

BS ISO 10845-1:2010



BSI Standards Publication

Construction procurement

Part 1 Processes, methods and procedures

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National foreword

This British Standard is the UK implementation of ISO 10845-1:2010.

The UK participation in its preparation was entrusted to Technical Committee CB/500, *Procurement*.

A list of organizations represented on this committee can be obtained on request to its secretary.

This publication does not purport to include all the necessary provisions of a contract. Users are responsible for its correct application.

Guidance for the use of BS ISO 10845-1:2010 in the UK can be found in National annex NA.

Compliance with a British Standard cannot confer immunity from legal obligation.

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Part 1:
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Foreword

ISO (the International Organization for Standardization) is a worldwide federation of national standards bodies (ISO member bodies). The work of preparing International Standards is normally carried out through ISO technical committees. Each member body interested in a subject for which a technical committee has been established has the right to be represented on that committee. International organizations, governmental and non-governmental, in liaison with ISO, also take part in the work. ISO collaborates closely with the International Electrotechnical Commission (IEC) on all matters of electrotechnical standardization.

International Standards are drafted in accordance with the rules given in the ISO/IEC Directives, Part 2.

The main task of technical committees is to prepare International Standards. Draft International Standards adopted by the technical committees are circulated to the member bodies for voting. Publication as an International Standard requires approval by at least 75 % of the member bodies casting a vote.

Attention is drawn to the possibility that some of the elements of this document may be the subject of patent rights. ISO shall not be held responsible for identifying any or all such patent rights.

ISO 10845-1 was prepared by Technical Committee ISO/TC 59, *Building construction*.

ISO 10845 consists of the following parts, under the general title *Construction procurement*:

- *Part 1: Processes, methods and procedures*
- *Part 2: Formatting and compilation of procurement documentation*
- *Part 3: Standard conditions of tender*
- *Part 4: Standard conditions for the calling for expressions of interest*
- *Part 5: Participation of targeted enterprises in contracts*
- *Part 6: Participation of targeted partners in joint ventures in contracts*
- *Part 7: Participation of local enterprises and labour in contracts*
- *Part 8: Participation of targeted labour in contracts*

Introduction

Procurement is the process which creates, manages and fulfils contracts. Procurement can, as such, be described as a succession of logically related actions occurring or performed in a definite manner and which culminate in the completion of a major deliverable or the attainment of a milestone. Processes, in turn, are underpinned by methods (i.e. a documented, systematically-ordered collection of rules or approaches) and procedures (i.e. the formal steps to be taken in the performance of a specific task), which are informed and shaped by the policy of an employer. Methods and procedures can likewise be documented and linked to processes.

Procurement activities commence once the need for procurement is identified and end when the transaction is completed. There are six principal activities associated with the procurement process, namely:

- 1) establish what is to be procured;
- 2) decide on procurement strategies in terms of packaging, contracting, pricing and targeting strategy and procurement procedure;
- 3) solicit tender offers;
- 4) evaluate tender offers;
- 5) award contract;
- 6) administer contracts and confirm compliance with requirements.

Methods, procedures and operational policies are required to implement these principal activities. There is a finite range of methods and procedures associated with the various procurement sub-processes which can be standardized around a set of system objectives. Public, private, international organizations and main contractors can then establish their procurement systems around these standard procedures and methods. Contractors who contract with such organizations can in turn be required, as an obligation of the contract, to apply relevant standard procedures and methods when procuring goods and services or subcontracting construction works associated with their contracts.

This part of ISO 10845 is one of a series of International Standards entitled “Construction procurement” which cover various aspects of procurement within the construction industry. Each part of the series relates to a different aspect of procurement. The objective of this series of standards is to provide a generic and standard set of processes, procedures and methods for a procurement system that is fair, equitable, transparent, competitive and cost-effective and which can be used to promote objectives additional to those associated with the immediate objective of the procurement itself.

This series of standards is especially relevant for developing countries that lack experience and instruments in this field and can be used to improve international trade. This part of ISO 10845 provides a framework around which public, private and international organizations can develop their procurement systems to achieve fair competition, to reduce the possibilities for abuse and to improve predictability in procurement outcomes.

NOTE Standardization, apart from removing technical barriers to trade, enables

- a) those engaged in procurement activities to perform their duties, within the confines of their organization's procurement policy, in a uniform and generic manner;
- b) procurement documents to be readily compiled in a uniform and generic manner; and
- c) curricula to be developed to capacitate those engaged in a range of procurement activities.

Furthermore, it allows governments to readily develop an internal procurement-skills base, which is not lost when members of staff move between different departments or levels of government or organizations.

Construction procurement —

Part 1: Processes, methods and procedures

1 Scope

This part of ISO 10845 describes processes, methods and procedures for the establishment within an organization of a procurement system that is fair, equitable, transparent, competitive and cost-effective. This part of ISO 10845

- a) describes generic procurement processes around which an employer can develop its procurement system,
- b) establishes basic requirements for the conduct of an employer's employees, agents, board members and office bearers when engaging in procurement,
- c) establishes the framework for the development of an employer's procurement policy, including any secondary procurement policy, and
- d) establishes generic methods and procedures for procurements, including those pertaining to disposals.

Guidance on the application of certain clauses is provided in Annex A and on the establishment and management of procurement processes in Annex E. An approach for obtaining best-value procurement outcomes is outlined in Annex B. Various types of procurement procedures are discussed in Annexes C, F and G. A tender-adjudication procedure to challenge decisions made during the tender process is given in Annex D and suggested Auction Data is given in Annex H.

2 Normative references

The following referenced documents are indispensable for the application of this document. For dated references, only the edition cited applies. For undated references, the latest edition of the referenced document (including any amendments) applies.

ISO 10845-5, *Construction procurement — Part 5: Participation of targeted enterprises in contracts*

ISO 10845-6, *Construction procurement — Part 6: Participation of targeted partners in joint ventures in contracts*

ISO 10845-7, *Construction procurement — Part 7: Participation of local enterprises and labour in contracts*

ISO 10845-8, *Construction procurement — Part 8: Participation of targeted labour in contracts*

ISO 15392:2008, *Sustainability in building construction — General principles*

ISO 15686 (all parts), *Buildings and constructed assets — Service life planning*

3 Terms and definitions

For the purposes of this document, the following terms and definitions apply.

3.1 acceptance

agreeing to a contractor's offer or tender, thereby creating a binding contract

[ISO 6707-2:1993, definition 3.4.2]

3.2 agent

person or organization that is not an employee of the employer and that acts on the employer's behalf

3.3 bill of quantities

document that lists the items of work and the quantities and rates associated with each item to allow contractors to be paid, at regular intervals, an amount equal to the agreed rate for the work multiplied by the quantity of work completed

3.4 bond

sum of money or securities submitted to the employer or placed in the hands of a third party to guarantee completion of the work and recovery of the sums which the contractor would be recognized as owing under the terms of contract

[ISO 6707-2:1993, definition 3.5.4]

3.5 competitive negotiation procedure

procurement procedure which, through a series of negotiations, reduces the number of tenderers competing for the contract until the remaining tenderers are invited to submit final offers

3.6 competitive selection procedure

any procurement procedure in which the contract is normally awarded to the contractor who submits the lowest financial offer or obtains the highest number of tender-evaluation points

3.7 conditions of contract

terms that collectively describe the rights and obligations of contracting parties and the agreed procedures for the administration of their contract or document containing conditions of contract

NOTE Adapted from ISO 6707-2:1993, definitions 3.2.1 and 3.2.2.

3.8 conflict of interest

any situation in which someone in a position of trust has competing professional or personal interests which make it difficult for him to fulfil his duties impartially, an individual or organization is in a position to exploit a professional or official capacity in some way for his personal or for corporate benefit, or incompatibility or contradictory interests exist between an employee and the organization which employs that employee

3.9 contract

legally enforceable agreement to supply goods, execute work or provide services

[ISO 6707-2:1993, definition 3.4.8]