

APPLICATION ANALYSIS: UNIT PRICE CONTRACT SYSTEM IN THE PROCUREMENT OF GOODS AND SERVICES AT PT XYZ

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Abstract

This applied research describes how the process of procurement of goods and services at PT. XYZ. This research is descriptive qualitative research where the method used is a literacy study to find out the previous research, then observation, interview, and observation of document data. Selection of goods and services providers at PT. XYZ is done by way of a Unit Price Contract (UPC). The stages of the procurement of goods and services in the UPC system include two stages, at the first stage is carried out to select the procurement participant administratively. The second stage is determining the winner of the UPC partner. In its implementation, the procurement of goods and services at PT. XYZ rarely finds significant obstacles.

Keywords

Applied, good, services, system, procurement.

INTRODUCTION

Several needs are needed to support the operational activities of a company, namely logistics, goods, and services. To meet the necessary needs, the company must procure goods/services because the goods/services cannot be produced by the agency/company itself. In addition to meeting the operational needs of the company, the procurement of goods/services can arise when the company carries out construction work.

In the current technology/digitalization era, the process of procuring goods and services is the stage of master data recording process, purchase requisition, vendor selection, purchasing process, monitoring of purchase order, receipt of goods/services, leveraging

invoices by the Finance Department as a payment reference to reporting in the Bookkeeping Department using an integrated system (Hertin, 2019).

The procurement of goods and services certainly has systems and procedures in the procurement implementation. The system means a procedure that is arranged and used in carrying out the main tasks and functions of the company. In the procurement of goods and services, the system uses four methods, namely the public auction method, the simple auction method, the direct appointment method, and the direct procurement method. These methods are not used entirely within the company, depending on the company engaged in construction/other services and depending on the applicable regulations within the company. PT XYZ is one of the companies engaged in information & communication technology services and telecommunications networks in practice, the company procures goods/services using the direct appointment method and direct selection for construction work and non-construction work. This direct appointment method arises when the goods are scarce and the service has a complex level of execution. While the procedures are stages or steps that are related to each other. The procedure for the procurement of goods and services has several stages which started with the procurement preparation stage and ended up with the agreement/contract document.

The procurement contract system as described in Article 28 of the Presidential Decree includes six types, those are: a) lump sum, b) unit price, c) acceptance, d) long term, e) joint procurement, and f) percentage. In this study, the writers are interested in knowing more about the unit price contract in the direct selection method of PT. XYZ. Unit Price Contract is a contract for the procurement of goods and services for the completion of all work within the agreed time limit based on a definite and fixed unit price for each unit or element of work with certain technical specifications which the work volume is still in a temporary estimate, while the payment will be based on the results of joint measurements of the work volume that have actually been carried out by providers of goods and services (John, 2009).

LITERATURE REVIEW

Procurement of Goods/Services

Procurement is the acquisition or purchase of goods and services to achieve goals within an organization. This is arguably very profitable because it can increase the quality and quantity of customer satisfaction. Companies and public agencies often use procurement that aims to conduct a fair and open promotion competition for their business to minimize fraud and collusion. According to Presidential Regulation No. 54 in 2010, Goods are tangible or intangible objects, movable or immovable, which can be traded, worn, used, or utilized by goods users.

While the definition of service according to Djaslim Saladin (2007:71) is an activity that can be offered by one party to another which is essentially intangible and does not result in any ownership. Presidential Regulation No. 54 in 2010 explained the services which are available in the procurement of services are: a. Construction work is all work related to the implementation of building construction or the manufacture of other physical forms in which the technical planning and specifications are determined by the users of goods/services and the process and implementation are supervised by users of goods/services. b. Consulting services can be defined as professional services that require certain expertise in various scientific fields that prioritize thinking (brainware). c. Another service is all work and/or service providers, services that require certain abilities that prioritize skills (skillware) including operating, maintenance, testing, reconditioning services, technical services (disconnection and connection), cleaning services, and commissioning.

Definition of Unit Price Contract

A Unit Price Contract is a contract for the procurement of goods and services in the completion of all work within the agreed time limit based on a definite and fixed unit price for each unit or work element with certain technical specifications, the volume of which is still a temporary estimate, while the payment will be based on the results of joint measurements of the work volume that have actually been carried out by the providers of goods and services (John, 2009). The unit price is the unit price of each item/element of work and the basis for calculating/determining the total price in each order issued based on the agreement (RKS Logistics and Procurement, 2020).

METHODS

This research is descriptive qualitative research where the method used is a literacy study to find out the previous research, then observation, interviews, and observation of document data. The observation was done by observing the object to be examined directly to get a real picture of the object. The interview was conducted by asking questions about the object to be studied to the employee and Manager of the Logistics and Procurement Division to obtain the actual data. The method of observing document data was carried out by the writers to obtain the required documents from the company such as regulations, policies, organizational structures, etc.

RESULT AND DISCUSSION

Procurement of Goods/Services at PT. XYZ

Procurement Implementation is a Logistics Functional Unit at the PT. XYZ who is authorized by the assignor to carry out the procurement process and report the results of the procurement process to the assignor. Meanwhile, the procurement participants are companies that have a business license in the field of telecommunications networks and have been invited by PT. XYZ to participate in this procurement and has taken the RKS and followed all the terms and conditions set out in the RKS.

Partner Process of Unit Price Contract at PT. XYZ

The job procurement process is carried out in two stages, namely:

1. Phase I, includes: a. Issuance of Invitation Letters to procurement participants, b. Retrieval of RKS documents by procurement participants, c. Explanatory meeting
 - 1) Those who are allowed to follow and attend the explanatory meeting are the Procurement Participants who have taken the RKS and those who are required to attend are the Company Leaders or their representatives who are experts and in charge of the field of work to be held as well. Procurement participants are required to be present 30 minutes before the RKS explanatory meeting begins, for participants who have not signed the attendance list until the time specified, they are not allowed to participate in the RKS Explanatory Meeting.
 - 2) If only a representative of the company is present in the event, he or she is required to bring a power of attorney and be signed by the head of the company. Procurement

participants are only allowed to be accompanied by 1 (one) person during the RKS Explanatory meeting.

- 3) The results of the explanatory meeting including the answers to the questions asked 1 (one) working day earlier will be stated and or attached to the Minutes of the Explanatory Meeting signed by all Procurement Participants or representatives of the Procurement Participants and Procurement Executors. If the person who signs the Explanatory Minutes is a representative of the Procurement Participant, then all Procurement Participants attending the explanation meeting are declared to agree to be represented by other Procurement Participants and have understood and agreed to the contents of the Minutes of Explanatory Meeting.
 - 4) A photocopy of the Minutes of the Explanatory Meeting will be given to all Procurement Participants after the explanatory meeting is over. The Procurement Participant who has taken the RKS/received the RKS, until the explanatory meeting is closed but does not attend/attend the explanatory meeting, is deemed to have agreed to the results of the explanatory meeting. Minutes of the Explanatory Meeting and its attachments are binding and an inseparable part of this RKS. d. Submission of offer documents for Administrative and Technical requirements.
2. Phase II, includes:
- a. Quotation letter entry and opening of the cover of quotation letter; The Requirements of Quotation Letter:
 - 1) Quotation letter submitted by the Procurement Participant must meet the following requirements: a) Quotation letter must be made on paper bearing the Company's logo/heading, stamped, dated, clear name and signature of the Company's Management or the authorized person, as well as the company's seal, with guided by the RKS Attachment. b) Quotation letter and details of the price offer as referred to in the RKS Attachment are made in 1 (one) copy which is only the original. c) The price offer submitted by the Procurement Participant is in Rupiah (IDR). d) The total price in the quotation letter must be clearly stated in numbers and letters, and no scribbles, scrapes, or deletions are allowed (unless initialed by the Management Company or authorized person). If there is a difference between the written value in numbers and letters, the recognized offer value is the value in letter writing. e) Attach an Offer Price Guarantee of 1% to 3%

of the offer price after VAT in the form of a bank guarantee issued by a State Bank or a national/Foreign Private Bank approved by PT. XYZ or Surety Bond from a State-Owned Insurance Company.

- 2) As a reference in the preparation of the price offer, the following things must be included in the price offered by the Procurement Participant, namely as follows:
 - a) The unit price of each item/material is the price up to the location, the work location for the delivery of the work.
 - b) These prices include transportation costs, other services, insurance, income taxes, and other taxes applicable in Indonesia, but do not include 10% (ten percent) Value Added Tax (VAT).
 - 3) The Quotation letter does not contain additional requirements that contradict the provisions in the RKS and its amendments (if any).
 - 4) The validity period of the quotation letter is at least 30 (thirty) calendar days from the date of submission of the Quotation Letter.
- b. Evaluation of the quotation letter by the Procurement Executor to ensure the correctness of the arithmetic calculations.
 - 1) Evaluation Method
 - a) Evaluation method for Administrative Requirements and Technical Requirements including Contract/Agreement provisions are mandatory (absolute) so that they must be fulfilled by the Procurement Participant.
 - b) The evaluation method for the Terms of Price Offer will use the Unit Price Negotiation method by offering a price that has been determined by PT. XYZ
 - c) Procurement Participant who agrees with the unit price set by PT. XYZ will be proposed to the Assignor to be determined as the Winner/Partner of UPC.
 - d) The results of the unit price negotiation agreement will be stated in the form of a Minutes of the Price Negotiation Agreement signed by the Parties
 - e) Basically the evaluation by the Procurement Executor is carried out from the beginning of this procurement process which the evaluation method includes an initial inspection (pre-evaluation), namely with the Explanatory Meeting and continued by the submission of quotation letter.
- c. Clarification with the Procurement Participant if there are uncertain or unclear matters or there are arithmetical calculation errors in the evaluation results.
- d. For the effectiveness of procurement implementation, procurement participants who have PASSED the administrative and technical requirements will be offered a unit price negotiation that has been set by PT. XYZ. If all procurement participants agree,

a Minutes of the price agreement which has been submitted by PT. XYZ will be made and the procurement participant who agrees also will be proposed to be a UNIT PRICE CONTRACT SYSTEM Partner. If the procurement participant does not agree with the price negotiation offer, then the procurement participant is considered to have resigned.

- e. Make the result report of the procurement implementation and the Winner's proposal to the Assignor for approval and determination of the Assignor;
 - 1) Criteria for Candidate Partners a) Procurement of Procurement Participants is declared to have fulfilled all the Administrative and Technical requirements specified in this RKS. b) The Procurement Participant is declared to have complied with all the requirements for the price offer which have been specified in the RKS.
 - 2) Proposed Determination of Procurement Partners/Candidate Unit Price Contract Partners a) Procurement Executors will report the results of the procurement process and propose Candidate Partners who have met the requirements to the Assignor to be appointed and determined as the Winner of Procurement/Partner Unit Price Contract. b) The number of Unit Price Contract Partner Candidates will be determined by the Assignor later.
 - 3) Announcement and Determination of Procurement Winners/ Unit Price Contract Partners a) Announcement of Procurement Winners/Candidate Unit Price Contract Partners who have received approval and determination from the Assignor will be notified in the written notice by the Procurement Executors to all Procurement Participants, and issuance of Determination Letter on the implementation of procurement to the Winner and Procurement Certificate/ Unit Price Contract Partners. b) Within 3 (three) working days at the latest after the issuance of the Winner Determination Letter and the Determination Letter, the Procurement Winner/ Unit Price Contract Partner must submit a Promissory Note to carry out the work in accordance with the provisions/requirements as referred to in the RKS Attachment. c) If the contents of the Promissory Note were submitted by the Procurement Winner/ Unit Price Contract Partner to PT. XYZ turns out that there are additional notes on other requirements that are not appropriate or do not meet the provisions in the RKS and its amendments (if any), then PT. XYZ has the right to cancel the determination of the Procurement

Winner/ Unit Price Contract Partner after the written clarification has been made to the Procurement Winner/ Unit Price Contract Partner.

- f. Approval and Determination of Winners by the Assignor. Winner/Candidate UNIT PRICE CONTRACT Partner Resigns. a) The Procurement Participant who is determined to be the Winner/Candidate Unit Price Contract Partner must accept and implement the determination. b) Procurement Participants who have been determined as Winners/Candidate Unit Price Contract Partners but withdrew for unacceptable reasons to PT. XYZ will be penalized (including the head of the company as stated in the Deed of Incorporation) for not being included in the procurement within PT. XYZ for the next 1 period or 1 (one) year from the date of the Determination Letter from PT. XYZ. c) If the Winner/Candidate Unit Price Contract Partner does not submit a Promissory Note by the deadline, or does not sign the Agreement/Contract, then the Winner/Candidate Unit Price Contract Partner is declared to have resigned and penalized as follows: Not being included in the procurement process within PT. XYZ 1 (one) year from the date of the Determination Letter of the Winners of Unit Price Contract Partner Candidates from PT. XYZ.
- g. The process of signing the Unit Price Contract (Unit Price Contract) with the Winning Partner.
- 1) Signing the Contract Agreement, a) The signing of the Contract Agreement will be carried out after the UNIT PRICE CONTRACT partner completes all the requirements as set out in the RKS. b) The signing of the Contract Agreement is carried out by UNIT PRICE CONTRACT partners and PT. XYZ after receiving the letter of Work Commitment from the Unit Price Contract Partner.
 - 2) Term of Agreement a) The agreement or contract has a validity period of 2 years from the date the Unit Price Contract agreement is signed. b) If until the end of the validity period of the agreement there is still a completion of the work from the intended order that has been issued during the validity period of the agreement, then all rights and obligations of each party must be fulfilled in accordance with the intended order.
 - 3) The Issuance Period of Order Letter a) The issuance period of the order Letter will be carried out within the agreement period since the signing of the Cooperation

agreement by PT. XYZ and Unit Price Contract Partners. b) After the end of the issuance period, the order letter cannot be issued again.

CONCLUSION

From the discussion about the stages of the unit price contract in the procurement of goods/services at PT. XYZ, it can be concluded several things as follow:

1. Procurement of goods and services is an activity to obtain goods and services by ministries, institutions, regional work units, and institutions which the process starts from the planning needs until the completion of all activities to obtain goods or services.
2. One of the ways of goods/services providers selection at PT. XYZ is done by direct election.
3. The procurement stages of goods and services in the UPC (Unit Price Contract) system include two stages, the first stage is to select the procurement participants administratively, starting from the issuance of invitation letters to procurement participants until written notification is received or not by the procurement participants for them to be able to pass and follow the next stage. The second stage is the determination of the winner of the UPC partner, starting from the sending of the quotation letter by the procurement participants, then the evaluation is carried out and ended with the contract signing by the winner of the procurement participant.
4. In its implementation, the procurement of goods/services at PT. XYZ rarely finds significant obstacles.

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