This Manual has been developed by the Central Supply and Tenders Board to provide all Supply and Tenders Boards with standard operation procedures.

The Manual details the internal procedures for all Supply and Tenders Boards, operating in accordance with the Public Finances (Management) Act and Financial Instructions 1/2005, Section 9.1.1.

Acknowledgments:

This Manual has been produced by Lawrie Carlson and Ian Gormlie as part of AusAID's Advisory Support Facility to the Government of Papua New Guinea.

Approval:

This Manual has been approved for issuance by the Central Supply and Tenders Board at its meeting, dated __________ 2006

Bryan Kimmins
Chairman
Central Supply and Tenders Board
REVISION STATUS

As necessary, authorised revisions will be issued to all holders of the document. Revisions shall take the form of replacement or additional pages. Upon receipt, revision pages are to be incorporated in this document and all superseded pages removed.

<table>
<thead>
<tr>
<th>Edition</th>
<th>Version</th>
<th>Pages Affected</th>
<th>Description</th>
<th>Approved By</th>
<th>Issue Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>a</td>
<td>All</td>
<td>First edition</td>
<td>Chairman CSTB</td>
<td>Sept 04</td>
</tr>
<tr>
<td>2</td>
<td></td>
<td>All</td>
<td>Second edition</td>
<td>Chairman CSTB</td>
<td>Mar 05</td>
</tr>
<tr>
<td>3</td>
<td></td>
<td>All</td>
<td>Third edition</td>
<td>Chairman CSTB</td>
<td>July 05</td>
</tr>
<tr>
<td>4</td>
<td></td>
<td>All</td>
<td>Fourth edition</td>
<td>Chairman CSTB</td>
<td>April 06</td>
</tr>
<tr>
<td>5</td>
<td></td>
<td>All</td>
<td>Fifth edition</td>
<td>Chairman CSTB</td>
<td>January 08</td>
</tr>
</tbody>
</table>
# Table of Contents

**Glossary**

<table>
<thead>
<tr>
<th>Glossary</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Abbreviations</td>
<td>iii</td>
</tr>
<tr>
<td>Important Terms</td>
<td>iv</td>
</tr>
</tbody>
</table>

**Foreword**

<table>
<thead>
<tr>
<th>Foreword</th>
<th>1</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purpose of the Operations Manual</td>
<td>1</td>
</tr>
<tr>
<td>Who is the Operations Manual for?</td>
<td>1</td>
</tr>
<tr>
<td>How to Use this Manual</td>
<td>1</td>
</tr>
<tr>
<td>Responsibility for Updating this Manual</td>
<td>2</td>
</tr>
</tbody>
</table>

**Roles, Responsibility and Timings**

<table>
<thead>
<tr>
<th>Roles, Responsibility and Timings</th>
<th>4</th>
</tr>
</thead>
<tbody>
<tr>
<td>Relationships and Thresholds</td>
<td>4</td>
</tr>
<tr>
<td>Roles of Entities Involved in Procurement</td>
<td>6</td>
</tr>
<tr>
<td>Roles of Individuals Involved in Procurement</td>
<td>8</td>
</tr>
<tr>
<td>Independence of STBs</td>
<td>10</td>
</tr>
<tr>
<td>Customer Service</td>
<td>10</td>
</tr>
<tr>
<td>Review and Audit of Customer Service</td>
<td>17</td>
</tr>
</tbody>
</table>

**1. Meeting Procedure**

<table>
<thead>
<tr>
<th>1. Meeting Procedure</th>
<th>18</th>
</tr>
</thead>
<tbody>
<tr>
<td>Voting</td>
<td>18</td>
</tr>
<tr>
<td>Before the Meeting</td>
<td>18</td>
</tr>
<tr>
<td>Board Meeting</td>
<td>19</td>
</tr>
<tr>
<td>After the Board Meeting</td>
<td>22</td>
</tr>
</tbody>
</table>

**2. Tendering and Contracting**

<table>
<thead>
<tr>
<th>2. Tendering and Contracting</th>
<th>23</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Contracting Process</td>
<td>23</td>
</tr>
<tr>
<td>Developing Bidding Documents</td>
<td>24</td>
</tr>
<tr>
<td>Advertising</td>
<td>26</td>
</tr>
<tr>
<td>Lodgement and Opening of Tenders</td>
<td>30</td>
</tr>
<tr>
<td>Approving Tenders</td>
<td>33</td>
</tr>
<tr>
<td>Certificate of Inexpediency</td>
<td>43</td>
</tr>
<tr>
<td>Contract Execution</td>
<td>46</td>
</tr>
<tr>
<td>Variations to Price, Scope and Time</td>
<td>48</td>
</tr>
<tr>
<td>Termination</td>
<td>49</td>
</tr>
</tbody>
</table>
3. File Management 51

Purpose of File Management 51
General Approach 51
Responsibilities 52
Documents to be Retained on Each File 52
Temporary Removal of a File from the System 53
File Archiving 54

4. Complaint Handling 55

Purpose of Complaint Handling Process 55
What is a “Complaint” 55
General Principles to be Applied 56
Applicable Law 56
Responsibility 57
Process to be Applied 59

5. Conflict of Interest 63

Purpose 63
“Conflict of Interest” Defined 63
Responsibility of Board Member 63
Responsibility of Board Secretary 64

6. Producing the CSTB Annual Report 65

Purpose of the Annual Report 65
Responsibilities 65
Authorisation Process 66
Key Timings 66
General Approach 67
Annual Report Structure 69
Content of the Annual Report 70

Annexes:

A. Board Minutes of Meetings
B. Bidding Document Checklist
C. Sample Advertisement
D. Register of Respondents
E. Tender Opening Checklist, Register and Sheet, Tender Evaluation Report Forms
F. Recommendation Report Checklist
G. Procurement Consideration Report
H. Certificate of Inexpediency
I. Conflict of Interest Declaration
J. Response Sheet from Other STBs
## Glossary

### Abbreviations

<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>APC</td>
<td>Authority to Pre-commit</td>
</tr>
<tr>
<td>CoI</td>
<td>Certificates of Inexpediency</td>
</tr>
<tr>
<td>CSTB</td>
<td>Central Supply and Tenders Board</td>
</tr>
<tr>
<td>FIs</td>
<td>Financial Instructions</td>
</tr>
<tr>
<td>GoPNG</td>
<td>Government of Papua New Guinea</td>
</tr>
<tr>
<td>NEC</td>
<td>National Executive Council</td>
</tr>
<tr>
<td>PFMA</td>
<td>Public Finances (Management) Act</td>
</tr>
<tr>
<td>PNG</td>
<td>Papua New Guinea</td>
</tr>
<tr>
<td>ProvSTB</td>
<td>Provincial Supply and Tenders Board</td>
</tr>
<tr>
<td>SSTBs</td>
<td>Specialised Supply and Tenders Boards</td>
</tr>
<tr>
<td>STB</td>
<td>Supply and Tenders Board</td>
</tr>
<tr>
<td>TEC</td>
<td>Tender Evaluation Committee (also known as Technical Evaluation Committee under PFMA)</td>
</tr>
<tr>
<td>VFM</td>
<td>Value for Money</td>
</tr>
<tr>
<td>WoG</td>
<td>Whole of Government (Contract)</td>
</tr>
</tbody>
</table>
### Important Terms

<table>
<thead>
<tr>
<th>Term</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Acquisition Plans</strong></td>
<td>Plans prepared for works, goods and services above K1 million to achieve Value for Money.</td>
</tr>
<tr>
<td><strong>Agency</strong></td>
<td>Government Department, Administration, Public Body and Office</td>
</tr>
<tr>
<td><strong>Annual Procurement Plans</strong></td>
<td>Plans which encourages agencies to adopt a long term and strategic view of their procurement direction.</td>
</tr>
<tr>
<td><strong>Authority to Pre-commit (APC)</strong></td>
<td>Authority issued by Department of Finance for expenditure above K300,000. (Procurement cannot proceed unless an APC has been approved)</td>
</tr>
<tr>
<td><strong>Award</strong></td>
<td>Approval by either the NEC or Board of a STB to issue a contract to the preferred tenderer.</td>
</tr>
<tr>
<td><strong>Certificate of Inexpediency (CoI)</strong></td>
<td>As defined in the Finance Management Manual Part 13, Division 4, a CoI is an expedient and quick procurement process which may only be undertaken in the event of a: natural disaster, defence emergency and health emergency or a situation of civil unrest.</td>
</tr>
<tr>
<td><strong>Competition</strong></td>
<td>Competition that is effective will see a number of independent companies tendering to provide goods and services to the GoPNG, through the public tendering process.</td>
</tr>
<tr>
<td><strong>Complaint</strong></td>
<td>A complaint is when a party in the procurement process expresses written dissatisfaction with an aspect of the procurement process as applied by a STB.</td>
</tr>
<tr>
<td><strong>Conflict of Interest</strong></td>
<td>A conflict of interest arises where the private interest of a public officer or Board Member, involved in procurement conflicts or has the potential to conflict with the duties of the person involved in GoPNG Procurement.</td>
</tr>
<tr>
<td><strong>Conforming Tender</strong></td>
<td>Tender which meets the qualification requirements.</td>
</tr>
<tr>
<td><strong>Consulting Services</strong></td>
<td>Professional services of an intellectual and advisory nature provided by consultants using their skills to study, design, and organize specific projects, advise clients, conduct training and transfer knowledge.</td>
</tr>
<tr>
<td><strong>Contracting Processes</strong></td>
<td>In accordance with the PFMA, there are only two available processes: Public Tender and Certificate of Inexpediency.</td>
</tr>
<tr>
<td><strong>Corruption</strong></td>
<td>Defined as offering, giving, receiving or soliciting (asking) either directly or indirectly, for any thing of value to influence the action of a public official involved in GoPNG procurement.</td>
</tr>
<tr>
<td><strong>Delegation</strong></td>
<td>Limits established by the Minister of Finance for all Agencies and STBs.</td>
</tr>
<tr>
<td><strong>Domestic Preference</strong></td>
<td>A margin of preference to a 'National Tenderer'.</td>
</tr>
<tr>
<td><strong>Execution</strong></td>
<td>Legal agreement between a Contractor and GoPNG Executing Authority (either the Governor General or Chairman STB).</td>
</tr>
<tr>
<td><strong>Fraud</strong></td>
<td>Misrepresentation or omission of facts in order to influence a procurement process or execution of a contract.</td>
</tr>
<tr>
<td><strong>Integrity Panel</strong></td>
<td>The Integrity Panel is an independent review panel consisting of a representative from an enforcement agency, non-government organisation and private sector, which review complaints against CSTB and STBs.</td>
</tr>
<tr>
<td><strong>Lowest Total Cost</strong></td>
<td>Lowest cost for works goods and services, calculated in accordance with the Bidding Documents, and must include initial capital cost or cost of services and possibly other overheads such as whole of life costs (if provided for in the Bidding Documents).</td>
</tr>
<tr>
<td><strong>Major Contract</strong></td>
<td>A “major” contract is defined as one that exceeds the prescribed amount as defined in Section 40 of the Public Finances (Management) Act. As at 15th January 2008, the prescribed amount is K300,000.</td>
</tr>
<tr>
<td><strong>National Tenderer</strong></td>
<td>Section 2 of the Public Finances (Management) Act defines a national tenderer as “an automatic citizen, and includes a firm or company that is … wholly or mainly owned or controlled by automatic citizens”.</td>
</tr>
<tr>
<td><strong>Negotiations</strong></td>
<td>Negotiation is defined as discussions between Contractor and TEC to meet defined project needs and budget requirements. (Negotiation to ‘beat down the price’ is not permitted.)</td>
</tr>
<tr>
<td><strong>Policies</strong></td>
<td>Directives issued by the CSTB Board to control and regulate procurement, but not inconsistent with the PFMA and FIs.</td>
</tr>
<tr>
<td><strong>Procurement</strong></td>
<td>Defined as buying, purchasing, renting, leasing, or otherwise acquiring any works, goods and services. It also includes all functions that pertain to the obtaining of any works, goods and services, including description of...</td>
</tr>
</tbody>
</table>
requirements, selection, preparation and award of contracts and all phases of contract administration.

<table>
<thead>
<tr>
<th><strong>Qualification Requirements</strong></th>
<th>Minimum qualifying requirements, stated in the Bidding Documents including corporate experience, staff experience, equipment and financial resources.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Services (non-professional services)</strong></td>
<td>Services such as cleaning, security, photocopying and travel.</td>
</tr>
<tr>
<td><strong>Standard Bidding Documents</strong></td>
<td>Standard templates of bidding documents (including standard conditions of contracts) approved by the CSTB.</td>
</tr>
<tr>
<td><strong>Tender Validity</strong></td>
<td>Validity period of each tender as specified in the Bidding Documents.</td>
</tr>
<tr>
<td><strong>Termination</strong></td>
<td>If there has been a significant breach of contract or one or both parties cannot fulfill their obligation, it may be necessary to terminate a contract before it reaches its natural conclusion.</td>
</tr>
<tr>
<td><strong>Transparency</strong></td>
<td>Transparency in procurement is the clear and public documentation of procurement processes, tender requirements, selection criteria, and decisions which are able to withstand independent review and scrutiny.</td>
</tr>
<tr>
<td><strong>Value for Money</strong></td>
<td>Defined as obtaining works, goods and services for the GoPNG that best meet the government’s need at the lowest total cost.</td>
</tr>
<tr>
<td><strong>Variations</strong></td>
<td>Variations are deemed to be any change of price, scope and time within the original contract.</td>
</tr>
<tr>
<td><strong>Whole of Government (WoG) Contracts</strong></td>
<td>Contracts defined in the Financial Instructions which are to be implemented across all levels of Government.</td>
</tr>
</tbody>
</table>
Foreword

Purpose, Who is this manual for? How to Use the Manual, Updating

Purpose of the Operations Manual

This operations manual has been developed to detail procedures that assist the Central, Specialised and Provincial Supply and Tenders Boards and their secretariats (collectively known as STBs) undertake their role as contracting authorities of procurement on behalf of the Government of Papua New Guinea (GoPNG). The manual details internal operations on all the major activities undertaken by STBs.

Each procedure explains in simple language the work involved to complete the task. Information provided includes:

- The method of completing the task
- Who (Job Title) is responsible for completing the task
- Relevant timings for completion of the task
- References to other useful documents for completing the task
- Hints on how to complete the task more easily

Who is the Operations Manual for?

The manual is for staff of the STB Secretariat and Board Members. A personal copy should be provided to each staff and board member upon joining the STB. The Manual is available in hard copy or electronically from the Secretary of the Central Supply and Tenders Board (CSTB) and via the CSTB web site www.cstb.gov.pg

How to Use this Manual

There are six significant procedures contained within this Manual. Most of the procedures are self-contained, although a few of them refer to other documents and systems.

When you are required to undertake a task you should:

- Find the relevant procedure by referring to the Table of Contents
• Read the procedure carefully

• Clarify any doubtful areas with someone who is familiar with the task

The reader should also be familiar with the Public Finances (Management) Act (PFMA), Regulations and Financial Instructions (FIs) as embodied in the Finance Management Manual, as these documents direct government procurement. Also this Manual should be read in conjunction with the Good Procurement Manual, Standard Bidding Documents provided by CSTB and The World Bank’s Consulting Services Manual and Department of Works Specifications. All these documents are available from the CSTB or from their website.

For Consulting Services this Manual must be read in conjunction with the World Bank’s Consulting Service Manual (CSM) ‘A Comprehensive Guide to the Selection of Consultants’ for the engagement of consultants – available from CSTB or on its web site www.cstb.gov.pg. Chapters 9-21 of the CSM are applicable and should be used, instead of Chapter 3-6 in the Good Procurement Manual. In the event of any conflict between the World Bank’s Consulting Service Manual and the Good Procurement Manual, the latter manual (ie GPM) is to prevail.

Responsibility for Updating this Manual

This Manual can only be updated upon approval of the Board of the CSTB. The Secretary of the CSTB is responsible for ensuring this Manual is kept up to date. However, all STBs should provide feedback on the CSTB about errors and clarifications for the Manual.

Suggestions for amendment of this Manual from those involved in the process of contract establishment and management are encouraged. Should you wish to make a suggestion, contact:

The Secretary
Central Supply and Tender Board
PO Box 6457
Boroko
NCD
Papua New Guinea
Telephone: 311 3777
Fax: 311 3778
Email: info@cstb.gov.pg

The Secretary of the CSTB will issue amendments once approved by the CST Board. The Secretary CSTB must maintain a register of organisations and individuals that have
received copies of the Manual, including contact details so that amendments and additions can be issued in a timely manner.

The Chairman of the relevant STB is responsible to ensure that their Operations Manual is updated.

Updated version of this Manual is available on the CSTB Website www.cstb.gov.pg or a hardcopy can be mailed, upon request.
Roles, Responsibility and Timings

Relationships and Thresholds

The roles and responsibilities are described in the Finance Management Manual Part 14, Division 1. Figure A1 below indicates the relationship and delegated thresholds for each procurement entity.

The interaction and responsibilities between these approving/contracting authorities and Provincial/National Department and Public Bodies throughout the procurement process is described in the Table A1 below.

Table A1 - Roles

<table>
<thead>
<tr>
<th>Role</th>
<th>G-G</th>
<th>NEC</th>
<th>STB</th>
<th>Provincial/National Department and Public Bodies</th>
</tr>
</thead>
<tbody>
<tr>
<td>Establish need for Works, Goods and Services</td>
<td></td>
<td></td>
<td></td>
<td>✔</td>
</tr>
<tr>
<td>Develop Procurement Strategy</td>
<td></td>
<td></td>
<td></td>
<td>✔</td>
</tr>
<tr>
<td>Develop Bidding Documents and Specification</td>
<td>✔</td>
<td>✔</td>
<td></td>
<td>✔</td>
</tr>
<tr>
<td>Developing Selection Criteria</td>
<td>✔</td>
<td></td>
<td></td>
<td>✔</td>
</tr>
<tr>
<td>Advertise</td>
<td>✔</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Issuing Bidding Documents</td>
<td>✔</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Open Tenders</td>
<td>✔</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Evaluate Tenders</td>
<td></td>
<td></td>
<td></td>
<td>✔</td>
</tr>
<tr>
<td>Recommend Preferred Tenderer to Board</td>
<td></td>
<td></td>
<td></td>
<td>✔</td>
</tr>
<tr>
<td>Consider Recommendation and Award</td>
<td>✔</td>
<td>✔</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Legal Clearance</td>
<td></td>
<td>✔</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Execute Contract</td>
<td>✔</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Implement Contract</td>
<td></td>
<td></td>
<td></td>
<td>✔</td>
</tr>
<tr>
<td>Post Implementation Review</td>
<td></td>
<td>✔</td>
<td>✔</td>
<td></td>
</tr>
</tbody>
</table>
CENTRAL SUPPLY AND TENDERS BOARD

Minister for Finance and Minister for Requisitioning Agency

National Executive Council
Can award contracts up to an unlimited amount

CSTB Delegation

Tender Value

Central Supply and Tenders Board
Can invite major contract up to unlimited amount and execute major contracts up to K10 million

Above this threshold, approval must be referred to NEC

If cost estimate is greater than STB delegation, refer directly to CSTB.
Roles of Entities Involved in Procurement
(Refer to Figure A1 above)

**Governor General**

In regards to procurement, the role of the Governor General is to execute contracts with a Contractor, based on advice provided by the National Executive Council (NEC).

**National Executive Council**

Contracts above delegated limited may be referred to the NEC for award. Upon award of the contract, the NEC will refer it to the Governor General for the contract to be executed.

**Central Supply and Tenders Board**

According to the PFMA, the role of the Central Supply and Tenders Board (CSTB) is to control and regulate:

- the purchase and disposal of property and stores;
- the supply of works, goods and services;
- recommend to Minister of Finance amendments to PFMA, Regulations and Financial Instructions; and
- recommend to the Minister of Finance, appropriate financial delegations for the Agencies to conduct procurement

The CSTB is a “gatekeeper”; ensuring tenders that have been conducted in accordance with the PFMA and FIs and represent “value for money”. These tenders are allowed to pass through the gate, to become contracts. Those that have not are returned to Agencies for remedial action.

The CSTB may award and execute contracts up to its delegated limit. Beyond its delegated limit the CSTB may recommend award to the Minister for Finance and Minister for responsible for the requisitioning Agency for submission to the NEC.

The CSTB may conduct investigations and procurement compliance audits of subordinate Supply and Tenders Boards. In conjunction with the Auditor General’s Office and Department of Finance (DoF), the CSTB may conduct audits and investigations of National Departments and Provincial Administrations.

The CSTB may issue policies to control and regulate procurement through amendments to the Good Procurement Manual to detail procurement arrangements or establish procedures which result in greater value for money. CSTB is to produce an annual report by 30 June each year, which is to include details of activities of Supply and Tenders Boards under its
control. The Annual Report is to be audited by the Auditor General’s Office, before being provided to the Minister of Finance for submission to Parliament.

**Specialised Supply and Tenders Boards**

The role of the Specialised Supply and Tenders Boards (SSTBs) is also that of a “gatekeeper”; ensuring tenders within its delegated authority and jurisdiction have been conducted in accordance with the PFMA and represent “value for money”.

For contracts above its delegated authority, the SSTB must ensure that the procurement action is referred to the CSTB, in accordance with this Manual.

SSTBs should provide periodic reports of their activities to the CSTB, including details for CSTB’s Annual Report. Reporting requirements are provided in this Manual.

**Provincial Supply and Tenders Board**

The role of the Provincial Supply and Tenders Board (ProvSTB) is a “gatekeeper” function for procurement for Province, District and Local Level administrations. ProvSTBs are also to ensure tenders have been conducted in accordance with the PFMA and represent “value for money”.

Above its delegated authority, ProvSTBs must refer procurement action to the CSTB.

ProvSTBs are to provide periodic reports of their activities to the CSTB, including CSTB’s Annual Report. Reporting requirements are provided in this Manual.

**Provincial Administrations/National Departments and Public Bodies**

From Table A1 on Page 3 it can be seen that the role of these Agencies in major procurement is important. These Agencies need to; identify their need for goods and services, specify what is required, analyse the results of tenders received, write reports recommending a particular tenderer and manage established contracts.

In the case of National Departments and relevant Public Bodies, procurement action is referred directly to the CSTB. For Provincial, District and Local Level Administrations, procurement action must be directed to the ProvSTB. But if the contract estimate is above its delegation, the action must be referred directly to the CSTB.

> Important to note that only those Public Bodies which must comply with PFMA, Part VIII must refer procurement action to CSTB.

Procurement Units are established within Provincial Administrations, National Department and Public Bodies to conduct and arrange minor and major procurement. Staff should be highly trained procurement specialists in relevant fields of expertise.
All agencies mentioned above are required to report to the CSTB on their procurement activities.

Roles of Individuals Involved in Procurement

Minister of Finance

The Minister for Finance has overall responsibility for the Government’s procurement function. In regards to these activities, the Minister of Finance has the following powers and roles:

- Establish Specialised National Supply and Tender Boards under Section 39 of the Public Finances (Management) Act.
- The Minister may remove or reduce the delegated authority of any Supply and Tender Board not complying with the requirements specified in the FIs, upon recommendation of CSTB.
- Present the Annual Report of the CSTB to Parliament by 30th June of the year subsequent to which the report refers.

Chairman, Supply and Tenders Board

The role of the Chairman of the Supply and Tenders Board is to do the following:

- Preside as Chairman of the Board of the Supply and Tenders Board.
- Manage the day to day operations of the Secretariat (if relevant).
- Convene and Chair meeting in accordance with this Manual.
- Action all decisions of the Board.
- Execute contracts awarded by the Board.
- Terminate contracts if agreed by the Board, based on legal advice.
- Oversee the complaint handling procedures.

Member, Supply and Tenders Board

The role of each member of the Board of a Supply and Tenders Board is to:

- Review tender evaluations and other information submitted to the Board and assess their conformance with the law and determine if value for money can be achieved.
• Where appropriate, provide comment on the tender evaluations, seek clarifications and review responses.

• Cast a vote on the acceptance, deferral or rejection of a tender evaluation submission.

• Review complaints and contribute to formal response to complainant.

### Tender Evaluation Committee

The Tender Evaluation Committee (TEC) is a team of specialists from the Agency(ies) to evaluate tenders under the direction of a Supply and Tender Board. The names and details of the TEC must be provided to the relevant Chairman STB for approval.

The role of the TEC is to carry out the tender evaluation in accordance with the PMFA, Regulations and FIs, using the processes outlined in the Good Procurement Manual. In a practical sense this requires the TEC to evaluate tenders according to the requirements of the bidding documents, and previously defined selection criteria.

### Secretary and Nominated Public Officers

The role of government procurement processes should be to make taxpayers money go further, in providing works, goods and services to the community. All public officers involved in either Agency Procurement Units or STBs should ensure that GoPNG achieves “Value for Money” through fair, competitive and efficient processes.

The officers responsible for ensuring that the agreed customer service levels are met are identified in Table A2 below.

### Table A2 – Individual Responsibilities of Public Officers in STBs

<table>
<thead>
<tr>
<th>Task: Review Bidding Documents and provide feedback to Agency</th>
<th>Responsible Officer</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tender Advertisements</td>
<td>Secretary or Nominated Public Officer</td>
</tr>
<tr>
<td>Open Tenders</td>
<td>Secretary or Nominated Public Officer</td>
</tr>
<tr>
<td>Provision of opened Tenders to Client Agencies</td>
<td>Secretary or Nominated Public Officer</td>
</tr>
<tr>
<td>Review of TEC’s Recommendation reports for</td>
<td>Secretary or Nominated Public Officer</td>
</tr>
<tr>
<td>Task:</td>
<td>Responsible Officer</td>
</tr>
<tr>
<td>-------------------------------------------</td>
<td>--------------------------------------------</td>
</tr>
<tr>
<td>Completeness</td>
<td>Officer</td>
</tr>
<tr>
<td>Review of TEC’s Recommendation reports for Compliance with the PFMA</td>
<td>Secretary or Nominated Public Officer</td>
</tr>
<tr>
<td>Board Consideration of Procurement</td>
<td>Chairman</td>
</tr>
<tr>
<td>Written Notification of Board Approval / Rejection of a Recommendation</td>
<td>Secretary to draft Chairman to sign</td>
</tr>
<tr>
<td>Legal Clearance</td>
<td>Secretary</td>
</tr>
<tr>
<td>Contract Execution</td>
<td>Chairman</td>
</tr>
</tbody>
</table>

**Independence of STBs**

STBs are generally established within Agencies, such as Provincial STBs and Pharmaceutical STB. However, all STBs must be independent and operate impartially from their parent Agency; otherwise there is a conflict of interest. STBs are required to strictly conform to the procedures outlined in this Manual, to ensure independence and impartiality.

The roles of the STBs must not be confused with the roles of Procurement Units and TECs. Each entity has its own and individual tasks. If these entities do not conduct these tasks, then a conflict of interest exists.

**Customer Service**

The public tendering process is jointly carried out by Procurement Units, TECs and STBs as outlined in this Manual. Procurement Units, TECs and STBs are required to action procurement in an expedient manner. Delays in the approval process add significant cost to contracts and introduce opportunities for corruption. Contractors may add a surcharge to their tender if they consider that approvals will take a long time.

For example, in year 2004 GoPNG may have paid an additional 5-10% as a result of delays. This represents an additional cost to GoPNG up to K50 million, because of slow procurement. There is also greater opportunity during long delays for corruption and fraud to occur by Contractors and public officers.

**Service Levels – Public Tender**

In order to improve levels of service, increase efficiency and reduce corruption, STB, TECs and Procurement Units should meet agreed service standards. CSTB has developed a
policy for the expected response times for various procurement activities. These standards indicate the time within which the STB and Agencies and TECs will respond during the procurement process. Table A3 below outlines the service level requirements for a public tender.
Table A3 – Service Levels – Public Tender

<table>
<thead>
<tr>
<th>STB Tasks</th>
<th>Agency Tasks</th>
<th>TEC Tasks</th>
<th>Timings</th>
<th>Conditions:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Establish need for Works, Goods and Services</td>
<td>Agency to establish needs for submission with annual budget request.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Develop Procurement Strategy</td>
<td>Annual Procurement Plan to be provided to CSTB by 28 February each year</td>
<td></td>
<td>CSTB may require further revisions of the plan</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Acquisition plans to be prepared for procurement items above K1 million to be provided to STB with Bidding Documents</td>
<td></td>
<td>STB may require revision of the plan</td>
<td></td>
</tr>
<tr>
<td>Develop Bidding Documents</td>
<td>Provide Bidding Documents to STB in a timely manner consistent with project and budgetary requirements.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Review Bidding Documents and Acquisition Plan and provide feedback to Agency</td>
<td>Written feedback to be provided within 3 working days of receipt of documents</td>
<td></td>
<td>No feedback needs to be given to the Agency where the documents are satisfactory.</td>
<td></td>
</tr>
<tr>
<td>STB Tasks</td>
<td>Agency Tasks</td>
<td>TEC Tasks</td>
<td>Timings</td>
<td>Conditions:</td>
</tr>
<tr>
<td>---------------------------------</td>
<td>------------------------------------------------------------------------------</td>
<td>---------------------------------------------------------------------------</td>
<td>------------------------------------------------------------------------</td>
<td>-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>If required, finalise Bidding Documents and Acquisition Plan</td>
<td></td>
<td>If written feedback is provided to Agency, revisions are to be provided to the STB within 14 working days of receiving their comments.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Provide details for advertisement to the STB</td>
<td></td>
<td>To be supplied to the STB within 5 working days of STB approving Bidding Documents</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tender Advertisements</td>
<td></td>
<td>To be placed in Newspapers within 4 working days of having received complete detail of the tender from the Agency</td>
<td></td>
<td>Where an Agency specifically requests that an advertisement appear on a particular day of the week, the service level may be extended up to 8 working days.</td>
</tr>
<tr>
<td>Issuance of Bidding Documents</td>
<td></td>
<td>Documents to be released within the bidding period, as stated in the advertisement.</td>
<td></td>
<td>Bidding period may be extended, upon approval of the STB and notified to bidders.</td>
</tr>
<tr>
<td>Opening Tenders</td>
<td></td>
<td>To be opened on the same working day that tenders close</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Provision of opened to</td>
<td></td>
<td>To be provided within 2</td>
<td>Date stamping and</td>
<td></td>
</tr>
<tr>
<td>STB Tasks</td>
<td>Agency Tasks</td>
<td>TEC Tasks</td>
<td>Timings</td>
<td>Conditions:</td>
</tr>
<tr>
<td>-----------</td>
<td>--------------</td>
<td>-----------</td>
<td>---------</td>
<td>-------------</td>
</tr>
<tr>
<td>Agency/Procurement Unit</td>
<td></td>
<td></td>
<td></td>
<td>logging of tenders must be carried out to ensure propriety.</td>
</tr>
<tr>
<td></td>
<td>TEC to conduct evaluation</td>
<td>Complete evaluation within 20 working days of the close of tenders</td>
<td></td>
<td>Period may be extended upon approval of the STB.</td>
</tr>
<tr>
<td>STB Reviews TEC’s Recommendation reports for Completeness and Compliance with the PFMA and FIs</td>
<td></td>
<td>To be completed within 3 working days of having received a complete from the TEC.</td>
<td></td>
<td>STB may return the Recommendation Report if it deficient.</td>
</tr>
<tr>
<td>Board Consideration of Procurement</td>
<td></td>
<td>To be considered within 15 working days of having received a completed TEC Recommendation Report.</td>
<td></td>
<td>STB may require clarification from TEC. If so, TEC is to respond within 5 working days of receiving the request.</td>
</tr>
<tr>
<td>Written Notification of Board Approval / Rejection of an Evaluation Report.</td>
<td></td>
<td>To be provided to the Agency within 3 working days of the Board meeting</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Request State Solicitor’s Legal Clearance</td>
<td></td>
<td>State Solicitor’s Clearance required within 10 working days of written notification of</td>
<td></td>
<td></td>
</tr>
<tr>
<td>STB Tasks</td>
<td>Agency Tasks</td>
<td>TEC Tasks</td>
<td>Timings</td>
<td>Conditions:</td>
</tr>
<tr>
<td>---------------------------</td>
<td>--------------</td>
<td>-----------</td>
<td>---------</td>
<td>-----------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Contract Execution</td>
<td></td>
<td></td>
<td></td>
<td>Board approval</td>
</tr>
<tr>
<td>Within STB’s Delegation</td>
<td></td>
<td></td>
<td></td>
<td>Contract agreements should be signed within 5 working days of the approval of the Board, where the Contactor is based in the home Province (in the case of CSTB - Port Moresby). Where documents need to be sent to out of the Province (CSTB – outside Port Moresby) for signing by approved Contractors, signing should be completed within 20 working days. Contract Agreement (once signed by successful tenderer) to be signed by Chairman and a copy to be returned to Agency and contractor within 2 working days of having been received. The process of signing the contract is a 2-stage process, which may be carried out concurrently when the successful tenderer is able to sign the contract at the STB.</td>
</tr>
<tr>
<td>Notification</td>
<td></td>
<td></td>
<td></td>
<td>Chairman of the Board is to provide a notice to all</td>
</tr>
<tr>
<td>STB Tasks</td>
<td>Agency Tasks</td>
<td>TEC Tasks</td>
<td>Timings</td>
<td>Conditions:</td>
</tr>
<tr>
<td>-----------</td>
<td>--------------</td>
<td>-----------</td>
<td>---------</td>
<td>-------------</td>
</tr>
<tr>
<td>Contract Execution Head of State Delegation (Above CSTB’s delegation)</td>
<td></td>
<td></td>
<td>Tenderers of the name and amount of the successful tenderer within 2 working days. Chairman of the Board is to provide a notice in the next available National Gazette of the name and amount of the successful tenderer.</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Unsigned Contract Agreement to be sent to Successful Tenderer within 3 working days of NEC approval being given. Contract Agreement (once signed by successful tenderer) to be signed by Governor General and copies to be returned to Agency, CSTB and contractor within 2 working days of having been received.</td>
<td>NEC Secretariat to manage process</td>
</tr>
</tbody>
</table>
Service Levels – Certificate of Inexpediency

The service standards for issuing Certificates of Inexpediency are as follows:

- Agencies should prepare Request for CoI, Draft Contract Documents and APC within 5 working days.

- STB should approve the CoI (provided the Request for CoI meets the requirements of Financial Instructions) within 5 working days.

- State Solicitor’s Clearance and Execution by Chairman STB should occur within 5 working days.

Review and Audit of Customer Service

The CSTB is responsible for ensuring that Service Levels are set for important key tasks undertaken by STBs, Agencies and TECs. The STBs are required to report to CSTB on an annual and as-required basis on their performance and compliance with these service levels. CSTB will conduct audits and investigations of STB to determine compliance.
1. Meeting Procedure

Voting, Before the Meeting, Board Meeting, After the Meeting

Voting

Items of business are announced singly by the Chairperson during the meeting and a discussion or debate follows each one. Motions may be put forward to the Board by any Board Member for consideration. The Motion must be acknowledged by the Chairman. The motion is then discussed. Sometimes amendments to a motion are put forward. Only after the amendments are debated and voted upon can the revised substantive motion be brought to the vote. Once the motions receive a simple majority, or a majority as defined, they become resolutions.

In the event of an equality of votes, the Chairman will also have a casting vote.

The motions must be definitive and clearly stated in the Minutes of Meeting. The minutes of meeting must also clearly indicate the outcome of the motion. For votes relating to Recommendation Reports, all members must indicate their approval or rejection or deferral or abstention of the Motion. The Procurement Consideration Report Checklist (Annex G) is to be completed by the Secretary indicating the outcome of the deliberation and attach this report to the Minutes of Meeting.

Before the Meeting

Meeting Schedule

Meetings are to be scheduled on an as-required basis. In the case of the CSTB, meetings are scheduled by the Chairman CSTB, generally fortnightly although special meeting can be arranged. CSTB Board Meeting Schedule is to be posted in their website and updated when changed.
Prepare Reports for Meeting

Secretary is to prepare the Board Paper in accordance with ‘Approving Tenders’ in Chapter 2.

Prepare an Agenda

Agenda to be prepared by the Secretary and sent to all Board Members, at least 24 hours prior to the Meeting. Format for the Agenda is at Annex A.

Determine who will Attend

Secretary is to invite Board Members to the meeting through the distribution of the Agenda. Board Members are to advice the Secretary either if they able to attend or an alternative will attend in his/her place.

Board Meeting

Opening the Meeting

The meeting begins after the Chairperson declares the meeting opened.

The meeting is unable to begin until the Chairperson declares a quorum. This means that there are enough people in attendance to allow debates to be conducted and decisions to be voted upon. If a quorum cannot be declared within 45 minutes of the meetings designated starting time, the meeting should be called again for a similar time and place a week later.

If a Chairperson is not able to chair the meeting, the Board should elect another Chairperson from among the members present to act temporarily.

Apologies

The Chairperson states the names of those members who formally notified that they were unable to attend the meeting.

Declarations

Any member, who believes they have a conflict of interest in relation to any item on the Agenda, must declare that conflict at the beginning of the meeting. In the event that
the member is unsure of a conflict of interest then the members must vote on the perceived conflict of interest and the outcome noted in the minutes.

Any member with a conflict of interest shall not contribute in any way to that Agenda item and must leave the Board Room during its deliberation.

Compulsory Reading Time

The members will read the Board papers. In the case of the CSTB, a minimum one hour period is required. For all other STB, the time required is determined by the Chairman.

During the Compulsory Reading any clarifications of the Papers should be noted during this time.

Minutes of the Previous Meeting

The Chairperson tables the minutes of the previous meeting making them open as a topic of discussion. At this point the Chairperson will ask the members to adopt the minutes. If the members do not agree that the draft minutes are accurate, changes may be suggested. The Chairperson should ask the meeting to vote on those corrections. If there are only a few minor corrections, the Chairperson may ask the members to accept the minutes with the corrections. The vote to adopt the minutes can then go ahead on that basis.

Once the Minutes have been adopted the Chairperson should sign the minutes, together with the Secretary and hand them to the Secretary for filing.

The most important advice about the minutes of a previous meeting is to make sure they are read.

Business arising from Minutes of the Previous Meeting

Often the issues for Business arising from the Minutes of the Previous Meeting are listed in the agenda. Any reports, pieces of information or other matters of substance that were requested at the previous meeting are debated and a vote is taken on the appropriate action to take.

Correspondence

Any letters, facsimiles, emails and the like, which have been received by the Board are discussed here. The Chairperson should summarise correspondence which cover similar issues, or express similar opinions and discuss them as a single issue.
The Chairperson presents a piece of correspondence to the meeting to be discussed and acted upon, if necessary.

Recommendation Reports

Recommendation Reports with completed Recommendation Report Checklist (Annex F) plus any supporting information that have been written for the Board meeting and subsequent clarifications (if required) are tabled and discussed.

The Recommendation Report is received and a discussion or debate may now take placed on the contents, interpretation and recommendations of the report (in accordance with Procedure 2 – ‘Approving Tenders’).

The following motions are to be made by members:

1. Acceptance of the recommendation
2. Deferral of the recommendation, pending clarifications (consider further issues or reconsider issues on the basis of particular information) from the TEC
3. Rejection of the recommendation, if the subsequent Evaluation Report (including recommendations) is not accepted by the Board.
4. Member(s) may choose to abstain from the voting on the motion.

If required, the motion is to indicate the person to action the motion and the date and time the response is to be provided.

If possible, the Chairman and/or members of the TEC should be available during the Board meeting to discuss any request for clarification of the Report or Submission.

Annex G are to be completed for consideration of each Recommendation Report and attached to the Minutes of Meeting.

Under all circumstances, the Board should take all necessary actions to reduce the time to review the Evaluation Report or Submission.

Any other Business

It is at this point in time, that the members are able to raise issues they feel are important. These include any items which were not listed on the agenda. No extremely important or complex issues should be raised unannounced during this part of the meeting. If an urgent matter must be dealt with by the meeting, the Chairperson should be informed before the meeting begins. A revised agenda can then be drawn up in the
time that remains before the meeting is due to begin. If the Chairperson feels that any of the issues brought up for discussion are too complex or troublesome, he may call for another meeting to discuss the issue or alternatively, put it on the agenda for the next scheduled meeting.

Close of Meeting

Once all the issues have been put forward and discussed, the Chairperson advises members of the date and time of the next meeting. The meeting is now officially closed.

After the Board Meeting

The Secretary must provide to all Board members, copies of the Minutes of Meeting (with any attachments) within 48 hours.

Any clarifications of Recommendation Reports submitted, must be delivered in writing to the TEC within 24 hours of the Board Meeting.
2. Tendering and Contracting

The Contracting Process, Developing Bidding Documents, Bidding Document Checklist, Advertising, Lodgement and Opening of Tenders, Approving Tenders, Approval Checklists, Value for Money Concept, Whole of Life Cost Concept, Executing Contracts, Variation and Termination

The Contracting Process

The contracting process that must be used by the Government of Papua New Guinea (GoPNG) is outlined in the Public Finances (Management) Act (PFMA), Regulations under the Act, and Financial Instructions (FIs). The processes set down in law are not negotiable.

Currently (July 2004), contracts for works, goods and services above K300,000 must be established through either a public tender, or by use of a Certificate of Inexpediency. This procedure details the processes to be employed by the STB in carrying out its role in the tendering process. The procedure clearly defines the STB actions when:

- Developing bidding documents (an action jointly undertaken with the Agency)
- Advertising tenders,
- Opening tenders,
- Awarding
• Executing contracts
• Conducting post implementation reviews of contracts.

Developing Bidding Documents

Purpose

The Bidding Document contains all of the information provided by an Agency that a tenderer requires in order to develop a tender.

Responsibility

The Board Secretary is responsible for each and every contract.

It is the Secretary’s responsibility to advise the Agency in relation to the bidding documents. This includes, ensuring that the bidding document is of an appropriate standard - before the advertisement is placed.

For contracts above K1 million, an Acquisition Plan (refer to Good Procurement Manual (Chapter 1) must be developed by the Agency and reviewed by the STB.

Key Timings

The following must occur before the tender can be advertised:

• Secretary must review the bidding documents
• Secretary must also review the Acquisition Plan
• Secretary must provide written feedback to the Agency in relation to any shortcomings with the bidding documents and Acquisition Plan within 3 days of having received copies of the bidding documents

Once a quality bidding document and Acquisition Plan is in place, the tender can proceed, based upon a sound foundation. By reviewing the bidding documents the STB will assist the Agency to put in place a “Value for Money” contract.

Reviewing Bidding Documents

The bidding document provides the tenderer with all the information necessary to complete a tender. The bidding document would normally contain the following information:

• Letter of Invitation
• Conditions of Tendering – the rules of tendering
• Selection criteria
• Standard Tenderer Response Sheets – standard forms that will enable the Department to easily evaluate and compare each tenderer

• Draft Conditions of Contract – a draft contract that will form the basis of the final contract agreed between the GoPNG and the successful Contractor

• Specification – a clear description of the works, goods or services that the Agency wishes to procure

• Bill of Quantities or Schedules (if required)

• Drawings (if required)

The STB is to check that bidding documents consist of the parts mentioned above.

STB is to ensure the bidding documents are in accordance with the PFMA and FIs. Old bidding documents referring to previous acts (e.g., “Tenders (Procedure) Rules of PNG (Statutory Rules No. 2 of 1958)”) have been included in bidding documents is not acceptable.

In order to be able to complete this check, the STB must have read the bidding document and have a good understanding of the Public Finances (Management) Act and Financial Instructions. Where standardised CSTB template bidding documents are used this step is not necessary.

STB is to check that the specification of the works, goods or services provides a clear description of the works, goods or services required.

• Ask yourself whether you would be able to respond as a tenderer with the description of the works/goods/services that has been provided.

• Where relevant; those standards required to be met, volumes to be provided, special circumstances in relation to the procurement are provided.

• That where relevant, maps, samples, standards are all attached to the specification.

• Where applicable, management arrangements are described (for example, Supervising Engineer for a works project, or manager to whom a consultant would report, delivery points for goods etc).

Without a clear specification of what is required the tenderer will not be able to submit “Value for Money” tenders. The tenderers response to uncertainty is usually to increase the tender price! Additionally, do not use brand names, or other descriptions that would indicate a bias towards a particular tenderer.

A checklist is provided in Annex B of this procedure to assist STBs in reviewing the Bidding Documents. For each tender this should be completed and retained in the STB file.
Use of Standardised Bidding Documents

The CSTB is currently developing a set of standardised bidding documents to be used in tenders. These documents will ultimately be used for the following types of tenders:

- Major consultancies
- Works
- Goods
- Services

If these standard (template) documents are consistently used, Agencies, tenderers, TECs, procurement units and STBs will develop a strong understanding of the contents of the documents and their legal interpretation. As they are “pre-approved” by the State Solicitor, there is no need to consult with the State Solicitor in relation to each separate contract – significantly speeding up the procurement process.

Where standard documents exist, Agencies are required to use them, unless the nature and scope of the contract requires an alternative document.

Advertising

Purpose

Advertising serves a number of purposes including:

- Attracting the interest of a large number of potential Contractors, and therefore promoting competition for supply of the works, goods and services
- Promoting transparency and equal opportunity, by publicly informing Contractors in relation to opportunities to provide works, goods and services to the GoPNG.
- Informing Contractors in a simple and clear manner of the GoPNG requirements

However to be effective, the advertisement must be properly established. This procedure has been developed to assist you in designing effective tender advertisements.

Responsibility

The STB is responsible for:

- Placing the Advertisement
- Producing the draft Advertisement
- Advising the Agency on the best media to use for their requirements
- Ensuring the Advertisement achieves the purposes outlined above.

The Agency is responsible for:

- Providing the STB with the relevant technical and other information to place in the advertisement as outlined in “Creating an Effective Advertisement” below.
- Paying for the Advertisement.

**Key Timings**

One of the most important pieces of information provided in the Advertisement is the ‘Tender Closing date and time’. Tenderers must be given sufficient time to properly respond to the tender Advertisement.

STB is to place the Advertisement in Newspapers within 4 working days of having received complete detail of the tender from the Agency.

The length of Bid Validity Periods shall be up to a maximum of 90 days, unless prior approval is sought from the STB.

Remember, the Advertisement is meant to encourage competition amongst Contractors; so take care in ensuring the potential Contractors are all allowed appropriate time to collect the bidding documents and prepare their tenders.

**Selecting the Media to be Used**

Advertising can be expensive. When determining which media to use the key things to consider are:

- Which media will attract sufficient qualified tenderers to create a high level of competition, and
- How to minimise the cost of the advertisement.

High levels of competition are important to achieve “value for money” in any procurement.

Media to be used will depend upon the nature of the tender. However, the following CSTB’s policy for Advertisement is to be used as a minimum requirement:

- Greater than K300,000 and less than K10.0m it must be advertised in a national newspaper with large circulation (eg “The National” or the “Post-Courier”)
- Greater than K10.0million it must be advertised in at least two national newspapers and relevant international media.
- If required, advertise on Aid/Donor Agency bulletins
• If required, advertise in specialist publications.

• If required, directly invite contractors to submit tenders.

• In all cases; government gazette and CSTB website

In addition, to further promote competition, it may be appropriate to fax or email the Advertisement to companies that would be expected to provide “Value for Money” offers to the Agency. In this way, you can be assured that the potential tenderer does not miss the advertisement.

However, when faxing or emailing prospective tenderers, care must be taken to ensure that all companies are treated equally. Lists must be retained of companies that would be faxed for specific types of tenders. Any company is able to add their name to the list, upon request to the Secretary, STB. When this process is used, a copy of the list of faxed and emailed tenderers must be retained in the contract file.

Creating an Effective Advertisement

Advertisements should provide the tenderer with enough information to determine whether they wish to inquire about the tender further. As a guideline the Advertisement should provide the following information:

• STB Tender file number.

• Brief description of the works, goods and services to be provided.

• STB Contact person, phone number, postal address and internet address to obtain copies of the tender documents.

• Amount of document fee and place to pay fee to obtain tender documents.

• Name of the Agency.

• Agency Contact persons phone number (for queries relating to technical aspects of the tender).

• Closing date for the tender.

• Requirement that the tenderer endorse the envelope containing the tender with the STB file reference number.

You should always check the advertisement to ensure that it provides appropriate information, at minimum cost.

Under no circumstances should the name of a politician be mentioned as relating to:

• Funding a project
• Causing a project to be undertaken

• Any other purpose.

This is because all government expenditure comes from tax revenue – raised from the community; it is not provided by a political figure.

If useful, a statement that GoPNG is funding the project can be made.

Sample Advertisement is provided in Annex B.

Placing an Advertisement

When an Agency wishes to advertise a tender the following process will normally occur:

• The Agency provides the STB with the information required in relation to the tender Advertisement

• STB produces a draft Advertisement and faxes it to the publisher in order to establish the price. The publisher faxes the STB with a price.

• The draft Advertisement is then faxed to the Agency, with the cost estimate from the publisher for confirmation

• Assuming the Agency has no changes to the Advertisement then they pay the publisher for the advertisement and present the receipt (by fax or hand) to the STB.

• Upon sighting the receipt, the STB instructs the publisher(s) to print the Advertisement.

Remember to check the Advertisement in the publication, to ensure that there have been no misprints.

Document Fee

The STB may charge a document fee to recover the cost of reproduction, mailing and other forms of transmission (eg courier, facsimile and email). The document fee is to recover these costs only. In no way should the document fee be used to restrict the number of prospective tenderers.

If a contractor chooses not to purchase a set of bidding documents and (say) borrows a set of documents from another contractor, then the neither contractor can be disqualified for not purchasing the document. However, if there are any subsequent amendments to the bidding documents or other information provided from the agency, then the second contractor may not receive this information and be subsequently disqualified for non-conformance.
Issuing Bidding Documents

The STB must keep an up to date register of requests for bidding documents. A sample register is provided in Annex D. If a document fee is required, then this fee must be paid and the details noted on the register before the documents can be submitted.

Clarifications and Corrections

Any requests for clarifications from Contractors must be referred to the Contact Person within the Agency. It is important to note that any answers or corrections to bidding documents during the tender preparation must be provided by the STB to all prospective tenderers. Details of clarifications and corrections are to be provided in the contract file at the STB and on the Register of Respondents (Annex D)

Lodgement and Opening of Tenders

Lodgement

This procedure exists to ensure that all tenderers are treated fairly.

The procedure encompasses:

- Lodgement of tenders
- Process of opening and recording tenders,
- Process for providing the Agency with the tendered information.

Responsibility

The nominated Public Officers are to open tenders in accordance with this procedure.

Key Timings

At the time fixed for the closing of tenders, the tender box will be opened by the responsible officers. That is, tenders to be opened on the same working day that tenders close.

STB is to provide tenders to the Agency within 2 working days of the close of tenders

Tasks

The processes to be used for each key task are outlined in the FIs to the PFMA.

Lodgement of Tenders

It is essential that the STB has a tender box and clock which is accurate. The accuracy of the clock should be regularly checked, in particular before the closing of a tender. Many disputes have occurred during lodgement about the accuracy (or lack thereof) of the STB’s clock.
All tenders must be deposited in the tender box and then name and details of the person and company submitting the tenders must be recorded.

At the designated time the tender box must be closed to stop any late tenders being lodged.

**Opening of Tender**

Tenderers and other interested parties are freely allowed to witness the opening of tenders. On the day and at the time fixed for the closing of tenders, the key holder and the Secretary of the Board shall, in the presence of a witness nominated by the Board:

- Seal the tender box immediately; and
- Shortly afterwards, open the tender box;
- Remove all envelopes endorsed with a reference to the matter or thing in respect of which tenders have closed; and
- Re-lock the tender box.
- The key holder, the Secretary of the Board and the witness shall open the tenders from the Tender Box without contact with any other person.
- As tenders are opened, each envelope and each page of each tender shall be numbered consecutively, dated and initialled by the key holder and the Secretary of the Board.
- Where cash or cheque is enclosed in a tender by way of tender security, the Secretary of Board shall:
  - As soon as practicable, pay the amount to a receiver or Collector of Public Moneys; and
  - Attach the receipt for the amount to the tenderer.

**Recording of Tender**

Any envelopes containing substitutions, modifications, or withdrawals must be subject to the same level of scrutiny, including the reading out of critical details, such as price changes. Failure to read out such information and include it in the written record may result in denial of its inclusion in Tender evaluation. If a Tender has been withdrawn by fax or email, it should nonetheless be read out and should not be returned to the Tenderer until the authenticity of the withdrawal notice has been confirmed. It is important that the tender submission is thoroughly checked (including envelopes) for any missing or further information.

Details of Tender Opening including all recorded information are to be available to the general public.
As tenders are opened, the Secretary of the Board shall record details of each tender, as outlined in Annex E, including:

- Tender Opening Checklist
- Tender Opening Register
- Tender Opening Record Sheet

**Tenders Register**

When details of the tenderer have been recorded in the Tenders Register, the key holder and the Secretary of the Board shall:

- Check and Sign the Tenders Opening Record Sheet as correct; and
- Check and Sign the Tenders Register as correct.

**Where no Tenders are Received**

Where no tenders are received for any matter or thing in respect of which tenders are invited, the key holder and Secretary of the Board shall:

- Tender Opening Register to be endorsed accordingly,
- Mark and sign the Tenders Opening Checklist as correct, and
- Mark and sign the Tender Opening Record Sheet.

**Schedule of Tenders Received**

When details of tenders have been recorded, the Secretary of the Board shall prepare a notice, which shall:

- Contain a list of names of tenderers in order of the amounts tendered commencing with:
  - in case of tenders for the disposal of property of the Government, the highest tender, and
  - in all other cases – lowest tender
- Contain a statement that the notice is for information only and does not necessarily indicate the successful tenderer or the decision of the Board, and
- Be made available for perusal on the request of any person.
Late Tenders
A tender or an amendment of a tender that is received after the closing time for tenders shall:

- Be marked as late tender by endorsement to that effect signed and marked with the date and time of receipt by the key holder and Secretary of the Board.
- Remain unopened and recorded in the Tender Opening Checklist, and
- Returned to Contractor (unopened).
- Not receive consideration.

Provision of Tenders to Agency
The responsible Public Officer must ensure that copies of the tender documents are passed to officers of the Agency within 2 working days of the close of tenders. Original copy of tenders to remain with the STB.

A copy of the Tender Opening Checklist(s), Tender Opening Register and Tender Opening Record Sheet are to be provided with the tender documents, under a covering letter signed by the Secretary, STB. Any deficiencies in the tenderers submissions (eg missing authority for signing or Company Registration details) should be highlighted in the covering letter.

The original copy of each tenders, Tender Opening Checklist(s), Tender Opening Register and Tender Opening Record Sheet, and the covering letter are also to be added to the STB file, at this time.

Approving Tenders

Purpose
Once the TEC has evaluated the tenders, the evaluation report is to be submitted to the STB for review and consideration. The STB is to ensure that procurement processes are conducted fairly and in accordance with the law, and that contracts entered into represent "value for money".

The procedure outlines tasks to be completed by both the Secretariat, and the Board. If the STB does not have a Secretariat, the Chairman of the Board is responsible to undertake their responsibilities and tasks.

Responsibilities

Board Responsibilities

The STB Board is responsible for ensuring that:
• Procurement processes (public tenders and Certificates of Inexpediency) conducted on behalf of the GoPNG and
• Contracts entered into by the GoPNG
comply with the PFMA, Regulations and FIs.

The Board is responsible for ensuring that contracts established on behalf of GoPNG provide “Value for Money”.

Achieving Value for Money (VFM) is critical! VFM is achieved by meeting the Government’s need (normally defined in the Bidding Documents) at the Lowest Total Cost. Board Members must strive to achieve VFM.

Secretary Responsibilities

The STB Secretary is responsible for scrutinising TEC’s recommendations before the Board views them. This is to ensure that:
• All the relevant documentation is presented to the Board, and
• Obvious breaches of the PFMA, Regulations, and FIs are highlighted to the Board.
• All pre-contractual requirements have been met by the tenderers (eg securities etc)

Tender Evaluation Committees Responsibilities

The Tender Evaluation Committees (TECs) are responsible for:
• Analysing the tenderers offers (submissions) in accordance with the PFMA, Regulations, and FIs
• Recommending that tenderer which represents the best “value for money” to the GoPNG in accordance with the Bidding Documents, and
• Producing a “Recommendation Report” as required in the Good Procurement Manual, in a timely manner

Key Timings

TECs are to submit the evaluation report to the STB within 20 working days of receiving the Tenders.
STB is to complete a review of the Evaluation Report within 3 working days of having received the report from the TEC.

The Board of the STB is to consider the procurement within 15 working days of having received a completed TEC Recommendation Report.

If Board requires the TEC to provide clarifications, the TEC is to respond within 5 working days.

State Solicitor is to review the draft Conformed Contract, within 10 working days.

Written notification of acceptance/rejection by the Board is to be provided to the Agency within 3 working days of the Board meeting.

**Relevant Law**

The PFMA outlines the process that the STB Board must use in considering and approving tenders. Section 42 of the PFMA provides for:

- A Schedule of Tenderers to be prepared for the Board
- The Board to seek the advice of persons with specialised knowledge (eg the TEC)
- The Board to consider the tender with reference to the Conditions of Tendering and Specification
- The Board in considering tenders, to take account of each tenderers:
  - Capacity
  - Experience
  - Integrity
  - Past performance, and
  - Financial status
- Minutes outlining the reasons for the Boards acceptance or rejection of tenders must be kept

**Secretary Tasks**

In order to ensure that tender recommendations presented to the Board contain all the necessary information the STB Secretary must check the TEC’s submission for completeness and compliance.

Each submission should include the following:
• Recommendation Report that:
  o Provides for a contract to be established with a value greater than K300,000
  o Is addressed to the Chairman, STB
  o Is signed by all members of the TEC
  o Briefly describes the works, goods and services to be supplied
  o Contains Tender Opening Checklist(s), Tender Opening Register and Tender Opening Record Sheet identifying each tenderer and price
  o Identifies the names and titles of technical experts in TEC employed by the Agency to evaluate the tenders

• Conditions of Tendering and Specification

• Draft Conformed Contract Agreement

• Finances are available. An Authority for Pre-commitment (APC) is provided by Agency. Alternatively, where the project is financed by an aid or donor agency, a signed letter confirming availability of funding.

Without these documents, the Board will be unable to carry out its duties under the PFMA.

The Secretary must complete Part 1 of the “Recommendation Report Checklist” – Annex F. Where there is an omission in the Agency’s submission, this must be referred back to the Agency within 1 day of the omission being identified. The Public Officer must clearly identify the omission in order that the Agency is able to quickly remedy the situation.

Each submission must comply with the PFMA and associated FIs. Whilst it is recognised that the Secretary is not a lawyer, a Secretary must have a basic knowledge of the PFMA and FIs in relation to procurement. The Secretary is to review the TEC’s Recommendation Report and confirm that:

• Procurement process (Public tender) has complied with the PFMA,

• Review the Preliminary Evaluation.
  
  o Ensure tender is valid (meets verification, eligibility, tender security and the tender is otherwise complete)

  o Report includes discussion on the:
    ▪ Capacity
    ▪ Experience
    ▪ Integrity
The report indicates that tender(s) are substantially responsive

Review the Detailed Evaluation

The report includes detailed evaluation and financial analysis resulting in a preferred tenderer which has the Lowest Total Cost.

**Definition: Lowest Total Cost**

Lowest cost for works goods and services, calculated in accordance with the Bidding Documents, and must include initial capital cost or cost of services and possibly other overheads such as whole of life costs (if provided for the Bidding Documents).

The Secretary must complete Part 2 of the “Recommendation Report Checklist” in Annex F. Where there is a breach of the PFMA this must be highlighted to the Board for consideration.

**Action following Board Award**

Once the Board has awarded, the Secretary must:

- Arrange for a No Objection Letter (NoL) from the Aid and Donor Agency and
- Seek a Certificate of Legal Clearance from the State Solicitor’s Office.

Upon the Chairman sighting the NoL and Certificate of Legal Clearance, the Secretary must arrange for the contract to be executed by Chairman.

**Above STB’s Delegation**

Where the Board agrees with the TEC’s recommendation, but the contract value is above the Board’s delegated authority, the Secretary must prepare for the Chairman’s signature a letter to the CSTB which:

- Notes the Board’s recommendation for a specific Contractor to be awarded the contract,
- Identifies the Board’s reasons for recommending a particular Contractor,
- Requests the CSTB to consider the tender
- Requests the CSTB to execute the contract, and return a signed copy of the contract to the Board for filing.
This submission to the CSTB must be accompanied by all of the documents used by the Board in considering its position, including the:

- Tender notice,
- 1 (one) Copy of all Tender Documents,
- TEC’s Recommendation Report,
- Conditions of Tendering and Specification,
- Draft Conformed Contract Agreement and
- Confirmation of availability of funding (APC or letter from aid and donor agency).

**Action by NEC**

Where the contract value is above the CSTB’s delegated authority, the CSTB’s Secretariat must prepare a submission for the NEC which:

**Certificate of Legal Clearance:**

*It is a requirement of the NEC that contracts to be executed by the Head of State must first be cleared by the State Solicitor. The Central Supply and Tenders Board is to seek the State Solicitor's clearance for the contract and provide the Certificate of Legal Clearance to the NEC Secretariat.*

**Certificate of Technical Correctness:**

- It is also a requirement of the NEC that contracts to be executed by the Head of State must have a Certificate of Technical Correctness from an Appropriate Agency. If the contract involves works, then Department of Works must provide the Certificate. Similarly, if the project involves medical facilities, then Department of Health must provide the Certificate. The Central Supply and Tenders Board is to seek the Certificate of Technical Correctness from the appropriate agency.

- Notes the Board’s recommendation for a specific Contractor to be awarded the contract,
- Identifies the Board’s reasons for recommending a particular Contractor,
- Requests the NEC to consider the tender,
- Requests the NEC to award the contract, and forward to the Governor General for execution and
Return a signed copy of the contract to the Board for filing.

This submission to the NEC must be accompanied by all of the documents used by the Board in considering its position, including the:

- CSTB’s Recommendation
- Tender notice,
- TEC’s Recommendation Report,
- Conditions of Tendering and Specification,
- Draft Conformed Contract Agreement,
- Certificate of Legal Clearance
- Certificate of Technical Compliance from appropriate Agency
- Confirmation of availability of funding (APC or letter from aid and donor agency).

**Board Tasks**

Once the Secretary has reviewed the TEC’s Recommendation for completeness and simple compliance with the law and Good Procurement Manual, the submission is to be presented to the Board, with the Secretary’s “Recommendation Report Checklist” (Annex F). Refer to the flowchart below.

**Important**

If for whatever reason Annex F is not completed prior to the Board Meeting, the submission must be either returned the Secretary to complete the review or the Board must complete its own review. In either case, the TEC’s Recommendation Report must be properly reviewed in accordance with Annex F.
Board to review Submission

Procurement Method

Public Tender

Is the tender valid according to verification, eligibility and tender security requirements and otherwise complete?

Includes on on Capacity, Experience, Integrity, Past Performance & Financial Status?

Report considers responsiveness to technical requirements?

Preliminary Evaluation
The Board will then either, approve/defer/reject the TEC’s recommendation or seek further clarification from the TEC.

The Board approval process involves two steps:

- Confirming that the procurement has been conducted in accordance with the PFMA, Regulations and FIs, as described in the Good Procurement Manual.
- Independently confirming whether or not the recommended company will provide “Value for money” to GoPNG

All Agency submissions appearing before the Board must be complete. It is the Secretary’s responsibility to make sure that this occurs.

*Confirmation of Compliance with the PFMA and FI*

The Board is required to confirm that the procurement process has been conducted in accordance with the PFMA and FI. To do this the Board must have a strong understanding of the contents of the Good Procurement Manual.

Key areas that the Board should consider in determining compliance include whether:

- The procurement was conducted using a *public tender* or *Certificate of Inexpediency* – other methods are not allowed
- Preliminary Evaluation of Tenders
  - Ensure tender is valid (meets verification, eligibility, tender security and the tender is otherwise complete)
  - Report includes discussion on the:
    - Capacity
    - Experience
    - Integrity
    - Past performance, and
    - Financial status
  - The report indicates that tender(s) are substantially responsive
- Detailed Evaluation of Tenders
  - The report includes detailed evaluation and financial analysis resulting in a preferred tenderer which has the lowest evaluated cost.
When all of the above considerations are satisfied, the Board is able to confirm that the procurement process and recommendation complies with the PFMA, FIs and Good Procurement Manual.

**Confirmation that “Value for Money” will be provided**

The Board is required to confirm that the recommended tenderer will provide the GoPNG with works, goods and services that represent “value for money”.

To do this the Board must have a strong understanding of the concept of “value for money”.

<table>
<thead>
<tr>
<th><strong>Definition: Value for Money</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Defined as obtaining works, goods and services for the GoPNG that best meet the government’s need at the lowest total cost.</td>
</tr>
</tbody>
</table>

When considering works contracts, the Engineer’s Estimate may be used as a guide as to the reasonableness of tendered prices. Where significant differences exist between the Engineer’s Estimate and the tendered prices the Board should ensure that the recommendation report explains such differences.

The STB is not obliged to accept the recommendation of the TEC. However, in carrying out its role the STB should ask inquiring questions of Agencies, TECs where information presented are deficient. Recommendations must not be approved until the STB is confident that the compliance with PFMA and FI’s and Value for Money conditions have been met.

**Disagreement between STB and TEC**

When the Board disagrees with the TEC's recommendation, in the first instance the Board is to discuss the matter with the TEC. If possible, the Chairman of the TEC should be available during the board meeting to provide explanation of decisions and recommendations in the evaluation report. The Board should avoid deferring a decision, unless a satisfactory explanation is not received.

The TEC may be required to consider additional information provided by the STB. If deemed appropriate the TEC is to prepare a revised evaluation report.

In the event that the Board disagrees with the initial and subsequent evaluations, the Board may disregard the TEC’s recommendation and award the contract, based on the Board's sole recommendation. In this event the Board must prepare its own recommendation report (consistent with this Manual and the Good Procurement Manual) with clear and comprehensive justifications in accordance with the law, for the recommended award. The Board must also attach to their recommendation report the TEC's recommendation.
report(s) and all relevant correspondence in regards to the disagreement of the recommendation.

When the Board is convinced that the proposed contract will adequately meet the entire commercial, financial, and contractual considerations, then approval for the TEC’s recommendation should be given.

*Complete Annex G*

The Secretary, STB is to ensure that a STB “Procurement Consideration Report” is completed for each tender considered by the Board. A sample of this standard form is provided in Annex G.

**Negotiations**

Neither the TEC nor the STB may negotiate with a Tenderer to change unit rates or lumps sums in the tender price. However, relatively small changes (up to 20% of the preferred tenderer’s price) to the scope of the contract may be negotiated to conform to the budget requirements or alternatively provide for small additions to the scope.

**Letters**

In the past, contracts have been formed through an exchange of a series of correspondence between the Government of PNG and the Contractor. This process has led to lack of clarity as to the content and form of the final agreement between the parties and is to be discontinued.

---

**Certificate of Inexpediency**

**Contractual Requirements**

If a Certificate of Inexpediency (CoI) is raised for an item of procurement, abovementioned procedure does not apply. However, regardless if the procurement is raised under a CoI, it is still a contract. Therefore a contract document is required. Also, contract administration, complaint handling and compliance and enforcement still apply to CoI Contracts.

**Relevant Law**

Section 40, (3), (b) of the Public Finances (Management) Act provides the Supply and Tenders Boards with the powers to ‘certify that the inviting of tenders is impracticable or inexpedient’. Further explanation and instructions into the form and nature of ‘Certificates of Inexpediency’ (CoI) is provided in 1/2005 Financial Instructions, Section 11.2,. Under these instructions, CoI’s may be issued only for:

- Natural Disasters
- Defence Emergencies
Health Emergencies
Situations of Civil Unrest

AND where procurement must be undertaken urgently. Simply stating that the procurement is 'urgent' is not acceptable for a CoI.

The FI's state that a Certificate of Inexpediency must not be issued after a transaction is already concluded. If this occurs the STB may deem the contract to be void and the relevant public officers disciplined.

**Effect on Attaining ‘Value for Money’**

In the past a CoI has been used to avoid the public tendering process. This process has over time been widely abused.

Col’s have been generally issued on the basis that:

- There is only one suitable contractor, or
- The Department has run out of time to conduct a proper tendering process

Under the PFMA and FI’s, these practices are illegal. Closer examination of the former justification generally means that the specification for the goods or services is biased in some way. The second justification (lack of forward planning by departments), is no longer acceptable. Departments must plan their procurements in a timely manner.

The level of use of a CoI for major procurements means that competitive forces cannot be applied. As a result the GoPNG is often paying too much for the goods and services provided.

**Details of Certificates of Inexpediency**

According to the FI’s, a STB must indicate clearly the details of the Certificate of Inexpediency, including:

- Contractor, and
- Department / Agency requesting the certificate, and
- Name and signature of the Departmental/agency head requesting the certificate, and
- Goods, works or services being procured, and
- Value of the procurement, and
- Reason for the certificate to be issued, and
• Date on which the Certificate is awarded, and
• Name of those Board members issuing the Certificate, and
• Name and signature of the Chairman of the Supply and Tender Board issuing the certificate.

Refer to Annex H for the format for the Agencies request and Certificate of Inexpediency.

**Contract Document Preparation**

Whilst the application of the CoI is to respond to emergency situations, normal procurement practices cannot be ignored.

Accordingly, agencies that implement contracts under a CoI must still prepare contract documentation in accordance with Chapter 7 of the GPM.

It is strongly recommended that standard conditions of contract (as issued by CSTB) are used as these documents are pre-approved by the State Solicitor.

The contract must be complete, including:

• name and details of the contractor
• specification
• bill of quantities or schedule of rates.

STB's must only consider the following forms of contract:

• Lump Sum (fixed price)
• Schedule of Rates

A lump sum contract with costed bill of quantities is preferred. However, at a minimum the agency must provide a detailed schedule of rates for all anticipated work.

Whilst there may be insufficient time to undertake any project design, agencies cannot allow an ‘open cheque book’. In both cases the CoI must state the monetary maximum limit of this approval.

Additionally, agencies must provide a specification. It is highly recommended that agencies use standard specifications such as:

• *DoW Road and Bridge Specification*
• *DoW Architectural Specification*
Documentation Required for Approval

Agencies are to provide the following information to the STB;

- Request for Certificate of Inexpediency
- Complete Contract Documents (including specification and bill of quantities/schedule of rates),
- State Solicitor’s Legal Clearance (if non-standard contract document is used), and
- Completed Authority for Pre-commitment (APC), or
- Aid/Donor No Objection Letter (if funded by Aid/Donor Agency)

If the contract estimate is above the STB delegated authority, approval of the documents must then be referred to the CSTB.

Departmental Justification Required

Agencies are required to provide a detailed justification in Request for Certificate of Inexpediency (refer to Annex H). This justification must be in accordance with the Financial Instructions, Part 13, Division 4.

Contract Execution

Purpose

This procedure exists to provide guidance to the Board Chairman and the Secretary in the execution of contracts.

The process of “contract execution” provides (in a legal sense) GoPNG’s acceptance of the tenderer’s offer (including CoI), and enables the contract to begin, in accordance with the terms and conditions stated in the contract agreement.

In regards to CoIs, the STB will review the details of Section 1 of the CoI (Annex H) together with the Contract Documents, State Solicitor’s clearance (if required) and APC or No-objection Letter. If the Board accepts that the CoI is in accordance with the Financial Instructions (Part 13, Division 4), then the Board will award the CoI by completing the Certificate (refer to Annex H). The Chairman of the Board will then execute the contract, awarded as a result of issuing a CoI (but within the Board delegated authority.)

Chairman’s Responsibilities

The Board Chairman is responsible for ensuring that contracts which are:
Approved by the Board,
Within the delegated authority of the Board, and
Documented in a suitable agreement,
are signed on behalf of GoPNG.

Secretary Responsibilities

The Secretary is responsible for ensuring:

- That 3 copies of the contract agreements are presented to the Chairman for signature on behalf of GoPNG as soon as practical after the Board has approved a recommendation
- Organising for the selected Contractor to sign 3 copies of the contract agreement as soon as practicable after it has been signed by the Chairman.
- Ensuring that a signed copy of the signed agreement is:
  o Provided to the Agency’s representative as identified in the contract
  o Provided to the Contractor
  o Maintained on the STB file.

Key Timings

Contract agreements should be signed within 5 working days of the approval of the Board, where the Contractor is based in the home Province (in the case of CSTB - Port Moresby). Where documents need to be sent to out of the Province (CSTB – Port Moresby) for signing by approved Contractors, signing should be completed within 20 working days.

Unsigned Contract Agreement to be sent to Successful Tenderer within 3 working days of Board/NEC approval being given.

Contract Agreement (once signed by successful tenderer) to be signed by Chairman/Governor General and a copy to be returned to Agency, CSTB and contractor within 2 working days of having been received.

These timings assume that the State Solicitor has previously examined the contract, either:

- (Preferably) as a template contract, or
- Where a template contract has not been used, before approval being given for awarding of the contract, by the Board.
Chairman of the Board is to provide a notice to all tenderers of the name and amount of the successful tenderer within 2 working days.

Chairman of the Board is to provide a notice in the next available National Gazette of the name and amount of the successful tenderer

**Mechanisms for Contract Execution**

Contract execution must occur through the signing of a single contract agreement. This document outlines all of the aspects of the agreement between the GoPNG and the Contractor, and is also used as the basic document for managing the relationship between each party.

In the past, contracts have been formed through an exchange of a series of letters between the GoPNG and the Contractor. This process has led to lack of clarity as to the nature of the final agreement between the parties and is to be discontinued.

**Variations to Price, Scope and Time**

For the purpose of this Manual, variations are deemed to be any change of price, scope and time within the original contract.

It is important to note that all Variations must be handled in accordance with the contract documents. Some contracts will be strictly Lump Sum Contracts with no provision for variation, whilst other conditions of contracts will provide for Variations.

Section 32 (2) of the PFMA enables designated officers to approve Variations to contract as regards time, price, or other conditions within such limits as are specified in the FIs.

The flowchart below indicates the limits of delegation and process to be used.
Where more than one price variation occurs in relation to a contract (where the total of all the price changes must be less than a 10% increase from the originally approved price), for the Agency Head to be able to approve the variation. Where the price variation is greater than 10%, the Agency must get a new APC and request approval for the variation from the appropriate Executing Authority (either STB Chairman or Governor General).

A material change is defined as one which substantially affects the scope, quality and performance of the contract which is inconsistent with the original intent. All material changes must be referred back to the Executing Authority (i.e., STB or Governor General).

In all instances, the Section 32 Officer must also confirm that financial authority is available to vary the contract. This is in addition to the above requirements.

**Termination**

If there has been a significant breach of contract or one or both parties cannot fulfill their obligation, it may be necessary to terminate a contract before it reaches its natural conclusion. The following rules apply in relation to contract terminations:

1. **Department Head may Approve**
2. **Contracting Authority may Approve** (STB or Governor General)

**Variation Approval Process**
• Contracts can only be terminated by the authority that executed the contract. (For major contracts this will normally be the relevant Chairman of the Supply and Tender Board or the Head of State.)

• Written legal opinion from the State Solicitor must be sought prior to terminating a contract.

• Prior to the Chairman of a Supply and Tender Board terminating a contract, the Supply and Tender Board must meet and decide to terminate the contract.

• Where the Head of State is required to terminate the contract, he or she may only do so on written advice from the National Executive Council, supported by written advice from the relevant Supply and Tender Board and State Solicitor.

The contract authority terminating the contract must immediately write to the Department of Finance, Public Accounts Division, APC Secretariat to inform them of the termination.
3. File Management

Purpose, General Approach, Responsibility for Filing, Documents to be retained for each Contract, Temporary Removal of Files, Archiving of Files

Purpose of File Management

The STB requires good filing systems, with complete documentation in order to ensure that:
- The tendering process proceeds correctly
- The contract can be properly implemented and administered
- Documentation is readily available in case of a dispute
- The tendering and contracting process is transparent and able to be independently audited

General Approach

The STB must maintain a separate file for each item of procurement in which it is involved. These files will be stored in lockable, fireproof cabinets. Each file will be recorded in a register that records the:
- File number,
- Date of Creation of the File
- Description of the procurement, and
- Name of the officer responsible for managing the procurement

This register may be maintained electronically in a book with numbered pages. Only the CSTB is to maintain a register on the CSTB CRS and a printed copy must be produced at the end of each month.
Files that are required for immediate use by the STB will be kept on site, in fireproof cupboards, in file number order. Files that are not generally required will be archived through the Department of Education archive storage facility. They are to be able to be retrieved within 24 hours of a requirement being notified.

Each file is to contain all of the relevant documents pertaining to the procurement process and contract.

**Responsibilities**

The Chairman of the STB is ultimately responsible to ensure that all documentation is correctly filed and archived.

Responsibility for maintenance of the filing system is best viewed in two parts:

- Maintenance of the overall filing system, and
- Updating of individual files.

**Maintenance of the Overall Filing System**

The Registry Officer is responsible for ensuring that an overall filing system is in place. These duties include:

- Maintenance of a sequential register of files
- Issuing file numbers for each individual procurement
- Ensuring that there is sufficient lockable storage space for each file to be kept
- Archiving of files that are not required for immediate use.

**Maintenance of Individual Files**

The Secretary is responsible for nominating a specific officer to manage each specific procurement and contract.

Secretary must:

- Ensure that the appropriate documents are kept on each file
- Assist the Registry officer to archive files at the appropriate time.

**Documents to be Retained on Each File**

Each file must contain a complete set of documents pertaining to the procurement process, and contract established. As the procurement progresses the file must be updated to
include the set of documents relevant to the stage at which the procurement has progressed. All documents must be on the file once the contract has been signed.

Table 2 below outlines the documents that are required to be kept on each file.

**Table 2** Document Required on Each File

<table>
<thead>
<tr>
<th>Document</th>
<th>To be filed</th>
<th>Comment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Copies of the bidding documents ¹</td>
<td>Before the advertisement is placed</td>
<td></td>
</tr>
<tr>
<td>Advertisement ¹</td>
<td>Within 1 day of advertisement appearing in newspaper</td>
<td>Photocopy advertisement, including name and date of newspaper</td>
</tr>
<tr>
<td>Tender opening Summary ¹</td>
<td>Within 3 days of Opening Tenders</td>
<td>Refer standard format</td>
</tr>
<tr>
<td>Copy of each companies offer</td>
<td>Within 3 days of Opening Tenders</td>
<td>Including any letters of clarification</td>
</tr>
<tr>
<td>TEC’s recommendation report</td>
<td>Within 1 day of it having been received from the Agency</td>
<td>Including any supplementary reports</td>
</tr>
<tr>
<td>Minutes of Board decision</td>
<td>Within 2 days of a Board decision being made</td>
<td></td>
</tr>
<tr>
<td>Letter of Acceptance</td>
<td>Within 3 days of a Board decision being made</td>
<td></td>
</tr>
<tr>
<td>Letter notifying Agency of the Board’s decision</td>
<td>Within 2 days of a Board decision being made</td>
<td></td>
</tr>
<tr>
<td>Letter to State Solicitor</td>
<td>Within 2 days of a Board decision being made</td>
<td>If a letter is required to be sent.</td>
</tr>
<tr>
<td>Letter to Unsuccessful Tenderers ¹</td>
<td>Within 7 days of Board decision being made</td>
<td></td>
</tr>
<tr>
<td>Contract Agreement</td>
<td>Within 1 week of the contract being signed</td>
<td></td>
</tr>
</tbody>
</table>

¹. These documents are not required for Certificates of Inexpediency

The documents outlined in Table 2 are the minimum documents that must be kept on the file. Where other documents are relevant to either the procurement process or contract, these should also be retained on the file.

**Temporary Removal of a File from the System**

From time to time people may need to remove a file from the system in order to work with that file. This person will normally be the officer responsible for the contract. When a person other than the responsible officer requires use of a file, then a card must be placed into the filing system, in the location where the file is normally kept, identifying:

- Name of person who took the file
File Archiving

Archiving is the term given to storing of files, when they are no longer required for day-to-day use. The life cycle of a contract begins with an Agency identifying a need to purchase works, goods or services. It includes forming a contract, and then implementation of the contract by the Agency and Contractor.

It is important to have details of contracts that are likely to be required either by the STB, Agency, and Auditor General’s Office readily available. This means that these files should be kept within the STB office, in safe storage. Other contract files that are unlikely to be required may be kept off-site. This will minimise the requirement for storage space within the STB offices.

When should you Archive files

The Department of Education maintains the government archive facility. Files should be archived from the STB offices, twenty-four months after the contract has been completed. The contract file should be retained for 6 years from the date of completion of the contract. In this way if there are any legal disputes in relation to the contract adequate time will be allowed for the parties to access the relevant documents.

The Registry Officer must confirm with the Secretary for the contract that the file is ready for archiving, before the file is archived. The Secretary will know if there is any unusual reason for not archiving the file in the normal manner.

How should files be Archived?

Archived files should be placed into boxes that are clearly labelled:

- As belonging to the STB
- Are in STB number order
- With the date the files were archived
- With the last files “date of disposal”

Once the “date of disposal” has been reached the files should be removed from the archive and destroyed.
4. Complaint Handling

Purpose, Definition of a Complaint, General Principles, Responsibility, Detailed Procedure and Flowchart and Timings

Purpose of Complaint Handling Process

The community is well aware that it pays for government services and has high expectations of the services that government will provide. The CSTB oversees the operation of subordinate STB’s and plays an important role in ensuring that government services are delivered to the community in accordance with the law through the public procurement process.

This Complaint Handling Procedure has been put in place to:

- Ensure that all stakeholders (STB’s, Staff, Departments, and Contractors) in the procurement process understand the proper process for making a complaint or requesting a review of a Board decision.
- Outline the time within which complaints or decision reviews will be conducted.
- Provide an understanding of possible outcomes from the Complaint Handling process.

What is a “Complaint”

A complaint arises when a Client in the procurement process expresses written dissatisfaction with an aspect of the procurement process as applied by a STB.

Clients include Tenderers, Contractors and Government Agencies. Aid and Donor Agencies may also utilise these complaint handling procedures in the event of a disagreement or complaint with the STB management of a tender funded by these agencies. In this regard Aid and Donor Agencies are considered Clients.

It is important to distinguish a complaint from a request for information. A request for information occurs when a Client seeks further information in relation to an aspect of the procurement process as applied by a STB. A request for information may ultimately result in a complaint being lodged.
The STB may be required to deal with complaints that:

- relate to administrative, illegal or inappropriate practices, or
- matters or customer service standards, or
- relate to Board decisions to award contracts

**General Principles to be Applied**

The principles to be applied in resolving complaints are outlined below:

- The Client’s right to complain at any stage during the procurement process is acknowledged.
- Complaints against Provincial and Specialised STBs, must be copied to the CSTB.
- Complaints against CSTB, must be referred to the Integrity Panel.
- All complainants are to be treated courteously.
- Complaints will be treated fairly and subject to impartial review.
- Complaints will be resolved at the lowest possible level.
- A tiered process of complaint handling applies.
- All efforts will be made to resolve the complaint within timings outlined in this procedure.
- The Client will be kept informed of the progress and outcome of the complaint.
- Copies of this procedure are to be provided to Complainants.
- The STB will use complaints positively in order to improve procurement processes.

**Applicable Law**

The law applicable to this procedure is the:

- Public Finances (Management) Act, and the
- Organic Law on the Ombudsman Commission
- Independent Consumer and Competition Commission Act
Responsibility

Refer to Table 3 and Figure below.

The CSTB oversees all complaints and handling procedures. However, responsibility for handling complaints initially rests with the relevant STB. The STB should take all legal and appropriate measures to resolve the complaint. If a satisfactory conclusion cannot be reached between the Client and STB, the matter is referred to the CSTB. If the matter cannot be resolved by the CSTB, the issue must be referred to the Integrity Panel.

The Integrity Panel is an independent review panel consisting of a representative from an enforcement agency, non-government organisation and private sector. Their role is to review complaints of Supply and Tender Boards, after all other steps have been exhausted.
Figure 1 – Complaint Handling Process

Client contacts STB

Respond to Query

Query

Complaint or Query

STB to contact Client immediately to determine Complaint

Client Informed

Amended

Decision

Complaint Referred to CSTB
## Process to be Applied

### Table 3 – Complaint Handling Process

The 8-step process to be applied in addressing complaints in relation to Board decisions is outlined in the table below.

<table>
<thead>
<tr>
<th>Step</th>
<th>Actions</th>
<th>Responsibility</th>
<th>Timings</th>
<th>Comment</th>
</tr>
</thead>
</table>
| 1.   | Determine whether the Client is making a Complaint or merely asking for more information. | Officer responding to the Client | Immediate | • If in doubt, ask the Board Secretary or Chairman  
• All complaints must be made in writing addressed to the Board Secretary. |
| 2.   | • STB is to contact the Client immediately and ascertains the nature of the complaint and attempt to resolve the matter.  
• If required, the matter may be immediately referred to the Chairman STB for advice and direction.  
• If the matter cannot be immediately resolved, the Client must be advised to issue a formal complaint. | Chairman, STB | Immediate | If in doubt, seek advice from Board |
| 3.   | • Nominate Review Officer or Consultant  
• Ensure no further action is taken on the contracts in question.  
• Inform Client of the process to resolve the complaint  
• Record the complaint in the Complaints Register | Chairman, STB | Within 24 hours of the complaint being received | The Review Officer must be an experienced officer who is someone different from the Officer who initially managed the tender. |
| 4.   | Review the complaint by:  
• Acknowledging receipt of the Client’s complaint in a letter  
• Clarifying the details of the Client’s complaint, by (if necessary) speaking to the Client | Review Officer/Consultant | Report to be produced within 14 days of the complaint | Where complex legal issues are raised, the Independent Review Officer/Consultant should seek advice from State Solicitor Office, for |
## Complaint Handling

<table>
<thead>
<tr>
<th>Step</th>
<th>Actions</th>
<th>Responsibility</th>
<th>Timings</th>
<th>Comment</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>• Review the complaint in relation to the processes used by the STB, the PFMA, Regulation to PFMA, FI’s, this Manual and Good Procurement Manual.</td>
<td></td>
<td>being received</td>
<td>inclusion in the report.</td>
</tr>
<tr>
<td></td>
<td>• Write a report to the Board identifying the conclusions, recommendations, and reasons for such.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Submit the report to the next Board meeting through the Chairman</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• File the Client’s letter detailing the complaint, the Review Officer’s/Consultant’s Report, and any other relevant documentation on the STB file.</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
| 5.   | Consider the Review Officer’s/Consultant’s report, and determine to:   | Board          | First Board meeting after completion of Review Officer’s/Consultant’s report | • The Board needs to be very precise in providing its reasons for whatever decision is taken. It needs to ensure that it has acted in a lawful manner with its decisions.  
• If dissatisfied with the Board's decision, the Client still has the right to obtain a further independent review from the Integrity Panel. |
|      | • If a Board decision needs to be amended or retained and the precise reasons noted in the minutes. |                |                       |                                                                         |
|      | • If administrative action is required to fix the matter.               |                |                       |                                                                         |
|      | • If discipline action is required against any public officer          |                |                       |                                                                         |
|      | • If legal action is to be referred to authorities against tenderers, contractors or public officers. |                |                       |                                                                         |
| 6.   | Produce a letter to the Client, clearly outlining the Board’s findings in relation to the Client’s complaint. The information presented here must concur with the information in the Board minutes. | Chairman        | Within 3 days of the Board meeting | • The letter should inform the client of his rights to take the complaint further to the CSTB.  
• If the complaint directly involves the CSTB, the |
<table>
<thead>
<tr>
<th>Step</th>
<th>Actions</th>
<th>Responsibility</th>
<th>Timings</th>
<th>Comment</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>meeting and placed on the STB file.</td>
<td></td>
<td></td>
<td>matter should immediately be referred to the Integrity Panel.</td>
</tr>
</tbody>
</table>
| 7.   | • If the Client is still dis-satisfied with the STB decision, the matter can be referred to the CSTB.  
• The CSTB will appoint a Review Officer or Consultant and conduct an investigation in accordance with Steps 3-6.  
• Based on the outcome of the investigation, the CSTB may;  
  • recommend a STB decision needs to be amended or retained and the precise reasons.  
  • administrative action required to fix the matter.  
  • refer discipline action against any public officer  
  • refer legal action to authorities against tenderers, contractors or public officers | CSTB Board | First Board meeting after completion of Review Officer’s/Consultant’s report | |
| 8.   | CSTB to produce a letter to the Client, clearly outlining the CSTB’s findings in relation to the Client’s complaint. | Chairman | Within 3 days of the Board meeting | The letter should inform the Client of his rights to take the complaint further to the Integrity Panel, should he be dis-satisfied with the outcome. |
The table above clearly outlines the processes to be followed, responsible individuals, and timings required when reviewing a complaint. It is important also to emphasise that:

- The best way to avoid complaints is to ensure that matter is handled immediately with the intention of resolving the issue amicably before it becomes a formal complaint.
- The Client has a right to complain under the law, (where unjustly treated),
- The STB must ensure that the Client is kept fully informed of the review,
- Strict adherence to the process will enable a fair review to be conducted,

- The Review Officer/Consultant and Board need to ensure that any review is conducted fairly. Where either the STB or CSTB has made a genuine mistake, this process may provide an opportunity to correct the situation, without recourse to further legal or other action on behalf of the Client.

- Most complaints will be resolved through this mechanism where the STB has acted within the law.
5. Conflict of Interest

Purpose

The “Conflict of Interest” procedure exists to ensure that all members of the Supply and Tender Boards understand the actions they must take when considering tenders and contracts, when a “Conflict of Interest” situation arises.

“Conflict of Interest” Defined

A conflict of interest arises where the private interest of a Board member, member of its Secretariat, member of a tender Evaluation Committee or any other person involved in the procurement process:

- Conflicts, or
- Might reasonably be thought to conflict, or
- Have the potential to conflict,

with the duties of this person in the performance of their role.

Responsibility of Board Member

A member of the Board in a “Conflict of Interest” situation in relation to a:

- Contract made by the Board, or
- Proposed contract under consideration by the Board
CENTRAL SUPPLY AND TENDERS BOARD

Shall disclose the nature of their interest to the Board, and

Shall not take part in any deliberations or decision by the Board with respect to the contract, and

Shall vacate the Boardroom during deliberations in relation to the matter for which the conflict of interest arises.

In the event that a member may be unsure is there is a potential conflict of interest, he/she may request for the Board to vote on the matter at the beginning of the meeting. The outcome shall be noted in the minutes and actioned accordingly.

The Board members are to provide a written acknowledgement that they have read and understand this procedure, and that they will uphold the procedure whilst a member of the Board.

Responsibility of Board Secretary

The Board Secretary, must record disclosure of a “Conflict of Interest” situation in the minutes of the Board meeting, detailing:

- The name of the Board member
- The nature of the conflict (STB file Number, reason for conflict), and the
- Action taken by the Board member in order to comply with this procedure (eg declared an interest and vacated the Board room)

The Board Secretary must also:

- Provide all new Board members with a copy of this procedure at their first Board meeting, and
- Ask each Board member to sign the acknowledgement, provided in Annex I.
- Retain a copy of each acknowledgement in a publicly available file.

Where a Board member refuses to sign the acknowledgement, the Board Secretary must:

- Note the refusal in the Board minutes
- Communicate the Board members refusal to sign the acknowledgment to the Minister of Finance, in writing, and within 5 working days, requesting the members’ removal from the Board.
6. Producing the CSTB Annual Report

Purpose of the Annual Report, Responsibilities, Key Timings, Content of the Annual Report

**Purpose of the Annual Report**

The Annual Report is the key document produced by the CSTB that is proof that the CSTB is acting in an equitable, transparent and accountable manner. The Annual Report is also a summary of activities conducted by other STBs.

It provides comprehensive information to Parliament, NEC, Client Agencies, Aid/Donor Agencies and tenderers in relation to government procurement processes. It does this by presenting information to these bodies that highlight important aspects of the operations of the Board. This information consists of a combination of commentary, and statistics.

This procedure has been developed to assist staff of the CSTB complete the Annual report.

**Responsibilities**

The Chairman of the CSTB is responsible for obtaining Board authorisation of the audited Annual Report and presenting it to the Minister of Finance.

The Board is responsible for reviewing and authorising the Annual Report.

The Secretary of the CSTB is responsible for producing the draft Annual Report, and presenting it to the Chairman of the CSTB for authorisation by the Board.

STBs are to provide the required information in Annex J for inclusion in the CSTB Annual Report.
Staff of the Secretariat will be directed by the Secretary of the Board to assist in producing the Annual Report as required.

**Authorisation Process**

The flow chart below outlines the process for development, Board authorisation, and auditing of the Annual Report to parliament.

**Figure 2 – Annual Report Process**

![Diagram of Annual Report Process]

**Key Timings**

The Chairman of the CSTB is required by law (Public Finances (Management) Act – Section 63) to present the Annual Report to the Minister of Finance by 30th June, for the preceding fiscal year. In order to achieve this, certain action must be taken by the Secretariat. The table below provides detail outlining key actions and timings.
Table 4 - Timings

<table>
<thead>
<tr>
<th>Action</th>
<th>Responsible Person</th>
<th>Completion Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Ensure all Contracts awarded for the fiscal year are fully entered into the Contract Reporting System.</td>
<td>Senior Public Officer</td>
<td>31st December</td>
</tr>
<tr>
<td>2. STBs provide information on their operations</td>
<td>Chairman STB</td>
<td>28 February</td>
</tr>
<tr>
<td>3. Produce a draft Annual Report</td>
<td>Secretary</td>
<td>15th March</td>
</tr>
<tr>
<td>4. Submit draft Annual Report to Board for authorisation.</td>
<td>Chairman</td>
<td>31st March</td>
</tr>
<tr>
<td>5. Arrange for Auditor General to audit Annual Accounts/report.</td>
<td>Secretary</td>
<td>30th April</td>
</tr>
<tr>
<td>(This process should begin at the end of January, once all accounts for the year are finalised)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>6. Produce copies of the authorised Annual Report for distribution.</td>
<td>Administration Officer</td>
<td>31st May</td>
</tr>
<tr>
<td>7. Submit Annual Report to Minister of Finance.</td>
<td>Chairman</td>
<td>30th June</td>
</tr>
</tbody>
</table>

General Approach

The 1st step in producing the Annual Report is to familiarize yourself with last years Annual Report by obtaining and reading a copy of it. There is no need to completely develop a new structure for the Annual Report from start each year.
The 2nd step is to collect the information required as per Annex J from all STBs. It is expected that some STBs will not respond. If this is the case, then the report must be completed without this information.

The 3rd step is to obtain an electronic copy of last year’s Annual Report. This will save a lot of time and effort, setting out the structure of the report.

The 4th step is to ensure that the Contract Reporting System is up to date with data right up to the end of December. Of course, this system must always be kept up to date anyway, but it is worthwhile to confirm this, as much time will be wasted if you begin to obtain information from the CRS and place it in your Annual Report document, only to find that someone had not kept the CRS data up to date, and you therefore have to start the process again. Time should also be spent reviewing the tables in the “Reports” worksheet of the CRS, looking for any anomalies.

Concurrently, the Auditor General’s Office is to be contacted to arrange for the annual audit process to begin. However, delays by the Auditor General’s Office should not stop work on the Annual Report.

The 5th step is to produce a Draft Annual Report and make copies of it for discussion with the Chairman of the Board. Take on Board the Chairman’s thoughts and redraft as required.

Once this is completed, provide the Board members each with a copy of the report – in draft – for their input, and approval. This is the 6th step in the process. The draft (approved by the Board) should be sent to the Auditor General for auditing. Once returned with the Audit Report, the Annual Report is complete.

The 7th step is to (Once the Board has approved the Annual Report) organise for a suitable number of copies to be printed. Copies should be distributed to tenderers, all national government departments, members of parliament, and other interested organisations or persons. This public document should be widely promulgated.

The final step is for the Annual Report to be presented to the Minister for Finance with a covering letter, requesting that he present the Report to NEC and Parliament. Should the Auditor General’s report not be available by 30th June, the Annual Report should be submitted to the Minister for Finance anyway, with a note indicating that the Auditor General has not been able to complete the relevant audit work on time.
Annual Report Structure

The Annual Report is structured into 6 key areas as outlined below.

1. CHAIRMAN’S SUMMARY

2. BOARD STRUCTURE

3. BOARD MISSION AND AUTHORITY
   a. Mission
   b. National Procurement Organisation Structure
   c. Relevant Legislation
   d. Extent of Board Authority
   e. Operating Principles

4. CSTB BOARD OPERATIONS
   a. Operating Environment
   b. Operations in 200x
      i. Client Agencies
      ii. Board Arrangements
      iii. Contracts Awarded by Tender
      iv. Contracts Awarded via “Certificates of Inexpediency”
      v. Companies Awarded Contracts
   c. Information Systems

5. OTHER STB OPERATIONS
   i. Client Agencies
   ii. Board Arrangements
   iii. Contracts Awarded by Tender
   iv. Contracts Awarded via “Certificates of Inexpediency”
   v. Companies Awarded Contracts
6 FUTURE DIRECTIONS

a. Issues Confronting the Board

b. OTHER

APPENDICES

1. Next Year’s Meeting Schedule
2. Breakdown of Client Department Contracts by Type of Contract
3. Expenditure Statement 200x
4. Audit Certificate
5. 5-Year Statistical Summary
6. Attendance of Board Members at Board Meetings
7. Summary of Other STB Procurement Activity

Whilst the structure may be amended from time to time, the suggested structure provides significant flexibility of content. Changes to the structure should only be made after careful consideration of the purpose of the change, and after ensuring that the change will not limit the ability of the report to achieve its primary purpose.

This section will examine the typical content of each of the sections. It is suggested that the Secretary to the Board read this guide before producing the Annual report each year.

Content of the Annual Report

This section of the procedure provides a clear indication of the type of information that should be included in each section of the Annual Report.

Chairman’s Summary

The Chairman’s Summary needs to paint a simple picture outlining:

- Performance of the Procurement function within the Government
- Major Achievements and Impediments during the year
- Important issues addressed by the Board during the reporting year
- Important issues that will need to be addressed by the Board in the future

As a rule the Chairman’s Summary should be a maximum of two pages in length. It is an executive summary, designed to only discuss key issues or achievements. When drafting
this section the Secretary should familiarise himself with the Chairman’s views, before beginning to draft the report.

**Board Structure**

The Board Structure diagram provides information outlining:

- The name of each Board member, and their alternate member (if there is one), and
- The organisation that each Board member represents

Remember, the Board members shown here are the Board members who were serving on the Board at 31st December of the year upon which you are reporting.

**Board Mission and Authority**

*Mission*

The Board’s mission statement tells readers what the main purpose of the Board is. Organisation Mission statements do not change regularly, however you should confirm the current mission of the Board if in any doubt.

*National Procurement Organisation Structure*

This section tells the reader, how the Board fits in with other organisations involved in government procurement. Delegations and jurisdictions of other STBs should be indicated. Like the mission, this is unlikely to change often. However, once again, if in doubt confirm with the Chairman, and or Board how they see the Board relating to other government organisations involved in procurement (Client Agencies, Department of Finance etc).

*Relevant Legislation*

This section of the Annual Report outlines for readers, which legislation and regulations or financial instructions govern the actions of the Central Supply and Tender Board. All Board members and the Secretariat are required to act in accordance with the legislation.

It is important to outline in this section:

- Legislative changes that have been introduced over the year that is being reported upon.
- Imminent changes to legislation
- Areas where legislative change would enhance the operations of the Board

*Extent of Board Authority*

The Boards authority is outlined in notices establishing Supply and Tender Boards, as per Section 39 (2) of the Public Finances (Management) Act. These notices are promulgated
by the Minister of Finance from time to time, and are included in the Financial Instructions. The notices are also included in the National Gazette.

If unsure, refer to the National Gazette to determine the jurisdiction and financial limits of the Boards Authority.

Operating Principles

The Operating Principles section of the Annual Report outlines the key principles that the Board is operating on. These are unlikely to change regularly, but may change slowly over time.

At the time of writing this procedure such principles include:

- Equity
- Transparency
- Accountability

This section of the report should comment upon how well these principles are working, and whether there is a need for change in the principles underpinning the Boards operation.

CSTB Board Operations

Operating Environment

The Operating Environment section of the Annual Report outlines the:

- Reporting relationship between the CSTB Board and the Minister
- Changes to CSTB Board membership during the year
- Secretariat Organisation structure (at a summary level) and any changes to key appointments within the Secretariat during the year
- The number of employees within the Secretariat.
- Any anticipated changes to the way the CSTB Board will operate in future

Operations in 200X

This section of the report provides factual information in relation to the operation of the CSTB Board for the year. It is broken into a number of sub-sections. Most of the information for this section of the report will come directly from the Contract Reporting System.

To access this data take the following steps:
1. Ensure that all data for the year being reported upon is entered into the CRS. This is very important or you will waste a lot of time, having to go through this process again!

2. Select the “Contracts Awarded” button in the CRS

3. Select the “Reports” tab

4. Click on the table or graph you wish to include in the Annual Report, and then:
   a. Right Click with the mouse and then select “Refresh data”. This will ensure that the report includes all the relevant data entered into the “Tender Data” worksheet in the report.
   b. Select the relevant year from the drop down list – if you require a single year

5. You can now Copy the table or graph from the CRS into the Annual report MS Word document.

Each sub section of the Operations section of the Annual Report is discussed below.

Client Agencies:

The number of Client Agencies provides an indication to readers of the level of acceptance of the CSTB with Client Agencies. As the Client Agencies become more aware of the important role played by the CSTB, and as GoPNG makes changes to the number of Supply and Tender Boards, the number of Client Agencies would also be expected to change.

This section provides a list of the Client Agencies for the year being reported upon, as well as an indication as to why there may have been any changes to the Client Agencies as well as expected future changes in the forthcoming year.

CSTB Board Arrangements:

This part of the Annual report outlines the:

- Names of Agencies and other organisations that were represented on the Board as at 31st December of the year being reported upon
- Graph of Number of Meetings held by the Board – Graph comes directly from CRS
- Table showing Number of Meetings held by the Board, Number of Scheduled Meetings aborted,
- Discussion outlining the reasons for the meetings not being held
- Number of Board members required for a quorum to be achieved
• Planned meetings for the subsequent year

Hints: It is important to ensure that the graph showing CSTB meetings is the same as the number of Board meetings shown in the table. A common source of discrepancy arises when the CRS has had dates entered for contracts awarded which do not match the actual meeting dates provided by the minutes of meetings.

Contracts Awarded:

This part of the Annual report outlines the:

• Value and number of contracts awarded by the Board as at 31st December of the year being reported upon – provided by the CRS

• Type of Procurements (Goods, Services or Works) – the graph needs to be set up manually in the CRS – do not save it in the CRS, just copy it straight from the CRS into the Annual report MS Word document!

• Discussion as to the reasons why there have been significant changes to the number or value of contracts awarded by the Board in the year being reported upon

• Concerns (if any) relating to contracts not going through the proper approval processes of the Board

Hint:

The number and value of contracts awarded should include all those contracts awarded by the Board. Therefore it must include those awarded by Certificate of Inexpediency as well as those going through normal procurement (tender) processes.

The number and value of contracts awarded by the Board should also include those contracts which are recommended to the NEC for awarding, where those recommendations are accepted by the NEC

Contracts Awarded via “Certificates of Inexpediency”

This part of the Annual report outlines the:

• Value and number of contracts awarded by the Board using Certificates of Inexpediency as at 31st December of the year being reported upon. The data for this is available from the CRS.

• Comment on the extent of abuse of Certificates of Inexpediency (if any), and actions that are being taken to correct the situation (if any).

Companies Awarded Contracts

This part of the Annual report outlines the:
• Total number of companies awarded contracts by the Board for the year being reported upon. The information is provided by the CRS.

• The top 20 companies (by value in kina) awarded contracts by the Board for the year.
  Hint: This information is obtained from the CRS by sorting the "Value of Contracts Awarded to Companies" table in the CRS, in descending order, for the year being reported upon. Do Not Save CRS after sorting this data – just copy it into the Annual Report MS Word document.)

• The extent to which the overall amount spent on contracts awarded is provided to the top 20 companies.
  Hint: This is calculated using the following formula: Amount in Kina awarded to the Top 20 Companies for the year / Total value of contracts awarded for the year x 100)

• Any other interesting information about the companies awarded contracts.
  Hint: Consideration should be given to indicating the total amount in kina awarded to each of the top 20 companies.

Information Systems

Information systems provide the Board and Secretariat with important information with which to:
  • Manage the procurement process,
  • Identify need for change within the procurement process
  • Monitor the performance of the Board and the Secretariat

Therefore comment should be made available in the Annual report, as to the:
  • Appropriateness of information systems, and
  • Whether or not they are functioning well, and
  • Proposed changes to information systems in the coming year

Other STBs Operations

STB’s Responsiveness and Compliance

Comment on the responsiveness of STBs providing the information in Annex J.

Comment on any procurement compliance audits or investigations conducted during the report year.
Operating Environment

The Operating Environment section outlines the:

- Delegated limits and jurisdiction of each STB
- STB Board membership during the year
- Secretariat Organisation structure (at a summary level) and any changes to key appointments within the Secretariat during the year
- TECs employed during the year
- Internal capacity development needs for each STB

Client Agencies:

This section provides a list of the Client Agencies for the year being reported upon, as well as an indication as to why there may have been any changes to the Client Agencies as well as expected future changes in the forthcoming year.

Contracts Awarded:

This part of the report outlines the STB activities:

- Value and number of contracts awarded by the STB Board as at 31st December of the year being reported upon.
- Type of Procurements (Goods, Services or Works).
- Contractor name.
- Period of time (calendar days) from advertisement to contract execution.
- Discussion as to the reasons why there have been significant changes to the number or value of contracts awarded by each Board in the year being reported upon
- Concerns (if any) relating to contracts not going through the proper approval processes of the Board

Contracts Awarded via “Certificates of Inexpediency”

This part of the Annual report outlines the:

- Value and number of contracts awarded by the Board using Certificates of Inexpediency as at 31st December of the year being reported upon.
- Contractor name.
Comment on the extent of abuse of Certificates of Inexpediency (if any), and actions that are being taken to correct the situation (if any).

Other Issues

This part of the Annual report outlines the:

• Detail any breaches to the PFMA, FIs, Good Procurement Manual and Operations Manual. This will include procedural breaches as well as illegal activity and conflict of interests (defined in Good Procurement Manual)
• Detail of any disputes or complaints with Contractors, including nature of disagreement and resolution.
• Recommendations to improve the procurement system to achieve greater economy and efficiency.

Future Directions

This section of the report outlines key directions for the CSTB in the forthcoming year. Any proposed changes to:

• Legislation governing the procurement activities,
• Responsibilities of all STB Boards
• Reporting relationship between the STBs, CSTB and the Minister
• Relationships between the CSTB and Client Agencies
• Infrastructure of STBs and CSTB (policies, information systems, procedures etc)
• Procurement Processes
• Financing for the CSTB
• Key CSTB Board members
• Other important procurement matters of interest to the public

should be identified in this section of the report.

Appendices

200x CSTB Board Meeting Schedule

This section of the appendices to the report provides the reader with the schedule of meetings for the current year. The Annual Report (being widely distributed) is a good
mechanism for publishing the meeting schedule for the current year. (eg The schedule for 2002 would be published in the 2001 Annual Report)

**Breakdown of Departmental Contracts by Type of Contract**

This section of the appendices to the report provides the reader with a breakdown of the number and value of the different types of contracts (eg works, goods, services, information technology, and consultancies) awarded by the CSTB on behalf of particular Agencies.

The information in relation to the Total Value (Kina) of Contracts Awarded is available from the CRS in the "Value of Types of Works, Goods and Services Purchased" table. You will need to add to the table in the CRS the Agency. Do not save this change when viewing the CRS merely copy the information into the Annual Report MS Word document.

The information in relation to the Total number of different types of contracts awarded on behalf of each department is available from the CRS in the "Number of Types of Works, Goods and Services Purchased" table. You will need to add to the table in the CRS the Agency. Do not save this change when viewing the CRS just copy the information into the Annual Report MS Word document.

**CSTB Expenditure Statement 200x**

This section of the appendices to the report provides the reader with an indication of how the CSTB’s funds have been spent during the year. The information is derived directly from the accounting system, as at 31st December of the year being reported upon. The Administration officer should be asked to provide this information.

**CSTB Statistical Summary**

This section of the appendices to the report provides the reader with an indication of how the CSTB has progressed over the years. It will ultimately contain a rolling 5-year summary of the operations of the Board. This enables readers to review the CSTB’s operations in the light of operations for the previous 4 years, and make judgements as to how well the CSTB, and GoPNG procurement processes are performing.

**Attendance of CSTB Board Members at Board Meetings**

This section of the appendices to the report provides the reader with information showing how regularly Board members attend meetings.

**Summary of Other STB Procurement Activity**

Attach the response sheets (as shown in Annex J) from each STB.
Annex A

Board Minutes of Meeting
Minutes of Meeting
______ Supply and Tenders Board

<table>
<thead>
<tr>
<th>Attendees</th>
<th>Date of Meeting:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Name</td>
<td>Position</td>
</tr>
</tbody>
</table>

Opening of Meeting

Chorum Present  Yes/No
No. of Members _____  No. of Alternates _____  No of Private Members _____

Apologies

Declarations of Conflict of Interest

Compulsory Reading Time
Members are required to attend compulsory reading time to review Board Papers.
<table>
<thead>
<tr>
<th><strong>Minutes of Previous Meeting</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Motion:</strong></td>
</tr>
<tr>
<td>Approved /Rejected</td>
</tr>
<tr>
<td><strong>Reason:</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Business Arising from Previous Minutes</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Motion:</strong></td>
</tr>
<tr>
<td>Approved/Rejected</td>
</tr>
<tr>
<td><strong>Reason:</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Correspondence</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Motion:</strong></td>
</tr>
<tr>
<td>Approved /Rejected</td>
</tr>
<tr>
<td><strong>Reason:</strong></td>
</tr>
</tbody>
</table>
### Recommendation Reports

*Refer to Procurement Consideration Report – Annex G (STB Operations Manual)*

Attach Complete Procurement Consideration Reports to these Minutes.

### Any other Business


### Close of Meeting


### Next Meeting

Date: ___________  Time ___________  Location ___________


Chairman
Date: ___________

Board Member
Date: ___________

Board Member
Date: ___________

Board Member
Date: ___________

Board Member
Date: ___________

Board Member
Date: ___________

Board Member
Date: ___________

Chairman
Date: ___________

Board Secretary
Date: ___________
Annex B

Bidding Document Checklist
BIDDING DOCUMENTS CHECKLIST

STB Number: ________________  Public Officer: ________________

The bidding documents include the following:

<table>
<thead>
<tr>
<th>Description</th>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td>Conditions of tendering</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Specification</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Draft Conditions of Contract</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Standard Tenderer Response Sheets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Selection criteria</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

1. The bidding documents have been read, and are in accordance with the Public Finances (Management) Act, and Financial Instructions?

<table>
<thead>
<tr>
<th>Tick Appropriate Box</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>No</td>
<td></td>
</tr>
</tbody>
</table>

If no, briefly outline where the bidding documents do not comply:

__________________________________________________________________________________________

2. The specification in the bidding documents:

   a. Provides a clear description of the works/goods/services?
   b. Outlines clear timings to be met by the Contractor?
   c. Is not biased towards any particular tenderer?

<table>
<thead>
<tr>
<th>Tick Appropriate Box</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>No</td>
<td></td>
</tr>
</tbody>
</table>

If no for any of the above, provide details:

__________________________________________________________________________________________

3. Bidding documents based upon the CSTB standard template bidding documents?

<table>
<thead>
<tr>
<th>Tick Appropriate Box</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>No</td>
<td></td>
</tr>
</tbody>
</table>

If no, briefly outline why:

__________________________________________________________________________________________

4. Has an APC or donor agency letter for appropriate value been sighted?

<table>
<thead>
<tr>
<th>Tick Appropriate Box</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>APC</td>
<td></td>
</tr>
<tr>
<td>Donor Letter</td>
<td></td>
</tr>
<tr>
<td>None Provided</td>
<td></td>
</tr>
</tbody>
</table>
Annex C

Sample Advertisement
The Government of Australia is providing support to the Royal Papua New Guinea Constabulary for the manufacture, supply and delivery of uniforms and accessories.

The Central Supply and Tenders Board on behalf of the Department of Police (Employers Representative) invites sealed bids from eligible bidders for the manufacture, supply and delivery of uniforms and accessories to the RPNGC.

Bidders may obtain further information from and inspect and acquire the bidding documents at Central Supply and Tenders Board, located at Westpac, Waigani Branch Building, 1st floor, Waigani drive, Port Moresby, Papua New Guinea, P.O. Box 6457, Boroko. Telephone: 311 3777 or Fax: 311 3778 or email Malikienas@police.gov.pg.

A complete set of bidding documents may be purchased by interested eligible bidders on submission of a written application to the above office and upon payment of a non-refundable fee of US$140.00. The method of payment will be by cashiers cheque payable to the Papua New Guinea Central Supply and Tenders Board account number 11845129, ANZ Bank, Waigani PNG. The document will be sent by commercial courier. No liability will be accepted for loss or late delivery.

All tenders must be accompanied by a Tender Security of 2% of total Contract Price submitted in a form of Bank cheque or Bank Guarantee in favour of Central Supply and Tenders Board and must be delivered to Central Supply and Tenders Board, Westpac Building Waigani.

Telephone: 311 3777 or Facsimile: 311 3778 at or before 10:00 hours local time on 10th December, 2004.

Authorised by:

PHILIP STAGG, MBE, FIE (PNG)
CHAIRMAN
Annex D

Register of Respondents
# Register of Respondents

<table>
<thead>
<tr>
<th>No.</th>
<th>Date Enquired</th>
<th>Respondent Name and Address Details</th>
<th>Document Fee Receipt No.</th>
<th>Date Documents Sent</th>
<th>Document Amendments/Corrections (No. and Date)¹</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

¹ Include details of correspondence to Respondents in regards to Amendments and Corrections to Bidding Documents. Details to include: Correspondence reference, Amendment/Correction No. and date sent. Note – all Respondents must receive amendments and corrections.
Annex E

Tender Opening Checklist
Tender Opening Register
Tender Opening Record Sheet
Tender Opening Checklist

(To be filled out for each Tender as it is read out)

Contract Reference:

Tender Opening Date:    Time:

Name of Tenderer:

(a)  Is outer envelope of Tender sealed?
(b)  Is Tender form completed and signed?
(c)  Expiration date of Tender:
(d)  Is documentary authority for signing enclosed?
(e)  Amount of Tender security (if required):   (state currency)
(f)  Describe any “Substitution,” “Withdrawal,” or “Modification” submitted
(g)  Describe any alternative Tender made:
(h)  Describe any discounts or modifications offered:
(i)  Additional comments:¹
(j)  Name of Tenderer or representative present:
(k)  Total Tender price:   (list currencies and amounts or percentages)²

Signature of responsible official: ___________________________ Date: _____
Name: _________________________________

Signature of witness: ___________________________ Date: _____
Name: _________________________________

¹ Read out and record model numbers of equipment.

² If tender is for a package of contracts, the price for each lot or item should be read out.
Tender Opening Register

Project Name: ______________________________________________________

Contract ID: _______________

Place: _____________________ Date: _______________ Time: ____________

The following people attended the public opening of tenders.

<table>
<thead>
<tr>
<th>No.</th>
<th>Name</th>
<th>Company/Firm/Agency</th>
<th>Designation</th>
<th>Signature</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>7</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>8</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>9</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>10</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Tender Opening Record Sheet

Project Name: ____________________________________________________

Contract ID: ________________

The following tenders were received by the closing deadline on ____________ (date) _________ at _________ (time) _____________ hrs and were publicly opened on the same day.

<table>
<thead>
<tr>
<th>No</th>
<th>Tenderer Name and Address</th>
<th>Tender Security</th>
<th>Tender Amount(^1)</th>
<th>Package No. 1</th>
<th>Package No. 2</th>
<th>Etc(^2)</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>7</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>8</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>9</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>10</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Signature of responsible official: ______________________ Date: _____

Name: ______________________

Signature of witness: ______________________ Date: _____

Name: ______________________

\(^1\) Any discounts offered should be recorded. Any alternative tenders submitted should be opened

\(^2\) Number of columns depends on the number of sub-packages in the Bidding Documents.
Annex F

Recommendation Report Checklist
RECOMMENDATION REPORT CHECKLIST

PART 1 (To be completed by the STB Secretary)

STB Number: _____ Secretary: ______________ Agency: ________

Completeness of TEC’s Report:

<table>
<thead>
<tr>
<th>Question</th>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Is the proposed contract valued &gt; K300,000?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. Is the report:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>a. Addressed to the Chairman, STB?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>b. Signed by the Dept/Agency Head?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. Does the submission include:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>a. The “Conditions of Tendering”?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>b. The “Specification” or “Terms of Reference”?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>c. A draft Contract Agreement?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>d. A completed APC or aid/donor agency letter confirming availability of funds for of appropriate value?</td>
<td>APC</td>
<td>Donor Letter</td>
</tr>
</tbody>
</table>

4. If any of the above-mentioned Questions returned a “No” response, then complete the table overleaf, and return the Recommendation Report with a copy of this form to the Agency, for action. If no action is required, then this Memo should be removed from the Board submission.
To:  
From:  Secretary, STB  
Re:  An examination of your Recommendation report in relation to STB _______ has identified that the report has the following omissions:

1.  
2.  
3.  
4.  
5.  
6.  
7.  

These omissions should be corrected before the report is returned to the STB for further consideration. Should you wish to discuss the matter, please contact the Board Secretary on Ph ___________.

We look forward to receiving an amended submission at your earliest convenience.

The next Board meeting will be held on _____/_____/_____. You are required to prepare a response to the issues raised above and deliver the response to the STB 2 days before this meeting.

______________________________
Board Secretary  
/   /
RECOMMENDATION REPORT CHECKLIST

PART 2 (To be completed by the STB Secretary)

STB Number: _____ Secretary: _______________ Agency: __________

Name of Project: _________________________________________________

Compliance with the Public Finances (Management) Act and Financial Instructions and Good Procurement Manual

1. Did the procurement process comply with the Public Finances (Management) Act, Regulations, and Financial Instructions?

   If no, indicate the reasons:
   (Reasons should provide reference to the relevant section of the PFMA or FI)

   2. The Good Procurement Manual requires the Technical Evaluation Committee to:

   a. Complete Preliminary Evaluation

   b. Complete Detailed Evaluation

   c. Provide a Determination of Award

   d. Provide a Recommendation Report

   e. Commercial Considerations sufficient (refer to table)

   f. Financial Considerations sufficient (refer to table)

   g. Will Value for Money be achieved (refer to table)
3. If any of the above-mentioned Questions returned a “No” response, then identify the action that you believe should be taken by the Board.

Recommended Board Action:

____________________________________________________________________
____________________________________________________________________
____________________________________________________________________
____________________________________________________________________
____________________________________________________________________
____________________________________________________________________
____________________________________________________________________
____________________________________________________________________

(______________)

Board Secretary

/  /

Important:
This “Recommendation Report Checklist” is to be provided to the Board with the Agency submission.
<table>
<thead>
<tr>
<th>Commercial Considerations</th>
<th>Are the works, goods and services to be provided clearly defined?</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Have necessary standards been identified in relation to the works, goods and services?</td>
</tr>
<tr>
<td></td>
<td>Have timelines for delivery/completion been defined?</td>
</tr>
<tr>
<td></td>
<td>What risks exist with this procurement and are they being managed under the proposed arrangement?</td>
</tr>
<tr>
<td></td>
<td>Have representatives of the Agency and Tenderer (who will manage the procurement) been identified?</td>
</tr>
<tr>
<td>Financial Considerations</td>
<td>Is the Tenderer’s price clear?</td>
</tr>
<tr>
<td></td>
<td>Is the price fixed? If not, has the method of adjustment of the contract price been identified and evaluated for each offer?</td>
</tr>
<tr>
<td></td>
<td>Is the contract price subject to adjustment because of foreign currency movements? If so, has this been taken into account when evaluating the offers?</td>
</tr>
<tr>
<td></td>
<td>Has evidence of the availability of funds been provided through an APC or for donor/aid funding, through a letter from the donor or their accredited agent (e.g. Australian Managing Contractor)?</td>
</tr>
<tr>
<td>Contractual Considerations</td>
<td>Does the contract document clearly describe the proposed agreement?</td>
</tr>
<tr>
<td>-----------------------------</td>
<td>---------------------------------------------------------------------</td>
</tr>
<tr>
<td></td>
<td>Are payment arrangements linked to key milestones, such as work completed, goods delivered etc?</td>
</tr>
<tr>
<td></td>
<td>Has a standard CSTB agreement been used?</td>
</tr>
<tr>
<td></td>
<td>If a standard CSTB agreement has not been used, has the proposed agreement been reviewed by the State Solicitor?</td>
</tr>
<tr>
<td>Overall “Value for Money” Consideration (Works, Goods and non-professional services)</td>
<td>Will the recommended Contractor provide the Lowest Total Cost for the required standard of works/goods/services?</td>
</tr>
<tr>
<td>Overall “Value for Money” Consideration (Consulting Services only)</td>
<td>Will the recommended Consultant provide the services that best meet the government’s need, with weighted consideration to technical capacity and financial costs?</td>
</tr>
</tbody>
</table>
Annex G

Procurement Consideration Report
PROCUREMENT CONSIDERATION REPORT
(To be completed by the Board Secretary)

STB Number: _______________   Agency: _______________

Name of Project: ____________________________________________________

IMPORTANT

Board is to review the Recommendation Report Checklist (Annex F) with the TEC’s Recommendation Report.

Voting

Note the number of Board member’s votes against each category:

<table>
<thead>
<tr>
<th>Approve</th>
<th>Reject</th>
<th>Defer</th>
<th>Abstain</th>
</tr>
</thead>
</table>

The Supply and Tender Board hereby approves/defers/rejects the recommendation in relation to the abovementioned procurement.

Where a recommended tenderer is approved, complete the details below:

Name of Company: _____________________________________________________

Amount of Contract Awarded: K_________________________________________

Where a recommended tenderer is rejected or deferred, provide the reasons below:

- Procurement Process not complied with (as per the PFMA & FI)
- Submission to Board incomplete
- Commercial Considerations not properly evaluated
- Financial Considerations not properly evaluated
- Proposed Contract deficient
- Value for Money/Lowest Total Cost not recommended

_________________________________________
Specific reasons for rejection or deferral of recommended tenderer:

________________________________________________________________________

________________________________________________________________________

________________________________________________________________________

________________________________________________________________________

________________________________________________________________________

Detail specific issues to be resolved before resubmission of recommendation:

________________________________________________________________________

________________________________________________________________________

________________________________________________________________________

________________________________________________________________________

________________________________________________________________________

It is recommended that the Agency/Procurement Unit

________________________________________________________________________

________________________________________________________________________

________________________________________________________________________

________________________________________________________________________
Certificate of Inexpediency
## Certificate of Inexpediency

### Request for Certificate of Inexpediency

*To be completed by Agency*

<table>
<thead>
<tr>
<th>Name of Agency</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Details of goods, works or services being procured</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Name of Proposed Contractor(s)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Value (Kina)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Reason for Certificate (Refer to Finance Management Manual Part 13, Division 4)</th>
</tr>
</thead>
<tbody>
<tr>
<td>□ Natural Disaster               □ Defence Emergency          □ Health Emergency</td>
</tr>
<tr>
<td>□ Civil Unrest Emergency</td>
</tr>
</tbody>
</table>

Tick appropriate emergency and provide reason for urgency.

Explain reason for urgency: _____________________________________

_________________________________________________________________

_________________________________________________________________

_________________________________________________________________

Name of Head of Agency ____________________________ Date ____________

Signature

________________________

___________________________________________________________

___________________________________________________________

___________________________________________________________
# Certificate of Inexpediency

*To be completed by Supply and Tenders Board*

<table>
<thead>
<tr>
<th>Name of STB</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Date of Certificate</td>
<td></td>
</tr>
<tr>
<td>Certificate Number</td>
<td></td>
</tr>
<tr>
<td>Name of contractor(s)</td>
<td></td>
</tr>
<tr>
<td>Name of Agency</td>
<td></td>
</tr>
<tr>
<td>Details of goods, works or services being procured</td>
<td></td>
</tr>
<tr>
<td>Name of Proposed Contractor(s)</td>
<td></td>
</tr>
<tr>
<td><strong>Value (Kina)</strong></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Reason for Certificate</th>
<th>☐ Natural Disaster</th>
<th>☐ Defence Emergency</th>
<th>☐ Health Emergency</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>☐ Civil Unrest Emergency</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Name of Supply and Tender Board Members issuing the Certificate</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>2.</td>
</tr>
<tr>
<td>3.</td>
<td>4.</td>
</tr>
<tr>
<td>5.</td>
<td>6.</td>
</tr>
<tr>
<td>7.</td>
<td>8.</td>
</tr>
<tr>
<td>9.</td>
<td>10.</td>
</tr>
</tbody>
</table>

Name of Chairman: ____________________________ Date: ____________________________

---

**Signature**

---

**Note:**

1. Certificate is not valid unless approved by Supply and Tenders Board and Signed by the Chairman.
2. Certificate must be in accordance with Financial Instructions, Part 13, Division 4
3. Signed Copy of CoI to Agency. Original filed in STB.
Annex I

Conflict of Interest Declaration
ACKNOWLEDGEMENT OF BOARD MEMBER RESPONSIBILITY IN RELATION TO “CONFLICT OF INTEREST” SITUATIONS

To: Secretary, Supply and Tender Board

I, _______________________, of ________________________________.

hereby acknowledge that I:

a. Have read and understand the ______________________Supply and Tender Board procedure in relation to “Conflict of Interest” – as attached.

b. Agree to uphold this procedure whilst a member of the ______________________Supply and Tender Board.

c. May be subject to prosecution under the laws of Papua New Guinea if found to be in breach of this procedure or other relevant laws.

Signature: ________________________________
Print Name: ________________________________

Dated: / /
Annex J

Response Sheets from Other STBs
Operating Environment

Comments on the following:

1. What is the delegated limits and jurisdiction of the STB?

_____________________________________________________________________________________________________
_____________________________________________________________________________________________________
_____________________________________________________________________________________________________
_____________________________________________________________________________________________________
_____________________________________________________________________________________________________

2. What was the STB Board membership during the year?

_____________________________________________________________________________________________________
_____________________________________________________________________________________________________
_____________________________________________________________________________________________________
_____________________________________________________________________________________________________
_____________________________________________________________________________________________________
3. What was the Secretariat Organisation structure (at a summary level) and any changes to key appointments within the Secretariat during the year?

*Draw the Organisation Structure:*

*Comments:*

_____________________________________________________________________________________________________

_____________________________________________________________________________________________________

_____________________________________________________________________________________________________

_____________________________________________________________________________________________________

4. What are the Internal capacity development needs for the STB

_____________________________________________________________________________________________________

_____________________________________________________________________________________________________

_____________________________________________________________________________________________________

_____________________________________________________________________________________________________
### Table 2 Certificates of Inexpediency

<table>
<thead>
<tr>
<th>Contract No.</th>
<th>Client Agencies</th>
<th>Value</th>
<th>Date Contract Signed</th>
<th>Type (Works, Goods, Services)</th>
<th>Contractor Name</th>
<th>Justification for CoI</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Name of Supply and Tenders Board: ____________________________      Date: ___________

Name of Supply and Tenders Board: ____________________________      Date: ___________
Other Issues (if required, attach a separate sheet)

1. Detail any breaches to the PFMA, FIs, Good Procurement Manual and Operations Manual. This will include procedural breaches as well as illegal activity and conflicts of interest (defined in Good Procurement Manual)

_____________________________________________________________________________________________________

_____________________________________________________________________________________________________

_____________________________________________________________________________________________________

_____________________________________________________________________________________________________

_____________________________________________________________________________________________________

2. Detail of any disputes or complaints with Contractors, including nature of disagreement and resolution.

_____________________________________________________________________________________________________

_____________________________________________________________________________________________________

_____________________________________________________________________________________________________

_____________________________________________________________________________________________________

_____________________________________________________________________________________________________

_____________________________________________________________________________________________________

_____________________________________________________________________________________________________
3. Recommendations to improve the procurement system to achieve greater economy and efficiency.
(Intentionally Blank)