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		Rev: 01
		AUG 2013
KLM Technology Group #03-12 Block Aronia, Jalan Sri Perkasa 2 Taman Tampoi Utama 81200 Johor Bahru Malaysia	SUBCONTRACTING PROCEDURE (PROJECT STANDARDS AND SPECIFICATIONS)	

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1.0 PURPOSE AND SCOPE

- 1.1 To provide instructions and guidelines to ensure that subcontracting process conform to specified requirements.
- 1.2 This procedure is applicable to all personnel involved in the subcontracting process.

2.0 DEFINITION

- 2.1 Subcontractor - A Vendor supplying services under a formal subcontract agreement.
- 2.2 LOA - Limit of Authority
- 2.3 TET - Tender Evaluation Team

3.0 INPUT AND OUTPUT

- 3.1 Input - Tender & Quotation Closing Notification form, Bid Opening Summary, Bidders Register
- 3.2 Output - Project Note, Subcontract and/or Service Agreement

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4.0 PROCEDURE

4.1 Subcontracting Strategy

- 4.1.1 All subcontracting activities shall be carried out in a manner in compliance with professional, ethical and legal standards.
- 4.1.2 During bid stage, the Head of Contracts Department shall administer all communications with the bidders and no unauthorized communication between COMPANY and the bidding company shall be permitted.
- 4.1.2.1 All correspondence with bidders shall be in writing and directed through the Head of Contracts Department for distribution to relevant parties.
- 4.1.3 The Head of Contracts shall, in consultation with the Head of Project Planning and Construction and the Project Manager, establish subcontracting strategy and identify the appropriate work packages for subcontracting.
- 4.1.3.1 The Subcontracting Strategy shall provide guidelines pertaining to RFQ/ITB, Single/Multiple source, basis of negotiation, close/open bid or other relevant issues.
- 4.1.4 Bidder can be selected from the Approved Bidders' List. Refer to Subcontractor Register and Evaluation Procedure for details of the bidder register process.

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4.2 Project Note

4.2.1 The Contract Administrator shall prepare a Project Note with input Head of Contracts, Head of Project Planning & Construction Department and Project Manager.

4.2.2 The Project Note shall be approved according to the Limits of Authority (LOA).

4.2.3 For work packages identified for single sourcing or on negotiated basis, approval by the Tender Committee or the appropriate Authority within the LOA must be obtained.

4.3 Requisition for Quotation/Invitation to Bid (RFQ/ITB)

4.3.1 The Contract Administrator shall prepare the Requisition for Quotation/Invitation to Bid (RFQ/ITB) document and issue the RFQ/ITB to the bidders approved in the Project Note.

4.3.2 The RFQ/ITB shall consist of cover letter, instruction to bidders, specification, drawings; form of agreement and other relevant documents whichever is required.

4.3.3 Where appropriate Head of Contracts Department and the Project Manager may stipulate the requirements for tender deposit and the bid bond.