

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

# **Public Procurement**

## **(Procedure and Practice)**

# Public Procurement

- Purchase by Governments and state owned enterprises of goods – Services – works.

# Difference between Procurement and Purchase

## Purchase

- Focused on short term.
- Ordering – Receiving and arranging payments.
- Looking for best price rather than overall value.
- No record keeping.

## **Procurement**

- Also a Purchase.
- Long term – holistic approach.
- Sourcing Vendors – Negotiating – Contracts
- Record Keeping.
- Consider over all value and not just price.

## Why we need Public Procurement instead of simple purchase

- Across the Globe Governments are spending **15% of Worlds GDP** for procurement.
- Pakistan spends **20% of its GDP** for procurement.
- To bring **Fiscal Discipline** for efficient allocation of resources and pragmatically spending.
- Transparent procurement results into more then **1% saving of GDP**



## Laws for public procurement in Pakistan (KPK)

- Public Procurement Regulatory Authority Ordinance = 2002
- (PPRA) Rules = 2004
- (PPRA) Regulations = 2008
- KPPRA Act = 2012
- KPPRA Rules = 2014
- KP Grievance Redressal Rules = 2017 (GR Rules)

## **Procurement Principles to be followed .**

- Transparency
- Value for Money
- Accountability
- Swift grievance handling
- Compliance of Procurement laws and instruction of KPPRA



# Key Players of Procurement

- **Procuring Entity (P.E)**
- **Head of Procuring Entity (H.P.E)**
- **Procurement Committee (P.C)**
- **Procuring Officer (P.O)**

## Methods of procurement

- **Petty purchases through single quotation** of amount up to **Rs.1,00,000/-**.
- **RFQ (Request For Quotation)** method through **three minimum quotations** of amount more than **Rs.1,00,000/- to Rs.5,00,000/-**.
- **Open Competitive** bidding for amount **more than Rs.5,00,000/-**.

## Procurement Cycle (9 Steps)

1. Procurement Planning.
2. Constitution of Procurement Committee.
3. Developing BSDs. ( Bid Solicitation Documents ).
4. Advertisement / Solicitation of bids.
5. Submission of bids and bid opening.
6. Bid Evaluation.
7. Announcement of Bid Evaluation Report.
8. Contract administration.
9. Grievance Redressal.

# Procurement Planning

**By whom** = Procuring Entity. (through P.O)

**Reference** = Sec.22 KPPRA Act r.w R. 30-31.

## **Procedure**

- Collection of Information regarding requirements (court requirements).
- Record of past procurement / consumption.
- Submission of procurement requirements
- Approval by Competent Authority.
- Posting on website of PE and KPPRA before 31<sup>st</sup> of July.
- Due consideration to principles of transparency, economy, efficiency and time lines.

## **Important. Sec. 22(3) of KPPRA Act**

**P.E may proceed with procurement proceedings, except for award of contract, when availability of funding in full amount remains to be confirmed / approved and Project / Demand has already received anticipatory approval.**



## Constitution of Procurement Committee (PC)

**By whom** = Head of P.E to notify P.C.

**Reference** = (Rule – 32).

**Procedure** = P.C must Consist of

1. One Member from Accounts / Finance of P.E
2. Technical Member / Expert from Govt. Depts.



## **Functions and responsibility of P.C**

- Preparing Bid Solicitation Documents.
- Bids opening.
- Carrying out Technical and Financial Evaluation of bids.
- Preparing Evaluation report as provided under Rules.
- Making recommendations for award of contract to the competent Authority.
- Constitute Sub-Committees for Technical Evaluation.
- Perform any other function ancillary and incidental to above.

# Developing Bids Solicitation Documents (BSDs)

By whom = Procuring Committee with consultation of H.P.E.

Reference = Sec. 22- 23- 28 r.w Rules 4- 5- 6- 9- 10- 12- 13- 33- 35-40-41.

## Procedure/ Requirement

- Adopt standard bidding documents designed under KPPRA Act.
- Includes,**
- Instructions to bidders .
- Recommendation of procedure of procurement
  - Single Stage - One envelop – Cost only factor
  - Single stage – Two envelops – Technical bid and Financial bid.
  - Two stage - Two envelops – Technical and Financial then solutions.

- Two stage – One envelop – Pre and Post Qualification criteria followed by Technical and Financial bids.
- Bid Data Sheet
- General instructions of Contract
- Special Conditions of Contract
- Schedule of requirements
- Technical specifications
- Technical evaluation criteria
- Bid form and price schedule

## Advertisement / Solicitation of Bids.

**By whom = Procuring Officer**

**Reference. = Section 24 r.w Rule 3, 11, 19, 25, 27, 33, 34 and 41**

- Short form but sufficient to understand.
- Advertisement to be upload on **P.E** and **KPPRA website**.
- Advertisement to be published in **ENGLISH & URDU newspaper** of National coverage.
- **Date of closing** and opening of bids be specified with **time and place**.
- Response time not less than **15 days** from publishing in newspaper or KPPRA website.
- Bidding document should be available from advertisement date till closing date.
- Advertisement Requirement can be foregone.
  1. In Emergency
  2. Petty purchases



# Submission of Bids and Bids Opening

**By whom** = P.O (Receiving of bids)

**Reference.** = Rule 14 and 37

- P.O Shall receive sealed bids at the place mentioned before closing time
- Issue receipts with date and time of receiving.
- Bids received after closing time not to be entertained and be returned.

## General instructions for Bids Opening (P.C)

- Bids, shall be opened at prescribed time and place in presence of bidders or their representatives.
- Examine the bids to be complete and generally in order, minor irregularity in bids, if not prejudicing other bidders, be ignored.

- Name of the bidder, availability of bid security or affidavit, amount of bid would be announced loud and noted.
- No withdrawal of bid is allowed after bid opening date.
- May ask for clarification of a bid to assist Evaluation.
- Bid Evaluation to be confidential till announcement of report.
- Minutes of bid opening meeting/Announcement and attendance sheet be maintained.
- Be provided to bidders on request.



# Bid Evaluation

**By Whom** = **Procurement Committee**

**Reference** = **Rule 39**

- P.C to open proposals (Financial or Technical) as per procedure of procurement mentioned in Bid Solicitation Documents. (BSDs)
- In single stage-single envelop Financial Proposals would be opened being the only requirement.
- Comparison of prices to be made including taxes.
- Single stage-two envelops – Technical proposals to be opened first and Financial proposals not to be opened till evaluation and report of Technical proposals.

- Evaluation of Technical proposals as per Evaluation Criteria in BSDs.
- Evaluation report containing result of Technical Evaluation be formulated.
- Result of Technical Evaluation in the shape of Evaluation Report be announced and communicated to all the bidders. Be published on P.E website.
- The Bidders who qualified the Technical stage are called Responsive bidders while disqualifying as non responsive bidders.
- Financial Bids of responsive bidders be opened in presence of bidders or their representatives.

# Announcement of Bid Evaluation Report

**By Whom = Procurement Committee**

**Reference = Rule 45**

- P.C shall announce the final results of Bid Evaluation, including bids rejected and reasons, 10 days prior to award of contract.
- Results to be published on P.E and KPPRA website.
- **P. C Shall submit the Bid Evolution Report with the recommendation for award of contract to the H.P.E. (End of Role of PC)**

# Contract Administration

**Reference = Section 31 r.w Rule 18, 29, 31, 35, 37, 42, 46, 49, 50**

**P.O** Issue of Notice to successful bidder within 15 days of recommendations.

**P.E** Letter of acceptance (LOA) be issued – Performance guarantee, Percentage, to be fixed by.

## **Failure to submit performance guarantee / Delay .**

- Forfeiture of Bid Security.
- Award contract to next best evaluated bidder
- Can call for new bids

**P.O** Shall make the award of contract public by publication on PE & KPPRA website.

## Grievance Redressal.

**Reference Section 35 KPPRA Act and rule 44 (2), 43 r.w KPGRR 2017.**

- Aggrieved bidder to register complaint in writing to H.P.E along with grounds, relief and certified copies of documents.
- Complaint is to be made prior to the award of contract to successful bidder and within 10 days of making award of contract public.
- Grievance Redressal Committee to handle the complaint.
- Fix date and time – invite aggrieved bidder to attend proceedings for affording opportunity of hearing.



- Record can be requisitioned by the Grievance Redressal Committee.
- Decide the complaint by consensus or by majority.
- If complaint upheld, relief can be provided and can annul the procurement process.
- Decision to be recorded in writing with reasons and be conveyed within three days of finalization.
- Appeal to KPPRA against the decision of committee.



## Some Important Rules

- Rule 50 (A) to 50 (D) = Disposal of Public Assets.**
- Rule 51 = Closing of contract after performance contract on issuance of delivery certificate and issuance of taking over certificate within 30 days of final delivery.**
- Rule 52 = Record of procurement proceedings to be maintained.**
- Rule 53 = Public Access to record for transparency.**
- Rule 54 = Mis-procurement if KPPRA rules are breached.**

**THANKS**