

SUBJECT: MINUTES OF MEETING OF GRIEVANCE REDRESSAL COMMITTEE FOR THE REDRESSAL OF GRIEVANCES OF BIDDERS AGAINST THE PROCUREMENT OF JANITORIAL AND SECURITY SERVICES TENDER FOR DHQ / THQ HOSPITALS OF PUNJAB

Meeting of Grievance Redressal Committee was held on November 13, 2019 at 11:00 am in the Committee Room of Project Management Unit (PMU) under the convener ship of Project Director, PMU.

Director Outsourcing briefed the participants that Project Management Unit Primary & Secondary Healthcare Department invited sealed bids / proposals (Technical & Financial) for the procurement of Security Services and Janitorial Services for DHQ / THQ Hospitals of Punjab. 13 bidders submitted their bids for the Security Services tender which were received and Technical Bids were opened on 07-08-2019. Similarly, 18 bidders submitted their bids for the Janitorial Services tender which were received and Technical Bids were opened on 06-08-2019. Notified Procurement Committee evaluated the technical bids in accordance with Rule No. 32 of Punjab Procurement Rules, 2014. As per Technical bids evaluation report out of 13 bidders, 10 firms were declared responsive for Security Services Tender and out of 18 bidders, 15 firms were declared responsive for Janitorial Services Tender. The technical bids evaluation report for both Security & Janitorial Services Tender was uploaded on official website of PMU & P&SHD and was e-mailed to all bidders with the intimation for the meeting of financial bid opening. The Financial Bids of the responsive bidders were opened on 11-09-2019 by the procurement committee in the presence of the representatives of the bidders who chose to be present. The detail of quoted rates of each bidder against respective package(s) and the package / Division wise comparison sheet of quoted Rates for both the tenders was uploaded on official website of PMU & P&SHD.

Project Management Unit (PMU) received the grievances from M/s Safety & Security Services (Pvt) Ltd & M/s Rehman Security Systems (Pvt) Ltd against Security Services Tender and from M/s Caid's Marketing Network (Pvt) Ltd against the Janitorial Services Tender regarding Financial Bids. The grievances of all the aggrieved bidders are presented below. The grievance committee after examination of grievances, scrutiny of record, hearing of representative of each aggrieved bidder and due deliberation and discussion, decided upon the grievances of the bidders. The detail of the grievances and deliberations & decisions of Grievance Redressal Committee is given below.

<p>Grievance of the Firm M/s Rehman Security Systems (Pvt) Ltd.</p>	<p>The Firm in its grievance stated as under:- "On 11th September 2019, the financial bids were opened at the PMU Head Office Lahore. Six security companies participated in the packages of 1 & 4 for the provision of services. Security companies were supposed to offer financial bids in the Packages in the line of bid instruction but expect Rehman Security Systems (Pvt.) Ltd none of the other companies quoted the Bids as per Bid instructions while taking on all the Govt compliances required by PMU. Rehman Security Systems (Pvt.) Ltd quoted financial rates as per TOR's of the Bid Reference General Conditions of contract Para 3 and Appendix 4 & 6 with relievers cost. Thus offering Rs. 26,954/- per head for the Packages 1 & 4 respectively. It is pertinent to mention that all calculations made by Rehman Security Systems (Pvt.) Ltd are aligned with Govt notifications i.e. minimum wages as per labour law, EOBI, Social Security, Group Insurance, GST, Withholding Tax and relievers cost as per Appendix 4 & 6 respectively, where as other security companies have not taken on the reliever cost in account which is very important factor of Bid requirements. Aforementioned factual calculation, We request the PMU Management that Pakagae 1 & 4 may please be allotted to the Rehman Security Systems (Pvt.) Ltd and others Security companies who offered the rates below and against the TOR's of bid instructions and Govt notifications may please be cancelled to implement the spirit of Tender. Rehman Security Systems (Pvt.) Ltd may please be called for personal hearing, wherever asked by the PMU management. All references are attached for you perusal, please."</p>																																							
<p>Grievance of the Firm M/s Safety Security Services (Pvt) Ltd.</p>	<p>The Firm in its grievance stated as under:- "It is submitted that tender for provision of security services to Primary and Secondary Health care Department Govt of Punjab was opened on 11 Sep 2019. Following Security Companies have quoted unrealistic rates for security gaurds, which is contrary to labor laws and federal/provincial Government's decision for minimum wages as under:-</p> <table border="1"> <thead> <tr> <th>Sr. #</th> <th>Security Company</th> <th>Rate Per Security Guard Per Month (Inclusive of all Taxes)</th> </tr> </thead> <tbody> <tr> <td>a.</td> <td>Gahserbrum Security Systems</td> <td>Rs. 22,720/-</td> </tr> <tr> <td>b.</td> <td>Security 2000</td> <td>Rs. 23,385/-</td> </tr> <tr> <td>c.</td> <td>Sigma Security Services</td> <td>Rs. 23,385/</td> </tr> <tr> <td>d.</td> <td>AJ Security Company</td> <td>Rs. 23,699/-</td> </tr> <tr> <td>e.</td> <td>GB Security Services</td> <td>Rs. 23,744/-</td> </tr> </tbody> </table> <p>It is further added that labor laws and Government's decision on minimum wages, a security company is also required to fulfill the provincial/federal government obligations i.e EOBI, ESSI, Group Insurance, 16% GST and 3% Withholding tax. It is pertinent to note that existing minimum wages are Rs. 17,500/- per month as notified by the Punjab Government (Copy attached). In this scenario, the above mentioned security companies cannot comply with the Govt rules & your tender terms/conditions. The details of obligatory expenses borne by the security company, are as under:-</p> <table border="1"> <tbody> <tr> <td>a.</td> <td>Mandatory Expenses</td> <td></td> </tr> <tr> <td>(1)</td> <td>Minimum wages</td> <td>- Rs. 17, 500/-</td> </tr> <tr> <td>(2)</td> <td>ESSI (Social security) -6%</td> <td>- Rs. 1,050/-</td> </tr> <tr> <td>(3)</td> <td>EOBI (5%)</td> <td>- Rs. 780/-</td> </tr> <tr> <td>(4)</td> <td>Insurance (Group /Indemnity)</td> <td>- Rs. 100/-</td> </tr> <tr> <td>(5)</td> <td>Withholding Tax (3%)</td> <td>- Rs. 715/-</td> </tr> <tr> <td>(6)</td> <td>GST 16%</td> <td>- Rs. 3,287/-</td> </tr> </tbody> </table> <p>Any company violating this obligation will be violating federal /provincial govt laws.</p>	Sr. #	Security Company	Rate Per Security Guard Per Month (Inclusive of all Taxes)	a.	Gahserbrum Security Systems	Rs. 22,720/-	b.	Security 2000	Rs. 23,385/-	c.	Sigma Security Services	Rs. 23,385/	d.	AJ Security Company	Rs. 23,699/-	e.	GB Security Services	Rs. 23,744/-	a.	Mandatory Expenses		(1)	Minimum wages	- Rs. 17, 500/-	(2)	ESSI (Social security) -6%	- Rs. 1,050/-	(3)	EOBI (5%)	- Rs. 780/-	(4)	Insurance (Group /Indemnity)	- Rs. 100/-	(5)	Withholding Tax (3%)	- Rs. 715/-	(6)	GST 16%	- Rs. 3,287/-
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<p>Grievance of the Firm M/s Safety Security Services (Pvt) Ltd.</p>	<p>b. Mandatory Expenses 1) Uniform Items (Summer/Winter) - Rs. 200/- (2) Weapon/ Ammunition (Cost & Weapon License Renewal fees) - Rs. 200/- Total Rs. 23, 832/-</p> <p>In addition to above obligatory expenses ,security companies have to bear other mandatory expenses like administrative and other operational expenses, therefore, it is not understood as how a security company will pay the minimum wages, meet labor law obligations and then be able to provide satisfactory services out of their quoted bid.</p> <p>The lowest bidders in this case are not qualified to provide the service to your department in the light PPRA Rules appended below :-</p> <p>a. "The bidder with the lowest evaluated bid if not conflict with any other law, Rules Regulations or policy of the Federal Government shall be awarded the procurement contract"(Rule 38).</p> <p>b. In addition to this: PPRA Rule 2014 amended 2016 (PPRA 14) also rejects such bids which read : " If any bidder violated any laws/Rules or Instructions of the government , then its bid may be rejected for not following the existing laws/Rules/Policy of the government and the competition will be made between the remaining qualified bidders"</p> <p>c. Punjab Procurement Regulatory Authority has issued a new circular vide their letter number L&M (PPRA) 10-1/2011 dated 03 December 2018 advising procuring agencies that they must evaluate the bids considering the fact that the rates quoted by the bidders include the base line of minimum wages along with other applicable taxes (copy attached)</p> <p>In the light of foregoing, you are requested to award the contract to a company whose bid is not conflicting with the government obligations or you may go for re- tendering so as to have a transparent bidding in the light of law of the land. For consideration please."</p>
<p>Grievance of the Firm M/s Caid's Marketing Network (Pvt.) Ltd</p>	<p>The Firm in its grievance stated as under:- "As per announced by Government and TORs of Janitorial documents Ref: Appendix-4. This is mandatory for Every participant to follow the terms of references of TORs and PPRA rules.</p> <p>In pre-Bid Meeting the Management of PMU clearly announced that only those rates will be acceptable which will be as per Announced by Government and PPRA Rules Minimum daily wages as per labour law in Pakistan, with all taxes and EOBI + Social Security,</p> <p>Also management of PMU has taken undertaking on legal stamp papers from participants for not to violation. So please reconsider the lowest and justified rates,. Please Check Detail Below: four (4) companies participated for THQ Mureedke and Ferozwala Hospital, lowest rate company is also terminated from university of Gujrat Jalalpur Jata Road because of not to paid salaries to the Staff in 2018.</p> <p>M/s Nasir Mehmood & Company for THQ Mureedke & Ferozwala Hospital.</p> <p>Total coded amount Rs. 24800 Minus 10% tax @ soruce Rs. 2480 Minus 16% PST = 3968 Minus EOBI + Social Security = Rs. 2000</p> <p>How to pay salary as per labour law these rate are not justified awaiting for your justify decision, this company also not included the expenses of uniform equipment and profit."</p>

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**Deliberation &
Decision of
the Grievance
Redressal
Committee**

The Grievance Redressal Committee examined the grievances of the bidders and heard the representatives of aggrieved bidders. The representatives of firms, M/s Rehman Security Systems (Pvt.) Ltd, M/s Safety Security Services (Pvt) Ltd & M/s Caid's Marketing Network (Pvt.) Ltd presented their grievances and explained the viewpoint of their firms.

The grievance redressal committee observed that the cost of reliever has been incorporated by each bidder in their financial bids as the financial bid includes unit cost of each Personnel (Supervisor, Ex-Army Guard, Civilian Guard, Lady Searcher) and total strength required in each Package already includes the number of relievers in each package.

M/s Caid's Marketing Network (Pvt.) Ltd has also submitted that the lowest evaluated bidder was terminated from one of its project for which Grievance Redressal Committee replied that mere termination of the contract does not mean any disqualification or blacklisting of the firm and lowest evaluated bidder cannot be negated only on this basis as per Bidding Documents and Punjab Procurement Rules, 2014.

As per the Circular of Punjab Procurement Regulatory Authority vide No. L&M(PPRA)10-01/2011 dated 03rd December 2018, "The procuring agency must evaluate the bids considering the fact that the rates quoted by the bidders include the base line of minimum wages alongwith other applicable taxes. Any bid which is devoid of aforementioned parameter might carry the inbuilt tendency to evade the state law / rules which cannot be allowed and taken as an apt discourse or process". From this circular we can infer that the financial rates quoted by the bidder must include base line of minimum wages and other applicable taxes. Social Security & EOBI does not come under the definition of taxes instead these are the contributions for which the service provider / contractor is responsible to pay for its employees. Hence it is not compulsory requirement of the Financial Bid that Social Security & EOBI be included in the quoted rates of individual human resource. The bidders may have included these contribution in their management cost alongwith other costs (uniform, shoes, etc.). Further, the financial bids of the Security Services Tender includes three main section which are Rates of Human Resource, Rented Cost of Associated Supplies and Management Cost. The Package-wise detailed Financial Rates Comparison Sheets of Security Services Tender and Janitorial Services Tender have already been uploaded on official website of Project Management Unit and Primary & Secondary Healthcare Department website.

These comparison sheets were examined by the Grievance Redressal Committee and it was observed that the lowest evaluated bidder is determined on the basis of total lowest cost of each package / Division. The cost of each package includes Rates of Human Resource, Rented Cost of Associated Supplies and Management Cost. As already intimated that EOBI and Social Security contribution is the liability of the service provider and its reflection may or may not be visible in the quoted financial rates as same may be included in management cost or any other head. Moreover, it is not appropriate that procuring agency will negate the lowest evaluated bidder and award the contract to higher / highest bidder only on the basis of such trivial matter. Furthermore, an undertaking regarding minimum wages, social security & EOBI contributions was already incorporated in the bidding document vide Appendix-4. All the bidders have quoted the rates after considering the aforementioned undertaking and they were aware of the fact that they have to pay these contributions in letter and spirit. Procuring agency may ask evidence about these contributions at any point in time during the execution of the contract. In the end, the committee discussed that if the financial bids are to be rejected only on the assumptions that the service provider will not be able to fulfill the required TORs of the contracts as per its quoted rates, then the award of the tender will not be possible in future as well. Grievance Redressal Committee is of the view that bidders quoted their rates after thorough review of the bidding documents and they were aware of the TORs and responsibilities they have to fulfill in lieu of their quoted rates.


Foregoing in views, the Grievance Redressal Committee unanimously rejected the grievances of the bidders i.e., M/s Rehman Security Systems (Pvt.) Ltd, M/s Safety Security Services (Pvt) Ltd & M/s Caid's Marketing Network (Pvt.) Ltd.


Tender Coordination Officer -V
Procurement Cell



Legal Expert
Procurement Cell


Assistant Director
(Audit & Accounts)


Director ICT
PMU


Director (Headquarter)
DGHS


Additional Secretary
(Technical)


Project Director
PMU