GEEM 445

Engineering Ethics and Professional Practices

PPR 2008

Tender Evaluation

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What we discussed in the last class?

- What is Specification?
- PE to describe clearly
- **Procedure for Preparation** of Technical Specifications of Goods etc.
- **Technical specifications** to be prepared.

Tender Evaluation

What we will discuss today?

- **Procedures followed by TEC** during examination and evaluation of tenders.
- When TEC will consider a **tender responsive**?
- What is **material deviation or reservation** in Tender Document.
- When **TEC shall not continue to evaluate** a Tender.
- Tenderer **offered a price significantly below** the official estimate.
- **Lowest evaluated Tender is significantly higher** than the official estimate or available budget or both.
- **If there is a tie** for the lowest evaluated price of tenders.

RULE 98: TENDER EVALUATION

Tenders **shall not be evaluated** on any basis other than the criteria specified in the Tender Documents.

TEC shall generally follow the procedures detailed below during examination and evaluation of Tenders –

- Tender Evaluation Report **shall list, in ascending order**, as per **evaluated cost** of all responsive Tenders

- In case of **any disagreement** by any member of the TEC on the recommendations of the Evaluation Report, that **member may provide a note of dissent.**

- In the case of note of dissent provided by a member, the Approving Authority **(AA)** with his or her own initiative **may obtain expert opinion** concerning any disputed matter in the Tender Evaluation Report.

EC Mahbub Talukder, "I fully opposed the decision. It's a reckless decision to legislate separately on a part of RPO or Representation of People Order, 1972."

Question: Describe the procedures followed by TEC during examination and evaluation of tenders.

When TEC will consider a tender responsive:

- A TEC may consider a Tender as responsive in the evaluation, only if it is **submitted in compliance with the mandatory requirements set out in the Tender Document**, without material deviation or reservation.
- Item quantified in the BOQ for which **no rates or prices have been quoted** shall be deemed covered by the amounts of other rates and prices in the Contract and it **shall not be a reason to change the Tender price**.

- If the TEC determines that the **Tender pricing is not balanced**, the TEC shall require the **Tenderer to submit a detailed price breakdown,** and in the case of **front loading** of the unit rates the TEC may recommend to **increase performance security**.

- There shall be number of responsive Tenders, **no requirement for a minimum.**

Term **'front-loaded'** refers to **costs that are applied disproportionately to elements of the work** that take early on during a project or part of a project.

Practical Example- Front Loading Unit Price

Consider a civil infrastructure project with a Bill of Quantities (BOQ) containing early **excavation** and later **pipe-laying.**

Items	Est Quantity	Fair unite Rate	F Loaded Unit Rate	Fair Total Amount	Front L Total Amount
Mob & Set up (Early)	1 LS 100%	$20,000	$50.000	$20,000	$50.000
Initial EW /Trenching Early)	1000 cum	$30/cum	$70/cum	$30,000	$70,000
Pipe Installation (late)	5000m	$50/m	**$26/m**	$250,000	130,000
Site Restoration (Late)	1 LS (100%)	$10,000	$4000	$10,000	$4000
Overall Tender Price				$310,000	$254,000

What is material deviation or reservation in Tender Document:

(a) which affects in any **substantial way** the **scope**, **quality**, or **performance** of the Works;

(b) **which limits in any substantial way**, **inconsistent with the Tender Documents,** the **PE's rights** or the **Tenderer's obligations** under the Contract; or

(c) **whose rectification** would **affect unfairly** the **competitive position of other Tenderers** presenting responsive Tenders.

A **TEC shall not continue to evaluate** a Tender when:

(a) Tenderer has **failed to demonstrate its qualifications** as required under Rule 49 (Mandatory documents in support of Qualification of Persons, documents for professional and technical & financial capacity), or

(b) Tenderer **does not accept a correction** of an arithmetical error, or

(c) the **Tender is not responsive**, i.e. the **requirements of the qualifications**, **technical specifications** or **financial and commercial terms and conditions** set-out in the Tender Document.

Question: Under what circumstances, TEC will not evaluate a tender?

Question: What action TEC will take if Tenderer offer a price significantly below the official estimate?

Tenderer **offered a price significantly below the official estimate:**

- TEC shall **investigate the real reasons** behind quoting such a low price and **consider the Tender nonresponsive if**

  (a) it becomes very clear that this **Tenderer is inexperienced and cannot price a Tender properly**;

  (b) the **Tenderer cannot provide any justifiable reasons in support of his or her low price**

- If the **Tenderer quotes a low price because** it **happens to enjoy some favorable conditions** with respect to this Tender, then the Tender shall be considered as responsive and evaluated accordingly.

Lowest evaluated Tender is **significantly higher** than the official estimate or available budget or both:

(25) If, after completing the evaluation, it is found that the **lowest evaluated Tender is significantly higher than the official estimate or available budget or both**, but is **within an acceptable range of the market price levels,**

- **TEC may recommend to the Approving Authority (AA)** either to **accept the Tender**, subject to availability of budget or

- to **advise the PE to reduce the scope of the requirements** for the concerned Procurement or a **reallocation of risks and responsibility** which can be reflected in a reduction of the contract price.

Question: After evaluation if TEC found that the lowest evaluated price is significantly higher than the official estimate?

Rule 98 (cont...)

If there is a tie for the lowest evaluated price:

- In the **extremely unlikely event** that there is a tie for the lowest evaluated price, the **Tenderer with the superior past performance with the Procuring Entity shall be selected,** whereby **factors** such as:

  -delivery period,
  -quality of Goods or Works delivered,
  -litigation history and
  -performance indicators could be taken into consideration.

- In the event that there **is a tie for the lowest evaluated price** and **none of the Tenderers has past performance** with the Procuring Entity, then the **Tenderer shall be selected after consideration of the following**, subject to **firm confirmation** through the Post-Qualification process.

(a) in the case of a **Works contract**, the Tenderer has demonstrated in its Tender, **superior past performance with other Procuring Entities** or a more efficient work program and work methodology.

(b) in the case of a **Goods contract**, the **quality of Goods** that is considered more advantageous by the end-users

The successful Tenderer **shall not be selected by lottery** under any circumstance. (Except in LTM within 2 crore taka)

Tender Evaluation: so far discussed

- **Procedures followed by TEC** during examination and evaluation of tenders.
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Thank You