

Report

On

Study Report on Compliance of Procurement and Contract Management following Public Procurement Act-2006, Public Procurement Rules-2008 and Standard Tender Documents (STD) in Public Procurement: A Case studies of some selected procurement contracts of LGED.

**By**

**A B M Khorshed Alam**

**Student ID: 22382009**

An internship report submitted to the BIGD in partial fulfilment of the requirements for the degree of  
Masters in Procurement and Supply Chain Management (MPSM)

BRAC Institute of Government and Development (BIGD)

BRAC University

April,2024

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## **Declaration**

It is hereby declared that

1. The internship report submitted is my own original work while completing degree at BRAC University.
2. The report does not contain material previously published or written by a third party, except where this is appropriately cited through full and accurate referencing.
3. The report does not contain material which has been accepted, or submitted, for any other degree or diploma at a university or other institution.
4. I have acknowledged all main sources of help.

### **Student's Full Name & Signature:**

---

**A B M Khorshed Alam**

Student ID: 22382009

### **Workplace Supervisor's Full Name & Signature:**

---

**Ferdous Ahmed**

Executive Engineer,  
LGED

### **Academic Supervisor's Full Name & Signature:**

---

**MD. Wasim Jabbar MCIPS**

Adjunct Faculty, BIGD, BRAC University

## **Letter of Transmittal**

**MD. Wasim Jabbar MCIPS**

Adjunct Faculty

BIGD, BRAC University

**Subject: Submission of Report titled Compliance of Procurement and Contract Management following Public Procurement Act-2006, Public Procurement Rules-2008 and Standard Tender Documents (STD) in Public Procurement: A Case studies of some selected procurement contracts of LGED.**

Dear Sir,

I am grateful to submit herewith my report on “Compliance of Procurement and Contract Management following Public Procurement Act-2006, Public Procurement Rules-2008 and Standard Tender Documents (STD) in Public Procurement: A Case studies of some selected procurement contracts of LGED” as a partial requirement to achieve the degree of Masters in Procurement and Supply Chain Management. It is my proud privilege to work under your active supervision and guidance.

I have attempted my best to finish the report with the essential data from procurement professionals of LGED related to public procurement.

I hope that the report will meet the desires.

Sincerely yours,

---

**A B M Khorshed Alam**

Student ID 22382009

BIGD, BRAC University

Date: April 15, 2024

## **Non-Disclosure Agreement**

This agreement is made and entered into by and between the Local Government Engineering Department and the undersigned student A B M Khorshed Alam at BRAC University. As I am currently working at the organization, I have access to the Organization's information that is confidential. I agree that I will keep all the information strictly confidential and will not share it with anyone outside of the organization.

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**A B M Khorshed Alam**

Student ID: 22382009

## **Acknowledgment**

First and foremost, the author wishes to express her heartfelt gratitude to the supervisor, Mr. Md. Wasim Jabber MCIPS, Adjunct Faculty, BIGD, BRAC University for his excellent motivation and patient supervision during this report work.

The author is also thankful to the workplace supervisor, Ferdous Ahmed, Executive Engineer, LGED for his continuous support in completing the report.

The author is also grateful to the **Institute of Governance and Development (BIGD)**, BRAC University for its facilitation and cooperation.

The researcher is indebted to the officers and staff of LGED Bagerhat, Greater Dhaka Rural Development Project – 3(GDP-3), Khulna Division Rural Infrastructure Development Project (KDRIDP), Important Rural Infrastructure Development Project on Priority Basis-3 (IRIDP-3), Rural Road Maintenance Program (GoB M) for their heartfelt assistance and support in collecting data and related information required for this report.

Last but not the least, the author would like to express deepest gratitude and appreciation to his **family members and other well-wishers** for their constant inspiration and encouragement.

## **Executive Summary**

The Public Procurement Act-2006 (PPA-2006) and The Public Procurement Rule-2008(PPR-2008) have been enacted to ensure transparency, accountability, efficiency, and fair competition in the procurement of goods, works, or services using public funds. According to Section 24 of PPA 2006 and Rules 45 and 46 of PPR 2008 Bangladesh Public Procurement Authority (BPPA) erstwhile Central Procurement Technical Unit (CPTU) is responsible for reviewing and monitoring the progress of implementation of PPA-2006 and PPR-2008 in various government agencies. The Local Government Engineering Department (LGED) implementing its procurement activities following PPA-2006, and PPR-2008.

The author has conducted this case study on whether LGED follows the relevant sections and rules of PPA, PPR as applicable, and guidelines issued by the Government from time to time as part of the MPSM degree under BRAC University. In this study, the author reviewed 7 (seven) procurement contracts of 5 (five) projects of the Local Government Engineering Department (LGED).

The objective of this study report is to observe the issue of compliance with the PPA, 2006 and PPR, 2008, and guidelines by LGED and examine the procurement process to observe and recommend ways to avoid future inconsistencies.

This analytical report presents a comprehensive study report of procurement practices after examining Seven procurement contracts from Five projects within LGED. The study report is structured into four primary categories: Individual Contract Review, Profile of Procurement Items Reviewed, Post Procurement Reviews of Goods, Works, and Service Contracts, and Report on Physical Inspection. Each category is further divided into manageable segments to observe compliance and adherence to procurement procedures. This study report is divided into 5 chapters that offer valuable insights into the procurement process of LGED.

Chapter 1 provides an introduction that highlights the background and context of the organization and contextual issues of review, the report's scope, objective, and methodology. Chapter 2 covers the project description and selection of procurement contracts. In Chapter 3, there is a detailed discussion of the performance analysis of the selected contracts and detailed data analysis. Chapter 4 reveals the findings of the study work with a focus on the procurement process of each contract. Chapter 5 provides valuable insights for improving the procurement process in its procurement, while the conclusion succinctly summarizes the report's key takeaways. Tables and figures corresponding to the report are used when and where required.

The effectiveness of this study is dependent on the availability of relevant data and information. However, it is noted that the depth of the review and subsequent recommendations are limited due to time and other constraints related to discharging official responsibilities.

Despite the limitations imposed by many issues, it is expected to be a useful tool for identifying areas of improvement in procurement practices within the Local Government Engineering Department (LGED). By highlighting the strengths and weaknesses of the current framework, LGED can prioritize enhancements to optimize efficiency and performance in future procurement endeavors.

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## **List of Acronyms**

Addl CE	Additional Chief Engineer
AE	Assistant Engineer
BPPA	Bangladesh Public Procurement Authority
CE	Chief Engineer
CIPS	Chartered Institute of Procurement and supply
CPTU	Central Procurement Technical Unit
DPM	Direct Procurement Method
EGP	Electronic Government Procurement
EE	Executive Engineer
EMS	Environmental Management System
GCC	General Conditions of Contracts
ICT	Information and communication Technology
IT	Information Technology
IWRM	Integrated Water Resources Management
LGED	Local Government Engineering Department
LTM	Limited Tendering Method
NOA	Notification of Award
OSTETM	One Stage Two Envelop Tendering Method
OTM	Open Tendering Method

PPA	Public Procurement Act
PPR	Public Procurement Rule
PEC	Proposal Evaluation Committee
PMU	Project Management unit
SAE	Sub-Assistant Engineer
SE	Superintending Engineer
SP	Sustainable Procurement
SPP	Sustainable Public Procurement
STD	Standard Tender Document
SRFPs	Standard Request for Proposals
Sr.AE	Senior Assistant Engineer
TSTM	Two Stage Tendering Method
TEC	Tender Evaluation Committee
TOC	Tender Opening Committee
UAE	Upazila Assistant Engineer
UE	Upazila Engineer

## **Glossary**

### **Procurement**

Procurement is the method of discovering and agreeing to terms and purchasing goods, services, or other works from an external source, often with the use of a tendering or competitive bidding process.

### **Public procurement**

When a government agency buys goods or services through the procurement by utilizing public money, it is referred to as public procurement.

### **Compliance**

The term compliance is achievement with respect to standards.

### **Sustainability**

Sustainability means meeting our own needs without compromising the ability of future generations to meet their own needs. It is a societal goal that broadly aims for humans to safely co-exist on planet Earth over a long time.

### **LGED**

Local Government Engineering Department (LGED) is one the largest engineering agencies of the country. It began its journey in 60s as Rural Works Program and with the passage of time its activities expanded from remotest corner of the country up to the cities.

# **CHAPTER 1**

## **Introduction**

### **1.1 Background**

The term compliance is achievement with respect to standards. LGED is the largest engineering organization of Bangladesh responsible for implementing nearly 15-20% of government ADP. Procurement and contract management of Local Government Engineering Department (LGED) means the comparison of practices with respect to the PPA-2006, PPR-2008, Delegation of financial power, government policies. For sustainable procurement, certain processes such as economic, environmental and social compliance are required to determine whether the procurement and project implementation of LGED is on the right track for sustainability or at what level it currently stands.

LGED manages the procurement of around 20000 no packages and implements those packages across the country. LGED conducts procurement post reviews based on samples randomly collected by the organization. Review findings are discussed and shared with officials of LGED for lesson learning. However, following Acts and Rules the extent to which the compliance level is maintained in the Procurement Processes is not reviewed in detail which is the focus of this research report.

### **1.2 Objectives**

The study is set to achieve the following objectives:

1. Determining whether the public procurement process and contract management are following the Public Procurement Act, 2006 and the Public Procurement Rules, 2008, including Delegation of Financial Power (DOFP); and
2. To review whether the relevant Standard Tender Document (STD) is followed while preparing the tender documents and whether the contract is being conducted following the signed contract documents.

### **1.3 Scope of the Study**

The scope of the study is limited to the procurement contract process executed by the various procuring agencies of the Local Government Engineering Department (LGED), the country's largest engineering department, and implements more than 120 development projects in rural development, agriculture, water, and transportation in a year, and identify non-compliance with the PPA, 2006, PPR, 2008 relevant STD. Verifying that PEs have used appropriate Standard Tender Documents (STDs) in their procurement processes and have correctly entered required information in the Tender Data Sheets (TDS) and other necessary formats.

## **1.4 Limitations**

Every review work has some limitations depending on the nature of the assignment. Study Report on Compliance of Procurement and Contract Management is no exception rather more susceptible to its inherent limitations. Compliance of Procurement and Contract Management refers to the process of evaluating the performance of procurement and contract management processes after those have been completed. While this process can provide valuable insights into the effectiveness of procurement Acts, Rules, Policies and Procedures. Some identified limitations were following but not limited to:

- i) **Time Constraints:** for any review work, time dictate the ability to go too deep into the review, especially if it involves a large number of tendering processes. In-depth reviews suffered from these limitations, leaving the potential for inadequate evaluation.
- ii) **Limited Scope:** Compliance of Procurement and Contract Management reviews are limited to review specific procurement contract management processes, and do not provide a comprehensive overview of the organization's procurement and contract management processes.

## **1.5 Methodology**

The methodology for this Procurement Post-Review followed three broad phases:

- (a) Before undertaking the fieldwork, finalize the work plan, scope, and program of the study, identify and obtain the essential information on contracts, and responsible staff;
- (b) Field work at offices of the Project Office and on implementation sites; and
- (c) Preparation of the study report.

Based on the methodology 7(Seven) Procurement contracts were randomly selected from 5 projects for the study to verify the procurement and contract processes performed by the procuring entities to uncover gaps noted in the objectives through document review.

### **Phase-1: Discussion and selection of procurement contracts**

- A. Meet with the Project Directors (PD)/Procuring Entity (PE) of 7(Seven) selected contracts and discuss the objectives and legal obligation of the PEs to be followed;
- B. Obtained annual procurement plan, contract documents, and other relevant papers/ documents required for review.

### **Phase 2: visits to the office of the PEs and project implementation sites to see the implementation status of the selected projects**

#### **Data collection**

- Primary data were collected from face-to-face interviews, telephone interviews, and responses over email from LGED Officials.
- Secondary data was collected mainly from Websites (CPTU, LGED, Wikipedia, etc.) related articles, journals, etc.

#### **Phase 3: Preparation of the study report**

- The study report has been prepared following the design and plan outlined in Phase 1 and based on the data obtained in Phase 2.

## CHAPTER 2

### Selection of Procurement Contracts for study

#### 2.1 Brief Description of 5(Five) Projects

Bangladesh is one of the most densely populated countries of the world and a vast majority of the population live in the rural areas. Poverty is widespread in the country and more so in the rural areas. As such development of the country is primarily depending on the development of rural areas. So, development of physical infrastructure is a prime need for boosting up agricultural, commercial and economic activities of the rural areas. Development of roads, bridges, culverts, primary schools and maintenance works are the continuous process in all the regions of the country.

##### 2.1.1 Khulna Division Rural Infrastructure Development Project (KDRIDP):

The total cost of the project is BDT 266500.00 Lac entirely financed by GoB with the objectives to improve communication system in Khulna Division. The project period is from January, 2017 to July 2024.

##### 2.1.2 Important Rural Infrastructure Development Project on Priority Basis-3 (IRIDP-3):

The total cost of the project is BDT 647665.00 Lac entirely financed by GoB with the objectives to improve communication system in all Districts. The project period is from July, 2020 to June 2024.

##### 2.1.3 Khulna, Bagerhat & Satkhira District Rural Infrastructure Development Project (KBSRIDP):

The total cost of the project is BDT 93792.00 Lac entirely financed by GoB. The project period is from July, 2018 to June 2024. The main objectives is to improve rural infrastructure in the Khulna, Bagerhat & Satkhira district.

##### 2.1.4 Rural Road Maintenance Program (GoB M):

This is a big project costing is BDT 300000.00 Lac funded by GoB. It is annual program for road & bridge Program. The main objectives are to maintenance rural infrastructure (Road & Bridge) in the country.

##### 2.1.5 Greater Dhaka Rural Development Project-3(GDP-3):

This is a big project costing is BDT 300000.00 Lac funded by GoB. Project period is from July, 2017 to June 2024. The main objectives is to improve rural infrastructure in the Greater Dhaka Division.

#### 2.2 Selection of 7(seven) Procurement Contracts of five projects under study

The following 7 contracts were selected for the study from projects depending on method, type and value of procurement.

## 2.3 List of selected Contracts

SL No	Contract Pkg. No & Date	Description of Procurement	Contract Price (Lac Tk)	Method Type	Sites/Places
1.	W-DISASTER-BAGER-RAMPAL-UZR/03C	70m(PC+RCC) Girder bridge on Gilatola GC-RHD at siki road at ch:5345m	661.00	OTM	Rampal Upazila
2.	IRIDP-3/BGT/DW-33	Char saildha-betiburia-Shantipur Road (ch.00-1000m) Chitalmari upazila	69.25	LTM	Chitalmari Upazila
3.	KBS-RIDP/BAG/VR/ST-09/2021	46m long RCC girder bridge on soradia RHD Road-uttor soradia road at ch. 1020m under morelgonj upazila (2 <sup>nd</sup> call)	48.07	OSTETM	Morelgonj Upazila
4.	REV-01	Maintenance of residence of Executive Engineer by Tiles with water tank	5.00	RFQ	Bagherhat sadar Upazila
5.	GDP-3/2021-22/roller	procurement of 18nos Twin drum vibratory Road Roller	1620.00	OTM	Dhaka
6.	GDP-3/2018-19/Lab Equ-1	Supply of Laboratory Equipment (Construction Material testing equipment)	5.57	OTM	Dhaka
7.	GDP-3/2018-19/Pickup	Supply of 6(six) nos double Cabin Pickup	282.84	OTM	Dhaka

**Table 01: Contract details of reviewed packages**

## 2.4 The Procurement contracts have been selected based on the following criteria:

Value of the contract: high value, medium value, low value;

Method of procurement: Open Tendering Method, One stage Two Envelope Tendering Method, Limited Tendering Method, etc.Type: NCT

The geographical spread of the contracts and selected from 6 divisions in the different upazila.

Location of implementation: upazila level.

Nature of works: Construction of Roads, Bridges, Protection works, Services, etc.

Implementing authority: PD, District Executive Engineer, Upazila Engineer etc.



## 2.5 Procurement Method and Type in the Selected Contracts

The procurement method and type as stated in the DPP and APP in the selected procurement contract are shown in the following tables:

SL No	Name of the Work	Allocation in DPP (lac TK)	Procurement method		Procurement Type		e-GP/Manual
			DPP	APP	DPP	APP	
1	70m(PC+RCC) Girder bridge on Gilatola GC-RHD at siki road at ch:5345m	100.00	OTM	OTM	NCT	NCT	e-GP
2	Char saildha-betiburia-Shantipur Road (ch.00-1000m) Chitalmari upazila	73.00	LTM	LTM	NCT	NCT	e-GP
3	46m long RCC girder bridge on soradia RHD Road-uttor soradia road at ch. 1020m under morelgonj upazila (2 <sup>nd</sup> call)	450.00	OSTETM	OSTETM	NCT	NCT	e-GP
4	Maintenance of residence of Executive Engineer by Tiles with water tank	5.00	RFQ	RFQ	NCT	NCT	Manual
5	procurement of 18nos Twin drum vibratory Road Roller	1620.00	OTM	OTM	NCT	NCT	e-GP
6	Supply of Laboratory Equipment (Construction Material testing equipment)	6.54	OTM	OTM	NCT	NCT	e-GP
7	Supply of 6(six) nos. double Cabin Pickup	282.84	OTM	OTM	NCT	NCT	e-GP

**Table 02: Procurement Methods used in the reviewed packages.**

## Chapter 3

### 3.1 Performance Analysis of Selected Contracts under Study

Procurement-related data was collected from concerned Procuring Entity (PE) using format developed for the study. Individual contract review formats for the seven no contracts are given below:

<i>No. of procurements in review period</i>										
Category	OTM	LTM	RFQ	OSTETM	TSTM	DPM	Others	No NC T	No ICT	Total
Works	1	1	1	1	-	-	-	4	-	4
Goods	3	-	-	-	-	-	-	3	-	3
<b>Total</b>	<b>2</b>	<b>1</b>	<b>1</b>	<b>1</b>				<b>7</b>		<b>7</b>

Table3: Procurement Methods of packages reviewed

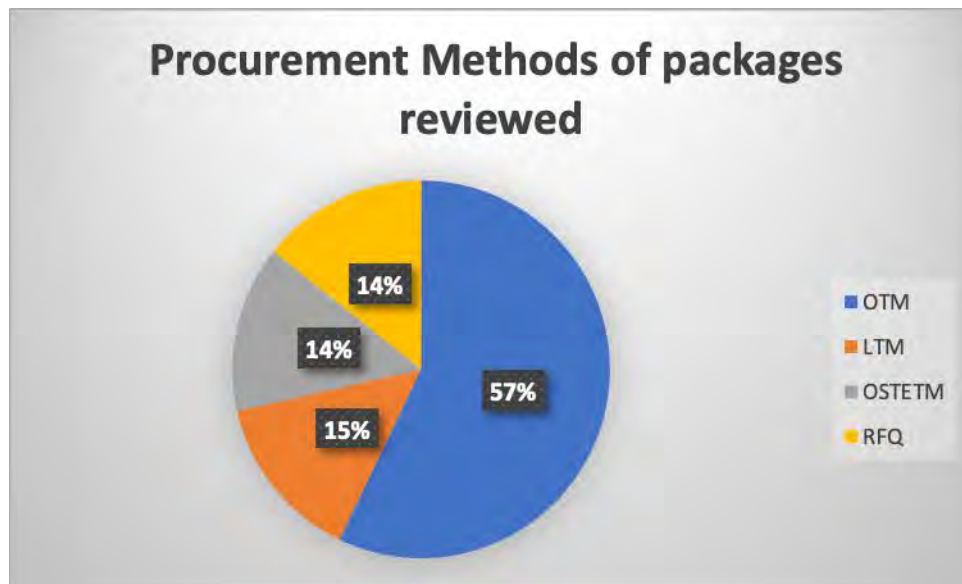


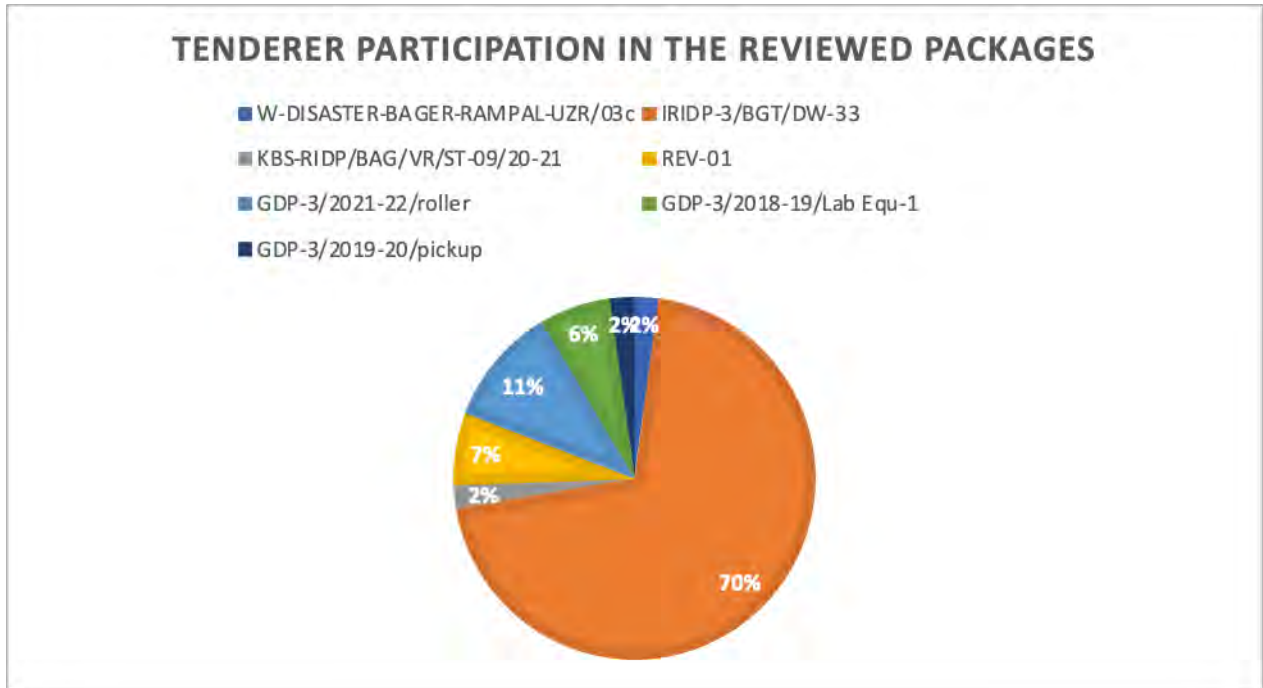
Fig1: Procurement method reviewed under the study

### 3.2 Summary of the analysis of selected contracts

The number of tender documents sold and the number of tenderers participated in the selected contracts are shown in the table below:

SL	Contract Pkg. No.	Tender Document Sold (No)/Issued	No. Participated	Responsive (No.)	Percentage lower/higher than estimate cost
1	W-DISASTER-BAGER-RAMPAL-UZR/03c	2	1	1	9.62% higher
2	IRIDP-3/BGT/DW-33	33	33	33	5% lower
3	KBS-RIDP/BAG/VR/ST-09/20-21	1	1	1	7.40 % higher
4	REV-01	10	3	3	1.30% lower
5	GDP-3/2021-22/roller	5	5	1	7.53% lower
6	GDP-3/2018-19/Lab Equ-1	3	3	1	14.83% lower
7	GDP-3/2019-20/pickup	1	1	1	at per

**Table:3 Competition of procurement under the study**



**Fig-2: Tenderer participation under the study**

Number of participation issue: From the above table it appears that in most of the contract Package competition is overall an average one out of 7 (Seven) contract the number of participating tenderers is 1 in 3 contract, 3 in 2 contract, 5 in 1 contract and 33 in 1 contract.

It appears that in OSTETM & OTM Method the participation of tenderer are less than other methods.: In the contract at sl no 1,3,5,6,7 the member of participating responsive tenderer was only 1. The contract price was .62% & 7.40% higher for 81 no 1 & 3. The contract price is at per for 81 no 7 remaining contract prices are less than the estimated cost. Here the tendering method was OSTETM. It appears that high value of contract packages needs long general experience, high specific experience, high amount of average annual construction turnover, high amount of liquid assets. Again, absence of local contractors, lack of adequate knowledge of the contractors in e-GP system, prevailing adverse local environment etc. are the main causes of low participation in the procurement proceedings.

OCE & Contract value: Out of 7 contract package 4 (Four) packages are less than OCE, 1 (One) was same of OCE and remaining 2 (Two) packages are higher than OCE.

Participation is maximum in LTM method. Again, in SL No 2 number of participants are 33 and all are responsive. The tendering method was LTM. In interviewing concern implementing authority said estimated cost for LTM is up to 2 (Two) crore value and below which takes very less time to get into the implementation also no need of previous experience so, it is very effective to give quick result for people well-being. Again, it can work to train need contractors for getting bigger contract in future.

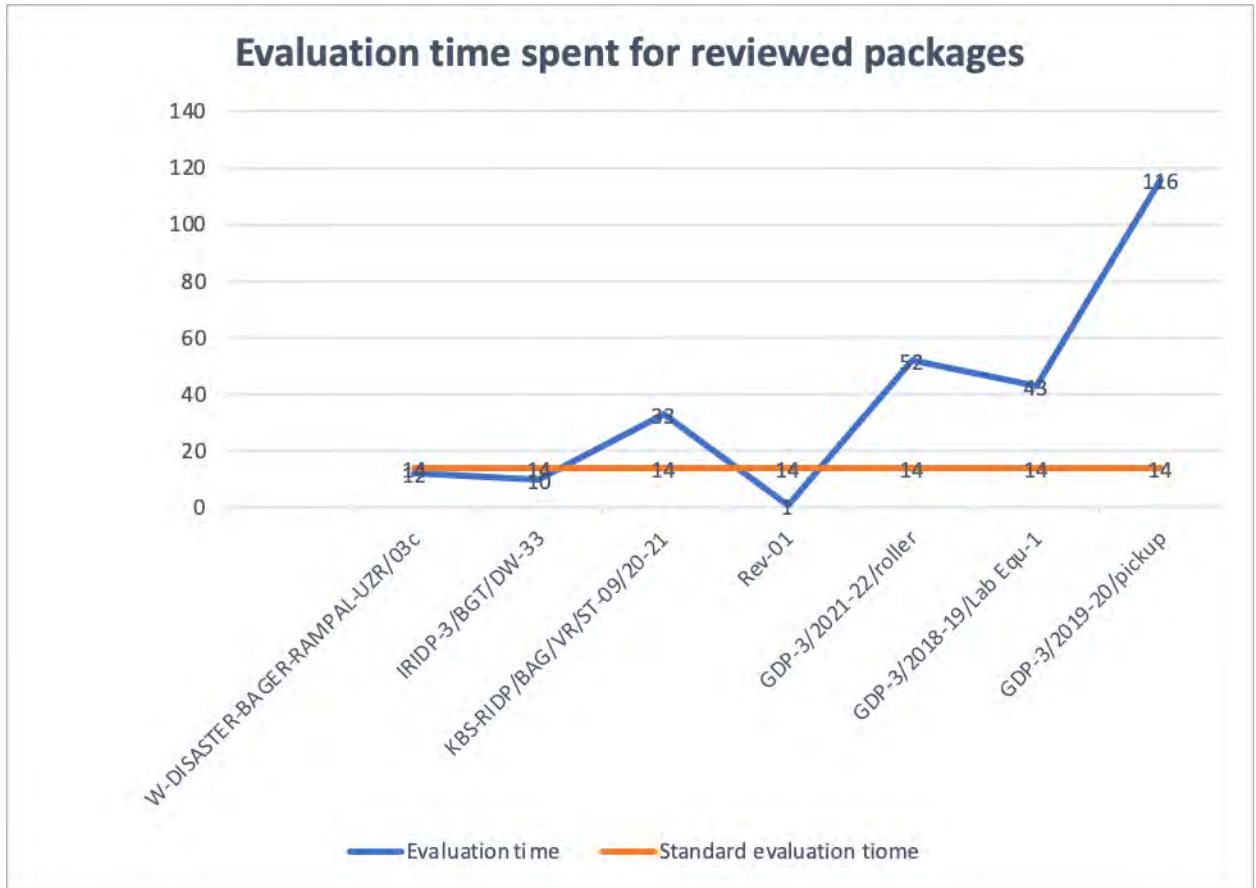
**Comments:** (i) Mixed competition; (ii) It was less participatory in case OSTETM & OTM; (iii) Only LTM Tender are competitive with large number of bidders.

### 3.3 Tender Processing Time:

Tender processing time from IFT to contract signing in the selected 06 contract of 05 project is shown in the following tables:

S L	PKG No (Price Lac TK)	IFT Date	Opening Date (days allowed)	Technical Evaluation		Financial Evaluation		NOA Date (days taken)	Contr act Date (days taken)
				Date (days taken)	Approva l Date (days taken)	Date (days taken)	NOA Date (days taken)		
1	W- DISASTE R-BAGER- RAMPAL- UZR/03c	07/06/2022	08/07/2022 (30 days)	20/07/2022 (12 days)	27/07/20 21 (7 days)			30/07/2022 (3 days)	
2	IRIDP- 3/BGT/DW -33	24/01/2022	10/02/2022 (14 days)	23/02/2022 (33 days)	29/02/20 19 (6 days)			21/03/2022 (2 days)	
3	KBS- RIDP/BAG /VR/ST- 09/20-21	28/02/2022	16/03/2022 (16 days) (Re-Tender)	26/03/2022 (10 days)	16/03/20 21	04/04/2 023 (8 days)		06/04/2023 (2 days)	
4	Rev-01	08/01/2022	13/01/2022 (04 days)	14/01/2022 (01 days)	17/01/20 19 (3 days)			17/01/2022 (3 days)	
5	GDP- 3/2021- 22/roller	18/01/2022	15/02/2022 (29 days)	08/04/2022 (52 days)	09/04/20 22 (1 days)			11/04/2022 (2 days)	
6	GDP- 3/2018- 19/Lab Equ-1	10/12/2020	03/01/2021 (23 days)	16/02/2021 (43 days)	02/03/20 21 (14 days)			04/03/2021 (2 days)	
7	GDP- 3/2019- 20/pickup	22/09/2019	21/10/2019 (31 days)	17/02/2022 (116 days)	16/04/20 22 (60 days)			18/04/2022 (2 days)	

**Table 04: Tender processing time used during procurement process**



**Figure-3: Evaluation time of study packages**

### 3.4 Observations of the study:

#### 3.4.1 Procurement capacity of district office under the study

- 1) Lack of procurement knowledge among LGED staff who are directly involved in the procurement process are evident.
- 2) All necessary document forming the contract were not included in the signed contract and not organized according to the order of priority as specified in Rule 4(7), i.e., they understand contract means only contract agreement.
- 3) Approved Annual Procurement Plan for Revenue Budget [Rule-16(6)] and development Budget [Rule-16(7)], were not published on CPTU & LGED website. For most of the tenders, estimate preparation committee was not formed and not activated by the procuring entity according to Rule 16 (5ka) and CE LGED instructions dated 26/04/2018.
- 4) Procurement Processing and Approval Timetable as specified in Schedule-3 part-ka of Rule 36(6) were not maintained in most cases (14 out of 37), there are delays on the part of Tender

Evaluation Committee. It may be noted that timeline mentioned in this rule if the approving authority is HOPE, the limit for evaluation by the tender evaluation committee is 3 weeks.

### **3.4.2 Procurement capacity of Project Offices under the study**

- 1) Project Director Office gives approval of Estimate, APP of the packages, Tender Evaluation Report, Time Extension of contract, Contract cancelation and disburse funds to PE.
- 2) Time Extension was given in some packages for several times for the same reasons which is a indication of poor contract management. PPR rules were not followed during approval of variation. Example: Variation up to 15% can be approved by PD himself but it has been approved by HOPE. Time of variation approval taken 6-12 twelve months due to approval by higher level than the actual authority. 93% scheme needed time extension it means time prediction is not correct or contractor capacity is not up to the standard.

## Chapter 4

### Findings on the review of procurements proceedings

#### 4.1 Findings on the review of procurements proceedings

Individual Contract Review of the selected contracts was done in the context of PPA & PPR, extensive review of procurement related documents, discussions with project related officials and other stakeholders and visit to the project sites. Data and information collected from the review have been incorporated in the Format.

observation/comment in the review as shown below:

##### 4.1.1 Identification of the contract

<b>Contract Name, Number and Annexure</b>	:	W-DISASTER-BAGER-RAMPAL-UZR/03c
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#### Findings are as follows:

- As per provision of e-GP Guidelines & PPR, APP was duly approved by the Chief Engineer, LGED (Authorized officer);
- Days allowed for preparation and submission of Tenders was 30 days
- Tender Opening and Evaluation was done properly following rules in 12 days
- 1(One) bidder submitted tender which was responsive which was 9.62% higher than estimated cost.
- Documents submitted by responsive tenderer were verified during post qualification;
- Days taken between evaluation and approval were 7 days;
- NOA was issued on the 02 day after the approval decision received by PE;
- Days actual between IFT and issuance of NOA was 79 days against 63 days provision in Rules;

##### 4.1.2 Identification of the contract

<b>Contract Name, Number and Annexure</b>	:	IRIDP-3/BGT/DW-33
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#### Findings are as follows:

- As per provision of e-GP Guidelines & PPR, APP was duly approved by the Chief Engineer, LGED (Authorized officer);
- Days allowed for preparation and submission of Tenders was 14 days
- Tender Opening and Evaluation was done properly following rules in 06 days



- All 33 bidders were responsive & recommended bidder quoted 5% lower price in comparison to estimated cost;
- Documents submitted by responsive tenderer were verified during post qualification;
- Days taken between evaluation and approval were 7 days;
- NOA was issued on the same day after the approval decision received by PE;
- Days actual between IFT and issuance of NOA was 30 days against 90 days' provision in Rules;
- Award of contract was published in CPTUs website;
- Contract award was made within the tender validity period;

#### 4.1.3 Identification of the contract

<b>Contract Name, Number and Annexure</b>	:	KBS-RIDP/BAG/VR/ST-09/20-21
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#### Observations are as follows:

- As per provision of e-GP Guidelines & PPR, APP was duly approved by the Chief Engineer, LGED (Authorized officer);
- Days allowed for preparation and submission of Tenders was 16 days as it was Re-Tender;
- Tender Opening and Evaluation was done properly following rules in 10 days
- 01 bidders was responsive & recommended bidder quoted 7.80% higher price in comparison to estimated cost;
- Documents submitted by responsive tenderer were verified during post qualification;
- Days taken between evaluation and approval were 10 days;
- NOA was issued on the 05 day after the approval decision received by PE;
- Days actual between IFT and issuance of NOA was 65 days against 90 days' provision in Rules;

#### 4.1.4 Identification of the contract

<b>Contract Name, Number and Annexure</b>	:	REV-01
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#### Observations are as follows:

- As per provision of e-GP Guidelines & PPR, APP was duly approved by the Superintending Engineer (Khulna), LGED (Authorized officer);
- Days allowed for preparation and submission of Tenders was 7 days;
- Tender Opening and Evaluation was done properly following rules in 3 days;
- All 03 bidders were responsive & recommended bidder quoted 0.13% less price in comparison to estimated cost;
- Documents submitted by responsive tenderer were not verified during post qualification as it is RFQ;
- Days taken between evaluation and approval were 10 days;

- NOA was issued on the 01 day after the approval decision received by PE;
- Days actual between IFT and issuance of NOA was 10 days against 60 days' provision in Rules;

#### 4.1.5 Identification of the contract

<b>Contract Name, Number and Annexure</b>	:	GDP-3/2021-22/roller
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#### Observations will be as follows:

- As per provision of e-GP Guidelines & PPR, APP was duly approved by the Additional Chief Engineer, LGED (Authorized officer);
- Days allowed for preparation and submission of Tenders was 30 days;
- Tender Opening and Evaluation was done properly following rules in 52 days;
- All 03 bidders were not responsive, 01 bidder was responsive & recommended bidder quoted 7.53% lower price in comparison to estimated cost;
- Documents submitted by responsive tenderer were not verified during post qualification;
- Days taken between evaluation and approval were 83 days;
- NOA was issued on the 01 day after the approval decision received by PE;
- Days actual between IFT and issuance of NOA was 10 days against 60 days' provision in Rules;

#### 4.1.6 Identification of the contract

<b>Contract Name, Number and Annexure</b>	:	GDP-3/2018-19/Lab Equ-1
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#### Observations will be as follows:

- As per provision of e-GP Guidelines & PPR, APP was duly approved by the Additional Chief Engineer, LGED (Authorized officer);
- Days allowed for preparation and submission of Tenders was 14 days;
- Tender Opening and Evaluation was done properly following rules in 43 days;
- All 02 bidders were non responsive, 01 bidder was responsive & recommended bidder quoted 14.83% lower price in comparison to estimated cost;
- Documents submitted by responsive tenderer were not verified during post qualification;
- Days taken between evaluation and approval were 45 days;
- NOA was issued on the 01 day after the approval decision received by PE;
- Days actual between IFT and issuance of NOA was 59 days against 90 days' provision in Rules;

#### 4.1.7 Identification of the contract

<b>Contract Name, Number and Annexure</b>	:	GDP-3/2019-20/pickup
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**Observations are as follows:**

- As per provision of e-GP Guidelines & PPR, APP was duly approved by the Additional Chief Engineer, LGED (Authorized officer);
- Days allowed for preparation and submission of Tenders was 30 days;
- Tender Opening and Evaluation was done properly following rules in 45 days;
- Only 01 bidder was responsive & recommended bidder quoted at per price in comparison to estimated cost;
- Documents submitted by responsive tenderer were not verified during post qualification;
- Days taken between evaluation and approval were 191 days;
- NOA was issued on the 03 day after the approval decision received by PE;

## **Chapter 5**

### **Recommendation and conclusion**

#### **5.1 Preparation of Official Cost Estimate in Accordance with the Provisions of PPR:**

Official cost estimate has to be prepared and approved as per provisions of sub-rule 5(a) and 5(b) of rule 16 of PPR. According to the rule the Procuring Entity shall constitute a committee of 3(three) members taking representative from his own office and offices of other Procuring Entities for Preparing official cost-estimate for a particular procurement before inviting a tender/proposal. The committee after preparing official cost estimate shall obtain approval of HOPE of authorised officer and keep the approved official cost estimate in sealed envelope with signatures of all the committee members. The sealed envelope shall be handed over to the tender opening committee (TOC) while opening tender. The TOC shall write down official cost estimate in the tender opening sheet.

#### **5.2 Selection of Procurement Method as per Provision of PPR:**

Selection of procurement method in procurement proceedings shall be decided in accordance with the provisions of PPR for achieving fair competition, efficiency and transparency in procurements. As procurement for construction of bridges on upazila and union roads under the Construction of KBSRIDP project is not a turnkey contract or contracts of large plant installation as per provision of rule 68(a) of PPR, use of OSTETM has to be avoided. In such cases OTM is the appropriate procurement method to be used. Moreover, the circular directing application of OSTETM in procurement contracts above 30 crores should be withdrawn by LGED. Procurement method for a package shall be decided in accordance with the provisions of PPR 68(a).

#### **5.3 Compliance with PP Act and Rules:**

Provisions of PPR 2008 with amendments have to be strictly followed by all Procuring Entities in tender processing and signing of contract agreements. Tender Evaluation Committee and Approval Authority have to follow the time schedule as specified at rule 36(6), Schedule-III, Part-A of public Procurement Rules in evaluating and approving tender proposals. The YEC shall not also make delay in sending report to the Approving Authority.

#### **5.4 Extension of Contractual Completion Time on Rational Grounds:**

Extension of contract completion date has to be discouraged. It leads to cost escalation and delays implementation of development projects resulting in suffering to the local people. Steps have to be taken for timely completion of the contracts so that cost and time are not overrun. If in necessary contractual completion time has to be extended considering not in rational grounds. LD and other legal action have to be imposed for delaying completion of contractual works. Inefficient contractors violating provisions of the contract have to be debarred as per section 64(5) of the Public Procurement Act.

## **5.5 e-GP in Contract Execution and Management:**

Although procurement tendering is processed online, contract execution is done manually. e-GP system should be introduced immediately in contract management and execution. Extension of completion time and bill payments should be made online. e-GP system in extension of completion time and bill payment will make the system transparent and efficient. Though LGED taken initiatives for electronic contract management(e-CMS). LGED officials given training of e-CMS.

## **5.6 Amendment of Rule 68(a) for Fixing Time for Evaluation and Approval of Technical and Financial Proposal in OSTETM:**

In Two Stages Tendering Method time for technical evaluation and financial evaluation is fixed at rule 67(5) and 68(4) Of PPR (for technical evaluation 07 days and for financial evaluation as per provisions of OTM). But in One Stage two Envelope Tendering Method (OSTETM) no time is fixed for technical evaluation and financial evaluation. Time is not also fixed for approval of technical proposal and financial proposal. In absence of any fixed legal time TEC/PEC and Approving Authorities are at liberty for evaluating technical and financial proposals and awarding decisions on the proposals respectively. Therefore, it is recommended to amend rule 68(a) of PPR for fixing time for technical and financial evaluation by PEC and for giving approval to technical and financial proposals by approving authority.

## **5.7 Exercise of Delegation of Financial Power:**

Delegation of Financial Power for Development Projects issued by Ministry of Finance has to be followed. The Project Directors have to be allowed to exercise financial power as per Delegation of Financial Power issued by Ministry of Finance.

## **Conclusions**

The objective of the assignment was to determine whether the procurement processes and contracting proceedings are undertaken in accordance with the Public Procurement Act and Rules. This study identified some deficiencies or anomalies of the procurement process those took place in conducting procurement operations. Beside this some remedial measures are put forward as recommendation for future guidance.

Local Government Engineering Department (LGED) is a big government organization having its offices in every district and upazila all over the country. The department is well-equipped to implement procurement contracts of works for development of rural and urban infrastructure of the country. In the department all procurements of works, goods and services are processed in e- GP system. Post procurement review will create consciousness and awareness in the Procuring Entities in complying with the Rules and Act in procurement contracts for achieving fair competition, efficiency, transparency and accountability in using public funds.