Brief Introduction to the subject matter

For the purpose of procurement, all Construction activities are categorized as “works” (as per procurement guide line – 2006). Majority of the procurement of “works” are based on “measure and pay” type contract document. (ICTAD/SDB/01 and ICTAD/SBD/03). The basis of a “measure and pay” type contract is the Bill Of Quantity (BOQ).

Procurement process start with the formation of a “Total Cost Estimate” for an identified “Work”. For the purpose of monetary allocation “Work” is identified as a “Project”.

Brief reference is made in procurement guide line Clause 4.3 for casting a “Total Cost Estimate” for works. Clause 4.3.1 of the hand book to procurement guide line refers to “Direct Construction Cost”.

Direct Construction Cost is computed based on a rated Bill of Quantity prepared for the “Works”. The rates that are to be adopted by a government agency in pricing a Bill of Quantity are generally known as “Schedule of Rates” applicable for a particular year. In case of Building trade, these rates are known as “Building Schedule of Rates” and abbreviated as “BSR”.

“Direct Construction Cost” (arrived at by pricing a BOQ with valid Building Schedule of rates) would be the basis for comparing bid prices at the time of evaluation in case of competitive bidding.

Also “Direct Construction Cost” will be the initial contract price in case of awarding “Works” to approved societies as per clause 3.9 of procurement guideline.

Bill of Quantities (BOQ) is basically an itemized list of construction activities that are required in order to construct, maintain or repair a specific structure. (In this case a building or an associated work)

A “Bill of Quantity” (abbreviated as “BOQ”) referred to in the “Conditions of Contract” comprise of following.( and hence collectively referred to as BOQ)

(a) “General preamble Notes” indicate general guidance.

(b) The “Pricing Preamble Notes” set out the basis on which the rates in BSR have been completed. “Pricing Preamble Notes” also indicate the inclusiveness of the unit prices and the method of measurement that has been adopted in pricing the BSR items.

(c) Quantified list of items to be priced by a prospective bidder on a “measure and pay” type contract along with a summary sheet to insert the bid price.
Quantified items of a BOQ are grouped under following categories.

- Preliminaries
- Quantified items arrange according to Trade Categories (or any other manner)
- Summary Page

The Bill of Quantities are generally prepared in accordance with the principles of standard method of measurement of works in Sri Lanka; published by the Sri Lanka Standards Institution of SLS 573:1999. However, “General Preambles Notes” and “Pricing Preambles Notes” together with the BOQ units finally define the “method of measurement” applicable to respective items at the BSR.

Items described in the “General Preambles Notes” and “Pricing Preambles Notes” of the Bill of Quantities are deemed to qualify and to form part of every description of measured work items appearing in the BOQ to which they refer including composite descriptions.

In the Bill of Quantities, items of “work” are briefly described. Hence contractor’s rates for all items throughout the BOQ must take account of, and include for, all of the obligations, requirements and specification given in the “General Preambles Notes”, “Pricing Preambles Notes”, “General Specification”, “Special Specification”, “Standards” and “drawings”.

An Estimate is a calculation of the quantities of various items of work, and the expenses likely to be incurred thereon. The total of these probable expenses to be incurred on the Works is known as an “Estimated cost” of the works. Generally the Estimated cost of a Work is a close approximation of its actual cost. The actual cost of the “Works” will be known after construction.

When BOQ are prepared by Divisional Engineers for “Works”, the Building schedule of rates help to standardize the preparation of BOQ item descriptions and at the same time will ensure uniformity of estimates prepared by using the BSR. Also BSR along with supporting documents (viz. Preamble Notes) will be a basis for enforcing the minimum quality of work expected.

The BSR has been developed to incorporate majority of the possible items that may arise and/or required for the construction, maintenance and improvement of a Building based on “measure and pay type” (re – measurement) contract. However, a particular building project may require work items that are not covered in the BSR. In such a event, rates for such additional items are to be derived in the manner described elsewhere in this document. Items appearing in the Preamble Notes shall be modified to include any new items.

The item descriptions given in the BSR and relevant notes appearing at the beginning of each trade are short descriptions and the exact scope of work covered by the respective items are fully defined and described in the relevant clauses, of the preamble notes, specification (both general and special), drawings and contract conditions.
The rates in the Building Schedule of Rates shall include all constructional plant, labour, supervision, material, transportation, installation/erection, Head office and site over heads, profit, together with all general risks, liabilities and obligation set out or implied in the Contract Documents (General Preamble Notes, Pricing Preamble Notes, General Specifications, Special Specifications, Standards, Drawings)

The over – head and profit margin adopted for the basic rate is 20% (this comprise of 4% site over-heads, 4% head-office over-heads, 4% taxes, transportation etc. and 8% profit)

An attendance fee of 10% is added to the average market price for the following items.

I. Supply of ready mix concrete to the site (BSR Item No.C25, C26)

II. Leveling charges (BSR Item No.C28)

III. Pumping charges (BSR Item No. C29)

The Building Schedule of rates has been compiled purely for the purpose of preparing Total Cost Estimates (In the Building construction trade. Please note that “Total Cost Estimate” is sometimes referred to as “Departmental Estimate” or “Engineer’s Estimate”). Every effort has been taken to ensure the realism of the rates. However the Building Schedule of Rates may not necessarily reflect the exact market value of material /products/works at every location of the western province or may be stationary in any given time frame. Such variances will be addressed from time to time.

Therefore any discrepancies that may appear in the form of corrections required may be brought to my notice for issuing corrections. Officers are also encouraged to suggest further improvements to this document.

Additional information and guidance documents are available at the WPC web portal (wpc.gov.lk) under Engineering Organization.