AHMADU BELLO UNIVERSITY, ZARIA
FACULTY OF ENVIRONMENTAL DESIGN
DEPARTMENT OF BUILDING

TENDER MANAGEMENT AND BID EVALUATION FOR OPTIMUM RESULTS

BY

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JULY. 1987

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B.Sc. (HONS.) (QUANTITY SURVEYING)

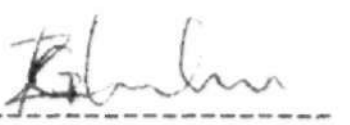
A thesis submitted to the Postgraduate School, Ahmadu Bello University, in partial fulfillment of the requirements for the degree of Master of Science in Construction Management in the Department of Building, Faculty of Environmental Design, Ahmadu Bello University, Zaria, Nigeria.

JULY, 1987

DECLARATION

I hereby declare that this thesis has been prepared by me and that it is a record of my own research. It has not been presented in my previous application for a higher degree.

All quotations are indicated and the sources of informations are specifically acknowledged by means of reference.

Signed:- 

GRAHAM Z. NUHU

JULY, 1987

CERTIFICATION

This Project dissertation entitled Tender Management and Bid Evaluation for Optimum Results by Graham Zaknayitoce Nuhu meets the regulations governing the award of the degree of Master of Science of Ahmadu Bello University, and is approved for its contribution to knowledge and literary presentation.

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ABSTRACT

This thesis takes premise that tender management and bid evaluation are solid foundations to proper project execution. The study therefore sets to look into how tender management and bid evaluation process will assist in successful project execution.

In order to achieve this aim the present systems of tender management and bid evaluation were investigated. Two organisations were investigated with a view to finding out how tenders are managed and bids evaluated. Questionnaires were distributed to contractors registered with Niger State and Ahmadu Bello University, Zaria.

This study has revealed that Tenders Boards where only a few professionals are represented run the risk of over relying on the technical opinion of the consultants. Furthermore, much of the tasks of the board are delegated to ill-equiped personnel who do not appreciate the implications of their decisions with respect to construction matters. The degree of information flow at tender stages was also found to be inadequate.

Therefore, to improve the efficiency of tender management and bid evaluation it has been suggested that the composition of Tenders Boards be made up of a good number of professionals in the building industry.

Also a new method of bid evaluation employing the use of contractors average, which hopefully will overcome some of the shortcomings of the present system, has been proposed.

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GLOSSARY

CONTRACT BILL: The bill of quantities that was used along with a successful tender and provides a basis for calculating the contract price.

FINAL ACCOUNT: The account prepared from a financial statement at the end of the defects liability period of a given contract. It also serves as a basis upon which the final certificate is prepared.

NOMINATED BILL: A bill of quantity which was successful in a recent competition.

OPTIMUM TENDER: The tender which best meets the clients wants.

VARIATIONS: Any alterations to the works originally conceived in terms of additions or omissions.

WORK SECTION: A collection of trades in a specified section of a building for example the substructure, Structural frame, Roofs, Finishings etc.

CHAPTER ONE

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1. INTRODUCTION

1.1 BACKGROUND

Tender management of construction projects involves quite a number of stages. Prominently among these stages is the bid evaluation. As there are numerous stages so also are the personalities involved in the management and evaluation of bids. Firstly, tender management of private jobs is undertaken by the design team and it is the act of controlling tender activities untill the award of the contract is made. In the case of jobs executed by public clients such as government departments or any of its parastatals and well established companies a group of top level managers are appointed to see to the affair of managing tenders untill contracts are awarded. This constituted body is called the Tenders Board. The membership of a particular board depends upon the type of organisation that the board represents. For example in Niger State the tenders board consists of ten members while in Ahmadu Bello University, Zaria, there are only six members.

It is not normal to find an adequate representation of the construction industry in the tenders board ofthe above mentioned organisations since membership is restricted to personnel at the top level management.

Secondly, bid evaluation which is a sub-set of tender management is the process of checking through tenders and making any relevant analysis. This exercise requires the expertise of a professional in the building industry. It is easier done in contracts where the design team manages pre-contract stages because it has the quantity surveyor as a member. Other instances where it is the Tenders Board that is in charge of pre-contract affairs, the services of consultants are sought to offer recommendations on the suitability or otherwise of contractor's tenders. Consultant's recommendations are however subject to the consideration of the Tenders Board whose membership is not based on professional qualification in the industry.

Lack of adequate representation of professionals in the board's membership necessitates the need for the services of consultants before decisions are taken on tenders. These consultants are professionals in the field of construction and where the construction is undertaken by a private individual they constitute the design team. In a construction contract the design team is composed of an Architect as its chairman; a Quantity Surveyor as the financial adviser and the main custodian of contractual documents; a Building and/or Services Engineer(s) concerned with the design and construction of various elements; the Sub-contractors and others.

It is an accepted parlance that projects undertaken by private individuals are much more successful than those handled by the government. Tenders Boards and the design teams are as important to successful project completion as a solid foundation is to a building.

1.2 THE PROBLEM

Most construction managers are more often than not faced with the problem of having to decide, for or against the recommendations(s) of the tender report on an optimum tender. This is because such reports are prepared by non-members of tenders boards. For the person who prepares the report, much has to be done in order to get the Tenders Board convinced of the recommendation(s). The person in charge of evaluating tenders is always in problems because of the ignorance of the members of Tenders Board in the field of construction and worst still in evaluating tenders.

The problem of the Tenders Board does not end with decision making on a tender report but includes the explanations to give for rejecting any tender. Although the instructions guiding the invitation to tender (as will be seen in chapter 2) indicates that the Tenders Board is not bound to accept the lowest or any tender, yet explanations as to why a particular tender is considered most appropriate is always desired by the populace; mostly if the organisation is publicly accountable.

For the government as the largest single organisation that patronizes the industry more, tenders are often invited using the open tendering method and in a few instances the method of selective tendering is adopted which fails to recognise the category of registration of contractors. Whenever this occurs the problem is on how to evaluate contractors' tenders to arrive at an optimum tender bearing in mind that the tenderers are not of the same standard.

Tenders not properly evaluated give rise to a number of problems which could be attributed to:

1 - controlling construction costs. For instance a contract bill that contains loaded rates for particular items will increase the contractors cash flow resulting in a false percentage of the job done when such items are evaluated.

2 - computing variations. For example, contract bills that contain different rates for the same item either in the same work section or in different work sections, make it difficult to know which of the rates to use in valuing variations when they occur.

3 - analysing data for cost planning of future projects. For example a contract bill containing arithmetical errors undetected or wrongly corrected will produce a wrong figure at final accounts stages. When the cost of a similar project is to be compared with this in future the initial errors will be repeated.

1.3 OBJECTIVES

Against the above background, the main aim of this study is to analyse the tender management approach with a view to finding lasting solutions to the problems highlighted.

In achieving this aim the following objectives are adopted:

1 - to look into how tender management and bid evaluation process will assist in successful project execution.

2 - to review the composition and role of members in charge of tender management and bid evaluation.

3 - to evaluate the content and application of laid down regulations of Tenders Boards and to propose any improvement that may be necessary.

1.4 METHODOLOGY

In an attempt to achieve the set objectives in section 1.3 above, this study concentrated on activities covered by the client or his representatives during the tender stage. In doing so the tendering methods are highlighted with particular interest in single stage selective tendering. Bid evaluation which is a vital stage in tender management by construction managers is discussed in detail. Although the study intends to only look at activities by clients at tender periods, bids cannot be discussed fully in isolation from contract forms. Construction contracts are thus discussed sparesely.

However, the study was mainly conducted by examining the existing practices of tender management and bid evaluation methods. Personal interviews were conducted with key members of the Tenders Boards and questionnaires were distributed among medium size contractors registered with the organisations investigated below.

The results of the study are tabulated with explanations provided as to why the responses are in such a manner.

1.5 SCOPE AND LIMITATIONS

The study is not intended to evolve a fresh method of bid evaluation but to modernise the existing method. Issues like project commissioning

and appointment of consultants are not discussed as these are done before the processes of tender management and bid evaluation begin. Furthermore, limited by time factors the study is conducted on two organisations only - Ahmadu Bello University (A.B.U.) Zaria and the Niger State Ministry of Works, Transport and Housing.

1.6 PRESENTATION

This study has been divided into five main chapters. Chapter two is a review of the existing practice of tender management and bid evaluation. The chapter also discusses contract types along with the role of Tenders Board at tender stages in a construction contract.

In chapter three, survey results are presented and analysed. While chapter four is on a proposal of a model which is hoped to aid in selecting an optimum tender.

Chapter five concludes the study and makes recommendations for further research.

Appendices are provided at the end of the text.

CHAPTER TWO

2. A REVIEW OF THE EXISTING PRACTICE

2.1 TYPES OF CONTRACT

There are many types of contracts in use in the construction industry each one deriving its name from the system of payment agreed by both the contractor and the client. However, each type of contract is based on the principle of an offer and an acceptance. Specifically the following contracts are being used in Nigeria.

1 - Entire contracts

2 - Cost plus contracts

3 - Target cost contracts

4 - Continuity contracts.

The various construction contracts are now examined with their merits and demerits.

2.1.1 ENTIRE CONTRACTS:

Entire contracts are sometimes called lumpsum or fixed price contracts. As the name implies, they are contracts where-by the contractor submits along with his tender an 'envelope cost' of executing the jobs. This 'envelope cost' may be fixed or fluctuating depending upon the terms or conditions of the contract.

The lump sum is arrived at by allocating unit costs to the prepared items in the format of a bill of quantities. Where this format is adopted, as observed by Seeley (1984), not only are contractors' estimating risks and tendering costs reduced but also fair competition among tenderers is ensured. Furthermore, cost feed back is improved as well as a basis for valuing variations. Other documents that can be used for computing a lump sum to a contract are fully discussed in section 2.3 of this study.

The process of computing 'envelope costs' for contracts is time taking as such entire contracts are known to be time consuming most especially at the precontract stages because detailed arrangements are required for a reliable lump sum to be calculated. The more time it takes to get a contract arranged the more its eventual cost.

2.1.2 COST PLUS CONTRACTS:

Cost plus contracts are regarded as cost reimbursement contracts whereby clients pay contractors for the materials bought for the job differently from their overheads and profit. These types of contracts are used mostly in instances where the nature of the work though known but the extent cannot be accurately determined. In such a case the contractor's payment is calculated after he had completed the works. The completed works are

measured so as to have quantities that will justify whatever payment that is made under the contract. The computation of the payment meant for overheads and profits is carried out separately from the cost of materials and is done in three ways viz:-

1 - Percentage of Prime Cost: Under this system a client pays the contractor an agreed percentage on the total cost incured in executing the job to compensate for overheau charges and profit. For example if to construct a two-bedroom flat costs the contractor ₦78,000.00 and an agreed percentage payment is 5%. It means that the total money to be paid by the client will be ₦81,900.00. Calculations are shown below.

(a)	Prime Cost		₦78,000.00
(b)	Add Overheads 5% of 78,000.00	=	3,900.00
	TOTAL PAYMENT	=	₦81,900.00

What would have been the advantage claimed by this method is overshadowed by the lapse in economy of use of materials. This is so because it follows that the higher the cost of materials the higher the amount payable for overheads and profit. In this wise, as an improvement of cost plus contracts to protect the clients' interests, a cost plus fixed fee contract has been developed.

2 - Cost Plus Fixed Fee: In computing what is due to the contractor by the client under this method, a previously agreed fixed lump sum is added to the actual cost of executing the works. This agreed lump sum does not fluctuate with the final cost of the project. For example, if the initial estimate for the construction of a lecture hall is ₦150,000.00 and the agreed management cost is ₦15,000.00. More money will not be paid to the contractor when on completion it is found that the prime cost is ₦180,000.00.

This form of cost plus contract is to the great advantage of the client because of the fixed management cost. However, for the difficulty in ascertaining the reasonable accuracy of the likely amount of prime cost at the tender stage, by clients, cost plus percentage is preferred. Going by this however, computation of the management fee is still unbalanced as a result a cost plus fluctuating fee contract was thought of which takes the interest of both parties into consideration.

3 - Cost Plus Fluctuating Fee: Cost plus fluctuating fee contracts were developed to motivate the contractor carry out works cheaply and at the same time get fair payment from the client. The management fee is calculated in an inverse proportion to the

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contract sum. It then follows that the lower the cost of materials, incured by the contractor the higher the value of the management cost he gets. For example, it could be agreed that in a ₦30,000.00 worth of contract, the contractor would be paid ₦5,000.00 as a management fee. In case he executes the contemplated job at ₦40,000.00 his management fee appreciates to ₦5,100.00. In substance his management fee has increased but in relation to the money spent the percentage is lower than in the case of ₦5,000.00.

2.1.3 TARGET COST CONTRACTS:

The modus of operandi of target cost contracts is very much similar to the cost plus fluctuating fee contract. The differences coming firstly from the estimated goal set for the contractor and secondly this target cost is set through negotiations with the contractor or better still by competition among contractors. Payment to the contractor under this method is determined by the difference between the targeted price and the actual prime cost. Any other savings or extras to the set target is then shared in agreed proportions between the parties.

The Aqua Group (1982) has observed that target cost contracts are expensive to manage, require accurate measurement and careful costing by the client. Apart from these short-comings, target cost contracts have similar advantages as creditted to cost plus contracts.

2.1.4 CONTINUITY CONTRACTS:

Continuity contracts rely on the principle of an award of a series of construction contracts to one contractor as a unit contract. For example, if the government plans to build Federal Government Colleges over the nation but does not have enough funds to get the job executed at once, the contract could be awarded to the same contractor in series. This is done with an aim that after one college might have been built, money would be made available for the commencement of another. They are therefore contracts that some continuity exist in them. Attempts have been made by scholars to identify three types of continuity contracts and they are:-

1 - Serial contracts: this is a situation where projects are arranged to kick-off one after the other.

2 - Continuation Contracts: this is where projects not conceived at the inception of the contract are added unto the works for the contractors' execution. This form of contract should not be

misunderstood for normal variations that exist in building contracts. In a normal building contract, variations are not supposed to be more than 20% of the total works. Where a substantial variation exist, it could be said to be some form of continuation contract.

3 - Term Contracts: these are not based on any bills of quantities but on schedules of rates extending over a period of time. The former two methods of continuity contracts have their cost calculations based upon bills of quantities from which the cost of other unit projects are computed.

Continuity contracts have the advantage of achieving projects at lower costs, better value for money and improved relationship between the contractor and the employer. The demerit of a continuity contract is the time taken to screen contractors. Interviews are suggested to be conducted with possible tenderers by Aqua Group (1982).

2.2 TENDERING PROCEDURE:

Having chosen a particular type of contract that is to be embarked upon, the various methods of tendering are examined with a view of finding the most appropriate to the contract conceived.

It is noteworthy that tendering procedures involve the process of selecting a contractor from a group of tenderers. By so doing, consideration is given to the clients objectives. For example, the time in which works are supposed to begin on the site and the time that the cost of the works is to be agreed upon, whether before the execution of the jobs or at the end. It is maintained that there are only two ways in which a client can enter into contract. Firstly, by getting competitive bids and secondly by negotiation.

Competitive tendering - is used mostly in entering into construction contracts because they satisfy the client that he has got the best offer available. In letting out bids in competition a decision has to be made as to whether tenders should be opened to anyone inclined to put in or whether they should be invited from a list of selected firms.

2.2.1 OPEN TENDERING:

This type of tender involves an advertisement in the national dailies or on notice boards of the authorities concerned; requiring interested tenderers to bid for a particular job. This method is mostly used by Federal, State and Local Government Authorities and other public bodies who are publicly accountable for their actions both as regards

demonstrating that they have obtained the best value for money and avoiding any suspicion of favouritism. Since every tenderer is qualified to tender under this method, the problem remains with the checking of the documents. This takes time for the issuing authorities to accomplish. Also, cost of unsuccessful tendering is increased as the number of tenderers increases.

2.2.2 SINGLE STAGE SELECTIVE TENDERING:

Among competitive tendering, the single stage selective tendering is most popular among clients for the satisfaction they get of having obtained the best offer for the works. This is not only the case but also because there is enough literature on how to administer selective tenders. The Code of Procedure for Single Stage Selective Tendering (1977) provides guide lines in this respect. With a decision made that contractor selection is to be based upon competitive tenders, a short list of suitable tenderers is drawn up either from the employer's approved list of contractors or from an ad hoc list of contractors of established skill, integrity, responsibility and proven competence for work of the character and size contemplated.

The number of tenderers to be invited depends upon the size of the contract. The Code of Procedure (1977) recommends the following numbers for different sizes of contract.

bill of quantities have been prepared. These documents enable selected contractors tender on the same basis of information. It is, however, important that the firms selected are of similar size and standard. This is to ensure fair competition among tendering contractors. Better still, tenders based on the same documents ensure easier comparability. The documents issued for this purpose are discussed below.

2.2.3 TWO STAGE TENDERING:

There are instances where the contribution of the contractor is highly required at the design stage. For example, mechanical sub-contractor's recommendations on the floor area to be used by specific plants, advice by an electrical sub-contractor on the cable size and so on. In this type of situation a contractor is selected firstly in competition in the system offered and thereafter price negotiations continue as the works progress. Other things considered at this stage are indicated in appendix 1A.

2.2.4 NEGOTIATED TENDERING:

In this type of tendering only one contractor is approached and the price of the works are negotiated with him. The choice of contractor is based upon his reputation, financial stability,

management potential, co-operativeness, price levels, availability, suitability of system offered and resources.

Negotiated tenders are mostly used in situations where the extent of the works is not yet known and early start on the site is required by the client. In negotiated tendering clients are prone to the risk of not obtaining the most economic price for the works.

2.3 TENDER DOCUMENTS:

Rooney (1985) in his paper "A Change for the Better" clearly pointed out that "the nature of tender documents must be suited to the particular need, the money spent in their production must be geared to the minimum necessary to serve the particular purpose and the speed of production must be appropriate for each case in point". A similar view had been shared by Ekwueme (1979) in his paper "Construction Contract Forms Need Revision". This suggests that tender documents have to be carefully selected so as to conform with the contract in view. A tender is therefore based on the conditions of contract under which the work will be performed.

At this juncture note should be taken of the great difference that exist between tender and contract documents. A tender in itself is an offer and if accepted transforms into a contract. On the same premise, documents used for tender become contract documents only after the signing of the contract. Collier (1979) is of the view that "at any time prior to this acceptance the documents cannot be properly called contract documents because there is no contract". This is because tender documents are only used in obtaining tenders which may or may not lead to a contract. A client is not bound to accept any of the tenders he receives thus they cannot properly be referred to as contract documents.

Simon (1979) is of a contrary view to that of Collier's. Simon argued that unit prices contained in tender documents constitute a means of valuing the contract thus they could be regarded as contract documents. This appears to be a sound argument since tenderers make their estimates and their tenders on tender documents on a proper assumption that if they are awarded the contract it will be used with those documents as the contract documents.

Despite this similarity, they vary greately in their duties. While specifications concentrate upon the standard of quality of the work expected the trade preambles describe the procedure of carrying out such trades. It is obvious that both documents are prepared by the architect who is aware of the client's brief and is out to meet it.

Collier (1979) has observed that for specifications to be what they are meant to be, they must be fair, realistic, up-to-date, consistent, brief, clear and precise. Similarly the Aqua Group (1981) shared the same view by stating that architects must be able to convey their intention in a clear, logical and unambiguous manner.

2.3.4 BILL OF QUANTITIES:

This document contains standard descriptions of works along with quantities. Where bill of quantities are supplied separate specification notes are of less importance because specifications are incorporated in an ideal bill of quantities as preambles.

Although two copies of the bill of quantities are sent to tenderers, only a completed copy is returned to the client for necessary action. The other copy is used by the contractor for obtaining quotations from subcontractors and suppliers.

2.3.5 CONDITIONS OF CONTRACT:

The conditions of contract serve as a means of control to all parties to the contract. In general terms it could be said that they serve as a base upon which the whole contract is formed. The conditions specify the mode of payment and recommends penalties in cases of default.

It takes more than conditions alone to form a contract since personalities are involved. Collier (1979) in his work on 'Construction Contract' argues that "no matter how well written the conditions may be they cannot be an adequate substitute for the personal qualities required for the proper contract administration". A good contract begins and ends with people of mutual understanding and respect and integrity.

2.3.6 SCHEDULE OF BASIC ITEMS:

This is a list of important items whose prices if changed due to market situations affect the contract price appreciably. The items so listed have current market prices entered against them at the time of tender.

This schedule helps greately in the determination of the contractor's claim against inflation and also for the calculation of variations and valuing the work in progress (say materials on site). In a case of measure and value contract, the schedule is used for determining the contract sum.

2.3.7 FORM OF TENDER AND AGREEMENT:

These are similar documents that do not stand in for the other. The tenderer submits his bid in a 'Form of Tender' and the 'Agreement' form is rather a lengthy document which is often countersigned by a witness giving the sum the contractor would like to claim when awarded the contract. Examples of these documents are shown in appendices 5 and 6 respectively.

The foregoing documents are either prepared by clients or persons or boards delegated with such powers. One of such boards is the Tenders Board.

2.4 TENDERS BOARDS AND THEIR RESPONSIBILITIES:

A Tenders Board is a body set up by organisations that are mostly publicly accountable; to monitor construction contracts. They for this reason represent the client should in case the organisation embarks on a contract. In the case of privately owned organisations, not large enough, the position of the Tenders Board is taken by the design team. Membership to the Tenders Board is as indicated below.

2.4.1 COMPOSITION OF TENDERS BOARDS:

Tenders Boards in large organisations constitute top level managers who are financially accountable in their units. In the case of government parastatals like in the states, members of Tenders Boards include the Governor, the Head of Service, the Attorney General of the state, the Commissioners for Finance and Works, Housing and Transport and others of equivalent calibre numbering to about 10. . While in some organisations some board members belong to the tenders boards, in others like the state and Federal Governments the situation is different because such organisations do not have board of directors. Rarely in any organisation apart from academic institutions that a professional in the building industry is made a member of the Tenders Board. This deficiency not withstanding, the Tenders Board is responsible for the performance of the following functions at pre-contract stages.

2.4.2 THE PREPARATION OF TENDER DOCUMENTS:

The preparation of tender documents is organised by the tenders board. The board selects the clauses that will be relevant from the standard conditions of contract published by National Joint Consultive Committee (NJCC) in Britain. It is unfortunate that the construction industry in Nigeria has no conditions

of contract drafted to suite our locality thus the use of British standard. The contract duration is also decided by the board. All these conditions and decisions, the secretary of the board makes sure that they get to tenderers before they submit their bids.

2.4.3 THE REGISTRATION OF CONTRACTORS:

The registration of contractors with organisations where tenders boards exist is done by the board. For this exercise, intending contractors are required to fill forms indicated in appendix 1B. Where tenders boards exist, intending contractors get their application forms considered for registration on payment of amounts usually so small as to be devisory and of no practical use. See Table 3.1. For a contractor to maintain his registration some organisations require annual renewals.

2.4.4 THE SELECTION OF CONTRACTORS:

The selection of contractors to be invited for selective and or negotiated tendering is done by the tenders board. The board keeps watch of contractors' performances so as to always maintain a record showing their level of performance. This record is renewed quarterly or twice in a year.

2.4.5 ACCEPTANCE OR REJECTION OF BIDS:

When tenders are returned by tenderers, they are forwarded to the Secretary of the tenders board. Their acceptance or rejection is done by the tenders board. Valid bids are those that are submitted on or before the final submission date and time. A bid is termed valid if it does not contain counter offers or clauses that render it ambiguous. Tenders received after the opening time are regarded as late and are returned to their owners 'unopened'. There are, however, a few circumstances that late bids have been considered and even awarded. Simon (1979) reported a decided case where the plaintiff whose tender was the lowest, until another competitor came in four minutes later than the opening time with a bid at hand, lost the contract because the late bid happened to have been lower than his.

In a similar court case reported by Simon (1979) a tender submitted two minutes later than the opening time was considered and termed the best by the agency. A sue against the agency to recind its decision was quashed by the court on the ground that the agency was looking for the lowest reasonable offer. The issue of acceptance or rejection of late bids largely depends upon the immediate goals of the tenders board.

2.4.6 EVALUATION OF BIDS: When bids are received and termed valid, the board goes ahead to evaluate them. Where the tenders board is not technically competent to do this, they employ the services of any professional. The board is however not bound to accept his recommendations and even when allowed to attend their meetings he is given no voting right.

2.4.7 THE AWARD OF CONTRACTS:

The award of contracts is also in the jurisdiction of the tenders board. When bids have been evaluated the board decides either based on the report by the professional, as aforesaid, or otherwise on the contractor with the best tender. Successful contractors are notified in a format shown in appendix 8. Contract documents are then signed with the successful contractor and the others informed in writing. What happens after the signing of the contract is beyond the scope of this text.

2.4.8 GRADING OF CONTRACTORS: The upgrading or otherwise of construction firms is yet another function performed by the tenders board. Firms prosper or liquidate as years roll-by. Tenders boards are then faced with the task of either upgrading, retaining or down grading firms from their original categories of registration. In organisations where there is need for this, a

special form is completed as shown in appendix 9, at specified times.

2.5 BID EVALUATION:

Among the duties performed by the tenders board the most crucial is bid evaluation. Evaluation of bids entails the process of checking the genuity of contractors' offers. The check is necessary so as to arrive at an optimum tender at the end of the exercise. To be able to pick an optimum tender out of many, each tender is scrutinised not only to ensure that its content is satisfactory but also to ensure that the tenderer is technically and financially capable. Other reasons for examining bids are to ensure that:

1 - they comply with requirements.

2 - they contain no mistakes.

3 - qualifications and alternatives are considered and

4 - there are no loose ends.

The process of bid evaluation begins right at the moment that bids are opened. Bids are not opened before the stipulated opening time. Most tenders are delivered and deposited in a box marked with the name of the tender (name of the project).

The box is brought out for opening either in the presence of tenderers or only members of the tenders board. There are two school of thought on whether or not to allow representation at the opening sessions.

Representation at opening sessions is supported for works where public accountability is required and where there is the need to prove that particular firms are not favoured in the award of contracts. Hughes (1981) is of a contrary opinion that "the total of an unchecked bill of quantities is likely to be all that is available to indicate the lowest tender and this may prove wrong in the event that errors of rate or extension are found". Another reason why representation at opening sessions is discouraged is that an unscrupulous bidder on knowing the tender levels can turn this knowledge to his advantage. By suspecting that "mistakes" have been made in a tender gives him the opportunity to seek 'correction' and in the light of that knowledge or at least that of pointing out by the employer of a mistake would provide such an avenue for malpractice.

When it has been decided on whether or not representation will be permitted at the opening of tenders, the first thing after opening is to

tabulate tenders starting with the lowest. Tender figures are listed along with contract durations that is in a case where they are not stipulated in the documents. The tabulated list of tenderers and their figures are photocopied and sent to members of the tenders board. Since in most of the time members of the tenders board lack qualified persons that will check the tender, arrangements are made to get the tender documents analysed by a professional Quantity Surveyor. To minimise the time spent at this stage, the Code of Procedure (1977) recommends that only the lowest tenderer be asked to submit his priced bill of quantities where it does not form part of the already submitted tender. It further recommends that all but the three lowest tenderers be informed immediately that their tenders have been unsuccessful. This is done so as to avoid loss of time in the event of the lowest tenderer with-drawing his offer. The second and third lowest tenderers should therefore be informed that although their tenders were not the most favourable received, they will be approached again if it is decided to give further consideration to their offers.

It has been recommended by the Aqua Group (1989) that on receipt of tenders the professional should do the followings:-

1 - check the arithmetic and ensure that any amendments notified during tendering have been made.

2 - inspect prices in the bill and advice whether they are fair and reasonable noting any abnormal prices.

3 - check that the tenderers basic prices are reasonable.

4 - make any analysis of the tender considered necessary.

5 - compare with cost target and opinion on tender.

6 - recommend for acceptance or otherwise.

More often than not mistakes are made in a priced bill of quantities which warrant correction. The methods of adjusting errors in bids are treated below.

2.5.1 BID ADJUSTMENT:

It is desirable that before a report is presented to the decision makers, all sorts of errors be concluded between the contractor and the checking official. The official is able to identify errors occuring in tenders, in a variety of ways.

ARIA, NIGERIA.

In some cases billed items may unintentionally have been left unpriced, there may be errors in item squaring (multiplication of quantities by unit rates), page totals transfers to collections or even in the general summary or in the transfer from there to the form of tender. At some other times superficial rates may be inserted for a linear item or the inclusion of different rates for identical items in separate work sections. Even decimal points can be misplaced with serious consequences where large quantities are involved.

Other areas looked into by the Quantity Surveyor are;

1 - the way in which preliminaries have been priced to see whether difficulties would arise should adjustment of preliminaries become necessary.

2 - the pricing style of works especially those under the substructure to ensure that they are not over loaded. As there is no rigid rule as to how the contractor is to price his bill this latter problem requires negotiation with the contractor for a redistribution of such rates.

A list of basic materials requested for use in connection with any daywork or for the evaluation of price fluctuations, if priced by the contractor,

are checked to ensure that they bear current market prices.

Any of the above mentioned errors once encountered should be adjusted accordingly in the interest of the parties to the contract. The Code of Procedure (1977) gives two alternatives on how to carry our the adjustments.

(1) "The tenderer should be given details of the errors and afforded an opportunity to confirm or withdraw his offer. If the tenderer withdraws, the priced bill of the second lowest tenderers should be examined and, if necessary, this tenderer will be given a similar opportunity.

If it so happens that the bidder confirms his offer, an endorsement should be added to the priced bill indicating that all rates or prices (excluding prime cost sums, provisional sums, contingencies and preliminary items) inserted by the tenderer are to be considered as reduced or increased in the same proportion as the corrected total of priced items exceeds or falls short of such items".

(2) "The tenderer should be given an opportunity of confirming his offer or of amending it to correct genuine errors. Should he elect to amend his offer and the revised tender is no longer the lowest, the next lowest offer is examined.

If the tenderer choses not to amend his offer, an endorsement is required just as described in alternative (1). If the tenderer goes ahead to adjust his bid and possibly certain the allowed access to his original tender to insert the correct details and to initial them to be required to confirm all the alterations in a letter. If in the latter case his revised tender is eventually accepted, the letter should be used conjoined with the acceptance and

> the amended tender figure and the rates in it substituted for those in the original tenders".

Althouth claims like 'I made a mistake' do not further their course, the Code of Procedure (1977) allows bidders the opportunity to withdraw their tenders before any awards are made. This stand has been maintained since the decided case reported by Simon (1979) where the court on becoming evidently clear that the tenderer made a serious error in his estimate resulting in a tender much lower than others was allowed to withdraw his bid before an award was made. Prior to this, the issue of withdrawal of tenders after the stipulated receipt date and time has generated a lost of controversy. For example, the American Institute of Architects Document (AIA), (1974) recommended that 'a bid may not be modified, withdrawn or cancelled by the bidder during the stipulated time period following the time and date designated for the receipt of bids, and bidder so agrees in submitting his bid'. However, an earlier AIA (1969) Document held a contrary view that "the low bidder should be permitted to withdraw his bid after the bids have been opened, if he can support his claim to have an error".

Thereafter, bidders are advised to critically examine the award of any contract immediately and give the notice of the mistake then seek equitable relief

with the owner or the court if so mandated.

In situations where all the tender figures are much higher than the estimate, the lowest tenderer is invited by the tenders board for negotiations, especially if the contract must be executed.

2.6 NEGOTIATION ON CONTRACT SUM:

Two reasons are known to give rise to negotiations on contract sum. The first is when the received tenders are all higher than the initial estimates. The second reason is when the type of contract entered into is such that calls for negotiations. In the latter case, say for example in contracts that are let through negotiations - cost plus contracts - it is known at the onset that contract sums are going to be negotiated upon whereas in the former case, the turnout of tender figures may be a shock to the tenders board. High bids may be as a result of initial errors in the tender documents on the part of the client's professional adviser as a result of a misconception of what is required by the documents.

Negotiations arising from contracts designed to be let through negotiations centre mainly on the modalities to be used in computing the eventual cost of the project. Rates obtainable from bills of quantities on similar projects, won in recent competition sometimes serve as a basis. Where these are not available, ad hoc schedules of rates are prepared and in the absence of this an agreed percentage of the prime cost for overheads and profit is set out.

When negotiations emanate because of receipt of high tenders negotiations continue on either discount basis or on the basis of the price build-up. The discount could be in the form of a percentage of the total sum less prime cost and provisional sums or contingency sums or a lump sum deduction from the contract sum. Negotiations on price build-up are geared towards looking into the skeleton of unit prices of items. The 'skeleton' reveals possible areas, labour costs, material cost, and overheads and profit, where deductions can be made towards achieving a fair price.

Failure to arrive at a bargain with any particular contractor, contract specifications could be changed and/or a fresh tender called.

CHAPTER THREE

3. A CASE STUDY OF SELECTED ORGANISATIONS:

This chapter has been written from the results of personal interviews and interactions with a number of people, prominent among them are the Commissioner for Works, Housing and Transport of Niger State, The Secretary of Niger State Tenders Board, the Commissioner of Health, the Head of Engineering Services, the Chief Quantity Surveyor of Ministry of Works, Minna and the Director of Physical Planning, Ahmadu Bello University (A.B.U.) Zaria. For ease of analysis the report of the case studies of Niger State (NGs) and A.B.U. are presented separately. However, the findings are jointly discussed.

The chapter also includes reports from completed questionnaires by 150 medium size contractors. These reports are the opinions of contractors on how the organisations manage and evaluate tenders.

3.1 THE NIGER STATE MINISTRY OF WORKS, HOUSING AND TRANSPORT:

3.1.1 PREAMBLE: The Ministry of Works, Housing and Transport is the Ministry in the state charged with the sole responsibility of seeing to the execution of Building and Civil Engineering Works. On this

strength, professionals in various disciplines within the construction industry are employed in this ministry by the government. Inspite of the calibre of people that the state is supposed to employ into this ministry, it still has an independent Tenders Board. Funny enough the commissioner for works is the only member of the board that is from the ministry of works. This is rather not a surprise since the commissioner is the administrative head of his ministry. Others like the Head of Engineering services and the Chief Quantity Surveyor are in attendance.

The qualification of one becoming a commissioner is more political than professional. It is therefore common to observe that most commissioners are not heading ministries relevant to their professional qualification. Bearing in mind that other members of the Tenders Board are from various arms of government (the legislature, administration, the judiciary and so on), members of the board are mostly found to be lacking experience in matters relating to the construction industry. The present composition of Tenders Board in Niger State is made up of the governor who is a military man; the commissioners of health - a medical doctor, works - a pharmacologist, justice - a lawyer; the permanent secretaries of the ministry of education ..

- an educationist, local government - a specialist in local government administration, agriculture - an agriculturist, commerce and industry - an administrator and finance - an administrator and the secretary to the military government - an electrical engineer.

In attendance are the chief architect, the chief quantity surveyor, head of engineering services and the officials of the ministry whose project is under consideration and in rare occasions the contractor. The members in attendance aid the board in its decision making.

Four of the members interviewed, when asked about the composition of the board, maintained that the composition of the tenders board of this kind is competent in managing tenders. There main reason was that the tender report is prepared by the experts (engineers and architects) from the ministry who are always in attendance to defend the report. When further asked whether such members should be made full members of the tenders board they maintained that it will be improper since they prepare the report and should therefore not be part of the body to decide on it. The author however feels that the composition of the members of the tenders board is not adequate. This is evident from the type of contractors that gain registration with the organisations.

Contractors who do not fail to perform outrightly are not brought to book which means that so long as they perform, not withstanding the standard of finish, they are maintained on the list of contractors. Furthermore, the success of bid evaluation is solely dependent on the accuracy of tender report submitted by coopted members charged with such task.

3.1.2 THE REPORT:

The report of the study conducted on Niger State Tenders Board in relation to tender management and bids evaluation could better be presented under the following sub-titles.

1. Types of Contracts: In section 2.1 of this study it was revealed that there exist mainly 4 different types of construction contracts in use today. Viz: Entire contract, Cost plus Contracts, Target Cost Contracts and Continuity Contracts. The NGs Ministry of Works fails to clearly distinguish the forms of contract that it normally adopts. It can therefore be assumed that any of the types of contracts could be embarked upon by the state.

In place of distinguishing between types of contracts, the state categorised its contracts into 3, viz: Minor Works, Supply of Manufactured Goods and Materials, and Building and Civil Engineering works.

The registration of contractors is in accordance with these categories. Among the 3 major categories are sub-divisions according to the sizes of contracts as shown in table 3.1 below. The sub-divisions afford the contractors the convenience of handling projects not in excess of their financial security.

The degree of bid evaluation differ from one contract type to the other. For instance in the case of a negotiated tender only schedule of rates and the nominated bill have to be evaluated for possible errors. While in the case of selective or open tendering a more rigorous evaluation process is required as the bills are freshly priced and may contain concealed errors. In the case of a two stage tender the evaluation of tenders is accomplished in two stages also.

TABLE 3.1: CATEGORIES OF REGISTRATION OF CONTRACTORS IN NIGER STATE

CATEGORIES			N	REGISTRATION FEES (₦)
CLASS I	A up to		5,000	15
	B 5001	-	15,000	25
CLASS II	A 15,000	-	50,000	50
	B 50,001	-	and over	80
CLASS III	A 15,001	-	100,000	50
	B100,001	-	300,000	100
	C300,001	-	500,000	150
	D500,001	-	and over	200

The procedure of registering contractors in any of the categories requires the intending tenderer to purchase an application form and pay a non refundable fee as may be applicable. The completed forms with attached receipts of the payments are then forwarded to the tenders board for consideration. Those who are successful get their names registered as contractors with the state.

2. Tendering Procedure: Niger State operates only 3 tendering methods as against 4 discussed in section 2.2 of this study. These are:-

(a) Open Tendering: the documents upon which the state operates open tendering are as required in practice. There is however, a remarkable difference in the mode of placing advertisements for tenders. While it is maintained that open tenders be advertised through the technical press and national dailies, contracts below ₦200,000.00 are not advertised by the state in the dailies. Contracts of such magnitudes are only advertised on notice boards in the Ministry of Works and Housing and in the local government secretariats.

(b) Selective Tendering: The system of obtaining selective tenders is similarly operated by the state as required by the standard practice. Contractors are selected from a registered list of contractors. However, there exist a difference from standard practice in that the register does not grade contractors according to their level of performance. It is possible that contractors are not graded due to lack of awareness on part of the tenders board or for political reasons. However, the state has used this method to achieve early completion of contracts.

(c) Two Stage Tendering: Great variations from the normal practice were observed in the way the state operates this method of tender. In practice it is required that contractors be selected from a list of tenderers and then asked to tender. After tendering a single contractor is selected and contract details negotiated with him. In the case of NGs the implementation of a two-stage tendering is similar to the single stage selective tendering where

tenderers are selected from a list maintained by either the client or his representative and asked to tender. This concept of selecting tenderers from a list of contractors is misunderstood by the state to represent a stage in tendering. For further details see section 2.2.2. This then suggests that the selective tendering practiced by the state is not purely in conformity with standard practice. Registered contractors may just be asked to tender so long as their names appear on the register, the tendering method is regarded as selective tendering.

3. Tender Documents: The documents used for tendering as provided by the state are in conformity with the standard practice. Among the documents are 2 copies of the bill of quantities, project drawings, specifications, conditions of contract, articles of agreement and the form of tender. Not only are the documents similar but also the information on the tenders is similar. The information gives the time and date of submission of tenders. The information also cover any special details about the project.

4. Bid Evaluation: As soon as bids are opened, the task of checking for errors in the submitted document is not done by the tenders board. That power is delegated to the quantity surveyors in the Ministry of Works. They also prepare the report which forms the basis of consideration by the tenders board. A typical example of the report is reproduced in Appendix 10.

During the evaluation of bids, arithmetical errors are often discovered. It is pathetic to have discovered in the course of this study that non of the alternatives recommended for adjusting bids by the code of procedure (1977) is adopted by the state. Errors in additions, extensions of page totals and so on are corrected without any consultation with the contractor or his representative. This is a substantial deviation from the normal.

Instances of where tenderers have been asked to slash their quotations in negotiation was not seen. When the commissioner was asked on how he would prefer negotiations to proceed should the need arises, he maintained that it would be preferred if the contractor agrees to carry out jobs at the value of the initial estimates.

3.2 THE ESTATE DEPARTMENT OF AHMADU BELLO UNIVERSITY, ZARIA:

3.2.1 PREAMBLE: The estate department of Ahmadu Bello University, Zaria, has a director of works who is duty bound to be a recognised professional in the construction industry as its administrative head. The director of works, a civil engineer, is also a member of the university's tenders board. The regulations of the university's tenders board specifies that the director of works be in attendance whenever there is a tenders board meeting. The estate department of the university is responsible for carrying out maintenance works on university facilities and also in executing minor works. The estate department is therefore not directly responsible for the execution of projects like building of new departmental complexes. Instead, the staff of the department represent the university at such sites.

The award of major contracts in the university is done by the university's tenders board which is chaired by the chairman of the university council. The National Universities Commission (NUC) recommends that the composition of tenders board membership shall be made up of the chairman of the university council, the vice chancellor, the deputy vice chancellors, four members of the council two of which must be members of the university senate and the executive

secretary of NUC. The total recommended number of tenders board members by NUC is eight. In A.B.U. the tenders board is made up of seven members against the recommended eight by NUC. The current composition is made up of the chairman of council - a medical doctor, the vice chancellor - a veterinary doctor, and the representatives of the council made up of a public administrator, a medical doctor, a historian, an educationist and a business man. In this composition the NUC is not represented.

As evident from the composition of the board above, there is no single member from the construction industry whereas it is construction contracts that are more awarded in the organisation. As such a tenders board of this composition over relys on the recommendations put forward by the sub-committee. While the NUC guidelines say that such a sub-committee shall be composed of the registrar, the bursar, the director of physical planning and the director of works, the composition of the A.B.U. tenders management committee is as given below. The vice chancellor, the deputy vice chancellor, the registrar, the bursar, the director of works, the directors of institute of education, administration and health and the representatives of the council and senate.

Although the task of the sub-committee atimes include the award of contracts, they are to ensure that submissions to the tenders board are in accordance with the prescribed regulations. Such submissions are however prepared by consultants who are only in attendance at the meeting of the tenders board. It implies then that any prejudice nursed by the consultants can possibly go through undetected by the tenders board if, as it is in most cases, non of the members is a professional in the construction industry.

It was therefore not a surprise when three of the members in attendance during tenders board meetings suggested that the composition of tenders board should reflect a good percentage of professionals in the construction industry.

3.2.2 THE REPORT: A.B.U. does not clearly identify itself with any of the 4 types of building contracts stated in section 2.1. Instead of doing this, building contracts are classified in categories that will be easy for contractors to execute. This form of classification can be seen in appendix 1C. The process of a contractor getting registered under any of these categories is rather simple. All an intending contractor needs to do is to purchase a registration form after paying some fees in the

cash office. Such completed forms are submitted to the planning unit for the consideration of the tenders board. If in the opinion of the tenders board a particular application is successful, then such applicant gets registered among the list of A.B.U. contractors.

Whenever there is a job at stake, registered contractors are asked to tender. The tendering procedure is discussed hereunder.

3.2.2.1 TENDERING PROCEDURE: The university adopts any of the 4 tendering methods discussed in section 2.2 for a particular project. The procedures followed are similar to the standard practice with differences emanating from the way in which tenderers are selected in a selective tendering. It is common to find that tenders are invited from tenderers regardless of their registration classification. Such tenderers are however supplied with documents as required in a standard practice.

When tenderers return their tenders, they are sent to appointed consultants (Quantity Surveyors) for recommendations. There have been a few instances

where the vice chancellor has had to appoint committees for the same purpose. For example, the Task Force on Maintenance of A.B.U. Buildings is responsible for the preparation of tender documents as well as checking through them to make recommendations on their suitability or otherwise. These committees also go to the extent of negotiating with contractors should the need arises.

3.3 CONTRACTORS VIEWS:

Thus far it could be said that the two organisations investigated operate tenders in accordance with the set down rules. Rather than accept without question, a self administered questionnaire was circulated among the medium size contractors who are registered with A.B.U. and NGs. A sample questionnaire is available in appendix 11. It is believed that responses to the questionnaire will provide a check to what has so far been reported.

The views as expressed by contractors are tabulated below along with possible explanations as to why their results are such.

TABLE 3.2 POPULARITY OF TENDERING METHODS AMONG TENDERERS

	TYPES OF TENDERING METHODS				
	Open Tendering	Single stage Selective Tendering	Two-stage Tendering	Negotiated Tendering	Others
Popularity in %	100	90	20	70	20

It could be assumed reasonably that information on rejected tenders is not uniformly provided. The 54% contractors that claim to be regularly informed could be those that are mainly engaged in selective tendering. Those other 40% for occasionally informed and 6% for never informed about rejected tenders could be those contractors that are mainly dependent on open tendering.

TABLE 3.5 REPRESENTATION OF FIRMS AT TENDER OPENING SESSIONS

	REPRESENTATION OF CONTRACTORS		
	Always Represented	Sometimes Represented	Not Represented
Percentages	2	8	90

KASHIM IBRA... LIBRARY, BELLO... ZARIA, NIGERIA.

In the table shown above it is evidently clear that majority of the firms or tenderers are not represented at the place where tenders are opened. 2% only said that they are always represented at the opening of tenders. This might be the percentage of firms that engage in almost large contracts. 8%, however, affirmed that they are only occasionally represented. As large as 90% of the firms are not represented during the opening of tenders. This percentage might be composed of tenderers that do not come or rather that are not aware that firms could be represented at the opening of tenders.

TABLE 3.6 SUGGESTED NUMBER OF TENDERERS IN A COMPETITIVE TENDERING

	MAXIMUM NUMBER OF TENDERS			
	≤ 4	5-7	8-12	13 and above
Percentage of contractors in favour	16	76	6	2

The result in the table above suggests that the question asked was misunderstood. This is because by simple probability, the less the number of tenderers the more the chances of wining for each contractor. Therefore the 10% record in favour of having not more than 4 firms in competition are the only ones who told the truth. However, possible explanations could be advanced on the nature of the table. In practice it is suggested that tenderers be between 5 and 7 for medium size contracts, tenderers might have been used to this size of competitions and have come to think of it as absolute.

Yet another explanation could be the fear that the same tenderers may be invited repeatedly when the number of competitors become so small thereby denying others of the chance to tender.

With a large number of invited contractors the chances of each contractor taking part in the 'game of chance' will be higher in a particular season. This goes further to suggest that the more the number of trials the greater the chances of becoming sucessful someday. Thus the results of table 3.6 could be valid.

TABLE 3.7 PREFERRED AREAS OF NEGOTIATIONS ON CONTRACT SUM:

	ITEMS FOR NEGOTIATION			
	Item by Item	Lump sum	Percentage of Overhead & profit	Contract Duration
Percentages	20	60	20	-

. It is evident from the table shown above that 60% of the contractors favour negotiations on a lump sum basis. This is because of the much time that is saved in carrying out negotiations in this fashion. 20% signified that they prefer negotiations to proceed based on items by item and on percentage of overheads and profit respectively. No contractor was willing to undergo negotiations on contract sum involving contract durations. The reason for this may be the fear that contractors have in either having to extend or reduce the contract period. Extension

of contract durations adds considerably to the cost of time related preliminaries. On the other hand, also, crashing of activities in order to reduce the contract period requires more costs than when they are executed normally.

TABLE 3.8 OPINION ON THE EXISTING METHODS OF TENDERING

	OPTIONS	
	Satisfactory	Not Satisfactory
Percentages	22	78

From the table above, as few as 22% of the contractors that responded to the questionnaire said that they were quite satisfied with the existing methods of tendering. 78% are however, not pleased with the existing tendering methods. As some contractors will have it, the systems of tender are not the problem but the way in which quantities are expressed. Instead of square meters of blockwork they will have preferred the traditional method of having the number of blocks required as well as the sand to account for the mortar in number of lorry tips.

3.4 GENERAL SUMMARY:

Thus far in this chapter it is the findings that have been presented. In this section these findings are examined and possible explanations provided where ever necessary and whenever possible.

Commenting on contract classifications as in section 2.1 of the study, the organisations are silent about it. This makes it difficult for one to guess whether all contract types are used by NGS and A.B.U. In an alternative it was found that the two organisations have contracts categorised in monetary terms so that tenderers can comfortably tender within their capabilities. The author's experience with NGS and A.B.U. is that all the types of contracts are put into use depending on the contract situation.

Whichever type of contract that is to be adopted, separate registration is not required apart from the general registration with the organisation. The issue of registration of contractors is not carried out by the established tenders boards of the organisations. This then is suggestive that much care is not given to contractors submissions which is supposed to check infiltration of the industry by quacks. Reasons could not be advanced as to why such vital obligations are delegated to subordinates. With the registration process over, successful firms are qualified to tender for jobs advertised by the organisations.

It can be said of A.B.U. that response to tender invitation also depends upon the amount of the job. For example, 6 tenderers were invited for furniture supply worth ₦50,000.00 and only 2 tenderers bought the tender. In another case

where a ₦100,000 worth job was at stake, 7 out of the 10 tenderers invited tendered. 2 out of the remaining 3 tenderers came to purchase documents but were turned back because tenders were to be opened later - that afternoon. Response to invitation to tender therefore depends on two factors, the number of competitors and the size of the works tendered. It should be noted that from the description of the works tenderers are able to approximately estimate its value.

Returned tender documents are opened for scrutiny. The organisations investigated do not clearly deny tenderers the opportunity of witnessing opening of tenders. The reason why most of the tenderers are not willing to be present could be because of the tension that surrounds the opening session. Absence of tenderers during opening sessions increases the burden of the tenders board in having to inform them on their tenders.

It is true that for any system to function effectively, there is the need for an adequate information flow. It would have thus been expected that tenderers will be well informed about the condition of their tender after they are opened. Lack of this information flow has caused

tenderers untold hardship by their failure to know details of expected works. To this end, they have often ended up with either failing to tender for jobs while in anticipation of already tendered jobs or have over stretched their resources whenever successful in more than one tender at a time.

If information flow at tender stages is improved, tenderers that claim ingorance of errors in their tenders will be better informed. Also lack of information on errors before they are corrected by consultants have always led to their (consultants) rising prices of contractors 'A' just above the second lowest tenderer 'B' in the guise of correcting them. In situations where it becomes necessary to enter into negotiations, consultants are compelled to inform the tenderer(s) concerned.

Most of the negotiations are based upon lump sum basis which is believed to save a lot of time. For example, in A.B.U. the consultant's estimates for a contract was ₦0.3m. When tenders were opened it was found that the lowest tender was ₦0.41m. Negotiations were carried out and the contract was awarded at ₦0.35m. In a similar situation in A.B.U., a certain tenderer emerged

lowest with a figure of ₦0.25m. Among the competing contractors there was one with much influence on the tenders board but his figure happened to be ₦0.4m. Unbelievably the influencial contractor won the job through negotiations at a sum of ₦0.25m. Negotiations on contract sums have been used to achieve all sorts of aims. With representation at opening session acts of this nature can be averted.

CHAPTER FOUR

4. PROPOSAL FOR EFFECTIVE TENDER MANAGEMENT AND BID EVALUATION:

For effective tender management and bid evaluation the key factors have been highlighted to be adequate representation of professionals on the Tenders Boards; proper scrutiny of intending tenderers and the ability of the board to evaluate tenders using appropriate criteria so as not to be biased. These have therefore been formulated into an effective model for use as hereunder stated.

However, the followings have to be strictly guided against.

(a) The possibility of collusion among tenderers.

(b) The chances of refusing to award contracts to the cheapest reasonable tenderer.

(c) The risk of raising tender levels generally.

4.1 FLAWS IN THE EXISTING PRACTICE OF BID EVALUATION:

In most competitive tenders, the initial estimates prepared by the client's representative are used as a yardstick in evaluating tender figures.

These estimates are prepared based on either the wages and/or rates for materials approved by the government or the ones obtainable in the market. It is common in the country to find wide differences between government approved labour, material and plants rates to those obtainable in the market. For example, the minimum daily pay for a labourer approved by the government is calculated at about ₦5.68 whereas some construction firms engage labourers at only ₦5.00 per day around Zaria.

It is also important to note that the country is divided into labour zones by the National Joint Industrial Council (NJIC). For example, areas around Lagos belong to a different zone from those towns around Kaduna. This is because the cost of labour in Lagos is certainly not the same as that obtainable in Kaduna strictly due to the difference in cost of living in the two towns. For this reason, contractors based in the two zones are bound to have diverging tender figures. Also, a consultant's estimate using either of those rates will be unsuitable for comparison of tenders with the other. Furthermore, a contractor in a zone where labour is cheap on wining a contract in another zone with a higher labour rate may run the

risk of not making any profits at all. In a similar manner a contractor from an expensive labour zone who wins a contract in a less expensive zone makes 'quasi' profits at the end of the project. This may deceive the contractor and could go a long way to affect his cost control measures in future projects.

Another reason for wide variations in prices is because large firms are able to purchase goods directly from the manufacturers whereas the small ones are unable to since most manufacturers stipulate stiff conditions which are only seldomly met. For example the issue of huge deposits before registering as a distributor. Financial constraints on companies also affect staff enrolment. Larger firms are able to employ and pay a professional whereas the smaller ones only seek the services of a professional once there is a job at hand. From the foregoing arguments it can be seen that estimates from these groups of people (large and small construction firms) are found to be poles apart.

The consultants or the clients representative while preparing initial estimates, undertakes a

market survey whose results often reveal prices on manufacturers catalogues and government approved labour rates. Such estimates are therefore skewed towards those tenderers' figures that obtained information from similar sources. But those tenderers that do not have access to such prices are left at disadvantaged positions. Such people are the small construction firms. This is so since it is the initial estimates that are used to compare submitted tenders. In this study it has been found out that contractors registered under different categories are invited to tender competitively. In such situations selecting a contractor based on the client's initial estimates cannot be said to be fair to all that tendered. As a solution to this, the following factors have been proposed for selecting an optimum tender.

4.2 FACTORS FOR EFFECTIVE BID EVALUATION:

The propositions herein recognise the importance of an initial consultant's estimates as this is used in judging reasonableness of tenders. The model proposed can be effectively used in arriving at an optimum tender whenever tenders are invited from contractors with varying categories of registration. Before applying the model the followings are pre-requisites.

(1) The Need To Check For The Contractors Competence:

It is of paramount importance that during contractors' registration their competence be checked. Competence, this time, not only in terms of standard of workmanship provided but also in terms of assets owned. It is not enough to judge competence from completed registration forms. Physical inspection of mechanical plants declared by intending tenderers will help a lot in determining the calibre of contractor and the category under which to register them duly. Statements from bankers on how financially stable such firms are do not give true reflections of financial dealings of the contractors. For instance, if a tenderer owes a bank money and demands for a statement that is likely to let him get money for the repayment of his loan, such a request will not be denied. It is of no wonder then that bankers clearly deny owing any obligations to such statements.

Another thing to consider is the experience of the firm especially if registration is sought for large projects. It is only when the intending tenderers might have met all the requirements that

their registration is approved. In a situation where tenderers are properly screened, tender management becomes easier and bid evaluation processes shortened with one step.

2. Accuracy of Tenders: (see table 4.1)

The model proposes a confirmation of errors discovered in bills of quantities by tenderers as spelt out in section 2.5 of this study. To this regard errors identified during evaluation should be communicated to the contractors before any adjustments are made to the submitted tenders. If such errors are confirmed, they should be presented clearly stating whether they are additions to or subtractions from the submitted tenders and recorded in a column marked corrected tender figures. Where there is keen competition, the tenderer with a lot of errors can be eliminated right away. To further eliminate tenderers and emerge with an optimum tender, each tender figure should be compared with the arithmetic average of tender figures.

4.2.1 THE USE OF TENDER AVERAGE FOR A CONTRACTOR SELECTION: (see table 4.2)

The principle of dispersion analysis is employed in eliminating unsuitable tenders having determined their accuracy. This model therefore

uses the average of the contractors tender figures in recommending the contractor with the best tender in place of the consultants estimates that are widely used in the industry. In the use of dispersion analysis, corrected tender figures are compared with the arithmetical average calculated from all the corrected tender figures. Such deviations are expressed in terms of percentages which can be positive or negative. The negative deviations indicate that the corrected tender sums are below the average calculated. While positive deviations indicate figures higher than the mean. Where there exist two equal percentages one on either side of the mean, that with the negative sign is taken as optimum provided the two figures are the closest to the mean. It is a clear situation where a single value exists nearest to the mean, then that tenderer is recommended for award of the contract.

If, however, the recommended tender figure is considerably higher than the initial estimate and the tenders board wishes to bargain with the tenderer, the results of the key rates analysis as discussed in the next section provide a useful guide.

4.2.2 THE USE OF KEY RATES ANALYSIS: (see table 4.3)

In carrying out this analysis items in the bill of quantities, that affect important elements of a building, are listed. The rates used by tenderers for particular items are aggregated and their arithmetic means calculated. Then the selected tenderer's rates are compared against the averages with remarks against rates that stand out higher than the averages. Should negotiations become inevitable, on contract sum, then the tenderer can easily be asked to cut down prices of such items that stick out higher than the averages. This process is believed to save a lot of the time used for negotiations.

An hypothetical example is provided to illustrate the application of the model.

Example: Six contractors registered in different categories are invited to tender for the extension of the department of surveying, A.B.U. With the following tender details how will an optimum tender be selected.

Step 1:- Test for the accuracy of Tenders.

In table 4.1 below, the adjusted tender figure is coded 'C'.

A TENDER SCHEDULE

TABLE 4.1

TENDERER	CATEGORY OF REGISTRATION	TENDER FIGURE	CONFIRMED ERRORS	ADJUSTED TENDER FIGURES (₦)
1	C_3	1,965,523.75	+ 17,381.30	1,948,142.45
2	C_4	2,291,865.50	- 3,000.00	2,294,865.50
3	C_3	2,085,700.00	+ 26,649.20	2,659,054.80
4	C_4	2,159,775.49	- 2,266.25	2,162,041.74
5	C_4	2,191,900.00	+ 1,208.60	2,190,591.40
6	C_4	2,435,889.10	-	2,435,889.10
				∑13,090,585.00

Step 2:- Test for the Dispersion of Tender Figures from the average.

$$\text{Average tender Figure} = \frac{\text{Total tenderer's sums}}{\text{Total number of Tenderers}}$$

$$= \frac{₦13,090,585.00}{6}$$

$$= ₦2,181,763.50$$

Let 'D' represent the total of provisional and prime costs in the bill of quantities. If from the bills 'D' is found to be ₦830,000. Then the competitive element 'A' which is the difference between 'C' and 'D' is

₦2,181,763.50 - ₦830,000.00
= ₦1,351,763.50 - 'A' for the contractors average.

The value of the competitive element can then be calculated for each tenderer using a formula C - D = B.

TABLE 4.2: CONTRACTORS RATE OF DEVIATION FROM THE AVERAGE

TENDERER	COMPETITIVE ELEMENT C - D = B	PERCENTAGE DEVIATION $\frac{B-A}{A} \times \frac{100}{1}$	REMARKS
1	1,118,142.45	- 17.28%	
2	1,464,865.50	+ 8.37%	
3	1,229,050.80	- 9.01%	
4	1,332,041.74	- 1.46%	
5	1,360,591.40	+ 0.65%	RECOMMENDED
6	1,605,889.10	+ 18.80%	

From the table above, should there be a percentage deviation of zero, it will mean that 'B' = 'A' such that $\frac{B - A}{A} \times \frac{100}{1} = 0$. In that situation the tenderer with zero deviation becomes recommended. If there is no perfect situation, then any closest figure either plus or minus is recommended.

Step 3: Carry out a Key Rates Analysis.

TABLE 4.3 RATES ANALYSIS:

I T E M S	RECOMMENDED TENDERER'S RATES (₦)	CONTRACTORS AVERAGE (₦)	REMARKS
Excavate oversite	1.40/m^2	1.66/m^2	
Excavation 1m^3 n.e.1.50m	5.37/m^3	6.10/m^3	
Ditto 1.5-3.0m	6.44/m^3	6.77/m^3	
Cartaway from site	4.17/m^3	5.04/m^3	
Hardcore	21.84/m^2	10.61/m^2	too high
Conc. blinding	5.12/m^2	6.07/m^2	
Conc. (1:2:4)	119.41/m^3	139.34/m^3	
Reinforcement	1.95/kg	1.53/kg	high
230mm Blockwall filled solid	28.44/m^2	30.33/m^2	
SUPERSTRUCTURE			
Concrete	119.41/m^3	141.51/m^3	
Formwork	16.47/m^2	16.67/m^2	
150mm Block wall	14.54/m^2	18.64/m^2	
230mm Ditto	16.52/m^2	20.86/m^2	
Aluminium Roofing	25.06/m^2	24.42/m^2	high
Built up felt	34.50/m^2	30.63/m^2	high
12mm rendering	4.19/m^2	4.47/m^2	
Coloured wall tiles	30.58/m^2	36.43/m^2	
Celotex	19.97/m^2	22.43/m^2	
Gloss Paint	3.22/m^2	4.06/m^2	

In table 4.3 above, those items remarked high or too high are the items that reveal possible negotiating grounds between the tenderer and the Tenders Board.

CHAPTER FIVE

5. CONCLUSIONS AND RECOMMENDATIONS

5.1 CONCLUSIONS:

On a general note the selection of an optimum tender using the consultant's estimate in situations where tendering contractors are not of the same standard has been considered unfit. The study has also shown that the composition of Tenders Boards fall short of the expected standard. For these shortcomings many malpractices at tender stages of construction contracts have passed with far reaching consequencies.

There are however, five major conclusions drawn in this study which, unless properly addressed, will further lead to the deterioration of the already deplorable situation of tender management and bid evaluation, viz:-

1 - Investigations revealed that members of Tenders Boards are selected without due regards to relevant professional qualification in the field of construction.

Danger exists in such a case, of either over relying on the technical opinion of one person out of many or the possibility of drowning his professional advice during decision taking process.

It is also hard not to imagine that an unscrupulous contractor can always buy his way through by securing the consciance of the dominant person.

2 - Coupled with the fact that the composition of Tenders Boards is questionable, in most cases the personnel to which some of their functions are delegated are just as ill-equiped to appreciate the implications of their decisions with respect to construction matters. For example the registration of contractors is sometimes done with total disregard to the quantity and type of mechanical plants and equipment they possess or claim to own.

3 - The burden of the Tenders Boards have been found to be complicated due to lack of understanding of the tendering methods and descriptions of work items by the tenderers who in most cases are illiterates.

4 - The consultants' estimates have been found to be biased in most cases because of the unbalanced market for materials, plants and labour in different locations and this bias is normally not taken into account during bid evaluation. This situation occurs often in Federal Government projects where tenderers are treated equally not considering their localities. Contractors who have direct allocation of materials from manufacturers are more likely to submit lower tender figures than those contractors who will procure from Builders Merchant. This fact too does not seem to be observed during bid evaluation.

5 - Although majority of the tenderers claimed that they are always informed about their unsuccessful tenders, much still has to be done to improve information flow at tender stages which is always unidirectional that is from tenderers to client and/or their representatives. This has resulted in our local contractors becoming 'tender mania' which has increased their chances of wining contracts but at a high price.

5.2 RECOMMENDATIONS:

Having reviewed the literature and considered the discussions of the results and the conclusions the following recommendations are made for further study.

1 - A good number of professionals in the construction industry should be made members of Tenders Boards. When the number of professionals is high, unscrupulous contractors find it difficult to bribe their way through. This will further restore confidence of the populace on Tenders Boards who have always accused it of sharing contracts on the basis of patronage. Also, the issue of kick backs will be done away with as it will become increasingly difficult for the kickback to get to all the members in appreciable amounts worth the salt.

2 - The university's tenders board should be made to include qualified personnel from the departments of Building, Surveying, Architecture and Civil Engineering.

This will ensure that the tasks of registering tenderers and evaluating bids are undertaken quicker and more efficiently.

3 - Although membership of the Niger State's tenders board is based on loyalty than merit, Niger State should make it a policy to have at least three professionals (an architect, a quantity surveyor and a building engineer) as members of the tenders board. These members should not necessarily come from the ministry of works. If this is done, then there will be a professional body in the tenders board to always check the report of the ministry officials rather than have the ministry officials always convincing the tenders board on their recommendations.

4 - Technical workshops should be organised to brief tenderers on some if not all the terminologies used in tender documents. This will increase their understanding of the works required and also enhance realistic prices allocated to them. Also, to reduce the number of illiterate tenderers in the industry the government should make a law where-by only

polytechnic and university graduates trained in areas related to the construction industry are allowed to set up construction firms. Not only will they understand tender documents better but also appreciate the standard of workmanship required in the descriptions.

5 - The division of the country into labour zones should be kept in mind when initial estimates are prepared. Also invited tenderers should be restricted to regions where such projects are to be executed. Furthermore, the government should give manufacturers the backing they require so that small, medium and large firms can purchase directly from factories without facing undue hardship.

6 - The information channels should be cleared so that more contractors can always have a feed back on the fate of their tenders. In this way the efficiency of tender management will be increased just as the success of any given system is in direct proportion to the amount of information flow among its functional members. Failure to do what can can be done is an anathema.

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NIGER STATE TENDERS BOARD

DETAILS OF PLANT EQUIPMENT AND TRANSPORT FACILITIES OWNED BY THE FIRM

(a) Concrete Mixer .....
(b) Block Making Machine .....
(c) Mixing and Paving.....
(d) Joinery .....
(e) Transport.....
(f) Earth moving Equipment.....
(g) Compection (Steel or type rollers).....
(h) Excavating Equipment.....
(i) Pilling Equipment.....
(j) Concreting.....
(k) Quarrying and Crushing equipments.....
(l) Crain and Scaff holding.....
(m) Spraying Machine.....
(n) Plumbing.....
(o) Tools for Mechanical & Electrical Installations:
.....
(p) Seldering and Welding.....
(q) Materials Testing Equipments.....
(r) Metal Working Equipment.....
(s) Others.....

.....
NAME OF FIRM ON WHOSE BEHALF HE/SHE SIGNED.

WITNESS TO SIGNATURE.....
NAME AND ADDRESS OF THE WITNESS.....
.....
.....

APP. 1B

Receipt No.:.....

AHMADU BELLO UNIVERSITY, ZARIA

FORM I

APPLICATION FOR REGISTRATION AS AHMADU BELLO UNIVERSITY CONTRACTOR

1. Name:.....(2) Sex.....

3. Nationality:.....(4) Age:.....

5. State:.....(6) Address:.....

.....

7. Name and Address of Bankers:.....
(To be stated very clearly) .....

8. I authorise you to ask my Bankers for a Statement about my financial standing: Yes ☐ No ☐

(tick where appropriate).

9. Category of Registration sought:.....
(See explanatory note attached)

In case of Category E, copy of N.E.P.A. Certificate of Registration should be attached.

10. Are you an Individual ☐ a Partnership ☐
or a Company ☐

(Tick appropriate box)

11. If a Company/Partnership, give names of Directors/Partners, Registration Number, and attach Photostat copy of the Certificate of Registration as a Company/Partnership. If an individual then attach two passport size photographs of yourself.

APP. 1B (CONTD)

12. State any experience in the type of work/works for which you are seeking Registration. State also the nature of such work/works, the other contracting party, where and the cost involved:-

.....

.....

.....

.....

.....

.....

.....

.....

.....

13. State the number and grade of professional and technical staff employed by you.

CLASS OF STAFF	GRADE	NUMBER
.....	.....	.....
.....	.....	.....
.....	.....	.....
.....	.....	.....

(in case of doubt evidence may be called for)

14. Are you registered with Federal Government or any State Government or other Organisation?.....

.....(Please specify and attach photostat copy of the registration Certificate).

15. I declare that the above statements are correct and I enclose herewith a Crossed Postal/Money Order No. ..... of the sum of ..... payable to Ahmadu Bello University, Samaru, Zaria as Registration fee on Category:....., realising that this fee is non-refundable. (see schedule of fees overleaf).

Sgd.....
(CONTRACTOR)

Date:.....

NOTE:

For those applying for Registration under electrical contracts, a certified NEPA Registration Certificate is highly essential.

NOTES ON CATEGORIES OF REGISTRATION

OF CONTRACTORS IN A. B. U.

PETTY CONTRACTS:

These are contracts for the supply of (A1)

Uniforms or Tailoring;
Local Building Materials;
Redecoration & Semi
Manufactured goods.

MINOR WORKS CONTRACTS:

These are contracts for: (i) Electrical Installation

(ii) Supply of Manufactured Goods (other than foodstuffs);

(iii) Building, Roads and Drainage not exceeding ₦10,000.00 in volume.

Classification may be either:-

Class B1	₦1.00	-	₦2,000
Class B2	₦2,001	-	₦20,000

depending on experience and financial standing of the prospective contractor as determined by the Board.

MAJOR BUILDING CONTRACTS:

These exceed ₦10,000 and Contractors may be registered in one of the following sub-categories:-

C1	₦10,001	-	₦24,000
C2	₦24,001	-	₦100,000
C3	₦100,001	-	₦999,999
C4	₦1m	and	above.

Depending on experience, capital and other relevant consideration as determined by the Board.

ELECTRICAL CONTRACTS:

Contractors may be registered in one of the following sub-categories:-

E1	₦1	-	₦2,000
E2	₦2,001	-	₦10,000
E3	₦10,001	-	₦24,000
E4	₦24,001	-	₦100,000
E5	₦100,001	-	₦999,999
E6	₦1m	and	above

SCHEDULE OF FEES

Category	A	.. ..	A1 = ₦20.00			
"	B	.. ..	B1 = ₦20.00	B2	=	₦30.00
"	C	.. ..	C1 = ₦50.00	C2	=	₦100.00
"			C3 = ₦250.00	C4	=	₦500.00
"	E	.. ..	E1 = ₦20.00	E4	=	₦30.00
				E3	=	₦50.00
			E4 = ₦100.00	E5	=	₦250.00
				E6	=	₦500.00

APP. 2

Preliminary enquiry for invitation to tender

Dear Sirs,

Heading:

I am/We are authorised to prepare a preliminary list of tenderers for construction of the works described below.

Your attention is drawn to the fact that apart from the alternative clauses to the Standard Form of Building Contract as detailed below under item j, further amendments to the Standard Form of Building Contract as detailed hereinafter will be incorporated in the tender documents.

Will you please indicate whether you wish to be invited to submit a tender for these works on this basis. Your acceptance will imply your agreement to submit a wholly bona fide tender in accordance with the principles laid down in the 'Code of Procedure for Single Stage Selective Tendering 1977' and not to divulge your tender price to any person or body before the time for submission of tenders. Once the contract has been let, I/We undertake to supply all tenderers with a list of the tender prices.

Please state whether you would require any additional unbound copies of the bill(s) in addition to the two copies you would receive; a charge may be made for extra copies.

You are requested to reply by..... Your inability to accept will in no way prejudice your opportunities for tendering for further work under my/our direction; neither will your inclusion in the preliminary list at this stage guarantee that you will subsequently receive a formal invitation to tender for these works.

Yours faithfully.....

APP. 2 (Contd.)

(q) Tender period..... weeks.

(r) Tender to remain open for .... weeks(3)

(s) Liquidated damages (if any), anticipated value £..... per.....

(t) Details of bond requirement if any.

(u) Particular conditions applying to the contract are.....

(1) Delete as appropriate, before issuing.

(2) Complete by inserting Parts A,C,D,&E, or Parts B,C,D,&E or Part F.

(3) This period should be as short as possible

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APP. 3

Formal Invitation to Tender

Dear Sirs,

Heading:

Following your acceptance of the invitation to tender for the above, I/we now have pleasure in enclosing the following:

a) two copies of the bill(s) of quantities;
b) two copies of the general arrangement drawings indicating the general character and shape and disposition of the works;
c) two copies of the form of tender;
d) addressed envelopes for the return of the tender and instructions relating thereto;

Will you please also note:

1) drawings and details may be inspected at....
2) the site may be inspected by arrangement with the employer/architect(1);
3) tendering procedure will be in accordance with the principles of the 'Code of Procedure for Single Stage Selective Tendering 1977';
4) examination and adjustment of price bill(s) (Section 6 of the Code). Alternative 1/Alternative 2(1) will apply.

The completed form of tender is to be sealed in the endorsed envelope provided and delivered or sent by post to reach ..... not later than.....hours on .....the.....day of.....19.....

Will you please acknowledge receipt of this letter and enclosures and confirm that you are able to submit a tender in accordance with these instructions.

Yours faithfully,
Architect/Quantity Surveyor (1)

(1) Delete as appropriate, before issuing.

Based on the documents in the NJCC Code of Procedure for Single Stage Selective Tendering 1977.

INSTRUCTIONS TO PERSONS TENDERING

The following documents are herewith supplied to the Contractor:-

(a) Contract Documents including Bills of Quantities

(b) Form of Tender

2. The Contractor should carefully read these instructions and should base his tender on all the above documents which subsequently form the basis of the Contract Documents mentioned in the Conditions of Contract. Submission of a tender will be deemed sufficient proof that all the documents and these instructions have been read and fully understood and that all the provisions, requirements and reasonable implications thereof have been included in or allowed for in the amount of the tender.

3. Upon receipt of the above documents for Contractor is to check the number of pages and should any be missing or in duplicate of if any writing or figures be indistinct or if any of the wording be ambiguous or the meaning of intention not clear, he is to notify the Quantity Surveyor and have the matter clarified and/or rectified before his tender is submitted. No claims for increases in the Tender figure will be entertained subsequent to its acceptance on the grounds of misinterpretation or misrepresentation.

4. The Contract Drawings can be inspected at the offices of Architects or Quantity Surveyors.

5. The tender is to be made out in INK on the official Form of Tender provided herewith. The Tender amount is to be written in words and Figures in the spaces provided and is to be signed in full by the Principal of the firm authorised to do so. The full name and address of the Contractor shall be printed in BLOCK letters or typed in the space provided below the signature.

APP. 4 (Contd.)

6. The Form of Tender and other documents are to be submitted, enclosed and sealed in an envelope marked 'Tender for

.....

and addressed to:

.....

.....

.....

to reach him not latter than NOON on..... the

.....day of.....19....

7. A duplicate Form of Tender (if provided) is to be retained by the Contractor as his copy of the Tender he has submitted.

8. The lowest Tender will not necessarily be accepted.

APP. 5

FORM OF TENDER

TO: ----------

Sir,

Having examined the Drawings, Articles of Agreement, Conditions of Contract and Bills of Quantities, relating to the erection and completion of the above and having visited and examined the site of the proposed works, or caused it to be visited on our behalf by a competent reliable person and, having acquired all requested information relating thereto as affecting this Tender I/We, the undersigned, hereby offer to construct, execute complete and maintain the proposed works in strict accordance with the Contract Documents referred to above, for the total sum of:-

....

....----------

2. I/We undertake if our Tender is accepted to agree to a date for Possession which is within..... .....weeks of signing the Contract and to complete the works within..... weeks reckoned from the date of Possession of the site and in the event of non-completion I/We agree to pay Liquidated and Ascertained Damages if works remain incomplete after the above date subject to the Conditions of Contract relating to an extension of time, at the rate of .....per week.

3. I/We also undertake, in the event of our Tender being accepted to enter into a Formal Contract, on being called upon to do so for the execution, completion and maintenance of the said works in the terms of the contract Documents.

4. I/We agree that this Tender remain open for consideration for twelve weeks, and unless and until a formal agreement is prepared and executed, this Tender, together with your written acceptance thereof, shall constitute a binding contract between us.

5. I/We further agree that any errors in my/our priced Bills of Quantities supporting my/our Tender will not affect the Tender price and that such errors shall be adjusted in accordance with the usual procedure.

DATED THIS:.....DAY OF.....19.....

SIGNATURE OF CONTRACTOR:.....

NAME OF FIRM:.....

REGISTERED OFFICE:.....

NAME OF WITNESS:.....

OCCUPATION:.....

ADDRESS:.....

....

.....

ARTICLES OF AGREEMENT

Made the.....day of.....

BETWEEN:.....

of (or whose registered office is situated at).....

.....

(hereinafter called "the Employer") of the one part

and.....

of (or whose registered office is situated at).....

.....

(hereinafter called "the Contractor") of the other part, WHEREAS the Employer is desirous of.....

.....

.....

(hereinafter called "the Works") at.....

and has caused Drawings and Bills of Quantities showing and describing the work to be done to be prepared by or under the direction of.....

.....

His Architect/Supervising Officers of that of his authorised respresentative. AND WHEREAS the Contractor has supplied the Employer with a fully priced copy of the said Bills of Quantities (which copy is hereinafter referred to as "the Contract Bills")

AND WHEREAS the said Drawings listed in the "Schedule of Drawings" therein (hereinafter referred to as "the Contract Drawings") and the Contract Bills have been signed by or on behalf of the parties thereto:

NOW IT IS HEREBY AGREED AS FOLLOWS:

1. For the consideration hereinafter mentioned the contractor will upon and subject to the conditions annexed hereto carry out and complete the works shown upon the contract drawings and described by or referred to in the contract bills and in the said conditions within..... weeks of officially taking over the site.

2. The employer will pay to the contractor the sum of.....
.....(₦ : K) hereinafter referred to as "the contract sum") or such other sum as shall become payable hereunder at the times and in the manner specified in the said conditions.

3. In the said conditions the following words and expressions shall have the meanings hereby assigned to them except where the content otherwise requires:-

A. "Acceptance of tender" means written letter of intent to complete a formal contract on the terms stated in the tender documents.

B. "Approved" or approval" means approved or approval in writing by the Architect/ Supervising Officer unless otherwise specified.

C. The terms "Architect", "Quantity Surveyor" of "Engineer" shall mean such person or person as the employer may disgnate from time to time to act in these capacities, or under him as his appointed representative. Provided always that no person or person subsequently appointed shall be entitled (except as hereinafter provid:) to overrule any de•ision, direction or instruction given in writing by previous holder of that office.

D. "Plant" means all appliances or things of whatever nature required in or about the execution completion or maintainance of the works or temporary works and includes (without hereby limiting the foregoing definition) all machinery, tools coverings, patterns, templates, profiles power of every kind water, light, pumping, workshop, sheds, buildings, stores, materials, and things fixed or moveable.

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E. "Contract" means the Articles of Agreement and conditions of contract with appendices, the contract drawings, and the contract Bills.

F. "Contract sum" means the sum named in the tender subject to such additional thereto or deductions therefrom as may be made under the contract.

G. "General attendance" means assisting and collaborating with any sub-contractors and their tradesmen including obtaining particulars or requirements concerning work to be executed for them, supplying them with and taking responsibility for accurate dimensions and details relating to their work, providing full facilities to enable their employees to execute their work including the use free of charge, of working space, lockup storage, plant and other builder's equipment including approved scaffolding, maintaining, altering and removing same as required, unloading and hoisting their plant and materials or assisting to do so and providing them free of charge with water watching, artificial lighting and electric power, covering up and protecting their goods and materials and their work and making good any loss or damage and supplying unskilled labour for unloading, storing and the like.

H. "Month" means calender month.

J. "Practical completion" means substantially completed, satisfactorily tested and ready for occupation or use.

K. "Prime Cost Sum" or P.C. sums means a sum of money included in the contract to pay for work or services to be executed by a nominated subcontractor, statutory authority or public undertaking or for materials or goods supplied by a nominated supplier, such sum of money shall be deemed to be exclusive of any profit required by the contractor.

L. "Provisional" means that the quantity, description or value of the work so described may be varied or executed in whole or in part or omitted entirely from the contract as directed and shall be remeasured and valued in accordance with the contract.

M. "Provisional Sums" means a sum of money included in the contract for work or costs which cannot be entirely foreseen, defined or detailed at the time the tendering documents are issued and amounts shall be expended in whole or in part as directed by the Architect/Supervising Officer or shall be omitted entirely from the contract if not required.

N. "Rainy Seasons" means mid June to mid September in any year.

O. "Site" means the land and other places on, under in or through which the works are to be executed or carried out and any lands or places provided by the employer for the purpose of the contract.

P. "Temporary works" means all temporary works of every kind required in or about the carrying out and completion of the works.

Q. "Writing" includes any manuscript, typewritten or printed statement under or over signature or mark as the case may be.

APP. 6 (CONTD)

4. IN WITNESS WHEREOF the parties hereto have hereunto set their hands the day and year first above written.

Signed by: .....on behalf of

.....

in the presence of

Name:.....

Address:.....

Description:.....

Signed by the Contractor

.....

.....

.....

in the presence of

Name:.....

Address:.....

Description:.....

Affix 15k
.....
Stamp

SCHEDULE...../...

OBTAINING REGISTRATION FEE

₦5 shall be payable in respect of an applicant obtaining a registration form into any Sub-Treasury in Niger State or Niger State Liason Office, Lagos. The receipt shall be attached to the form in addition to the requirements under schedule one.

FEES FOR CHANGE OR REGISTRATION NAME:

₦10 shall be payable in respect of a registered contractor, who desires to change his registration name into any Sub-Treasury in Niger State or Niger State Liason Office in Lagos.

PROCESSING FEES PAYABLE IN RESPECT OF OPEN OR SELECTIVE TENDER

AMOUNT			FEES
₦3	-	₦50,000	₦50
₦50,001	-	₦100,000	₦100
₦100,001	-	₦200,000	₦150
₦200,001	-	₦300,000	₦250
₦300,001	-	₦500,000	₦350
₦500,001	-	And over	₦750

SCHEDULE _____

POWER OF BOARDS, MINISTRIES/DEPARTMENTS

(a)	Up to ₦1,000	-	Area Officers
(b)	Up to ₦3,000	-	Head of Extra-Ministerial Departments, General Managers or Chairman of of State Board. - Subject to various laws establishing the Boards, And all Accounting Officers.
(c)	Up to ₦15,000	-	Tender could be referred to Local Government and General Purposes Committee of the Local Government concern for awards. This is at the discretion of Officers under (b).
(d)	₦3,000 to ₦500,000	-	By the Niger State Tenders Board.
(e)	₦500,001 to ₦1,000,000	-	By N.S.T.B. but subject to approval by the Governor.
(f)	₦1,000,001 and above	-	By Niger State Tenders Board but subject to approval by the Governor - in - Council.

APP. 8

Ref. No...../....

Department of Budget,
Governor's Office,
Niger State,
Minna.

Date:.....19.....

To:-

_____

_____

_____

NOTIFICATION OF CONTRACT NO: NSTB/...../.....

_____

I am directed to inform you that the Tenders Board has on its ..... meeting held on .....19..... considered your tender and awarded to you the above mentioned contract in accordance with specification and conditions therein at the cost of (₦ :)_____

_____
(in words)

2. Breakdown of work is as follows:-

(a)_____ Total: ₦.....

(b)_____

3. Please make immediate arrangement with the Hon. Commissioner for ..... to execute an arrangement within two weeks from the above date.

4. Contract period..... ( )

SECRETARY
TENDERS BOARD,MINNA

Ref. No.....

Department of Budget,
Governor's Office, Minna.

Date....., 19.....

Copy to:

The Chief of Personal Secretary to the Governor,
Government House, Minna.

The Hon. Commissioner,
Ministry of.....

The Commissioner for Revenue,
Ministry of Finance (Revenue Division), Minna.

Auditor-General,
Audit Department, Minna.

Sub-Treasury, Minna.

Above for your information and necessary action.

(SECRETARY)
TENDERS BOARD

SCHEDULE TWO

APPLICATION FOR UP-GRADING

FROM CATEGORY .....TO CATEGORY.....

DATE OF REGISTRATION IN THE PRESENT CATEGORY.....

NAME OF CONTRACTOR:.....

PERSONAL PARTICULARS

MY ESTABLISHED PREMISES IS WITHIN.....STATE

TOWN	TOTAL AREA OF PREMISES	TOTAL AREA OF BUILDING	TOTAL AREA OF SHED

B. CONSTRUCTION MACHINE

C. STOCK OF BUILDING MATERIALS

DESCRIPTION	LOCATION

D. QUALIFIED TECHNICAL

NAME	QUALIFICATION	ADDRESS

CONTRACT AMOUNT	CONTRACT NO.	TYPE OF WORK	DATE CONTRACT AWARDED	PERCENTAGE COMPLETED	NAME AND ADDRESS OF CLIE

RELEVANT DOCUMENTS AS TO LIST OF WORK PERFORMED UNDER 'E' ABOVE MUST BE ATTACHED.

I CERTIFY THAT THE ABOVE INFORMATIONS IS CORRECT TO THE BEST OF MY KNOWLEDGE.

DATE.....19.....

SIGNATURE.....

AHMADU BELLO UNIVERSITY

FORM II

RENEWAL OF REGISTRATION CERTIFICATE

1. Name:..... 2. Sex.....

3. Nationality:..... 4. Age:.....

5. State:..... 6. Address:.....

.....

7. Name and Address of Bankers:.....
(State very clearly)

.....

8. Year of Registration and your Registration No.....

.....

9. Category of Registration.....
(See Explanatory Note attached)

10. Is the Contractor an individual, a partnership or a company?.....

11. If a company, give details of its registration:.....

.....

12. Have you carried out any work with the University since being registered? If yes, please state below the nature of such work/works, the other contracting party, and the cost involved.

_____

_____

_____

_____

13. State the number and grades of professional and technical staff employed by you

CLASS OF STAFF	GRADE	NUMBER
.....	.....	.....
.....	.....	.....
.....	.....	.....
.....	.....	.....

In case of doubt evidence may be called for.

14. Plant and Machinery owned and or rented by you:-

Type:_____ Quantity:_____

Type:_____ Quantity:_____

Type:_____ Quantity:_____

(If space is insufficient attach a separate sheet with details).

Vehicles if used for the purpose of Contract Jobs may be quoted in this category.

15. I declare the above statements are correct and I enclose herewith a crossed Postal/Money Order No. ..... of the sum .....

..... payable to Ahmadu Bello University, Zaria as Renewal fee on Category ..... of Contract realising that this fee is non-refundable. (see schedule of fees overleaf).

Sign:.....
(Contractor)

Date:.....

.....
(For official Use Only)

Application approved/Not approved.

Registration Number:.....Category:.....

Sign:.....
(CHAIRMAN)
A.B.U. TENDERS BOARD

Date:.....

NOTE:

For those applying for Registration under electrical contracts, a certified NEPA Registration Certificate is highly essential.

Table 4.2 Report on tenders

Shops and Offices, Howarth Street, Oakbury, Suffolk

1. *Tender List*
   Eight tenders were received as follows:

Johnson Brothers	£797 913
Buildwell Ltd	£803 630
Smith and Brown Ltd	£810 500
W.T. Robson	£812 000
Baker and Thompson Ltd	£816 700
Europa Builders	£819 400
Hadley, Hudson and Company	£824 000
Blackworth (Contractors) Ltd	£832 000

2. *Tender Levels*
   The lowest tender is only 0.72 per cent below the second lowest tender and the total range over all eight tenders is 4.27 per cent, indicating extremely keen tendering in a highly competitive situation. The lowest tender is within the final cost plan prepared on 18 January 1984 and totalling £810 000.

3. *Pricing*
   The general level of pricing was consistent and realistic with no significant anomalies. There were arithmetical errors amounting to an addition of 1.39 per cent of the value of the contractor's work but Johnson Brothers elected to confirm their initial tender sum, and the rates and prices will be adjusted accordingly.
   Johnson Brothers are keen to undertake further work in this area and have a good reputation for sound workmanship and completion on time.

4. *Recommendation*
   We recommend that the contract be awarded to Johnson Brothers in the sum of £797 913.

Lewis and Lloyd
Chartered Quantity Surveyors
28 South Street
Congleworth
Essex
14 June 1984

is then requested to prepare his master programme for the execution of the works, preferably supported by a method statement. The design team should establish a programme for the supply of working details, schedules and other necessary documents to establish a sound working framework against which progress can be periodically monitored.

The architect should supply the contractor with all available information about nominated sub-contractors and suppliers and their likely programmes. The architect will seek assurances from the contractor that he has no objections to the engagement of any of the nominated persons. The contractor may wish to ter[illegible] for certain nominated work and the decision of the architect is required. Since there are controls on sub-letting under the standard forms, it is desirable

Typical adjusted pricing error

C Plain *in situ* concrete (21 N/mm² – 20 aggregate) in foundations in trenches, 150–300 thick, poured against faces of excavation. 180 m³ 49·10 8838.00 ~~8910.00~~

Note: Page totals, Collections and Summaries will be individually corrected by hand in the same way.

Table 4.1 Correction of errors in priced bill of quantities

GENERAL SUMMARY

	£ p
Preliminaries	83 767.00
Substructure	65 231.00
Superstructure	~~417 174.46~~ ~~417 274.46~~
Drainage and External Works	~~141 390.54~~ ~~131 590.54~~
Prime Cost and Provisional Sums and Dayworks	100 050.00
TOTAL CARRIED TO FORM OF TENDER	~~807 613.00~~ ~~£797 913.00~~
Deduction to adjust for errors	9 700.00
Total	£797 913.00

The General Summary (unamended) shows a total of £797 913.00, which includes a sum of £100 050.00 for prime cost and provisional sums and dayworks. Hence the percentage adjustment is calculated as follows:

$$\frac{9\,700}{(797\,913 - 100\,050)} \times 100 = 1.39 \text{ per cent (reduction)}$$

The contract copies of the priced bill should then be endorsed with a statement that all rates and prices (other than prime cost and provisional sums and dayworks) are to be considered as reduced by 1.39 per cent.

Negotiation of and Reporting on Tenders

The quantity surveyor will report to the architect and the employer on completing his examination of the tenders. Where a tender is free of err[illegible] or the tenderer is prepared to stand by his tender in spite of error(s), or a tender after

A QUESTIONNAIRE ON AN M.Sc. CONSTRUCTION MANAGEMENT RESEARCH WORK ON "TENDER MANAGEMENT AND BID EVALUATION FOR OPTIMUM RESULTS

INSTRUCTION:-

Tick [✓] where applicable.

1. Name of Company/Firm.....
   .....
2. Experience of Firm/Company (yrs).....
3. Number of employees in the Firm/Company.....
4. Respondent post.....
5. Which of the tendering methods are you familiar with.

   ☐ Open tendering

   ☐ Negotiated tendering

   ☐ Two-stage tendering

   ☐ Single stage selective tendering

6. Do you know of any other method of tendering?
   If 'Yes' can you please list them.

1. _____
2. _____
3. _____

7. Which of them is preferred by the Firm/Company with reasons .....
.....
.....

8. What is the percentage of jobs that have been won under the preferred method.

☐ Less than 40%

☐ 41 - 60%

☐ 61 - 75%

☐ 76% and above

9. When tenders are rejected for Federal, State or Local government jobs.

☐ is the firm always informed

☐ is the firm only sometimes informed

☐ is the firm not informed

APP. 11 (Contd.)

10. When tenders are rejected by private developers

☐ is the firm always informed

☐ is the firm only sometimes informed

☐ is the firm not informed

11. Is the Firm/Company represented at the opening of tenders?

☐ always

☐ sometimes

☐ not at all

12. Has the Firm/Company been engaged in negotiations?

☐ YES ☐ NO

13. If the answer to question (12) is 'YES' what led to the negotiation(s).....
.....
.....

14. On what was/were the negotiation(s) based?

.....
.....
.....
.....

15. (a) Should the Firm/Company be engaged in future negotiations, on what basis will they be preferred?

☐ items by item

☐ Lump sum

☐ Percentage of overheads and profit

☐ Contract duration

(b) Is there any other area(s) negotiations would be preferred? Please state.

1. ----------
2. ----------
3. ----------

16. What will you recommend as the highest number of tenderers in a competitive bid?

☐ not more than 4

☐ 5 - 7

☐ 8 - 12

☐ more than 12

APP. 11 (*Contd.*)

17. Has the Firm/Company ever reject an invitation to tender?

☐ YES ☐ NO

18. If the answer to question (17) is 'YES' what led to the rejection?.....

.....

.....

19. How many times has the firm been asked to tender in a different category of registration?

NEVER	SOMETIMES	OFTEN
☐	☐	☐

20. (a) Are the present systems of tendering satisfactory?

☐ YES ☐ NO

(b) Give reasons for your answer to question 20(a)

.....

.....

.....

21. If the answer to question (a) is 'NO' could you either 1. make any suggestion(s).....
....
.....
.....
or (2) grant the researcher an interview? If yes suggest place and time of interview.

22. Could you please suggest steps towards the improvement of the existing tendering processes so as to encourage tenderers.....
.....
.....
.....
.....

Thank you for your answers and comments.

Graham Z. Nuhu,
Department of Building,
Ahmadu Bello University,
Zaria.

APP. 12

PROCEDURE FOR TENDERING AND AWARD OF CONTRACTS

5.1 AUTHORITY:

5.1.1 Tender shall be invited only on the Authority of the University Council or on the authority of a body to whom the Council has delegated such powers. Tenders will not be invited before the Bursar has certified that financial provision has been made for the Contract.

The Authority of the University Council, in so far as it affects the invitation of Tenders and Award of Contracts, should be delegated to a Tender Board.

5.1.2 Composition of the Board

+ The Chairman of the University Council, or his nominee who shall be a member of Council.
+ The Vice-Chancellor.
+ The Deputy Vice-Chancellor.
+ Four members of the University Council, two of whom shall be members of the University Senate.
+ The Executive Secretary of the National Universities Commission.

A quorum shall consist of five members of the Board.

5.1.3 The following officers shall be in attendance:

+ The Registrar
+ The Bursar
+ The Director of Physical Planning
+ The Director of Works or Chief Engineer
+ The Dean/Head of Department and other persons concerned with a particular PROJECT.
+ The Architect, Engineers, or Consultants as required.
+ The Secretary - The Senior Assistant Registrar (Development).

5.1.4 Terms of Reference of the Board.

+ To consider tenders and to award contracts for building PROJECTS and related works and services involving an estimated total cost of over ₱20,000 on any one contract.
+ To determine procedures (except in so far as they are pre-determined in this document) for tendering and award of contracts.
+ To advise the Vice-Chancellor, and through him the Council, on any matters relating to tenders and the award of contracts referred to it by the Vice-Chancellor or the Council.

5.1.5 Sub-Committees.

The Tenders Board shall appoint a Tenders Sub-Committee which shall consist of:

+ The Registrar
+ The Bursar
+ The Director of Physical Planning
+ The Director of Works.

A quorum shall consist of all the named members of the Tenders Sub-Committee.

In attendance:

+ The Secretary to the Tenders Board.

Terms of Reference of the Tenders Committee:

+ To open the tenders and to ensure that every tender has been properly received and opened in a regular manner as prescribed.

An internal University Tenders Sub-Committee chaired by the Vice-Chancellor or his nominee shall be constituted to open tenders and award contract up to the value of ₦20,000 only.

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