



دائرة المالية  
DEPARTMENT OF FINANCE



## Translation

# **Purchases, Tenders, Auctions, and Warehouses**

## **Manual**

**Issued Pursuant to  
Law Number (6) Year 2008 (As Amended)  
On Purchases, Tenders, Auctions, and Warehouses**

**November 2014**

## Translation

### **Introduction**

This manual is issued pursuant to Article (13) Law Number (6) Year 2008 On Purchases, Tenders, Auctions, and Warehouses. It includes policies and procedures provisions applicable to Abu Dhabi Government Department on tendering materials purchases, service/works contracts, auctions, warehousing, and materials receipt.

As regards other government entities not subject to the said law, and subject to Resolution 32 C 31/2014 on implementing Abu Dhabi Government Resources “ADERP” may refer to this manual if necessary to abide to the said Resolution.

The first version of the manual was issued in 2008 in the context of several Department of Finance initiatives to develop and modernize financial and management systems and decentralization.

An update to the manual was made in year 2010 by issuing its second version incorporating procedures for insurance contracts to cover government properties against fire, damage, theft, and other risks. Included also explanations on exercising contract amendments authority, explanations on general and administration expenses provisions.

Included also in the updated version provisions granting the successful bidder added to a black list due to declining to completing contract procedures an opportunity to submit a grievance to head of concerned government entity. Other updates included provisions to exempt financial and management and studies consultancy contracts from submitting performance bonds subject to certain conditions.

This is the third version of the manual issued pursuant to issuing an amendment to Law Number (6) Year 2008, and another amendment to Executive Council Chairman Resolution Number (30) Year 2008. such two amendments extended scope of this manual to include, in addition to government departments, public corporations, authorities, centers, councils and any other government entity and public legal entity relates to the government and having full legal disposal power, and manages a public utility, and aims at providing a public service and whose budget is part of the government general budget or annexed to it.

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Incorporated in this third version of the manual, merging in it the Warehouses and Materials Receipt Manual, and incorporating the Executive Council Resolution (26) Year 2011 regarding bids opening committees, and assigning to Department of Finance responsibilities for supervising the government entities purchases its database management.

Among other important updates incorporated in this third version lifting the minimum tender limit to the lever of “over AED 250,000” instead of “over AED 50,000”, and other provisions imposing electronic tendering instead of paper tenders, and provisions for environment, health, and safety.

As a result of implementing accrual based accounting in accordance with approved international accounting standards, incorporated also in this third version of the manual detailed procedures of the projects acceptance committees which are exceptionally important in order to define government fixed assets and properties costs being projects deliverables cost, and documenting dates of handing over them from the contractors to government entities, and dates of putting them into service/operations based on minutes of the projects acceptance committees.

May Allah help us to continue serving our ever prospering and precious country.

**Hamad Al Hurr Al Suwaidi**  
**Chairman of Department of Finance**

**November 2014**

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## Translation

### Chapter One – Definitions and General Provisions

#### Article (1) Definitions

The following words and expressions shall have the same meaning opposite each of them unless the context indicates otherwise:

- 1) **The Law** : Law NO (6) Year 2008 (As Mended) On Purchases, Tenders, Auctions and Warehouses in the Emirate of Abu Dhabi.
- 2) **Government Entities**: Departments of Abu Dhabi Emirate.
- 3) **Government Department**: Government arm charged and responsible for leading and managing a sector compatible with the government policies and related to the Executive Council
- 4) **Chairman**: Chairman of Government Department.
- 5) **Under Secretary/Director General**: Person appointed by a competent authority to be responsible for managing the daily operation activities and administration of financial and technical affairs of the government entity efficiently, actively, and economically in accordance with laws, systems, and regulations in force.
- 6) **Purchases Section**: Section or division or an organization unit in a government entity assigned the purchasing activities.
- 7) **Authority Delegation System**: financial and non financial authorities delegation system, or equivalent.
- 8) **Policies**: Rules and regulations provided for in this Manual, which express the Emirate strategies. drawing policies precedes approving and issuing methods and procedures.
- 9) **Methods**: Include all the rules and principles of a specific activity distinguishing it from other activities and the available of modern techniques and technologies that can be used to facilitate the work within the current circumstances.

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- 10) **Procedures**: The detailed procedural steps to be followed to implement the policies.
- 11) **Supplier**: An external party who provides the government entity with the required items and materials.
- 12) **Contractor**: An external party who provides the government entity with its required services or carry out works with materials included in the scope of work.
- 13) **Contract**: A legal document establishing the relationship between the government entity and the Supplier or Contractor either for the provision of services, performance of works or supply of items.
- 14) **Contract Value**: The approved original value of the contract in addition to the value of all the subsequent Variation Orders.
- 15) **Variation Order**: A form issued for the change or amendment of any paragraph, article or condition in the contract.
- 16) **Purchase Order**: An agreement between the government entity and the Supplier to supply agreed items, issued by the government entity.
- 17) **Call Off Order**: A form issued directly by the end user sections to the Supplier against a running Price Agreement with a financial ceiling and fixed validity period for the supply of certain items and the materials.
- 18) **Task Order**: A form issued directly by the Contract Administrator to the Contractor against a running Price Agreement with a financial ceiling and fixed validity period for the provision of services.
- 19) **Direct Order**: A method of purchase by which contracting is made directly to a Supplier without soliciting bids from a number of Suppliers
- 20) **Quotations**: A method of purchase by which the purchase of materials and services is made by inviting offers from different sources by fax or electronically or sealed envelopes, which will be compared for selecting the best offer technically and financially and which is the most suitable offer to the interests of the government entity and which adds more value for it. Quotations are submitted directly to the division concerned not to the Tenders Opening Committee.



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- 21) **Tender**: A method of purchase upon which the purchase of items with a value exceeding AED 250,000 and with certain specifications is processed by inviting bids from several sources through sealed envelopes or electronically opened by the Bids Opening Committee and then the best technically and financially bid shall be selected considering interests of the government entity and which adds more value for it.
- 22) **Public Tender**: A tender announced through newspapers, magazines and means of media to provide equal opportunity to all Suppliers who are interested to submit bids for the supply of the required items; under the terms and conditions stipulated by the government entity.
- 23) **Closed Tender**: A tender floated to a number of registered Suppliers and Contractor to be selected in advance by the government entity to submit bids for the supply of the required items under terms and conditions stipulated by the government entity.
- 24) **Request for Quotation**: A verbal or written request/invitation sent to potential Suppliers and Contractors to obtain quotations for the purchase of specific and well defined specifications, provision of services or execution of works, where the price is a substantial factor upon which the offer shall be accepted and the Purchase Order, contract or Price Agreement shall be executed.
- 25) **Invitation to Bid**: A written request/invitation published in newspapers, magazines, on Abu Dhabi portal and other means of media (in case of a Public Tender) or sent directly to a specific number of Suppliers or Contractors (in case of a Closed Tender) to obtain detailed bids for purchasing specific items, providing services or executing works.
- 26) **Price Offer/ Proposal/ Bid**: A document issued by the Supplier or Contractor based on an inquiry / proposal / invitation to submit bids issued by the government entity, including specifications of the items, services to be provided or works to be executed, including prices, sale conditions, delivery and payment conditions.
- 27) **Work Order**: A one page short format Service Contract used for the provision of certain and non recurring minor services value of which is paid only once upon the completion of work.

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- 28) **Contract Administrator**: An employee assigned by the appropriate authority level as per the authority delegation system of the government entity to be its representative and authorized on its behalf to deal with the Contractor. The Contract Administrator should be an employee of the government entity. The Purchases Section, or equivalent, is automatically appointed Contract Administrator for all materials contracts.
- Contract Administrator may be assigned more than one Service/Works contract, and more one Contract Administrator may be assigned for the same Services/Works contract in which case one of them may be selected to represent them and to coordinate administration of the contract. Authorities of the Contract Administrator are set out in the authority delegation system.
- 29) **Bidders List**: The list of Suppliers and Contractors.
- 30) **Single Source**: An exclusive agent or sole distributor of a commodity or service.
- 31) **Bid Bond**: A bank guarantee submitted with bids to assure serious participation in the tender.
- 32) **Performance Bond**: A bank guarantee provided by the supplier or contractor **to secure good performance and compliance with of the contract** terms and conditions.
- 33) **Auction**: A method for selling or letting fixed assets, equipment, and damaged and obsolete materials and the like, by bids submitted by sealed envelopes or by public offers auction under the responsibility of the Purchases Section at the government entity or equivalent.
- 34) **Warehouse**: The store designated to keep items classified as "Stock Items" and "Disposal Items". Sub warehouses may be established along with a main central warehouse if needed, in which case sub warehouses may receive materials from the main warehouse or directly. In all cases, purchases shall be made by authorized parties in according to procedures in place.
- 35) **Storekeeper**: Officer or the organization unit assigned to manage and supervises the warehouses. Responsibilities include organizing items

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cycle in terms of receiving, inspecting, stocking, issuing, returning and transferring.

- 36) **Stock Items**: Items which classified as "Stock Items" according to the provisions of this manual and kept in warehouses until needed. Stock Items are only purchased when requested by the Storekeeper and according to the approved procedures.
- 37) **Disposal Items**: Equipment and materials which are damaged or obsolete which are earmarked for sale by an auction or any other disposal method after being written off in the accounting books.
- 38) **Direct Consumption Items**: All the items that can not be classified as "Stock Items". In all cases, these items should be purchased by the appropriate parties and as per the approved procedures.
- 39) **Stock Purchases**: Purchases of materials classified as "Stock Items" and, when purchased, are added to the Warehouse stock.
- 40) **Direct Purchases**: purchases of materials classified as "Direct Consumption Items". The value thereof is charged directly to the appropriate budget account and not added to the inventory custody account.
- 41) **Inventory Account**: Quantity and value of all materials kept in stock. It increases in quantity and value with purchases of stock items or returned items or those transferred from other warehouses, and decreases in quantity and value with stock withdrawal or items returned to suppliers or transferred to other warehouses.

### Article (2)

#### Responsibility to Implement this Manual

The Purchases Section or equivalent at the government entity shall be responsible for the implementation of the Purchase, Tenders and Auctions Manual.

### Article (3)

#### Scope of this Manual

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### **Chapter One – Definitions and General Provisions**

- 1) This manual applies to purchases of all government entities, and the Executive Council may exclude an government entity from its cope.
- 2) This manual includes the policies, guidelines and procedures applicable to the purchases, import of materials, Service Contracts and works execution contracts whatsoever. The government entity shall fully abide by the provisions herein, otherwise the concerned staff shall be subject to disciplinary actions.
- 3) Anything not specifically provided for in this manual shall be considered as provisions, policies, and procedures delegated to the government entity.
- 4) Resolution of Head of Executive Council Number (1) Year 2007 shall applies to construction contracts of civil works.
- 5) This manual does not apply to:
  - a) Employment contracts, and also service contracts with individuals or legal entities if the contract subject is a specific experienced and qualified individual and whose salary is defined by the government entity.
  - b) General and administration expenses for non predefined technical specifications such as electricity and water and telephone expenses, advertisement, accommodation rentals provided to the employees of the government entity which are governed by the housing policies, professional and non professional bodies subscriptions, hotel expenses, travel tickets, conferences and exhibitions fees, miscellaneous expenses, and the like administration expenses. These are approved in accordance with the authority delegation system in the government entity.
  - c) Contracts and agreements among government entities subjected to Law (6) Year 2008.
  - d) Any other exceptions approved by an Executive Council resolution.
- 6) This manual applies to:
  - a) Insurance contracts in respect of government assets and properties to cover fire and other perils, theft, damage, and other

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risks are subject to provisions of this manual and regulations of Department of Finance with due regard be given to related Executive Council resolutions.

- b) Contracting procedures, administration, and claims administration and settlement thereto are performed by the Department of Finance coordination with the government entities.
- c) In respect of insurance contracts to cover works and services during contracts execution and during maintenance period, against fire and perils, theft, damage, and other risks, executed by contractors and vendors dealing with the government entities, are subject to related Executive Council resolutions.

#### **Article (4)**

#### **Financial Authority of Government Entity**

- 1) In accordance with Resolution No. (30) Year 2008 of the Executive Council as amended regarding the financial authority delegated to chairmen of the government entity, and Executive Council committees as amended, includes the following:
  - a) Approval of Purchase Orders, material contracts and amendments thereto.
  - b) Approval of service and projects contracts and amendments thereto.
  - c) Approval of writing off from the accounting records the government entity of fixed assets, damaged and obsolete materials and equipment and the like, with reference to their purchase price.
  - d) Sale by a public auction or any other disposal methods of the assets and materials.
- 2) The financial authority delegated to the government entity chairman is decided by an Executive Council Chairman Resolution . Where the value of the required business exceeds the financial authority for the government entity, the matter shall be referred to the Executive Council or its committees as applicable.

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- 3) No contract shall be entered into unless against approved budget funds, and in case of contracts period extend beyond the current financial year, arrangements should be taken to incorporate necessary budget funds for it in the following year.
- 4) No tender shall be issued unless against proposed budget funds be incorporated in the draft budget.
- 5) Materials, services, or works requisitions may not be divided nor awarded or broken by any other dividing means for the purpose of circumventing or avoiding rules and procedures of this manual. Dividing capital projects require approval of the Executive Council, while dividing all other contracts requires endorsement of the Tenders and Auction Committee in case of receiving equal price bids provided not being against the public interest.
- 6) For applying authorities of contracts and purchase orders amendments:
  - a) Value of amendment is the contract total approved value after the amendment less contract total approved value before the amendment. The amendment approval authority depends upon the amendment value.
  - b) The Executive Council, or its committees as applicable, approves every contract amendment where:
    - Its value increases the contract value approved by the Executive Council, or its committees as applicable, by an amount over the financial authority limit delegated to chairmen of the government entities.
    - Its value makes the total value of amendments approved by the government entity to increase contract value approved by the Executive Council, or its committees as applicable, by an amount over the financial authority limit delegated to chairmen of the government entities.
    - Its value increases the contract value to above the financial authority limit delegated to chairmen of the government entity.
    - Its value reduces the total contract value to below the financial authority limit delegated to chairmen of the government entity.

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- c) All amendments other than those stated in (b) above, and amendments within the value approved by the Executive Council or its committees as applicable, may be approved by chairmen of the government entities.
- d) An amendment approved by the Executive Council, or its committees, automatically makes the total contract value to be deemed approved similar to the award value approval, and hence a government entity chairman may exercise amendments authorities stated in (c) above again.
- e) Submissions to the Executive Council or its sub Committees, soliciting a proposed amendment should indicate the original approved value, value of previously approved amendments, value of the proposed amendment, and value of the total contract after amendment.

### **Article (5)**

#### **Forms of Contracts and Amendments**

- 1) Except for the construction contracts, all forms of contracts, Service Contracts, materials supply agreement, Purchase Orders, works contracts and others, issued by the government entity, should be standard and pre-arranged by the Department of Finance with standard contracting terms and conditions in the custody of the Purchases Section or equivalent at the government entity.
- 2) Any exceptions from the approved standard contracting format shall be approved by Purchases Section Head or equivalent and reviewed by the legal section at the government entity and at minimal.
- 3) Standard contract terms and conditions must protect the interests of the government entity provided are realistic, balanced and compliant with the relevant laws.
- 4) Contract prices and conditions provided for in the Service Contracts, Price Agreements and Purchase Orders should be strictly complied with. Prices should be fixed whenever possible. Pricing policy may be on cost basis with the addition of a markup margin, which should be in the narrowest possible cases.

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- 5) Purchases Section or equivalent, shall coordinate with the end user section, in the selection of the format appropriate for the Service Contract considering the following:
  - a) Realistic estimate of the contract value and term.
  - b) Competitiveness.
  - c) Performance risks.
  - d) Complexity of scope of work
  - e) Adequacy and completion of specifications and scope of work .
  - f) Probable variations.
  - g) Past experience.
  - h) Urgent requirements.

### **Article (6)**

#### **Duties of Department of Finance**

Control and supervision, when legally assigned so to do, of purchases of government entities by:

1. Drawing a government general purchases policy in coordination with the government entities.
2. Managing the government entities purchases database.
3. Preparing periodical reports on purchases of the government entities.
4. Controlling works of purchases sections and Tenders and auctions Committees of the government entities.  
Submitting periodical reports to the Executive Council on purchases of the government entities and their works.

### **Article (7)**

#### **Responsibilities of Purchases Section**



## Translation

### **Chapter One – Definitions and General Provisions**

- 1) Purchases Section at the government entity represents the vital and substantial channels and artery which secures to the government entity at all times and under all circumstances and situations, continuous flow of materials and products, items, spare parts, fixed assets, services and others which are required for the sections and units in the Government entity to ensure the performance of its work and allow other organization units to dedicate fully for the performance of their functions by:
  - a) Best prices facilities and conditions.
  - b) Required specifications and quality.
  - c) From suitable sources.
  - d) At the specified time.
  - e) At the specified locations.
  - f) In the required quantities.
- 2) Purchases Section or equivalent at the government entity shall purchase all items and materials, value of which is more than AED 25,000 and up to AED 250,000 through at least three bids provided that this procedure shall be approved in accordance with the authority delegation manual.
- 3) As to the business exceeding AED 250,000 the Purchases Section or equivalent at the government entity shall present the matter by a memorandum to the Tenders and Auctions Committee after coordination with the end user section for approval of floating a tender and determine the method of floating observing that the memorandum shall include the list of the proposed bidders.

### **Article (8)**

#### **Responsibilities of Purchases Section**

- 1) Collect and maintain the information about the materials and Suppliers.
- 2) Determine the standard specifications of the materials items.
- 3) Ensure the purchases activities and tenders documents and tenders evaluation consider quality and measurement standards, development sustainability, environment protection, SMEs support, and local economy support.

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### **Chapter One – Definitions and General Provisions**

- 4) Analyze and review the items to be purchased in coordination with the end user section as to the specifications, quality, prices, purchase conditions, delivery and development and improvements.
- 5) Propose the addition of new items or agencies, revise and develop the purchasing methods.
- 6) Negotiate with Contractors and Suppliers after obtaining approval from the Tenders and Auctions Committee.
- 7) Make recommendations to the Tenders and Auctions Committee regarding the imposition and lifting penalties on Suppliers and Contractors.
- 8) Establish new, strong and long term relationship with the Suppliers dealing with the Government entity.
- 9) Provide all administration units at the Government entity with all the necessary information and data about the items, local and potential Suppliers to enable the preparation of their annual budget.
- 10) Draw up the annual purchasing plan and identify suitable purchasing sources, and publish beginning of every year the planned tenders showing its nature and estimated floating date.
- 11) Follow up the implementation of the annual purchasing plan and revise it when necessary, ensure continuous flow of materials, items, spare parts, fixed assets and others for various sections with the specifications, quantities, qualities and best prices.
- 12) Receive all the materials requisitions, review and verify them.
- 13) Establish contacts with Suppliers and invite their quotations.
- 14) Issue local and foreign purchasing orders and sign long and short term contracts with the selected Suppliers according to the authority delegation system.
- 15) Follow up the performance of the Purchase Orders in coordination with the end users.
- 16) Make periodic reports to the competent authority level on the executed business.

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- 17) Maintain and update the Register of Suppliers and Contractors.
- 18) Determine the amount of the bid bond as applicable.
- 19) Determine the amount of the amount payable for the tender documents in consultation with the accounts section for the approval by the undersecretary of the government entity.
- 20) Approve the repayment of upon tender cancellation of amount received for tender documents as applicable.
- 21) Keep all the bid bonds and return them to the participants by approval from the accounts section head.
- 22) Approve the materials purchasing invoices according to the authority delegation system in the government entity.
- 23) For materials supply contracts of continuous need, start procedures of a replace contract before expiry of the existing running contract to avoid disruption of shortage of such materials in the government entity.

### **Article (9) Business Ethics**

- 1) Government entity shall have to perform the contract with highest levels of ethics and transparency in an atmosphere of and high professional impartiality and competition.
- 2) Splitting the purchases with intention to circumvent provisions and procedures of the Law or this Manual is prohibited unless with consent of the Executive Council.
- 3) Materials purchases and Services contracts must not be awarded to parties with the aim to achieve personal interests for the official in -charge at the government entity or the same has been granted to such official in-charge as a reward, gift or certain favoritism with the aim to obtain a contract or receive a special treatment.
- 4) Employees at the government entity shall abide by all policies and procedures, observe continuous development to attract a wide base of qualified Suppliers and Contractors to create competitiveness so that only

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the qualified entities shall survive. The employee of the government entity shall not:

- a) Have a personal interest directly or through an intermediary in works or contracts related to the activity of the Government entity where it/she works.
  - b) Carry out any profession, commercial or financial business related to the Government entity activity by himself or through intermediary nor shall it take on lease any property, land or others with the aim to utilize them in the field of its job tasks.
  - c) The employees of the government entity shall not give preferential treatment to any person, group or establishment nor shall they act in any manner that can make the public question the integrity of the government entity.
- 5) Suppliers and contractors dealing with the government entities may submit their grievances to the Chairman of the government entity, or his deputy as applicable, in case of any violations or suspected practices. They also, in case believing they have been unfairly treated by the Chairman of the government entity regarding tenders award or fair competition requirements or any related wrongful practice, may submit their grievances provided that the grievances are genuine and substantiated with convincing evidences.
- 6) All drawings, reports, studies and similar intellectual works are completely owned by the government entity and shall not be disposed of or disclosed by employees of the government entity during or after service period unless by a written consent by the appropriate authority level in the government entity.
- 7) Every employee of the government entity is committed to safeguard documents under his custody and he is accountable for its contents and shall not disclose them or avail them to other than concerned parties unless according to procedures and policies in force of the government entity.
- 8) Provisions similar to those stated in Clause “6” above shall be incorporated in the general conditions of contracts for provision of staff assigned duties in offices and work locations of the government entity.

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#### **Article (10) Register of Suppliers and Contractors**

The following rules should be observed:

- 1) The Purchases Section or equivalent in the government entity shall maintain a register for the prequalified Suppliers and Contractors to participate in all types of services and material contracts.
- 2) Department of Finance shall set up pre-qualification and registration standards of the suppliers and contractors, while every government entity shall carry out their pre-qualification and registration procedures depending on business nature.
- 3) The Register of Suppliers and Contractors shall include the classification of the activity, information about Chamber of Commerce and Industry registration, any other licenses required for carrying out the activity, details and information of the ownership, full addresses and any other necessary business information.
- 4) Purchases Section or equivalent shall complete the registration procedures including review of paper or electronic applications and attachments, and shall also complete the pre-qualification procedures of the Suppliers and Contractors according to the approved standards and conditions, and ensure the updating of the Register of Suppliers and Contractors.
- 5) All the names of Suppliers and Contractors shall be exactly consistent with the particulars in the trade licenses or any other equivalent documents with credibility giving special care to abbreviations of the corporate names such as company, establishment, authority etc...
- 6) Supplier or Contractor should be duly registered in the Register of Suppliers and Contractors to be prequalified to work with the government entity.
- 7) Companies and establishments willing to be registered shall complete a registration application form for this purpose and submit it to the Purchases Section or equivalent. Purchases Section or equivalent shall

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examine the licenses and certificates of the applicant to ensure fulfillment of all pre-requisites and legal requirements.

#### **Article (11)**

#### **Pre-qualifying Suppliers and Contractors**

- 1) Purchases Section or equivalent shall ensure that all the Suppliers and Contractors are registered with the government entity are qualified for their respective activities bearing in mind that the pre-qualification for a certain activity does not necessarily means pre-qualification for other activities.
- 2) Suppliers and Contractors may not be registered and their registration should not be renewed if they fail to meet the pre-qualification requirements.
- 3) Pre-qualification standards and conditions shall be recorded in a standard check list covering all legal, commercial, financial and technical aspects as well as the track record according to the following:
  - a) The legal aspects mentioned in the previous paragraph shall include the registration with the Chamber of Commerce and Industry by virtue of a valid certificate in addition to a valid trade license to carryout the business for which the establishment has been registered with the government entity.
  - b) The commercial aspects shall include the relationship with the establishment directors, agencies licenses, arrangements with good supply sources, management experience and the previous business with the government entity and other parties.
  - c) The financial aspects shall include sound financial position, financial arrangements with banks, other sources of finance, unqualified audited accounts, cash flow position and good relationship with banks.
  - d) The technical aspects shall include the provision of good technical staff, appropriate and sufficient equipment, workshops and warehouses.

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- e) The experience can be established by reviewing the statement of successful competition in previous contracts and business successfully performed.
- 4) As to the Public Tenders, each bidder not registered in the Suppliers and Contractors Register shall have to meet the pre-qualification requirements before the bids opening.

## Translation

### **Chapter Two - Tendering Committees**

#### **Article (12) Tenders and Auctions Committee**

- 1) Chairman of the Government entity, or equivalent, shall approve setting up a committee or more, depending upon business nature of the government entity and its organization structure, under the name of "Tenders and Auctions Committee" consisting of five or more members including the committee Chairman and his alternate to consider and look into the bids, tenders and contracts and exercise its powers and responsibilities according to the provisions of the law and the rules and procedures hereof. The committee shall have a secretary and an alternate who is not a member.
- 2) Quorum of meetings of the committee shall only be valid in the attendance of majority of appointed members or four members, whichever is higher, including the committee chairman or his alternate. It shall issue its resolutions by the simple majority and upon equal votes the committee chairman, or deputy, shall have a casting vote. The objecting members shall have the right to request to record their objection in the minutes of the meeting and state the reasons.
- 3) The meetings shall be held regularly as determined by the committee Chairman and all the concerned divisions shall be notified of its weekly date.

#### **Article (13) Responsibilities of Tenders and Auctions Committee**

The Tenders and Auctions Committee shall observe the following:

- 1) Tender and Auctions Committee shall consider and make recommendations on business within its financial authority and make recommendations to the appropriate authority level at the government entity and considering policies, strategies and performance of contracts, and ensure that the award is made to the best offer and which adds more value to the government entity.



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- 2) The committee shall consider the financial aspects only for the submitted business while the technical aspects and business requirements shall be the sole responsibility of the end user sections heads.
- 3) A representative from the legal section in the government entity shall attend all meetings of the committee to provide legal consultations to the committee chairman on complying with provisions of this Manual and any other relevant matters, with no right to vote.
- 4) The committee has to ensure that the tendering process, bids evaluation and recommendations are based on neutrality, transparency and competitiveness.
- 5) The committee may not consider any bids that are not technically acceptable.
- 6) The committee secretary shall inform the section which has an item included in the agenda to send a representative who is well versed with the subject and able to answer all the questions and queries by the committee members. The Purchases Section or equivalent is usually represented for materials purchase business, and users are represented for Service/Works contracts, or both Purchases Section and users may jointly be represented depending on nature and complexity of the subject matter. The representative shall attend all concerned agenda item discussions and hear the outcome of committee voting made by the committee chairman. If a representative fails to attend, the concerned agenda item may be excluded from the agenda as deemed appropriate by the committee.
- 7) Committee secretary shall prepare minutes of meeting immediately after the end of the meeting entity and submit it to the committee summary of the subject presentation memo submitted by the end user section as well as the summary of the committee comments.

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- 8) The minutes of meeting shall not be deemed final and no authorization shall be given to take a decision or any other action until the minutes of meeting are approved.
- 9) Committee secretary shall include the minutes of the Bids Opening Committee in the agenda for approval.
- 10) The minutes duly signed shall be submitted to the appropriate authority level at the government entity for approval of each single item by annotation on the minutes or by any other means of approval and then a copy thereof shall be forwarded to the Purchases Section or equivalent, accounts section and to the section which has an issue included in it and discussed at the meeting entity. The minutes shall also be listed on agenda of the next committee meeting for information and making comments on it, if any.
- 11) Purchases Section or equivalent shall in coordination with the end user section submit a memorandum to the Tenders and Auctions Committee containing a specific recommendation to obtain the required endorsement as follows:
  - a) Recommendations to float a Closed Tender to a selective list of bidders instead of a Public Tender for Service Contracts which include Work Orders and Price Agreements for the supply of materials and materials Purchase Orders with value exceeding AED 250,000.
  - b) A recommendation for the re-float a tender with value exceeding AED 250,000.
  - c) A recommendation to award a Service Contract, Work Order, materials supply contract and materials Purchase Order value of which exceeds AED 250,000.
  - d) A recommendation to negotiate the prices of all types of tenders value exceeding AED 250,000, indicating the negotiation team membership which should comprise of representatives from the purchases and legal sections and

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the user division, and to revert to the committee with the negotiation outcome.

- e) A recommendation to issue a Variation Order for the Service Contract, Work Order, material supply contract or material Purchase Order value of which is more than AED 250,000.
- f) A recommendation to issue a Variation Order for the Service Contract, Work Order, material supply contract or material Purchase Order for materials raising the total value including the previous variations to an amount exceeding AED 250,000 after being within AED 250,000 limit and a Variation Order reducing the total value including all previous variations to AED 250,000 or less after being in excess of that amount.
- g) A recommendation to approve contracting by a Direct Order or by Quotations for an amount exceeding AED 250,000.
- h) A recommendation to issue a public or by sealed envelopes auction to let a building or cafeteria or equivalent for an estimated rent exceeding AED 250,000.
- i) A recommendation for letting a building or cafeteria or equivalent by quotations or direct order for an estimated rent amount exceeding AED 250,000.
- j) Review the report of the Inspection Committee and recommend to dispose of by way of a sale through an Auction or any other means of disposal of the fixed assets, equipment and materials with an original cost of more than AED 250,000 for one item or set of items provided being first written off from the records as well as the sale or lease of cafeteria or canteens or equivalent by an Auction or by any other means of disposal.
- k) Endorse minutes of the Bids Opening Committee.
- l) Consider the complaints submitted by the suppliers and contractors and make recommendations regarding the penalties and compensations in respect thereof and exempt

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them in whole or part from delay penalties regarding contracts with a value more than AED 250,000.

- m) Ensuring that award recommendations submitted to the Committee include nominations of Contract Administrators for approval by the appropriate authority level along approving the award recommendations..
  - n) Any other recommendations related to contracting policies, strategies and practices.
- 12) It is necessary to prepare a submission to the Tenders and Auctions Committee for any matter explaining the case in detail to enable the committee to form a sound opinion. The submission to the Tender and Auctions Committee is signed by the manager of the related section. The submission should be clearly written to and a complete monograph on the subject matter and should at least include the following information:
- a) Subject title and contract number as the case may be.
  - b) Reasons for not issuing a public tender.
  - c) For a closed tender, criteria applied in selecting the bidders.
  - d) Status of the present contract.
  - e) For a public tender, enumerate those received the tender documents.
  - f) Enumerate all bidders submitted bids, and those who declined.
  - g) Simple explanation for the technical disqualification of a rejected bid.
  - h) A business case indicating bases of recommended award, and any considerations relating to the environment, economic development, social development, sustainable development, support of SME as applicable
  - i) Financial summary of all the technically accepted bids.
  - j) Nominate a Contract Administrator for a service contract.

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- k) The recommendation should be clear, in direct language showing particularly the works value during the duration of the contract.
- j) As to a recommendation for a split award, any differences in the total cost as a result of split.
- k) A statement regarding availability of budget funds for capital work contracts without the need to determine the amount in the budget.

### **Article (14) Bids Opening Committee**

- 1) At each Government entity, the Chairman of the Government entity or equivalent shall approve setting up a committee or more, depending upon business nature of the government entity and its organization structure, under the name of "Bids Opening Committee" consisting of four or more members including the committee chairman or his alternate.
- 2) The committee shall have a secretary and an alternate in charge of the tenders box key.
- 3) Quorum of meetings of the committee shall only be valid in the attendance of majority of appointed members or three members, whichever is higher, including the committee chairman or his alternate.

### **Article (15) Responsibilities of Bids Opening Committee**

The Bids Opening Committee shall carry out the following:

- 1) Bids Opening Committee shall open all the envelopes of the materials, services and auctions contracts with a value in excess of AED 250,000 after being advised by the Purchases Section.
- 2) In case of any suspected malpractices in the tender documents such as the absence of the red-wax seal or any other safe method

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or if the envelope is readily opened the Bids Opening Committee may refuse to open the bid. The committee secretary shall record this in the minutes of meeting, inform the Purchases Section at the government entity or equivalent and end users section of the incident immediately after the meeting. If it is difficult to finalize the matter the same shall be considered by the undersecretary.

- 3) Sign on all bids.
- 4) Place a box where the bids envelopes shall be deposited.

### **Article (16) Responsibilities of Bids Opening Committee Secretary**

The Bids Opening Committee Secretary shall assume the following functions:

- 1) Receive the bids from the bidders.
- 2) Establish the conditions in which the bids are received.
- 3) Record the details of the bids opened at the meeting in the minutes.
- 4) Establish the number of the envelopes in the minutes of the meeting.
- 5) Record the names of the bidders who did not submit their bids or regretted to compare with the lists of the approved bidders.
- 6) Stamp the bid documents showing the date of opening.
- 7) Deliver a receipt to each bidder showing date and time of receiving the bid envelope and the bid bond as applicable.
- 8) Receive the regrets to attend from the members before an ample time to ensure complete quorum.
- 9) Submit the opened bids to the representatives of the Purchases Section or equivalent and establish this in the minutes.
- 10) Prepare a list for the bid bonds and submit the bank bid bonds to the Purchases Section.

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#### **Article (17) Purchases Types**

1) **Purchases of Operation items and spare parts**

These are the materials and items purchased for the operation of the office equipment and execution of office activities such as stationary, prints, spare parts for the printers, photocopiers, office equipment, inks, papers and accessories.

2) **Capital Purchases**

These are the items with economic benefits for more than one year which is called the useful life and results in acquiring fixed assets which will also include the costs of purchasing materials to increase the useful life or the original assessed designed capacity.

3) **Service Purchases**

The service purchases received by the government entity from out-sources such as banking and financial institutions services, professional services, insurance, maintenance, cleaning, advertisement, administration and office services.

#### **Article (18) Purchases Procedures**

1) **Preparation of the Materials Requisition**

The end user shall prepare a requisition for materials, items or services and complete the necessary particulars required for the execution of the purchase process accurately, easily and quickly. The required quantity of the materials and items should be specified along with the time required and the estimated value of such materials and items. Assistance may be sought from the Purchases Section to determine the estimated value of the required materials and items and any other additions that may help the section to determine the method of purchase yet observing that there should be no division.

2) **Reserving the Estimated Value from the Budget**

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Budget funds should be arranged for the execution of the materials requisition by the financial section or equivalent within the government entity.

- 3) If there is no budget funds for the purchase the end user section in coordination with the financial section or the equivalent shall arrange for the necessary budget funding for completing the purchasing process.

#### **Article (19)**

#### **Materials Purchase Requisition Approval**

The materials requisition shall be approved in accordance with the applicable authority delegation system.

#### **Article (20)**

#### **Selecting Purchases Types and Bids Soliciting**

After receiving and reviewing the materials requisition or request for contract and ensuring that the materials, items and specifications are clear, the method of purchasing and contracting shall be determined according to the provisions hereof which will include a Public Tender, Closed Tender, Quotations or Direct Order.

#### **Article (21)**

#### **Public Tender**

- 1) Contracting by a Public local or international Tender shall be for business exceeding AED 250,000.
- 2) The Closed Tender may be used as a replacement for the Public Tender based on a recommendation from the Tenders and Auctions Committee at the government entity.
- 3) The Public Tender is based on three governing principles: announcement, equality and free competition.
- 4) The purchase process by a Public Tender shall pass through four main stages: These are the announcement, bids evaluation,



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executing a contract, supplying of the purchased items or performing the subject matter works.

- 5) The Public Tender may be either international or local. The international Public Tender is a tender in which the invitation is sent to Suppliers and Contractors in and outside the country by means of different publication methods and on Abu Dhabi government portal. The local Public Tender is the one in which the invitation is sent to the Suppliers and Contractors within the country. In this case, the Public Tender shall be announced only within the country.

#### **Article (22) Closed Tender**

- 1) The local or international Closed Tender is a tender in which the invitation is sent to a limited number of registered Suppliers and Contractors selected by the government entity.
- 2) The Closed Tender is conducted among selected number of operators of the activity of the subject matter of the tender and who are registered in the Register of Suppliers and Contractors provided that they will not be less than three. Such tender can be an international or local and sometimes called a selective tender or a short bidders list. It depends on selecting certain Suppliers or Contractors be exclusively invited such as the specialized equipment and machines which can only be supplied by a certain number of Suppliers in the world such as the electronics, special types of chemicals and oil exploration equipment.
- 3) The Closed Tender is subject to all the rules and procedures regarding the Public Tender with the exception to the announcement method. In all cases, the announcement should include the party to which the bids are submitted, closing date, item, required work, value of bid bond and performance bond, bid validity after the closing date which should be not less than 90 days, price of the tender documents if any and any other particulars deemed necessary by the government entity.

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#### **Article (23) Local Tender**

- 1) The invitation for a local tender is sent to the largest reasonable number of local Suppliers and Contractors whom the government entity decide to deal with extracted from the Register of Suppliers and Contractors.
- 2) Whenever necessary invitation may be sent to others who are not registered in the Register of Suppliers and Contractors by approval of the government entity Chairman or undersecretary as applicable, through the Tenders and Auctions Committee. However, their bids may not be opened until completing the registration formalities. and be prequalified procedures.
- 3) Local Closed Tender shall be subject to all the rules and regulations, procedures and conditions provided for herein applicable to the Public Tender with exception to anything related to publishing.
- 4) Local bids inquiries shall be sent to the Contractors and Suppliers whom the Government entity decide to invite for participation in the tender either by fax or by an official letter before the date fixed for opening the bids. In case of urgency the same may be sent with a representative at least three days before the closing date which shall be submitted vide a dated receipt.

#### **Article (24) Quotations**

- 1) Contracting by way of Quotations shall be for the purchases of materials and Service Contracts with the value exceeding AED 25,000 to AED 250,000 and subject to endorsement by the Tenders and Auctions Committee for upper amounts.
- 2) At least three bids should be solicited from prequalified Suppliers and Contractors who are registered in the Register of Suppliers and Contractors.
- 3) Bids may be submitted through fax or any other means.

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- 4) Purchases Section or equivalent shall purchase the materials by Quotations provided approved according to the authority delegation system of the government entity.
- 5) End user sections may enter into contracts by way of Quotations or Work Order for the performance of services up to AED 250,000.

#### **Article (25) Direct Order**

- 1) Contracts may be concluded through a Direct Order for purchasing materials or Service Contracts value of which does not exceed AED 25,000 by the end user sections.
- 2) Contracting by Direct Order may be effected by the end user sections for materials purchase upto AED 25,000.
- 3) Contracting by a Direct Order may be effected for an amount more than AED 25,000 up to AED 250,000 through the Purchases Section upon approval defined in the authority delegation manual.
- 4) Contracting by a Direct Order if necessary may be effected by the Purchases Section for an amount more than AED 250,000 upon endorsement by the Tenders and Auctions Committee.

#### **Article (26) Auction**

- 1) The Public Auction may be announced similar to the same procedures for the Public Tender announcement provided that the announcement shall include the details and specifications of the items offered for sale.
- 2) All the rules, regulations and procedures relating to the Public Tender shall apply to the sale by Auction as appropriate except those related to the prequalification of Suppliers and Contractors. Financial authority limits relating to the Auction indicate to the original purchase cost of the materials and equipment proposed to be disposed of and not to the expected proceeds of sale.

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#### **Article (27) Inspection Committee**

- 1) After the completion of writing off procedures and before disposal of fixed assets and materials records which are no more economically useful, damaged or slow moving items, empty containers and scrap it shall be presented to an special advisory committee at each government entity called the "Inspection Committee".
- 2) This Committee shall be formed of four or five members with the appropriate experience from among the government entity staff. Inspection Committee shall assume the assessment of the condition and estimated sale value, make recommendations for the method of sale either by a Public Auction, through sealed envelopes or by any other means of disposal for the equipment and materials regardless their purchase cost. Such committee shall submit its recommendations in respect of the above to the Purchases Section or equivalent at the government entity for guidance.
- 3) Inspection Committee shall ensure that the inspection site is convenient for those who are interested to participate in the Auction and that the arrangement and display are adequate with the aim to provide the opportunity for inspection before participating in the Auction, solicit the best offers and provide the greatest deal of transparency and competitiveness.
- 4) The submissions to Tenders and Auctions Committees in respect of the sale of assets and materials must include the contents of the Inspection Committee reports.

#### **Article (28) Tender Procedures**

- 1) The government entity shall prepare the tender documents. The Purchases Section or equivalent shall issue a tender invitation accompanied by the standard tender documents. The bidders shall be notified of the nature of the required materials and services, the

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specifications and quantities as applicable according to the tender form and in coordination with the requesting end user section.

- 2) Bids may be submitted in two red-wax sealed envelopes where one of them contains the technical bid while the other contains the financial bid, or the complete bid documents may be submitted in a single sealed envelop as may be opted by the Purchase Section consulting with the end user.
- 3) Bidders representatives may attend the bids opening meeting where complete bid documents are submitted in a single envelop, or the opening meeting to open financial bids where technical bids are submitted in an envelop and the financial bids are submitted in another envelop. Towards this, Closed or Public Tender invitations shall indicate that representatives of bidders submitting bids may attend the relevant bids opening meeting provided showing identity document and carrying a mandate to attend and showing a copy of receipt evidencing payment fees of purchasing the tender documents as may be applicable. Secretary of the Bids Opening Committee shall minute attendance of bidders representatives.

Chairman of the Bids Opening Committee shall announce to attendees name of the bidder and its total bid value. In case of difficulty of identifying a total bid value, such as multi items price agreement bids or other contracts, the chairman of the Bids Opening Committee shall offer to provide to representatives of bidders submitted bids an electronic copy of priced bids of such bids which its total bid values are unidentifiable, and this shall be recorded in the minutes.

- 4) Each bid shall be accompanied by a bid bond if applicable to be submitted directly to the Bids Opening Committee secretary. The cash in lieu for tender documents shall be refunded if the tender is cancelled before the date fixed for bids opening to all those who paid such an amount. However, if the tender is cancelled after the bids opening such consideration amount shall be refunded only to those who submitted their bids. If the cancellation is due to non complying with the tender conditions such consideration shall not be refunded.

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- 5) Tender documents shall be distributed immediately after the announcement and after receiving the specified amount for tender documents provided that all the documents are stamped by the Purchases Section at the government entity and against an approved official receipt.
- 6) The Accounts Section shall directly receive from the participating bidder a cash in lieu for the tender documents upon a memo from the Purchases Section showing the tender number, name of participant and the amount. Account Section shall issue a cash receipt to this effect and the amount will be deposited into the treasury of the government entity as applicable.
- 7) Prior to the submission of bids, meetings may be held if deemed necessary to answer any inquiries or questions enabling the tenderers to prepare their bids. The meeting shall be arranged by the Purchases Section or equivalent at the government entity. The Purchases Section must ensure that the same information and clarifications are submitted to all bidders and in strictly prohibited to give any information to bidders except through the Purchases Section.
- 8) The bids continue to be valid throughout the period provided for in Article (22), paragraph (3). It may not be withdrawn and the Purchases Section in coordination with the end user section if need be shall have the right to extend the validity of the bids and bid bonds subject to prior approval by the Supplier or Contractor.
- 9) In the tenders in which samples require chemical analysis or technical examination the required period of time should be added for the conduct of analysis and experiment.
- 10) In case of the works and service provisions contracts the duration of the bid may be extended on case by case basis.
- 11) The tender should be concluded and successful bidder be informed during bid validity period.

### **Article (29) Bid Bond**

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- 1) No bid bond is required for the tenders with a value of not more than AED one million.
- 2) The bid bond may be required through a bank guarantee, at the Purchases Section or equivalent discretion for the tenders of a value in excess of AED one million. The value of bid bonds shall be a lump sum amount according to the tender value.
- 3) If the successful bidder fails to finalize the award formalities the following actions may be taken:
  - a) To be blacklisted in a register for this purpose by the Purchases Section or equivalent at the government entity.
  - b) Purchases Section or equivalent at the government entity shall notify all other government entities through Department of Finance.
  - c) Its name shall be removed from the Register of Suppliers and Contractors.
  - d) No dealing with such bidder by all the government entities for one year from the date of bids opening.
- 4) The successful bidder if declined to sign the awarded contract and hence listed in the black list may claim reconsidering the case to the government entity chairman who may confirm or dismiss the claim.

### **Article (30) Bids Receiving**

- 1) Tender bids shall be submitted in two separate envelopes one of them for the technical bid and the other for the financial bid. Nevertheless, tender bids not exceeding in value five million Dirhams, may be submitted in one envelop subject to endorsement by the Tenders and Auctions Committee.
- 2) Paper or electronic bids shall be submitted to the locations described in the tender invitation or advertisement against a paper or electronic receipt, as applicable, within the time frame specified

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in the tender invitation or advertisement for the closing date of bidding.

- 3) Bids received after the end of the specified period may not be accepted.
- 4) Bids shall be priced by the official currency unless otherwise provided for. Bids shall also be priced in figures and words and upon discrepancy the price in words shall prevail.
- 5) No scratching or erasures are allowed in the bills of quantities or price lists and upon correction the same shall be carried out by deletion and duly signed by the bidder.
- 6) Bidder may add special particulars or amendments to the tender upon its request or as requested by the government entity, provided that amendments to tender particulars, reduction of prices, introduction of any amendment or correction or any error after submitting the bid be sent to all the participating bidders. This shall take place by an independent letter duly signed and stamped by the bidder and be submitted to the Bids Opening Committee before the closing date.
- 7) If the bidder has not mentioned a price opposite to an item or material in the lists attached to the bid, this shall be construed as refraining from participating in the tender as to this particular item or material in case of split supply contracts.
- 8) In case of split works, services and supply contracts, failure to put a price opposite the work, the item or the service shall be construed as included in the total price of the bid without prejudice to the Tenders and Auctions Committee right to disqualify this bid if so deemed justifiable by it.
- 9) Quoted prices shall be considered as final and may not be revoked on grounds of currencies fluctuations, taxes, duties, customs or any other circumstances should not be taken as an excuse, observing that the price is inclusive of all the necessary costs for the items delivery, works completion and services performance at due dates and places specified by the government entity.



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- 10) Bids submitted on basis of discount percentage less than the lowest bid shall not be accepted and the bid should include fixed total prices.
- 11) The bids shall be according to the samples, specifications, drawings or approved services programs, etc . included in the tender conditions which the bidder shall review and submit the bid and be assumed acknowledged and shall supply and execute completely.
- 12) Bidder participating in the tender may submit more than one bid provided that each bid shall be submitted with a separate set of original tender documents and it should be clearly shown on each bid and set of documents that they represent an independent bid.
- 13) The bids shall be accompanied by a notarized copy of the company Memorandum of Association and a document stating the names of those who are authorized to enter into contracts in the name of the company, the firm or the names of the persons who are in charge of the contract performance with clear specimen of their signatures in case of the Suppliers and Contractors who are not registered with the government entity provided that the prequalification and registration procedures shall be completed before opening the bids.
- 14) As to the projects an approved balance sheets of the bidder and sources of finance according to the prequalification requirements shall be attached.
- 15) All the tender documents are considered as personal as to the participants in the tender who obtained them and may not be transferred to others.
- 16) The Bids Opening Committee at the government entity shall meet at the place and time specified in the tender announcement and the bids shall be recorded in an official minutes including names of bidders, all substantial details about the tender, samples if any, and such samples shall be submitted to the appropriate parties vide an official letter for the necessary analysis.

### **Article (31) Tender Amendment**

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- 1) If it is necessary to make changes in the tender invitation package in matters related to the contract terms, quantities, technical specifications, delivery schedule, date of submission or to clarify any ambiguity or errors in the tender documents, it is required in this case to amend the tender for all bidders.
- 2) Bidders should be requested to include the amendments in their bids, otherwise such bids will be rejected. This also should be clearly shown in each amendment.
- 3) All the amendments shall be in writing.
- 4) Bidders should be requested to submit amended bids or state that there will be no impact on the prices quoted in previously submitted bids.
- 5) All amended bids shall be submitted by the defined closing date and time.
- 6) Approval by the end user section of any amendment is required after the closing date and before bids are opened that may lead to a potential change in the prices of the tender value exceeds AED 250,000. Approval of Purchases Section head is required for lower value tenders.
- 7) It is strictly prohibited to make any amendments to the tender package after the bids are opened.
- 8) No amendment may be made to the technical specifications, extend the period for floating or execution without approval from the end user section in coordination with the Purchases Section.

### **Article (32) Tender Cancellation**

- 1) Where there is a substantial change in the circumstances which require to float a new tender or such materials or services are no more required, the tender invitation may be cancelled by the undersecretary approval for the tenders with value exceeds AED 250,000 or by the end user section approval for the lower value tenders.

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- 2) As the Closed Tenders, all bidders should be notified in writing of the cancellation of the tender stating the reasons for such cancellation and return all bids which are not opened.
- 3) As to Public Tenders, the cancellation shall be announced in the same manner of the announcement of the tender invitation.
- 4) The Tenders and Auctions Committee should be notified of the tender cancellation and the reason for such cancellation.
- 5) In case of the tender cancellation the fees shall be returned to the bidders.

### **Article (33) Bids Evaluation**

- 1) Where bids are submitted in a single envelop, all opened bid documents shall be submitted to the end user section.
- 2) Where bids are submitted in two envelopes one of them is technical and the other is financial, the technical bids shall be opened first by the Bids Opening Committee and submitted to the end user section for technical evaluation. The closed financial bids shall be maintained by the Bids Opening Committee Secretary or Purchases Section, then only financial bids which are technically accepted shall be opened by the Bids Opening Committee.
- 3) Technical evaluation shall only be carried out by the end user section. For this purpose, consideration shall be given to compliance with tendered specification, past experience in similar works, credibility, logistics including equipment and warehouses and technical and management staff, quality and initiatives issues, compliance with environment and health and safety requirements, and any other elements as applies to the business type.
- 4) The financial evaluation shall be carried out for the technically accepted bids by the Purchases Section for materials purchases and by the end user section in coordination with the Purchases Section for services and works bids. For this purpose, consideration shall be given to prices, indirect costs such as maintenance and

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spare parts and warranty and any other elements as applies to the business type.

- 5) The preferred bid shall be selected which is the lowest technically accepted bid and satisfies business needs of the government entity and adds more value to it. Selecting the preferred bid may be identified by attaching technical and financial weights. In all cases, if the preferred bid is not the lowest technically accepted bid, it should be substantiated by justifications which are convincing to the Tenders and Auctions Committee.
- 6) If the prices of two bids or more are equal the Tenders and Auctions Committee by a recommendation from the Purchases Section in coordination with the end user section may split the amounts or quantities among the bidders with equal prices if such split shall not adversely impact the work interests.
- 7) Purchases Section or equivalent at the government entity shall notify the successful bidder of the result of the tender outcome by a letter within and not later than one week from the date of approval by the appropriate authority of the Tenders and Auctions Committee recommendation. Such bidder shall be requested to submit a performance bond or to sign the contract within a maximum period of 15 days from the award notification date. By approval from the appropriate authority and according to the authority delegation system the said period of time may be extended when necessary not more than one month.
- 8) Bids envelopes submitted by disqualified bidders should be returned unopened attached to an official letter showing the reason for rejecting their offers.

### **Article (34) Performance Bond**

- 1) The performance bond amount should not be less than 5% and not more than 10% of the:
  - a) Lump sum contracts.

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- b) Average value of call off orders which are unfulfilled any time during materials supply contracts on call out basis.
  - c) Average value of task orders which are unfulfilled any time during service provision contracts on call out basis.
- 2) No interest shall be charged for performance bonds.
- 3) No performance bond is required for Purchase Orders and services and works contracts with value not exceeding AED 250,000. However, studies and management and financial consultancy contracts may be exempted from the performance bond subject to approval of Tenders and Auctions committee provided so indicated in the tender documents before issuing the tender.
- 4) The government entity may exempt the successful bidder from submitting the performance bond:
- a) If the supply or work performance period in the contract does not exceed 15 days from the date of signing thereon, provided that the validity period of the bid bond shall be extended to cover the performance of the contract if its term is not sufficient.
  - b) If actually the materials have been delivered or work has been performed.
  - c) If the successful bidder has entitlements with the government entity equal to or more than the value of the performance bond, an amount equal to the value of the performance bond shall be retained from its entitlements subject to submission of a request by the successful bidder to the Purchases Section.
- 5) The performance bond should be valid for the entire period of the contract plus three months. A further one year should be added to the performance bond validity period for works (projects) contracts effective from the provisional completion date at 5% of the total contract value as a security during the maintenance period.
- 6) Contracting with the government entity by ministries, public agencies and corporations and local government bodies are

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### **Chapter Three - Purchasing and Contracting Methods**

exempted from submitting a performance bond either for the total value or advance payments paid by the government entity to the Contractor.

- 7) If the successful bidder fails to submit the value of the performance bond within 15 days from the date of notifying it of the acceptance of its bid, or from effective date of the contract, the government entity may:
  - a) Confiscate the bid bond and perform the subject matter of the tender in whole or part at its cost without taking any legal proceedings and without prejudice to the government entity right to claim any further compensation and have the same deducted from the successful bidder entitlement with any other authority or file a case against it.
  - b) List it in the black list and remove its name from the Register of Suppliers and Contractors at the government entity and suspend dealing with it for one year from the date of the award decision and advise Department of Finance accordingly.
- 8) If the value of the performance bond is reduced due to deduction of some amounts or the works, supplies and services have become more than what is mentioned in the contract, the Contractor shall complement the value of the performance bond to the set limit within 15 days from the date of demand. If it delays the completion of the performance bond the government entity shall have the right to deduct the required complementary amount from its entitlements under this contract or any other contract in hand without prejudice to the provisions hereof.
- 9) All the original copies of the bonds documents shall be kept with the accounts section and returned to the contractors and suppliers as follows:
  - a) By approval of the Purchases Section as to materials contract and Purchase Orders.
  - b) By approval from the Contract Administrator as to service and works performance contracts.

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### **Chapter Three - Purchasing and Contracting Methods**

#### **Article (35) Contract Execution**

- 1) As soon as it receives notification of the award the successful bidder shall submit a performance bond if it is required for signing the contract. The contract must include the entire agreement with a reference to the number of tender upon which the contract has been established as well as the contract number.
- 2) If the successful bidder fails to show up for signing the contract without an acceptable excuse within a maximum period of 15 days from notifying it of the award it shall be considered as withdrawn and the bid bond shall be confiscated. The government entity may withhold all or part of its entitlements with any government authority and reserve the right to claim compensation for any incurred damages.

#### **Article (36) Successful Bidder Withdrawal**

If the successful bidder has withdrawn either by not showing up to sign the contract or not complementing the performance bond during the specified period a memorandum shall be submitted by the Purchases Section to the Tenders and Auctions Committee to decide:

- 1) Either to cancel or go for the retendering.
- 2) Keep the tender standing and review it to select a Contractor who shall perform at the cost of the withdrawing successful bidder according to the provisions hereof.

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### **Chapter Four - Contract Management**

#### **Article (37)**

#### **Preparing and Signing the Contract**

- 1) Purchases Section or equivalent shall prepare the contract documents or the Purchase Order as applicable including the scope of work prepared by the end user section as soon as the tender is awarded. Successful bidder shall be informed by a fax or any other method through the Purchases Section or equivalent as a temporary action until the final contract form or the Purchase Order is prepared and executed.
- 2) Accounts Section and Legal Section at the government entity shall review the Service Contracts before the signature with the exception to the Work Order. This shall be established in a special form to be attached to each contract during notification or circulation.
- 3) The contract, Purchase Order or Work Order shall be signed by the government entity according to the authority delegation system or equivalent which shall also be signed by the Contractor. All the contract pages and attachments shall be initialed by the Contractor, End user Section Head or the Contract Administrator at the government entity.
- 4) Purchases Section or equivalent shall have to prepare two original copies of each service or material supply contract where one of them shall be kept by the Purchases Section or equivalent while the other copy shall be handed over to the Contractor. Copy of the contract shall be forwarded to the end user Section and Account Section at the government entity.

#### **Article (38)**

#### **Contract Administrator**

- 1) The end user section shall nominate one of its employees to administer of each Service Contract of the end user section through a memorandum submitted to the Tenders and Auctions Committee according to the authority delegation system.



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### **Chapter Four - Contract Management**

- 2) Contract Administrator shall be the representative of the government entity who is authorized to deal with the Contractor. Contract Administrator may be assigned with more than one Service Contract and a Service Contract may have more than one Contract Administrator. In this case, one of them should be selected as their representative to manage and coordinate all the works related to the contract.
- 3) Authorities of the Contract Administrator shall be specified in the authority delegation system of the government entity.
- 4) The assignment of the Contract Administrator shall be approved through the minutes of meeting of the Tenders and Auctions Committee which shall record it in its minutes of meeting.
- 5) As regards Service Contract the end user section shall notify the Contractor in writing of its Contract Administrator and in particular shall notify the Contractor that it has to deal with all matters related to the contract.
- 6) With respect to the materials purchasing contracts which include the Purchase Orders and Price Agreement for the supply of materials, the Purchases Section head or equivalent shall notify the Supplier in writing to deal with the Purchases Section or equivalent in all matters related to the material purchases.

### **Article (39)**

#### **Responsibilities of Contract Administrator**

Contract Administrator shall assume the following tasks:

- 1) Approve all the contract invoices as specified in the authority delegation system.
- 2) Ensure the performance of the contract at the specified time in accordance with the conditions and specifications provided for in the contract taking into consideration the quality requirements and legal rights of the contract parties.
- 3) Ensure that the government entity has properly honored its obligations in a manner to protect its interests.

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### **Chapter Four - Contract Management**

- 4) Deal with the information and amendments requests, disputes, claims or indications to the contract termination or cancellation according to the authority delegation system and this manual.
- 5) Maintain complete set of documents for the contract performance or non-performance in order to protect the rights and interests of the government entity.
- 6) Fix the correct date for the contract completion if such completion period of the contract is specified by days.
- 7) Carry out all other procedures for the government entity fulfillment of its obligations so as to facilitate to Contractor completion of work.
- 8) Contract Administrator shall not change the works provided for in the contract or add any works not provided for in the contract unless the same is effected by an approved Variation Order.
- 9) For service contracts of continuous need, start procedures of a replace contract before expiry of the existing running contract to avoid disruption of the services in the government entity.

#### **Article (40)**

#### **Contract Commencing Date**

- 1) The period specified for the contract performance shall begin from the day following signature thereof or from the date of handing over the site to the Contractor as applicable unless otherwise provided for in the contract.
- 2) If the Contractor or its representative failed to show up to take over the site at the specified date report shall be prepared and copy thereof shall be sent to the Contractor and such dates shall be considered as the date of commencement.

#### **Article (41)**

#### **Liquidated Damages**

- 1) Contractor should complete all the works included in the contract according to the conditions thereof and at their specified time. If it

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### **Chapter Four - Contract Management**

delays the completion of works beyond the specified date a delay penalty shall be imposed according to the contract terms. In all cases, the aggregate amount of penalty should not be more than 10% of the total value of the contract. In case of exceeding this percentage and failure to complete subject matter of the contract, the Government entity shall have the right to confiscate the performance bond, have the works completed at the Contractor's cost in addition to reasonable administrative expenses.

- 2) The penalty shall be calculated as soon as the delay takes places without the need for any notice or legal proceedings and without the need for proving the damage which will be in all cases considered as happened upon delay of performance by the Contractor.
- 3) By a request from the Contractor or Supplier to extend the contracted performance period, it may be exempted from the delay penalty if it proves through supporting documents that the delay was attributed to force majeure beyond its control or caused by the government entity provided that the request is submitted to the government entity during the contract duration period and within 15 days from the occurrence of the event causing the delay and explaining the reasons for such delay. Failure to submit such request within the set period shall be considered as an acknowledgment that there were no reasons to justify the delay and hence it shall be surrender its right for objection with all consequences of such delay.
- 4) Requests for exemption from levying liquidated damages shall be submitted to the Tenders and Auctions Committee for contracts of value exceeding AED 250,000 which may seek assistance from experts, technical and legal consultants, and be approved by the Under Secretary. Exemption requests for contracts of value not exceeding AED 250,000 shall be approved by the Contract Administrator for service contracts and by the Purchases Section for materials supply contracts and purchase orders.
- 5) The liquidated damages shall be calculated as below:
  - a) For lump sum contracts, by dividing the delay period over the whole contract period multiplied by the contract value.

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### **Chapter Four - Contract Management**

- b) For materials purchase contracts, by dividing the delay period over the whole delivery period multiplied by the purchase order or call off order as applicable. In case of non delivery, the liquidated damages shall be 10% of value of materials not delivered.
  - c) For service contracts on call out basis, by multiplying the performance delay period over the whole performance period multiplied by value of the task order. In case of non performance, the liquidated damages shall be 10% of the task order value.
- 6) If an exceptional circumstance or incidents take place which cannot be overcome and resulted in making the performance of the works if not impossible but difficult as it may expose the Contractor to extensive damage the Contractor must continue the execution and shall have the right to request a partial compensation to be presented to the Tenders and Auctions Committee for the contracts with a value more than AED 250,000.

### **Article (42) Breach of Contract**

- 1) The Contractor shall perform the contract according to the terms and conditions therein otherwise shall be exposed to the penalties provided for in the contract and hereof.
- 2) If the Contractor submits documents proving that the delay in the contract performance was attributed to force majeure or the government entity the same shall be overlooked according to the absolute discretion of the contract Administrator.
- 3) In case of any fraud, deceit or bribe by the Contractor the government entity may cancel the contract, confiscate the performance bond and perform the contract at the Contractor's cost and reserve its right for compensation.
- 4) Upon the Contractor bankruptcy or insolvency the government entity may cancel the contract, confiscate the performance bond and reserve its right for compensation.

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### **Chapter Four - Contract Management**

- 5) Upon the Contractor's death, the government entity may cancel the contract and return the performance bond or allow the successors to carry on the performance of the contract.

#### **Article (43) Contract Amendment**

Any amendments to the contract as to the quantity, specifications or otherwise shall be carried out through a Variation Order by consent of both parties to the contract and approval by the appropriate authority level as per the authority delegation system and this manual.

#### **Article (44) Contract Advance Payments**

The contract may include provisions for advance payments. In all cases, advance payments shall be against a bank bond of same value and currency which shall be very limited and approved by the undersecretary.

#### **Article (45) Contract Performance Delay**

- 1) If the Contractor delays the performance of the contract beyond the specified time the provisions hereof and other applicable laws shall apply to it.
- 2) If the Supplier delays the supply of all the required quantity or the Contractor delays the performance of works or part thereof beyond the dates specified in the contract which also includes the rejected materials and works or the materials which were not supplied the government entity shall have the right to take one of the following actions:
  - a) Grant the Supplier or the Contractor an additional grace if it deems it in its best interest. However, this is subject to prior endorsement by the Tenders and Auctions Committee for contracts and Purchase Orders of a value exceeding AED 250,000.

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### **Chapter Four - Contract Management**

- b) Buy the materials or perform the works at the Supplier's and Contractors account and hold them responsible for the difference in the price increase and the administrative expenses at the rate of 10% of the materials or works value which is the Supplier or the Contractor has delayed their supply or performance after the extension period lapses.
  - c) Terminate the contract, confiscate the performance bond and claim compensation. This shall not prevent the imposition of the delay penalty provided for herein.
- 3) Ministries, public agencies and corporations and local government bodies shall be exempted from the delay penalty.

### **Article (46) Relationship with Contractors**

- 1) The government entity shall take all the necessary steps to enable the Contractor to complete the contract by all means.
- 2) Contract Administrator shall ensure the fulfillment by the Contractor of its contractual obligations, performance of the work completely according to the terms and conditions in connection with the quality and punctuality so as to satisfy the needs and achieve the interests of the government entity in a perfect manner. The government entity shall abide by the contractual conditions in order to maintain good work relationship and obtain high quality services with a better value.
- 3) The end user sections should endeavor to resolve all the technical, financial and legal problems related to the contract in consultation with the Purchases Section or equivalent to enhance efficiency and reduce cost.
- 4) All communications with the Contractor should be in writing including fax transmissions and other electronic means except routine coordination work.

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### **Chapter Four - Contract Management**

- 5) All official communications with the Contractor shall be through the appointed Contract Administrator only and through the Purchases Section or equivalent before appointment.
- 6) All official communications with materials Supplier shall be through the Purchases Section or equivalent only.
- 7) It is necessary to manage and supervise the contract performance to ensure conformity with all the contract provisions and to provide timely high quality services according to the contract terms and conditions.
- 8) It is necessary that the government entity to observe fulfillment of the contractual obligations timely, follow up and investigate any default in Contractor's performance to prevent or avoid the need to unnecessary Variation Orders and also to avoid any disputes or claims.
- 9) Contract Administrator shall maintain accurate and detailed documentation of the contract throughout its term of validity.
- 10) Materials and services not complying with the contract requirements in all respects should be rejected and the Contract Administrator document this in the Contractor's performance appraisal documents.
- 11) Main Contractor is directly accountable to the government entity for the performance of all contract terms.

### **Article (47) Claims and Disputes**

- 1) Claim is a written request or claim by one of the contract parties to acquire right in a certain amount, amend or interpret contract conditions or an exemption from any obligation under the contract.
- 2) The government entity shall cordially settle all the contractual disputes and exert efforts to bring the two parties to an agreement in order to settle disputes and differences to avoid claims. If an agreement could not be reached with the Contractor the claim shall be settled according to the contract terms and if an amicable

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### **Chapter Four - Contract Management**

agreement is not possible, the Contractor or Supplier may submit a grievance according to procedures of Clause (2) in Article (9). The dispute may also be referred to the court of law. Both parties to the contract may resort to the arbitration under the terms of the original contract or by an independent agreement.

- 3) A Variation Order shall be made for each claim settlement or agreed upon and the Variation Order shall be approved by the authority level specified in the authority delegation system.

#### **Article (48)**

#### **Contractor Performance Appraisal**

- 1) Contract Administrator after the completion of each contract shall prepare an appraisal of Contractor performance in the Register of Suppliers and Contractors and be kept in the contract file.
- 2) Purchases Section or equivalent shall ensure that the results of the contract performance appraisal are updated in the Register of Suppliers and Contractors.

#### **Article (49)**

#### **Contract Termination**

- 1) The contract may be terminated in the public interests of the government entity in line with the contract conditions and terms and in strict compliance with the approval authority provided for in the authority delegation system and its entitlements shall be settled according to the contract terms and conditions.
- 2) If the Contractor or the Supplier clearly fails in fulfilling its contractual obligations to perform of services, works or supply of materials the contract should be terminated and the Contractor or the Supplier shall be penalized according to the provisions hereof and as per the contract conditions.
- 3) If it appears during the contract performance that it involves potential risks the contract should be terminated according to the terms and conditions thereof.



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### **Chapter Five - Works Contracts Related Provisions**

#### **Article (50)**

#### **Keeping Order in Works Location**

Contractor of a works contract shall be responsible for keeping the order at the works site, for all damages sustained by the State properties, properties of the government entity, authorities, individuals, its workers and agents or as a result of the contract performance. It has to abide by all the laws, regulations and rules applicable in respect of the workers, their rights and for the safety of workers and others from risks.

#### **Article (51)**

#### **Works Design Amendments**

- 1) Contractor shall ensure the soundness and validity of the approved specifications and designs and shall inform the party supervising the performance or the consultant of any comments thereon. The Contractor shall be deemed as accepting the works design and specifications and as considering them sufficient for ensuring safe operation so as to ensure the operation of the same is satisfactory in all respects as soon as the contract is signed.
- 2) The government entity may correct any error or omission in any specifications, drawing or design submitted thereby without compensation to the Contractor if the correction is made before the execution provided that such correction shall not affect the essence of the contract subject. In all cases, such correction shall be made by a Variation Order.

#### **Article (52)**

#### **Complying Works Execution with Contractual Terms**

- 1) Contractor has to submit to the Contract Administrator and the consultant a time schedule for the completion of work which will include various works phases until final completion subject to approval by the Contract Administrator and the consultant.

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### **Chapter Five - Works Contracts Related Provisions**

- 2) Contractor has to complete the works subject matter of contract including any additions or changes through Variation Orders by the government entity to be ready for the provisional acceptance at the specified milestones.
- 3) If the Contractor delays the commencement of works, or shows any slackness which makes the government entity certain that it will not be completed at the specific time, or the Contractor has suspended the works for more than 15 days, withdraws from the works or breaches the contract terms, the government entity shall have the right to withdraw the works from it and have them executed at Contractor's cost and takes one of the following actions:
  - a) Perform all the works by a Direct Order without any right to Contractor to claim any savings made.
  - b) The whole process shall be floated by a new tender.
  - c) Enter into contract by Quotations with a Contractor to complete the works.
  - d) As a security for the works performance the government entity shall have the right to put hand on all equipment and items at the works site belonging to the defaulting Contractor and use the same in completing the works without any liability for any damages sustained by such items and equipment. As a result of withdrawing the works from it the Contractor shall bear all the compensations due to the government entity for any damages in addition to 10% of the value of works which it did not complete to cover administrative expenses.
  - e) The government entity shall have the right to put hand on all machinery and equipment available at works site after completion of works as a security of recovering the dues from the Contractor.

### **Article (53) Appointment of Sub Contractor**

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### **Chapter Five - Works Contracts Related Provisions**

The Contractor may not enter into a subcontract until it obtains a written approval from the Contract Administrator and the Contractor shall be originally accountable towards the government entity for the completion of the contract.

#### **Article (54) Settlement of Contract Payments**

- 1) The Contractor may receive payments on account according to the works progress by payment certificates submitted for the completed works following technical and financial review to ensure compliance with the terms and conditions by the Contract Administrator provided that only 90% of such value shall be released to the Contractor.
- 2) Contractor may receive payments on account against the supply of materials to be stocked at works site to help the Contractor to complete the works for a maximum rate of 85% of the value of such material by a request from it and after the technical and financial review of the same by the Contract Administrator. The Contractor may not remove any of the stocked materials from the works site until the works are completed.
- 3) The government entity is entitled to levy a lien on Contractor's dues in whole or in part or any other dues with the government, other public authorities and corporations along with the right to sell the machinery, equipment, tools and instruments available at the works site without any liability towards any damages sustained by the Contractor as a result of such sale.

#### **Article (55) Provisional Acceptance and Final Acceptance of Works (Projects)**

- 1) The provisional acceptance of works shall be carried out by a committee called Projects Acceptance Committee comprising of five members including its chairman, and a secretary is also assigned to it. This committee shall be established by a resolution from the

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### **Chapter Five - Works Contracts Related Provisions**

government entity chairman. The consultant and Contract Administrator participate in the committee to ensure that the Contractor has completed the works according to the contract terms and conditions.

- 2) The committee shall prepare an acceptance report stating that the provisional acceptance was complete once all the terms and conditions of the contract and its attachments are satisfied, or accept with a reservation in case the committee requires to complete certain snags at the project within a certain period of time determined by the committee, otherwise the government entity shall complete the same at the Contractor's cost in case it fails to execute the works according to the provisions hereof and the conditions of the executed contract.
- 3) The Contractor shall be fully responsible for the project warranty and maintenance for one year as of the date of the provisional acceptance and shall undertake during this period to repair any defect or damage as a result of bad workmanship bearing all the resultant expenses.
- 4) In addition to the Contractor responsibility during the warranty period the Contractor continues to be responsible for ten years for any material defect appears on the structures, any bad workmanship without relieving the designing party and consultant from the liability.
- 5) After the end of the warranty and maintenance period the final acceptance report shall be made stating that the Contractor has fulfilled all its obligations related to the completion of the project according to the Contract and a final contract completion certificate shall be issued following which the Contractor shall receive the amount of warranty retained by the government entity.

### **Article (56)**

#### **Procedures of Projects Acceptance Committee**

- 1) Upon completion of a project contract, the Contract Administrator shall notify the projects acceptance committee secretary to initiate

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### **Chapter Five - Works Contracts Related Provisions**

the provisional project acceptance procedures. Notification of the Contract Administrator shall indicate:

- a) Contractor name and address, contract number, and works location.
  - b) Summary of financial position of the contract showing contract value, contract amendments value, and payment certificates value.
- 2) The secretary upon receiving the notification from the Contract Administrator, shall call a meeting of the projects acceptance committee.
- 3) Attendants of the projects acceptance committee are:
- a) Chairman (or his deputy) and minimum three members.
  - b) The Contract Administrator.
  - c) The Consultant (if applicable).
  - d) A representative from the division which will take over the works.
- 4) The provisional acceptance is carried out by the committee as below:
- a) Review the information notified by the Contract Administrator.
  - b) Ensure that the Consultant (if applicable) has confirmed completion of works as per the contract scope of work and approved contract amendments.
  - c) Ensure that the Contract Administrator has accepted the scope of work and its conformity to the contract terms and conditions.
  - d) Visit the works site, if necessary, and generally verify the projects deliverables.
- 5) Minutes shall be written recording:

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### **Chapter Five - Works Contracts Related Provisions**

- a) Confirmation by the Consultant and the Contract Administrator that all works as per the scope of work and specifically the bill of quantity and approved contract amendments have been completed.
  - b) Define the final contract value.
  - c) Actual date of works completion which is the date of taking over the works by the user division and it is the date of putting the fixed asset in service/operation and also date of commencement of the maintenance period.
  - d) Acceptance of the user division of taking over the fixed asset and date it is put in service/operation.
  - e) Any remarks or qualifications put by the committee, or recommendations to defer the provisional acceptance to make good any shortcomings within a defined date.
  - f) Any qualifications on repayment of contract retention money or releasing the 10% bank bond against receiving a 5% maintenance bank bond.
- 6) The minutes shall be signed by the committee member, the Contract Administrator, and the Consultant (if applicable). Copies shall be submitted to the accounts section, purchases section, and the user division.
  - 7) A final reconciliation to be agreed upon with the Contractor to calculate the final payment amount, liquidated damages for any delay of completion beyond the contractual completion date, and a contract amendment order to be prepared incorporating the final reconciliation amount. A provisional acceptance certificate may then be issued by the Contract Administrator.
  - 8) Upon completion of the guaranteed maintenance period, and fulfillment by the Contractor of all contractual and maintenance obligations, final acceptance procedures are carried out as below:
    - a) The user division shall notify the projects acceptance committee secretary that the Contractor has fulfilled all its contractual and maintenance obligations.

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### **Chapter Five - Works Contracts Related Provisions**

- b) Secretary of the projects acceptance committee shall call for a meeting to complete final acceptance procedures applying same procedures for the provisional acceptance procedures.
- c) Final acceptance procedures are recorded in minutes to be signed by the committee members, consultant, Contract Administrator, and the user division taking over the project deliverables. Copies of the minutes shall be submitted to the accounts section and the purchases section.
- d) The Contract Administrator may issue the final acceptance certificate, and release the 5% maintenance bank bond, and dues of the contractor may be settled and paid off.
- e) The purchases section, in compliance with Article (48) of this manual, shall coordinate with the Contract Administrator recording performance appraisal of the electronic Contractor in the Contractors and Suppliers register database.

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### **Chapter Six - iPurchases**

#### **Article (57) Performing Purchases Electronically**

Electronic purchases, tenders and auctions procedures are subject to the same rules and regulations provided for herein with consideration given to the following:

- 1) All tenders, quotations submission, and direct orders shall be executed electronically through the portal, unless not possible on technical grounds connected with unavailability of appropriate information technology systems.
- 2) For public tenders, paper advertisements in media such as newspapers and magazines shall be made simultaneously with electronic means.
- 3) No cash in lieu shall be collected for electronic tender documents.

#### **Article (58) Confidentiality and Transparency of Electronic Procedures**

- 1) In the implementation of electronic tendering and auctioning procedures, maximum degree of privacy, safety, confidentiality and transparency of information should be observed specially in the issuance of a Public Tender, Closed Tender and Quotations invitations and the receipt of bids.
- 2) Normal email messages may not be used as a method of processing the Public or Closed Tenders and Auctions which should be processed through a special portal for this purpose.
- 3) An email box shall be allocated at the government entity in the name of the Purchases Section or equivalent for communication with others in respect of the purchasing procedures to be used by a limited number of the employees of the Purchases Section or equivalent. All safety and confidentiality requirements shall be observed in respect of this email box which shall be used



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### **Chapter Six - iPurchases**

exclusively for communication with others by the employees of the Purchases Section or equivalent at the government entity.

- 4) Normal email messages may be used for Direct Order procedures by the authorized employees according to the authority delegation system.

#### **Article (59) Receiving Electronic Bids**

- 1) A screen shall be allocated to each tender on the portal for electronic entry of the tenders which will be valid only from the date of issuing the tender until the closing date. The bid bond, if applicable, shall be delivered to the Purchases Section prior to opening the bids.
- 2) The closing date and time of the electronic tender shall be the same closing date and time of the conventional paper tender.
- 3) The Secretary of the Bid Opening committee shall simultaneously open the envelopes and at the same meeting entity extract the information of all the electronic bids from the computer on a paper report to be signed by all the committee members simultaneously with the signature on the paper bids and all paper and electronic bids shall be recorded on the same minutes of meeting.
- 4) The computer report containing all the data of the electronic bids duly stamped and signed by the committee members shall be approved as official bids similar to those submitted in the paper form.
- 5) All the rejected or cancelled electronic bids for any reason whatsoever shall be returned according to the provisions hereof through the portal.

#### **Article (60) Electronic Contracts Register**

- 1) An electronic contracts register shall provide the financial information about each Service Contract namely: contract number,

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### **Chapter Six - iPurchases**

contractor name, contract start and expiry dates, contract approved value, method of payment and Variation Orders. Contract Administrator shall take the necessary steps to float a tender for a replacement contract at an earlier date before the expiry of the present contract.

- 2) It is necessary to refer to the contracts register to obtain all the financial data of the Service Contract which are required to prepare the memoranda submitted to the Tenders and Auction Committee and the amendments to contract.
- 3) Contract Administrator shall ensure the correct contract number is recorded on the invoice before approval.
- 4) If the contract balance is not sufficient or upon expiry of contract the Contract Administrator shall take necessary steps to increase the contract balance and extend it.
- 5) The contract balance is the value of the approved original contract amount added to it value of all Variation Orders less the value of all payments.

## Chapter Seven - Warehouses Management

### Article (61) General Warehouses Provisions

- 1) A government entity may opt to have or not to have warehouses at it.
- 2) A government entity which opts to have warehouses shall:
  - a) inform the Department of Finance thereof,
  - b) Abide by the policies and procedures provided for in this manual.
- 3) A government entity which has warehouses shall:
  - a) Classify material items into "Stock Items", "Disposal Items" and "Direct Consumption Items" as provided for in this manual.
  - b) Abide by the procedures pertaining to Direct Purchases.
- 4) Department of Finance shall prepare, design and develop warehouse forms, and shall, after consultation with the government entities, the warehouse document cycle so that all stock movements in terms of additions, deductions, returns and transfers are performed as stipulated in this cycle and to the forms for this purpose.

### Article (62) Stock Items

- 1) Classifying materials as "Stock Items", should have been purchased or issued from warehouses at least three times during a 12 consecutive months period regardless of quantity handled each time. However, certain items, which do not meet this criterion, may still be classified as "Stock Items" subject to the approval of the Undersecretary in exceptional cases such as items relate to safety measures or with long lead delivery and the like.
- 2) Only items classified as "Stock Items", rather than as "Direct Consumption Items", may be kept in warehouses.
- 3) Capital asset purchases shall not be kept in warehouses, rather the value thereof, as well as all direct purchase costs, shall be recorded in the fixed asset register at the time of acquisition.
- 4) "Stock Items" purchases shall be recorded as stock in the accounting records. Value thereof is only charged to the appropriate budget item when issued for use and consumption purposes.

## **Chapter Seven - Warehouses Management**

### **Article (63) Disposal Items**

- 1) Disposal Items shall be kept in a separate place in warehouses until disposal is completed.
- 2) Disposal Items shall be recorded separately from warehouses stock.

### **Article (64) Direct Consumption Items**

- 1) Direct Consumption Items purchases, i.e. direct purchase items, shall not be kept in warehouses, added to warehouse stock nor recorded in warehouse records.
- 2) Direct Consumption Items purchases shall be charged to the appropriate budget item immediately upon purchase.

### **Article (65) Materials Coding**

Department of Finance shall decide on a central coding system and a catalogue of the specifications of all purchased materials, whether stock purchases or direct purchases.

### **Article (66) Stocking Policies and Provisions**

- 1) Accounts section shall keep accounting books and as well as detailed records be kept by the storekeeper of quantity of every stock item under the custody of the storekeeper. All books are to be matched on a monthly basis, and inconsistencies, if any, shall be investigated immediately. Proper action shall be taken to determine accountability.
- 2) Organization unites of a government entity shall, six months prior to the commencement of the fiscal year, prepare estimates of their expected stock purchases during the next year. Such estimates shall be submitted to the accounts section which shall take them into consideration upon preparing the draft budget.
- 3) Every government entity shall have its own stock procurement policy in light of recommendations made by organization units. Due attention shall be given to providing all needs of all stock items in order to meet construction, maintenance and operations

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requirements. Delivery period and stocks availability should also be taken into consideration.

- 4) Chairman of may approve building strategic stocks of items classified as "Direct Consumption" or exceed maximum level of "Stock Items" in exceptional cases.
- 5) Every effort should be made to minimize number of items classified as "Stock Items" and be reclassified as "Direct Consumption Items" and be procured under materials contracts or by purchase orders as appropriate.
- 6) For each article of "Stock Items", both maximum and minimum stock limits shall be provided, as well as reorder limit, which all shall be recorded in warehouses' records while taking the following into consideration:
  - a) When calculating the minimum limit, special attention shall be made to the time to deliver each article from local or foreign sources, in addition to purchase procedures and consumption rates of the same according to operation schedules including the required repair and maintenance plans.
  - b) The maximum limit of every article shall not, whenever possible, exceed the average consumption rate of one year. Certain factors shall be taken into account such as how stocking appropriateness, exposure to damage, available in markets, specifications amendment, price fluctuations, supply requisitions not yet ordered and orders not yet delivered.
  - c) As far as the "Reorder" limit, certain parameters shall be considered such as the minimum limit, operation quantities needed during a period starting from the requisitioning until receiving items at warehouses, availability in markets, requisitions not yet ordered and orders not yet delivered.

### Article (67)

#### Warehouse Storekeepers and their Duties

- 1) Based on work requirements and organizational structure, one or more storekeepers shall be appointed. In case of multiple storekeepers, they shall have joint responsibility. A storekeeper may have one or more assistants who shall have joint responsibility with the storekeeper, and all shall sign the stock lists. In case of absence, an assistant storekeeper may relieve the storekeeper during absence.

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- 2) Storekeepers, or equivalent, are personally accountable for items under their custody for keeping and safeguarding weight, quantity, size, and exposure to damage or loss. A storekeeper can only be discharged upon evidence of unavoidable and beyond control.
- 3) Upon leave absence, transfer or disengagement or whatsoever absence of a storekeeper, some one shall be assigned duties of the storekeeper.
- 4) Storekeepers, or equivalent, should submit to the appropriate authority level in the organization structure periodic to take the needful action regarding the following:
  - a) Surplus items.
  - b) Not needed items.
  - c) Obsolete items.
  - d) Unusable items.
  - e) Items exposed to deterioration.
  - f) Items with limited validity period.

### **Article (68)**

#### **Slow Moving, Redundant, and Surplus Items**

Items not moved in term of receipt or issues as per warehouses records 24 consecutive continuous months shall be written off for disposal be an auction or any other disposal method.

## Chapter Eight - Materials Management

### Article (69)

#### Receiving, Stocking, and Issuing Stock Items

- 1) A storekeeper, or assistant, shall upon receipt of "Stock Items", inspect such items and match them with purchase order or call off orders in term of quantities and specifications. If technical experience is needed for inspection, assistance from an experienced officer or a committee of experienced individuals may be sought when large quantity or high value items arrive to warehouse. The value criterion shall be included in resolution setting up the committee formation.
- 2) A paper or electronic receipt voucher of received items and matched with the specifications shall be made. Such items shall be kept in the warehouse recorded in warehouse records while value plus quantity are recorded in the accounting records.
- 3) Surplus or items do not comply with specifications as per the purchase order or call off order shall be kept separately as an preliminary step to returning or replacement as the case may be. This shall be advised by Purchases Section to the supplier and also to the finance section in the government entity.
- 4) Stock Items shall be issued to user sections by an electronic or paper store issue vouchers. Issued items shall be priced according to the approved accounting policy. Value of issued items shall be deducted from the appropriate budget item, as well as recording value and quantity in warehouse and accounting records.
- 5) Items returned to warehouses after issuance shall be recorded by an electronic or paper return voucher with the value thereof deducted from the same relevant issuance item under which such items have previously been deducted. Value and quantity of returned articles shall be added to warehouses' and accounting books.
- 6) Each item shall be kept in the warehouses separately as appropriate to work needs ensuring applying the of "first in first out". Only low value or large size, not sensitive to weather conditions and not affected by long storage period should be kept in open places or unroofed warehouses which shall protect by securing against weather and similar conditions. Suitable roofing methods and wood bases shall be furnished to such warehouses for protection. For safety purposes, warehouses shall be high walled and well guarded.

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- 7) Storekeeper shall exercise caution to stock used items separately from new ones. Petrol and inflammable materials shall be stocked in special purpose warehouses.

### **Article (70)**

#### **Receiving of Direct Consumption Purchases Materials**

- 1) Government entities do not have their own warehouses, direct consumption purchases materials shall be initially received in a special purpose location, otherwise alternative receipt procedures shall be followed. Based on the nature of materials, they shall be immediately delivered or notified to the concerned section.
- 2) Received items shall be inspected by the requisitioning user section to match specifications and quantities to the purchase order or call off order.
- 3) An electronic or paper receipt voucher shall be made by the requisitioning user section of actual quantities received which comply with specifications. The value of such items shall be charged to the appropriate budget item.
- 4) Surplus or items which do not comply with specifications as per the purchase order or call off order shall be kept separately as a preliminary step to return or replace as the case may be. This shall be notified by Purchases Section to the supplier and to the finance section.



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#### **Article (71)**

#### **Warehouses Annual Stocktaking**

- 1) Every government entity that has its own warehouses shall carry out a total stocktaking of all contents at least once annually, without prejudice to the perpetual and surprise stocktaking system during the year.
- 2) Total annual Stocktaking starts on 15<sup>th</sup> December of each year and shall be accomplished by end of the following month (January). If work circumstances in some warehouses necessitates the continuous operation without stocktaking, balances shall be verified and reinstated by addition and deduction of stock movements.
- 3) A committee for annual stocktaking shall be set up by the appropriate authority level upon a recommendation by the finance officer and after consultation with the user sections.
- 4) Membership of the annual stocktaking committee shall represent technical and finance units. Stocktaking shall be carried out in attendance of the storekeeper.
- 5) Stocktaking committees shall prepare lists of items actually counted and compare with book balances. Any shortage or surplus shall be noted in the stocktaking lists.
- 6) Stocktaking lists shall be prepared according to the form developed by Department of Finance for this purpose.
- 7) A copy of the stocktaking list shall be submitted to head of finance in the government entity to review shortages and surpluses. In case of financial or administrative contraventions, the matter shall be referred to the appropriate authority level for taking necessary disciplinary action against whoever is responsible as provided for in the Civil Service Law.
- 8) In case of shortage or surplus, the causes thereof shall be reported by the government entity to Department of Finance to settle the differences by addition and deductions after investigating reasons thereto. The government entity shall not make any amendment to

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### **Chapter Nine - Warehouses Stocktaking**

warehouse records until the Department of Finance decides in this regard.

- 9) In case of shortage or damage of items beyond control of the storekeeper, such items shall be deducted from the stock balance by approval of the appropriate authority level. Department of Finance shall be advised thereof.
- 10) Stocktaking committees shall report on warehouses stocktaking noting any irregularities or differences and in particular:
  - a) Errors in items description or classification.
  - b) Items in bad condition or insufficient storing.
  - c) Errors in records.
  - d) Items need special protection.
  - e) Items with expired validity.
  - f) Recommendations to avoid errors and remove obstacles.
  - g) Annual Stocktaking lists shall be kept in a special file for references as needed.

### **Article (72)**

#### **Perpetual and Surprise Stocktaking**

- 1) In coordination with accounts section and internal audit unit, a committee set up by the Undersecretary, or equivalent, shall carry out a surprise count according to perpetual or other stocktaking program developed for this purpose.
- 2) In case of shortage or surplus, the causes thereof shall be reported by the government entity to Department of Finance to settle the differences by addition and deductions after investigating reasons thereto. The government entity shall not make any amendment to warehouse records until the Department of Finance decides in this regard.
- 3) In case of shortage or damage of items beyond control of the storekeeper, such items shall be deducted from the stock balance by

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approval of the appropriate authority level. Department of Finance shall be advised thereof.

- 4) A report on the perpetual surprise count on differences or contraventions, shall be prepared.