



**DEPARTMENT OF BUILDING
UNIVERSITI TEKNOLOGI MARA
(PERAK)**

**PRACTICAL REPORT TITLE:
TEBDER PROCESS FOR
CONSTRUCTION PROJECT**

**Prepared by:
SITI HUMAIRAH BT AZAHARI**

**UiTM ID NO
2019215064**



**FACULTY OF ARCHITECTURE, PLANNING, AND SURVEYING.
MARA UNIVERSITY OF TECHNOLOGY (UiTM) SERI ISKANDAR
CAMPUS, PERAK.**

TENDER PROCESS FOR CONSTRUCTION CONTRACT

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SITI HUMAIRAH BINTI AZAHARI

UiTM ID NO

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DEPARTMENT OF BUILDING
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(PERAK)

August 2021

It is recommended that the report of this practical training provided

By

Siti Humairah Binti Azahari

UiTM ID No

2019215064

Entitled

Practical Report Title

Tender Process for Construction Contract

be accepted in partial fulfillment of requirement has for obtaining Diploma in Building.

Report Supervisor : _____
Sir Ezzat Bin Fahmi

Practical Training Coordinator : _____
Dr Nor Asma Hafizah Binti Hadzaman

Programme Coordinator : _____
Dr. Dzulkarnaen Bin Ismail.

DEPARTMENT OF BUILDING
FACULTY OF ARCHITECTURE, PLANNING AND SURVEYING
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(PERAK)

August 2020

STUDENT'S DECLARATION

I hereby declare that this report is my own work, except for extract and summaries for which the original references stated herein, prepared during a practical training session that I underwent at Tagant Sdn Bhd for duration of 20 weeks starting from 18 August 2021 and ended on 7 January 2022. It is submitted as one of the prerequisite requirements of BGN310 and accepted as a partial fulfillment of the requirements for obtaining the Diploma in Building.

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Name : Siti Humairah Binti Azahari

UiTM ID No : 2019215064

Date : 10 January 2022

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Last but not least, my special thanks to my beloved parents for their sacrifices over the years.

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ABSTRACT

Tendering is a reply to an invitation to tender made by a prospective contractor or supplier. However, there is currently only a small amount of study being done on proper tendering processes. As a result, the purpose of this research was to examine the tendering processes from the project's Notice Inviting Tender (NIT) stage until it was awarded to the contractor company or supplier, as well as to describe how to prepare tender papers for by. Apart from that, this research focuses on the issues that arose during the tendering procedure for a building contract. This research was conducted utilising three methods, including a weekly interview session with the supervisor, in command, observation, and a reference to some documents. On top of that, it was done for describing the tendering processes for rewiring work at Sekolah Kebangsaan Changkat Jong located at Daerah Hilir Perak, Teluk Intan Perak Darul Ridzuan. At the conclusion of the investigation, five (5) major stages were discovered. Tender documents, invitation, processing, and contract award are all part of the Notice Inviting Tender (NIT). As a result, it is hoped that this proper tendering method will be applied by other contractors in the future when preparing tenders for similar projects.

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CHAPTER 1.0

INTRODUCTION

1.1 Background of Study

An invitation to bid on a project or accept a formal offer, such as a takeover proposal, is known as a tender. Tendering is the procedure through which governments and financial organisations solicit bids for significant projects that must be completed within a specific time frame. The word also refers to the procedure by which shareholders respond to a takeover bid by submitting their shares or securities. A request for tender (RFT) is an organised and official call to suppliers to make competitive offers for raw materials, goods, or services. Tender also refers to the method by which shareholders respond to a takeover offer by submitting their shares or securities. Smaller investors acquire government assets through a non-competitive tender procedure, whereas large institutional investors buy them through a competitive tender process. There are three types of tendering methods in construction – by open tendering, selective tendering, or by negotiation. Tendering methods are selected based on requirements of construction contracts.

Tendering is a means to an end usually a means for a contractor to win the right to deliver a construction project. However, tendering could also happen between the interface of contractor and sub-contractor, contractor and supplier, client, and consultant. (Patil et al., 2016).

1.2 Objectives

The objective of this report is:

1. To analyse the stages of tender process in construction.
2. To explain the method of preparing tender document.
3. To identify the problems occurred in tendering process and solutions taken to solve the problems.

1.3 Scope of Study

The study focused on understanding and get to know the process of tender and contract for Sekolah Kebangsaan Changkat Jong (SKCJ) Daerah Hilir Perak open tender invitation. It is joined rewiring works and electrical maintenance works as well as installing underground cables and earthing systems in classroom and corridor.

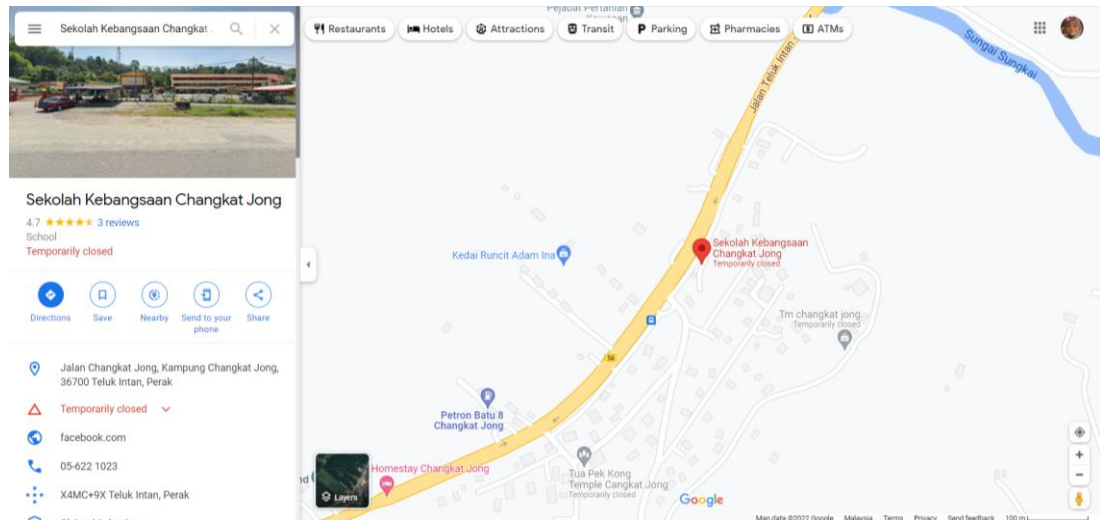


Figure 1.3: Location of Sekolah Kebangsaan Changkat Jong, Daerah Hilir Perak.

Knowledge of the construction tender procedure has been gained from the study. During the tendering process, numerous key procedures have been identified. The primary processes are as follows: Invitation to Tender Invitation to tender (NIT), documentation, processing, and contract award. The most essential aspect of the tender process, according to the discovery, is tender documentation, which is the third procedure in the tender prime process stage and affects the company's eligibility to win the tender. However, some issues arose throughout the procurement process, such as heated rivalry among competing contractors. The relationship and factors affecting the tendering process between the client (SKCJ) and the contractor will not be covered in this study. Aside from that, the contents of the contract paper are not included in this study's investigation.

1.4 Methods of Study

Unstructured interviews, observational research, and document references were used to conduct research during this industrial training. It was done without a fixed format in which questions were not predetermined, allowing the trainee to ask questions that came to mind on the spot due to the lack of structure. Supervisors who oversee handling trainees during internships are interviewed or have interactions with them.

An interview is a qualitative research technique that entails asking open-ended questions to engage respondents and obtain information about a topic. (2019 Question Pro) In most cases, the interviewer is a subject matter expert who uses a well-planned and executed set of questions and responses to get insight into respondent attitudes. During the interview, two parties were involved: the trainee (student) and the trainer (supervisor in charge). The meeting took place at the company's headquarters. Trainees are free to ask questions about anything they don't understand or don't understand well, especially when it comes to tendering and tender documents.

Observational research is a type of qualitative study in which researchers watch individuals in a natural setting. The market researcher's level of engagement in the study will vary depending on the sort of observation research and the study's purpose. The researcher will occasionally inject themselves into the environment, and at other times, the researcher will observe from a distance or in a laboratory setting. The goal of this research is to acquire more trustworthy information. In other words, researchers may collect information on what participants actually do rather than what they claim to do. (2019, Fuel Cycle) Direct observation of events in natural settings is carried out with the goal of emulating stages and ways of functioning in the filing process and other office-related tasks. Following the processes of compiling the documents and invoices referring to the previous file, the clerk's instructions on the organization of new documents and invoices into the file are to follow the steps of compiling the documents and invoices referring to the previous file.

CHAPTER 2.0

COMPANY BACKGROUND

2.1 Introduction of Company



Figure 2.1: Tagant Sdn Bhd Office

TAGANT SDN BHD is a civil and electrical contractor company owned fully bumiputera registered with the Industrial Development Board Construction and Contractor Service Center. The company was established in 2008 until now. We have extensive experience in the field of construction and maintenance buildings as well as public works and electrical wiring for domestic. The company has 16 total employees across all its locations. Most of the civil work is handled by sub-construction under Tagant Sdn Bhd such as NDA Recall Enterprise and Roseson Enterprise while electrical work handled by Tagant itself.

Countless crores of Ringgit Malaysia are spent on construction operations. As a result, the most important aspect in a building project is money. Clients are keen to choose the best, most acceptable, and least expensive contractor for their project. Tagant Sdn Bhd are well known for their best average price among other G2 contractors in Perak tengah, Perak. The company manager also well said he only want the best for the client without charging exorbitant price. The manager said if the work that has been completed is worth it, clients will not look for another company and will repeat the service.

Tagant Sdn Bhd by far patently acquired contract and offer from some esteemed clients like Jabatan Kerja Raya (JKR), Tenaga National Berhad (TNB), Majlis Agama Islam Dan Adat Melayu Perak (MAIP) and many more. It is assumed as a result of their well-prepared tender document and the positive attitude between those clients and their company during the tendering procedure. (Tagant Sdn Bhd 2021)

According to the manager, Tagant Sdn Bhd has remarkable achievements in various fields of commercial construction activity. They have a long list of projects under their belt, including construction activities and wiring work for Tenaga National Berhad Perak (TNB), public infrastructure and roadwork for Jabatan Kerja Raya Perak (JKR), and repairing work for Telekom Malaysia (TM) (M.Abdullah 2021).

2.2 Company Profile

The company profile contains an introduction to the company and explains the services to the audience. The company profile below includes important data such as the owner's name, the company's start date, its address, its current capital, its Bumiputera status, and contact and inquiry information.



Figure 2.2 : Company Logo

Company	Tagant Sdn Bhd
Company Manager	M.Abdullah bin Mohd Fatah
Registration no.	808824-W
Registration Date	5 March 2008
Address	No 61A, Persiaran Dataran 4 Sidec 32610 Seri Iskandar, Perak
Contact	05-3714329/019-5465222
Email	tagantsb@gmail.com
CIDB Registration no.	0120160504-PK174064
Gred	G2
Company Ownership	100% Bumiputera
Total of Staff	16

Table 2.2: Company Profile

2.3 Company Organisation Chart

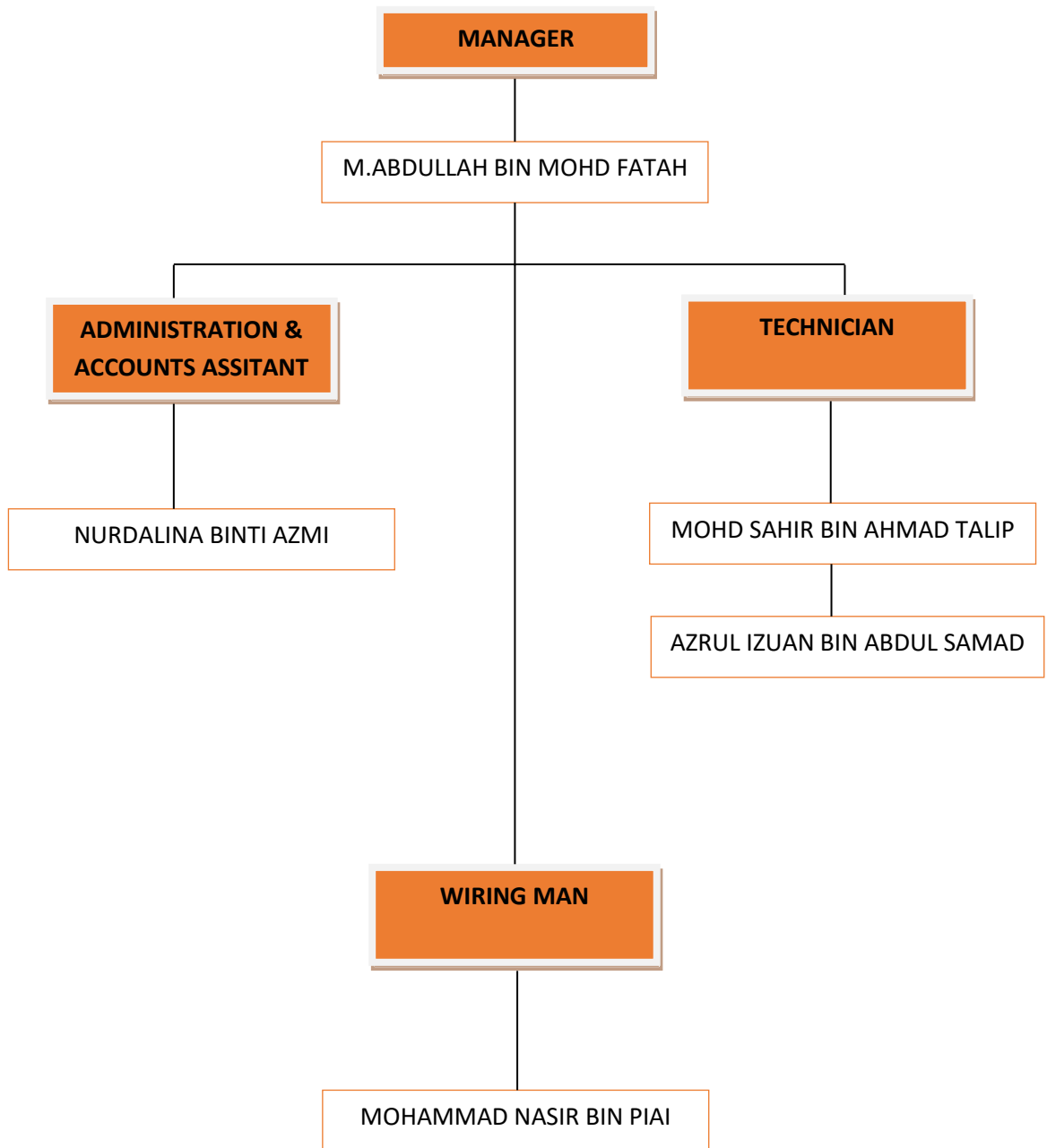


Figure 2.3: Tagant Sdn Bhd Organization Chart

2.4 List of Projects

2.4.1 Completed Projects

Tagant Sdn Bhd most of the time deftly acquire projects from Tenaga National Berhad Perak (TNB), Jabatan Kerja Raya Perak (JKR), Majlis Daerah Perak Tengah (MPPT), Jabatan Pengairan dan Saliran Perak (JPSP) and Pejabat Daerah Dan Tanah Perak Tengah as listed below.

No.	Project Title	Project Value	Start Date	Completion Date	Project Duration	Client
1.	Repair works of rural relations road (JPD) at Jalan Ladang Kg. Baru Lambor Kiri	RM24,853.30	11 August 2021	14 September 2021	5 weeks	Jabatan Kerja Raya
2.	Internal drainage system upgrade and related work at SK Lambor Kiri	RM79,842.60	4 September 2021	1 October 2021	4 weeks	Jabatan Pengairan dan Saliran Perak
3.	Construction work of multipurpose hall square at Kg. Teluk Kepayang	RM34,899.70	6 August 2021	9 September 2021	5 weeks	Majlis Daerah Perak Tengah

Table 2.4 (1): Completed Project List

2.4.2 Project in Progress

Project in progress is the asset that still in construction or maintenance within period has been contracted before it is placed into service.

No	Project Title	Project Value	Start Date	Completion Date	Project Duration	Client
1.	Construction of 3 room house Program Perumahan Rakyat Termiskin (PPRT) at Simpang Tiga Kg. Teluk Kepayang	RM66,200.00	28 July 2021	24 January 2022	25 weeks	Majlis Agama Islam Dan Adat Melayu Perak
2.	Road maintenance works Jalan Pihak Berkuasa Tempatan (PBT)	RM 53,079,51	1 December 2021	28 February 2022	3 months	Puncak Emas Infra Sdn Bhd

Table 2.4 (2): Project in Progress List

CHAPTER 3.0

CASE STUDY

(TENDER PROCESS FOR CONSTRUCTION CONTRACT)

3.1 Introduction to Case Study

The process of selecting the best or cheapest company to supply goods and services is known as construction contracting. It is a proposal that includes the amount of money, the amount of time, and other terms and circumstances that must be met to fulfil the contract obligations to complete a project or a portion of one that includes defined works.

The tendering and contract are for rewiring and electrical maintenance in classroom ground floor, classroom level one (1), hallway ground floor, hallway level one (1), earth wiring, and switch maintenance are also carried out in addition at Sekolah Kebangsaan Changkat jong, Daerah Hilir Perak. This project runs for 9 weeks from 22nd July 2021 and have completed by 22nd September 20. The project original amount as contracted in bill is RM114,430.00 and after minus the discount of RM1,300.00, final value for this project is RM113,130.00. The works consist of rewiring of lights, fans and EXIT emergency indicator LED in the classroom, underground cable installation work and earthing systems, installing work switchboard main, switchboard small and board distribution.



Figure 3.1 (1): Rewiring works for lamp in classroom



Figure 3.1 (2): Rewiring works for fans in classroom



Figure 3.1 (3): Rewiring works for EXIT LED sign



Figure 3.1 (4): Underground cable installation work

3.2 To analyse the stages of tender process in construction.

Tendering process can be divided into five stages. Starting from notice inviting tender, invitation to tender, tender documentation, processing and lastly award contract,

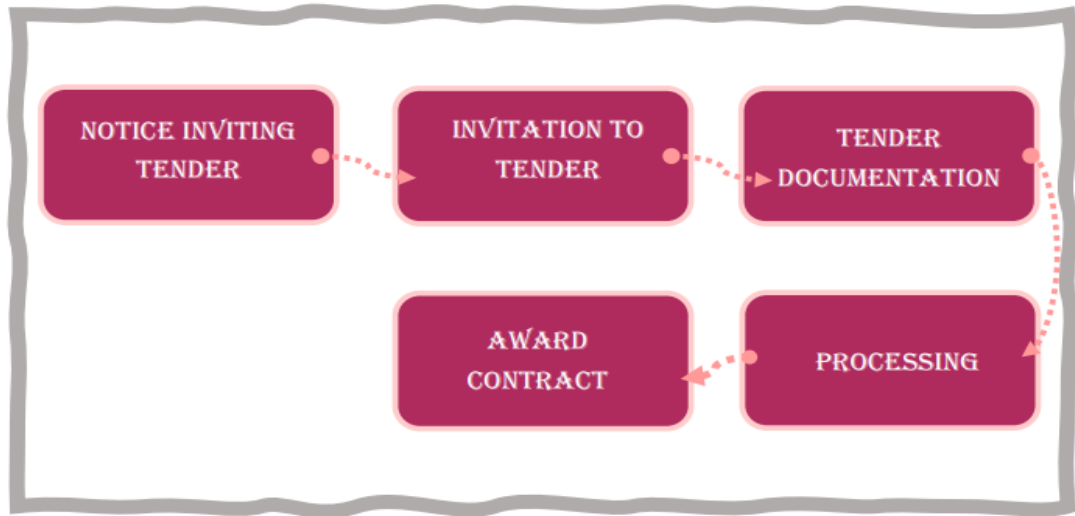


Figure 3.2: Flow Chart of Tender Process for Construction

1) Notice Inviting Tender

The subject Notice Inviting Tender (NIT) is an open invite to offer made on the circumstance that the Bidder sign the truthfulness agreement, which is an essential component of the tender documents, failing which the tenderer will be permanently banned from the tendering process and their forms will be summarily rejected.

2) Invitation To Tender

A formal invitation to make an offer for the supply of goods or services is an invitation to tender. It might be used for a variety of projects, such as equipment supply, design by contractors, trade contractors, works contractors, main construction contractors, and demolition or enabling works. A client's evaluation of pre-qualification questionnaires (PQQs) submitted in response to an advertisement they issued, as well as a pre-tender interview, may lead to an invitation to tender.

3) Tender Documentation

The tender documentation allows tendering contractors to price the job and submit a bid to accomplish it. While the documents' content varies, it is critical that they are in a framework that allows the tenderer to completely comprehend the scope of the task. Bills of quantities are commonly prepared for large projects. The tender materials comprise specifications and drawings in the case of bills of quantities.

4) Processing




Tendering is the procedure by which governments and financial organisations solicit bids for important projects that must be completed within a specific time frame. A tender offer is a public invitation to all shareholders to tender their stock for sale at a certain price for a specific period of time. A request for tender (RFT) is an organised and formal invitation to providers to make competitive offers for raw materials, products, or services. Tender also refers to the method by which shareholders respond to a takeover offer by submitting their shares or securities. Smaller investors buy government securities through a non-competitive tender procedure, while large institutional investors buy them through a competitive tender process.

5) Award Contract

After obtaining internal authority or approval to award a contract, the successful bidder must be notified of the acceptance as soon as possible. Although an award may be given at any time after the tender closes, the bidder is not obligated to accept it after the tender acceptance period has expired. If an award appears doubtful before the tender acceptance period ends, bidders may be advised that the acceptance period has been delayed or asked to extend the terms of their tender bids further than the acceptance period. The method for extending the approval time differs depending on the contract type.

3.3 To explain the method of preparing tender document.

To obtain bids from clients, a tender document is developed and presented. It can aid in the maintenance and security of the contractor-client relationship. It's also the most essential aspect in evaluating whether or not a contractor will be able to win the job. As a result, coordinated tender document preparation and processing is crucial and should be done well.

No.	Figures of Step	Explanation
1.	 <p data-bbox="427 1003 866 1093">Figure 3.3 (1): Purchase of bill of quantities</p>	<ul style="list-style-type: none"> • Bill of quantity is bought from Persatuan Kontraktor Melayu Malaysia Negeri Perak counter for RM20.00.
2.	 <p data-bbox="408 1532 882 1572">Figure 3.3 (2): Documents Checklist</p>	<ul style="list-style-type: none"> • Filling out the document form with information about the company and the company manager. • All items are sorted in accordance with the bill of quantity checklist.
3.	 <p data-bbox="395 2000 898 2040">Figure 3.3 (3): Put items in documents</p>	<ul style="list-style-type: none"> • Other items and certificates required in the checklist, such as SSM, STB, CIDB, company organization chart, company experience, and bank statement, should be attached.

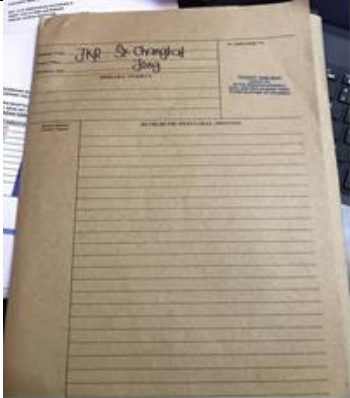
4.	 <p data-bbox="411 591 879 680">Figure 3.3 (4): Tender sealed in one documents</p>	<ul style="list-style-type: none"> <li data-bbox="975 181 1409 271">• The documents are sealed and placed in the tender box.
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Table 3.3: Method of preparing tender document for SK Changkat Jong, Daerah Hilir Perak

3.4 To identify the problems occurred in tendering process and solutions taken to solve the problems

Any contractor working on a project can run into issues. However, small contractors, often known as Grade 2 contractors, present a unique set of issues on the construction site. With limited employees and resources, small contractors can easily find themselves in a position beyond their control.

One of the company's main issues is a shortage of funds, which includes access to finance, as a consequence of Covid-19, which caused in a two-year Movement Control Order (MCO) in Malaysia. As for the remedy, Tagant Sdn Bhd began to manage their cash flow and develop communication skills that helped them be paid faster by delivering preliminary notices and other visibility documentation on every task. As a result, contractors are more likely to receive project owner attention.

Another issue Tagant Sdn Bhd facing is lack of general worker skill. To solving the matter, they always looking and recruit for a freshly graduate student from educational institute such as a Collage Professional Mara (KPM) or from technic school for skilled manpower.

CHAPTER 4.0

CONCLUSION

In conclusion, the purpose of this industrial training at Tagant Sdn Bhd was to gain knowledge about way project owner or client and contractors dealing to get into a contract in a project. Tender process is a system or process that should use advisably, intelligently. Different clients and different project circumstances demand different criteria weights but along the tendering process, it is important to be perfect and professional from all aspect especially on the primarily stage of tendering that need contractor to communicating and interact with client. On that stage, contractor will present their credibility and ability of their company to client as an early impression.

There are several tender processes could be considered, however believed that the most suitable stage for the project is only five stage. Tendering allow contractor to be competitive and realistic in document pricing and maintaining quality of good, supply and services.

The finding in this training is tender document and contract could be affected by collaboration between project owner and client. For example, positive attitude shown by contractors in being transparency about all action and performance and transaction. It is important for any contractors to maintain positive attitude towards their clients because it will affect the bond and trust between them.

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