

SECTION 6: TENDER PROCEDURES

Under section 39 of the *Public Finances (Management) Act 1995*, Supply and Tenders Boards are to be created. There are three categories of boards:

- National Boards (e.g., Central Supply and Tenders Board, National Pharmaceutical Tenders Board);
- Provincial Boards (Provincial Supply and Tenders Board for each Province);
- Specialist (sunset) Boards. (e.g., Gazelle Restoration Board, Jackson Airport Redevelopment Board, Bougainville Restoration Board).

The role of these Boards is to control procurement in accordance with the jurisdiction of each Board.

In accordance with **Section 40 of the *Public Finances (Management) Act 1995***, tender procedures will apply to purchase of property, stores works and services or disposal of stores if the cost exceeds K100,000. Under certain circumstances, these procedures will not be applied as provided for under **Section 40 (3) and (4) of the Act**.

6.1 Purchase estimated to cost over K100,000

If the purchase cost **exceeds K 100,000 but less than K3,000,000 (Kina Three Million)** Tender procedures will apply.

A submission will be made to the Provincial Supply and Tenders Board.

The submission for the Boards approval will be, accompanied by an Official Requisition Form (FF3) and approved Authority to Pre Commit (FF5A).

Actions to be Taken:

- (a) Obtain three written quotations from prospective suppliers
- (b) Select and recommend the preferred quotation to the Supply and Tenders Board.
- (c) Based on the preferred supplier raise a requisition for expenditure (FF3) and enter in the register.
- (d) Obtain approval from the Section 32 Officer for the intended purchase.
- (e) Commitment of funds and endorsed by the Financial Delegate (FF3 to be recorded in the Commitment Control Ledger). Insert the Commitment No. on the FF3 in the space provided. Where this process is computerised, the number will be machine generated.
- (f) On completion of the above requests, submit the application to the relevant Board.

Note: The Total cost of the goods/services should not exceed the delegated limit.

If the purchase involves consultancy services, a submission should be made to the Consultancy Steering Committee with Department of Personnel Management in the first instance for recommendation to the appropriate Supply & Tenders Board.

If the cost exceeds K3,000,000 but is equal to or less than K5,000,000 the submission should be made to the Central Supply and Tenders Board on recommendation by the Provincial Supply and Tenders Board.

A submission on any purchases/services over K5,000,000 will require approval by the NEC (National Executive Council). The submission will be made to NEC on recommendation by the Central Supply and Tenders Board.

6.2 Exemption from Tender Procedures

- (a) Section 40 (3) and (4) of the Public Finances (Management) Act states that all purchases of goods, services and works including disposals to be funded by Provincial Government, Local-level Government, Public Body or an Approved Overseas Agency are exempted from tender procedures.
- (b) Where a Supply and Tenders Board finds that the invitation of tenders is not justified or not feasible the Board will issue a certificate to indicate that tender procedures will not be applied. **This certificate is known as Certificate of Inexpediency.**

Certificate of Inexpediency will not be issued for a transaction that has already been concluded.

- (c) Section 40(3)(c) of the Public Finances (Management) Act empowers the Minister for Finance to waive the tender requirements. Such approval can only be made under exceptional circumstances such as in the case of natural disaster or emergency.

It is important to state reasons for the request and that no purchase is to be made until such time the approval is obtained.

6.3 Overseas Purchases

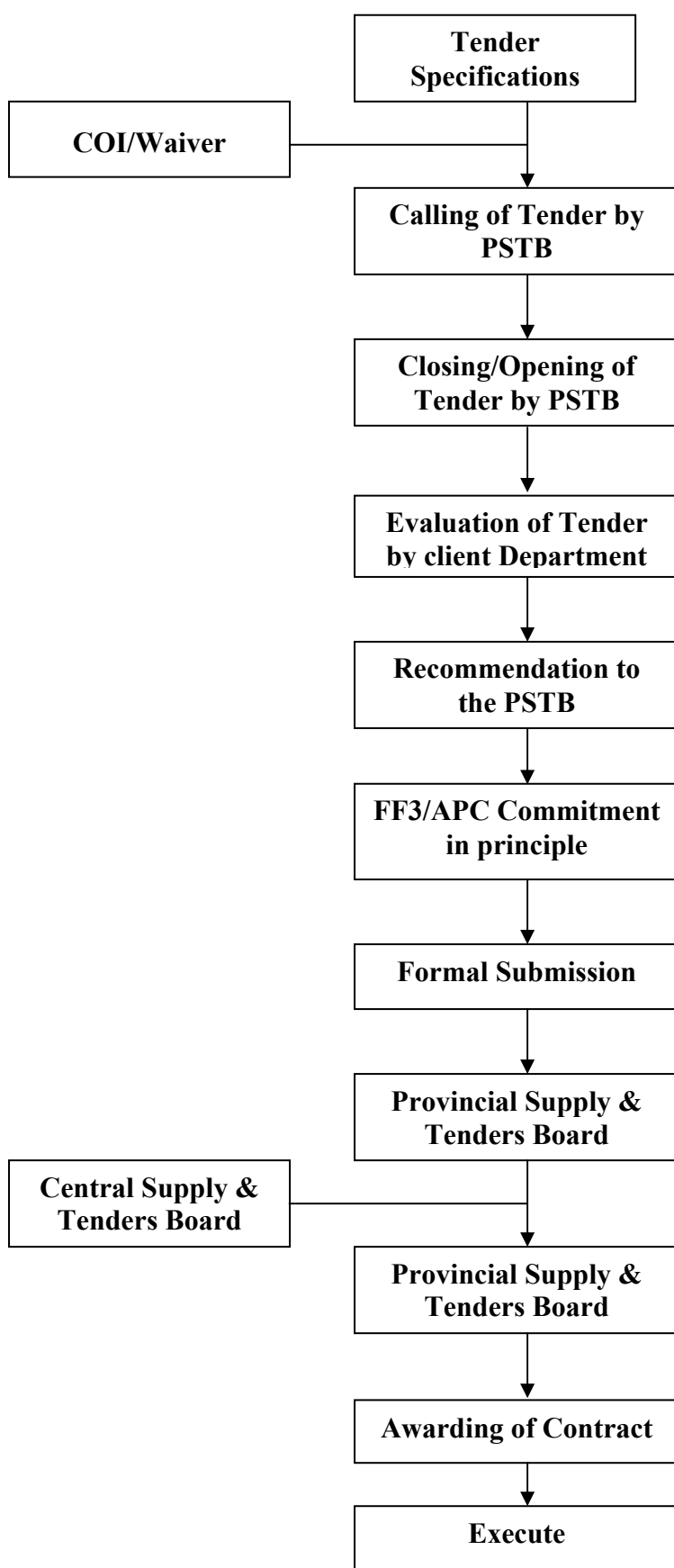
All purchases up to K2000 may be made directly by the Financial Delegate using Bank Drafts.

6.4 Special Procedure for Certain Classes of Expenditure

Expenditure requiring certificate of inexpediency (COI), Ministerial waivers, and specifically excluded procurement, (e.g. District Roads, Sea, and River Transportation Improvement Programme) shall follow procedures specifically relating to them.

FLOW CHART FOR TENDER PROCEDURES

Works, Goods & Services (Contracts) Over K100,000



STEPS:

- (a) Preparation of Specification of works, goods /Services, required by implementing agent (LLG)
- (b) Public tender-advertisement in the media put out by Provincial Supply & Tenders Board.
- (c) After close of bids, open tenders and names of tender addresses (late Tenders to be rejected)
- (d) An evaluation of bids and report prepared by implementing agent.
- (e) Implementing agent recommends evaluated bids to the PSTB and to CSTB if the limit is over the delegation of PSTB.
- (f) Requisition for expenditure (FF3) is raised and funds for the value of the contract are committed to ensure funds availability.
- (g) Formal submission is made by the agent (LLG) to the Provincial Supply & Tender Board with evaluation report and recommendation.
- (h) PSTB to assess the evaluation report and approve or reject.
- (i) Approve expenditure and print ILPOCs for supply of goods, works, and services only after approval is granted by the PSTB.
- (j) Execute the contract approved by the Board.