

The Liaison Committee

Code of Practice for Tendering and Contractual matters.

- A revision to the 2006 document to deal with abnormally low tenders

Section 15 deals with assessment of tenders and also with the matter of errors in the computation of tenders

Section 15 is now extended to deal with abnormally low tenders.

Section 15 Revised as at 28th August 2014

- 15.1 The examination of the priced Bill(s) of Quantities under consideration should be made by the Quantity Surveyor who should treat the document as confidential; on no account should any details of the tenderer's pricing be disclosed to any person, other than the Architect or other appropriate consultant, except with the expressed permission of the tenderer.
- 15.2 The Bill of Quantities supporting the lowest tender shall be opened with the object of detecting errors in the computation of the tender and ascertaining whether the tender is abnormally low. It is not necessary to obtain the prior permission of the lowest tenderer to open the priced Bill of Quantities.

If the Quantity Surveyor finds such errors the following procedures shall apply:

- 15.2.1 The tenderer should be given details of such errors and afforded an opportunity of confirming or withdrawing his offer. If the tenderer withdraws, the priced Bill(s) of Quantities of the second lowest should be examined, and if necessary, this tenderer should be given a similar opportunity. Prior permission to open the Bill of Quantities supporting the tenders, other than the lowest, shall be obtained.
- 15.2.2 If the tenderer confirms his offer despite the discovery of errors in computation an endorsement should be added to the priced Bill(s) indicating that all rates or unit prices (excluding preliminary items, contingencies, prime cost and provisional sums) inserted therein by the tenderer are to be considered as reduced or increased in the same proportion as the corrected total of the priced items exceeds or falls short respectively of the total before correction. This endorsement should be signed by both parties to the contract.
- 15.2.3 When a tender is found to be free of error, or the tenderer is prepared to stand by his tender in spite of any error, that tender should be recommended to the Employer for acceptance.

- 15.3 If the Quantity Surveyor forms the opinion that the tender is abnormally low the following procedures shall apply:
- 15.3.1 The tenderer shall be advised that the quantity surveyor has formed an opinion that the tender is abnormally low and that the tender shall be subject to a review. In such review the tenderer shall be given details of why the quantity surveyor has formed the opinion and thereafter afforded an opportunity to either withdraw his tender or convince the quantity surveyor that his opinion is incorrect or otherwise that the works are capable of being executed despite the tender price being abnormally low.
 - 15.3.2 If the tenderer withdraws, the priced bill(s) of Quantities of the second lowest should be examined.
 - 15.3.3 If the tenderer fails to convince the Quantity Surveyor that the tender is not abnormally low or otherwise that the works are capable of being executed in accordance with the requirements of the tender competition then the tender shall be set aside and the priced bill(s) of Quantities of the second lowest should be examined.
 - 15.3.4 If the tenderer convinces the Quantity Surveyor that the tender is not abnormally low or otherwise that the works are capable of being executed despite the tender price being abnormally low, the quantity surveyor shall advise the Employer that the tender has been the subject of an abnormally low tender review and the outcome of that review. Any such review shall include a risk assessment for the Employers consideration.

Criteria for forming an opinion that a tender is abnormally low.

A Tender shall be regarded as abnormally low if it meets one or all of the following tests:

- (a) the tender is more than 30% lower than the average price or costs of the remaining tenders
- (b) the tender is more than 10 % lower than the price or costs of the second lowest tender;
- (c) the tender is more than 10% lower than the budget estimate prepared by the quantity surveyor.
- (d) Where the tender appears to be abnormally low for other reasons,or otherwise raises a suspicion that the tenderer will not be able to perform the works in accordance with the requirements of the tender competition.