**PROCUREMENT PROCEDURE OF [NAME OF THE CSO]**

**DEFINITIONS**

1. **Bid, Quotation or Proposal** is a formal offer by a potential bidder or consultant indicating the price at which supply of goods or works, non-consultancy services or consultancy services will be made should the bid, quotation or proposal is accepted
2. **Donor Funded Project** means project financed by pursuant on any donor agreement, which finance the subject procurement actions.
3. **Procurement** means obtaining appropriately of goods, works, non-consultancy services, or consultancy with [CSO’s Name]’s funds or funds from any other source whether local or foreign. It would include purchase, rental, lease or hire purchase, including services incidental to the supply of said goods or the works and disposal of stores items.
4. **Procurement Entity** means [CSO’s Name] that engages in procurement
5. **Procurement Actions** means any action in furtherance of performance of goods, works, non –consultancy services or consultancy services.
6. **Goods** means raw-material, products, equipment and other physical objects of every description whether in solid, liquid or gaseous form.
7. **Non-Consultancy Services** means services other than consultancy services. Eg. Janitorial services, security service, currier services
8. **Works** means all construction works associated with the construction, reconstruction, demolition, repair or renovation of a building, structure or associated works such as site preparation excavation, erection of a building, installation of equipment or materials, decoration and finishing.
9. **Consulting Services** means the services provided by consultant of an intellectual and advisory nature in wide range of activities such as policy advice, institutional reform, management study, engineering services, architectural services, construction supervision, financial services, social and environmental studies and identification, preparation, and implementation of projects
10. **INTRODUCTION**

**1.1 The Purpose**

The purpose of this Procurement Guideline is to set forth the procedures that should be adhered by the [CSO’s Name], in carrying out any Procurement action financed in whole or in part by the [CSO’s Name]

**1.2 Objectives**

The Procurement process should ensure:

1. Maximizing economy and efficiency in Procurement resulting in least cost together with the high quality;

**VALUE FOR MONEY –** the procurement processes should be carried out to achieve the most advantageous combination of cost, quality and sustainability over the life cycle of the program or project.

1. Adhering to prescribed standards, specifications, rules and regulations;
2. Maximizing income in the disposal of acquired assets or in granting of rights, concessions or exclusive benefits;
3. Providing fair and equal opportunity for interested parties to participate in Procurement;
4. Expeditious execution of Works and delivery of Goods and Services;
5. Compliance with local laws and international obligations;
6. Ensuring transparency and uniformity in the evaluation and selection procedure;
7. Retaining confidentiality of information provided by bidders.

**1.3 Scope of Application**

This guidelines applicable to [CSO’s Name] Financed as well as Donor Funded Projects of the [CSO’s Name]. Hence, this guidelines would be applicable to all Procurements irrespective of the source of funding. However, when a Donor Funded Projects, is mandated by its funding agency to use the procurement guidelines of such funding agency, such funding agency guidelines shall prevail over the [CSO’s Name]’s guidelines to the extent applicable. In the event of a conflict between the [CSO’s Name]’s guidelines and that of the funding agency, the funding agency guidelines shall take precedence over [CSO’s Name]’s guidelines.

**1.4 Ethics in Procurement**

1.4.1 CONFIDENTIALITY - In all Procurement Actions, parties associated, namely, suppliers, contractors and officials shall ensure that they maintain strict confidentiality throughout the process.

1.4.2 CORRUPTION - The officials involved in Procurement Actions shall not abuse their powers. An official who abuses one’s position in Procurement Action to derive benefits for oneself or one’s close family or associates, would be deemed to be engaged in corrupt practices.

1.4.3 CONFLICT OF INTEREST - Officials shall declare that they remain without a conflict of interest throughout the process. Should such a compromising situation arise, the official shall declare his/her interest and disassociate himself/herself from the process.

1.4.4 NO GIFTS OR INDUCEMENT TO BE ACCEPTED - Officials shall refrain from receiving any personal gain from any Procurement Action. No gifts or inducement of any value shall be accepted. Suppliers/contractors are liable to be disqualified from the bidding process if found offering any gift of value which may have an effect of influencing a decision or impairing the objectivity of an official.

1.4.5 OFFICIALS SHALL REFRAIN FROM RECEIVING ANY PERSONAL GAIN FROM ANY PROCUREMENT ACTION.

**1.5 General Principles of Non Profit Procurement**

The award of public contracts is governed by the following general principles:

1. Non-discrimination and equality of treatment;
2. Transparency;
3. Confidentiality of Contractors
4. Fairness
5. Openness
6. Accountability

1.5.1 NON-DISCRIMINATION AND EQUALITY OF TREATMENT - The principle of “non-discrimination” is a cornerstone of Public Procurement. This principle prohibits any discrimination meaning that all participants shall be treated in the same manner, unless the difference is objectively justified. Both direct and indirect discrimination is prohibited. Bank must remain non-biased and Impartial toward all participants.

1.5.2 TRANSPARENCY - Transparency in the context of public procurement refers to the ability of all interested parties to know and understand the actual methods and processes by which contracts are awarded and managed.

1.5.3 CONFIDENTIALITY OF CONTRACTORS - All bids should be kept in a safe and secure environment to ensure that the confidentiality of bids is preserved. Confidential information may include technical or trade secrets. The principle of confidentiality obligates the Bank not to examine the content of bids, before the deadline for their submission has expired.

1.5.4 FAIRNESS - System needs to operate in a manner that is perceived as offering an opportunity for participants to win contracts in accordance with an agreed set of rules that are not “prejudiced” against participants without a reasonable explanation.

1.5.5 OPENNESS - Relates to fairness, but is more specific as to ability of wide range of participants to participate in a competition. An example of lack of openness might be restricting procurement to national or local firms.

1.5.6 ACCOUNTABILITY - Assuming responsibility for actions taken and being held to account for those actions. It also entails an obligation to explain and justify the procurement actions taken to perform tasks.

**1.6 Laws applicable for Procurement Actions**

The laws applicable to Procurement Actions shall be the Laws of the Democratic Socialist Republic of Sri Lanka unless such Procurement Actions are consequence to agreement/s or treaties between the [CSO’s Name] and other Foreign Funding Agencies and which imposed International obligations, the specific requirements of the treaty or agreement shall prevail.

**1.7 Amendments to the Procurement Guidelines**

Any amendment to the procurement guidelines shall be made by issuing Supplement/s approved by the Governing Body of the [CSO’s Name].

1. **PROCUREMENT COMMITTEES AND THEIR FUNCTIONS**

**2.1 Governing Body of the [CSO’s Name]**

a) The Governing Body is the principle authority for formulating and effecting amendments to the procurement guidelines.

**2.2 Executive Director**

a) The responsibility of Procurement Actions shall be vested with the ED of the [CSO’s Name] who is deemed to be the Accounting Officer. The responsibility and accountability of the other officers of the [CSO’s Name] who are involved in Procurement Actions shall be duly authorized by the ED in accordance with the Delegation of Financial Authority for each Financial Year.

**2.3 Responsibility of the [CSO’s Name]**

a) The [CSO’s Name] shall responsible for the entire Procurement Process i.e., Procurement Planning and Preparedness Activities, Pre-contract Activities and Post Contract Activities.

b) The respective Procurement Committees (PCs), Technical Evaluation Committees (TECs) and Bid Opening Committees (BOCs) shall be appointed by the Governing Body, ED or his/her delegated authority.

c) All PCs and TECs shall be appointed at the beginning of each financial year on ex-officio. The seniority and procurement capacity shall be taken into consideration when such appointments are made. However, members of TEC shall be changed depending on the expertise required.

d) Request shall be made by the ED to the Governing Body to appoint the PCs at the beginning of each financial year.

**2.4 Responsibility of the Procurement Unit**

Head of Admin Service Unit or Finance Manager as in charge of the procurement unit of the [CSO’s Name] is responsible for the following activities:

a) Obtaining procurement requirements of all departments, divisions, regional office and project office before the end of current financial year for the ensuring financial year;

b) Prepare Master Procurement Plan and proposed Annual Procurement Plan (APP) by using the Format to incorporate such requirements by properly packaging and slicing *[Templates Reference No PR 001- Master Procurement Plan and No PR 002 - Annual Procurement Plan (APP)]*

c) Organize Procurement Planning Meeting before finalizing the APP;

d) Appoint TECs and BOCs within the provisions of the guidelines;

e) Monitor and ensure that all the preparatory activities such as Specifications, Bill of Quantities (BOQ), Initial Environmental Examinations (IEE), Environmental Impact Assessments (EIA) Assessments, Plans, Drawings, preparation of draft bidding documents, obtaining necessary approvals etc. have been duly completed by the respective users for all procurement packages included in the Procurement Preparatory Plans (PPP) are duly submitted *(Template Reference No PR 003 - Procurement Preparatory Plan****)****;*

f) Assist and advice officers who need assistance and guidance to prepare such Preparatory Activities;

g) Assess the procurement capacity of officers of the [CSO’s Name], particularly the members of different PCs and TECs and organize procurement capacity building activities from time to time;

h) Arrange the services from outside Procurement Specialists, Consultants etc. as per the provisions of this guidelines to prepare such preparatory activities whenever deemed necessary;

i) Maintain necessary communication with all internal and external stakeholders of the Procurement Process;

j) Arrange annual suppliers, contractors and service providers’ registration process;

k) Preparation of Invitation for Bids (IFB), Invitation for Pre-qualification, preparation and vetting of bidding documents, submission of such documents to respective TECs and PCs for review and approval;

l) Maintain a data base for all PCs and TECs and accredit members of PCs and TECs by considering timely completions of tasks, quality of evaluation reports, integrity of members etc.;

m) Maintain a data base for all procurement activities carried out by the [CSO’s Name] and take prompt actions to complete the contract awards as scheduled using the Detailed Procurement Plan (DPP) *(Template Reference No PR 004A - Detailed Procurement Plan for Works , Goods and Other Services and No PR 004B - Detailed Procurement Plan for Consultancy Services)*

n) Obtaining Contract Administration Plans (CAP) from respective Departments/ Divisions/Regions/Branches and monitor implementation activities to ensure that all contracts awarded are completed as scheduled *(Temperate Reference No PR 005 - Contract Administration Plan);*

o) Assist to ED /Governing Body to appoint all PCs/TECs/BOCs, facilitate and coordinate all committees;

p) Provide information pertaining to contracts awarded by the [CSO’s Name] to Governing Body quarterly.

q) Provide progress reports on all procurement activities to the ED monthly.

**2.5 Duties and Responsibilities of Appropriate Procurement Committees (PC)**

1. Ensuring that the funds are available for the Procurement under consideration;
2. Reviewing and agreeing upon the Procurement Time Schedule (PTS) in order to award the contract as planned;
3. Determining the dates and manner of advertising the Procurement, sale of bidding documents, and closing and opening of bids;
4. Agreeing with the Technical Evaluation Committee (TEC) on the type and nature of bidding and contract documents to be used;
5. Participating and directing the TEC in providing/requesting where deemed appropriate; and
6. Review the evaluation report and recommendation of TEC and making determinations/recommendations in accordance with the procurement guidelines.

**2.6 Duties and Responsibilities of Appropriate Technical Evaluation Committees (TEC)**

1. Recommend and agree with the respective Procurement Committee (PC), the Procurement Time Schedule (PTS) in order to award the contract within the minimum time period possible;
2. Review and approve of specifications to ensure that the specifications are generic in nature and competitiveness could be promoted on an equal level;
3. Review and approve of the pre-qualification documents/bidding documents prepared by the [CSO’s Name] to ensure that the procurement principles are complied with;
4. Direct the [CSO’s Name] to obtain clarifications from bidders in writing where appropriate;
5. Participate in negotiations if directed by respective PC;
6. Review the draft contract agreement prepared by the PE to ensure that it complies with the determination of the PC.
7. The TEC may get assistance from any external consultant if necessary. However, any services performed by the consultant should be under the guidance and supervision of the TEC. The consultant shall not be a member of the TEC.
8. The Chairperson of TEC or his nominee selected from amongst the members of the TEC shall participate at the pre-bid meeting.
9. The respective PC and TEC as described in this guidelines shall carry out the entire procurement Process;
10. However, there may be different TECs for such different Procurement Activities.
11. Any Procurement that will lead to other downstream Procurement/s such as selection of consultants for designing and the subsequent selection of contractors for construction activities shall be aggregated and the appropriate PC shall be selected considering the Total Cost Estimate (TCE).
12. All members serving in their respective BOC, PC and TEC shall give priority to the duties assigned to them over their routine functions.

**2.7 Bid Opening Committee (BOC)**

1. ED or his authorized delegated officer shall appoint BOC for Procurement higher than the value of Rs 500,000/-
2. The responsibility of opening of bids is vested with BOC;
3. The minimum number of members for BOC shall be two;
4. The appointing of BOC shall be done with the concurrence of the respective PC;
5. Duties and Responsibilities of BOC is spelt out in Chapter 6, ‘Bid Opening’’
	1. **Different Procurement Committees**

Composition of Procurement Committees

The Number of Member of all PCs shall be three

Corporate Procurement Committee (CPC) headed By ED

 Chairmen - ED

 Member 1 - Finance Manager

 Member 2 - Manager Admin Services

 The ……………………shall function as the Secretary to the CPC

Executive Procurement Committee (EPC) headed By FM

Chairmen - FM

Member 1 - Manager Admin Services

 Member 2 - Program Manager

 The …………………… shall function as the Secretary to the EPC

Project Procurement Committee (PPC) headed by Project In Charge/ Manager

Chairmen - Project Manager

Member 1 - Deputy In-Charge

 Member 2 - Project Account Officer

 The …………………… shall function as the Secretary to the EPC

Each Procurement Committee who are appointed by designation, shall have a pre-designated alternate member to participate in meetings in the event a nominated member is rendered unavailable on the scheduled date of a meeting.

**2.9 Financial Threshold Limits for Different PCs**

|  |  |  |  |
| --- | --- | --- | --- |
| Different PCs | Local Funds/CSO’s Funds  | Donor Funded /Foreign Funded  | Approving Authority  |
| Governing Body | Any amount  | Any amount  | Governing Body |
| CPC headed by ED | Up to Rs 5,000,000/- | Up to Rs 10,000,000/- | ED |
| EPC headed by FM  | Up to Rs 1,000,000/- | Up to Rs1,500,000/- | FM  |
| PPC headed by Project Manager  | Up to Rs 500,000/- | Up to Rs 750,000/- | PM  |

**2.10 Financial Authority under Direct Procurement**

Financial Authority for Goods, Works and Services under Direct Procurement

|  |  |  |
| --- | --- | --- |
| When uneconomical to follow competitive procedure | ED | Up to Rs 200,000 |
| FM | Up to Rs 50,000/- |
| Smaller value not exceeding Rs 15,000/- per day per event. Total should not exceed Rs. 60,000/ per month  | Program/ Project Manager  | Up to Rs. 15,000/- |

 **2.11 Financial Authority under Shopping**

|  |  |
| --- | --- |
| Works(At least Five Sealed Quotations) | Financial Threshold |
| CPC headed by ED | Up to Rs 3,000,000/- |
| EPC headed by FM  | Up to Rs 1,000,000/- |
| ED | Up to Rs 500,000/- |
| FM  | Up to Rs 100,000/- |
| Program / Project Manager  | Up to Rs 50,000/-  |
| Goods and Non-Consultancy Services (At least Five Sealed Quotations) | Financial Threshold |
| CPC headed by ED | Up to Rs 3,000,000/- |
| EPC headed by FM  | Up to Rs 1,000,000/- |
| ED | Up to Rs 500,000/- |
| FM  | Up to Rs 100,000/- |
| Program / Project Manager  | Up to Rs 50,000/-  |
| Goods and Non-Consultancy Services (At least Three Sealed Quotations) | Financial Threshold |
| CPC headed by ED | Up to Rs 1,500,000/- |
| EPC headed by FM  | Up to Rs 500,000/- |
| ED | Up to Rs 250,000/- |
| FM  | Up to Rs 50,000/- |
| Program / Project Manager  | Up to Rs 25,000/- |

ED may delegate his authority to other officers under Delegation of Financial Authority

**3. PROCUREMENT PLANNING**

**3.1 Strategic Concern**

a) Procurement planning is much more than a schedule of procurement requirements of the [CSO’s Name]. Importance of procurement activities of the [CSO’s Name] should be assessed considering many factors such as contribution to the total budget, achieving of corporate goals and objectives, ensuring value for money, assigning responsibilities to different officials and committees and supervision and monitoring of procurement activities of the [CSO’s Name] etc.;

b) The conventional approach is to request the procurement requirements from each departments/divisions or regions by the Procurement Unit which is responsible to manage the procurement function of the [CSO’s Name];

c) Once the requirement is received; some procurement is reduced or completely removed and finalized the procurement list. The inclusion or deletion has no rational basis what so ever. This is not meant of real procurement planning;

d) The procurement plan of the [CSO’s Name] should be prepared in line with the Action Plan. Since the Action Plan entails various activities, sub-activities and performance / output targets that are expected to be achieved under different goals and objectives of the [CSO’s Name], procurements should be considered as the resource requirements to achieve such targets through such activities and sub-activities;

e) Since the activities and sub-activities are the best options available and determined by the management, the agreed resource allocation to such activities could be considered as strategic procurement planning.

**3.2 Master Procurement Plan (MPP)**

a) The [CSO’s Name] may prepare the MPP in line with its Action Plan. Where possible procurement activities envisaged - for a period of three-years - may be listed in the MPP;

b) The procurement activities for the succeeding year shall be prepared in detail;

c) The MPP shall assess the relative advantages of centralized versus decentralized Procurement; packaging of Procurement; size of the packages for Goods, Works, etc.;

d) The MPP shall be regularly updated, at intervals not exceeding six months;

e) Approval should be obtained for the MPP from the Governing Body.

**3.3 Annual Procurement Plan (APP)**

a) The [CSO’s Name] shall prepare an Annual Procurement Plan for the ensuring financial year before the end of the current financial year;

b) This plan spells out the procurement requirements of the [CSO’s Name] for the ensuring financial year;

c) This APP is essentially derived from the Annual Action Plan of the financial year;

d) This APP should entail all required details such as procurement packages /slices under different Procurement Categories i.e. Works, Goods, Non-consulting Services and Consulting Services (separate Plans), proposed Procurement Methods, Total Cost Estimate for each packages, the expected dates of Bid Invitation and Contract Award etc.;

e) Approval should be obtained for the APP from the Governing Body.

**3.4 Procurement Packaging and Slicing**

a) All procurement requirements should be packaged considering the suppliers point of view and required dates of procurement *(Template Reference No PR006 - Procurement Preparatory Plan: Package Summary)*

b) In order for large and small suppliers/ contractors to participate for bidding, market capacity and to meet the critical delivery or completion schedules, large contracts may be divided into Smaller slices and procured on ‘slice and package’ method;

c) Both small and large contractors may be allowed, at their option, to bid for one or more slices or the whole package according to their capacity;

e) All bids shall be received by the same closing date, time and shall be opened and evaluated simultaneously so as to determine the Bid for combination of Bids that offers the lowest evaluated cost.

**3.5 Procurement Preparatory and Planning**

a) All the contract packages included in the APP, procurement preparatory activities should be identified by the user departments/ divisions such as preparation of specifications, estimates/ BOQs, drawings, plans, required approvals from local authorities, Central Environmental Authority – CEA and preparation of Bidding Documents etc.;

b) Procurement Preparatory Plan should also be submitted to the management along with the APP. It is the responsibility of the [CSO’s Name] to allocate funds required to complete the preparatory activities whenever applicable;

c) If preparatory activities are not planned properly and completed by the users, such procurements may not be included into the APP;

d) However, the Officer in charge of the subject of Procurement should monitor the preparatory activities

**3.6 Detailed Procurement Plan (DPP)**

a) Detailed Procurement Plan should be prepared once the APP is approved by the Governing Body in accordance with the format in the Procurement guidelines;

b) DPP is a schedule describing, steps of each individual Procurement action from the point of commencement until the contract award;

c) DPP entails Procurement Time Schedules (PTS) of each contract package included in the DPP;

d) PTS is a time schedule in chronological order;

e) PTS shall be prepared in two stages as described below;

f) The preparation and regular updates of

Stage 1

1. Stage 1 of PTS shall include all activities after preparation of draft bidding documents. The responsibility of preparing of draft bidding documents rests with the [CSO’s Name].

Stage 2

1. Stage 2 of PTS shall include all activities after preparation of bidding documents;
2. DPP shall entail all procurement requirements exceeding LKR 100,000
3. Responsibility of preparing the draft of Stage 2 is also rests with the Procurement Unit

**3.7 Monitoring of Procurement Plan**

All procurement activities spelt out in the DPP should be monitored by the respective authority. The head of Admin Service or Finance Manager will collect periodic information (at least quarterly) from all the HODs to ensure that all procurement activities are performed as scheduled. If the delays are apparent prompt actions to be taken by the head of procurement and report to the ED or Governing Body appropriately. Average time frame for procurement process is given *(Template Reference No. PR 007A - Average Timeframe for Procurement Action with Pre-Qualification, No PR 007B - Average Timeframe for Procurement Action without Pre-Qualification and No PR 007C - Average Timeframe for Procurement Action for Consultancy Services).*

**4. PROCUREMENT METHODS**

**4.1 Choice of Procurement Methods**

 a) This Manual describe various Procurement Methods and Bidding Procedures, the respective officers of the [CSO’s Name] may select different Procurement Methods appropriately:

 b) The choice of Procurement Methods depends on:

1. The nature of the procurement;
2. The value of the procurement;
3. The availability of local contractors, suppliers;
4. Critical dates for delivery or completion;
5. Capacity of local suppliers and contractors;
6. Urgency or immanency situations;
7. Agreements with funding agencies;
8. Transparency of procedures proposed

**4.2 Commonly used Procurement Methods**

4.2.1 International Competitive Bidding (ICB)

4.2.2 Limited International Bidding (LIB)

4.2.3 National Competitive Bidding (NCB)

4.2.4 Limited National Bidding (LNB)

4.2.5 Shopping

4.2.5.1 National Shopping (NS)

4.2.5.2 International Shopping (IS)

4.2.5.3 Registration of Suppliers/Contractors

4.2.5.4 Use of Rainbow Pages

4.2.6 Force Account

5.2.7 Direct Contracting

5.2.7.1 Repeat Orders

5.2.7.2 Direct Contracting to Community Based Organizations

4.2.8 Emergency Procurement

4.2.9 Two stage Bidding Process

4.2.10 Two Envelop System

4.2.11 Pre-qualification

**4.4.1 International Competitive Bidding (ICB)**

a) ICB shall be used:

1. When the funding agency agreement has specified accordingly; and/or
2. For GOSL/Local funded projects, the capacity of the domestic contractors, suppliers and service providers are limited and advantage of ICB is evident; however, in the case of Works contracts in view of development of domestic construction industry, the possibility of slicing the contract to suit domestic contractors may be considered.

b) When ICB is used for GOSL/Local or Foreign Funded Project the domestic preferences shall be used.

c) Other than the domestic preference, all conditions including taxes and currencies shall be equally applied to foreign and the domestic bidders.

d) Advertise at least in one widely circulated national newspapers and relevant web pages

**4.4.1.4 Advertisement Internationally**

a) In addition to wide publicity that is normally given in competitive bidding, the Procurement Entity shall publish the advertisement internationally such as in United Nations Development Business (UNDB) and Development Gateway’s dg Market and should transmit such invitations to embassies and trade representatives of countries where suppliers and contractors are likely to participate, and post them in relevant websites.

b) ICB for Works contract with pre-qualification may need 16 -20 months procurement lead time and Works contract without pre-qualification may need 8-12 months. Similarly ICB Goods contract may need 16-20 months and 8-12 months respectively.

**4.4.2 Limited International Bidding (LIB)**

a) Limited International Bidding is followed when the invitation to bid is directly addressed to a pre-selected suppliers/contractors list of International Suppliers/contractors.

b) Bids should be solicited from a list of potential suppliers/contractors broad enough to ensure competitive prices, including all known suppliers/contractors, if the number is small.

c) The procedure is chosen when;

1. Only a few known sources are available;
2. Advertising would be a waste or for small value procurements in which the cost of advertisement is disproportionately high;
3. LIB may be used for procurement of goods such as highly specialized equipment for construction of dam or where there are only a limited number of known suppliers or manufactures.
4. All ICB procedure apply except the requirements for advertising and in the case of foreign funded projects, Domestic Preference.

**4.4.3 National Competitive Bidding (NCB)**

a) National Competitive Bidding (NCB) is the competitive bidding procedure that shall be normally used for GOSL/Local funded projects.

When NCB is used:

1. Should be advertised at least in one widely circulated national newspapers in and relevant websites where possible;
2. Any supplier, service provider or contractor who desires to obtain bidding document should be allowed to purchase same, provided the bidder is prepared to pay any specified fees;
3. The contractors/suppliers/service providers should be allowed to purchase the bidding document up to a day prior to the date of submission of bids;
4. For construction Works, to be eligible for contract award, the domestic contractors shall have a valid and appropriate registration at the time of submitting the bid, under the National Registration System of ICTAD. However, ICTAD registration should not be an eligibility criterion for purchasing the bidding document.
5. NCB for Foreign Funded Project
6. With the agreement of the foreign funding agency; and
7. By allowing foreign contractors or suppliers to bid on same terms with the domestic contractors or suppliers; and
8. By not giving preference to the state owned agencies or approved societies etc; and
9. By considering equivalent registration under the national registration system of ICTAD to the experience and qualification described in the bidding document as eligibility criteria for domestic contractors.

c) NCB contract may need 6 month of lead time.

**4.4.4 Limited National Bidding (LNB)**

a) The procedure is chosen when;

1. Only a few known sources are available;
2. Advertising would be a waste or for small value procurements in which the cost of advertisement is disproportionately high;
3. LNB may be suitable for exceptional reasons such as emergency actions related to major natural or manmade disaster which may justify the waiving of advertising of competitive bids;
4. All NCB procedure applies except the requirements for advertising and in the case of foreign funded projects, Domestic Preference.

**4.4.5 Shopping**

a) National Shopping Is an appropriate procurement method based on comparing price quotations obtained from several invited bidders, and is an appropriate method for procuring readily available off-the-shelf Goods or standard specification commodities and small value construction Works or Services within the limits specified in this guidelines;

b) Requests for quotations shall indicate the description and quantity of the Goods, as well as the desired delivery time, place and warranties. The evaluation of quotations shall follow NCB principles wherever applicable. The terms of the accepted offer shall be incorporated in a purchase order;

c) When shopping procedure is used for Works, request for quotations shall be only from ICTAD registered contractors.

 **4.4.5.2 International Shopping**

1. When small value Goods are procured internationally, same procedure to be followed to obtain quotations from different suppliers;
2. If quotations are given on emails, fax or faci-male, such quotations shall be received only by responsible and authorized offices of the [CSO’s Name].

**4.4.5.3 Registration of Suppliers and Contractors**

* 1. The [CSO’s Name] may publish a notice for the registration of suppliers and prepare a list of suppliers to supply particular categories of Goods and Services such as stationery, electrical supplies, vehicle repairs, etc., and confine shopping procedures to names appearing on the list;
	2. This procedure should be applied for Procurement of items of small value or for purchases of items used continuously for which advertising procedure may be uneconomical. After evaluating the past experience and other qualifications such as capacity of the applicant, by a committee consisting of not less than three members appointed by the ED, prepare a list comprising names of suppliers who are capable to supply particular categories of Goods and Services mentioned above;
	3. The registered list of suppliers should be updated periodically, at least once a year;
	4. Remove any supplier or who are not responded twice for an invitation to submit a quotation without a valid reason or performed unsatisfactorily under any contract previously awarded;
	5. The selection is based on comparison of price quotations obtained from several suppliers invited for Bids appearing on the registry;
	6. However, separate registration may not be appropriate when sufficient Suppliers/Service Providers are available in the Rainbow Pages.

4.4.5.4 Rainbow / Yellow Pages

1. When the appropriate authority is satisfied, in the case of supplies of Goods that sufficient number of reputed vendors is registered in the Yellow and Rainbow Pages, quotations may be invited from that list;
2. However, opportunities may be given to suppliers on rotational basis to ensure equal chances to bid;
3. If sufficient number of supplier is in the Rainbow/ Yellow pages, supplier registration for such Goods and Services shall be avoided.

**4.4.6 Force Account**

1. Force Account means the construction of Works by using Procurement Entity’s own personnel and equipment.
2. This method of construction is appropriate:
3. Small value of Works or scattered in different places;
4. When quantities are difficult to define in advance;
5. Contractors are unlikely to bid at reasonable prices;
6. Work should be carried out without interrupting the ongoing work;
7. Emergency situations that need urgent attention; and/or
8. If [CSO’s Name] has the required workforce to undertake execution of such works.

**4.4.7. Direct Contracting**

Direct contracting is a means of Procurement of Goods or Services or Works from a single supplier source. It entails no competition and shall be used only under exceptional circumstances. Direct contracting without competition may be an appropriate method under the following circumstances:

1. When the prices or rates are fixed pursuant to legislation by regulatory bodies;
2. Standardization of equipment, to be compatible with existing equipment, may justify additional purchases of the same type of goods;
3. The required equipment is proprietary and obtainable only from one source such as proprietary software, text books, spare parts, defense items;
4. The process design requires the purchase of critical items from a particular supplier as a condition of a performance guarantee; and
5. When direct contracting is used under any of the reasons above, the value of the Procurement shall be subjected to the upper limits given in procurement guidelines.

4.4.7.1 Repeat Orders

1. Orders placed with the same supplier over a short period of time from the same selection process shall be considered as repeat orders.
2. Repeat orders for the Procurement of Goods may be authorized only in exceptional circumstances up to a limit of 50% of the original contract value, provided that the original contract was entered within a period of six months from the current Procurement and the Procurement Entity certifies that:
3. The necessity for additional requirements was not foreseen and identified at the time the original invitation to bid was issued; and
4. It is not economical to follow the bidding procedure again; and
5. Price of the Goods have not dropped since the original order;
6. The price is reasonable;
7. Appropriate Procurement Committee has no objection to such repeat order.
8. Prior to placement of repeat orders, the PC shall use its best endeavor to negotiate with the supplier to obtain more favorable terms and conditions;
9. However, if the PC is of the view that the prices of particular items display a downward trend, repeat orders should not be recommended.

**4.4.7.2 Direct Contracting to Community Based Organizations**

1. In the interest of project sustainability, or to achieve certain specific social objectives, such as creating employment opportunities in the area it is desirable to call for the participation of local Communities Based Organizations (CBOs) in the procurement procedures;
2. [CSO’s Name] may entrust Works contracts not exceeding Rs 2 Million to approved societies in accordance with the provisions of the Government Procurement Guidelines.

**4.4.7.2.1 Direct Contracting for communities under foreign funded Projects:**

1. Direct contracting to community organization may be awarded under Foreign/Donor Funded Project, provided the procedures proposed are outlined in such loan/donor agreement.

**4.4.8 Emergency Procurement**

a) The [CSO’s Name] may utilize this method of Procurement;

1. In exceptional circumstances, such as manmade or natural disasters;
2. To meet unforeseen social obligations and the like of which the [CSO’s Name] may declare from time to time; the Procurement Entities may utilize the procurement methods as set out herein;

b) To initiate Procurements exceeding the financial thresholds indicated in the Procurement Manual, a formal approval shall be obtained from the appropriate authorities at the first available opportunity.

**4.4.8.1 Provisions available to meet Emergency Procurement needs**

1. For Works, the [CSO’s Name] may also use any of the following provisions to meet the emergency Procurement requirements:
2. The bidding document will disclose an itemized priced Bills of Quantities based on the Engineer’s estimate;
3. All bidders who participate in bidding will be allowed to bid a percentage above or below the Engineer’s estimate;
4. The lowest bid price is selected as the winner provided the bid is substantially responsive otherwise;
5. If this method is used, the bidding period may be reduced to 3 days in the case of limited bidding by invitation and 7 days when open advertisement is used;
6. The concessions given to suppliers and contractors in respect of advance payments/interim payments will be determined by the Governing Body;
7. Lump sum contracts shall be used wherever possible, with milestone payments identified at intermediate levels;
8. Purchases from government institutions must be given preference.

**4.4.9 Pre-qualification**

a) Pre-qualification is usually necessary for large or complex Works, turnkey plants, private sector infrastructure projects, some special goods and complex information technology system etc.;

b) Pre-qualification aims at ensuring that only contractors who have the required experience, technical and financial resources submit bids;

c) Possible Pre-qualification Criteria

1. Relevant past experience
2. Personnel capabilities
3. Equipment capabilities
4. Financial capability and ability
5. Arbitration and litigation history

d) [CSO’s Name] may review pre-qualification requirements but should not use it to lower them to increase competition;

e) After pre-qualification, all pre-qualified applicants are invited to submit bids, and the lowest evaluated substantially responsive bid shall be selected;

f) [CSO’s Name] shall request pre-qualified applicants to confirm and update information at the time of bid submission. If the lowest bidder no longer possesses the necessary capabilities, shall be rejected. This could occur due to changes in financial, technical, personnel or equipment capabilities after the pre-qualification process;

* + - 1. Prequalification should not be used to limit competition among qualified bidders:

**5. BIDDING DOCUMENTS**

5.1 Initiation of Drafting Bidding Documents

1. Drafting of bidding documents including technical specifications, drawings etc.
2. The [CSO’s Name] should commence the above tasks before the TEC is appointed.

**5.2 Contents of Bidding Documents**

1. The bidding documents shall contain all relevant information necessary for a prospective bidder to prepare a bid for the Goods or Services or Works to be offered in response to the invitation to bid (or request for quotation).
2. The [CSO’s Name] should prepare the bidding documents. The contents of bidding documents should be unambiguous. Following table provides guidance for contents of for Works, and Goods SBD;
3. The details and complexity of these documents may vary with the size and nature of the proposed Procurement.
4. Bidding documents should provide all necessary information for bidders to prepare a bid.

**5.3 Standard Bidding Documents (SBDs)**

1. The [CSO’s Name] shall use appropriate SBDs with minimum changes. If any changes to be made, that should be done through Bid Data or Contract Data Sheets, or through Special Conditions of Contract, and not by introducing changes in the standard wording of the SBDs.
2. Where no relevant standard bidding documents have been issued, the [CSO’s Name] may use other documents with the concurrence of the appropriate PC.

**5.3.2 Invitation for Bids (IFB)**

1. IFB (Specific Procurement Notice –SPN) shall contain appropriate and relevant information to the prospective bidders. In addition to basic information on procurement it should contain main eligibility and qualification requirements of the successful bidder. *(Template Reference No. PR 008 - Sample Form, Invitation for Bid (IFB))*
2. IFB shall be advertised at least one nationally circulated newspaper. The [CSO’s Name] may send a copy of the IFB to prospective bidder known to them. In case of ICB contracts, in addition to national newspapers, it should be published in appropriate international media and websites;
3. General (Advance) Procurement Notice (GPN) is advantageous particularly for high value procurements in order for suppliers or contractors to be alert. It is strongly advised to use appropriate websites and print media. The name and address of the [CSO’s Name], source of funds, the scope of the procurement, intended procurement methods, pre-bid meeting, main eligibility, experience and qualification requirements, etc. could be incorporated in the GPN;
4. A copy of the SPN shall be sent to those who have responded to the GPN.

**5.4 Price Adjustment**

1. Any contact for Works, exceeding a period of three (03) months, the Price variation for SLR component shall be included in the contract data of the bidding document and the contract agreement. Price variation formulae developed by ICTAD shall be used;
2. If foreign funded projects, if it is a requirement of the Foreign Funding Agency, the price adjustment shall be made for the foreign currency component with the recommended formulae may be used for the foreign currency component and the ICTAD formula shall be used for SLR component.

 **5.5 Advance Payment for Works Contracts**

a) A maximum of twenty percent (20%) of the contract sum (less any provisional sums and contingencies) may be paid for Works contracts against the submission of an acceptable advance payment guarantee;

b) The advance payment shall be fully recovered before 90% of the payments are made to the contractor.

 **5.6 Advance Payment for Import of Goods/Equipment and Machinery**

a) When the bidding documents require opening of Letters of Credit (LC) in favour of the Procurement Entity, the cost of which shall be borne by the supplier, an advance payment not exceeding the SLR equivalent of thirty percent (30%) of the value of LC on the submission of an acceptable to the [CSO’s Name].

**5.7 Retention for construction Works contracts**

1. The [CSO’s Name] shall retain from each payment due to contractor a special amount as retention money from all construction contracts to cover any defects;
2. Fifty percent (50%) of retention may be released on the final completion and after taking over of Works and the balance fifty percent (50%) will be released upon satisfactory completion of the defect liability period;
3. Alternatively after final completion and taking over of works, contractors may be allowed to replace the second 50% of retention money, with an unconditional irrevocable guarantee.

**5.8 Performance Security**

**5.8.1 Works**

1. Any Works contracts shall require a security of not less than five percent (5%) of contract sum to protect the Procurement Entity in case of breach of contract by the contractor.
2. This security shall be provided by a performance guarantee issued from an acceptable agency, in an appropriate form given in the Procurement guidelines and valid till 28 days beyond the intended completion date.
3. However, in smaller contracts, not exceeding Rs 2 Million, the requirement of submitting a performance security may be waived off by the [CSO’s Name].

**5.8.2 Goods**

a) In contracts for the supply of Goods, the need for performance security depends on the market conditions and commercial practice for the particular kind of Goods.

b) Suppliers may be required to provide a performance guarantee to protect against non-performance of the contract.

c) Such security is not less than ten percent (10%) of the estimated contract sum may also cover warranty obligations.

d) If warranty obligations is a requirement, a percentage of the payments a percentage of the payments may be withheld as retention money to cover, and any installation or commissioning requirements.

**5.8.3 Payment of Value Added Tax (VAT)**

a) The amount of VAT on the Goods supplied or Works done shall be paid to VAT registered contractors/suppliers after obtaining tax invoice, if such Works, Goods or Services are not exempted from VAT;

b) After making the payment to cover VAT, details of such payment shall be informed to the Commissioner General of Inland Revenue on or before the 15th day of the following month.

**5.8.4 Liquidated Damages (LD)**

a) Provision shall be made in the contract for the payment of liquidated damages (generally in an amount 0.05% of contract price per day) for delays in the delivery of Goods or completions of Works resulting in extra cost or loss of revenue or loss of other benefits to the Procurement Entity. However, the maximum LD shall not exceed ten percent (10%) of the contract sum.

b) The amount in liquidated damages shall be revised upwards than the amounts suggested above, if the urgency in the receipt of Goods/ completion of Works is the vital factor in the performance of the contract on the basis of any actual/ realistic to quantify any loss/ damage that maybe actually incurred by the [CSO’s Name].

c) The contracting parties are at liberty to agree on the quantum and the basis of damages. However, any sum that is payable as damages should be reasonable and not extravagant or unconscionable, as such would open the possibility for a Court of Law to consider the quantum more as a penalty and not as damages.

**6. INVITATION, CLOSING AND OPENING OF BIDS**

**6.1 Submission and Receipt of Bids**

1. The bids shall be received only at one location either by:
2. Mail under registered post; or
3. Personal delivery to the officer authorized by the PE to receive such bids at the specified location; or
4. Depositing in the sealed tender Box identified for such purpose by the PE specified in the bidding documents.
5. All bids must be submitted only under sealed covers and the bidding documents should stipulate a condition to this effect;
6. Bids shall be submitted in one ‘original’ and with number ‘copies’ (duplicates) as stipulated in the bidding documents in the ‘Instructions to bidders (ITB) and Bidding Data’ sealed separately and clearly marked as “original” or “copy”. All these envelopes shall together be enclosed in one envelop and delivered as per (a) above.

**6.2 Bidding Period:**

a) The bidding period shall commence from the date on which the bidding documents are available for purchase;

b) The period shall end with the deadline for bid submission;

c) The bidding period shall be reasonably adequate to prepare the bids;

d) The dates shall be calendar days.

**6.3 Minimum periods of bidding time shall be maintained as per the table below;**

|  |  |
| --- | --- |
| ICB | 42 days (more for complex Procurement) |
| LIB | 28 days |
| NCB | 21 days; |
| LNB | 14 days; |
| National Shopping  | 7 days minimum |

 **6.4 Rejection of Late Bids**

1. Bids shall be closed at the time specified in the bidding documents; No late bids shall be accepted and shall be returned unopened.

**6.5 Public Bid Opening**

1. Responsibility of Opening of Bids shall be done by a Bid Opening Committee (BOC) appointed by the [CSO’s Name]
2. The Bid Opening Committee shall consist of a minimum of 2 members;
3. Bids shall be opened in the presence of the bidders or their authorized representatives, immediately after closing of bids who have attended for the bid opening;
4. Before bid opening, bid shall be closed. Time of bid opening shall be same as the time for the deadline for submission of bids in the bidding documents. Immediately after bid closing bids shall be opened. However, the time difference between the bid closing and bid opening shall not exceed thirty (30) minutes which could be spent for preparatory works;
5. Just before the bids are closed, the BOC shall ensure that all bids that are posted , personally delivered, deposited in the Tender Box or any other means allowed for submission of bids have been brought to the bid opening room;
6. BOC must ensure that the clock that will be used for closing of bids shall be set correctly;
7. Any bid received on or before the deadline for submission of bids shall not be rejected at the bid opening;
8. The bid opening shall take place at the location described in the bidding documents;
9. Only the bidder or his/her authorized representative who has submitted a bid shall be allowed to participate at the bid opening;
10. BOC should bring necessary information and equipment required for bid opening i.e Name list of bidders who have submitted bids, PE’s official day stamp, sealing equipment, keys of the tender Box or location, Bid Opening Minute, pair of scissors, etc.

**6.6 Bid Opening Procedure**

1. “Originals” of all the bids shall be opened at the bid opening. The “Copy” shall not be opened;
2. If any envelope marked “withdrawals” of bid is received on or before the deadline for submission, that letter should be opened first; if the Bid Opening Committee is satisfied beyond doubt with the contents of the letter, the bidders’ original bid should not be opened. If in doubt the original bid should be opened with other bids;
3. Any envelope marked “modification” should be opened next with the original bid and modification proposal is read out. The original bid of the bidder who has submitted modification envelop read out is opened next;
4. All other original bids shall be opened next and numbered, day stamped and counter signed by the members of the BOC; However, when day stamped BOC should ensure that day stamp is place on all the important documents such as the covering letter, Form of Bid, BOQ, Price Schedule, bid security, warrantee, specifications, discount letter if any etc.;
5. Acceptance of samples with the bid is discouraged. However, on exceptional basis where the respective PC has specifically authorized, samples could be accepted. All samples received should be labeled and counter signed by the members of the BOC.

**6.7 Mandatory Information to be disclosed at the Bid Opening**

1. The BOC shall read out the following to those present:
2. Name and address of the bidder (if Joint Venture read the name of the JV)
3. The bid price given in words in the form of bid. If not available the total of the price schedule or schedule of requirements; if there is a discrepancy between the bid price in Figure and in Words, bid price in words shall be read out. Whether the bid price announced is inclusive or exclusive of VAT shall be indicated clearly. If the contract will be awarded as a whole, the final bid price shall be announced. If contracts will be awarded in different items, lots or schedules, such prices shall be read out. If different prices given under different options such prices shall be read out. It is important to cover the details of price schedules, rates and sub-total of BOQ etc.
4. Whether or not a bid security/bid security declaration is submitted. The amount, source, validity period shall be read out. In case of ICB contracts if bidders have obtained the bid security from their countries whether the bid security is “confirmed” by a local bank operating in Sri Lanka as described in the bidding documents;
5. Whether bid form is signed;
6. Any discounts offered shall be carefully searched and read out separately by clearly indicating that the announced prices are inclusive or exclusive of discounts;
7. Any other relevant information at the BOC’s discretion. However, the details of the mark-up or brand names, country of origin etc. shall not be read out;
8. If alternative bids have been requested, whether or not an alternative bid is submitted shall be announced. However, alternative covers shall not be opened;
9. After reading out all such information, opened covers and unopened covers shall be sealed separately.

**6.8 Bid Opening Minute**

a) The proceedings of the bid opening shall be recorded in the prescribed format and should be signed by all members of the BOC and signature of bidders who wish to sign as a proxy;.*(Template Reference No. PR 009 - Format for Bid Opening Minutes)*

b) The sealed Bid Opening Minute, together the original bids, unopened sealed copies and other relevant covers shall be handed over to the Officer who appointed the BOC by the BOC;

c) The authorized officer of the [CSO’s Name] shall keep copies safely and shall hand over the Bid Opening Minutes and the sealed covers with Original Bids shall be handed over to the chairperson of the TEC in sealed form.

**7. BID EVALUATION**

**7.1 Meetings of TECs**

1. Upon receipt of the bids from the authorized officer concerned of the [CSO’s Name], the chairperson the TEC shall convene a meeting;
2. Matters relating to the evaluation of bids will be considered at the initial meetings of the TEC;
3. Take over the originals of the bids with a copy of the Bid Opening Minutes from the officer concerned.

**7.2 Confidentiality**

1. After bid opening, information relating to substance, clarifications, examination and evaluation of bids and recommendations concerning awards shall not be communicated to bidders nor other person unless they are officially and formally involved in the process, until after the date on the award of contract is officially notified to the successful Bidder;

A declaration shall be given by all the members of TEC, PC and other officers including officers assisting to PCs and TECs for all authority levels of procurement committees *(Template Reference No PR 010 for Declarations by Members of Procurement Committees and Technical Evaluation Committees)* to the ED stating that they shall remain without conflict of interest throughout the process and if such situation arise, the official shall declare his/her interest and disassociate himself/herself from the process.

7.3 Time Frame for Bid Evaluation

1. Bid evaluation shall be undertaken expeditiously, leaving ample time to seek all the requisite formal approvals. Hence bids shall be evaluated within the period specified in the agreed PTS unless there is a specific reason to allow more time;
2. To enable the [CSO’s Name] to award the contract within the bid validity period, it is required the respective TEC to complete the evaluation report generally within fifty percent (50%) of the original bid validity period;
3. Where there is a delay in bid evaluation, the ED or his authorized representative with the concurrence of the respective PC shall request bidders to extent the bid validity period;
4. However, when such request is made in case of fixed –price bids, bidders may chose;
5. Refusing to grant the extension or
6. Extent the bid by absorbing any cost increase that might occur during such extension. However, bidders are not allowed to increase their bid prices as a condition of extending the bid validity.
7. Due to the above reason, a bidder who has submitted a low bid may refuse (option i) resulting additional cost to the [CSO’s Name]. Hence the extension of bid validity should be requested only under exceptional situation;
8. In order to encourage the members of PCs and TECs to expedite the contract award within the original bid validity period, the payments for PC and TEC members are linked with the time taken for bid evaluation
9. However, if bid validity is extended, the validity of the bid security (if obtained) shall also be extended by the bidders. If a bidder does not agree for an extension of bid validity his bid shall be rejected. However no adverse action shall be taken against the bid security of those who reject the bid validity.

 7.4 Services of Consultant for Evaluation of Bids

1. If the evaluation of bids is entrusted to consultant/s, it shall be made under the supervision and guidance of the TEC;
2. Consultants shall not form a part of a TEC;
3. The TEC shall submit its own formal report along with the consultants’ report to the respective PC.

**7.5 Original Bid to be evaluated**

1. Only the Bids marked “original” shall be evaluated by the TEC. The “duplicate “or “copy” of the bid will be used if required for comparison;
2. Late Bids, as well as those not opened and read out at a bid opening shall not be considered for evaluation.

**7.6 Purpose and Stages of Bid Evaluation**:

1. The purpose of bid evaluation is to determine the “lowest evaluated substantially responsive bid out of the Bids received”.
2. Therefore, bid evaluation process could be divided into three broad stages:
3. Preliminary Bid Examination

To determine the substantial responsiveness of Bids received.

1. Detailed bid evaluation

To determine the lowest evaluated bid from the substantially responsive Bids received.

1. Post Qualification

To determine the qualification and experience of the lowest evaluated bidder.

**7.7 Preliminary Bid Examination**

a) The Objective of preliminary bid examination is to exclude non-responsive bids from further detailed evaluation. However, TEC should exercise reasonable judgments and should avoid rejecting bids with trivial procedural grounds and deviations those are not considered as critical (material or major) deviations;

b) A bid that complies fully with the requirements of the bidding document may be an extremely rare instant. Therefore, the substantially responsive concept is used rather than following fully responsive bids;

c) Bid evaluation shall be done strictly in accordance with the requirements of the bidding document and the evaluation criteria. Evaluation factors not specified in the bidding document should not be used in bid evaluation.

 **7.8 Determination of Substantially Responsive of Bids**

a) At the end of the Preliminary Bid Examination, TEC shall determine the “Substantially Responsive Bids”. A substantially responsive bid should be one which conforms to all the terms, conditions, commercial and technical specifications of the bidding documents, without material deviation or reservation;

b) All Bids that are considered as substantially responsive shall be subjected to “Detailed Bid Evaluation”.

 **7.9 Detailed Bid Evaluation**

*General Principles*

1. The main objective of detailed bid evaluation is to determine the actual cost that the [CSO’s Name] will incur if the contract is awarded to each of the Bid which was determined as substantial responsive bid;
2. Therefore, only the bids that have been determined as substantially responsive according to the bidding documents should be considered for detailed bid evaluation;
3. However, the Lowest Evaluated Substantially Responsive Bid (LESRB) may not necessarily be the lowest quoted price or the perfect bid which has no any deviations;
4. The LESRB should be determined only by using the methods, terms, conditions and evaluation criteria disclosed in the bidding documents and no additional or new criteria be used or changed during the evaluation;
5. A systematic and logical sequence should be followed as enumerated below;

*Step-by step procedure to be followed***:**

i) Exclude VAT, Contingency Provisions (CP) and Provisional Sums (PSs) in the Bid;

ii) Correction of arithmetical errors and inform the corrected bid price to the bidder if changed;

iii) Conversion to a common currency;

iv) Apply applicable discounts, if any

v) Adjustments for minor technical and commercial deviations/omissions, acceptable departures and inland transportation;

vi) Operational costs or life cycle costing (if applicable);

vii) Availability of after sales service and spare parts;

viii) Apply Domestic Preference, if applicable;

ix) Reassess the ranking order;

x) Check any imbalanced /unbalanced bidding;

xi) Clarifications during evaluation;

xii) Alternative bids if requested;

xiii) Post qualification verification of the LESRB;

xiv) Evaluation Report and the Final Recommendation

1. Immediately after the evaluation is completed, the TEC should prepare a Bid Evaluation Report as per the format given in *Template Reference No PR 011 - Format for Bid Evaluation Summary Report*and submit to the Procurement Committee together with the recommendations and all supporting documents; (*Template Reference No PR 012 - Format for Procurement Committee Meeting Minute)*

**8. AWARD OF CONTRACT**

**8.1 Recommendation / Determination of Contract Award**

1. After the respective PC carefully examined the report forwarded by the TEC and has sought any required clarification from the TEC (if any), and the PC may exercise any of the following options:
2. If the respective PC agrees with the recommendations of the respective TEC, the Chairperson of the PC shall:
3. In case of PC headed by ED, convey the determination of contract award to the BOD;
4. In all other cases, convey the determination of contract award to the ED;
5. In case of PC headed by Program/Project Manager, convey the determination of contract award to the Finance Manager;
6. If PC disagree with the recommendations of the TEC:

Request the TEC to resubmit the report after giving due attention to the observations made by the PC; in such situations if PC agrees with the subsequent report submitted by the TEC, the decision should be conveyed in accordance with the Procurement Manual 8.1(a) above

**8.2 Award of Contract**

1. Prior to contract, the [CSO’s Name] should ensure that the budgetary provision is available to meet the cost of the contract;
2. Letter of Acceptance (LOA) in *Template Reference No PR 013 - Sample Letter of Acceptance- Supply Contract* shall be issued to the successful bidder within the validity period of the bid, and no sooner the final determination of the contract is received.

**8.3 Authority to Sign the Contract**

1. A formal Letter of Acceptance (LoA) and a contract agreement shall be signed for the following;
2. Any contract for Works exceeding SLK 250,000
3. Any Goods or Services contract exceeding SLK 500,000; and
4. If a LoA is not issued and not a formal contract agreement is not executed, a Purchase Order (PO) or any other appropriate written document hall be issued to bidders.

**9. SPECIAL PROCUREMENTS**

**9.1 Procurement of Commodities**

1. Prices of commodities, such as grain, animal feed, cooking oil, fuel, and fertilizers fluctuate, depending upon the demand and supply at any particular time;
2. Procurement often involves multiple awards for partial quantities to assure continuity of supply and multiple purchases over a period of time to take advantage of favorable market conditions;
3. A list of prequalified bidders may be drawn up to whom periodic invitations are issued;
4. Bidders may be invited to quote prices linked to the market price at the time of or prior to the shipments;
5. Bid validities shall be as short as possible;
6. A single currency, in which the commodity is usually priced in the market, may be used for bidding and payment. The currency shall be specified in the bidding document;
7. Bidding documents may permit electronic, telexed or faxed bids, if there is no requirement for bid security, or if standing bid securities valid over a specified period of time have been submitted by the prequalified bidders;
8. Standard contract conditions and forms consistent with market practices shall be used.

**9.2 Procurement of Spare Parts**

1. When new equipment or machinery is procured and installed, the purchasing of spares and components other than the original manufacture or supplier should be made in accordance with the agreement or policy;
2. The [CSO’s Name] may purchase spare parts from the original manufacturer of equipment, or their authorized local agents or independent manufacturers of spare parts, or spare part dealers;
3. If the equipment is not within the warranty period and PE wishes to use genuine parts as a measure of costs reduction it may be used with a recommendation of a technical expert or a committee;
4. However, the spare parts should be new and unused.

**9.3 Repairs and Maintenance**

1. When procure plants, equipment, machines and appliances, maintenance agreement should also request for a certain period of time depending on the nature and criticality of such equipment as the standard practice;
2. Repairs and maintenance of such equipment shall be entrusted to the agents or the original supplier of the concerned item;
3. If the rates quoted by the Agents or original Suppliers are excessive or they are not interested in quoting, competitive quotations may be invited from registered Suppliers, Service Providers or other sources. However, approval should be obtained from the authorized officers whenever deviate from the standard practice;
4. The payments for repairs and maintenance should be made only after obtaining a certificate from the users of such equipment that the repairs or services have been carried out satisfactorily;
5. All offices and divisions shall maintain records for periodic maintenance and repairs.

 **9.4 Repairs to Motor Vehicles and Equipment**

1. Repairs to motor vehicles and other equipment may be carried out through the local accredited agents of the manufacturer provided the ED is satisfied that the quotation is reasonable, having taken into account the economy of the repair cost, the age and condition of the vehicles. ED may delegate the authority. However, the concurrence of the ED should be obtained for repairs exceeding the cost of Rs.100,000/-.

 **9.5 Periodicals and Publications**

a) Periodicals and publications may be purchased directly from the publishers or from their agents and if there is any discount it should be so stated in the advice.

**9.6 Purchasing of Fuel**

a) Requirements of fuel may be purchased from depot/s closer to the [CSO’s Name]’s offices.

* 1. **Information Systems**
1. Large information technology and systems contracts are among the most challenging to procure because:
2. their technical content is diverse and difficult to define;
3. they are highly affected by changing business objectives, organizational politics, and institutional capacity of the end-user;
4. they are subject to rapid technological change over the project life-cycle; and
5. they entail mixtures of professional engineering services and supply of diverse hard and soft technologies

b) Two key features distinguish supply & installation of IT systems from goods procurements namely, increased supplier’s risk and complex service requirements. Together these two features increase significantly the complexity and risk of the procurement and require different evaluation and contracting terms. Thus, specialized bidding documents shall be used in procuring complex IT systems.

**9.8 E-Procurement**

1. Procurement Entities, if they so wish may carry out following Procurement activities electronically
2. In addition to the general advertising process, publish Procurement Invitations on Web site;
3. The bidders/consultants will be allowed to inspect pre-qualification (PQ) applications and bidding documents, electronically or otherwise, according to their preference;
4. The bidders may be allowed to obtain clarifications through electronic media;
5. Electronic submission of bids will not be allowed.

**10. CONTRACT ADMINISTRATION**

**10.1 Definition**

The term ‘contract management’ is often used to describe the “contract administration” phase. But contract management is commonly used to describe the entire contract process

1. The Objective

The broader objective of contract management is to successfully complete the procurement of a particular works, goods or service by assuring the [CSO’s Name] receives the required services, goods or works on time, in the right quantity, of the right quality, and the contractor is properly compensated.

To achieve of this objective requires, both parties to agree to perform according to specific obligations:

1. To ensure both parties fulfill their obligations, the parties should form a contract;
2. After the contract is signed, both parties should refer to the contract for direction on how to handle foreseen and unforeseen issues, conditions and problems that arises during the course of contract performance.
3. Typical Contract Administration Issues includes but not limited to:
4. Wrong or unsatisfactory product is delivered;
5. Delay in delivery or completion;
6. Dispute over definition of acceptance;
7. Change orders;
8. Personality conflicts between the contractor and the agency representatives;
9. Limited or no replacement sources of supply;
10. Poor performance;
11. High risk of failure;
12. Use of subcontracts;
13. High costs.
14. To effectively manage a contract the procurement unit of the [CSO’s Name] should anticipate which of these contract administration problems will most likely be encountered and then develop specifications, contract clauses and a contract-monitoring plan to avoid or manage the problems.
15. The [CSO’s Name] will be responsible for ensuring that the work, supply or service is properly supervised and assessed for the purpose of making interim and final payments. The quality of the Goods, Works or Services should be checked independently before acceptance. Particular attention should be paid to claims arising from disputes and differences during implementation

**10.2 Contract Administration Plan (CAP)**

a) The plan should focus on who, when, where and how to administer the contract;

c) Ideally, the CAP should be a product of an integrated product team responsible for the monitoring and surveillance of contract performance;

d) This team must include the contracting representatives and any key representatives of technical and other functional areas that have a key stake in the outcome of contract performance;

e) Typical team functions represented may include financial, logistical and engineering disciplines;

f) The CAP is the baseline document that governs the contract administration phase, and it should be reviewed and approved by the members of the team. A copy should be provided to the contractor which is the clear communication of targeted goals and objectives;

g) The CAP emphasizes the process, output and outcome;

h) Questions such as what, when, who and how are useful for framing and critically examining the type of information included in the plan;

i) Supplier/Contractor is responsible for the process, but an awareness of process by [CSO’s Name] officials is important as it can provide important information regarding quality, scheduling & costs of performance;

j) [CSO’s Name] may not be particularly concerned with the “process”, which supplier uses to achieve contract goals but emphasize on achievement of outputs and outcome;

k) CAP share a common framework. However, inclusion of each topic area within the CAP should be a matter of need rather than one of

**10.3 Typical Components of CAP**

1. Description - All plans should include an introductory statement that briefly describes the scope of the requirement.
2. Roles and Responsibilities - List of personnel responsible for specific aspects of contract performance and administration is a critical component of the plan: The roles can include specially named personnel. E.g. Mr ‘x’ may be the quality assurance representative is responsible for the quality of the software program being developed, tested and installed on the computer within the [CSO’s Name]. Any validation requirements that are stated in the contract should be included in the CAP. Relevant details about testing should be addressed. E.g. type, evaluation criteria, place, and testing responsibilities etc.
3. Inspection and Acceptance - Inspection and acceptance criteria addressed in the contract should be briefly included in the CAP or attachments to the plan;
4. Warranty Provisions- A brief statement regarding the type and length of warranty provisions should be included in the plan.
5. Personnel Requirements - The inclusion of personnel requirements (level of education, expertise and other demonstration of qualifications should be stated in the CAP.

**10.4 Performance Assessment Plan (PAP)**

1. PAP is key to successful contract administration. The PAP is particularly useful for “Performance-based Contract.” Performance-based contracts focus on output and outcome and leave process to the contractor.
2. The PAP is based upon the technical requirements and other relevant terms and conditions to the contract
3. The PAP outlines the proposed actions that will be used to evaluate contract performance. PAP is only valuable if it is adopted and implemented. The PAP should be included within the solicitation documents. So that suppliers understand the standard against which they will be evaluated;

**10.5 Surveillance Techniques**

a) An important component of the PAP is the method and level of surveillance that will be utilized during contract performance to ensure compliance with the standards;

b) If the CAP and the PAP are contained in a single document, the surveillance techniques are a component of the PAP;

c) The [CSO’s Name] has broad-reaching rights with respect to inspection of services and supplies. These rights are bound by the obligation not to delay or disrupt work while inspection takes place; As a practical matter, the [CSO’s Name] reserves such rights but conducts surveillance in a manner consistence with the level it determines necessary to ensure compliance with contract performance standards;

d) The purpose of the Surveillance Plan is to develop and adopt a framework for effectively and efficiently conducting systematic surveillance of services;

e) The Surveillance Plan provides for the monitoring and evaluation of all contract requirements. Monitoring is accomplished through a combination of methods

**10.6 Monitoring Methods**

a) Sampling- written procedures should detail what will be checked, the acceptable quality level, lot size, level of surveillance, sample size, sampling selection procedure ( random etc. ), performance criteria, the evaluation procedure and the analysis of the results;

b) Check List- checklist are useful methods of ensuring that those responsible for occasional surveillance do not lose sight of specific responsibilities;

c) Performance Requirement Summary List – Which identify all contractual activity that is to be monitored and recorded. This list includes, the tasks, method of surveillance, standards, acceptable quality level and opportunities etc.;

d) Other Information – Contracts may contain unique terms and conditions which warrant mention as part of surveillance activity. Such terms and condition may relate to quality assurance clauses, inspection and acceptance clauses or payment provisions tied to performance standards

**11. STORES (INVENTORY) MANAGEMENT**

**11.1 Objective**

a) The purpose is to establish rules and procedures pertaining to stores management. These procedures shall be applied in all stores in the main office, regional office and project office of the [CSO’s Name].

* 1. **Definition**
1. “Stores” or” Inventory”

 Means any article required in carrying out the services of the [CSO’s Name]. The term includes plant, machinery, equipment, fittings, stationary, computer equipment, furniture etc. but does not include buildings, land, trees etc.

1. Store Keeper or Stores Manager

 An Officer who is in charge with task relating to the receipt, custody or issue of stores, who is empowered to supervise the stores functions of the [CSO’s Name].

**11.3 Duties and Responsibilities of Stores Keeper / Managers**

a) Responsibilities of Store Keeper or Stores Managers shall comprise of:

1. He/she is responsible for all transactions of the stores such as receipt, issues, storage, stock control and maintain proper store records, main (master) inventory books, and a data base of stores;
2. the acceptance of stores into personal custody, acknowledging them and accounting for them at all times;
3. proper custody of stores, keeping them in good condition and methodically arranged so as to admit of easy location and verification at any time;
4. issue and disposal of stores under proper authority;
5. recoupment of stores in accordance with authorized procedures;
6. maintenance of records, registers or accounts, for all receipts, issues, and disposal of stores in the required manner, supported by appropriate documents;
7. maintenance of distribution list with proper acknowledgements, for stores assigned under authority to particular officers, regional and project office or units for their official use or temporary custody;
8. making issues only to persons whose identity has been established;
9. making available for verification at any time, the physical balance of stores in hand;
10. reporting to the appropriate authority Finance Manager or Admin Service Manager appropriately
	1. **Stores (Inventory) Records**

a) The main stores and all departments, divisions, sections and project office should maintain proper books and records pertaining to all stores items in the [CSO’s Name]:

***Issue Order Book***

 When articles are issued out of the inventory, an Issue Order should be prepared in original and duplicate by the Store Keeper. The original must be forwarded to the officer to whom the issue is made, along with the article. The duplicate should be retained by the Store Keeper.

 When the Receipt Order (RO) from the recipient is received, it must be matched with the Issue Order and filed for record.

***Receipt Order Book***

When articles are issued from another officer or institution having a separate inventory, RO in original and duplicate should be prepared by the Store Keeper. The original should be forwarded to the officer who is issued the article and the duplicate should be retained in the office with cross –reference.

***Balancing of Inventory Books***

At the end of each financial year, the inventory books should be balanced in the following manner:

* + - The receipts and issues relating to each item should be totaled. A line should be drawn across the Inventory Book;
		- The difference between the total receipts and the total issues should be entered below the line and under the respective item of stores on the issue side;
		- The balance carried forward thus will be the balance in hand at the end of the financial year.

***Register of Consumable Stores***

Register of Consumable Stores should be maintained in the [CSO’s Name] under an officer to whom the subject of distribution of consumable is assigned. All receipts of consumable items to be taken into the register. Requests for drawings should be on the form of approval by a staff officer and issues should be recorded in the register and balance at least once a month. The staff officer in charge should periodically inspect this register.

***Bin Cards***

 Bin Card is a record of receipts, issues and balances available with the physical stock of an article itself. It is done by a “Bin Card” to the bin or racks containing the article, using a separate card for each item in the stock. These are simple cards giving the code number, description of the item, the unit of issue, the quantity received and issued and the balance remaining in the bin.

***Computer Accessories Register***

A separate Register (CR book) to be maintained for computer accessories in the Bank in the same manner of the Inventory Register.

**11.5 Handing over and Taking Over of Stores**

 ***Handing Over***

 A storekeeper or any other officer entrusted with custody of stores or any other property goes on transfer to another post or goes on long leave, should hand over to his successor or any other officer delegated for the purpose, all property for which he is responsible, and obtain an acknowledgement for the items handed over in duplicate. The original duly counter signed by the out-going officer should be forwarded to the ED or his delegated officer.

 ***Taking Over***

 The incoming officer will check the inventory balances as appearing in the Inventory or Stock Book, with the physical stock in the presence of the officer who is reliving. Any discrepancies observed should be reported to the ED or his delegated officer. The Inventory books must be balanced by the out-going officer and signed by the incoming officer. The officer thereafter be responsible for the stores he has taken charge.

 **11.6 Storage**

Store house have to be built sufficiently strong of constructions, doors provided should be restricted to the minimum, and fitted with adequate locks. All keys of the store house should be numbered and registered. There should be written instructions nominating the persons responsible for them. The keys of the stores should be deposited in a locked key safe. The number of duplicate keys should be restricted and a senior officer should hold them in safe custody. The storekeeper is responsible to stores the items for easy access and prevent from deterioration.

* 1. **Stock Controls**
1. Stock control is a process of determining the quantities of inventory items which need to be stocked and the regulation of receipts and issues of stores;
2. The stock control is the responsibility of the Stores Manager/Store Keeper;
3. The extent of stock and the stock holding of the [CSO’s Name] should depend on the operational needs, lead time to obtain the items, availability of budgets and the cost of storage;
4. The Stores Manager/Store Keeper should categorize all stores items into A, B and C. The category A items (vital few) should pay more attention in stock control which represents high usage value from the financial point of view. Category B is the medium usage value and the Category C is the low usage value;
5. The Stores Manager/Store Keeper should prepare and submit a computer generated monthly report before 10th the following month to the ED or his delegated authority, the following information pertaining to category A items of the Main Stores of the [CSO’s Name]:
6. Maximum and Minimum Stock Levels
7. Re-order Levels
8. Economic Order Quantities
9. Lead time for such critical items
10. Price changes
11. New Items
12. Dead stocks ( items with no movements)
13. Surpluses and deficiencies
14. The Stores Manager/Store Keeper in turn sends this information to the Officer in charge of Procurement Unit of the [CSO’s Name].
15. In case of regions and project office, the requests shall send to the respective regional office, or project office of their quarterly requirements of inventory items. These reports must send to the respective regional head one month prior to the beginning of the coming quarter. The regional heads shall consolidate such requests and send them to the Procurement Unit.
16. Once the requested inventory items are received, the Head of Administration Service Unit shall inform to all regional and project office to collect such requested items noted in the Issue Register maintained at the regional office. This register should include: date, items and quantity requested, value, date of issue, signature of recipient and remarks, if any.

**11.8 Method of Pricing of Issues**

1. All issues must be based on First in First out (FIFO) method.

**11.9 Stores Verification**

*11.9.1 Surprise Verification*

1. In Addition to the annual Board of Survey, the ED or the local head or officer-in-charge of a divisional, or branch office of the [CSO’s Name] must, at irregular intervals, but not less than once in three months, make test checks of the Inventory Book with the inventory vouchers, and must verify a few of the articles actually in stock with the book balances;

1. This surprise verification should be done without prior notice at random intervals by a committee of two members or more appointed by the management to safeguard against errors, theft and fraud of the stores particularly for high value (Category A ) items and the report should be forwarded to the ED;

*11.9.2 Annual Verification*

1. A Board of Survey should be appointed by 15th December of each financial year by the ED for the verification of inventory items and to report unserviceable items held in the bank;
2. The Board should Consist of Two Responsible Officers other than, and not immediately subordinate to, the officer or officers directly in charge of the store. One of whom is acquainted with the type of technical stores, if any, verified;
	* 1. *Functions of the Board of Survey*
3. The Stores Officer should provide the Board with a certificate to the effect that the arithmetical accuracy of the balancing, from the last certified verification or handing over, been checked and found to be correct;
4. The board must ascertain that the balance in hand at the last Annual Board of Survey is duly signed as correct;
5. They must then check every article with the balance shown in the Inventory Book as at the date of verification and enter any difference found
6. A Board of Survey may be required to verify inventory items of the stores and report on unserviceable items
7. A copy of the Board of Survey should be sent to the ED.
8. ED should thereafter obtain the explanations of the officer or officers responsible for the differences, if any;
9. The ED being the Chief Accounting Officer shall deal with any discrepancies, shortages and losses, and grant authority for adjustments and write offs or report to the BOD in appropriate cases;

**11.10 Unserviceable Articles**

1. A Board of Survey charged with the task of surveying unserviceable stores should not recommend their sale or destruction unless they are satisfied that the articles are not of use to other divisions or project office of the [CSO’s Name];
2. Where necessary, inquires in this connection should be made in advance by the [CSO’s Name] for the information of the Board so appointed;
3. The Board should forward its recommendations to the ED;

**11.11 Disposal of Condemned Articles**

a) Furniture, equipment, machines, vehicles and stationary etc. which are considered as obsolete, redundant or beyond economic repairs or any other items so recommended by the Board of Survey shall be disposed;

b) The following rules must be observed in connection with the sale and destruction of unserviceable articles:-

1. Appoint a Committee (Tender Board) by the ED. A member of the Board of Survey must be present at the sale and at the authorized destruction of article;
2. Define tradable items and non-tradable items;
3. Reasonable publicity must be given to the notice of sale of tradable items when appropriate;
4. Take valuation report from the Valuation Committee for tradable items;
5. If the items are to be disposed of by public auction, an auctioneer should be selected by calling CVs
6. Take justification and necessary recommendations to destroy non –tradable items and Take necessary actions to destroy non –tradable items under the supervision of the committee;
	1. **Actions to be taken for the Disposable Items**
	2. Take necessary actions to sell tradable items as follows:
7. The sale of stores , whether unserviceable or not to [CSO’s Name] Officers except on auction sale or at rates fixed for sale to the public, requires the approval from the ED;
8. A Tender Board may be appointed by the ED to dispose articles;
9. All articles sold or destroyed written –off the Inventory Book and Stores Records;

**11.13 Losses**

1. The basic rules relating to responsibility for losses are should be followed in damage or loss to [CSO’s Name]’s Assets;
2. Losses include:-
3. Physical loss of [CSO’s Name]’s property, including money, stamps, stores, livestock, crops, plants, tickets, etc.
4. loss of or damage to property of monetary value, is held in its custody;
5. Expenditure by way of payment of damages due to neglect, carelessness, delay, or omission on the part of [CSO’s Name]’s officers;
6. Over-payments, irregular or incorrect payments and payments to incorrect parties;

**11.14 Inquiry and Fixing of Responsibility**

1. As soon as a loss or damage occurs, inquiries should be instituted to ascertain the extent and causes of the loss, and to fix responsibility;
2. In the case of a loss or damage assessed at Rs. 200,000 and over, preliminary inquiries should be commenced immediately;
3. Losses should be reported to the Governing Body;

11.14.1 The following losses need not be reported if no fraud, negligence or other fault is involved:-

1. losses of consumable stores not exceeding Rs.5000 in value, and no write-off is involved;
2. Losses not exceeding Rs.5000 in value and full recovery are made. (This includes losses causes by overpayments or incorrect payments provided for on vouchers, pay sheets, travelling claims),
	* 1. **Preliminary Report**
3. The Preliminary Report should be sent to the ED immediately, if a delay of more than seven days is envisaged for making a full report.
4. Matters Disclose in Preliminary Report:
5. As the nature and extent (quantity and / or value) of the loss,
6. the cause, Place, Date
7. the name and designation of the officer involved,
8. and the type of investigation which is being conducted.
9. Adequate arrangements should also be made regarding the security of the books, records, etc., involved.
	* 1. **The Full Report**

a) After inquiry, the Full Report should be submitted within three months from the date of loss (or its discovery). It should state, where applicable-

1. total original cost of the property or value of cash, stamps, etc. lost;
2. approximate or estimated value of property at time of loss;
3. replacement value, or cost of repairs to the article;
4. quantity, if applicable, the number of items (or categories and number in each category),
5. Causes which led to the loss;
6. Name and designation of the officer or officers directly or indirectly responsible for the loss;
7. Whether fraud, negligence, delay, omission, or other fault is involved;
8. Recommendation regarding recovery of the loss and whether any disciplinary action is proposed;
9. Whether the loss was the subject of a Court case and if so, the result;
10. Whether the loss was covered by insurance or guarantee and if so, what the recoverable amount was;
11. Steps, if any, taken or proposed to be taken to prevent similar losses in future.

**11.14.4 Accounting procedure for a loss of cash, tickets, stamps et**c.

1. In the case of a loss of money, tickets, stamps, etc., due to a shortage, misappropriation or other cause, the amount should be made good immediately. Where immediate recovery from the officer responsible is not possible, such a loss should be made good by obtaining an advance from the Head Office;
2. When the loss is subsequently recovered, it should be credited to the Head Office;
3. When any part of the loss is un-recovered, an equivalent amount should be credited to the Head Office Advance Account, after the order of write - off and /or waiver has been obtained;

**11.14.5 Order of Write-Off**

a) In these Regulations the term "Order of Write Off" is used to indicate the final order relating to losses;

b) It is made only after all the preliminaries have been completed, including the determination of the recoveries to be made from all sources (surcharge, insurance, security, etc.);

c) Reference to the order of Write-off should be made in the inventory, etc, when an entry therein is struck off;

e) The [CSO’s Name] should maintain a registers to record losses. This shall includes

1. Dates of Loss
2. Particulars
3. Original cost (if available)
4. Approximate Value at time of loss
5. Replacement Value (or cost of repairs)
6. Maximum recoverable
7. Amount determined for recovery
8. Reference to Bank papers
9. Date of final Recovery
10. Authority for write-off
11. Date of write-off
12. This should prepare for each financial year statements relating to losses.
	* 1. **Surcharges**
13. Recovery in monthly installments may be authorized as follows:-
14. Not exceeding 12 installments - by the ED
15. Exceeding 60 installments - by Governing Body.
16. In these instances, it must be ensured that recovery does not extend beyond the optional date of retirement of the officer concerned.

**11.15 Data Base**

1. [CSO’s Name] should maintain a computerized data base pertaining to Stores Management.

**12. SELECTION OF CONSULTANTS**

**12.1 Purpose**

1. The purpose of these Guidelines is to set forth the procedures that should be adhered to by the [CSO’s Name], in carrying out any selection and employment of Consultants, financed in whole or in part by [CSO’s Name] or a Foreign Funding Agency, in the circumstances where the [CSO’s Name] is lacking the necessary: expertise;
2. knowledge; or
3. organizational strength to carry out the proposed assignment.

**12.2 Objectives**

The process of selection and employment of Consultants should ensure:

1. need for high quality and standard of services;
2. maximizing economy, timeliness and efficiency;
3. adhering to prescribed standards, rules, regulations and good governance;
4. the need to give best qualified Consultants an opportunity to compete in providing the Consulting Services;
5. compliance with local laws and regulations and international obligations;
6. ensuring transparency and consistency in the evaluation and selection procedure;
7. need for increasing focus on anticorruption and observance of ethics; and
8. retaining confidentiality of information provided by Consultants.

**12.3 Types of Consultant Entities**

a) Provisions of this guidelines are applicable for the selection and employment of all types of Consultants. For the purpose of this guidelines, the term Consultants includes a wide variety of entities, including international and national Consultancy Organizations, engineering organizations, architectural organizations, quantity surveying organizations, management organizations, procurement agents, inspection agents, auditors, multinational or generations, universities, research institutions, government agencies, nongovernmental or organizations (NGOs), and individuals.

**12.4 Type of Consulting Services**

a) The type of consulting services covered in this Manual includes services in Advisory Stage, Preparation Stage and the Implementation Stage of a Procurement;

b) Consulting services that may be required under different stages, but not limited is given in the following table:

|  |  |  |
| --- | --- | --- |
|  **Advisory Services** | **Preparatory Services** | **Implementation Services** |
| Policy and Strategy | Sector Studies  | Procurement Assistance  |
| Restructuring/privatization  | Master Plans  | Construction Supervision  |
| Capacity Building | Feasibility Studies  | Project Management  |
| Training/knowledge transfer  | Design Studies  | Quality Management |
| Management Advice | Bidding Documents  | Commissioning etc. |
| Technical/Operating advice  |  |  |
| Engineering Services  |  |  |
| Architectural Services  |  |  |
| Quantity Surveying Services  |  |  |

c) These services are procured based on the procurement guidelines.

**12.5 Responsibilities of the [CSO’s Name]**

1. The officer-in-charge of the selection and employment of consultants of the [CSO’s Name], together with the other staff shall be responsible for the following:
2. maintenance of necessary communication with all stakeholders of the process of selection and employment of Consultants;
3. maintaining documentation connected with selection and employment process;
4. preparation of EOI and its submission to the CPC for review and approval;
5. preparation of the draft RFP including the TOR and its submission to the CPC for review and approval;
6. preparation of data and information prior to the evaluation;
7. issuance of invitations and facilitating the meetings of CPCs;
8. circulation of the minutes of the meetings of CPCs; and
9. provision of any requisite assistance to CPCs on any request made by them to facilitate the process and all other matters incidental thereto.

**12.6 Composition and Appointment of Consultant Procurement Committees - CPC**

* + 1. Corporate Consultant Procurement Committee headed by ED
1. The Governing Body shall appoint CPC on the request made by the ED for consultancy assignments spelt out in the Procurement Guidelines.
2. The number of members in a CPC shall be three:

Chairmen - Executive Director – ED of the [CSO’s Name]

Member 1 - Finance Manager

Member 2 - Admin Services Manager

The Liaison Officer/Officer in charge of the Procurement shall be the non-member Secretary of the CPC

* 1. **TEC for Consultant Procurement Committees**
1. Governing Body shall appoint the TEC for CPC to handle Procurement action pertaining [CSO’s Name]’s consultancy procurements.
2. Composition for TEC;
3. The minimum number of members in the TEC shall be three
4. There shall be a chairperson for the TEC;
5. At least one member of the TEC shall be a person who his conversant with Consultant Selection procedure;
6. At least one member shall be a subject specialist;
7. If a Sectional head is a member of the TEC, his or her subordinates should not serve as member of the same TEC, unless it is essential
8. The Chairman of the TEC shall assign specific tasks to each member (including to him/herself in addition to the joint responsibility;
9. Unit Head of the Procurement division shall be the nonmember Secretary for TEC
10. Subject specialist means a person who is Knowledgeable to made judgment on responsiveness of the bid on technical/financial and other criteria as appropriate to the procurement concerned.
	1. **Duties and Responsibilities of Consultants Procurement Committees**

The members of the CPCs are jointly and severally responsible for the following:

1. All members of CPCs shall give priority to the duties assigned to them in the CPC, over their routine functions;
2. Ensuring that the funds are available for the Consultancy Services under consideration;
3. Deciding on the selection method and type of contract to be used;
4. Evaluation and approving the short list;
5. Review and approve of RFP including the TOR prepared by PE, to ensure that the selected consultant will deliver the required output and competitiveness could be promoted on an equal level;
6. Approve and issue addenda to the RFP where necessary;
7. Evaluate independently all the technical proposals received and record on pre-established worksheets.
8. Evaluate the financial proposals individually as above or jointly and prepare a final report together with contract award recommendation/determination
9. Get assistance from any external personnel only on exceptional circumstances, where expert opinion is important.

**12.8 Selection Methods and the Selection Process**

*12.8.1Decision on Consultancy Organizations or Individual Consultants to be selected based on:*

1. A Consultancy Organization shall be selected in obtaining the services required rather than getting the service done by one or more individuals for assignments for which:
	1. Team of personnel are required; and
	2. Coordination, administration or collective responsibility is paramount important.
2. In other cases [CSO’s Name] may employ individual Consultant/ s. The selection method of Individual Consultants is outlined as in this chapter

*12.8.2 Competitive Process*

1. Consultants shall be selected following competitive process wherever possible, on the basis of comparison of technical and financial proposals or in very rare case only technical proposal, submitted by the shortlisted Consultants. The selection method shall achieve the objectives of fairness, clarity, transparency and confidentiality. Hence the appropriate method of selection is related to the nature, size, complexity, likely impact of the assignment, and the technical and financial considerations.
	* 1. *Terms of Reference*
2. The [CSO’s Name] shall be responsible for preparing the TOR for the assignment. TOR shall be prepared by a person(s) or a Consultancy Organization specialized in the area of the assignment. The scope of the services described in the TOR shall be compatible with the available budget.
3. *Outline of the Terms of Reference*

The TOR should normally consist of:

1. background of the project;
2. objectives of the assignment;
3. scope of work;
4. methodology
5. transfer of knowledge;
6. list of reports, schedule of deliver ies, period of performance;
7. data, local services, personnel, and facilities to be provided by the PE; and
8. Institutional arrangements.
9. TOR shall define clearly the objectives, goals, and scope of the assignment and provide background information (including a list of existing relevant studies and basic data) to facilitate the consultants’ preparation of their proposals.

If transfer of knowledge or training is an objective, it should be specifically outlined along with details of number of staff to be trained, and so forth, to enable consultants to estimate the required resources. However, TOR should not be too detailed and inflexible, so that competing consultants may propose their own methodology and staffing. Consultancy Organizations shall be encouraged to comment on the TOR in their proposals. The [CSO’s Name]’s and consultants’ respective responsibilities should be clearly defined in the TOR.

*12.8.4 Preparation of Cost Estimate and the Budget*

a) Well-developed cost estimates are essential to ensure realistic budgetary allocations. The cost estimates for the proposed assignment shall be prepared by the [CSO’s Name] based on assessment of the resources needed to carry out the activities: experts’ time; logistical support; and physical inputs (for example, transport office space and equipment, laboratory equipment.) Costs shall be firstly divided into two main categories:

* 1. remuneration; and
	2. other expenses,
1. Estimate can further divided into foreign and local costs where appropriate. In general, a cost estimate includes expenses relating to:
2. consultant staff remuneration;
3. travel and transport;
4. mobilization and demobilization ;
5. staff allowances;
6. communications;
7. office rent, supplies, equipment, and insurance;
8. surveys and training programs;
9. report and printing;
10. taxes and duties ; and
11. contingencies.
	* 1. *Preparation of long list*
12. The long list of Consultants may be prepared following one or any combination of the following methods:
	1. Inviting EOI by advertisement;
	2. By including names of consultants who have satisfactorily completed similar assignments to the [CSO’s Name] previously;
	3. By collecting names from the other PEs who had obtained the services of consultants for similar assignments; and
	4. By collecting names from Foreign Funding Agencies

*(Template Reference No. PR 014 Format for Inviting Expression of Interest (EOI))*

1. However for large (exceeding two million (LKR 2 m) and complex assignments the [CSO’s Name] shall advertise in national newspapers. When the participation of international Consultancy Organizations are expected the invitation shall be extended to international media.

*12.8.6 Short Listing*

1. Short listing of Consultants shall ensure, only the best qualified Consultancy Organizations submit proposals;
2. In preparation of short list first consideration shall be given to those organizations expressing interest that possesses the relevant qualifications;
3. Short lists shall comprise not more than seven Consultancy organizations.
4. The shortlist may comprise of less than seven organizations when suitably qualified organizations have not expressed their interest to submit a proposal and no other qualified Consultancy Organizations are known;
5. The short list should preferably comprise consultants of the same category, similar capacity, and business objectives;
6. The shortlist shall not include individual consultants;

*12.8.7 The criteria for preparation of Short list*

1. Selection is based on limited competition among qualified firms that are capable of delivering the required services and desired level of quality;
2. [CSO’s Name] shall prepare a shortlist of consultants who will be invited to submit proposals;
3. The main objective of advertising is to inform all eligible Consultancy Organizations about consulting opportunities.
4. If international participation is required, [CSO’s Name] shall advertise these assignments in international newspapers or technical magazines.
5. The request of EOI should have sufficient information for the [CSO’s Name] to judge the Consultancy Organizations’ capabilities in the field of the assignment. The response might include, for example, descriptions of similar assignments conducted, experience in similar conditions, and possibility of deploying the appropriate staff.
6. Not less than 30 days should be provided for responses if international consultancy organizations are expected to submit EOI, and all other cases a minimum of 14 days shall be given;
7. In selecting the shortlist, the PE shall carry out a diligent review of key aspects such as:
8. qualifications in the field of the assignment;
9. technical and managerial capabilities of the organization;
10. core business and years in business;
11. qualifications of key staff;
12. client references; and
13. administrative and financial strength
14. In reviewing the above aspects rather than using a point system, it is recommended to use the judgment of the [CSO’s Name];
15. The [CSO’s Name] should identify one or two additional firms to include in the shortlist in case any of the short listed firms decides not to submit its

**12.9 Selection Methods**

1. The choice of the appropriate method of selection is related to the nature, size, complexity, likely impact of the assignment, technical and financial considerations, it is therefore necessary to carefully define the assignment, particularly the objective and the scope of the services, before deciding on the selection method.
2. The following Methods may be used as appropriate in selection of Consultancy Organizations:
	1. Quality and Cost Based Selection (QCBS);
	2. Quality Based Selection (QBS);
	3. Selection under a Fixed Budget (FBS);
	4. Least Cost Selection (LCS);
	5. Selection Based on Consultant’s Qualifications (CQS);
	6. Single Source Selection (SSS); and
	7. Selection of particular types of Consultant
3. Individual Consultants
4. Individual Consultants Single Source (ICS)
5. Individual Consultants Competitive (ICC)
	* 1. **Quality and Cost Based Selection (QCBS)**
6. QCBS uses a competitive process among short-listed Consultancy Organizations that takes into account the quality of the proposal and the cost of the services in the selection of the successful Consultancy Organization. Cost as a factor of selection shall be used sensibly. The relative weight to be given to the quality and cost shall be determined for each case depending on the nature of the assignment. QCBS shall be used wherever possible. Other methods shall be used only under the circumstances described against such selection methods. Since the cost of the proposed services is a factor of selection, this method is appropriate when:
7. the scope of work of the assignment can be precisely defined and the TOR are well specified and clear; and
8. the [CSO’s Name] and the consultants can estimate with reasonable precision the staff time as well as the other inputs and costs required of the consultants.
9. QCBS is appropriate (but not limited to) for assignments such as:
10. feasibility studies and designs where the nature of the investment is clear and well defined, known technical solutions are being considered, and the evaluation of the impacts from the project are not uncertain or too difficult to estimate;
11. preparation of bidding documents and detailed designs in construction works;
12. supervision of construction of works and installation of equipment;
13. technical assistance services and institutional development of the Bank; and procurement and inspection services;
14. To increase the likelihood of receiving responsive proposals, the RFP under QCBS indicates the expected staff time estimated by the [CSO’s Name] to carry out the assignment. However, this estimate does not bind the consultants, and they should propose the level of inputs that they consider appropriate;
15. Under QCBS the technical and financial proposals are submitted simultaneously in separate sealed envelopes (two-envelope system). Proposals received after the submission deadline should be rejected;
16. Evaluation of proposals is carried out in two stages:
	* quality; and
	* cost
17. The technical envelopes are opened by a committee of officials of the [CSO’s Name] immediately after the closing time for submission of proposals; the financial proposals remain sealed and shall be placed securely until the technical evaluation and the evaluation report are completed and approved and the technical scores are disclosed publicly;
18. The financial envelopes of those consultants who submitted responsive technical proposals meeting the minimum qualifying mark are opened in the presence of the consultants or their representatives;
19. The financial proposals are then evaluated. Once the financial proposals are evaluated, a combined evaluation of the technical and financial proposals is carried out by weighting and adding the quality and the cost scores, and the consultant obtaining the highest combined score is invited for negotiations. Since price is a factor of selection, staff rates and other unit rates shall not be negotiated.

*12.9.1.1* The selection process of QCBS shall include the following steps:

1. Preparation of TOR
2. Preparation of Cost estimate and the budget
3. Publication of EOI
4. Preparation of Long List
5. Preparation of the Short List
6. Preparation of RFP
7. Issuance of RFP to short listed Consultants
8. Receipt of technical and f financial proposals
9. Evaluation of technical proposals
10. Public opening of financial proposal of the Consultancy
11. Determine the organizations which have achieved the minimum score specified in the RFP
12. Evaluation of financial proposals of such organizations
13. Final evaluation of quality and cost
14. Negotiations and award of the contract to the selected Consultancy organization
	* 1. **Quality Based Selection (QBS)**
15. QBS is a method based on evaluating only the quality of the technical proposals and the subsequent negotiation of the financial proposal and the contract with the Consultant who submitted the highest ranked technical proposal.
16. QBS is appropriate when:
17. Assignments are complex or highly specialized making it difficult to define precise TOR and the r required input from the Consultants for which the client expects the consultants to demonstrate innovation in their proposals; or
18. Assignments that have a high downstream impact and in which the objective is to have the best experts; or
19. Assignments that can be carried out in substantially different ways, such that proposals will not be comparable. QBS uses a competitive process among short-listed Consultancy Organizations that takes into account only the quality of the proposal and hence shall be used only under special circumstances satisfying the above.

*12.9.2.1 Selection Process*

The selection process of QBS shall include the following steps:

1. Preparation of TOR
2. Preparation of cost estimate and the budget
3. Preparation of long list
4. Preparation of the short list
5. Preparation of the RFP
6. Issuance of the RFP
7. Receipt of technical and financial proposals
8. Evaluation of technical proposals
9. Evaluation of financial proposal of the Consultancy Organization of the highest ranked technical proposal
10. Negotiations and award of the contract to the selected Consultancy Organization

QBS is a method based on evaluating only the quality of the technical proposals and the subsequent negotiation of the financial proposal and the contract with the Consultant who submitted the highest ranked technical proposal.

* + 1. **Selection under a Fixed Budget (FBS)**
1. FBC is a method where the RFP will indicate the available budget and request the Consultancy Organizations to provide their best technical and financial proposals in separate envelopes, within the budget;
2. TOR should be particularly well prepared to make sure that the budget is sufficient for the Consultants to perform the expected tasks;
3. FBS is appropriate only when:
	1. TOR is precisely defined;
	2. The time and personnel inputs can be accurately assessed; and
	3. The budget is fixed and cannot be exceeded.
4. Evaluation of all technical proposals shall be carried out first as in the QCBS method. Then the price envelopes shall be opened in public;
5. Proposals of which the evaluated financial proposal exceed the indicated budget shall be rejected;
6. The Consultant who has submitted the highest ranked technical proposal among the rest shall be selected and invited to negotiate a contract.
	* + 1. *Selection Process*

The selection process shall include the following steps:

1. Preparation of TOR
2. Preparation of cost estimate and the budget
3. Preparation of long list
4. Preparation of the short list
5. Preparation of the RFP
6. Issuance of the RFP
7. Receipt of technical and financial proposal
8. Evaluation of technical proposals consideration of quality
9. Public opening of financial proposal
10. Evaluation of financial proposal and eliminate the proposals of which the
11. Evaluated financial proposal exceed the indicated budget and Negotiations with highest ranked technical proposal and award of the contract.

**12.9.4 Least Cost Selection (LCS)**

1. LCS is a method a “minimum” qualifying mark for the “quality” is established;
2. Proposals to be submitted in two envelopes are invited from a short list;
3. Technical envelopes are opened first and evaluated;
4. Those securing less than the minimum marks specified shall be rejected;
5. the financial envelopes of the rest are opened in public;
6. The Consultancy Organization with the lowest price shall then be selected;
7. Under this method, the qualifying mark shall be established, keeping in view that all proposals above the minimum compete only on “cost.” The minimum mark shall be stated in the RFP;
8. LCS is appropriate only when:
9. Standard or routine nature assignments (audits, architectural/engineering design/supervision of simple projects, and simple surveys);
10. Well established practices and standards exist.

*12.9.4.1Selection Process*

The selection process shall include the following steps:

1. Preparation of TOR
2. Preparation of cost estimate and the budget
3. Preparation of long list
4. Preparation of the short list
5. Preparation of the RFP
6. Issuance of the RFP
7. Receipt of technical and financial proposal
8. Evaluation of technical proposals consideration of quality
9. Public opening of financial proposal
10. Negotiations with the Consultancy Organization who has
11. Submitted the least evaluated cost and award of the contract.
	* 1. **Consultant’s Qualification Selection (CQS)**
12. CQS is a method where detailed technical and financial proposals are invited from only a selected Consultancy Organization to negotiate a contract. EOI shall be invited using an amplified format. Out of the long list received in response to invitation of EOI, a shortlist of three to five organizations shall be prepared. The Consultancy Organization ranked as number one, shall be requested to submit a combined technical-financial proposal and then be invited to negotiate a contract. Should the negotiations failed the CSO shall obtain a combined proposal from the next ranked organization until an agreement is reached;
13. CQS may be used for smaller value assignments (equal or not exceeding LKR. 3 (three) million) when:
14. allowed so in the foreign funded projects; or
15. preparation and evaluation of full-fledged competitive proposals is not justified.
16. CQS is appropriate for higher value assignments (exceeding LKR 3
17. (three) million) only when, satisfies the conditions given above; and highly specialized expertise is required
	* + 1. *Selection Process*

 The selection process shall include the following steps:

1. Preparation of TOR
2. Preparation of cost estimate and the budget
3. Preparation of long list
4. Preparation of the short list
5. Select the Consultancy Organization with best qualifications and references
6. Preparation of the RFP
7. Issuance of the RFP to the firm ranked number one
8. Receipt of technical and financial proposals
9. Evaluation of technical proposal consideration of quality
10. Evaluation of financial proposal and
11. Negotiations and award of the contract.
	* + 1. *Preparation of Shortlist for CQS*

 Out of the long list received in response to invitation of EOI, a shortlist of three to five Consultancy Organizations shall be prepared. From this short list the organization with the most appropriate qualifications and references based on the EOI submitted shall be selected.

* + 1. **Single Source Selection (SSS)**
1. Single-source selection of consultants does not provide the benefits of competition in regard to quality and cost, lacks transparency in selection, and could encourage unacceptable practices;
2. Therefore, single-source selection shall be used only in exceptional cases. SSS may be appropriate only if it presents a clear advantage over competition: for tasks that represent a natural continuation of previous work carried out by the same Consultancy Organization where it was selected on competitive basis for the first assignment; or
3. where a rapid selection is essential in an emergency operation; or
4. for small assignments not exceeding LKR 100,000; or
5. when only one organization is qualified or has experience of exceptional worth for the assignment, or
6. with the specific approval of the relevant CPC and concurrence of the funding agency.

*12.9.6.1Selection Process*

The selection process shall include the following steps:

1. Preparation of TOR
2. Preparation of cost estimate and the budget
3. Select the Consultancy Organization on single source Basis
4. Preparation RFP
5. Issuance of the RFP
6. Receipt of technical and financial proposal from the
7. selected organization
8. Evaluation of technical proposals consideration of quality
9. Evaluation of financial proposals
10. Negotiations and award of the contract to the selected Consultancy Organization.

**12.9.7 Selection of Individual Consultants**

1. Individual consultants are normally employed on assignments for which:
	1. teams of personnel are not required;
	2. no additional outside professional support is required;
2. The experience and qualification of the individual are the predominant considerations; and
3. When coordination, administration or collective responsibility between the individual is not required.

*12.9.7.1Individual Consultants Competitive (ICS)*

1. Individual consultants are selected on the basis of their qualifications and experience;
2. Generally they shall be selected by obtaining three or more CVs who have expressed interest in the assignment in response to an EOI published or directly approached by the by the [CSO’s Name]. It is recommended to have an interview to select the consultant.
	* + 1. *Individual Consultants Sole Source (ICS)*
3. The CSO may select individual consultants on a sole source basis with due justification in exceptional cases such as:
4. tasks that are continuation of previous assignment that, the consultant has carried out and for which the consultant was selected competitively;
5. assignment lasting less than six (60) months;
6. emergency situation resulting from natural disaster or
7. when an individual is the only consultant qualified for the assignment.

*12.9.7.3 Selection Process of Individual Consultants*

1. The selection process shall include the following steps:
2. Preparation of a TOR
3. Preparation of a Budget
4. The TOR and the Budget shall be reviewed by the relevant CPC or the appropriate authority
5. Publish an EOI in national newspapers for national consultants if the consultancy period exceeds one (01) year or advertise in international media for international consultants if consultancy period exceeds six (06) months
6. Receipt the proposal from the
7. selected consultants, evaluation the proposals considering the quality and the price and
8. Negotiations and award of the contract to the selected consultant

*12.9.7.4 Terms of Appointment*

1. Whenever possible, a formal contract agreement shall be signed with the individual consultant. This agreement shall include employment conditions for remuneration, direct expenses, leave (if any), insurance (if any), per-diem (if any) and the TOR.
2. However, for very small assignments of routine nature, a letter of appointment may be issued but shall address the above terms.

**12.10 Preparation of Request for Proposals (RFP)**

1. The [CSO’s Name] shall prepare the RFP including TOR and the budget
2. The [CSO’s Name] should commence to prepare the above documents prior to appoint the respective CPC
3. The [CSO’s Name] shall use the Standard RFP
4. *The Contents of RFP Documents*
5. Section 1 - Letter of Invitation
6. Section 2 - Information to Consultants
7. Section 3 - Technical Proposal - Standard Forms
8. Section 4 - Financial Proposal - Standard Forms
9. Section 5 - Terms of Reference
10. During the proposal submission period, all shortlisted consultants shall be allowed to request clarifications about information provided in the RFP. The [CSO’s Name] in consultation with the respective CPC/TEC provide clarifications in writing to all short listed consultants;
11. Minutes of pre-proposal conference shall be circulated to all prospective consultants

*(Template Reference No PR 015 - Preparation of Request for Proposals: RFP Sample Letter of*

*Invitation)*

**12.10.1 Factors to be considered in the preparation of RFP**

1. The RFP shall include all relevant factors to prepare financial and technical proposals;
2. Local and foreign consultants are treated equally other than additional points given to firms when participating national consultants;
3. Only if foreign currency payments are envisaged in the contract, both foreign and national consultants shall be eligible to quote and to be paid in foreign currency provided consultants have submitted justification;
4. Proposal validity period be included in the RFP. The minimum validity period is given
5. The [CSO’s Name] shall give sufficient time for consultants to prepare and submit their proposals.
6. The RFP documents shall specify the evaluation criteria and sub-criteria that will be applied for the selection of consultants
7. Draft contract agreement shall be accompanied with the RFP.
8. To adjust of the remuneration and other costs due to foreign and local inflation, price adjustment provision may be included in the contract if the duration exceeds twelve (12) months;
9. Payment provisions, including amounts to be paid shall be included;
10. Maximum 20% mobilization advance may be paid upon submission of an acceptable advance payment guarantee. However**,** such advance shall be recovered in equal installments within 50% of the payments to the consultant;
11. All disputes shall be governed with provisions of the Arbitration Act No 11 of 1995 of Sri Lanka. However, foreign funded projects, the dispute resolution provisions recommended by the foreign funding agency shall be included.
12. The laws of the Democratic Republic of Sri Lanka are governing for all consultancy contracts;

**12.11 Issuing of RFP, Closing and Opening of Proposals**

1. *Issuance of RFP*

The RFP should be made available during the business hours of the [CSO’s Name] and should send by mail or in person only to shortlisted consultants on a payment of the prescribed fees (if any) which should not to be fixed just to cover the printing cost of documents but not to discourage the consultants;

1. *Proposal Preparation Period*
2. Proposal preparation period shall commence from the date on which the RFP documents are available to consultants;
3. The proposal submission period shall be fixed with a deadline adequate to prepare and submit proposals;
4. Minimum period for proposal submission shall be maintained as below:

|  |  |
| --- | --- |
| International Consultancy Organizations under QCBS,QBS, FBS and LCS | 42 Days (more for complex assignments) |
| International Consultancy Organizations under CQS and SSS | 28 Days |
| National Consultancy Organizations under QCBS,QBS, FBS and LCS | 28 Days |
| National Consultancy Organizations under CQS and SSS | 21 Days |
| Individual Consultants | 07 Days |

1. *Submission and Receipt of Proposals*

The proposals shall be received only at one location by mail under registered post or personally delivered to the authorized officer of the [CSO’s Name] under sealed cover except under CQS and SSS selection methods as requested in the RFP document.

1. *Rejection of Late Proposals*

Proposal submission dead line shall be specified in the RFP documents. Any late proposal shall not be accepted and returned unopened in case of QCBS, QBS, FBS and LCS selection methods.

1. *Public Opening of Proposals*
2. ED shall appoint a “Proposal Opening Committee” which shall comprise of minimum two staff grade officers;
3. Proposal shall be opened in the presence of consultants who choose to attend for all selection methods other than CQS and SSS;
4. Only the outer envelope should open and announced the names and addresses of the consultants submitted proposals and also announce the presence of absence of financial proposals of each consultants;

*(Template Reference No. PR 016A - Format for Proposal Opening Minutes – First Opening)*

1. *Opening of Financial Proposals*
2. Financial proposals should be open in the presence of consultants or their representatives in the case of QCBS, QBS, FBS and LCS only the consultants whose technically proposals are qualified;
3. Only the proposals marked as “original” shall be opened;
4. The [CSO’s Name] shall inform the qualified consultants in writing under registered post at least five (05) days in case of shortlisted consultants are national or ten days (10) in case of foreign consultants prior to the financial proposals opening, the date, time and place;
5. The proposal prices shall be announced and recorded at the Financial proposal opening;
6. The proceedings of the financial proposals opening shall be recorded in the prescribed format in the Procurement Manual and all members along with consultants who prefer to sign should be signed;
7. The original Financial Proposals together with “Proposal Opening minute” shall be handed over to the appointing authority and he/she should hand over all “originals” together with “Proposal Opening Minute” to the chairperson of the CPC.

*(Template Reference No. PR 016B - Format for Proposal Opening Minutes – Financial Proposal Opening)*

1. Obtaining Services from Outside Experts
2. If the evaluation is entrusted to outside experts, it shall be made under the direct supervision of the respective TEC and the CPC;
3. Outside experts shall not form a part of TEC or CPC;
4. The Chairperson of TEC shall prepare its own formal report along with the outside expert’s report to the chairperson of the CPC;
5. If the respective CPC shall consider both reports and should give final recommendation to the appropriate authority.
6. Time Frame for Proposal Evaluation

It is required to keep proposals valid for a specific period to allow the CPC to examine and evaluate them, select the best proposal, obtain the necessary approval from different authorities. Hence proposals shall be evaluated within the period specified in the agreed Procurement Time Schedule (PTS) as per the Detailed Procurement Plan unless there is a specific reason to allow more time;

* 1. **Evaluation Based on Disclosed Criteria**
1. The evaluation shall be based on the evaluation criteria defined in the RFP. The CPC shall evaluate each technical proposal, taking into account several criteria:
2. the consultant’s relevant experience for the assignment;
3. the quality of the methodology proposed;
4. the qualifications and experience of the key staff proposed;
5. transfer of knowledge (for assignments where training is needed); and
6. the extent of participation by nationals among key staff in the performance of the assignment in situations where the shortlist comprises of national and foreign consultancy organizations.
7. Each criterion shall be marked on a scale of 1 to 100. Then the marks shall be weighted to become scores. The following weights are indicative. The actual percentage figures to be used shall fit the specific assignment and shall be within the ranges indicated below. The proposed weights shall be disclosed in the RFP.

|  |  |
| --- | --- |
| Consultant’s specific experience  | 0 to 10 points |
| Methodology | 20 to 50 points |
| Staff | 30 to 60 points |
| Transfer of knowledge | 0 to 10 points |
| Participation by nationals | 0 to 10 points |
|  **Total** | **100 points** |

**12.12.1 Proposal Evaluation Process**

a*) Purpose and Stages of Proposal Evaluation*

1. The Proposals Marked as “original” shall be evaluated by the TEC/CPC;
2. If TEC required, may obtain photo copies of the original;
3. The evaluation of the Proposals shall be carried out in two stages first the quality and then the cost;
4. The evaluation shall be carried out in full conformity with the provisions of the RFP;

The purpose of Proposal Evaluation will vary with the selection method used.

1. All members of the TEC and CPC should familiarize themselves with the RFP

**12.12.2 Stage 1 - Evaluation of Technical Proposals**

1. *Main Considerations*
2. CPC and TEC members should familiarize themselves with the RFP (in particular the TOR), the evaluation criteria and sub-criteria specified in the RFP, and the selection procedure;
3. The CPC and TEC should meet shortly before the deadline for submission of the proposals to confirm that there is a common understanding of the evaluation method, the evaluation criteria and sub-criteria, and a joint definition of the rating system, including the definition of the grades. It is important not to wait until after the technical proposals are opened to define the rating system, since these definitions could be biased by the knowledge of the contents of the proposals;
4. The CPC and TEC should confirm that its members,
5. have no conflict of interest;
6. understand the rating and scoring system;
7. have been provided with evaluation worksheets; and
8. agree on how to evaluate the proposals.

*d) Evaluation of Proposals*

1. After the proposals have been received and opened, the evaluation process begins. Each evaluation should be carried out individually;
2. The evaluation shall be carried out by each member other than the chairperson of the TEC. The Technical Evaluation Committee members first reviews each proposal to confirm that it is substantially responsive, that is, that there are no important omissions or deviations from the stated objectives, TOR, or other key requirements of the RFP;
3. The evaluation also establishes whether a proposal passes the minimum qualifying mark ( generally 70%) provided in the RFP;
4. *Financial Provision for the Award of Contract*
5. Prior to contract award, the [CSO’s Name] should ensure that budgetary provision is available to meet the cost of contract;
6. The award letter shall be issued within the validity period of the proposals, and no sooner the final determination of contract award is completed;
7. *Arrangements shall be made to sign the contract as early as possible prior to the commencement of the assignment*