

MODULE 6 | PURCHASING, TENDERS, SUPPLIERS AND CONTRACTS

Selecting Suppliers and Awarding Contracts

Practical hospital governance in Punjab, Pakistan

Verify the supplier. Support the award.
Make every contract obligation clear.

AUTHOR

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LECTURE

Move from evaluation to a supported award

For the Medical Superintendent (MS): turn the evaluation result into a lawful, clear and manageable purchasing commitment.

- Verify supplier identity, capacity and required status.
- Check the award route, timing and approvals.
- Understand security and contract requirements.
- Hand over a complete file for delivery monitoring.

OFFICIAL SOURCE

A principle tied to a named law, rule or official manual.

WORKING METHOD

A practical control or teaching format to adapt to the authorised system.

TEACHING CASE

An invented hospital example. Amounts are for learning, not spending authority.

Study output

An award recommendation, a contract check and a handover pack.

Module 6 | Presentation 4 of 6. Allow 45-60 minutes with exercises. All explanations are on the pages; check the cited sources before live use.

Separate evaluation, approval and signing

A committee recommendation does not, by itself, establish every authority needed to commit the hospital.

Identify each responsibility

- Who evaluates the bids, recommends the award and approves the expenditure?
- Who may issue the acceptance or purchase order, and who may sign the contract?

Find the source of authority

- Read the current delegation, its conditions and the approval already obtained. Match them to this purchase.
- For an institution governed by the 2003 Act, inspect the valid Board delegation and institutional rules.

Rule 11 requires clear procurement authorisation and prior competent approval. An MS title alone does not establish a particular spending power.

Sources: **F8**: r. 11 | **F3**: rules and applicable schedules | **F6**: s. 13

Identify exactly who will owe the obligations

Working supplier-identity check. Match the same legal party across the bid, approval, contract, security and later invoice.

01 Legal name

Use the contracting person or entity, not only a trading brand.

02 Legal form

Identify a company, partnership, proprietor or valid joint arrangement.

03 Address

Keep verified business and formal notice addresses.

04 Representative

Check the signatory’s authority to bind that party.

05 Registration

Check relevant legal and tax identifiers for this transaction.

06 Consistency

Resolve changed names, different entities and unexplained bank details.

A manufacturer, importer, distributor and bidding firm may be different parties. Identify what each has actually promised.

WORKING METHOD | Illustrative material is identified in the text.

Check capacity against the published requirements

Capacity means the ability to perform: people, equipment, finance, experience and lawful business status.

Use the disclosed test

- Check the evidence against the qualification and evaluation requirements stated in the bidding documents.
- Do not invent a new turnover, experience or agency-authorisation requirement after bids close.

Investigate credible concerns

- Rule 18 permits further competence information where there are credible reasons or initial evidence of a defect.
- Record the concern and seek focused evidence. Rule 19 requires disqualification for false, fabricated or materially incorrect information.

Additional verification must not become a route to change the substance of a bid or give one bidder an undisclosed advantage.

Sources: **F8**: rr. 18-19, 25, 31-34

Check the business and the product separately

Practical checks for regulated supplies. The applicable law depends on the product, activity and supply route.

Question	What to verify	Why it matters
Who is supplying?	Relevant permission for the actual manufacturer, importer or supplier activity.	A product document does not establish every business permission.
What is supplied?	Exact product, model or formulation and its applicable approval or status.	A firm’s licence does not approve every item it offers.
Which permission?	Issuer, scope, conditions, validity and any relevant later order.	A familiar certificate title may conceal a scope mismatch.
What is uncertain?	Seek competent regulatory clarification and retain the reply.	Unclear evidence needs resolution, not an assumption.

DRAP means Drug Regulatory Authority of Pakistan. Its official portal provides licensing, product-registration and data-verification routes.

Sources: **D1**: official regulatory services

Verify authorisation without replacing the bid

Working method for a manufacturer's or principal's authorisation, where the law or bidding documents require it.

Check what the document covers

- Match the bidder, tender, product or model, territory, period and authorised activity.
- Check whether the person signing for the principal had authority. Retain independent confirmation where needed.

Check without changing the offer

- Confirm authenticity through a reliable contact obtained independently of the disputed document.
- Do not let verification become a new offer, a new product or a missing material qualification supplied after the deadline.

An application or online listing does not itself prove final approval. An unclear or missing portal result requires verification; it does not prove invalidity.

Sources: **F8**: rr. 18-19, 32-33 | **D1**: verification routes

Handle conflicts and exclusion evidence properly

The award file should show fair treatment, verified facts and the actual legal effect of any exclusion order.

Working controls for impartiality

- Ask relevant officers to disclose relationships and interests. Resolve participation through the authorised process.
- Record communications and gifts or hospitality concerns. Do not permit private instructions to alter the evaluation.

Check the exclusion order

- Verify the exact party, issuing authority, period, scope and any stay or later decision. Keep dated evidence.
- A rumour, complaint or poor previous experience is not automatically a current province-wide ban.

Rule 21 distinguishes agency-level debarment from wider action. Lecture 18 explains the prescribed process and review routes.

Sources: **F8**: rr. 4, 20-21 and Schedule

Award follows the lowest evaluated complying bid

For ordinary goods and works under this route, use the published evaluation method and the applicable rules.

What the rule requires

- Rule 55 links award to the lowest evaluated bid, subject to the rules and other applicable law.
- A low quoted price does not cure failure to meet a material requirement. Record each decision and its evidence.

What the MS should ask

- Does the comparison use the disclosed items, quantities, tax treatment and evaluation basis?
- Does every rejection have a specific reason? Is the recommended bid still valid and capable of lawful award?

Consultancy selection has separate procedures. Do not turn this ordinary goods-and-works rule into a universal lowest-price instruction.

Sources: **F8**: rr. 2(v), 31-32, 39-54, 55

One complying bid can still lead to an award

Rule 55A is called “Single complying proposal”. It permits award where one complying bid is received, subject to rule 35.

Do not assume automatic failure

- A single complying bid is not, by itself, a rule requiring cancellation and a fresh tender.
- Check whether the process was valid and the bid meets all material requirements.

Do not assume automatic award

- Check value for money, available funding, lawful approvals and the recorded basis for the price assessment.
- If all bids are rejected, use the lawful decision, reasons and communication route. Assess the cause before re-bidding.

Award is permitted, not compulsory. Rule 4 still requires fairness, transparency, value for money and an efficient process.

Sources: **F8**: rr. 4, 35-36, 55A

Protect bid validity before time runs out

Bid validity is the period for which the offer remains available on its stated terms. Rule 55 requires award within valid time.

- | | |
|----------------------------|---|
| 1 Know the end date | Record the original validity and the time needed for the remaining approvals and notices. |
| 2 Escalate in time | If exceptional extension is needed, record reasons and obtain the prior approval required by rule 28(5). |
| 3 Apply rule 28 | Request all bidders to extend. Follow its maximum-period rule and obtain matching security extensions where required. |
| 4 Keep the response | An agreeing bidder cannot change the bid's substance. A refusing bidder may withdraw without security forfeiture. |

For an autonomous agency whose chief executive is the competent authority, rule 28(5) identifies the next higher apex body. Do not extend by assumption.

Sources: **F8**: rr. 28, 55

Check publication, complaints and any stay

A correct evaluation is not enough if the hospital awards at the wrong time or ignores a binding direction.

Required steps

- Rule 37 requires an evaluation report with acceptance or rejection reasons at least ten days before contract award.
- Record the applicable technical and final report dates and the complaint route under rule 67.

Before proceeding

- Check complaints received, the competent committee's decisions, representations and any order suspending the process.
- Rule 67A says a representation alone does not suspend proceedings. Check whether suspension has actually been ordered.

This page does not replace the full complaint timetable. Use Lecture 18 and the current rules for the applicable procedure and deadlines.

Sources: **F8**: rr. 37, 67-67A

Do not turn award into private bargaining

The normal restriction in rule 57 is that a procuring agency shall not negotiate with bidders, except as otherwise provided.

Permitted point to recognise

- The rule permits acceptance of a discount voluntarily offered by the lowest evaluated bidder.
- Keep the written offer and its effect on the approved price. Confirm that other bid obligations remain intact.

Common errors to prevent

- Pressuring bidders into a new price contest, accepting reduced quality, or exchanging a lower price for easier delivery terms.
- Using the award stage to replace the original specification, payment conditions or evaluation basis.

Rule 57 also contains a specific route for defined highly technical goods. It is not a general permission to renegotiate every hospital purchase.

Sources: **F8**: rr. 32-33, 57

Prepare one complete award recommendation

Working award-file index. The approving officer should be able to trace the proposed decision back to the tender.

01 Need and authority

Approved need, procurement route and competent authority.

02 Evaluation

Signed report, comparison and reasons for each material decision.

03 Verification

Supplier identity, relevant qualifications and status checks.

04 Timing

Report publication, complaints, validity and any binding order.

05 Funds and price

Approved quantity, evaluated price, funding and sanction route.

06 Decision requested

Named supplier, exact scope, amount and authorised next action.

List unresolved matters openly. A vague statement that “all formalities are complete” cannot replace the underlying evidence.

Compare the same requirement for all bidders

Invented purchase: 20 identical monitors. The disclosed basis includes the full required supply, installation and training.

Bidder	Evaluated position	Decision supported
Firm A	PKR 9.00 million. Omits a mandatory parameter; failure is material under the disclosed terms.	Non-responsive. The low price does not cure the missing requirement.
Firm B	PKR 9.60 million. Meets the requirements; verification is satisfactory.	Lowest evaluated complying bid, subject to remaining award checks.
Firm C	PKR 10.10 million. Meets the same requirements.	Complying, but higher evaluated cost.

Assumptions: all values use the same stated tax basis; no preference or life-cycle adjustment applies; the evidence supports these findings.

Write a recommendation that a reviewer can follow

Continue the invented monitor case. Do not issue a bare recommendation naming only the cheapest firm.

Proposed award	20 specified monitors to Firm B for PKR 9.60 million on the tender’s stated terms.
Why Firm B	It is the lowest evaluated complying bid. Attach the comparative statement and the documented reason for Firm A’s rejection.
Required evidence	Attach the supplier checks, available funding confirmation and the applicable approval and signing authority.
Timing and conditions	Show valid bid dates, report publication and complaint status. List the required guarantee and contract steps.
Decision sought	Request the exact approval and authorise only the next lawful step. Do not certify outstanding checks as complete.

All firms and figures are invented. A recommendation records a decision for approval; it does not itself create spending authority.

Keep three different protections separate

Use the purpose, basis and release conditions actually stated in the applicable rules and tender.

Protection	Purpose	Key distinction
Bid security	Protects the bidding process against specified bidder failures.	Rule 27: if required, at most 5% of the estimated price.
Performance guarantee	Secures specified performance obligations after selection.	Rule 56: if needed and stated, at most 10% of the contract amount.
Retention	Part of a payment held under valid contract terms.	It is not automatically required or interchangeable with either security.

These are legal maxima in the cited compilation, not default rates. Use the actual permitted requirement and later applicable changes.

Sources: **F8**: rr. 25, 27, 56

Use the contract amount for performance security

Invented case: assume the tender validly requires a 5% performance guarantee. The contract amount is PKR 9.60 million.

Calculation	PKR 9,600,000 x 5% = PKR 480,000.
Rule check	5% is within the rule 56 maximum of 10%. The requirement must have been clearly expressed in the bidding documents.
Document check	Match the beneficiary, contractor, contract, amount, required form and valid claim period to the tender.
Important difference	Do not calculate this guarantee on an unrelated estimate. Do not retain the bid security as a substitute without a lawful basis.
After issue	Record custody, expiry, extension action and the conditions for release or a claim.

The 5% rate is invented for learning. The hospital must use the lawful rate and terms for its actual procurement.

Sources: **F8**: rr. 27, 56

Verify the guarantee before relying on it

Working control for a bank guarantee or other permitted instrument. A scanned document is not evidence of authenticity by itself.

01 Issuer

Confirm the issuer and permitted instrument under the tender.

02 Authenticity

Use an independently verified contact or official verification route.

03 Parties

Match the hospital beneficiary and the actual contractor.

04 Terms

Check amount, currency, obligations and required wording.

05 Time

Record expiry and the separate last date for any valid claim.

06 Custody

Secure the instrument and assign monitoring and escalation.

A guarantee that expires before the relevant obligation ends may leave a gap. Act under the contract in time; do not wait for the final day.

WORKING METHOD | Illustrative material is identified in the text.

Make the final contract match the accepted bid

The contract file should identify the documents that together define the agreement and how any inconsistency is resolved.

Part of the agreement	State clearly	Avoid
Parties and authority	Correct legal names, representatives and signing authority.	A distributor silently replaced by another firm.
Scope and quantity	Exact goods, model, accessories, service or works included.	A general label such as “complete equipment”.
Price and documents	Accepted rates, totals, currency, tax basis and document order.	New exclusions introduced in the supplier’s draft.
Dates and duties	Delivery, acceptance, payment and continuing obligations.	Unsigned side promises or conflicting schedules.

Compare the final draft with the bidding documents and accepted bid. Resolve inconsistency without making an unlawful material change.

Sources: **F8**: rr. 25, 32-33, 55, 63

Define delivery and acceptance as separate events

Working contract check. Physical arrival may be only one part of the supplier's promised performance.

Delivery details

- Identify the location, quantity, packing, required records and agreed delivery dates or milestones.
- For equipment, state who provides installation, site preparation, testing, training and accessories under the tender.

Acceptance evidence

- State who checks the item and which disclosed tests or criteria determine acceptance.
- Record defects, rejection, correction and retesting. Define what triggers payment and when warranty starts.

A signed delivery slip should not accidentally certify commissioning, training or quality acceptance that has not occurred.

Specify import and delivery responsibilities

Working check for imported supplies. Abbreviations do not safely allocate every cost, document or risk.

Read the actual delivery terms

- Identify who handles transport, insurance, import permission, customs clearance, duties, unloading and delivery to site.
- Where an Incoterms rule is incorporated, identify the named place and edition. Read it with the full contract.

Read the actual payment terms

- A letter of credit is a payment arrangement. Check its documents, timing, charges and approval route.
- Do not assume that a quotation marked “FOR” or a bank payment proves every import cost or risk belongs to the supplier.

Write delivery, import and cost responsibilities in full. Check the approved contract and banking terms before the hospital assumes an obligation.

Check the duties that continue after delivery

Working review of terms already disclosed in the tender. A complete contract makes follow-up measurable.

Area	What the hospital needs to know	Evidence to retain
Payment	Trigger, required records, time, tax treatment and lawful deductions.	Accepted payment terms and verification requirements.
Warranty and support	Start date, period, coverage, response, repair and exclusions.	Warranty terms, contacts and service records.
Failure and dispute	Notice, correction, delay remedies, termination and dispute route.	Agreed clauses and the authorised decision process.
Changes and closure	How valid changes are approved and completion is certified.	Amendment record, final acceptance and open obligations.

Do not add a convenient remedy only after failure occurs. Use the contract and law that actually govern the transaction.

WORKING METHOD | Illustrative material is identified in the text.

Know when the contract actually comes into force

Rule 63 describes three situations. Read the requirement for this procurement before directing the supplier to start.

Situation	Rule 63 trigger	Practical check
No formal signing required	Notice of acceptance or purchase order is given to the accepted bidder.	Retain the issued document and evidence it was given.
Written contract required	Both the agency and successful bidder sign the written contract.	Keep the authorised signatures and actual dates.
A condition must be met	The stated condition or conditions are fulfilled.	Keep evidence of each required condition being met.

Do not assume every award needs a further signature, or that every unsigned award is already effective. Apply the correct rule 63 route.

Sources: **F8**: r. 63

Make a final proceed-or-hold decision

Working control before the next binding step. Mark each item complete, unresolved or not applicable, with the reason.

01 Lawful selection

The disclosed method supports the proposed supplier.

02 Valid timing

Validity, publication and complaint requirements are addressed.

03 Competent decision

The required approvals and signing powers are evidenced.

04 Funded commitment

The correct funding and expenditure authority are established.

05 Matching agreement

Contract scope and terms match the lawful award.

06 Required conditions

Relevant guarantees and other conditions are satisfied in time.

A clinical need may be urgent, but it does not complete a missing legal step. Escalate a specific blockage with the decision required.

Sources: **F8**: rr. 11, 55, 63 | **F1**: s. 33

Hand over the contract to the people who must use it

Working handover pack for procurement, finance, stores, the user department and the officer responsible for contract monitoring.

01 Agreed documents

Signed contract or operative order, schedules and approved changes.

02 What to receive

Item, quantity, model, accessories and receiving arrangements.

03 How to accept

Inspection, testing, training and acceptance responsibilities.

04 What to pay

Price, milestones, deductions and required claim evidence.

05 What to watch

Delivery, guarantee, warranty and notice dates.

06 Who acts

Named responsible officers, supplier contacts and escalation route.

Lecture 17 follows performance after award: receiving, inspecting, managing delay, enforcing terms and closing the contract.

Keep a record that can explain the award

Procurement transparency and record retention are continuing obligations, not an optional end-of-year exercise.

Disclosure

- Rule 66 requires documents related to bid evaluation and award to be made public once the contract has been awarded.
- Its limited withholding route requires prior approval from the Punjab Procurement Regulatory Authority (PPRA). Do not invent a blanket exemption.

Retention

- Rule 65 requires the procurement record and associated documents to be kept for at least five years.
- As a working control, retain longer where another rule, an audit, a dispute or a preservation direction requires it.

Keep the report, approvals, communications, contract and verification trail together. Protect the record against unrecorded alteration.

Sources: **F8**: rr. 58, 65-66

A selected supplier is not ready for a start order

Invented case: the evaluation supports Firm B, but several final controls are incomplete.

Known facts	The report was issued only four days ago. The required written contract has not been signed. Bid validity ends soon.
Incorrect response	Tell the supplier to start because the committee already recommended it, then complete the record afterwards.
Correct response	Hold the binding start instruction. Check rule 37 timing, complaints, required approvals and the rule 63 conditions.
Urgent action	Assign officers and dates to complete outstanding steps. If exceptional extension is needed, follow rule 28 before expiry.
Clinical continuity	Record the service risk and seek a separate lawful continuity decision where needed. Do not backdate documents.

The lesson is to remove the actual blockage through the authorised route. It is not permission to leave a critical service without a response.

Sources: **F8**: rr. 28, 37, 55, 63

Test three common award decisions

Write your answer and the reason before turning to the next page.

1 | One bidder

One complying bid remains after a valid process. A colleague says Punjab rules always require three complying bids.

Must the hospital automatically cancel?

2 | Wrong base

A tender requires a 5% performance guarantee. The estimate is PKR 12 million; the accepted contract is PKR 9.6 million.

Which amount gives the required guarantee?

3 | Missing signature

The tender requires a written contract. Only the supplier has signed. No condition authorises an earlier start.

Can staff treat it as a fully effective contract?

Use the cited rule and the facts. Do not assume the practical checklist creates a new legal power.

Answers and reasons

Use the evidence, the calculation and the actual source of authority.

1 | No automatic cancellation

Rule 55A permits award of a single complying bid, subject to rule 35. Check validity of the process, value for money, authority, funds and all remaining requirements.

2 | PKR 480,000

$5\% \times \text{PKR } 9.60 \text{ million} = \text{PKR } 480,000$. Rule 56 uses the contract amount for performance security. The estimate is the different base used by rule 27 for the bid-security maximum.

3 | No

Under rule 63(b), where a written contract is required, both parties must sign. Check any further condition under rule 63(c). The committee's recommendation does not replace those steps.

Reasoning matters: each answer depends on the applicable rule and the requirement established for the actual procurement.

Sources: **F8**: rr. 27, 55A, 56, 63

Prepare a complete award and handover file

Use a non-confidential real case or the invented examples in this lecture.

1 | Award note

Write the proposed supplier, scope, price, evaluation reason, authority and timing evidence.

2 | Contract check

Match the final contract to the bid. Check security, commencement and continuing duties.

3 | Handover sheet

Assign receiving, testing, payment and monitoring duties, with dates and open actions.

Review question: could a new officer use this file to explain why this supplier was chosen and what must happen next?

Next: Lecture 17 - Managing Deliveries, Payments and Supplier Performance.

Sources and continued use | 1

Select a source title or its official-source link to open the document.

F8

Punjab Procurement Rules 2014

Official compilation amended through 24 September 2025. Rule references identify the legal basis of the lesson. Read with later notifications and the current orders applicable to the procurement.

Punjab Procurement Regulatory Authority | [Official source](#) | [Notifications](#)

F1

Punjab Public Financial Management Act 2022

Act XXXVII of 2022. Section 33 addresses expenditure sanction and authorised budget provision. Read with current amendments, Finance Department instructions and the applicable institutional framework.

Government of Punjab | Punjab Laws | [Official source](#)

F3

Punjab Delegation of Financial Powers Rules 2016

Base rules and schedules. Read with subsequent amendments and any valid institution-specific delegation. This lecture does not reproduce a current monetary-ceiling table.

Government of Punjab | Finance Department | [Official source](#) | [Current official site](#)

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Sources and continued use | 2

Select a source title or its official-source link to open the document.

F6

Punjab Medical and Health Institutions Act 2003

Act IX of 2003. Sections 13-15 address delegation, institutional funds, budget and accounts. Apply only where the institution is governed by this framework and its valid rules.

Government of Punjab | Health Department | [Official source](#)

D1

DRAP: official e-Services and data verification

Official routes for pharmaceutical licensing, product registration, medical devices and data verification. Use the applicable current regulatory requirements and obtain confirmation where evidence is unclear.

Drug Regulatory Authority of Pakistan | Government of Pakistan | [Official source](#) | [DRAP official site](#)

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