

KNOWLEDGE CENTRE

Award of Contract

AC:1

Relevant Facts or Questions Asked

A Procuring Entity (PE) sought guidance as follows:

- I. In an effort to identify a bidder to provide the service of repairing and maintaining the Air Conditioning system in the Company's Fleet of buses, the PE initiated several procurement proceedings, which were subsequently cancelled.
- II. The PE states that the current procurement proceeding has brought the bidder's bid approximately 60% higher than the Comparative Estimate. Clarification on the bid price was sought from the bidder.
- III. The PE now seeks guidance on how to proceed.

Issues Arising

Whether a bid that is 60% above the comparative estimate may be accepted.

Advice

60% Above the Comparative Estimate

1. Existing procurement policy permits a procuring entity to accept offers outside a margin of 15% above or below the pre-tender estimate.
2. To accept such an offer, the procuring entity must be satisfied with the bidder's capacity to perform the contract, and validate and affirm that the government is still likely to achieve value for money should this contract award be made.

3. Should the PE choose to award the contract, the following must be demonstrated –
 - a. That the comparable estimate was faulty and did not reflect current market realities;
 - b. The award of contract under the circumstances represents the best use of public funds;
 - c. The price was in fact validated by the contractor;
 - d. Value for money will be achieved; and
 - e. The intended award of contract does not contravene the underlying principles of the Government of Jamaica's public procurement regime
4. In conclusion, the PE should ensure that the award of contract to the sole bidder is the most sensible use of public funds.

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