

**INVESTIGATION OF ASSESSMENT ON THE
IMPLEMENTATION OF RULES AND REGULATIONS
RELATED TO TENDER AND QUOTATION OF WORKS FOR
UITM PROJECTS**



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Tuan/Puan,

TAJUK PROJEK PENYELIDIKAN DANA KECEMERLANGAN: INVESTIGATION OF ASSESMENT ON THE IMPLEMENTATION OF RULES AND REGULATIONS RELATED TO TENDER AND QUOTATION OF WORKS FOR UiTM PROJECTS

Dengan hormatnya perkara di atas adalah dirujuk.

Sukacita dimaklumkan bahawa Jawatankuasa Bengkel Penyelidikan Dana Kecemerlangan Fasa 02/2009 telah meluluskan cadangan penyelidikan yang telah dikemukakan oleh tuan/puan bertajuk di atas dengan syarat-syarat seperti berikut:

EXECUTIVE SUMMARY

Contractor selection is one of the most important aspects in the completion of UiTM construction projects. The successfulness of a construction project depends on the “right” contractor being selected. During the *‘Lembaga Perolehan’ 33rd meeting on the 4th August 2009*, the Assistant Vice Chancellor requested for a study to be conducted with the main objective is to evaluate and assess the existing rules and regulation related to tender and quotation procedure in UiTM tender process for works and services projects.

The main scope of this research is to identify and assess the existing procedure that has been implemented in UiTM and comparing it with the procedure of other agencies in Malaysia and to propose recommendations to UiTM for improvement of the tender process and evaluation. The data gathered for this project were mainly from the Pejabat Pembangunan, Pejabat Pengurusan Fasiliti of UiTM and from interview sessions with personnel from other agencies. The agencies involved were Tenaga Nasional Berhad (TNB), Telekom Malaysia (TM), Public Work Department (PWD) and Department of Irrigation and Drainage (DID). The interviews conducted were to evaluate processes, as well as looking into the standard guidelines used by them.

The first objective is to investigate the actual implementation of existing assessment of the tender and quotation of works and services for UiTM projects. Findings indicate that there were two (2) methods being used, which are the cut-off method and department estimation. The cut-off method provides a certain degree of transparency to the tender evaluation process as the optimum tender price will be governed only by the tenders received and not by other parties involved in the tender process. However, whether the Pejabat Pembangunan and Pejabat Pengurusan Fasiliti of UiTM did actually follow the procedures were not certain at this stage. There is a need for further investigation using research tools such as an observation of an actual tender evaluation process and a detailed documentation research.

The second objective of this research is to compare UiTM tender evaluation process with existing tender assessment process of other agencies in Malaysia. From the interview session, TNB used $\pm 15\%$ margin, based on their own method of tendering, which is the single and double envelope system. TNB will make the

CHAPTER 1

INTRODUCTION

1.1 Background of the Study

During the 33rd 'Lembaga Perolehan' meeting on the 4th August 2009, it was requested by the Assistant Vice Chancellor to conduct a research for evaluation and assessment of the existing implementation of rules and regulation related to tender and quotation works and services for UiTM's projects. This research is the top down research. Letter from Assistance Vice Chancellor (Academic and International) dated 14 August 2009 (400-BBI (PER 1/2) are attached.

The selection of the contractor is the most critical part as it is an indicator for project success which may influence the progress and success of any construction project (Banaitiene and Banaitis, 2006). The lowest price often cannot guarantee commitments on quality and duration of a construction project (Al-Sobiei *et al.*, 2005; Banaitiene and Banaitis, 2006). The study conducted by Endut (2008) for 359 construction projects in Malaysia shows that 54.6% and 77.7% of the construction projects in Malaysia experience cost and time overrun respectively.

Ajei *et al.*, (2009) have presented six (6) variables of management capability for contractors which are technical capability, financial capability, managerial capability, general information, past performance, health and safety records. Their findings also show that contractor's management capability is very important in evaluating potential performance of contractors during prequalification and tender evaluation.

According to the Maintenance Department, there is a "Contractor Selection Procedure October 2005" as guidelines to the UiTM to have tender or quotation evaluation. However, several comments from the "Lembaga Perolehan" UiTM said that the tender and quotation evaluation conducted by UiTM is not the same as public work department tender evaluation.