

# ***(3F) 'Completeness of Bid'***

*How to Correctly Complete a Bid and Why  
its so Important*

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# Three Essential Elements of any Contract

Universally a *contract* is a legally enforceable exchange of promises and requires the following three essential ingredients:

- 1. Offer:** The Bidder (Contractor) offers to the Employer (DDC/RAP3) to do something (usually a defined set of Works for a Price in response to an invitation); formalised in his 'Letter of Bid' (and attached BoQ, etc.),
- 2. Acceptance:** The Employer accepts the Contractor's offer (Bid) and usually both then formalise by signing an Agreement,
- 3. Consideration:** The exchange of value (usually money in exchange for works, goods etc.).

# Bidder's Eligibility Criteria

- ❖ Mandatory Documents setting Criteria for Eligibility to make a Bid (PPR Article 40 (2)):
  - a) Company Registration Certificate
  - b) Business Registration Licence
  - c) Value Added Tax registration certificate & Permanent accounts registration number (PAN)
  - d) Tax Clearance Certificate
  - e) Declaration Letters (not disqualified, no conflict of interest, no business prosecution, etc.)
  - f) Others (if specifically asked by the PE)

Normally stated in Invitation Notice (advert) and ITB Data Sheet.

# Examination of Opened Bids

Before detailed evaluation the EC shall check the following matters (PPA Article 23(2)):

- a) Whether Bidder has established his legal right to bid?,
- b) Whether the **Bid is Complete** in accordance with ITB and signed and ?:
  - Power of Attorney for agent submitted?
  - Joint Venture Agreement submitted?
  - Eligibility documentation?
  - Post-qualification documentation (if required)?
  - Rate Analysis (if requested)?
  - Other matters as prescribed?
- c) Bid Security (type, period, amount)?
- d) Whether responsive to technical specifications & conditions

# Why Submit a Complete Bid (1 of 3)?

- ❖ The PPMO ITB mandate it, e.g.:
  - ❑ *'The Bidder is expected to examine all instructions, forms, terms, and specifications in the Bidding Document. Failure to furnish all information or documentation required by the Bidding Document may result in the rejection of the bid.'* (ITB 6.4)
  - ❑ *'The Letter of Bid, Schedules, and all documents listed under ITB 11, shall be prepared using the relevant forms in Section 4 (Bidding Forms), if so provided. The forms must be completed without any alterations to the text, and no substitutes shall be accepted. **All blank spaces shall be filled** in with the information requested'*. (ITB 12.1)

# Why Submit a Complete Bid (2 of 3)?

*‘Leaving the total bid prices blank in the letters of bid and/or summaries of bill of quantities by the bidders is a serious concern. In this regard, NRM has taken immediate action in reaching an agreement with ADB Operations Services and Financial Management Department, ADB Office of the General Counsel and the Public Procurement Monitoring Office of Nepal to treat bids without total bid prices as non-responsive for international competitive bidding and national competitive bidding, respectively.’*

(Ref. ADB Office of Anticorruption and Integrity (Oct 2014) – Project Related Review (STEP))

# Why Submit a Complete Bid (3 of 3)?

PPMO compilation of 'Queries and Response from various offices' up till 2009 (2066). Query No.6 specifies:

*'a BoQ item if it has 'zero' quoted rate, then it shall be evaluated assuming that such items are provided for 'zero' rate, but if the item is left 'blank' then the bid shall be treated as non-responsive and shall not be evaluated.'*



# Documents Comprising the Bid ('Offer')

ITB 11.1 The Bid shall comprise the following:

- a) **Letter of Bid**;
- b) **Completed Schedules**, in accordance with ITB 12 and 14, or as stipulated in the BDS;
- c) Bid Security, in accordance with ITB 19;
- d) alternative bids, at Bidder's option and if permissible, in accordance with ITB 13;
- e) written confirmation authorizing the signatory of the Bid to commit the Bidder, in accordance with ITB 20.2;
- f) documentary evidence in accordance with ITB 17 establishing the Bidder's qualifications to perform the Contract;
- g) Technical Proposal in accordance with ITB 16;
- h) In the case of a bid submitted by a JV, the JV agreement, or letter of intent to enter into a JV including a draft agreement, indicating at least the parts of the Works to be executed by the respective partners; and
- i) Any other document required in the BDS (e.g. Declaration etc.)

# Documents Comprising the Contract (after signing Agreement)

GCC 2.3: *'The documents forming the Contract shall be interpreted in the following order of priority:*

- a) *Contract Agreement,*
- b) *Letter of Acceptance,*
- c) **Contractor's Bid**, [means the 'Offer' i.e. LoB & attachments]
- d) *Special Conditions of Contract,*
- e) *General Conditions of Contract,*
- f) *Specifications,*
- g) *Drawings,*
- h) *Bill of Quantities (or Schedules of Prices for lump sum contracts), and*
- i) *Any other document listed in the SCC as forming part of the Contract'*

# HOW TO FILL THE BILL OF QUANTITIES?

# A Correctly Filled BoQ

SN	Reference Specifications	Description	Unit	Quantity	Rate (NRs)		Amount (NRs)
					In Figure	In Words	
4.		<b>Gabion Works</b>					
4.2	DoR (2401)	Supply and delivery of machine made heavy coated gabion boxes					
4.2.1		Box size 1.5m x 1m x 1m	Num	21	1,000	One thousand only	25,000.00
4.2.2		Box size 2m x 1m x 1m	Num	525	1,200	One thousand two hundred only	630,000.00
4.2.3		Box size 3m x 1m x 1m	Num	57	1,500	One thousand five hundred only	85,500.00
		Sub-total (4)					740,500.00
		Total (1+2+3+4)					6,122,890.00
		VAT @ 13% of Total					795,975.70
		Grand Total Including VAT					6,918,865.70

# Error 1-Missing Items

SN	Reference Specifications	Description	Unit	Quantity	Rate (NRs)		Amount (NRs)
					In Figure	In Words	
4.		<b>Gabion Works</b>					
4.2	DoR (2401)	Supply and delivery of machine made heavy coated gabion boxes					
4.2.1		Box size 1.5m x 1m x 1m	Num	25	1,000	One thousand only	25,000.00
4.2.2		Box size 2m x 1m x 1m	Num	52			
4.2.3		Box size 3m x 1m x 1m	Num	57	1,500	One thousand five hundred only	85,500.00
		<b>Sub-total (4)</b>					110,500.00
		<b>Total (1+2+3+4)</b>					6,122,890.00
		<b>VAT @ 13% of Total</b>					795,975.70
		<b>Grand Total Including VAT</b>					6,918,865.70

# Error 1-Missing Items

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4.2.2		Box size 2m x 1m x 1m	Num	52	0		0.00
4.2.3		Box size 3m x 1m x 1m	Num	57	1,500	One thousand five hundred only	85,500.00
		<b>Sub-total (4)</b>					110,500.00
		<b>Total (1+2+3+4)</b>					6,122,890.00
		<b>VAT @ 13% of Total</b>					795,975.70
		<b>Grand Total Including VAT</b>					6,918,865.70

# Error 2 – Missing Totals

SN	Reference Specifications	Description	Unit	Quantity	Rate (NRs)		Amount (NRs)
					In Figure	In Words	
4.		<b>Gabion Works</b>					
4.2	DoR (2401)	Supply and delivery of machine made heavy coated gabion boxes					
4.2.1		Box size 1.5m x 1m x 1m	Num	25	1,000	One thousand only	
4.2.2		Box size 2m x 1m x 1m	Num	525	1,200	One thousand two hundred only	
4.2.3		Box size 3m x 1m x 1m	Num	57	1,500	One thousand five hundred only	
		Sub-total (4)					
		Total (1+2+3+4)					
		VAT @ 13% of Total					
		Grand Total Including VAT					

# HOW TO FILL THE LETTER OF BID?



# Degree of Completeness

1. Acceptable – Correctly filled in all respects
  - ❑ All ‘blanks’ / ‘questions’ filled (no omissions)
  - ❑ No cross-referencing
  - ❑ Figures and Words for completeness
2. Doubtful – Evaluation Committee to decide
  - ❑ Cross-referencing
  - ❑ ‘Minor Omissions’
3. Unacceptable – EC bound to reject
  - ❑ Key missing entries

1

Letter of Bid

The Bidder must accomplish the Letter of Bid in its letterhead clearly showing the Bidder's complete name and address.

Date: .....20<sup>th</sup> Dec. 2015.....

Name of the project: [insert Road name]

Invitation Bid No.: [insert Contract ID]

To: .....Office of District Development Committee, Parbat.....

We, the undersigned, declare that:

1. We have examined and have no reservations to the Bidding Documents, including Addenda issued in accordance with Instructions to Bidders Clause 8;

2. We offer to execute in conformity with the Bidding Documents the following Works:

.....Improvements to Road 44DP Contract No. 134/PAR/205).....

3. The total price of the Works offered in this Bid is as follows:

.....NRs 5.70 including VAT (Rupees Six million nine hundred and seven thousand, eight hundred and sixty five and seventy paise only).....

4. The discounts offered and technology for their application are:

.....10% (ten per cent).....

5. Our bid shall be valid for a period of .....90 (ninety).... [insert validity period as specified in ITB 18.1.] days from the date fixed for the bid submission deadline in accordance with the Bidding Documents, and it shall remain binding upon us and may be accepted at any time before the expiration of that period;

6. [various important standard undertakings and declarations, etc., etc. ....]

Name .....Mr Shankar Shrestha.....

In the capacity of .....Authorised Representative.....

Signed .....S. Shrestha.....

Duly authorized to sign the Bid for and on behalf of .....Building Contractors P (Ltd).....

Date .....26th June 2015.....

# 2

## Letter of Bid

The Bidder must accomplish the Letter of Bid in its letterhead clearly showing the Bidder's complete name and address.

Date: .....20<sup>th</sup> Dec. 2015.....

Name of the contract: *[insert Road Name]*

Invitation for Bid No.: *[insert Contract ID]*

To: .....*Office of District Engineer, Parbat Committee, Parbat*.....

We, the undersigned, declare that:

1. We have examined and have no reservations regarding the Bidding Documents, including Addenda issued in accordance with Instructions to Bidders (ITB 18.1);

2. We offer to execute in conformity with the Bidding Documents the following Works:  
.....*Improvements to Road 44DR185 (Contract No. 134/PAR/205)*.....

3. The total price of our Bid, excluding any discounts mentioned in item (4) below is:

.....*As per BoQ*.....

4. The discounts offered and the methods of their application are:

.....*10% (ten percent on)*.....

5. Our bid shall be valid for a period of .....*ninety*.... [insert validity period as specified in ITB 18.1.] days from the date fixed for the bid submission deadline in accordance with the Bidding Documents, and it shall remain binding on us and may be accepted at any time before the expiration of that period;

6. [various important standard undertakings, declarations, etc., etc. ....]

Name .....*Mr Shankar Shrestha*.....

In the capacity of .....*Authorised Representative*.....

Signed .....*S. Shrestha*.....

Duly authorized to sign the Bid for and on behalf of .....*Building Contractors P (Ltd)*.....

Date .....*26th June 2015*.....

# 3

## Letter of Bid

The Bidder must accomplish the Letter of Bid in its letterhead clearly showing the Bidder's complete name and address.

Date: .....20<sup>th</sup> Dec. 2015.....

Name of the contract: *[insert Road Name]*

Invitation for Bid No.: *[insert Contract ID]*

To: .....*Office of District Development Committee, Parbat*.....

We, the undersigned, declare that:

1. We have examined and have no reservations to the Bidding Documents, including Addenda issued in accordance with Instructions to Bidders (ITB) Clause 8;
2. We offer to execute in conformity with the Bidding Documents the following Works:  
..... *Improvements to Road 44DK185 (Contract No. 134/PAR/205)* .....
3. The total price of our Bid, excluding any discounts offered in item (4) below is:  
.....
4. The discounts offered and the methodology for their application are:  
.....
5. Our bid shall be valid for a period of ..... *90 (ninety)*.... *[insert validity period as specified in ITB 18.1.]* days from the date fixed for the bid submission deadline in accordance with the Bidding Documents, and it shall remain binding upon us and may be accepted at any time before the expiration of that period;
6. *[various important standard undertakings and declarations, etc., etc. ....]*

Name ..... *Mr Shankar Shrestha* .....

In the capacity of ..... *Authorised Representative* .....

Signed ..... *S. Shrestha* .....

Duly authorized to sign the Bid for and on behalf of ..... *Building Contractors P (Ltd)* .....

Date ..... *26th June 2015* .....

# Tender Opening Readings (PPR)

*‘After opening and announcing any Withdrawals or Modifications the PE shall open, read out and record the following on a signed deed:*

- a) *Name and address of bidder,*
- b) ***Tender price** and each unit rate, [especially tender price – see next slide, ITB]*
- c) *If the tender offers any discounts, contents thereof,*
- d) *If any alternative to technical specification is proposed, tender price thereof,*
- e) *Whether there is absence of tender security or not,*
- f) *If there is a discrepancy between figures and words, details thereof,*
- g) *Whether the tender form bears the signature of the bidder or its agent or not,*
- h) *If the tender documents contain any correction or overwriting, amount so overwritten and details thereof,*
- i) *Whether the bidder or its agent has signed or not,*
- j) *If the bidder has mentioned any remarks in the tender form, contents thereof and requested for information of rate, details thereof, and*
- k) *Such other matters as the public entity considers appropriate.’*

[Ref: PPR Article 59 ‘Opening of Tenders’]

# Tender Opening Record (ITB)

*'The Employer shall prepare a record of the bid opening that shall include, as a minimum:*

- a) the name of the Bidder and whether there is a withdrawal, or modification;*
- b) the Bid Price (per Contract if applicable), including any discounts and alternative offers;*
- c) and the presence or absence of a bid security, if one was required.*

*The Bidders' representatives who are present shall be requested to sign the record. The omission of a Bidder's signature on the record shall not invalidate the contents and effect of the record. A copy of the record shall be distributed to all Bidders.'*

[PPMO Instructions to Bidders, Clause 25.3]

# Summary

1. There are no good reasons for not fully completing a bid – tender periods are adequate.
2. If you were writing out a bank cheque you'd expect to fill it perfectly or risk not having it honoured.
3. As the ADB Office of Anticorruption and Integrity have noted, gaps and omissions in the Letter of Bid and BoQ '*make bids vulnerable to manipulation*'.
4. RAP3, the Contractor's Association, Contractors and all stakeholders should be keen to promote the highest levels of ethics and transparency.
5. RAP3 will not accept incomplete / partially filled bids.

# THANK YOU