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Cabinet and Special Services Department,
Office of the Governor,
Akure.

20 December, 2017

CIRCULAR LETTER TO:

- The Chief of Staff to the Governor,
- The Deputy Chief of Staff to the Deputy Governor,
- The Secretary to the State Government,
- The Head of Service,
- State Commissioners,
- Special Advisers,
- Chairmen of Commissions/Boards,
- All Senior Special Assistants/Special Assistants,
- Permanent Secretaries/Tutors-General/Director-General,
- The Clerk, Ondo State House of Assembly,
- The Chief Registrar, High Court of Justice,
- The Accountant General,
- The State Auditor General,
- The Auditor-General for Local Governments,
- The Statistician-General,
- General Managers/Head of Non-Ministerial Departments,

APPROVED GUIDELINES ON AWARD AND IMPLEMENTATION
OF CONTRACTS IN ONDO STATE

The State Government has reviewed the various circulars on the award and implementation of contracts in the State with a view to ensuring transparency and accountability at all levels under the present Administration of Arakunrin Oluwarotimi O. Akeredolu, SAN. Subsequently, it approved for adoption, the set guidelines contain in this circular.

2. Contract awards are to be handled at two major levels viz:
 - (i) The State Tenders' Board for all contracts valued above one million naira (N1m); and
 - (ii) Ministerial or Departmental Tenders' Board (MTB/DTB) for contracts valued up to but not exceeding one million naira (N1m) for Ministries and up to but not exceeding seven hundred and fifty thousand naira (N750,000.00) for Boards, Commissions and Parastatals.

3. There are two tiers under each of the levels. In all, four tiers of Tenders Boards/Spending have been approved as summarised in annexe I to this circular containing all the details on power of spending, prerequisites and methods of inviting tenders, membership and chairmanship of the State Tenders' Board, approving authorities and post award requirements. The four tiers are:

i. First Tier: Contracts of Works, Services and Purchases up to ₦250,000.00

Contracts in the above category should be carried out subject to the following conditions:

- a. budgetary provision;
- b. authorization of the Honourable Commissioners/Chairmen/Chief Executives of Ministries, Departments and Agencies;
- c. obtainance of at least three quotations;
- d. advertisement on the notice board of Ministries/Departments/Agencies and in the Government Gazettes ; and
- e. the State Executive Council should be informed of their award on quarterly basis.

ii. Second Tier: Contracts of Works, Services and Purchases up to one million naira, (₦1,000,000.00)

Contracts or Purchases whose value do not exceed ₦1,000,000.00 for Ministries and ₦750,000.00 for parastatals respectively should be awarded through the Ministerial Tenders' Board (MTB) or the Departmental Tenders' Board (DTB). Therefore, all the bids should be processed to the respective MTB/DTB. To this end, every Ministry/Department/Agency must set up Ministerial/Departmental Tenders' Board (MTB/DTB) immediately. Membership of the MTB/DTB should comprise all Heads of Department with the Permanent Secretary/Chief Executive as Chairman. The MTB/DTB will submit its recommendations to the Honourable Commissioner/Chairman for approval before the contracts or purchases are awarded.

4. Before the contracts or purchases in above can be effected, items to be purchased or project to be executed in every quarter under this category, should be clearly itemized, calendarised and forwarded to Mr. Governor for approval. Also, the contract should be advertised on the notice board of the Ministry/Department/Agency and in the Government Gazette. The reports of such contracts or purchases should be made available to Council on quarterly basis for information and proper documentation.

iii. Third Tier: The State Tenders' Board

The State Tenders Board (STB), as constituted by Mr. Governor, is empowered to make recommendations on the award of contracts or purchases valued above one million naira (N1,000,000.00) but not exceeding twenty million naira (N20,000,000.00) subject however, to budgetary provision and the authorization of Mr. Governor. The Board after due consideration, will submit its recommendation to the Governor for approval.

iv. Fourth Tier: State Executive Council (SEC) All contracts or purchases exceeding twenty million naira (N20,000,000.00) should be processed through the State Tenders' Board (STB), to the State Executive Council (EXCO) for approval.

5. In this connection, the analysed bids on the contracts or purchases should be forwarded to the State Tenders' Board Secretariat in the Cabinet and Special Services Department. Along with the above conditions, such contracts or purchases must be advertised in the Hope Newspaper or Weekend Hope and two other national newspapers and Government Gazette and that the tenderers must be directed to submit their tenders to: The Secretary, State Tenders' Board, Cabinet and Special Services Department, Governor's Office, State Secretariat, Akure. Ondo - State. The report of such contracts or purchases should be submitted to Council on quarterly basis for information.

6. Requirements for Tendering

Interested Contractors must submit with their Tenders, the following documents:

- i. evidence of Registration of Company in Nigeria with Corporate Affairs Commission (CAC);
- ii. current Registration with Ondo State Ministry of Works and Infrastructure, depending on the value of contract to be done, (see annexe II for the categorization for registration and renewal of contractors with the Ministry of Works and Infrastructure in Ondo State);
- iii. current 3 years Tax Clearance Certificate;
- iv. evidence of payment of 3 years Development Levy; and
- v. original receipt of payment of non-refundable Tender fee, (see annexe III for approved Tender Fees payable by companies bidding for contracts in Ondo State).

7. Contracts with External Finance Involving State Government Counterpart Funding

For the avoidance of doubt, Ministries/Departments/Agencies where above category of contracts or purchases are available, must obtain Mr. Governor's authorization and the pre and post award, must be processed and documented at the Cabinet and Special Services Department of the Governor's Office following the laid down procedure for the award of contracts in the State.

8. Due Process

For the purpose of further enhancing the transparency and accountability earlier mentioned in this circular, the State Government has directed that henceforth due process must be ensured in the award of all contracts or purchases in all the four categories. In this regard, for contracts or purchases in categories 3 and 4, the Project and Price Monitoring Unit (PPMU) will ensure due process while for those in categories 1 and 2 the power of ensuring due process is vested in the "Resident Due Process Team (RDPT)" in the Ministries/Departments/Agencies. To this end, every Ministry/Department/Agency must constitute a Resident Due Process Team (RDPT). The Resident Due Process Team (RDPT) should be composed of:

- a. Director; Finance and Administration;
- b. Director, Planning, Research and Statistics; and
- c. The Resident Auditor (Internal Auditor).

9. The Project and Price Monitoring Unit (PPMU) and the Resident Due Process Team (RDPT) have been empowered to ensure due process for the contracts or purchases in the respective categories specified above by ensuring compliance with the following:

- i. that there is budgetary provision/cash backing for the contracts or purchases to be awarded;
- ii. that the procedure for competitiveness is duly followed; and
- iii. that pricing is within reasonable limits. Under this condition, RDPT will rely on the price intelligence gathering of PPMU. The price will serve as the benchmark for both PPMU and RDPT.

10. Supervision/Inspection

Copies of all contract agreements shall be forwarded to the Project and Price Monitoring Unit, Office of the Governor, Ministry of Economic Planning and Budget; and the Office of the Auditor General for monitoring purposes.

11. Tender Splitting Not Permitted

Henceforth, it is regarded as a serious offence for any officer to deliberately split contract works, purchases or services as a way of circumventing the provisions of this circular.

12. Post Award Requirements


All necessary and appropriate deductions [5% State Withholding Tax (WHT), 5% Value Added Tax (VAT), 1% or 2% Education Endowment Fund, e.t.c.] must be made from all categories of contracts or purchases.

13. For the purpose of clarity, the following should be adhered to in the process of awarding and implementing contracts:

- a. All MDAs must ensure that there is adequate provision for the projects in the current budget and this must be clearly stated in all correspondence to Mr. Governor or the State Tenders' Board on the projects;
- b. Approval of Mr. Governor must be sought and obtained as the first step in the project implementation process;
- c. Emphasis should be placed on open competitive tender procedure, while selective tender could be sparingly used, after obtaining Mr. Governor's approval, with the selected competent companies (minimum of three) and their addresses clearly stated in the request to Mr. Governor;
- d. Draft advertisement of notices should be cleared with the STB secretariat, at least one week before the date for placing the advert in the newspapers and the other media;
- e. The duly vetted and cleared advertisement notice should be placed in at least two national dailies and one local newspaper preferably the Hope Newspaper or Weekend Hope;
- f. Three weeks (21 days) minimum must be allowed between the date the advertisement is placed and the closing date for the submission of tender;
- g. MDAs should take time to guide prospective bidders on the required documentation in submitting bids for contracts. The Bills of Quantities (BoQ) must be unambiguous for constructions and very definite on specifications for procurements;
- h. MDAs should refer their BoQs and other relevant documents to PPMU for benchmarking and follow up with the Unit to ensure that benchmark prices for their projects get to STB Secretariat in good time for the guidance of the Board;
- i. MDAs should also ensure that bidders have access to tender documents only after payment of the stipulated tender fees and presentation of the receipt;
- j. STB secretariat should be informed in writing to start receiving bids immediately advertisement notices are placed with copies of Mr. Governor's approval for the project to commence and copies of the adverts as placed in the three newspapers attached to such letters;
- k. Projects in which less than three bidders show interest are not to be opened and may have to be re-advertised;
- l. At the close of tenders, tender documents are delivered to Client MDAs after opening of bids to enable them prepare briefs to be considered by the STB. Fifteen (15) copies of briefs are to be submitted to the STB Secretariat;
- m. An Advanced Payment Guarantee Certificate from reputable banks of minimum of 90 days expiration period is required for payment of mobilization worth over five million naira (₦5m) while Performance Bonds from reputable Insurance companies should be used as collateral for the payment of mobilization fees not over five million naira (₦5m). MDAs are expected to place a tab on the APG or Performance Bonds to avoid loss of

Government Fund arising from non-performance of any company that is offered a contract by the State Government;

- n. Stage-by-Stage payments on all construction works should be based on verification and valuation by duly appointed Project Consultants and the client MDA technical supervisor while final payments on all contracts are to be based on PPMU Certification;
 - o. MDAs should ensure that qualified Consultants are engaged for all specialized and technical projects so as to have expert advice on the project. Appointment of Consultants should be done through the Ministry of Works and Infrastructure; and
 - p. All Commissioners, Chairmen, Permanent Secretaries and Accounting Officers of MDAs must personally supervise their projects documentation and implementation.
14. In view of the importance attached to this circular, all areas of doubt should be directed to the Permanent Secretary, Cabinet and Special Services Department, Governor's Office, for clarification. The circular should be well publicized in your Ministry/Department/Agency as ignorance of it will not be acceptable as an excuse for breach of tender procedure.
15. Thank you.


 Gbenga Elewuju,
 Permanent Secretary

SUMMARY OF GUIDELINES ON TENDER PROCEDURE AND POWER OF SPENDING IN ONDO STATE

S/N	VALUE OF CONTRACT	LEVEL	PRE-REQUISITE	METHOD	MEMBERS	CHAIRMAN	APPROVING AUTHORITY	POST AWARD REQUIREMENTS
1.	Not exceeding ₦250,000 (Parastatals & Ministries)	Minor Works and Purchases	Budget approval; Authorisation of Commissioner/Chairman; Confirm fund from Running Grant; Compliance with benchmark pricing from PPMU	Compare price quotations from at least 3 sources. Process quotations to the Perm. Secretary, Advert on the notice board.	NA	NA	Hon. Commissioner/Chairman	5% State Withholding Tax, 1% Education Endowment Fund, 5% Value Added Tax (VAT). Quarterly presentation to EXCO by Ministries/Departments/Agencies for information
2.	Not above ₦750,000.00 (Board & Parastatals) Not exceeding ₦1 million (Ministries/Departments)	Departmental Tenders' Board or Ministerial Tenders' Board, DTB/MTB	Budget approval; Authorisation of Chairman/CEO (Parastatals & Boards). Hon. Commissioners (Ministries); Inclusion in quarterly Work plan ratified by EXCO; Obtain Due Process Certificate (RDPT); Authorisation of Governor; Compliance with benchmark pricing of PPMU.	Open/Selective Tender with Advert on notice boards and Gazette. Process bids to MTB/DTB.	All HODs including Head of Accounts and Supplies Department	P.S/Accounting Officer of Ministries /Departments/ Agencies (MDAs)	Hon. Commissioner/Chairman/CEO	Letter of award. Contract Agreement. Performance Bond. 5% State Withholding Tax, 1% Education Endowment Fund, 5% VAT. Supervision by Ministry. Report of such contracts to be made on quarterly basis to EXCO for information
3.	Above ₦1m not exceeding ₦20m	State Tenders' Board	Budget approval. Authorisation by Governor. Obtain Due Process Certificate from PPMU	Open/Selective Tender with Advert in Hope, and two other national newspapers, and Government Gazette	State Tenders' Board as Constituted by Mr. Governor	Chairman (STB)	The Governor	Letter of award. Contract Agreement. Performance Bond. 5% State Withholding Tax, 2% Education Endowment Fund, 5% VAT. Supervision by PPMU. Quarterly report to EXCO
4.	Contract exceeding ₦20m	State Executive Council	Budget approval Authorisation by Council. Consultant Supervision. Obtain Due Process Certificate from PPMU.	Open/Selective Tender with Advert in Hope, and two other national newspapers, and Government Gazette	State Tenders' Board as Constituted by Mr. Governor	Chairman (STB)	Executive Council	Letter of award. Contract Agreement. Performance Bond. 5% State Withholding Tax, 2% Education Endowment Fund, 5% VAT. Supervision by PPMU, Consultant and Sponsor Agency.

ANNEX II

CATEGORIES FOR REGISTRATION AND RENEWAL OF CONTRACTORS WITH MINISTRY OF WORKS AND INFRASTRUCTURE IN ONDO STATE

CATEGORY	VALUE OF CONTRACT ₦	COST FOR FORM & REGISTRATION FEE ₦	RENEWAL FEE PER ANNUM ₦
A	0-250,000.00	10,000.00	5,000.00
B	251,000 - 500,000	15,000.00	7,500.00
C	501,000 - 1M	20,000.00	10,000.00
D	1.1M - 5M	50,000.00	25,000.00
E	5.1M - 10M	100,000.00	50,000.00
F	10.1M - 50M	150,000.00	75,000.00
G	50.1M - 100M	200,000.00	100,000.00
H	100.1M - 300M	400,000.00	200,000.00
I	300.1M - 1B	800,000.00	400,000.00
J	1.1B - 5B	1,500,000.00	750,000.00
K	5.1B and above	2,500,000.00	1,250,000.00

ANNEX III

Approved Tender Fees Payable by Companies bidding for contracts in Ondo State

S/NO	RANGE OF CONTRACT	FEE PAYABLE
i.	Contract below ₦1m	₦5,000.00
ii.	From ₦1m - ₦5m	₦10,000.00
iii.	From ₦5m - ₦10m	₦20,000.00
iv.	From ₦10m - ₦15m	₦30,000.00
v.	From ₦15m - ₦25m	₦50,000.00
vi.	From ₦25m - ₦50m	₦100,000.00
vii.	From ₦50m - ₦100m	₦200,000.00
viii.	From ₦100m - ₦150m	₦300,000.00
ix.	From ₦150m - ₦250m	₦500,000.00
x.	From ₦250m - ₦500m	₦1,000,000.00
xi.	From ₦500m - ₦1b	₦2,000,000.00
xii.	From ₦1b - ₦5b	₦3,000,000.00
xiii.	From ₦5 billion and above	₦10,000,000.00