REPUBLIC OF KENYA
PUBLIC PROCUREMENT ADMINISTRATIVE REVIEW BOARD
APPLICATION NO. 151/2020 OF 17TH DECEMBER 2020
BETWEEN
PINNIE AGENCY LIMITED........................................APPLICANT
AND
THE ACCOUNTING OFFICER,
MINISTRY OF TRANSPORT, INFRASTRUCTURE,
HOUSING, URBAN DEVELOPMENT & PUBLIC WORKS,
STATE DEPARTMENT FOR HOUSING & URBAN
DEVELOPMENT..................................................RESPONDENT

Review against the decision of the Accounting Officer of the Ministry of Transport, Infrastructure, Housing, Urban Development & Public Works, State Department for Housing & Urban Development with respect to Tender No. MTIHUHW/SDHUSD/SD/009/2020-2021 for the Proposed Civil Works for Roads & Other External Works for the Social Housing Project at Meteorological Site (Lot 1).

BOARD MEMBERS
1. Ms. Faith Waigwa - Chairperson
2. Mrs. Irene Kashindi - Member
3. Arch. Steven Oundo, OGW - Member
4. Mr. Nicholas Mruttu - Member
BACKGROUND TO THE DECISION

The Bidding Process

Ministry of Transport, Infrastructure, Housing, Urban Development & Public Works, State Department for Housing and Urban Development (hereinafter referred to as “the Procuring Entity”) invited sealed tenders from eligible tenderers to bid for Tender No. MTIHUDPW/SDHUD/SUD/009/2020-2021 for the Proposed Civil Works for Roads & Other External Works for the Social Housing Project at Meteorological Site (Lot 1) (hereinafter referred to as “the subject tender”) through an advertisement published in MyGov Newspaper on 22nd September 2020.

Tender Submission Deadline and Opening of Tenders

The Procuring Entity received a total of ten (10) tenders by the tender submission deadline of 13th October 2020. The same were opened shortly thereafter by a Tender Opening Committee in the presence of tenderers’ representatives and recorded as follows:

<table>
<thead>
<tr>
<th>BID/ NO.</th>
<th>FIRM NAME</th>
<th>BID AMOUNT (KShs.)</th>
<th>BID SECURITY AMOUNT (KShs.)</th>
<th>BID SECURITY PROVIDER</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Vaghjiyani Enterprises Ltd</td>
<td>660,452,113.72</td>
<td>17,000,000</td>
<td>Sidian Bank</td>
</tr>
<tr>
<td>2.</td>
<td>Westfield Ventures Ltd</td>
<td>339,559,533.89</td>
<td>100,000,000</td>
<td>Rafiki Micro Finance Bank</td>
</tr>
<tr>
<td>3.</td>
<td>Ongata Works Ltd</td>
<td>561,378,164.33</td>
<td>17,000,000</td>
<td>Co-operative Bank</td>
</tr>
<tr>
<td>4.</td>
<td>Pinnie Agency Ltd</td>
<td>430,970,890.17</td>
<td>17,000,000</td>
<td>Rafiki Micro Finance Bank</td>
</tr>
<tr>
<td>BID/NO.</td>
<td>FIRM NAME</td>
<td>BID AMOUNT (KShs.)</td>
<td>BID SECURITY AMOUNT (KShs.)</td>
<td>BID SECURITY PROVIDER</td>
</tr>
<tr>
<td>---------</td>
<td>----------------------------------</td>
<td>--------------------</td>
<td>----------------------------</td>
<td>------------------------------</td>
</tr>
<tr>
<td>5.</td>
<td>Westline Construction Ltd</td>
<td>534,174,750.45</td>
<td>17,000,000</td>
<td>Rafiki Micro Finance Bank</td>
</tr>
<tr>
<td>6.</td>
<td>Rural Distributors Enterprises Ltd</td>
<td>371,634,369.43</td>
<td>17,000,000</td>
<td>Amaco Insurance</td>
</tr>
<tr>
<td>7.</td>
<td>Epco Builders Ltd</td>
<td>523,829,201.27</td>
<td>17,000,000</td>
<td>Prime Bank</td>
</tr>
<tr>
<td>8.</td>
<td>Intex Construction Ltd</td>
<td>660,777,153.88</td>
<td>17,000,000</td>
<td>Tausi Assurance Company Ltd</td>
</tr>
<tr>
<td>9.</td>
<td>Sobetra Kenya Ltd</td>
<td>538,151,079.00</td>
<td>17,000,000</td>
<td>Credit Bank</td>
</tr>
<tr>
<td>10.</td>
<td>Landmark Holdings Ltd</td>
<td>549,849,632.80</td>
<td>17,000,000</td>
<td>APA Insurance</td>
</tr>
</tbody>
</table>

**Evaluation of Bids**

Having appointed an Evaluation Committee, evaluation of tenders was carried out in the following three stages: -

i. Compliance with Mandatory Requirements (Preliminary Evaluation);

ii. Technical Evaluation; and


1. **Compliance with Mandatory Requirements (Preliminary Evaluation)**

At this stage, the Evaluation Committee applied the criteria outlined in Stage 1. Compliance with Mandatory Requirements of Section III. Evaluation and Qualification Criteria of the Tender Document. At the end of evaluation at
this stage, the Evaluation Committee found the following six tenderers responsive and thus eligible to proceed to Technical Evaluation: -

<table>
<thead>
<tr>
<th>S/NO.</th>
<th>FIRM NAME</th>
<th>REMARKS</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>VAGHJIYANI ENTERPRISES LTD</td>
<td>Responsive</td>
</tr>
<tr>
<td>4</td>
<td>PINNIE AGENCY LTD</td>
<td>Responsive</td>
</tr>
<tr>
<td>7</td>
<td>EPCO BUILDERS LTD</td>
<td>Responsive</td>
</tr>
<tr>
<td>8</td>
<td>INTEX CONSTRUCTION LTD</td>
<td>Responsive</td>
</tr>
<tr>
<td>9</td>
<td>SOBETRA KENYA LTD</td>
<td>Responsive</td>
</tr>
<tr>
<td>10</td>
<td>LANDMARK HOLDINGS LTD</td>
<td>Responsive</td>
</tr>
</tbody>
</table>

2. Technical Evaluation
At this stage, the Evaluation Committee applied the criteria outlined in Stage 2. Technical Evaluation of Section III. Evaluation and Qualification Criteria of the Tender Document to ascertain whether or not tenderers had the technical capacity to implement the subject tender. Tenderers were also required to achieve a minimum technical score of 75% in order to proceed to Financial Evaluation. Having subjected the remaining six tenderers to Technical Evaluation, the Evaluation Committee found the following five tenderers responsive and thus eligible for Financial Evaluation: -

<table>
<thead>
<tr>
<th>SNO.</th>
<th>FIRM NAME</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Vaghjiyani Enterprises Ltd</td>
</tr>
<tr>
<td>4</td>
<td>Pinnie Agency Ltd</td>
</tr>
<tr>
<td>7</td>
<td>Epco Builders Ltd</td>
</tr>
<tr>
<td>8</td>
<td>Intex Construction Ltd</td>
</tr>
<tr>
<td>10</td>
<td>Landmark Holdings Ltd</td>
</tr>
</tbody>
</table>

3. Financial Evaluation
At this stage, the Evaluation Committee counter-checked the arithmetic errors in bidders’ tenders and ranked the said bidders as follows: -
3.1. Arithmetic Errors

<table>
<thead>
<tr>
<th>SNO.</th>
<th>FIRM NAME</th>
<th>BID AMOUNT (READ OUT) (KShs)</th>
<th>CORRECTED AMOUNT (KShs)</th>
<th>ERROR (KShs)</th>
<th>% Error</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>VAGHJIYANI ENTERPRISES LTD</td>
<td>660,452,113.72</td>
<td>688,649,914.54</td>
<td>28,197,800.82</td>
<td>4.27%</td>
</tr>
<tr>
<td>4</td>
<td>PINNIE AGENCY LTD</td>
<td>430,970,890.17</td>
<td>429,659,890.17</td>
<td>-1,311,000.00</td>
<td>-0.3%</td>
</tr>
<tr>
<td>7</td>
<td>EPCO BUILDERS LTD</td>
<td>523,829,201.27</td>
<td>539,561,210.27</td>
<td>15,732,009.00</td>
<td>3%</td>
</tr>
<tr>
<td>8</td>
<td>INTEX CONSTRUCTION LTD</td>
<td>660,777,153.88</td>
<td>657,171,903.88</td>
<td>3,605,250.00</td>
<td>-0.55%</td>
</tr>
<tr>
<td>10</td>
<td>LANDMARK HOLDINGS LTD</td>
<td>549,849,632.80</td>
<td>562,959,645.91</td>
<td>13,110,013.11</td>
<td>2.38%</td>
</tr>
</tbody>
</table>

3.2. Ranking of Bidders

<table>
<thead>
<tr>
<th>SNO.</th>
<th>FIRM NAME</th>
<th>BID AMOUNT</th>
<th>RANKING</th>
</tr>
</thead>
<tbody>
<tr>
<td>4</td>
<td>PINNIE AGENCY LTD</td>
<td>430,970,890.17</td>
<td>1</td>
</tr>
<tr>
<td>7</td>
<td>EPCO BUILDERS LTD</td>
<td>523,829,201.27</td>
<td>2</td>
</tr>
<tr>
<td>10</td>
<td>LANDMARK HOLDINGS LTD</td>
<td>549,849,632.80</td>
<td>3</td>
</tr>
<tr>
<td>8</td>
<td>INTEX CONSTRUCTION LTD</td>
<td>660,777,153.88</td>
<td>4</td>
</tr>
<tr>
<td>1</td>
<td>VAGHJIYANI ENTERPRISES LTD</td>
<td>660,452,113.72</td>
<td>5</td>
</tr>
</tbody>
</table>

Recommendation

From the foregoing analysis, the Evaluation Committee recommended award of the subject tender to M/s Pinnie Agency Limited for being the lowest evaluated bidder at the price of Kshs. 430,970,890.17 inclusive of VAT.

THE REQUEST FOR REVIEW

M/s Pinnie Agency Limited (hereinafter referred to as “the Applicant”) lodged a Request for Review dated 17th December 2020 and filed on even date together with a Statement in Support of the Request for Review sworn on 17th December 2020 and filed on even date, through the firm of Gerivia Advocates LLP, seeking the following orders: -
a. An order directing the Respondent to recall and/or cancel the tender notice re-advertisement which appeared on MyGov’s publication on 15th December 2020 in the matter of Tender Number MTIHUDPW/SDHUD/SUD/009/2020-2021 Proposed Civil Works & Other Associated Works for Social Housing Project at Metrological Site (LOT 1);

b. An order directing the Procuring Entity to conclude evaluation of Tender Number MTIHUDPW/SDHUD/SUD/009/2020-2021 Proposed Civil Works & Other Associated Works for Social Housing Project at Metrological Site (LOT 1) whilst observing and applying the criteria in the Tender Document as required by the Act at Section 80 (2) and Section 82 of the Act;

c. An order directing the Respondent and Procuring Entity to redo or correct anything within the entire procurement process found not to have been done properly to ensure compliance with the law;

d. An order compelling the Respondent to pay the costs arising from/and incidental to this Application to the Applicant; and

e. Such and further orders as the Board may deem fit and appropriate in ensuring that the ends of justice are fully met in the circumstances of this Request for Review.

In a letter dated 17th December 2020 addressed to the Respondent, the Board Secretary notified the Respondent of the Request for Review and the
requirement to submit a response in 11 bound copies within 5 days from the date of receipt of the said letter. The Board Secretary also directed the Respondent to file all confidential documents relating to the subject procurement process as required by section 67 (3) (e) of the Public Procurement and Asset Disposal Act, 2015 (hereinafter referred to as “the Act”). On 29th December 2020, the Respondent filed the confidential documents pertaining to the subject procurement process but did not file a Response to the Request for Review.

On 24th March 2020, the Board issued Circular No. 2/2020 further detailing the Board’s administrative and contingency management plan to mitigate Covid-19 pandemic. Through this circular, the Board dispensed with physical hearings and directed that all request for review applications would be canvassed by way of written submissions. Clause 1 at page 2 of the said Circular further specified that pleadings and documents would be deemed as properly filed if they bear the official stamp of the Board. However, none of the parties to the Request for Review filed any written submissions.

**BOARD’S DECISION**

The Board has considered the Request for Review filed by the Applicant together with the Statement in support of the Request for Review and finds that the following issue calls for determination: -

**Whether the Applicant has proved its case in respect of the allegation that the Procuring Entity failed to satisfy the requirement of section 63 (4) of the Act in terminating the**
subject procurement proceedings and subsequently re advertising Tender No. MTIHUDPW/SDHUD/SUD/009/2020-2021 for the Proposed Civil Works for Roads & Other External Works for the Social Housing Project at Meteorological Site (Lot 1) on 15th December 2020.

In addressing the above issue, the Board observes that the Applicant’s Request for Review has not been challenged by the Respondent despite the Board Secretary having notified the Respondent of the Request for Review through a letter dated 17th December 2020 wherein a copy of the Request for Review and Circular No. 2/2020 dated 24th March 2020 specifying the timelines for filing a response, were attached. The Board is persuaded that the Respondent received the Letter dated 17th December 2020, the Request for Review, the Statement in Support of the Request for Review and Circular No. 2/2020 dated 24th March 2020 because, the Respondents sent a representative on 29th December 2020 to file the confidential documents pertaining to the subject procurement process but did not file a Response to the Request for Review. This clearly shows the Respondent chose not to challenge the Request for Review.

Having found that the Applicant’s Request for Review is uncontroverted, it behooves upon this Board to determine whether the Applicant has proved its case.
At paragraphs 2, 3 & 4 of the Request for Review, the Applicant avers that the Respondent issued a “Tender Notice - Re-advertisement” on 15\textsuperscript{th} December 2020 in breach of section 3 and 63 of the Act read together with Article 227 (1) of the Constitution. According to the Applicant, the Respondent failed to communicate any decision terminating the subject procurement process, previously advertised on 22\textsuperscript{nd} September 2020. At paragraphs 1 to 10 of its Statement in Support of the Request for Review, the Applicant gives a chronology of the manner in which the subject procurement process was undertaken whilst referring the Board to a letter dated 13\textsuperscript{th} November 2020 wherein the Procuring Entity informed the Applicant that its bid sum of Kshs. 430,970,890.17 had arithmetic errors in its Bills of Quantities amounting to Kshs. 1,311,000/- and thus its corrected bid price was Kshs. 429,659,890.17. The Applicant avers that in response, it addressed a letter dated 25\textsuperscript{th} November 2020 to the Procuring Entity stating that the error mentioned was not within the Applicant’s knowledge and that its final tender sum is the one indicated in its Form of Tender. The Applicant avers that, through a letter dated 11\textsuperscript{th} December 2020, it instructed its firm of Advocates to write to the Procuring Entity requesting an update on the status of the subject procurement process, but that no reply was received by the Applicant as at 17\textsuperscript{th} December 2020 when it filed the Request for Review. The Applicant avers that it presumed the Procuring Entity had reached financial evaluation by the time it received the letter dated 25\textsuperscript{th} November 2020 because the same mentioned arithmetic errors which must have been considered during financial evaluation of the Applicant’s bid. In the Applicant’s view, it had a legitimate expectation that it would receive
communication on the outcome of evaluation because it presumed the Procuring Entity was at an advanced stage towards conclusion of the subject procurement process. The Applicant further depones at paragraph 9 of its Statement in Support of the Request for Review that despite its legitimate expectation, the Procuring Entity issued a re-advertisement notice on 15\textsuperscript{th} December 2020 inviting bids with respect to the subject tender, without any communication to the Applicant on the outcome of the procurement process that began on 22\textsuperscript{nd} September 2020. To this end, the Applicant depones that the Respondent failed to comply with section 63 of the Act if at all the subject procurement process was terminated owing to the fact that a re-advertisement notice was published without any communication to bidders of the outcome of the subject procurement process.

In addressing the issue framed hereinbefore, the Board observes that, the Applicant alleges that it was never notified of termination of the subject procurement proceedings. However, since the Applicant saw a re-advertisement dated 15\textsuperscript{th} December 2020 published by the Procuring Entity, then it presumed the subject tender was terminated and one of the procedural elements regarding termination, that is, communication to bidders was not complied with.

The Respondent did not challenge the Applicant’s position that termination of the subject tender might have taken place. On the other hand, the Board is mindful that section 63 of the Act gives substantive (i.e. grounds for
termination) and procedural requirements for termination of a tender. The Respondent did not file any pleadings to explain whether it terminated the subject tender and if so, whether it satisfied all the substantive and procedural requirements for termination of a tender.

That notwithstanding, the Board observes that, failure to meet any requirements for termination; whether such a requirement is substantive or procedural in nature, would render such a termination null and void. The Applicant only raised one procedural element regarding communication to tenderers specified in section 63 (4) of the Act which states as follows: -

"An accounting officer shall notify all persons who submitted tenders of the termination within fourteen days of termination and such notice shall contain the reason for termination"

Section 63 (4) of the Act gives the Respondent obligation to notify all tenderers of termination within 14 days of the said termination specifying the reason for the same. Upon receipt of notification of termination, bidders have 14 days to seek administrative review challenging a decision on termination, if they wish to do so, pursuant to section 167 (1) of the Act which states as follows: -

"Subject to the provisions of this Part, a candidate or a tenderer, who claims to have suffered or to risk suffering, loss or damage due to the breach of a duty imposed on a procuring
"We refer to the above matter

We act for PINNIE AGENCY LIMITED (Our Client) and have instructions to address you as hereunder:

Our Client submitted a bid in the above referenced tender and has noted that a considerable amount of time has passed since closing yet the outcome of evaluation has not been communicated

By this letter, on our Client’s behalf, we are requesting for an update on the status of the procurement proceedings relating to the above referenced tender. Thus, this letter and the request for an update herein should not be construed in any way as an attempt to canvass or influence the outcome of the evaluation process but a rightful request for information as should be in a transparent tendering process.

We look forward to your response”
Having deponed at paragraph 9 of its Statement in Support of the Request for Review that it saw a re-advertisement published in MyGov Publication Website on 15th December 2020 inviting eligible tenderers to bid for the subject tender, the Applicant furnished the Board with excerpts of MyGov Publication Newspaper, attached to its Request for Review. At page 7 of the said excerpts, it is clear that a “Tender Notice - Re-advertisement” dated 15th December 2020 was issued by the Procuring Entity inviting bids from eligible tenderers for the following tenders:

<table>
<thead>
<tr>
<th>No</th>
<th>Tender Number</th>
<th>Tender Description</th>
<th>NCA</th>
<th>Bid Security (Kshs)</th>
<th>Category (Local Contractors)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>MTIHUDPW/SDH UD/SUD/009/2020-2021</td>
<td>Proposed Civil Works for Roads &amp; Other External Works for the Social Housing Project at Meteorological Site (Lot 1)</td>
<td>NCA 1</td>
<td>10,000,000</td>
<td>Open</td>
</tr>
<tr>
<td>2</td>
<td>MTIHUDPW/SDHUD/SUD/010/2020-2021</td>
<td>Proposed Construction of Out Buildings for Social Housing Project at Meteorological Site</td>
<td>NCA 1</td>
<td>10,000,000</td>
<td>Open</td>
</tr>
<tr>
<td>3</td>
<td>MTIHUDPW/SDHUD/SUD/004/2020-2021</td>
<td>Proposed construction of Gikomba Quarry Road Market Block D in Nairobi county</td>
<td>NCA 1</td>
<td>10,000,000</td>
<td>Open</td>
</tr>
</tbody>
</table>
The letter dated 11\textsuperscript{th} December 2020 demonstrates that, as at that date, the Applicant had not learnt of the status of the subject tender. The Tender Notice- Re advertisement dated 15\textsuperscript{th} December 2020 is sufficient evidence that the subject tender was re-advertised even despite the Applicant’s efforts to enquire about the status of the subject tender through the letter dated 11\textsuperscript{th} December 2020 addressed to the Procuring Entity.

Even if the Board assumes the Procuring Entity notified the Applicant of the status of the subject tender on the same date of 11\textsuperscript{th} December 2020 or a day after that date, the earliest date the Procuring Entity could publish an advertisement in relating to the subject procurement proceedings was 25\textsuperscript{th} December 2020 or 26\textsuperscript{th} December 2020, which was 14 days after 11\textsuperscript{th} December 2020 and 12\textsuperscript{th} December 2020, respectively.

In the absence of any proof to the contrary, the Board finds that the Applicant has proved its case by alleging the Procuring Entity failed to satisfy the requirement of section 63 (4) of the Act in terminating the subject procurement proceedings and subsequently re-advertising Tender No. MTIHUDPW/SDHUD/SUD/009/2020-2021 for the Proposed Civil Works for Roads & Other External Works for the Social Housing Project at Meteorological Site (Lot 1) on 15\textsuperscript{th} December 2020.

Having established the substantive issue raised in the Applicant’s Request for Review has been proved, the Board finds that failure to comply with the
procedural requirement of section 63 (4) of the Act renders the “Tender Notice - Re-advertisement” dated 15\textsuperscript{th} December 2020, null and void.

The Board observes that on 22\textsuperscript{nd} December 2020, the Procuring Entity cancelled the Tender Notice-Re-advertisement previously issued on 15\textsuperscript{th} December 2020. This cancellation was done despite the Applicant having filed a Request for Review on 17\textsuperscript{th} December 2020 and notification of existence of the Request for Review having been sent to the Respondent herein through a letter dated 17\textsuperscript{th} December 2020 by the Board Secretary. In the said letter, the Board Secretary stated in part as follows: -

"\textit{Tender No. MTIHUDPW/SDHUD/SUD/009/2020-2021 for the Proposed Civil Works for Roads & Other External Works for the Social Housing Project at Meteorological Site (Lot 1)}

You are hereby notified that on 17\textsuperscript{th} December 2020, a Request for Review No. 150 of 2020 was filed in relation to the above referenced tender

...........

By this letter, you are hereby informed that the procurement proceedings in the above referenced tender are hereby suspended pursuant to section 168 of the Public Procurement and Asset Disposal Act, 2015”

Section 168 of the Act which is referenced in the letter dated 17\textsuperscript{th} December 2020 by the Board Secretary states as follows: -
"Upon receiving a request for a review under section 167, the Secretary to the Review Board shall notify the accounting officer of a procuring entity of the pending review from the Review Board and the suspension of the procurement proceedings in such manner as may be prescribed"

This therefore means, the Procuring Entity did not have leeway to issue a Cancellation of the Tender Notice- Re-advertisement on 22nd December 2020 in blatant breach of section 168 of the Act and specific directions given by the Board Secretary in the letter dated 17th December 2020 regarding suspension of the subject procurement proceedings, which includes issuance of advertisements and/or cancellations in relation to a procurement process that the Board is reviewing.

Accordingly, the Board finds that the Procuring Entity’s Cancellation of Tender Notice- Re-advertisement dated 15th December 2020, issued on 22nd December 2020 is null and void for contravening the express provision of section 168 of the Act.

Before determining the appropriate orders to issue in the circumstances, the Board would like to make an observation that the Applicant attached a letter dated 13th November 2020 to the Request for Review, which we note was addressed to it by the Respondent. The same reads as follows: -
"Reference is made to your tender for the above works dated 13th October 2020 which is currently under evaluation

During tender opening, your tender was read as Kshs. 430,970,890.17, however, during bid evaluation process, it was noted that your tender had arithmetic errors within the bills of quantities amounting to Kshs. 1,311,000.00 to your disadvantage thus your corrected bid price is Kshs. 429,659,890.17

In accordance with Clause 24 (f) of Instructions to Tenderers, you are kindly requested to acknowledge the above arithmetic error to enable us take the next course of action”

In response to the said letter, the Applicant addressed a letter dated 25th November 2020 to the Respondent stating as follows: -

"...We note your comments regarding the arithmetic error and wish to state that whereas there may be an arithmetic error in our bill of quantities, the error is not within our knowledge, despite the said observation.

Our final price and that which forms the basis of price comparison, is the one in the Form of Tender as submitted and attached herein. Be guided accordingly"
The Applicant raised the foregoing correspondences at paragraphs 3 and 4 of its Statement in Support of the Request for Review to support its presumption that, by 13\textsuperscript{th} November 2020, the subject procurement process had progressed to financial evaluation and thus the Respondent was at the advance stages of concluding the same. As a result, the Applicant depones that it had a legitimate expectation that it would be notified of the outcome of evaluation.

Having compared the two letters, the Board notes there is an admission by the Procuring Entity that the Applicant’s tender sum of Kshs. 430,970,890.17 was corrected to Kshs. 429,659,890.17. However, the Applicant notified the Procuring Entity that its final tender sum was the one stated in the Applicant’s Form of Tender.

The Procuring Entity did not file pleadings to verify whether or not it corrected the Applicant’s tender sum. Despite that, the letter dated 13\textsuperscript{th} November 2020 gives an indication that such correction was undertaken. The Board would like to point out that the Act changed the manner in which a procuring entity should treat errors found in a tender during Financial Evaluation. Section 82 of the Act states as follows: -

"The tender sum as submitted and read out during the tender opening shall be absolute and final and shall not be the subject of correction, adjustment or amendment in any way by any person or entity."
Regulation 77 of the Public Procurement and Asset Disposal Regulations 2020 (hereinafter referred to as “Regulations 2020”) which explains the procedure for Financial Evaluation states as follows: -

"77 (1) Upon completion of the technical evaluation under regulation 76 of these Regulations the evaluation committee shall conduct a financial evaluation and comparison to determine the evaluated price of each tender

(2) The evaluated price for each bid shall be determined by—

(a) taking the bid price in the tender form

(b) taking into account any minor deviation from the requirements accepted by a procuring entity under section 79(2) (a) of the Act

(c) where applicable converting all tenders to the same currency using the Central Bank of Kenya exchange rate prevailing at the tender opening date

(d) applying any margin of preference indicated in the tender document

(3) Tenders shall be ranked according to their evaluated price and the successful tender shall be in accordance with the provisions of section 86 of the Act”
It is evident that pursuant to section 82 of the Act, the tender sum as submitted and read out (i.e. the amount specified in a tenderer’s Form of Tender) is absolute and final thus cannot be corrected, adjusted or amended in any way by any person or entity. To buttress this position, the Board notes that Regulation 77 of Regulations 2020 outline four factors to be considered in arriving at the evaluated price. None of those factors allow corrections by a procuring entity relating to arithmetic errors in a tender during financial evaluation.

It is the Board’s considered view that the mischief the Act and Regulations 2020 have cured is a scenario where a bidder can quote a figure ‘X’ as its tender sum in the Form of Tender in anticipation of being the lowest evaluated bidder. However, upon realization that such a bidder is not the lowest evaluated bidder, it would collude with a procuring entity to correct arithmetic errors which it ‘deliberately’ created in its breakdown of prices (i.e. in the Bills of Quantities) so that upon correction, its tender sum is revised downwards, lower than the initial lowest bidder and be awarded the tender based on the corrected figure.

The Applicant is bound by its tender sum as acknowledged by it in the letter dated 25th November 2020 addressed to the Respondent hence ought to be prepared to implement the subject tender at its tender sum because award is made based on the tender sum as specified in the Form of Tender.
As a result, the Procuring Entity did not have leeway to correct the Applicant’s tender sum as acknowledged in the letter dated 13th November 2020, contrary to section 82 of the Act read together with Regulation 77 of Regulations 2020.

In totality, the Request for Review succeeds in terms of the following orders:-

**FINAL ORDERS**

1. The Accounting Officer of the Procuring Entity’s Cancellation issued on 22nd December 2020 with respect to Tender Notice—Re-advertisement of Tender No. MTIHUDPW/SDHUD/SUD/009/2020-2021 for the Proposed Civil Works for Roads & Other External Works for the Social Housing Project at Meteorological Site (Lot 1) dated 15th December 2020, be and is hereby cancelled and set aside.

2. The Accounting Officer of the Procuring Entity’s Re-advertisement of Tender No. MTIHUDPW/SDHUD/SUD/009/2020-2021 for the Proposed Civil Works for Roads & Other External Works for the Social Housing Project at Meteorological Site (Lot 1) dated 15th December 2020, be and is hereby cancelled and set aside.

3. The Accounting Officer of the Procuring Entity is hereby directed to ensure the procurement proceedings in Tender No. MTIHUDPW/SDHUD/SUD/009/2020-2021 for the Proposed Civil Works for Roads & Other External Works for the Social
Housing Project at Meteorological Site (Lot 1) proceed to its logical conclusion, including issuance of notification letters to tenderers within fourteen (14) days from the date of this decision, taking into consideration the Board’s findings in this Review.

4. Each party shall bear its own costs in the Request for Review.

Dated at Nairobi this 6th day of January 2021

CHAIRPERSON
PPARB

SECRETARY
PPARB