

The Chinese University of Hong Kong

Estates Management Office

Contract Administration Manual

Maintenance & Minor Works

September 2021

Abbreviations

EMO	-	Estates Management Office
DEM	-	Director of Estates Management
AD	-	Assistant Director
PM	-	Section Head / Estate Manager / Unit Head
AM	-	Estate Manager [<i>NOT Section Head</i>]/ Assistant Manager
SSO	-	Senior Survey Officer
WS	-	Senior Works Supervisor / Works Supervisor / Project Coordinator / Person-in-charge
SA	-	Senior Artisan / Artisan
CAPA Unit	-	Contract Administration, Purchasing and Accounting Unit

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1. MANAGEMENT OF AUTHORIZED CONTRACTOR LIST

1.1 PURPOSE

The purpose of keeping an Authorized Contractor List for maintenance and minor works is to enlist those Contractors who have a proven track record for completing projects of a nature and scope similar to the CUHK's maintenance and minor works, and can work to very tight programs, whilst conforming to contract conditions, specifications, budgets, safety and quality management requirements.

1.2 SCOPE

This manual is applicable to the assessment of all tenderers/contractors who wish to tender for CUHK maintenance and minor works inclusive of but not limited to the following categories of works :

- A) Alteration Works
- B) *Concrete Repairs and Structural Strengthening (Cancelled in August 2010)*
- C) Corrosion Control, Protective Coating and Repainting Works
- D) External Works including Maintenance of Slopes
- E) *Fencing, Railing and Safety Measures to Slope (Merged into Category D in November 2000)*
- F) Plumbing and Drainage Works
- G) Roofing and Waterproofing Works
- H) *Signage Works (Cancelled in May 2017)*
- I) Electrical Installation Works
- J) Elevator and Lift Maintenance Works
- K) *Auto Fire Detection System (Cancelled in August 2014)*
- L) Fire Services Installation Works (including Service Contract)
- M) Air-Conditioning Installation Works
- N) *Service Contract - Inspection, Services and Certification of A/C Installation under Building (Ventilating Systems) Regulations (Cancelled in December 2020)*
- O) *Ventilation Installation (Cancelled in August 2010)*
- P) Building Automation System Installation
- Q) *Extra Low Voltage (Cancelled in August 2014)*
- R) Landscaping and Tree Management Works
- S) L P Gas Repair Works

1. MANAGEMENT OF AUTHORIZED CONTRACTOR LIST

1.3 ASSESSMENT PANEL

It consists of those members of EMO staff designated by the DEM/ AD to carry out an assessment of contractors' applications for inclusion in the Authorized Contractor List. Such members shall be of Project Manager and supervisor grade or equivalent, or nominees to be approved by DEM/ AD.

Members nominated by the Business Unit of Financial Office may also be invited to join the panel.

1.4 PROCEDURE FOR APPLICATION

All new applicants for inclusion in the Authorized Contractor List shall be assessed in accordance with this procedure.

1.4.1 The AD of EMO shall draft an advertisement including a brief guideline for applications and obtain the approval of the DEM for placing the advertisement in local newspapers.

The advertisement shall be placed once a year (usually in first quarter of a year), inviting potential contractors to apply in writing to the DEM of EMO for inclusion in EMO's Authorized Contractor List with expression of their interest in specific categories of works as listed in item 1.2 and submission of their company brochure and other relevant supporting documents which shows their major trades of works falling into the categories of works as listed in item 1.2. An applicant will be allowed to register a maximum of two categories of works as listed in item 1.2 only.

a) Letter together with the Authorized Contractor Pre-Qualification Form will be sent to the relevant applicants for their submission of the duly completed Form and the following documents as listed in the Form:

- 1) Company profile.
- 2) Copy of Business Registration Certificate and Certificate of Incorporation.
- 3) Company organization chart with short bios of all key personnel/ Authorized Signatory.
- 4) Subsidiary, associate, affiliate, parent companies.
- 5) List of plants and equipment.
- 6) Statement of health, safety and environmental management.
- 7) Statement of quality assurance management.
- 8) Status of registration with Building Authority.
- 9) Status of registration with Development Bureau.
- 10) Copies of relevant government licenses.
- 11) List of job references (min. past 3 years) in maintenance projects of both on-going and completed projects (stated in Part III of the Authorized Contractor Pre-Qualification Form) for:
 - University Grants Committee funded institutions
(#with/without the contact person)
 - Government Departments (#with/without the contact person)
 - Other relevant job reference.
- 12) Statement to permit EMO's representative to check the job reference.

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- 13) Auditor's report from certified accountant (past 3 years).
 - 14) Statement issued by lawyer of no involvement in arbitration or litigation (issued within the last 6 months).
 - 15) Bank Letter certifying deposit range and/or credit facilities.
 - 16) Declaration of conviction records for the past 3 years (i.e. Appendix I to Authorized Contractor Pre-Qualification Form).
 - 17) Past records of practicing corporate social responsibility (e.g. support of under-privileged person, creating employment for under-privileged person, demonstrating a considerable amount of financial support to the society, charity, needy people, practicing fair trade.)
- b) If their submissions are without expressing their interested categories of works or applying over two categories of works or their submissions are incomplete, the CUHK reserves the rights to reject their applications.
- 1.4.2 Following the submissions as stated above from the applicants, shortlisted applicants shall be assessed by the Assessment Panel to identify those considered technically or financially suitable to undertake the CUHK's maintenance and minor works.
- 1.4.3 The assessment shall be based upon the applicant's submissions as stated above and where applicable, or CUHK's previous knowledge of the applicant.
- 1.4.4 For the contractors in contracts with EMO for categories of works as listed in item 1.2 but not in the Authorized Contractor List, with six months satisfactory performance as reported by PM to SSO, they may be invited to apply for inclusion in the Authorized Contractor List with the following details:
- a) If such contractors are currently on the Approved Lists of Public Works Contractors in Development Bureau in relevant categories of works, they may be requested to submit the same documents as listed in item 1.4.1a. SSO shall prepare a list of applicants to PM/DEM for approval without going through the panel assessment and recommendation process in item 1.5, 1.6.1 & 1.6.2. Once approved by DEM, item 1.6.3 and 1.6.4 will be followed.
 - b) For contractors other than above item a), they may be invited at the time of the annual advertisement as mentioned in item 1.4.1. and their applications shall be assessed as new applicants in item 1.5.

1.5 ASSESSMENT OF SUBMISSIONS

1.5.1 Criteria for acceptance

Each submission shall be checked by the SSO, for compliance with the general requirements stated in the advertisement and in particular, to ensure that only those meeting the general requirements will be shortlisted.

1.5.2 Assessment Record

The SSO shall prepare listings of shortlisted applicants.

1.5.3 Assessment Form

Members of the Assessment Panel shall complete a scoring chart for each submission which shall:

- a) clearly identify the submission being scored;

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- b) clearly identify the scorer;
- c) declare conflicts of interest; and
- d) recommend for which category of works the applicant is qualified, with a maximum of two categories of works as listed in item 1.2, if required.

All completed scoring charts shall be handed over immediately by the Assessment Panel members to the SSO, who shall keep a register of the results. Should any score be exceptionally low or zero, this shall be brought to the attention of the SSO.

1.6 RECOMMENDATION AND REPLY TO APPLICANTS

Evaluation of Submission and Further Action:

- 1.6.1 The SSO shall list the scores assessed by all members of the Assessment Panel for each application in the Assessment Record for each Assessment Panel and compute the total and average scores for each application.

If at any time, an applicant wants to withdraw their submission, the SSO shall inform the DEM as soon as possible and then comply with the applicant's request.

The SSO shall inform immediately the DEM of any late submissions. The DEM may, at his discretion, accept or reject such late submissions. If the submission is accepted, the DEM shall advise the SSO on the process for incorporating the application into the relevant assessment phase.

- 1.6.2 The SSO shall then submit to the PM/DEM, the following documents/ information:

- a) The list of companies in item 1.5.2 above;
- b) The total score for each application in item 1.6.1 above;
- c) The average score for each application in item 1.6.1 above;
- d) The list of submissions that have been withdrawn;
- e) The list of late submissions and the treatment afforded them; and
- f) Any instances of an exceptionally low or zero score.

1.6.3 Approvals

The number of applicants accepted and the passing scores required in each category of works depends on the number of existing authorized contractors, the quantity of work and number of contracts expected in the coming financial year.

The name of the successful applicants will be incorporated into the Authorized Contractor List and copied to Business Unit of Finance Office once approved by the DEM.

1.6.4 Reply to Applicants

All successful contractors shall be informed in writing that they will be put on the Authorized Contractor List for tendering of maintenance and minor works as and when required in accordance with the University Ordering and Tender Procedures and specifications for works on a rotation basis.

All unsuccessful contractors shall be informed in writing and their submissions will also be returned.

1. MANAGEMENT OF AUTHORIZED CONTRACTOR LIST

1.7 PERIODICAL STATUS REVIEW OF AUTHORIZED CONTRACTORS FOR RETAINING IN AND DELETION FROM THE AUTHORIZED CONTRACTOR LIST

1.7.1 The status of the authorized contractors shall be re-assessed periodically (normally every 3 years) in accordance with the following procedures:

- a) SSO shall issue letters to the authorized contractors for status review periodically.
- b) The authorized contractors shall submit the same documents as listed in item 1.4.1.a. or shall submit letter to confirm the previous submitted documents are prevailing. SSO shall check the documents against the previous submitted and assessed documents.
- c) If there is no signs of technically and financially non-suitable to undertake CUHK's maintenance and minor works from the updated documents or CUHK's previous knowledge, SSO shall prepare a list of authorized contractor for review to PM/DEM for approval without going through the panel assessment and recommendation process in item 1.5, 1.6.1 & 1.6.2. Once approved by DEM, the contractors shall be retained in the Authorized Contractor List.
- d) If the contractors are considered no longer suitable in the status review process as stipulated in item 1.7.1c above, they shall be informed in writing and shall be deleted from the Authorized Contractor List.

1.7.2 In the following circumstances, the authorized contractors shall also be deleted from the Authorized Contractor List:

- a) Declining to submit tender and submitting unreasonably priced tender as referred to item 2.6.1.
- b) Unsatisfactory performance as referred to item 4.5.3.

1.8 RECORDS

The SSO shall retain all score sheets, and the original submissions of successful applicants shall be kept by CAPA.

1.9 CONTRACTORS/SUPPLIERS LIST BETWEEN EMO & BUSINESS UNIT OF FINANCE OFFICE

All new applicants for inclusion in the Authorized Contractor List must go through the assessment process of EMO. That is to say, any applicants approaching Business Unit of Finance Office for works will be referred to EMO for assessment. Material suppliers employed by EMO will be reported to Business Unit of Finance Office for inclusion in the Suppliers' Directory.

2. ORDERING AND TENDER PROCEDURES

2.1 PURPOSE

In order to avoid favoritism, a set of procedures have been set up for ordering and tendering.

2.2 SCOPE

This procedure is applicable to the purchase of equipment, goods, furniture, software; general services and consultancy services; and services for construction and engineering works. Quotations/tenders shall be called for all purchases of furniture, equipment, goods and services including maintenance and minor works in accordance with the “University Ordering and Tender Procedures”.

2.3 THE ORDERING AND TENDER PROCEDURES, AND A QUICK REFERENCE GUIDE

2.3.1 For an updated “University Ordering and Tender Procedures”, please visit the web of Business Unit

2.3.2 Other than the requirements as stated in item 2.3.1 above, a quick reference guide of quotation/tender procedures followed by EMO is set out below:

2.3.2 a) Lump Sum Jobs/Purchasing between \$5,001 and \$15,000
(require min. 2 verbal quotations by Sections)

Description	Action taken by
1) Invitation to quote: - select minimum 2 contractors/suppliers. - call the companies within 2 working days. 2) Results recorded in form of “Quotation Record Sheet (Quoted by Fax or Verbal)”. 3) Assess the quotations. 4) Recommend for acceptance. 5) Acceptance and approval of quotation.	PM/ AM/ WS Section/ Unit Head

2. ORDERING AND TENDER PROCEDURES

2.3.2 b) Lump Sum Jobs/Purchasing between \$15,001 and \$30,000 (require min. 2 written quotations by Sections)

Description	Action taken by
1) Invitation to quote: <ul style="list-style-type: none"> - select minimum 2 contractors/suppliers. - set the deadline on min. 2 to ~ 5 working days after the date of invitation. - use the form of “Invitation to Quote and Quotation Form (EMO Sections)”, if applicable and request fax reply to the designated <u>fax quotation keeper</u>. - fill in essential information on the form of “Quotation Record Sheet (Quoted by Fax or Verbal)”. 	Section representatives issue invitations by e-faxing the full document to the contractors/suppliers with one copy to the quotation keeper. Please ensure the returned quotations will be sent to fax number of designated quotation keeper with a strong message in the cover page. PM/ AM/ WS Remarks: list of invitation must be endorsed by Section Heads.
2) Receipt of quotations.	Upon receipt of returned quotations, quotation keepers will open a folder (or DMS file) to collect all the quotations including a copy of the invitation. On deadline day, the folder will be returned by e-mail to the section representatives, reporting any late submission found, if any.
3) Quotation Summary Report.	Section representatives fill up the lump-sum figures in the quotation summary report, with remarks for ‘late submission’ or ‘no submission’. This report along with the folder should be e-mailed to the responsible project coordinators for recommendations.
4) Assess the quotations.	PM/ AM/ WS
5) Recommend for acceptance.	Project coordinator should make recommendation on their selection, including justifications for special consideration e.g. not the lowest tender being recommended. The signed copy should be sent to section head and DEM/AD for approval. Remaining documentation (folder) can be delivered through e-mail using the quotation number as title of message.
6) Endorse on recommendation for acceptance.	Section/ Unit Head
7) Acceptance and approval of quotation.	DEM/ AD (where applicable)

2.3.2 c) Lump Sum Jobs/Purchasing between \$30,001 and \$80,000 (require min. 3 written quotations by Sections)

All procedures refer to above section 2.3.2b but to select minimum 3 contractors/suppliers.

2. ORDERING AND TENDER PROCEDURES

- 2.3.2 d) Lump Sum Jobs/Purchasing between \$80,001 and \$150,000 (Only for urgent case)
(require min. 3 written quotations by Sections)

All procedures refer to above section 2.3.2b but to select minimum 3 contractors/suppliers and to provide justification.

- e) Lump Sum Jobs/Purchasing between \$80,001 and \$150,000
(require min. 3 small tenders by CAPA)
[refer to item 2.3.3 for additional requirements where applicable]

Description	Action taken by
1) Tender preparation: - prepare full set of tender documents. - use the form of "Invitation to Tender and Tender Form (CAPA)".	PM/ AM/ WS/ SSO Tenders are requested to be deposited in the Tender Box located at Estates Management Office.
2) Select contractors to tender: - select minimum 3 contractors/suppliers. - set the deadline on min. 2 to ~ 7 working days after the date of invitation. - use the form of "Nomination of Contractors to be Invited to Tender/Quote".	PM/ AM/ WS/ SSO and/or user's suggestion, if any. (please also refer to item 2.4 below for additional requirements)
3) Fax or email to tenderers. (completed with faxed/ email records)	CAPA Unit
4) Collect the tender submissions from the Small Tender Box in Estates Management Office, open and record in form of "Tender Opening Record". Pass the whole sets of original tender submissions to CAPA Unit.	Designated Tender Openers
5) Make copy of the original tender submissions and pass to the concerned section together with the original Tender Opening Record. Retain and file the original tender submissions.	CAPA Unit
6) Assess and recommend by signing the Recommendation for Acceptance box in the Tender Opening Record form to DEM/AD for acceptance of tender. (Essential to obtain DEM/AD's approval before commencement of works)	PM/ AM/ WS
7) Acceptance and approval of tender.	DEM/AD (where applicable)

Remarks: If the price of the selected bid exceeds \$150,000, re-quoting/re-tendering should be arranged in accordance with the procedures in following sections 2.3.2f to 2.3.2h where applicable.

2. ORDERING AND TENDER PROCEDURES

- 2.3.2 f) Term Contracts and Lump Sum Jobs/Purchasing between \$150,001 to \$500,000
(require min. 6 quotations using RFQ dispatched by Business Unit via email)
[refer to item 2.3.3 for additional requirements where applicable]

(Mainly for jobs/purchasing with *simple & firm*ed scope and *fixed working/ delivery period*, otherwise tender procedures in section 2.3.2g should be arranged)

Request for Quotation (RFQ)	Action taken by
1) Quotation preparation: - prepare full set of quotation documents. - use the form of "Request for Quotation (RFQ)".	PM/ AM/ WS/ SSO
2) Select contractors to quote: - select minimum 6 contractors/ suppliers. - set the deadline on min. 5 working days after the date of invitation. - use the form of "Nomination of Contractors to be Invited to Tender/Quote".	PM/ AM/ WS/ SSO and/or user's suggestion, if any. (please also refer to item 2.4 below for additional requirements)
3) Submit the RFQ with "Notification of Request for Quotation" by email/ hand/ internal mail to Business Unit for their dispatch of the invitation via email. (All quotations for equipment/ furniture/ goods will be posted on the CUHK Tendering System by Business Unit for public tendering.)	CAPA Unit
4) Open the quotation submissions received via email, record in "RFQ Record" and forward to CAPA Unit.	Business Unit
5) Forward the quotation submissions and the opening to the concerned section by email.	SSO
6) Assess and recommend for acceptance of quotation with justification where necessary. In cases of recommendation for re-quoting or cancellation, the approved "RFQ Record" should also be returned to Business Unit with reason(s).	PM/ AM/ SSO
7) Submit the "RFQ Record" (with justification where necessary) together with the quotation submissions to PM for endorsement and to DEM/AD for acceptance of quotation.	SSO
8) Acceptance and approval of quotation.	DEM/AD (where applicable)
9) Notify and pass the approved documents to PM/ AM/ WS upon approval for their creation of Works Order as supporting documents for submission to Business Unit.	CAPA Unit
10) Retain and file the whole quotation documents with correspondence.	CAPA Unit

2. ORDERING AND TENDER PROCEDURES

2.3.2 g) Term Contracts and Lump Sum Jobs/Purchasing above \$500,000 but below Open Tender Thresholds

(require min. 6 tenders using Invitation to Tender and Tender Form dispatched by Business Unit by mail)

[refer to item 2.3.3 for additional requirements where applicable]

(Also applicable for jobs/purchasing between \$150,001 to \$500,000 for cases other than those with simple & firm scope and fixed working/ delivery period under section 2.3.2f, i.e. for cases with foreseeable changes in/ more complicated scope, sectional completion, and/or needs for using standard contract terms for construction and engineering works)

Description	Action taken by
1) Tender preparation: - prepare full set of tender documents. - use the form of "Invitation to Tender and Tender Form".	PM/ AM/ WS/ SSO Tenders are requested to be deposited in Tender Box located at Business Unit, Finance Office.
2) Select contractors to tender: - select minimum 6 contractors/suppliers. - set the deadline on min. 10 working days after the date of invitation. - use the form of "Nomination of Contractors to be Invited to Tender/Quote".	PM/ AM/ WS/ SSO and/or user's suggestion, if any. (please also refer to item 2.4 below for additional requirements)
3) Prepare copies of Tender Documents and unsealed packing with labels.	CAPA Unit
4) Submit the tender with "Notification of Tenders Requested" by hand/ internal mail to Business Unit for their dispatch of the invitation by mail. (All tenders for equipment/ furniture/ goods will be posted on the CUHK Tendering System by Business Unit for public tendering.)	CAPA Unit
5) Open the tender submissions received in the Tender Box, record in "Notification of Tender Received (Part I)" and forward to CAPA Unit.	Business Unit
6) Forward the tender submissions and the opening to the concerned section by email.	SSO
7) Assess and recommend for acceptance of tender with justification/tender report where necessary. In cases of recommendation for re-tendering or cancellation, the endorsed tender recommendation (Part II) should also be returned to Business Unit with reason(s).	PM/ AM/ SSO
8) Submit the tender recommendation (Part II) (with justification where necessary) to DEM/AD for endorsement.	SSO
9) Endorsement of the tender recommendation (Part II).	DEM/ AD (where applicable)
10) Submit the tender recommendation (Part II) (with justification where necessary) to Tender Board (c/o Business Unit) for approval.	CAPA Unit
11) Notify and forward the approved tender recommendation (Part III) to PM/ AM/ WS by email upon approval from Tender Board.	CAPA Unit
12) Retain and file the whole tender documents with correspondence.	CAPA Unit

2. ORDERING AND TENDER PROCEDURES

- 2.3.2 h) Term Contracts and Lump Sum Jobs/Purchasing above Open Tender Thresholds
(require open tenders by Business Unit)
[refer to item 2.3.3 for additional requirements where applicable]

All tenders above the following open tender thresholds will be posted on the CUHK Tendering System for public tendering unless prior approval is granted by Tender Board:

1. General services: above \$1.4M
2. Consultancy services: above \$3M
3. Services for construction and engineering works: above \$5M

Description	Action taken by
1) to 2) same as item 2.3.2g	
3) Submit the tender with “Notification of Tenders Requested” by hand/ internal mail to Business Unit for posting on the CUHK Tendering System for public tendering.	CAPA Unit
4) Notify the nominated tenderers using “Notification of Tender Invitation” by fax after posting of open tender invitation by Business Unit.	CAPA Unit
5) to 12) same as item 2.3.2g.	

- 2.3.3 Forms and procedures relating to depositing, opening and approval by authority of quotations/ tenders are described below :
[in addition to the items 2.3.2f, 2.3.2g and 2.3.2h]

Forms, Depositing, Opening and Approval by Authority of Quotations/ Tenders

	2.3.2f Cost b/w \$150,001 & \$500,000 RFQ	2.3.2g & 2.3.2h Cost above \$500,000 Invitation to Tender and Tender Form
Forms to be used	Use “Request for Quotation (RFQ)”.	Use “Invitation to Tender and Tender Form” w/ comprehensive tender documents comprising: (a) conditions of tender; (b) Form of Tender; (c) conditions of contract; (d) specifications; (e) Schedule of Rates; (f) drawings; etc. where necessary.
Submission of Quotation/ Tenders	Send by email to Business Unit’s designated email account.	Deposit in Tender Box located at Business Unit, Finance Office.
Opening and Recording	Submissions to be opened at 10:00 a.m. on working days by Tender Board’s representatives and recorded in “RFQ Record”.	Submissions to be opened at 2:30 p.m. on working days every Tuesday and Thursday by Tender Board’s representatives and recorded in “Notification of Tenders Received (Part I)”.
Approval	DEM/AD (where applicable)	(a) Cost \$150,001 - \$500,000 (straight forward cases), by Tender Board’s delegates. (b) Others or cost above \$500,000, by Tender Board.

2. ORDERING AND TENDER PROCEDURES

2.3.3 a) Procedures

- 1) Get the “Nomination of Contractors to be Invited to Tender/Quote” and “Invitation to Tender and Tender Form (CAPA)”/ “Request for Quotation (RFQ)”/ “Invitation to Tender and Tender Form” from ISO Web-site of EMO.
- 2) Prepare quotation/tender documents for dispatching.
- 3) For normal cases, the tendering period would be min. 10 working days. When a tender addendum is needed, the tender should not be closed less than 5 working days after the tender addendum is issued, and that all bidders, should be given the addendum.

For exceptional cases, it might provide reason and then request the Secretary of Tender Board for speeding up the process. If such requests are approved, justifications should be recorded properly for future review.

- 4) Equal opportunities should be given to all bidders in site visit arrangement.
- 5) Vet the quotation / tender when received from CAPA Unit.
 - i) It is prohibited to disclose the tender results before Tender Board's approval.
 - ii) After a tender is opened, all supplementary offers including price reduction would not be accepted for the purpose of comparison. In addition, the price clarification practice of EMO would not involve any price negotiations.
 - iii) After Tender Board's approval of tender, price reduction offered by the lowest bidder can be accepted.
 - iv) Upon instruction or approval from Tender Board, EMO can have price negotiations with successful bidder. The outcomes of price negotiation should also be reported to Tender Board. But such negotiations should not be made a regular feature.
- 6) DEM/AD/SSO will arrange for:-
 - i) endorsement by Tender Board’s delegates of quotations/ tenders between \$150,001 - \$500,000 (straight forward cases) and
 - ii) approval by Tender Board of the other tenders.

[Category i] will take 1-3 working day; [Category ii] will take 10 – 15 working days on Tender Boards meeting. But speedy approval by e-vote can be arranged only for urgent tenders under very special circumstance.
- 7) CAPA will inform the PM/AM/WS to proceed the work as soon as tenders and budget allocation are approved.
- 8) The DEM will award the contract to the successful contractor on behalf of the University.

2.4 POLICY FOR ROTATION AND RECORD

EMO maintains Authorized Contractor List for maintenance and minor works.

2.4.1 Rotation System

2. ORDERING AND TENDER PROCEDURES

In order to provide a fair chance to contractors on EMO Authorized Contractor List to bid, a rotation system is adopted to select contractors for quotation/tender, and records of quotation/tender invitations are maintained to keep track of the frequency of each contractor invited to bid for jobs.

For jobs/purchasing of cost > \$80,000, the SSO shall by rotation select the contractors from the Authorized Contractor List for quotation/tender. To maintain and enhance the competitiveness, DEM/ his delegates may nominate no more than 3 contractors from/ outside EMO Authorized Contractor List to be included in the list. As such, SSO shall by rotation select at least 3 contractors from the Authorized Contractor List on top of the nomination by others and the ratio of contractors selected by SSO to contractors selected by others should be no less than 2:1.

For quotations/tenders going through Business Unit of Finance Office, the Senior Finance Manager may expand the short-list of selected contractors/suppliers endorsed by DEM when necessary by including suppliers from the Suppliers' Directory.

2.4.2 Number of Quoter/Tenderer

In order to reduce the risk of bid rigging, minimum six quoters/tenderers (contractors or suppliers) will be invited to bid for any contract with estimate value > \$150,000, unless for specialist trades that are not possible to do so.

2.5 SELECTION RECORD

A standard pro-forma "Rotation Record for Tendering" for various categories of works is prepared to record each tender exercise conducted above. The record indicates the number of times of tendering by each contractor.

The SSO shall forward the record for tendering to DEM for review regularly.

2.6 RECORDS OF TENDER SUBMISSION

The tender results should be noted on the record sheets mentioned in item 2.5 above (rotation record for tendering) with the following indications :

- Mark 'Y' – denoting submitting tender;
- Mark 'Y(L)' – denoting submitting late tender;
- Mark 'U' – denoting unable to offer with explanation;
- Mark 'N' – denoting no submission;
- Mark 'S' – denoting successful bid;
- Mark '#' – denoting tenderers added by Business Unit; and
- Mark '##' – denoting suspended by EMO.

Actions against irregularities of contractors.

2.6.1 *For those declining to submit tender and submitting unreasonably priced tender:*

Warning letter will be sent to the contractors either declining to submit tender or submitting unreasonably priced tender in a total number of more than 50% of that being invited in ONE financial year.

Contractors fail to improve in the next financial year will be reported to Tender Board for removal from the Authorized Contractor List.

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2.6.2 *For those with any conviction under the Employment Ordinance, the Factories and Industrial Undertakings Ordinance, the Immigration Ordinance, the Public Health and Municipal Services Ordinance, Occupational Safety and Health Ordinance, and/or all other relevant statutory requirements as required under the law:*

- a) For contractors who have not entered into a term contract with the University, any conviction under the above-mentioned statutory requirements would automatically lead to suspension of their tendering for (or providing) service to the University for two years.
- b) For contractors with a term contract with the University, depends on its nature and seriousness, may automatically result in suspension/termination of contract and removal from EMO's Authorized Contractor List.
- c) Tender documents should include a note to ask prospective tenderers to declare, where appropriate, their conviction records under the above-mentioned statutory requirements in the immediate past two years. Failure to make such a declaration may result in the cancellation of the awarded contract.

3. MANAGEMENT OF TERM CONTRACTS

3.1 PURPOSE

The purpose of this Section is to define the procedures for managing the term contract works :

- 3.1.1 providing guidelines for works that should be allocated to term contractors;
- 3.1.2 specifying scope of works and completion date on issuance of each works order.

3.2 SCOPE

These procedures are applicable to all term contract works inclusive of but not limited to the following :

- 3.2.1 Alteration Works
- 3.2.2 Building Façade Inspection, Repairing and Repainting Works
- 3.2.3 External Works
- 3.2.4 Minor Electrical Works
- 3.2.5 Fire Services Installation
- 3.2.6 Minor Plumbing and Drainage Works
- 3.2.7 Tree Felling Works
- 3.2.8 Tree Pruning Works

3.3 APPOINTMENT OF TERM CONTRACTORS

Term Contractors are appointed through tendering. The procedure for tendering is detailed in the section of "University Ordering and Tender Procedures" (section 2.3) above.

3. MANAGEMENT OF TERM CONTRACTS

3.3.1 Contract Terms and Conditions

All term contracts are of one year or two years duration and are re-measurement contracts based on schedule of rates. The contract conditions normally specify the Liquidated Damages applicable to those Works Order [WO] in which the completion date is specified), Defects Liability Period (6 to 12 months for each WO), Retention Money (5% of the cost of each WO to be released upon issuance of Making Good Defects Certificate after expiry of the Defects Liability Period), payment method (on completion of each WO) etc., and each contract includes a prevention of bribery clause. Contract terms may be extended for one year subject to approval of Tender Board.

3.3.2 Appointment of Term Contractors

Term contractors are appointed through tendering. SSO is responsible for selection of tenderers from the Authorized Contractor List. The short-list endorsed by the DEM is forwarded to Business Unit. The Senior Finance Manager may expand the short-list when necessary by including tenderers from the Suppliers' Directory. Tenders are placed in the tender box at the Business Unit and opened by representatives of the Tender Board. Tender documents are passed to the PM concerned and SSO for evaluation before a recommendation is made to the DEM. The DEM then seeks Tender Board's approval of acceptance of the recommended tender. The DEM awards the contract to the successful contractor on behalf of the University.

3.4 QUICK REFERENCE GUIDE FOR JOB ALLOCATION

3.4.1 Estimated Cost under \$150,000 for all categories

The works can be offered to the term contractor normally if more than 70% of the works are covered by fixed term rate. The special rate (star rate) items should be brought to the attention of the SSO for assessment immediately.

3.4.2 Estimated Cost \$150,000 - \$999,999 for all categories except Category C \$150,000 - \$1,499,999 for Category C

The works can be offered to the term contractor or issue lump sum tenders. The term contractor may also be invited to tender according to the rotation method.

3.4.3 Estimated Cost \geq \$1,000,000 for all categories except Category C \geq \$1,500,000 for Category C

All works with such contract sum should be tendered. The term contractor will also be invited to tender.

3.5 REQUIREMENTS OF WORKS ORDERS

3.5.1 A standard "Works Order" form is provided for PM/AM/WS to issue works instruction to the contractor to undertake the works. Hence, every formal instruction given for each job shall have some contractual basis and where pertinent, reference to the appropriate Clause in the Conditions of Contract/Specification shall be given on the standard works order form.

The following basic contractual requirements for each works order must be clearly indicated on the works order :

- a) The scope of works, itemized details of contract works; if additional works are required thereafter a variation orders shall be given.

3. MANAGEMENT OF TERM CONTRACTS

- b) The contract period for each works order, if applicable.
- c) Date for Commencement and Completion where necessary. Normally, the Date for Commencement shall be 7 days from the date of the Works Order. The contractor shall thereupon begin the works, and complete it on or before the Date for Completion.

3.5.2 If the contractor fails to complete the works by the Date for Completion stated in the works order or within any extended time granted, then the contractor shall pay to the University a sum calculated at the rate stated in the Contract Conditions as Liquidated and Ascertained Damages for the period during which the works shall so remain or have remained incomplete, and the University may deduct such sum from any monies due or to become due to the contractor under the Contract.

3.6 STAR RATE ASSESSMENT

All unit rates or lump sum items not covered by contract rates are considered as star rates. Star Rates are considered acceptable if the rates are :

- 3.6.1 Equal to or close to ($\leq 10\%$) rate previously employed in other lump sum contract.
- 3.6.2 Supporting documents like quotations and invoices from suppliers.
- 3.6.3 Competitive with the quotations from alternative contractors and market price.
- 3.6.4 A built-up rate which can be assessed by labour costs, raw materials cost and preliminaries plus reasonable overheads and profit, but no major special material involved (special material cost $\leq 30\%$ of lump sum price).

If the star rate cannot be assessed and approved by the above methods, a negotiation may be made and the final unit rate to be approved by the DEM in writing. Otherwise, the star rate item must be taken out for tendering.

4. PERFORMANCE EVALUATION

4.1 PURPOSE

A reporting system of contractor's performance is established and maintained to ensure that appropriate action is taken when Contractor's performance becomes unsatisfactory and to provide a record for assessing the Contractors for future works.

The report system is a proactive means of highlighting areas of weakness in a Contractor's performance for prompt rectification to ensure the best overall benefit to the University.

4.2 SCOPE

To establish the procedures for regular performance reporting of the Contractors working on the University's maintenance and minor works.

4.3 DEFINITIONS OF REPORTS

4.3.1 Contractor Performance Report by EMO Staff

The performance of the contractor is evaluated after completion of each contract/works order where the contract value is $\geq \$50,000.00$.

4. PERFORMANCE EVALUATION

4.3.2 Project Performance Assessment by User

The contractor performance in users projects is evaluated by the user departments through the Project Performance Assessment where the project cost is \geq \$50,000. Users are invited to rate the overall performance of the project including EMO performance and the contractor's performance. The user's comments that describe the contractor performance will be counted as a reference of the final grading of the Contractor Performance Assessment.

4.4 RESPONSIBILITIES OF EMO OFFICERS

Following are the roles EMO officers have to play :

4.4.1 PM/AM/WS/SA are responsible for :

- a) preparing and submitting the online Contractor Performance Assessment Form to DEM/AD/designated project co-ordinator on each contract/works order (refer to item 4.3.1 above);
- b) determining the "Grading" on the Contractor's Performance Report;
- c) assessment of the Contractor's performance;
- d) consulting with the relevant PM/AM/WS/SA for an assessment of the Contractor's performance in respect of any contracts/works orders in which the Contractor has had an involvement, if required;
- e) consulting with Safety Officer on the Contractor's safety performance, if required; and

Designated Project Co-ordinator/PM/AM/WS/SA are responsible for :

- f) issuing a standard proforma of Project Performance Assessment Form to the user department (refer to item 4.3.2 above) along with the budget allocation form.

4.4.2 AD

Shall take appropriate action to deal with contractors with unsatisfactory performance.

4.4.3 Designated Project Co-ordinator / SSO

Designated Project Co-ordinator is responsible for:

- a) maintaining a record of all Performance Reports;
- b) summarizing and assessing all performance reports and giving an overall grading/marks for each contractor every six months.

SSO is responsible for conveying the results of assessment to Business Unit for reference.

4.5 PROCEDURE

4.5.1 Performance Reporting Frequency

Each PM/AM/WS/SA is responsible for running the Contract/works order and shall ensure that a performance assessment is made upon completion of each Contract/works order, for each Contractor of the corresponding Contract/works order.

4. **PERFORMANCE EVALUATION**

4.5.2 Performance Reporting Procedure

The PM/AM/WS/SA shall initiate the Performance Report for each Contractor by completing the details on each report such as the Contractor's name and the Contract/works order details.

The report shall include the grading and comments with a summary providing a fair assessment of any external difficulties which may have contributed to any areas of poor performance. Examples may include changes in scope or programme dictated by the University/EMO/user department, etc.

The completed reports shall be forwarded to DEM/AD.

4.5.3 Actions on Contractors with Unsatisfactory Performance

- a) In the event that the Term Contractor reject the orders placed to them or the Contractor's performance is regarded as unsatisfactory, appropriate actions shall be taken by Project Manager. These include the issuance of non-conformity reports, immediate (specific) work suspension on site and written warning. All reports should be copied to DEM/AD/SSO for information.
- b) If his performance has not been improved, the following actions shall be taken :
 - 1) A warning letter will be issued by DEM/AD and sent to the contractor with unsatisfactory performance, and copied to the Tender Board for information.
 - 2) Continuous unsatisfactory performance without improvement will lead to remove from the Authorized Contractor List.
 - 3) The Tender Board will be informed of the outcome. In the case of a term contractor, a contingency plan shall be submitted to the Tender Board at the same time for approval.
- c) The PM/AM/WS is responsible for reporting the contractor's performance to the DEM/AD related to the poor performance and recommended actions.
- d) In order to protect the interests of the University (and also the future client), those contractors disregarding our reminders, warnings, should be screened off from the Authorized Contractor List. EMO shall conduct an assessment panel if in the half yearly performance assessment, any result of grade "D" from either the customers or PM/AM/WS is conveyed. This is for ensuring a justifiable grading. If the panel endorses the same grade "D" assessment, EMO shall write to Tender Board timely to delete (permanently) or to suspend (minimum six months) the contractors concerned from any tendering of contracts.
- e) The deletion of Contractor's name from the Authorized Contractor List should be informed to the Tender Board. The Contractor shall be informed in writing for the deletion from the Authorized Contractor List.
- f) If the contractor who has been deleted wants to appeal for the deletion, an appeal panel consisting of a minimum of three members including the DEM/AD, PM and WS as assigned by PM will be formed within two weeks after receipt of the applications. The results will be reported to the Tender Board.

4. PERFORMANCE EVALUATION

4.6 ASSESSMENT STANDARDS

4.6.1 General

The following aspects are recommended for assessment :

- a) General Coordination and Communication
This includes coordination of sequence of works, obtaining and submitting builder's work requirements, coordination of physical deployment of works and holding regular coordination meetings.
- b) Quality Control
This includes control of workmanship, material compliance and remedial works.
- c) Supervision
This includes supervision of work progress and supervision of quality standard.
- d) Compliance and Cooperation
Compliance with site directions and written directives.
- e) Completed Works After Sectional Completion
This assessment is required only when there is sectional completion of building(s) in a contract where a section or sections of works with building(s) has/have been certified complete, and there are remaining sections with building(s). This includes outstanding works, works of repair and response to reported defects.
- f) Progress of Outstanding Works
Progress is measured against the contractor's programme which a contractor is obliged to produce at the commencement of works.
- g) Quotation for Proposed Additional Works
This includes time, accuracy and quality of submission.
- h) Variation Order
Whether the quantity and charge rate are reasonable and acceptable.
- i) Removal of waste materials and debris
Whether the contractor can remove all waste materials/debris daily from site and before the next trade commences work.
- j) Safety equipment for personal protection.
This includes safety helmet, personal protective equipment, machine guards and respirator/breathing apparatus.
- k) Other Attendance
These include provision of general attendance required by contract, timely execution of builder's work, provision of testing, housekeeping of work area, timely handover of works areas and service areas and care of works of others.
- l) Management
This includes site planning, listing of sub-contractors with responsibility and authority defined.

4. **PERFORMANCE EVALUATION**

- m) As built information
This includes time and quality of submission.
- n) Operation and Maintenance Manuals
The evaluation includes time and quality of submission.
- o) Information in Measurement Works
This includes time and quality of submission, time of checking measurement provided by PQS and feedback/ subsequent actions.
- p) Financial Claims
This means whether there are sufficient supporting documents and the claim is reasonable or not.
- q) Scaffolding, screens and working platforms
This includes supply and installation of scaffolding, screens and working platforms including nylon mesh or similar covering, fans, harness and independent lifelines etc.
- r) Temporary electrical installation
This includes fixing and precautions, protection against electrical shock and danger, and circuit isolation and protection.
- s) Storage and handling of material
Whether the contractor can store the materials such as metal and timber off the ground in a manner which will not result in damage or deformation, and store different types and sizes separately.
- t) Management Structure
This includes organization structure, site agent, quality control engineer, registered safety officer, building services coordinator, with responsibility and authority defined, listing of sub-contractors and site safety committee.
- u) Rectification of Defects
Whether there are defects, imperfections or deficiencies that are evaluated according to craftsmanship, materials and application methods and the contractor's responsiveness of rectification work.

4.6.2 External works, Road works/Geotechnical works

Works meeting specifications.

- a) Earthwork-mass excavation / slope / stockpile
This includes proper fencing, care of stability, excavated materials, surface water run-off, access and egress, and earth-moving machinery.
- b) Earthwork-trenches/pits
This includes proper fencing, care of stability, excavated materials surface water run-off, fresh air supply, access and egress, and earth-moving machinery.

5. PROJECT ADMINISTRATION

5.1 CONFIRMATION PROCEDURE FOR VARIATIONS

A variation means either an alteration (by changing, addition or omission) to the original specification of the work to be carried out, or an amendment to the method contemplated by original contractual arrangements.

Before instituting any change which would lead to a variation, the direct and consequential effects of the various alternatives should be considered.

5.1.1 Variations requested by user department

User departments are required to submit to EMO a written request for any additional or alteration works. AM/WS will assess such need and report to PM who, after confirmation with the user department for funding, will issue a variation order for the additional or alteration works.

5.1.2 Variations raised by EMO

The PM shall provide justifications for the variation order for checking and approval by DEM.

5.1.3 Variation orders for all tenders (except building and construction works orders)

- a) All the variation order should obtain prior approval of DEM with completed form of "Application for Variation Order". Realistic estimates shall be prepared and/or quotations obtained from the original contractor, if there is a change to the original specification of works to be carried out.
- b) Any variation of cost will be subject to checking and will not be recognized until authorized by the DEM. A detailed breakdown of quotation is to be given where variation involves substitution for work already included in contract, and the separate detailed amounts of deductions and extras should also be given.
- c) For lump sum contracts, if variation works are estimated to be over 20% of tendered sum before commencement of works, DEM should seek Tender Board's approval. Otherwise, re-tendering of contract should be arranged.
- d) Requirements of Tender Board to be met:
 - 1) for deletions
 - i) below 20% subject to 3) below no need to inform Tender Board.
 - ii) 20% or above, inform Tender Board for record.
 - 2) for additions
 - i) below 20% subject to 3) below no need to inform Tender Board.
 - ii) for further addition between 20% to 30% (if this additional 10% is HK\$100,000 or less), Tender Board delegated authority to the Secretary of Tender Board to endorse.
 - iii) over 30% (or if the portion above 20% exceeds HK\$100,000) to be approved by Tender Board, using fax vote to speed up the process if necessary.
 - 3) the aggregate of deletions and additions should not exceed 20% of the original tendered sum, unless approved by Tender Board.

5.1.4 Variation orders for building and construction works orders

- a) All procedures refer to above section 5.1.3(a) to 5.1.3(b) should be followed.

5. PROJECT ADMINISTRATION

- b) For lump sum contracts,
 - i) if variation works are estimated to be over 20% of tendered sum before commencement of works, DEM should seek Finance Office's approval.
 - ii) if variation works are estimated to be over 30% of tendered sum before commencement of works, DEM should seek Tender Board's approval.

Otherwise, re-tendering of contract should be arranged.
- c) Requirements of Tender Board to be met:
 - 1) the aggregate of deletions and additions
 - i) below 20% subject to 2) below no need to inform Tender Board.
 - ii) between 20% to 30%, subject to 2) below, to be approved by Finance Manager or above of FNO.
 - iii) over 30%, to be approved by Tender Board.
 - 2) In any case if the aggregate of deletions and additions to be exceeded HK\$250,000, approval of Tender Board should be sought.

5.2 GUIDELINES FOR ACCEPTANCE OF STAR RATES

Please refer to Section 3.6.

5.3 CLAIM OF EXTENSION TIME

5.3.1 Delays in completion of works can occur for a number of reasons which can be divided into three broad groups :

- a) Delay caused by the contractor – the contractor is responsible for supply of manpower and ordering of materials in order to complete the contract on time. One of the contractor's obligations is to complete the work by the completion date stated in the contract. If they fail to do so by reason of their default, then they would be in breach of their contractual obligations and be liable to compensate the University for any loss incurred.
- b) Delay caused by the University – to be handled according to terms in the contract.
- c) Delay due to reasons beyond the control of either party.

There is no objection to allow an extension of contract time to cover any delay caused by disruption from the University or inclement weather, etc. subject to the contract conditions.

5.3.2 The contractor is required to apply to EMO for extension of time beyond the stated completion date as below, and the PM/AM concerned is responsible for assessing the request for final approval by the DEM/ his delegates.

- a) Where the progress of work has delayed or is likely to be delayed.
- b) Contractor should inform the EMO in writing stating the cause of delay with supporting information including an estimate of expected delay in respect of each event.
- c) PM/AM shall fix new completion date stating which relevant events have been taken

5. PROJECT ADMINISTRATION

into account for assessment, then forward his proposal to DEM/ his delegates for approval.

- d) The PM should notify the contractor in writing of all extension of time granted and the revised completion date.

5.3.3 For works order with specified completion date, the contractor has to pay liquidated damages (LD) to the University for failure to complete the works on time. In such cases, the PM concerned should write to the contractor detailing the reasons and the amount of LD to be imposed. The contractor can raise objection if any and the DEM makes the final decision.

5.4 DEFECTS RECTIFICATION RECORDS, AND COMPLETION CERTIFICATE

5.4.1 When in the opinion of the PM the Works are completed, EMO shall forthwith issue a certificate to that effect, and Completion of the Works shall be deemed for all the purposes of this contract to have taken place on the day named in such certificate.

The PM/AM shall compile a schedule of defects including any defects or other faults which appear and are due to materials or workmanship not in accordance with the contract and send it to the contractor for rectification entirely at his own cost.

As such, a site inspection shall be held jointly by EMO, user department and contractor on completion of works. The contractor will be asked to rectify the defects identified with schedule of defects.

5.4.2 A "Certificate of Practical Completion" together with a Schedule of Defects for rectification shall be issued for all works valued \geq \$100,000.

A standard completion certificate is designed for this purpose.

5.4.3 The PM/AM shall arrange an inspection of such list of defects after rectification.

- a) PM should endorse on the checklist of making good defects and pass it to DEM for scrutiny if the defects are rectified.
- b) PM should inform DEM/AD if the contractor has no intention to rectify the defects, then certain actions will be taken, such as serving a warning to contractor or recovering repair cost from retention money.

5.5 PAYMENT

During the period of payment application specified in the contract documents, the contractor will submit an invoice for his works. The payment procedure is set out below for compliance.

5.5.1 The PM/AM/WS is responsible for verifying and checking the work done and cost as described on payment application submitted by the contractor.

5.5.2 The AM/WS shall arrange a joint site measurement of the works with contractor, if required. Both parties should sign on the measurement sheet for record.

5.5.3 The checking of items 5.5.1 and 5.5.2 above should be processed within 14 days from the receipt date of invoice or date of Practical Completion whichever is later for final payment.

In connection with the above, any late invoice processing over 30 days from the receipt date of invoice should be reported to DEM/AD.

5. PROJECT ADMINISTRATION

- 5.5.4 The invoice is then passed to CAPA Unit for further action. CAPA Unit is responsible for checking of funding sources for the invoice if required within one week except those requiring clarification. The specified amount of retention money will be held.
- 5.5.5 All invoices should be endorsed by PM, AM/WS concerned and CAPA Unit, and approved by DEM/AD before passing to Accounts Office for payment.
- 5.5.6 The CAPA Unit will periodically review the Retention File to check if there is any retention money due to be released to the contractor. Before the expiry of the defects liability period, AM/WS should inspect the works and ask the contractor to rectify any defects found. If no defect is found, SSO shall then inform Accounts Office to release the retention money to the contractor.