Only requirements specified in RFQ to be examined.
- A **slightly higher price may be justified** for faster delivery or immediate availability in cases of extreme emergency.
- Evaluation must be **based on sound economic criteria**.
- **Winning tenderer shall be notified immediately** by NOA (notification of award) for acceptance and submitting performance security within given time.
- Awarded **tenderer to confirm in writing to PE and then PE issues** PO or WO.
- If **PE not received minimum number of Quotations**, matters referred to HOPE either for cancellation or for other method i.e. DPM.
- **Record of procurement** shall **include list of Tenderers invited**, **lists and values of Quotations** received and the **ER**.

TIME FOR SUBMISSION: RFQ :RULE - 71

- **Not more than 10 days** from date of invitation.

Question: Describe the procedures of evaluation of Quotations and issuance of purchase order or work order.

DIRECT PROCUREMENT METHOD (DPM) RULE 74-81

If relevant, direct procurement can be done in procurement:

- **Direct Contracting**
- **Additional Deliveries** and **Repeat Order**
- **Variation Order/ Extra work order (VO/EWO)**
- **Direct Cash Purchase (DCP)**
- **Force Account**

Rule 74

74. Use of the Direct Procurement Method. |— (1) The Procuring Entity may use the Direct Procurement method for Procurement for Goods and related Services, Works and physical Services from one source without going through Tendering or other Procurement methods but shall under no circumstances be used to avoid competition or to favour a particular Person, Supplier or Contractor to discriminate among Persons, Suppliers or Contractors.2) The Head of a Procuring Entity shall strictly control the use of the Direct Procurement Method as it- does not provide the benefits of competition, lacks transparency and could encourage unacceptable and fraudulent practices.

(3) The decision to use this method shall be approved by the Head of the Procuring Entity or an officer authorised by him or her in order to ensure that there is no abuse and its use is restricted to the circumstances specified in these Rules.

1. Direct Contracting: Rule 76

Only one supplier or contractor to submit an offer:

- **Proprietary nature** which can be obtained only from the proprietary source.
- **Critical plant components** according to condition precedent.
- **Exclusive dealer or manufacturer** which does not have sub-dealers.
- **From a government owned** industry or factory using government own fund.
- **Not interchangeable** with existing equipment in case of spare parts

- **Emergency procurement** arising from natural disasters within the threshold
  -**Max Tk 50 lac** each case annual aggregate 5 crore

- **Very urgent or essential nature**, such as transportation services, event management.
  -**Max Tk. 1 lac** or 5 lac (HOPE) in each case

2. Additional Delivery/Repeat Order

Rule: 77

- **Repeat order of similar nature**.
- **Contract within threshold** as in schedule II

Limit for Additional Deliveries of Goods and Repeat Orders
• Fifteen percent (15%) of the original Contract price

- **Most advantageous** after price verification.
- **Following a competitive procurement process.**

3. Variation Order (VO)/Extra Work Order (EWO)

Rule: 78

VO/EWO for works, physical services under purview of DP:

- PE may issue VO/EWO for:
  -**any increase in quantities**,
  -**introduction of new work items** (differing materially from the original contract).

- **New works, not included in the original contract** due to **change of** plans, design, unknown physical conditions at the site

78. Issuance of Variation or Extra Work Orders. |— (1) The Procuring Entity may issue a Variation Order for Procurement of Works, physical Services from the original Contractor to cover any increase or decrease in quantities, including the introduction of new work items that are either due to change of plans, design or alignment to suit actual field conditions, within the general scope and physical boundaries of the contract .

(2) The Procuring Entity may issue an Extra Work Order to cover the introduction of such new works necessary for the completion, improvement or protection of the original works which were not included in the original contract, on the grounds where there are subsurface or latent physical conditions at the site differing materially from those indicated in the contract, or where there are duly unknown physical conditions at the site of an unusual nature differing materially from those usually encountered and generally recognized as inherent in the work or character provided for in the Contract.

(3) Any cumulative Variation, beyond the threshold amount specified in Schedule II, shall be subject of another contract to be tendered out if the Works are separable from the original contract.

Financial Threshold

Rule: 77, 78

- **15% of the original contract price for**

  -Additional deliveries of goods and repeat orders

  -Variation or extra work orders.

- **Beyond 15% (Approved by higher authority than the original AA)**

  -Exceptional cases urgently necessary to complete

4. Direct Cash Purchase (DCP)

- **Low value goods, urgent and essential services**
  -Example: maintenance, repairs, transportation, etc.

- **Financial threshold**
  -Tk. 25,000 for each case and annual aggregate Tk. 5 lac

5. Force Account: Rule 82

- **Used for hiring of Direct labor** for **departmental needs**: Tk. 2 lac for each case (annual total).

- **Materials, tools and rental** of additional equipment required to perform **departmental works**
  -Under force account procure by RFQ, Direct contracting.

Question: Briefly describe the different types of direct procurement method.

Procurement Method - International

Rule: 83

Terms and conditions

- **Sufficient time** for the submission of tenders, invitation to reach all potential tenderers
- **Specification** based upon **international standards**
- Acceptable tender **currencies: as stated in the TD**
  - -Currency of tender/performance security
  - -Currency for contract price
- **Domestic preference** (read Rule-83)

Time for Submission: OTM (International)

Rule 83

- Irrespective of value ≥ 42 CD
- For re-tendering ≥ 28 CD

THANK YOU