

PROCUREMENT OF GOODS AND GENERAL SERVICES

MS. TOIX CERNA

Head of Research and Project Development
Transparency and Accountability Network

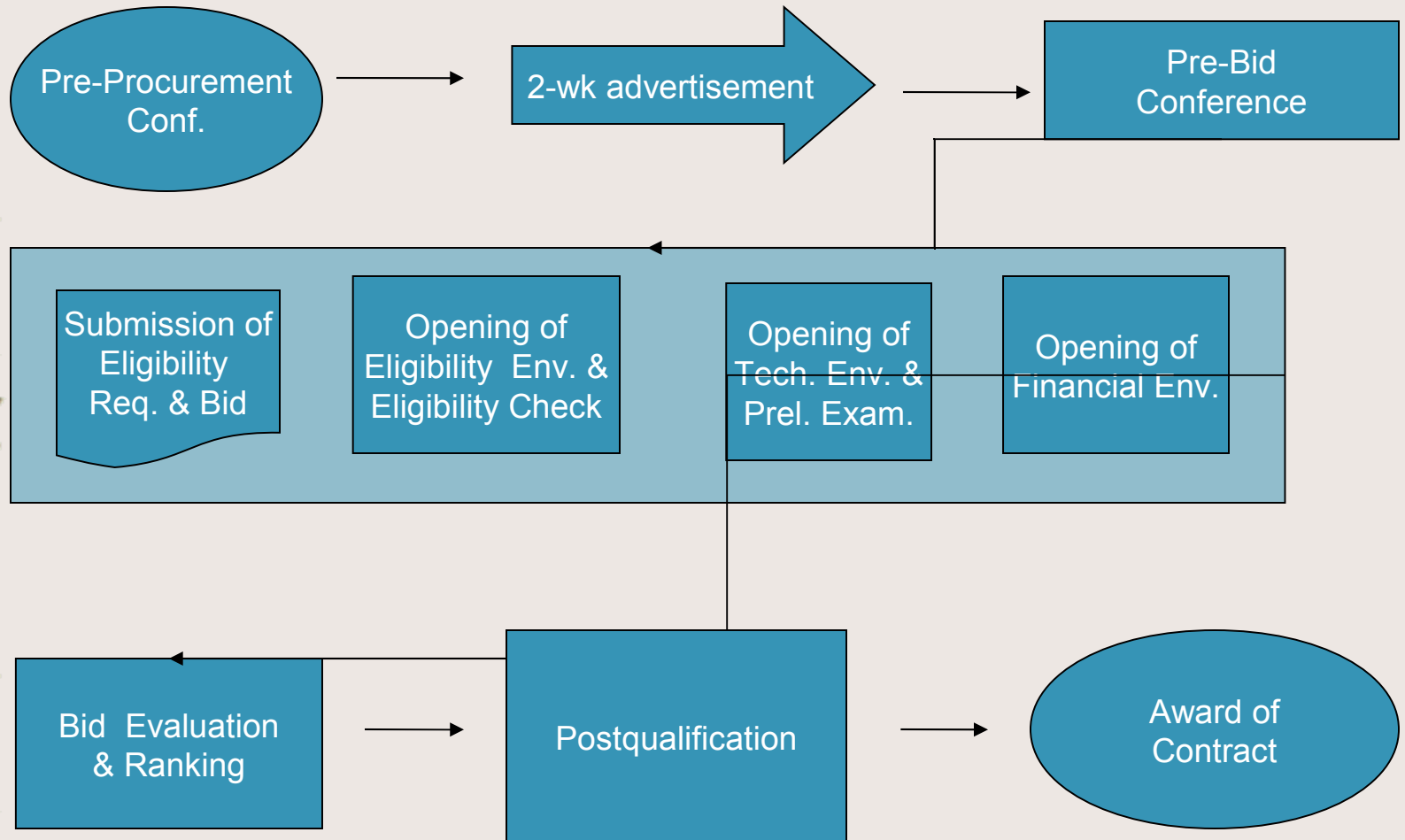
WHAT ARE GOODS....?

Items, supplies, materials

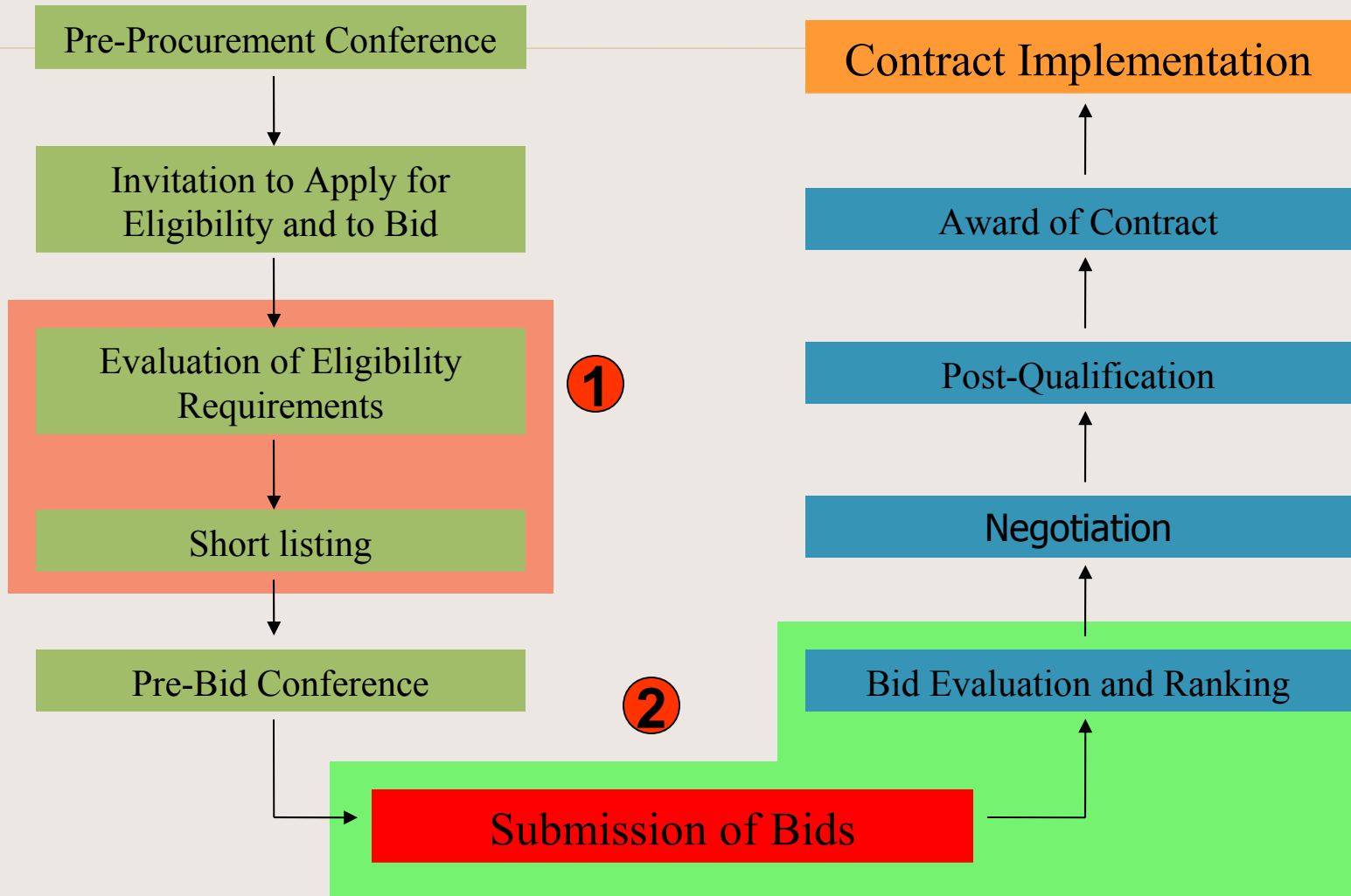
... AND GENERAL SERVICES?

- Non-personal and contractual services such as repair and maintenance of equipment and furniture, as well as trucking, hauling, janitorial, security and other related or similar services
- Does not require technical and professional expertise

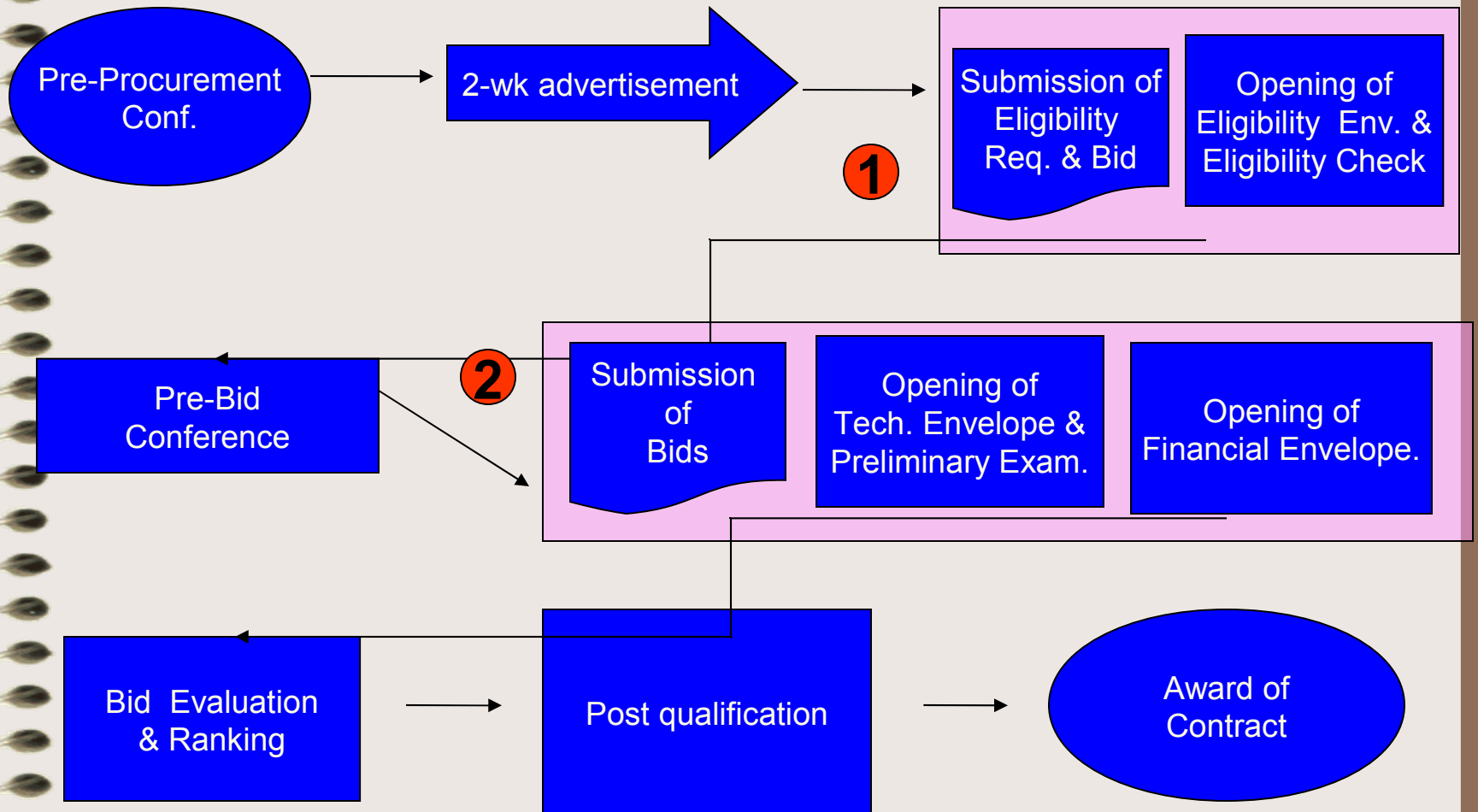
Standardized Bidding Procedures for Goods



Bid Procedure for Consulting Services



Standardized Bidding Procedures for Civil Works/Infra



PRE-PROCUREMENT CONFERENCE

- Mandatory except for contracts P2M or less
- To determine readiness of procurement
 - ✓ Certification of availability of funds
 - ✓ Fairness of criteria for eligibility, evaluation of bids, etc.
 - ✓ Bid documents, draft Invitation to Bid
- Attendees: BAC, Secretariat, Representative of End-user, Technical consultants



PRE-PROCUREMENT CONFERENCE

OBSERVER'S ROLE:

- Verify that technical specifications of good to be procured do not favor a specific supplier resulting in "tailor-fitting"
- Verify correct content of Invitation to Bid, Bidding Documents
- Note:
 - Prohibition of Reference to Brand Names (Sec. 18)
 - Procurement in accordance with Annual Procurement Plan (Sec. 20.1.1)
 - Fairness, reasonableness and applicability of criteria (Sec. 20.1.3, 20.1.4)

***CSO observers are not required to be invited in this stage**

Rules on Advertising: Above P2M

➤ Newspaper Advertisement

- In a conspicuous place in the agency premises - certified by head of BAC Secretariat
- In the G-EPS
- In website of agency (if any) and its service provider (if any)

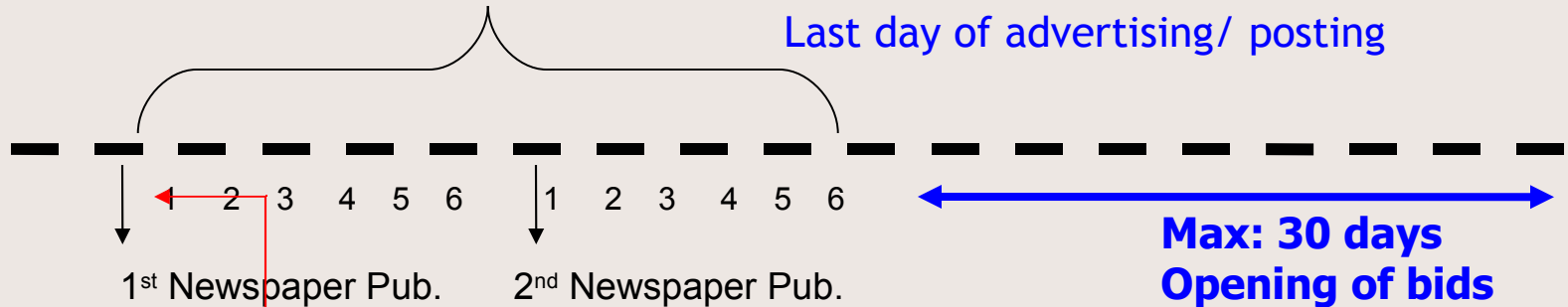
Rules on Advertising: P2M and Below

~~Newspaper Advertisement~~

- In a conspicuous place in the agency premises - certified by head of BAC Secretariat
- In the G-EPS
- In website of agency (if any) and its service provider (if any)

Advertising of Invitation to Bid (Sec. 21)

2 Consecutive Weeks (14 c.d. max. pd)



*Only 1 newspaper of general nationwide circulation is required.

*For priority provincial projects, additional publication in a local newspaper of general circulation is discretionary.

Bid documents shall be made available already; Sold at a price specified in Invitation to Bid

PRE-BID CONFERENCE

- At least 1 pre-bid conference for 1M or more contract, otherwise at the discretion of the BAC
- May be requested (written) by prospective bidder subject to approval of BAC
 - Requests for clarifications/interpretation (in writing) submitted at least 10 CDs before deadline of submission/receipt of bids
- To clarify and/or explain requirements, terms, conditions, specifications in bid documents
- Attendance of bidders not mandatory

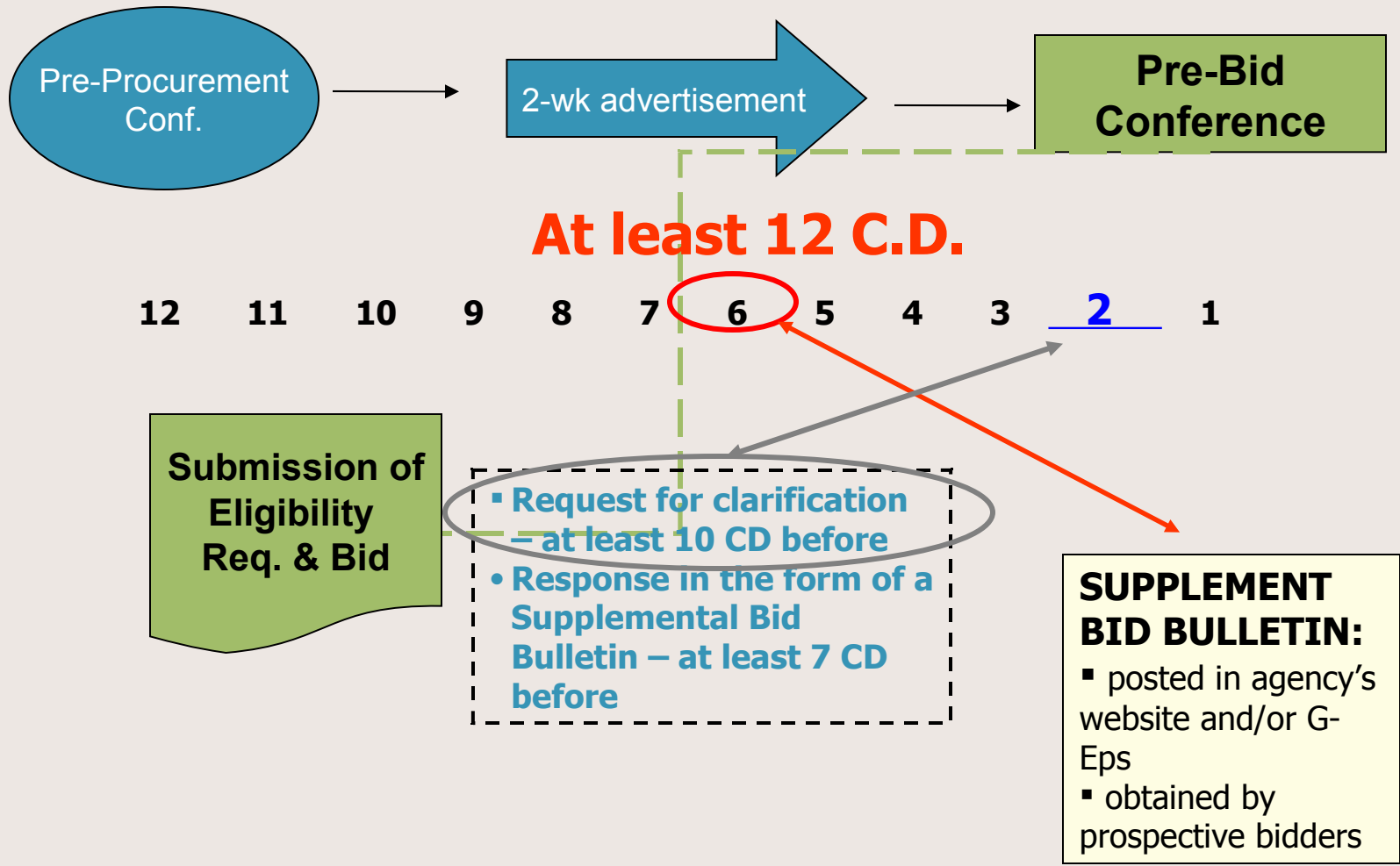


PRE-BID CONFERENCE

OBSERVER'S ROLE:

- Make sure that modifications on bid documents are identified in writing as an Amendment and a Supplemental Bid Bulletin is issued to reflect changes
- Make sure that modifications on technical specifications of goods do not favor a specific supplier resulting in "tailor-fitting"
- Note:
 - All Supplemental Bid Bulletin issued at least 7 CD before deadline of submission/receipt of bids
 - Bidders who have submitted their bids before the issuance of Supplemental Bid Bulletin must be allowed to modify or withdraw their bids in accordance with Sec. 26.1

PRE-BID CONFERENCE



RECEIPT AND OPENING OF BIDS

- 3 Separate Sealed Envelopes (Eligibility, Technical and Financial Documents) submitted together on or before deadline of submission
- Opening:
 1. Eligibility Check
 2. Preliminary Examination: a) Technical Proposal b) Financial Proposal

ELIGIBILITY CHECK

CLASS "A" DOCUMENTS:

Legal:

1. DTI business name registration or SEC registration
2. Valid and current Mayor's permit/ Municipal license
3. Taxpayer's Identification Number
4. Statement that it is not "blacklisted"
5. Other appropriate licenses as may be required

Technical:

Statement of all ongoing/completed government and private contracts within the relevant period

Financial:

- Audited financial statements, stamped "received" by BIR or its duly accredited/authorized institutions, for the immediately preceding calendar year, showing total and current assets and liabilities
 - 1. Computation for its Net Financial Contracting Capacity (NFCC); or a commitment from a licenses bank to extend to it a credit line or a cash deposit certificate not < 10% of ABC
- * Certification re current and updated file from BAC

CLASS "B" DOCUMENTS:

1. Valid joint venture agreement (if applicable)
2. Letter authorizing BAC to verify documents

* Certification under oath as to correctness of statements, completeness and authenticity of documents

May be submitted once a year but must be current and updated at least once a year iff there is **Advanced Eligibility Screening**

Disqualified/ Ineligible:

- 7 CD upon written notice or upon verbal notification (if present during opening) to file a request for reconsideration
- BAC to decide within 7 CD from receipt of request for recon
- BAC to hold bid of ineligible bidder unopened and sealed until motion for reconsideration is resolved

Foreign supplier may substitute appropriate equivalent documents issued by country, which must be duly acknowledged or authenticated by the Philippine Consulate therein

PASS/ ELIGIBLE



ELIGIBILITY CHECK

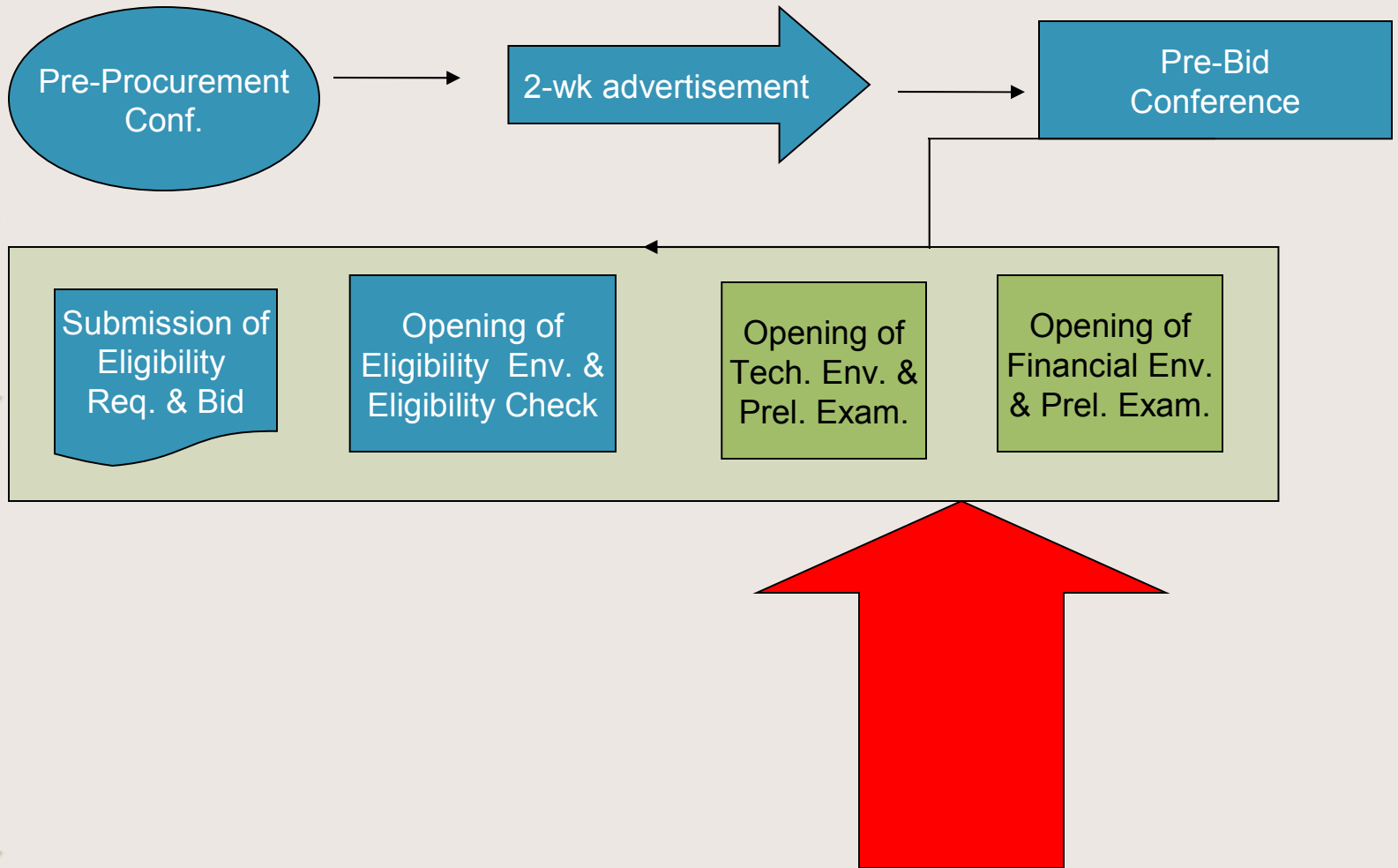
OBSERVER'S ROLE:

- Make sure that the documents submitted are valid and complete
- Note:
 - Validity period of mayor's permit
 - Note "similarity" of contracts/projects cited in Technical documents
 - Audited Financial statements should be "stamped" received and of immediately preceding year
 - NFCC computation* \geq *ABC* or Commitment from accredited bank to extend credit line or cash deposit certificate \geq 10% of *ABC*
- Note in the SEC Registration papers of bidder name of Incorporators, Officers, Directors, Controlling Stockholders or owner and research on relationship with Procuring Entity's relevant officers (*Sec. 47*); Or other cases where there may be conflict of interest

OTHER ELIGIBILITY CONSIDERATIONS

- 60/40 nationality requirement, unless goods are not available locally at prescribed Gov't min. specs. and/or ABC, as certified by head of procuring entity, **OR** when there is a need to prevent situations that defeat competition
- Value of largest single similar contract completed w/in specified pd., adjusted to current prices using wholesale consumer price index, must be at least 50% of ABC

OPENING OF BIDS



TECHNICAL PROPOSAL

- Bid Security as to FORM, AMOUNT, VALIDITY PERIOD
- Authority of Signatory
- Production/ Delivery Schedule
- Manpower Requirements
- After-sales Service Parts (if applicable)
- Technical Specifications

1. Commitment from licensed bank to extend credit line or cash deposit certificate (set in Bidding Docs. and at least 10% of ABC)

= % of ABC as advertised

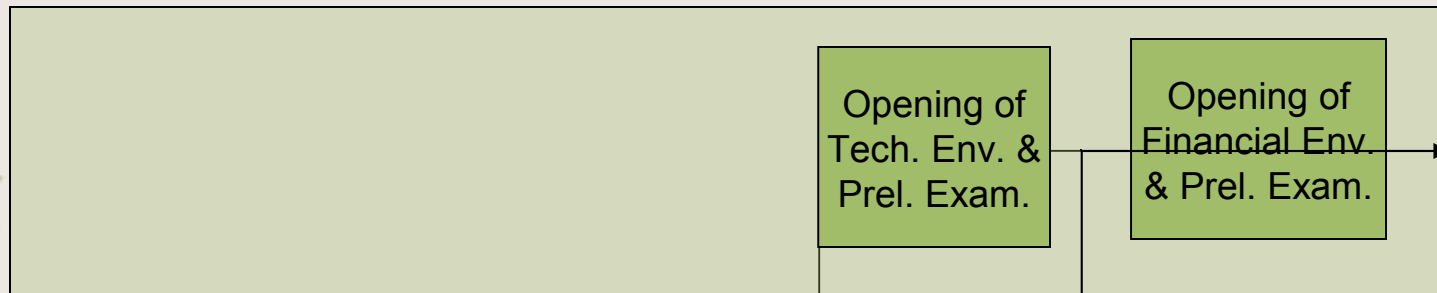
If submitted as eligibility reqt, previous submission shall suffice

Period determined by head procuring entity and indicated in bid docs but shall not exceed 120 CD from date of opening of bids

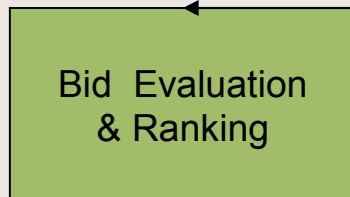
FORM	MINIMUM AMT IN % OF ABC
Cash, certified check, cashier's check, manager's check, bank draft or irrevocable letter of credit	One percent (1%)
Bank guarantee	1.5%
Surety bond	2.5%
Foreign government guarantee	100%

FINANCIAL PROPOSAL

1. Bid prices in Bill of Quantities in the prescribed Bid Form
1. The recurring and the maintenance costs, if applicable



PASSED



Failed: Bidder has 7 CD upon written notice or upon verbal notification if present during opening of bids to file a request for reconsideration with BAC

BAC to decide within 7 CD upon receipt of request for reconsideration



OPENING OF BIDS

OBSERVER'S ROLE:

- Technical Proposal: Check presence or absence of required submissions
- Note:
 - Bid Security - Form, Amount and Validity Period
 - Technical specs should be as required at the minimum
- Financial Proposal: Total bid price should be $\leq ABC$

BID EVALUATION

- Detailed evaluation of financial proposal to establish correct calculated prices
 - Bid must be complete unless specifically allows partial bids
 - No price vs. "0"
 - Bill of quantities, itemized pricing
 - Minor arithmetical corrections to consider computational errors
 - All in monetary terms
 - Include cost of all taxes (in bid form)
 - Discrepancies: Words over figures, Unit prices over total prices, Unit cost in bill of quantities over unit cost in detailed estimate
- Ranking of total bid prices from lowest to highest... determine **Lowest Calculated Bid**
- Maximum of 15 days from receipt of proposals
- Preparation of **Abstract of Bids**



BID EVALUATION

OBSERVER'S ROLE:

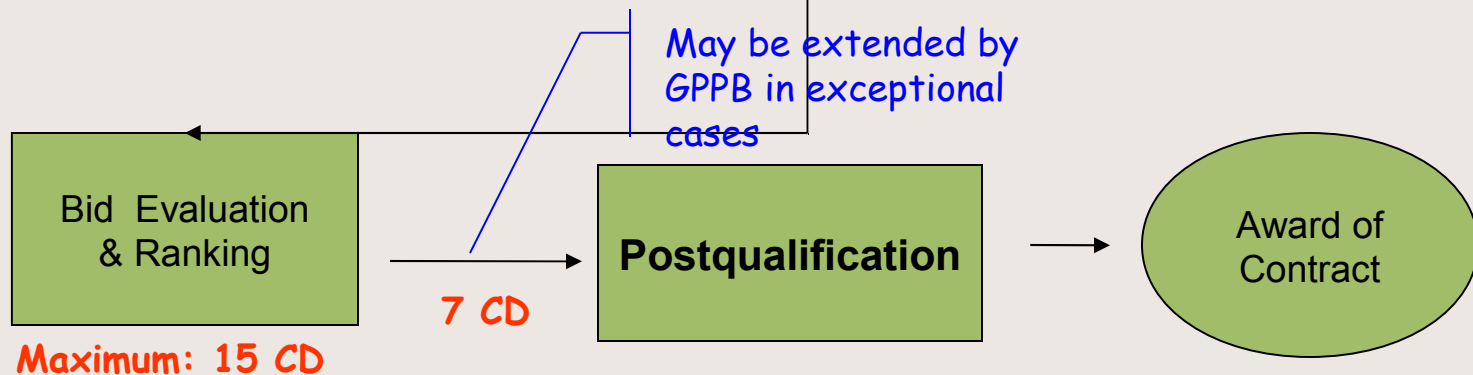
- ❑ Make sure that this step is even being done immediately after Preliminary Examinations and before Preparation of Abstract of Bids
- ❑ Make necessary **computations** also and compare with BAC computations
- ❑ Prepare own ranking list based on own computations and compare with BAC ranking...
Determine **Lowest Calculated Bid**
- ❑ Note of bidders with Total Bid Prices > ABC
- ❑ Sign Abstract of Bids if observes regularity...sign as "witness"

Q&A

During the Preliminary Examination of bids, the Total Bid Price in the Financial Proposal of one bidder $>$ ABC and is therefore automatically disqualified and does not undergo Bid Evaluation. The bidder goes home and recomputes its bid using unit prices and finds out that the Total Bid Price in the Financial Proposal is within the ABC. Had it undergone Bid Evaluation and computational errors had been corrected, the bid could have been considered. Can the bidder still request for reconsideration?

POST-QUALIFICATION

SUBMISSION, RECEIPT AND OPENING OF BIDS



- Verify if LCB bidder complies with and is responsive to all requirements and conditions for eligibility, bidding of the contract ... **Lowest Calculated Responsive Bid (LCRB)**
- Head of Procuring Entity to award contract to bidder with LCRB within 15 CD

Postqualification

Award of Contract

Non-Award:

- Immediate notification in writing post-disqualification and grounds for such
- Bidder shall have 7 CD from receipt of notification to request for reconsideration
- BAC to decide within 7 CD from receipt of request

Post-qualification of 2nd lowest bidder... next lowest ... etc.

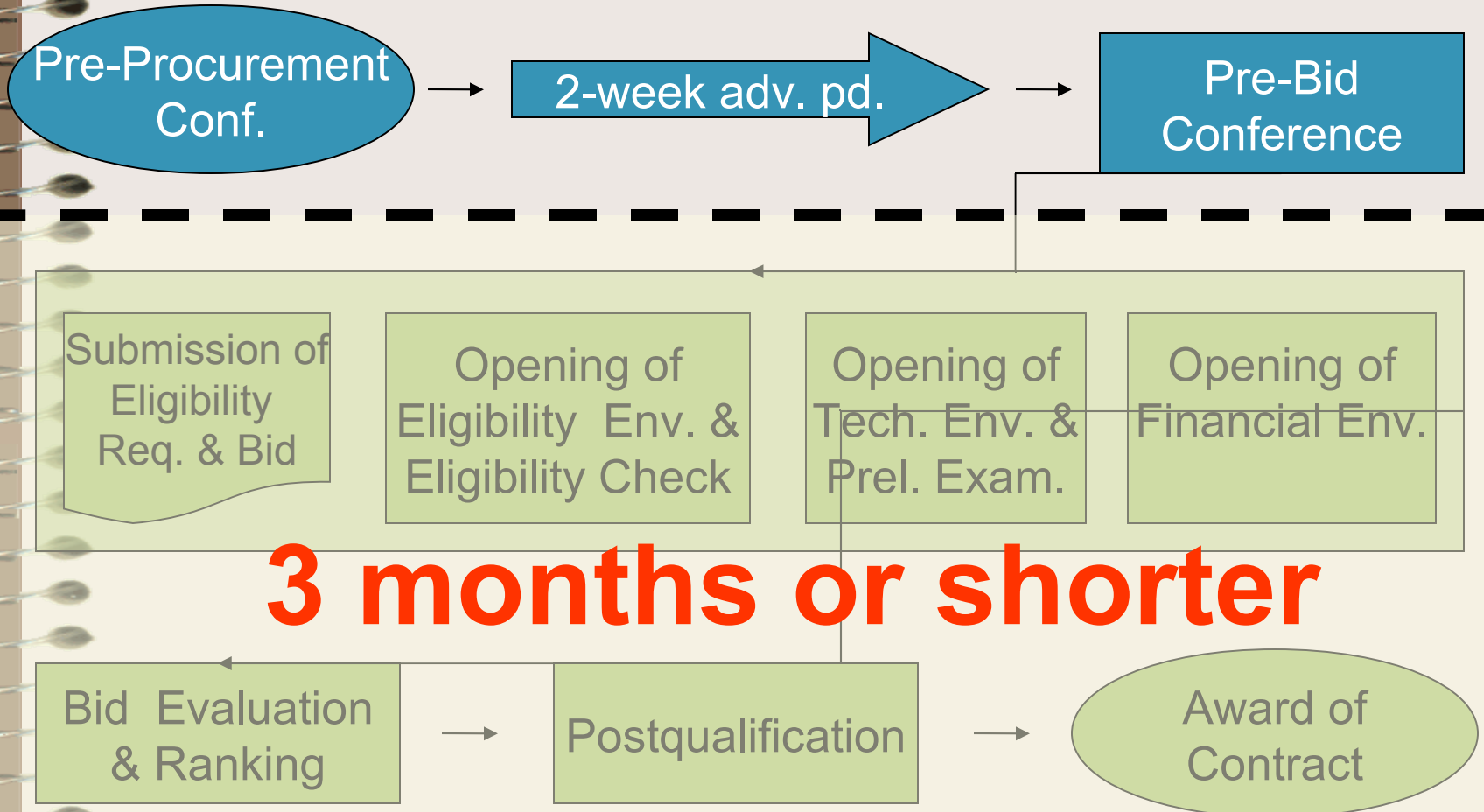
From receipt of recommendation from BAC:

- Head of procuring entity has 15 CD to approve/disapprove of recommendation; **Immediately** issue Notice of Award
 - After 10CD of Notice of Award, to enter into contract; If requires higher approving authority, 20 CD
 - Notice to Proceed issued within 7 CD after approval of contract
- GOCC: Board has 30 CD to take action on recommendation

PROCUREMENT PROCESS

From Opening of bids to Award of Contract shall NOT EXCEED

3 MONTHS (Sec. 38)





POST-QUALIFICATION AND AWARDING

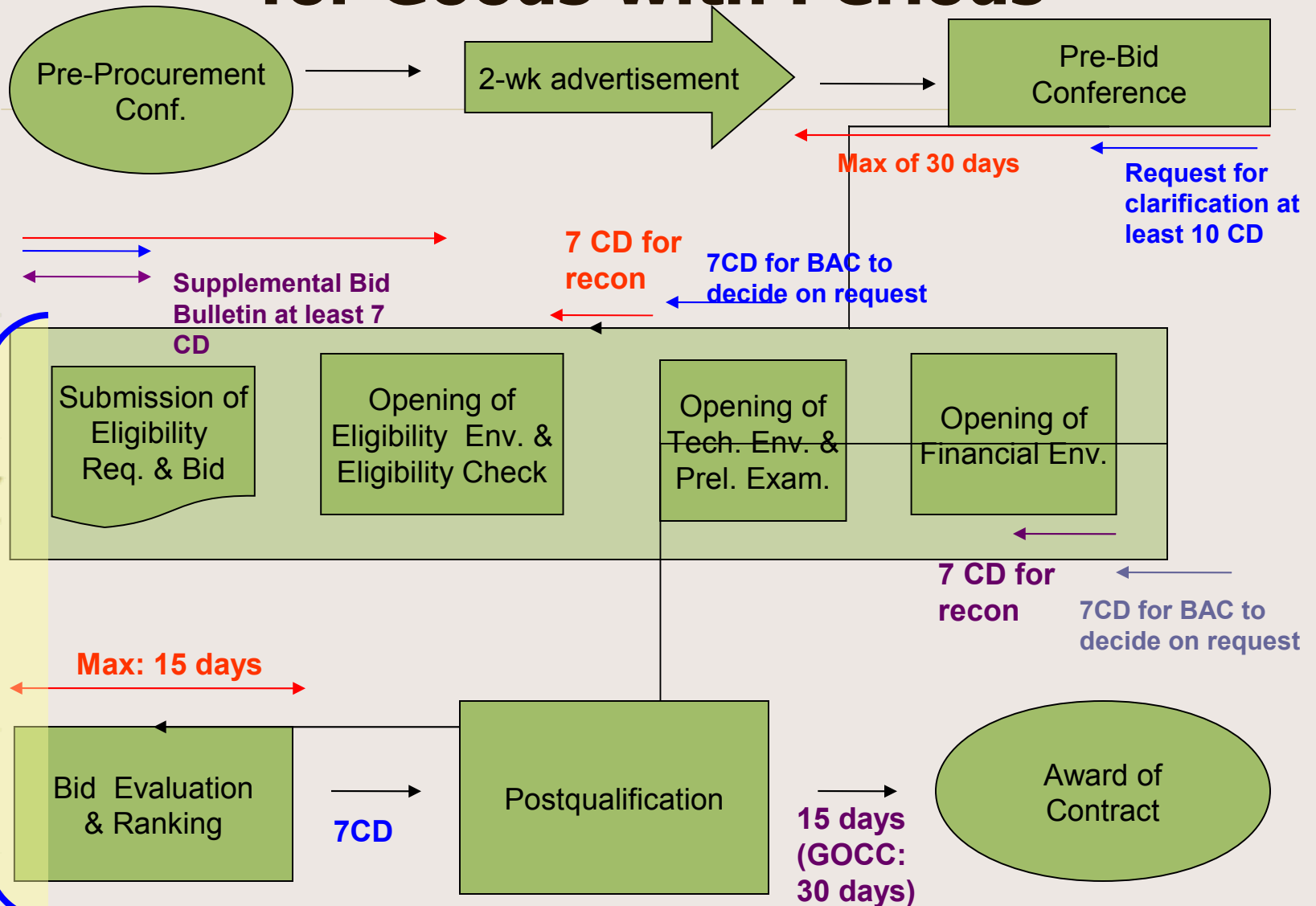
OBSERVER'S ROLE:

- Review Bidder's (LCB) Eligibility Documents, Technical and Financial Proposals vis-à-vis required by BAC (observable items)
- Note of grounds for post-disqualification specified by BAC to post-disqualified bidder and verify with own observations
- Get copy of request for reconsideration, if any
- Note:
 - Head of procuring entity may refuse to award contract to bidder with LCRB:
 - Prima facie evidence of collusion among bidders and/or with BAC officials, employees etc.
 - Failure of BAC to follow bid procedures
 - Award will not redound to the benefit of the government
 - Get copy of reasons for refusal to award and verify with own observations
- Determine period consumed from Opening to Award if within 3 months

AWARDING

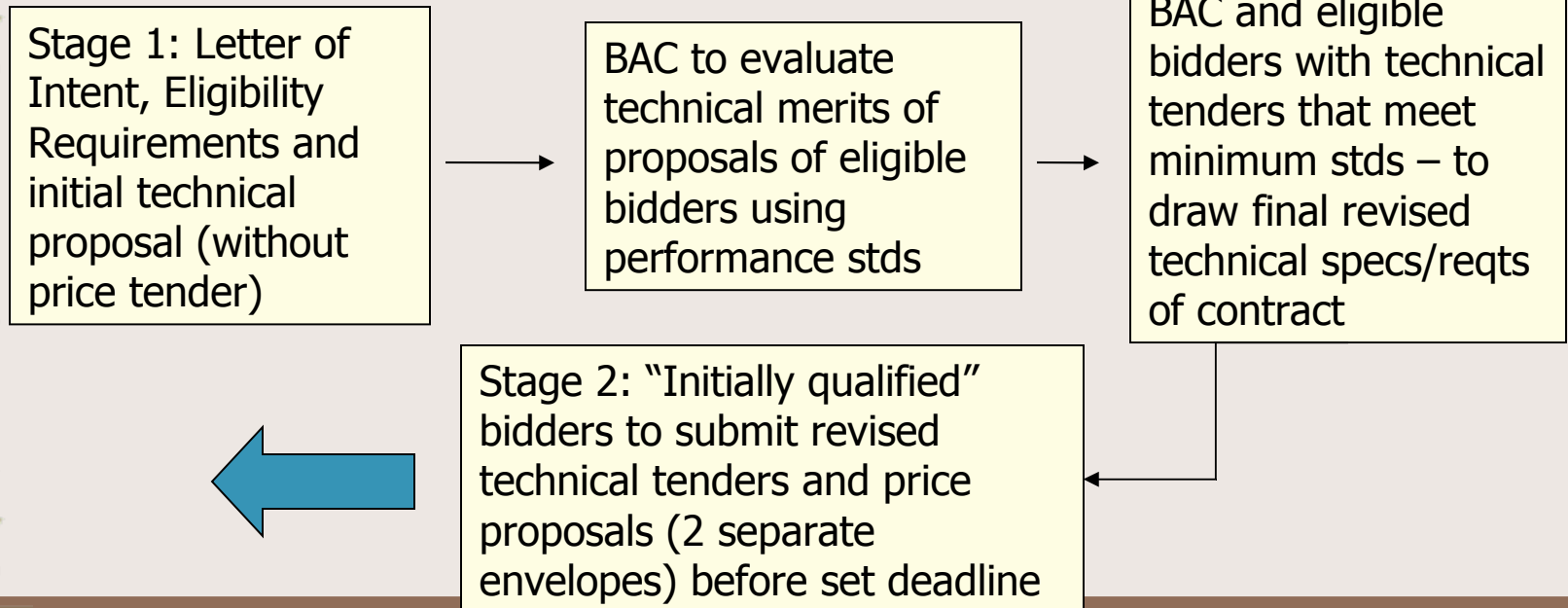
Award made to the LOWEST
CALCULATED AND RESPONSIVE
BID (LCRB) at *submitted price or
calculated price*, whichever is lower
(Sec. 37.1)

Standardized Bidding Procedures for Goods with Periods



TWO-STAGE BIDDING (Sec. 30.4)

- If required technical specs/reqts of contract cannot be precisely defined in advance of bidding or where the problem of technically unequal bids is likely to occur
- Technical specs in bid docs in the form of performance criteria only





Single Calculated/Rated Responsive Bid (Sec. 36)

- Shall be considered for award if:
 1. After advertisement only 1 applies for eligibility
 2. More than 1 applies for eligibility but only 1 meets the requirements
 3. More than 1 meets the eligibility requirements but only 1 submits a bid
- Bid should be responsive
- ABC should reflect most advantageous prevailing price for Gov't



Failure of Bidding (Sec. 35)

- There shall be a failure of bidding if:
 - No bids are received
 - All prospective bidders declared ineligible
 - All bids fail to comply with bid requirements, fail post-qualification, or no successful negotiation in case of consulting services
 - LCRB/HRRB unjustifiably refuses to accept award and award not made to next bidders
- Re-bidding with re-advertisement/re-posting
- ABC to be maintained as ceiling

Foreign and Domestic Procurement (Sec. 43)

- As to source of goods – may be foreign or domestic
- As to entity – should be eligible

Note the following:

- Sec. 43 – In the interest of availability, efficiency and timely delivery, preference **may** be given to domestic goods
- Sec. 4.2 - Flag Law shall be observed
 - Any treaty or int'l or executive agreement shall be observed

Bidding of Provincial Projects (Secs. 44 and 45)

- For priority programs and infra projects funded out of GAA and intended for provincial implementation
- Provincial bidder – principal office is within the same province
- Lowest provincial bidder has **right to match** LCB if made by an outside bidder within specified period
- Only available within 5 years from effectivity of R.A. 9184
- Not applicable to projects w/in Metro Manila

The image shows the cover of a spiral-bound notebook. The cover is a light beige or tan color with a fine, woven fabric-like texture. A silver metal spiral binding is visible along the left edge. The text is centered on the cover.

END

Thank You!

Reporting Checklist

ANNEX

Invitation to Bid

1. Name of Contract to be bid
Brief description of goods
 - General statement on criteria
 - Date, time, place and deadline of submission of eligibility requirements, bids and opening of bids
 - **Approved Budget of Contract**
 - Source of funding
 - Period of availability of bid documents; place where it can be secured; and price of bid documents
 - Contract duration or delivery schedule
 - Contact details (agency, contact person)

Important:

Bid prices should not exceed ABC...signal to collusion among bidders if exceeds

Changes in details of Invitation to Bid after advertisement should be included in Amendment and accompanied by Supplemental Bid Bulletin

Bidding Document

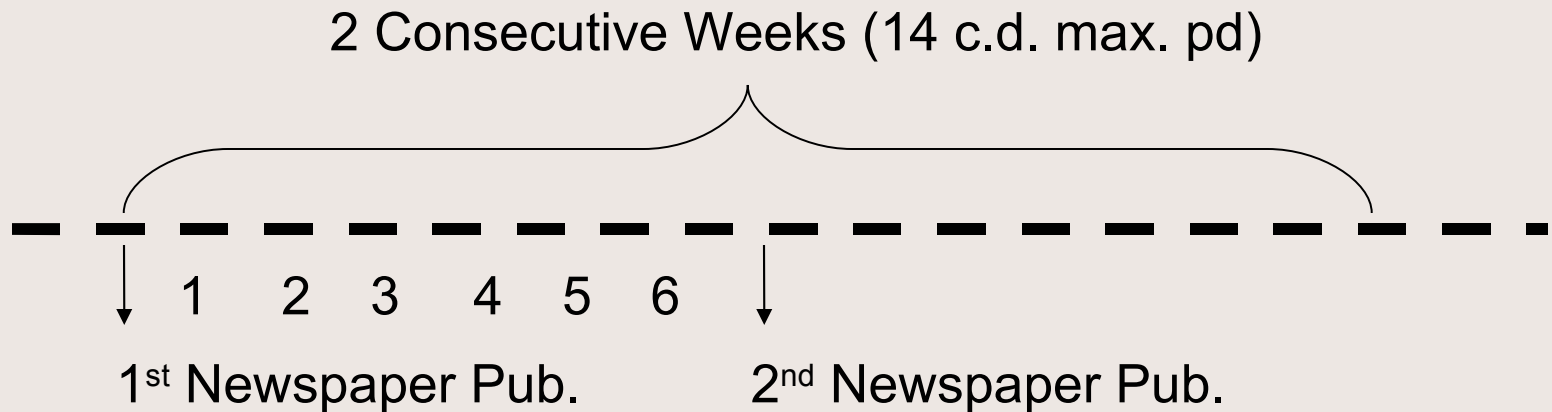
1. Approved Budget for the Contract
2. Eligibility Requirements
3. Instruction to Bidders (incl. criteria for eligibility, bid evaluation and post-qualification; date, time and place of the pre-bid conference, submission of bids and opening of bids)
4. Plans and Technical Specifications
5. Form of Bid, Price Form and List of Goods or Bill of Quantities
6. Delivery time
7. Form, Amount and Validity Period of Bid Security
8. Form and Amount of Performance Security and Warranty;
9. Form of Contract and General and Special Conditions of Contract

**Danger of
Tailor-
fitting**

Changes in details of bid documents after advertisement should be included in Amendment accompanied by Supplemental Bid Bulletin



Newspaper Advertisement



*Only 1 newspaper of general nationwide circulation is required.

*For priority provincial projects, additional publication in a local newspaper of general circulation is discretionary.



Net Financial Contracting Capacity (NFCC)

NFCC = [(Current assets - Current liabilities) (K)] - (Value of all outstanding projects under ongoing contracts, including awarded contracts yet to be started)

K = 10 for a contract duration of 1 yr or less
= 15 1 to 2 years
= 20 > 2 years



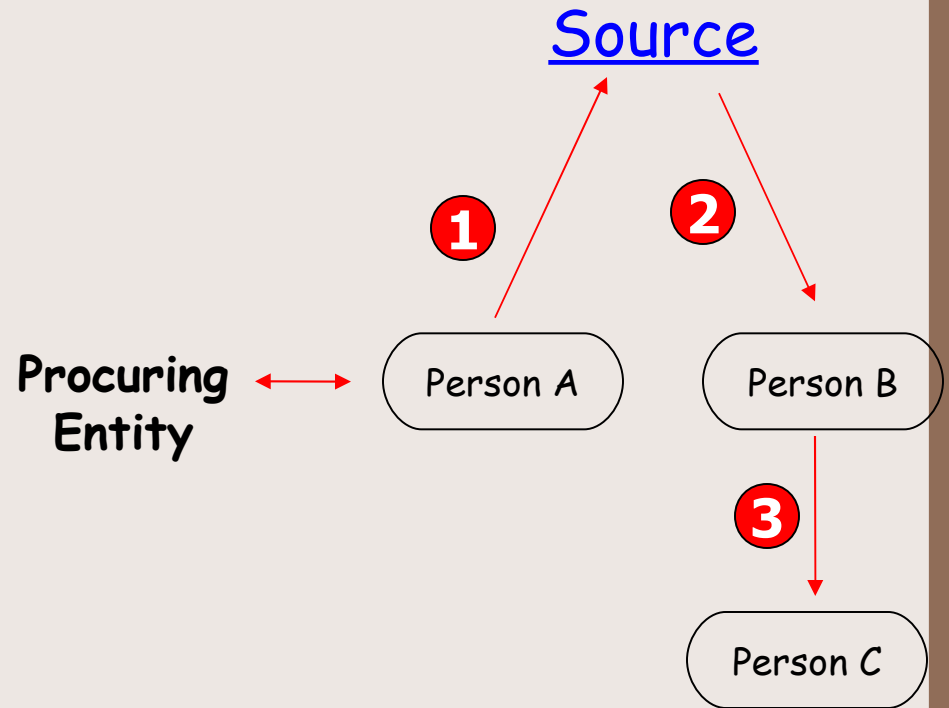
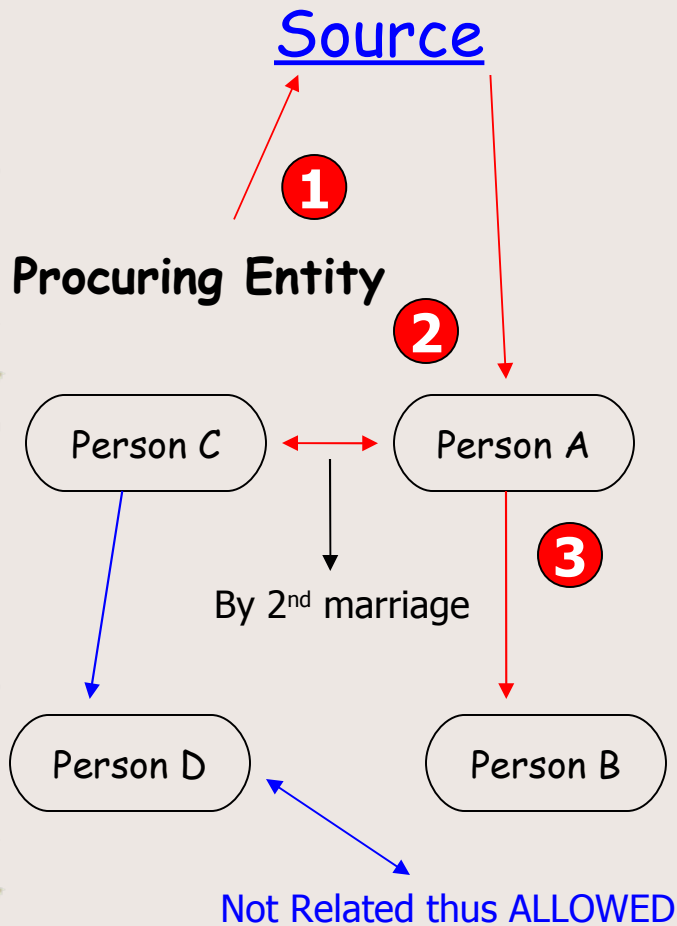
Sec. 47. "xxx relation to the head of the procuring entity within the 3rd civil degree of consanguinity or affinity shall automatically disqualify the bidder from participating xxx" → Also applies to...

Procuring Entity: officers, employees with direct access to info that may substantially affect bidding (e.g. BAC members, TWG members, BAC Secretariat, members of PMO, designers of proj)

Bidder:

- Sole proprietorship - bidder himself
- Partnership - officers and members
- Corporation - officers, directors and controlling stockholders
- Joint venture - a, b, or c of member of joint venture

3rd degree of consanguinity/affinity (Examples)



LIST OF PROHIBITED RELATIVES:

1st Degree:

- Parents
- Sons/ Daughters

2nd Degree:

- 1st Degree plus...
- Grandparents
- Grandchildren

3rd Degree:

- 1st and 2nd Degree plus...
- Niece/ Nephews
- Aunts/ Uncles



ABSTRACT OF BIDS

1. Name of Contract and its location (if applicable)
2. Time, date and place of bid opening; and
3. Names of bidders and their corresponding calculated bid prices arranged from lowest to highest, the amount of Bid Security and the name of the issuing entity

ATTACHMENT:

- All bids and their corresponding Bid Securities and minutes of proceedings for the bidding



CASES OF MISCOMPUTATIONS

Program of Work: Babak-Samal-Kaputian

Estimated Cost of Project Works11	7,747,974.73
I. Estimated Cost	
A. Direct Cost	
1. Mobilization/ Demobilization	77,479.75
2. Materials	
1. Supplies and Delivery	6,533,487.24
2. Testing of Matierials	
3. Labor (including fringe benefits)	100,262.49
4. Equipment Expenses	1,114,225.00
5. Pre-Engineering	200,000.00
A. Indirect Cost	
A. Overhead, Contingency, Miscellaneous (7% to 12% of A1 to A4)	598,805.87
B. Profit (5% to 12% of A1 to A4)	704,290.90
C. Comprehensive All Risk Insurance (1.5% of A1 to A4)	
D. VAT (10% of A3 to A4)	121,448.75
Sub-Total (Contract Cost)	9,450,000.00
I. Estimated Government Expenditures	
■ Engineering and Administrative Overhead (3% of A1 to A4)	350,000.00
■ ROW/ Site Acquisition	
■ Materials to be furnished by the Government	200,000.00
■ Preliminary Engineering	

$$\Sigma A1 \text{ to } A4 = 7,825,454.48$$

$$\frac{3\% \text{ of } \Sigma (A1 \text{ to } A4)}{=} 234,763.63$$

$$\text{Variance: } 350,000 - 234,763.63 =$$

115,236.37

Program of Work: Junction Tuganay

Estimated Cost of Project Works	7,493,953.02
I. Estimated Cost	
A. Direct Cost	
1. Mobilization/ Demobilization	74,939.53
2. Materials	
1. Supplies and Delivery	5,546,271.38
2. Testing of Materials	
3. Labor (including fringe benefits)	168,350.64
4. Equipment Expenses	1,779,331.00
5. Pre-Engineering	200,000.00
A. Indirect Cost	
1. Overhead, Contingency, Miscellaneous (7% to 12% of A1 to A4)	496,617.37
2. Profit (5% to 12% of A1 to A4)	378,444.63
3. Comprehensive All Risk Insurance (1.5% of A1 to A4)	
4. VAT (10% of A3 to A4)	707,045.45
Sub-Total (Contract Cost)	9,350,000.00
I. Estimated Government Expenditures	
■ Engineering and Administrative Overhead (3% of A1 to A4)	350,000.00
■ ROW/ Site Acquisition	
■ Materials to be furnished by the Government	300,000.00
■ Preliminary Engineering	

$$\underline{\Sigma (A1 \text{ to } A5) + \Sigma (B1 \text{ to } B4)}$$

$$= \mathbf{9,351,000}$$

$$\underline{3\% \text{ of } \Sigma (A1 \text{ to } A4)}$$

$$= \mathbf{227,066.77}$$

$$\underline{\text{Variance:}}$$

$$\underline{350,000 - 227,066.77}$$

$$= \mathbf{122,933.22}$$

Taking the more conservative figure...

P115,236.37

- DPWH implements 30,000 DPWH projects
- Significance of Human Error =
P115,236.37 x 30,000 DPWH projects

= **P3,457,091,100.00**

