

## Awarding of construction contracts & providing e-Tendering services

### 1.0 Purpose

The purpose of this procedure is to define a system to finalise entrustment of project to contractors and to extend the e-Tendering services to other organisations.

### 1.1 Application

This procedure is applicable to (a) All the projects entrusted to **KSPHC** by the client organisation for execution of works, and, (b) the e-Tendering service extended to various other client organizations at their request to finalize the process of procurement of materials / services / contracts.

All steps and processes of these activities shall be conducted in accordance with the provisions contained in KTPP Act and Rules, wherever applicable.

The procurement action can be generally broken down into the following activities:

1. Indent processing for approval of invitation of tender
2. Approval of invitation of tender
3. Issue of tender notification and publication in tender bulletin, new papers etc as decided/ required.
4. Preparation of tender documentation
5. Arrangement for sale/ distribution of tenders
6. Tender opening
7. Preparation of comparative statement and vetting
8. Evaluation by tender scrutinising committee as required
9. Evaluation and acceptance/ rejection by the Tender Acceptance Authority
10. Communication of the decision to tender bulletin officer/ successful bidder
11. Signing of agreement with the successful bidder
12. Issue of work order

This procedure provides detailed guidelines for carrying out all these steps.

### 2.0 Responsibility

Responsibility and Authority for various activities towards purchasing process for entering into contracts are described in the procedure part.

### 3.0 Terms and definitions

**Activity** – smallest identified item of work in a project process or procurement of goods or services

**Construction works** – putting up, demolishing, repairs or renovation of buildings, roads, bridges or other structures including fabrication of steel structures and all other civil works.

**Contractor** (or Tenderer) – Organization, or group of persons, or a person desiring to undertake construction works or other services through tender process

**Customer / Client** – Organisation or person that receives a product / service

**Digital Certificate (DC)** – An electronic equivalent of an ID card used in conjunction with a public key encryption system that establishes users' credentials for transacting on the Web.

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Issued by a certification authority (CA), it contains user name, serial number, expiration date, a copy of the certificate holder's public key (used for encrypting messages and digital signatures), and the digital signature of the certificate-issuing authority

**Deviation Permit** – Permission to depart from the originally specified requirements of a product prior to realisation or a process prior to implementation

**Document** – Information and its supporting medium.

**e-Tendering Service Provider** – an agency selected by KSPHC through the tender process to conduct the tender for the procurement through electronic media (internet) which include uploading of the tenderers' price bid for the sake of preparation of comparative statement instantly and conducting Reverse Auction to finalise the lowest tenderer.

**Earnest money deposit (EMD)** – the amount required to be deposited by a tenderer indicating his willingness to implement the Contract.

**Notice inviting tender** – A formal invitation for obtaining offers from intending contractors for construction works or other services

**Pre-qualification (PQ)** – Process by which the tenderers are first screened on the basis of experience and pass performance in execution of similar contracts for their capabilities with respect to personnel, equipment and construction or manufacturing facilities and resources like financial status to implement the Contract before they are permitted to offer their tenders.

**Procedure** – Specified way to carry out an activity or a process

**Procurement entity** – means Karnataka State Police Housing Corporation Ltd (KSPHC)

**Progress evaluation** – assessment of progress made on achievement of the objectives

**Procurement** – Purchase of goods, obtaining of services or undertaking of construction works by the procurement entity

**Requirement** - need or expectation that is stated, generally implied or obligatory

**Review** – Activity undertaken to determine the suitability, adequacy and effectiveness of the subject matter to achieve established objectives

**Services** – the action of serving, attending upon, helping or benefiting a procurement entity in the course of discharging its public duties and includes construction works

**Specified goods or services** – goods or services as the case may be specified in a tender and identified in the Contract resulting from acceptance of a tender on account of KSPHC

**Specification** – Document stating requirements

**Tender** – The formal offer made for supply of goods or services in response to an invitation for tender in response to a tender published in a Tender Bulletin including construction works with an express intention to enter into contract

**Tender Accepting Authority (TAA)** – An officer or a committee appointed by Procurement Entity to accept tenders, under Section 9 of KTPP Act.

**Tender Inviting Authority (TIA)** – An officer or a committee appointed by the Procurement Entity to invite tenders

**Tender Bulletin** – A bulletin published for the State as a whole or for any district or districts within the State containing the details of invitation, processing and acceptance of tenders.

**Tender document** – The set of papers or / and / the information in electronic form detailing the schedule of works, calendar of events, requirement of goods and services, technical

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specifications, commercial conditions, procurement criteria and such other particulars as may be prescribed for evaluation and comparison of tenders.

**Tender Scrutiny Committee - TAA** may constitute such committee for all such procurements and works tendered for KSPHC or other departments wherever intricate input and decision is required in finalising the Contractor / Supplier to the fullest satisfaction of the Client Organisation

### 4.0 Procedure

The various clauses of this procedure comply with the requirements of The Karnataka Transparency in Public Procurements Act 1999 (KTPP Act), and KTPP Act & Rules 2000, and notifications issued under Procurement Reforms, wherever applicable. All the provisions of this QSP comply with the requirements of these statutory requirements. EE (Contracts) shall keep track of any change, amendment, and revision made in respect of these statutory requirements and shall accordingly revise this procedure through the MR.

Accordingly, civil works up to a value of Rs. 5 lakhs (INR 500,000) are exempted from KTPP Act. The Executive Engineers at the Divisional level shall invite tenders for all projects of value up to Rs. 25 lakhs (INR 2.5 M). For projects whose value exceeds Rs. 25 lakhs (INR 2.5 M), the Executive Engineer (Contracts) in the HO shall invite the tender.

The Executive Engineer / Tender Scrutiny Committee if constituted for recommending tender acceptance, will forward the proposal to the appropriate Tender Accepting Authority. In KSPHC, the delegation of financial powers is as mentioned below. These are applicable for civil, electrical and all other works.

<b>Delegation of Financial Powers</b>					
<b>1. To accord administrative sanction to works</b>					
<b>Note: Administrative sanction can be accorded only in respect of works for which budget provision to the extent of 100% of the estimated cost exists</b>					
Nature of works	CMD	ED	CE	SE	EE
Original works (Residential and Non Residential) Schemes or Deposit Contribution works	Full powers	Above Rs.50 lakhs and up to Rs.100 lakhs each work	Up to Rs.50 lakhs each work	NIL	NIL

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Nature of works	CMD	ED	CE	SE	EE
Repair works ordinary and special (Residential and Non Residential) Schemes or Deposit Contribution works	Full powers	Full powers	From Rs. 5 lakhs to Rs.10 lakhs each work	Above Rs. 1 lakh and up to Rs.5 lakhs each work	Up to Rs. 1 lakh
<b>2. To accord technical sanction to detailed estimates or works (which are covered by administrative sanction) or parts of works sanctioned</b>					
<b>Original estimates for original works</b>					
Nature of works	CMD	ED	CE	SE	EE
Buildings & Roads works	Full powers	Above Rs.1 crore and up to Rs.2 crore each work	Up to Rs.1 Crore each work	Rs.25 lakhs each work	Rs.10 lakhs each work
<b>Estimate of repairs works:</b>					
Nature of works	CMD	ED	CE	SE	EE
Ordinary and Special Repairs to buildings, residential as well as non residential	Full powers	Full powers	Full powers	Up to Rs.5 Lakhs each work	Up to Rs.2 Lakhs each work

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### 3. To assign sanctioned works either wholly or in part for execution as Tender accepting Authority

Nature of works	CMD	ED	CE	SE	EE
To contractors after calling for tender and accepting the lowest of eligible tenders or the single tender, if any, provided that the rates of the acceptable tender does not exceed the corresponding amount of sanctioned estimate recast on the basis of CSR	All works irrespective of amount of sanctioned estimate as long as the cost of work or part of it, if any, exceeds the corresponding amount of the sanctioned estimate recast on the basis of CSR by not more than 15%	Up to Rs.2 Crore as long as the cost of work or part of it, if any, exceeds the corresponding amount of the sanctioned estimate recast on the basis of CSR by not more than 12%	Up to Rs.1 Crore as long as the cost of each work or part of it does not exceed by more than 10% of CSR	Rs.25 lakhs as long as the cost of each work or part of it does not exceed by more than 5% of CSR	Rs.10 lakhs as long as the cost of each work or part of it does not exceed CSR
Entrustment of piece works at rates not more than CSR with or without invitation of public tenders to the best advantage of Corporation.	Full powers	Full powers	Full powers	Rs.100000/- each	Rs.50000/- each
According approval to extra or deviated items in case of works carried out on contract basis (EIRL)	Full powers	Cases, in which the amounts exceed beyond contract amount, shall be sent to CMD for approval, through ED	Full powers subject to adjustment within the savings amount of contract	Rs.2 lakhs or up to 8% of the amount put to tender for each work, whichever is less, subject to adjustment within the savings amount of contract.	Rs.50000 or up to 5% of the amount put to tender for each work, whichever is less, subject to adjustment within the savings amount of contract.

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Nature of works	CMD	ED	CE	SE	EE
To pass excess amount over original estimate of original works and repair excluding annual maintenance work sanctioned by them, not involving any material iteration in the design, irrespective of the amount of excess over sub-heads arising from deviation in quantities and rates.( WORK SLIP)	Full powers	Cases where amounts exceeds beyond contract amount shall be sent to CMD for approval, through ED	Full powers subject to adjustment within the savings amount of contract.	Rs.2 lakhs or up to 8% of the amount put to tender for each work, whichever is less, subject to adjustment within the savings amount of contract.	Rs.50000 or up to 5% of the amount put to tender for each work, whichever is less, subject to adjustment within the savings amount of contract.

#### 4.1 Abbreviations used:

D = Document

R = Record

CMD = Chairman and Managing Director

ED = Executive Director

FA = Financial Advisor

CE = Chief Engineer

SE = Superintending Engineer

EE = Executive Engineer

HO = Head Office

QC = Quality control and contracts

Client = User department

NIT = Notice Inviting Tender

#### 4.1.1 Initiation of NIT

Sl. No.	Responsibility	Activity description	Time allowed for completion	D / R	D / R Reference
1	CMD, ED, CE	Administrative approval to take up the project	7 days from the date of receipt of enquiry	R	Client's enquiry
2	SE (HO)	Technical sanction to estimate	7days after preparation of estimate	R	F : 17 - 1

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Sl. No.	Responsibility	Activity description	Time allowed for completion	D / R	D / R Reference
3	FA, CAO	Expenditure Sanction	7 days from receipt of Technical Sanction Memo from SE (HO)	R	
4	SE (HO)	Fixing of Contract Period	7 days from receipt of Administrative Approval to the detailed estimate from CMD	R	
5	EE (Contracts) / EE (Division)	Preparation of NIT and obtaining approval from Competent Authorities	2 days from receipt of Technical sanction memo from SE (Design).	R	F : 17- 2
6	EE (Contracts)	Registration of Contractors	As and when required	R	F : 17 - 3
7	EE (Contracts) / EE (Division) / EE (PM)	Publication of NIT in a) KSPHC website b) intimation to all registered Contractors & e-Tendering service provider through e – mail c) NEWS papers with the approval of CE	Immediately on approval Immediate  Within 3 days	D	
8	EE (Contracts) / EE (Division)	Arrangements for publication of NIT in the relevant tender bulletin	Immediate	R	

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**4.2 Processing of applications**

Sl. No.	Responsibility	Activity description	Time allowed for completion	D / R	D / R Reference
1	EE (Contracts) / EE (Division)	Receipts of applications from intending tenderers with all requisite details	As indicated in NIT	R	F 17 - 4
2	EE (Contracts) / EE (Division)	Short listing of eligible tenderers and obtaining approval of eligibility from Competent Authority – CE	5 days after last date of receipt of applications	R	Details supplied by Contractors
3	EE (Contracts) / EE (Division)	Intimation to all the eligible tenderers; the list of qualified tenderers to be sent by email to e-Tendering Service Provider	As indicated in NIT  Well in time	R	
4	EE (Contracts) / EE (Division)	Providing information and guidance to Call Centre operators regarding ongoing tender offers	In real time	D	
5	EE (System)	Training Call Centre operators and ensuring guidance to customer / tenderer	In real time	R	

**4.3 Issue of tender documents**

Sl. No.	Responsibility	Activity description	Time allowed for completion	D / R	D / R Reference
1	EE (Contracts) / EE (Division)	Preparation of Tender conditions and obtaining approval from CE	5 days prior to the date of issue of tender documents to eligible tenderers	R	
2	EE (Division)	Preparation of Bill of Quantities (Schedule – B)	10 days from receipt of Technical sanction Memo	R	Project Estimate

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3	EE (Contracts) / EE (Division)	Issue of tender documents to eligible tenderers along with the CD containing the same received from the eTendering Service Provider	As indicated in NIT	R	As approved by competent authorities
4	CMD/ED/CE/FA	Conducting pre - bid meeting whenever necessary	As indicated in NIT	R	

**4.4 Receipt and opening of tenders**

Sl. No.	Responsibility	Activity description	Time allowed for completion	D / R	D / R Reference
1	EE (Contracts) / EE (Division)	Receipt of tender documents through hard copies and / or through electronic form – ie., uploading of the price bid by the tenderer using the DC in the e-Tendering Service Provider's web site	As indicated in NIT	R	To be submitted by Contractors / contractors F : 17 - 5
2	EE (Contracts) / EE (Division) / Representative of Accounts section	Conducting reverse auction by the e-Tendering service provider whenever applicable and opening of closed tenders	As indicated in NIT	R	Submitted by Contractors / contractors F : 17 – 6
3	EE (Contracts) / EE (Division)	Preparation of comparative statement based on the price bid submitted online as well as hard copy	Immediately after opening of tenders	R	

**4.5 Evaluation of tenders**

Sl. No.	Responsibility	Activity description	Time allowed for completion	D / R	D / R Reference
1	EE (Contracts) / EE (Division) / CAO	Evaluation of tenders based on online tenders submitted and Reverse Auction results	5 days from the opening of the tenders	R	F : 17 - 7

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Sl. No.	Responsibility	Activity description	Time allowed for completion	D / R	D / R Reference
2	CE / SE Representative of Accounts section	Conducting negotiations with L1 amongst the L1 of closed bid and L1 of Reverse Auction, whenever required	Within 7 days of receipt of evaluation report	R	
3	CMD /ED/ CE/ FA	Pre-award discussions whenever required	Within 7 days of receipt of evaluation report	R	
4	CMD / ED / CE / FA	Tender acceptance	As per letter of award	R	F : 17 - 7
5	CAO / EE (Contracts) / EE (Division)	Return of DDs given towards EMD to all unsuccessful tenderers except to L1 & L2. Photo copies of DDs to be taken prior to return of DDs.	Within 2 days after submission of tender evaluation note	R	
6	EE (Contracts)	The DD of the L2 - second lowest tenderer shall be returned. DD of L1 Tenderer shall be sent to Accounts section.	Within 2 days of receipt of letter of acceptance from L1 Tenderer	R	F:17 - 8

#### 4.6 Entering into contract

Sl. No.	Responsibility	Activity description	Time allowed for completion	D / R	D / R Reference
1	EE (Contracts) / EE (Division)	Issue of letter of Award (LoA) to the successful tenderer	Within 3 days after approval to tender by TAA	R	
2	EE (Contracts) / EE (Division)	Entering into agreement with the successful tenderer	Within 15 days from the date of LoA	R	F : 17 - 9
3	EE (Contracts) / EE (Division)	Dispatch of agreement copies to the Division, technical section, finance and to the contractor.	Within 5 days after entering into agreement	R	

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Sl. No.	Responsibility	Activity description	Time allowed for completion	D / R	D / R Reference
4	EE (Division)	Issue of work order to the successful tenderer	Within 5 days after receipt of agreement	R	

#### 4.7 Evaluation of Contractor's performance

Sl. No.	Responsibility	Activity description	Time allowed for completion	D / R	D / R Reference
1	EE (Division)	Evaluation after the closure of contract as per evaluation criteria	Within 30 days after the closure of contract	R	F : 17 - 10

#### 4.8 Procedure to be followed while providing e-Tendering service to other Departments

Sl. No.	Responsibility	Activity description	Time allowed for completion	D / R	D / R Reference
1	CMD, ED, CE	Approval to extend the service to the Client Department on request from Head of such Dept.	With in 5 days of receipt of such request	R	Letter from client organization and CMD's approval
2	EE (Contracts)	Signing of Memorandum of Understanding indicating the scope of work, payment mode, etc with the Client Department after approval of Draft by CMD	Preparation of draft MOU within 2 days. Approval of draft MOU within 7 days. Signing of MOU within 3 days of approval from client	R	MOU

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Sl. No.	Responsibility	Activity description	Time allowed for completion	D / R	D / R Reference
3	Client Department	Providing all necessary inputs like the procedures to be followed in conducting tendering (single or two cover system), etc and all data with respect to NIT	As per MOU	D	MOU
4	EE (Contracts)	Registration of Contractors	As and when need arises	R	F : 17 - 3
5	EE (Contracts) / EE (PM)	Publication of NIT in a) KSPHC website b) intimation to all registered Contractors & e-Tendering service provider through e – mail	As per MOU  As per MOU	R	
6	EE (Contracts)	Receipt of tender in electronic form – ie., uploading of the price bid by the tenderer using the DC in the e-Tendering Service Provider's web site	As indicated in NIT	R	
7	EE (Contracts)	Conducting reverse auction by the e-Tendering service provider	As indicated in NIT	R	
8	EE (Contracts)	Preparation of comparative statement based on the price bid submitted online	Immediately after opening of tenders	R	
9	EE (Contracts)	Evaluation of tenders based on the online tender submitted by the tenderers and Reverse Auction results	2 days from the opening of the tenders	R	

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**5.0 Records**

Sl. No	Name of the Record	Authorizing Personnel	Custodian of record	Retention Time
1	NIT	CMD	AEE (QC)	3 years after closure of contract
2	Applications received along with the details received from Contractors	EE (Contracts) / EE (Division)	AEE (Contracts)	3 years after closure of contract
3	Contract Agreement	EE (Division)	EE (Division)	Permanent record

**6.0 Reference**

- a) ISO 9001: 2000 Clause Number 7.0
- b) Quality Manual Clause Number 7.4.1.4
- c) KTPP Act, Rules and notifications

**7.0 Associated Documents**

- a) Procedure for control of documents 01
- b) Procedure for control of records QSP 02

**8.0 Revisions**

Revision "0" – First issue.

Revision "1" - Second issue – Changes made in clause 1.1 wherein the applicability of the procedure extended to works costing below Rs. 5.0 lakhs also subject to the provisions contained in KTPP Act, 1999 and Rules there under.

Revision "2" – Third issue – Modifications and additions to definitions, inclusion of e-Tendering and Reverse Auction processes, and addition of procedure to be followed for providing e-Tendering service to other departments.

Revision "3" – Fourth issue - Detailed delegation of financial powers is included in section 4.0.

The Top Level Management Committee reviewed and approved the revisions on 19 April 2007 and delegated the responsibility of finalising the financial powers at different levels to the Chief Engineer. Detailed delegation of financial powers were reviewed and approved by the Top Management Committee in its meeting on 17 Dec 2007

<b>Revision: 3 /19.12.2007</b>	<b>System / Revision effective from: 01.01.2008</b>	<b>Page 13 of 13</b>
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Chief Coordinator - QMS shall issue this procedure to all the functional heads.

<b>Draft prepared by</b>	CE, ACA & MR
<b>Draft reviewed by</b>	ED, C&MD
<b>Draft approved by</b>	The Top Management Committee on 19 April 2007 and 17 Dec 2007
<b>Approved by</b>	The Board of Directors on 19 Dec 2007 in the Board Meeting