

PRACTICE NOTES FOR QUANTITY SURVEYORS

Tendering

Preface

A Working Committee with representatives of the Hong Kong Institute of Surveyors, the Association of Consultant Quantity Surveyors and the Hong Kong Construction Association was set up in October 2010 to establish a set of Practice Notes for the benefit of Quantity Surveying professionals in Hong Kong.

The Practice Notes are not intended to promulgate a standard of practice, but rather to produce some basic guidelines for the following core practices :

1. Tendering
2. Cost Control and Financial Statements
3. Valuation for Interim Payment Certificates
4. Valuation of Variations
5. Handling of Contractual Claims
6. Settlement of Final Account

As different client organisations will have their own procedures and requirements, the Practice Notes, which are prepared mainly for private sector projects using the HKIA/HKIS Standard Forms of Building Contract, should be adapted as appropriate.

The members of the Working Committee are: -

Representing the Hong Kong Institute of Surveyors
Mr. Raymond KONG
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The Working Committee expresses its gratitude to the following HKIS members in the Architectural Services Department and the Housing Authority for sharing their experience in and knowledge of Quantity Surveying practice in the public sector for the improvement of the document.

Professional Quantity Surveyor from the Architectural Services Department
Mr. Alvin CHAN

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Tendering

1. Deciding the contents of tender documents

The Quantity Surveyor should advise on the type and content of the tender documents to suit the procurement option adopted.

It is **recommended practice** that the tender documents should contain the following:

- Instructions to Tenderers¹
- Conditions of Tender
- Form of Tender
- Conditions of Contract & Special Conditions of Contract (selection of Form of Contract depends on procurement option adopted)
- Preliminaries Specification
- Technical Specification
- Pricing document (selection depends on procurement option adopted)
 - BQ; or
 - Schedule of Quantities and Rates; or
 - Performance Specified Works / Breakdown of the Contractor's rates and prices (for Design & Build contract)
- Schedule of Drawings
- Drawings (soft or hard copy)

The presentation of a standard pricing document is generally by Trade order, or by Location and then Trade order. The procurement option adopted might alter the presentation, for example, a management contract with various packages of work being tendered separately.

It is **advised** that the Quantity Surveyor should consider inclusion of any of the following in the tender documents where appropriate:

- Geotechnical Report
- Site Survey
- Condition Survey
- Services Survey
- Asbestos Survey
- Sample of Warranties
- Sample of Performance Bond / Parent Company Guarantees

¹ It is common for construction contracts in the private sector to combine Instructions to Tenderers with Conditions of Tender.

2. Planning the production of tender documents and Bills of Quantities

The Quantity Surveyor should plan, programme, review and implement any necessary preventative and corrective actions relating to the production of the tender documents so that:

- the tender documents are produced in a complete and appropriate form;
- the tender documents are issued on time and do not cause delay to the project;
- there is sufficient time to carry out all necessary checking procedures; and
- the tender documents are produced in a cost effective manner.

It is **recommended** that the Quantity Surveyor should:-

Agree and confirm in writing an information release schedule with the designers and the Client identifying the particulars of the information and the dates for receiving the information. Sufficient time should be allowed for the preparation of the Bills of Quantities or Schedules of Rates.

Check completeness of information received and ensure that the drawings are coherent with the specification clauses. Monitor the timely release of the required information. Notify the originator, in writing, of any deficiencies and agree corrective actions required.

Produce a labour resource allocation plan for various sections of the measurement works. Review, revise and take corrective action as necessary.

Convene regular BQ Briefing Meetings with all the measurers who are to be involved in the BQ production to: -

- (a) discuss the production programme to ensure that everyone fully understands their scope of work, the BQ format, and their time allocation;
- (b) confirm the Standard Method of Measurement and Standard Phraseology Library to be used;
- (c) delineate the various sections of the bills;
- (d) clearly set out the format and procedures for issuing BQ queries; and
- (e) advise any special features of the project that the measurers should be aware of.

Convene a Measurement Closing Meeting with all measurers to go over the drawings and ensure all parts of work have been lined through/marked and measured and no part has been double counted.

Carry out a bulk check on the quantities immediately after the Bills of Quantities have been completed.

3. Prepare Preliminaries

It is **recommended** that the Quantity Surveyor should:-

Identify the appropriate Preliminaries template to be used based upon the form of contract and nature of project.

Check with the publishers what revisions/supplements apply to the form of contract.

Issue a Preliminaries Query list to the project team to obtain necessary advice or decisions such as site provisions / restrictions, contract particulars, etc.

It is **prudent** for the Quantity Surveyor to:-

Check if the Client has any standard Preliminaries or specific standard clauses for use on their projects.

Issue draft Preliminaries to the Client and obtain approval for use.

Check if the Client has any requirements regarding obtaining authorisation or advice from Legal or Insurance Advisors.

Where specifications are issued by other Consultants for inclusion in the tender documents, check that there is no duplication or conflict with the Preliminaries.

4. Assembly of tender documents

The Quantity Surveyor should assemble and check the completeness of the tender documents prior to issue to the tenderers.

The following practices are **recommended**:-

Check that the contents of the tender documents previously identified have been prepared and are complete.

Carry out a thorough quantities check (if a measured work pricing document is part of the tender documents).

Carry out a technical check on all sections.

Check that drawings and specifications provided for issuance to tenderers are the same as those used in the preparation of the tender documents.

The following measure is also **advised**:-

As the tender documents will form the basis of the contract documents it is prudent to ensure that at least two extra copies of all documents prepared by other consultants are retained for use in preparing the contract documents.

5. Issuance of tender documents

It is **recommended** that the Quantity Surveyor should:-

Confirm the Client's requirements for issue and receipt of tenders.

Issue tender documents with a letter which identifies clearly:

- the documents which form the tender package;
- the day, date and time by which tenders are to be returned;
- where the tenders are to be returned;
- the documents which are to be submitted with the tenders;
- the award criteria to be used in evaluating tenders (if they are not covered by the Conditions of Tender);
- the procedure to be adopted in dealing with any errors in the tenders; and
- the procedure to be adopted in acknowledging receipt of tenders.

The following measures may be considered where appropriate:-

Provide tender labels which:

- clearly identify the tender;
- carry a code which allows easy identification of the tenderer; and
- contain a clear statement that the tender is not to be opened prior to the date and time set for return of tenders.

Maintain a record of tender documents which identifies:

- the tenderers and their reference code;
- date of issue;
- acknowledgement of receipt; and
- date of issue of any revised tender documents or revised instructions.

Check the Client's requirements in respect of:

- compliance with Standing Orders;
- compliance with Public Procurement Rules;
- confidentiality arrangements; and
- attendance at tender opening.

6. Tender Addenda

When issuing a tender addendum, the covering letter of the tender addendum should set out details of the supplementary pages and the pages to be replaced or discarded.

Tender addenda should be issued not later than one week before the closing date for return of tender so as to allow sufficient time for the tenderers to take the addenda into account in their offers.

Tenderers should be requested to sign, chop and return an acknowledgement slip to signify their receipt and incorporation of the tender addenda.

7. Opening Tenders

The Quantity Surveyor should check with the Client for any particular requirements relating to tender opening (e.g. two-envelope tenders) and agree with the Project Team and Client as to who should be present at the opening of the tenders.

A form should be completed as tenders are opened, noting the name of each tenderer, amount of tender (including alternatives), contract period (if not specified), amount of bond, and whether the tender is subject to any qualifications.

8. Checking Tenders

Carry out the following checks on tenders received.

- arithmetical check, including individual extension and page totals;
- check that all items have been priced;
- consistency of pricing, looking for obvious errors which may cause later problems in valuation of variations;
- incorporation of tender addenda;
- comment on the reasonableness of the pricing of dayworks, attendances, profit on PC sums, etc.;
- comment on the effect of tender qualifications – it is of paramount importance that the full effect of the qualifications are fully explained to the Client; and
- obtain written confirmation from the Contractor / Sub-contractor and keep track of any agreement made as to qualifications.

9. Tender Report

The objective of the tender report is to convey to the Client and other consultants in a concise fashion the results of the tendering process and to make a recommendation concerning the appointment of a Contractor (or Sub-contractor) to carry out the work. To this end, the Quantity Surveyor must be satisfied that the tender documentation submitted will form a satisfactory and unambiguous basis upon which the contract can be executed.

The tender report should provide a clear and concise record of actions taken and a recommendation on the acceptability of the examined tenderers from contractual and financial points of view. The content of the tender report may vary according to the size and complexity of the project and the preference of the Client, but it may include some or all of the following headings:

- summarise tenders received;
- append copies of Forms of Tender, and qualifying letters;
- summarise actions taken following receipt of tenders, i.e. bills of quantities called in, etc.;
- results of arithmetical and technical checks and actions taken as a result of findings;
- reconcile tenders against estimates, cost limits, yardsticks, etc.;
- conclusions and recommendations, noting comments on fixed/ fluctuating price alternatives, bond, contractor's qualifications, etc.;
- recommend that the Client obtains a financial check on the Contractor, which may include a reference from their bank or an agency search through their company records; and
- some Clients will have specific forms to complete at this stage or may require additional information such as cash flow, elemental breakdowns, etc. Check whether any of these are required.

