

STANDARD OPERATING PROCEDURE FOR TENDERS

Procedure in awarding and executing Contracts

Preamble

SOP starts from preparing the brief for work and get it approved in principle from the A.C. (Apex Council)

If the work is approved, AC directs the Treasurer to get an estimated cost of the cost of the work from a consultant with the approximate cost based on square ft. basis or past record. This is first Estimate (based on DSR for Mumbai for the relevant year/ as per market rates-BOQ specifications) to be approved by the A.C.

Short listing of Contractor

1. Starting with a **notice in news papers** for expression of interest in various types of contracts and create a data base.
2. Short listing of contractors based on prequalification criteria for type of work and size of work (for example up to 5 lakhs, 20 lakhs, 50 lakhs and above (after short listing there need not be further notice in the newspapers for work less than Rs.50 lakhs.
(minimum 3 contractors should be short listed in each category)
3. Invitation to tenders on MCA website up to Rs.20 lakhs and for larger project over Rs. 20 lakhs public notice is necessary.
4. Minimum period of returning the tenders 15 days
5. Within week there should be pre bid meeting to answer queries of contractors. The minutes of such meeting shall be prepared and circulated to all (including absent) contractors. These minutes will supersede what is stated in the tender.
6. E tendering is compulsory for tender over Rs.1 crore.
7. Two envelop system of tender should be adopted, the first envelop will be covering letter, finance and technical conditions and after clearance second

envelop for price. For tenders costing less than Rs.5 lakhs, 2 envelop system may be adopted.

8. Tender form should be approved by Legal Committee, if there are any changes to the earlier approved form of tender.
9. The tenders should be opened on due date and time in the presence of Finance Committee. The comparative statement of cost "**as opened**" shall be made and signed by all contractors present at that time. And at least two members of Finance Committee as well as Treasurer (if work is over Rs.25 lakhs)
10. Prior approval of estimate based on DSR/Present Market rates as per BOQ specifications and Estimates of the Consultant.
11. Consultant shall submit report to Finance Committee with comparative statement, marking high and low rates. And comparing with estimated rates taking into consideration for specifications of items.
12. Negotiations. There shall be no negotiations except (if at all) with bottom three (3 lowest) contractors/selected 3 contractors from A.C. Except contractors who are eligible for technical and prequalification criteria.
Revised offer price, **without any condition** shall be obtained in "**sealed envelope**" to be opened by the Finance Committee and recorded in its report and "**revised offer**" and Finance Committee can decide based on the revised offers.
Any change in price of any contractor not in sealed envelope shall make all tenders invalid
13. Recommendations of Finance Committee. Finance Committee shall submit full report including comparative statement, prepared by the Consultant, original offer, revised offer and recommendation of contractor
14. Tenders without earnest money (1%of estimated cost) payment shall not be opened
15. Short listed contractors list should be put on the web site.

Work in detail

Pre Tendering Activities

- i. Description of Project, & approval of budget
- ii. Appointment of Consultant, if required, with terms & conditions (Compensation and Responsibilities)
- iii. Estimates based on specifications quantity and estimated rates preferably based on District Schedule of Rates (DSR) for Mumbai
- iv. Approval of Finance Committee for Estimates.
- v. Approval of sample tender document, refer separate document (Annexure A Sample) including following

Tender Notice, shall include

- a. General description of Work
- b. Tender Documents (Refer Annexure"_____")
- c. Tender Submission
- d. Tendering Process
- e. Evaluation Process

The Contractors will be evaluated for qualification as per the pre-qualifying criteria of the tenderers. The remaining tender document will be opened only of the qualified contractors and tender analysis will be carried out.

(Approximate time required would be 7 days from submission of tender documents) The tenderers will then be called for discussions/negotiations.

During the discussions/negotiations the tenderer/s shall present his plan for the execution of the project in the event he is awarded the work. The presentation shall include the resources of labour, staff, machinery and materials he proposes to employ in execution, site space management, bar chart, names of his sub agencies, co-ordination of the work between different agencies etc. This presentation will have a bearing on short listing / selecting the competent tenderer for the project.

- f. Tender negotiations
- g. Tender award
- h. Earnest Money Deposit

- i. Security Deposit (if any shall be returned after completion of project)
- j. Tender drawings
- k. Pre-bid queries / conference
- l. Tender validity
- m. Tender quantities
Quantities in the tenders may vary which will not vitiate the tender.
- n. Abandonment
- o. Disputes
- p. Owner's Acceptance
- q. Submittal of Documents (if contractors are short listed, this may not necessary)

List of documents / certificates to be submitted

Name of the firm

Ownership document

Income tax clearance certificate to indicate turnover of the company.

Last/previous year's balance sheet(audited)

List of equipment proposed by employed at site

List of manpower proposed to be employed at site

Earnest money deposit in the requisite format

List of specialised contractors for the specialized work

Construction schedule of the project

Details of work carried out in the last 5 years

Copies of registration

ESIC

PF

GST

Acknowledgement by Tender to Tender Notice

Tender shall consist of

- I. Tender Notice
- II. Acknowledgment to Notice
- III. Articles of Agreement
- IV. General conditions of contract
- V. Special condition of contracts
- VI. Finance matter & payment
 - a:- Advance
 - b:- Value of Interim Certificate – Certificate by consultant to make part payment is called Interim Certificate.

- c:- Time of Honouring Certificate - time to make payment is after certificate payment should make within that time.
- d:- Interest on delayed payment
- e:- Time of payment
- f:- Retention money
- g:- Release of Retention money
- h:- Defects liability period
- i:- Liquidated damages

- VII. Proforma of Bank Guarantee
- VIII. Price Escalation
- IX. Delay damages/Idle Charges due to hindarances

Post Tendering

When the work is 50% over, revise estimate with reason with reasons, if the money spent is more than 10% of estimate cost then same shall be submitted with the reasons in increases in the cost to the Apex council and get approved. Consultant shall submit such report to the Treasurer and CEO with explanation.

Appointing qualified supervisor with following responsibilities

- Assignment of work
- Checking quality of work as per specifications
- Checking measurement / joint measurements
- Holding (weekly/monthly) meetings for progress of work
- Issue site instructions regarding extra item rate
- Coordinate (if consultant is appointment)
- Checking bills for the rates and quantities
- Extra item Analysis and justification of the extra time with rate analysis
- Issue certificate of payments enclosing 2 copies of Bills with measurements
- Sending bills to finance committee for passing through CEO
- Measurements shall be taken /checked within 7 days
- Payment shall be made within 10 days after certification of bill. 75% adhoc shall be paid after 5 days of submission of bill.

Letter of intent shall be given to the approved contractor mentioning cost of work, starting date, time of completion, liquidated damages.

Contract documents on requisite stamp paper shall be prepared and signed by all parties in front of 2 witnesses.

In case of delays, liquidated damages shall be immediately deducted or it will be taken as waived.

Bonus may be given in case of work is completed one week before time @ $\frac{1}{2}$ % of cost of work per week to max 2% with certificate of appreciation.

Specimens of each item above in tenders may be given for specific contract.