Evaluation Process Guideline

Purpose

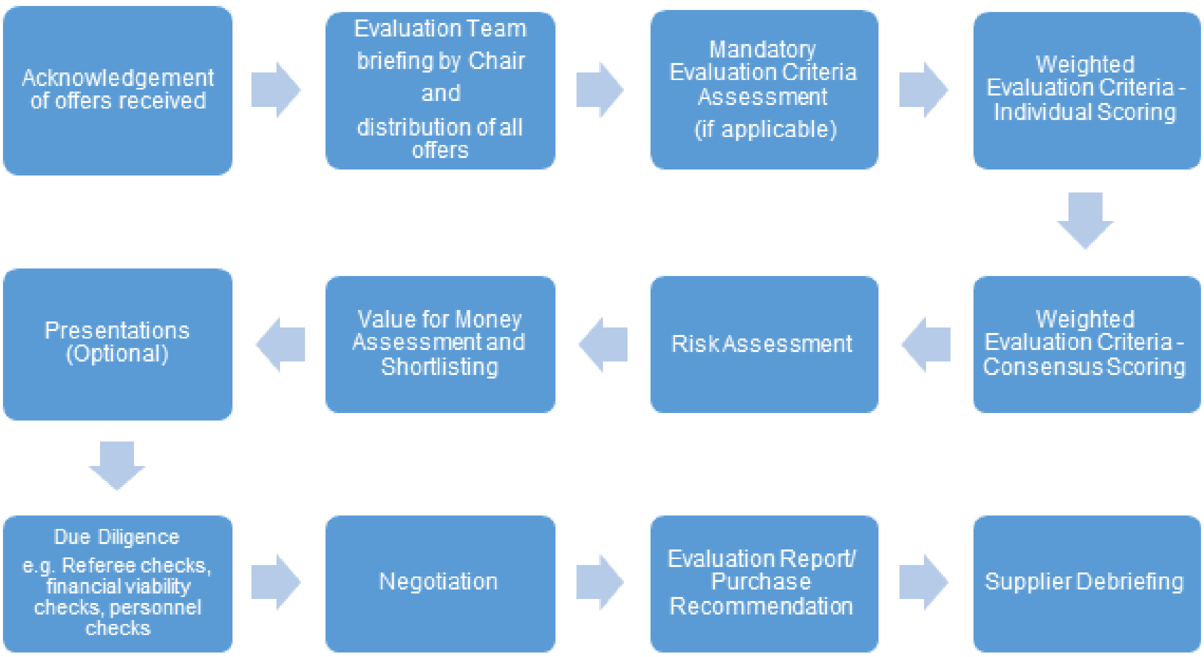
This Guideline provides practical advice regarding the supplier selection process, including the stages of the evaluation process, key considerations when conducting an evaluation and other useful hints. This Guideline should be read in conjunction with the *Evaluation Planning Guideline* and the fit-for-purpose evaluation plan prepared for each procurement.

The Evaluation Process

The goal of the evaluation process is to achieve value for money using a fair, objective and transparent process that ensures the most appropriate supplier is selected to meet the public authority's procurement objectives.

The evaluation process should be fit for purpose, commensurate with the procurement's complexity and that adequate resources are allocated to facilitate timely, efficient and effective decision making.

Each evaluation process should be tailored to achieving the outcome of the procurement. Common stages in the evaluation of offers, depending on the chosen evaluation methodology for the procurement, include:



Management of Offers

Sound management of offers includes:

- verifying the date and time offers are received
- acknowledging the receipt of offers (preferably in writing)
- storing offers in a manner which is secure and maintains confidentiality keeping suppliers informed of the progress of the evaluation.

Late Offers

Late offers are those offers received after the closing time specified in the invitation/market documentation.

Late offers should be processed separately to offers received prior to the closing time. They should be clearly marked with the time received and method of delivery (i.e. by hand, email, post, fax etc.) and recorded appropriately.

If the evaluation process has commenced and a late offer is received, the process should be halted and recommenced only after a decision regarding the acceptance (or otherwise) of the late offer has been made.

Suppliers who submit late offers should be advised immediately once a decision has been made on the acceptance or otherwise of their offer. If not accepted, late offers should not be opened except where the supplier's contact details cannot otherwise be identified.

Any decision to allow for late offers will align with the *Sourcing Policy* and the public authority's internal framework.

Briefing of the Evaluation Team and Distributing of Offers

Prior to the evaluation of offers, the Chair should:

- outline the probity arrangements and ensure all participants in the evaluation process, including specialist advisors or additional support, complete a conflict of interest and confidentiality declaration
- outline the evaluation process and discuss the evaluation methodology including the scoring process
- check all members are available to participate over the evaluation process timeline (i.e. no scheduled leave)
- provide the approved evaluation plan, resources/tools, and any materials required to undertake the evaluation
- instruct the evaluation team to keep clear, succinct notes for the basis for discussion in the evaluation process and supplier debriefings at the end of the procurement process
- have undertaken any required training for evaluating offers.

Evaluation of Offers

The evaluation of offers is to be conducted in line with the approved market approach and documented to support the decisions made during the evaluation process. The *Evaluation Planning Guideline* provides guidance on various evaluation methodologies that can be chosen. Any departures in the evaluation methodology must be managed in accordance with the *Sourcing Policy*.

Evaluation Process Guideline

Mandatory Evaluation Criteria Assessment

If mandatory criteria form part of the evaluation methodology, these criteria are to be evaluated first. These will be **"pass/fail"** or **"yes/no"** criteria.

If a supplier meets the mandatory criteria, the offer progresses to the next stage of the evaluation process. Offers that fail to meet one or partially meet any of the mandatory criteria should not proceed further in the evaluation process.

Weighted Evaluation Criteria - Individual Scoring

Individual scoring is where each member of the evaluation team separately evaluates and scores each offer against the weighted evaluation criteria using the approved scoring system. Each member should record a score for each criterion and be prepared to justify that score among other members of the evaluation team.

Weighted Evaluation Criteria - Consensus Scoring

Consensus scoring is where after the individual scoring, the entire evaluation team meet reach a consensus score for all offers.

This step commonly involves the evaluation team discussing their individual scores and findings, and agreeing to the appropriate consensus scores to be awarded. The benefits of this approach include having a wider debate as to the relative strengths and weaknesses of each offer, providing an opportunity for members to explain their rationale in awarding specific scores, and achieving common agreement on what is the most appropriate score taking into account the views of all team members. The reasons for the consensus scores should be documented by the Chair. If differences between the evaluation team cannot be resolved, then the evaluation plan could set out that the ultimate decision will be made by the Chair.

Discussing individual scores and reaching a team consensus through a moderated process is the preferable option in conducting a consensus, however there may be instances where the averaging of scores could instead be appropriate. For example, if individual members or experts are allocated a specific criterion, the score may be solely determined by that member/expert or by consensus following a briefing from that member/expert.

At the completion of the scoring against the weighted evaluation criteria, a weighted point total for each supplier is calculated. Short-listing may occur at this stage.

Clarifications

The evaluation team should identify issues that require clarification with the supplier. Clarification from potential suppliers can be sought if an offer is ambiguous or unclear and clarification is required to enable a fair judgement to be made unclear. Any clarification sought, and the answers obtained, should be documented. Suppliers should be provided sufficient time to submit an adequate response to the request for clarification. All clarifications should be conducted by a nominated person, usually the Chair of the evaluation team.

Following clarifications, the evaluation team should reconvene to discuss the results of any clarification(s) and if adjustments to the allocated consensus scores are required.

Whole-of-Life Cost/Price and Value for Money

Value for Money in procurement is achieved by finding the optimum balance between whole-of-life cost and quality of an offer. The *Evaluation Planning Guideline* provides some examples of how whole-of-life cost/price and Value for Money can be assessed including for example:

- whole-of-life cost/price as a weighted criterion
- use of a value for money index
- balanced judgement.

Short-listing may occur at this stage.

South Australian Industry Participation Policy

In the value for money considerations above, public authorities are required to consider the economic benefit of the procurement to the South Australian economy, assessed in accordance with the requirements set out in the South Australian Industry Participation Policy.

Non-Weighted Evaluation Criteria

Non-weighted criteria are not scored and not mandatory. They are criteria that consider factors such as risk, due diligence and value-add opportunities.

Risk Assessment

The evaluation team should document, discuss and assess all risks identified in a supplier’s offer.

Where further clarification is required to address the identified risks, the supplier should be contacted in writing and provided opportunity to respond. The evaluation team should discuss the results of any risk clarification(s) and where required, the reassessment of risk should be agreed to by consensus. Short-listing may occur at this stage.

The evaluation team may choose to disqualify any response that is assessed as representing a risk level above the public authority’s risk appetite, following consideration of reasonable mitigations.

OFFICIAL

Financial Viability Assessment

A financial viability assessment[1] is used to verify the financial capacity of the supplier to undertake the work as well as assessing the solvency and overall financial viability. The financial viability assessment evaluates the risk that, over the life of a proposed contract, a supplier:

- may not be able to deliver the goods and services which are specified in the contract; or
- may not be able to fulfil guarantees or warranties provided for in the contract

This should be undertaken by a person with understanding of balance sheets, net asset backing and the ability to provide appropriate security such as a Corporate or Bank Guarantee. If appropriate, public authorities may also wish to assess the viability of the corporate structure, litigation history and credit rating.

A financial viability assessment should be conducted on the provisional preferred supplier or the supplier(s) with which negotiations may be undertaken.

Any supplier(s) that the evaluation team considers to be high risk may be excluded from further consideration.

Financial Viability may also be undertaken in the Risk Assessment Stage or form part of your non-weighted criteria depending on your requirement.

Personnel Checks

At this stage, public authorities may wish to review or undertake personnel checks (such as a DHS Screening, a police check, or security clearance) on key personnel nominated in a supplier's offer.

Value-adds and Innovation

A value-add is an enhancement, additional feature or other inclusion to an outcome or output offered by a supplier to obtain a competitive edge by creating additional value. It exceeds a specification or requirement and may attract an additional cost. It is a way a making an offer more valuable than a competitor's offer.

It is important for the evaluation team to assess whether the value-add or innovation is offering tangible benefit to the public authority. Refer to the *Value-adds in Government Procurement Guideline* for further guidance on value-adds.

Overall Assessment and Shortlisting.

The evaluation team should undertake an overall assessment and comparison of weighted criteria scores, consideration of the value for money outcomes, and risks. Shortlisting may occur at this stage.

[1] For example, company credit reports are available (for purchase) through credit reporting agencies such as Dun and Bradstreet.

Shortlisting of suppliers can be determined in a number of ways, including order-of-merit according to the overall score achieved or by achieving a minimum over score. The number of suppliers shortlisted may be predetermined, e.g. the 3 offers with the highest weighted criteria score or when a natural break occurs in scores. The Evaluation Plan should set out when and how shortlisting will be considered.

Presentations

If required, shortlisted suppliers may be invited to make a presentation of their offer to the evaluation team. Questions and answers at these presentation sessions should be documented. The presentation may also be a forum for seeking clarification regarding aspects of each supplier's offer.

It should be noted that a presentation can occur at any stage of the evaluation as deemed appropriate for your process and documented in the acquisition strategy.

Referee Checks

In addition to the information provided by each supplier, the evaluation team may contact the nominated referee of each shortlisted supplier (this may also form part of the risk assessment).

Prior to any contact with referees, a standard list of questions shall be established by the Evaluation Team. In addition, a range of questions may be determined for each specific supplier.

Negotiations

Effective negotiation should result in a cost-effective agreement that is fair, durable, meets the legitimate needs of the public authority and supplier and improves (or at least does not damage) the relationship between the parties.

When conducting negotiations the evaluation team should ensure that requests seeking improvements to a supplier's offer, or a best and final offer, are conducted in a fair and consistent manner and that any accepted improvements are within scope of the market approach.

Reassess Value for Money (VFM)

At the conclusion of the short-listing process, the evaluation panel should undertake a final review to ensure VFM has been achieved. If the procurement cannot achieve VFM then a contract should not be awarded.

Evaluation Report and/or Purchase Recommendation

An Evaluation Report and/or Purchase Recommendation summarises:

- the sourcing / evaluation process undertaken
- relevant findings of the evaluation
- any identified conflict/s of interest
- negotiations (if any)

- the evaluation outcome and recommended supplier(s)
- any departures from the approved Acquisition Plan or Evaluation Plan (including approvals sought to depart)
- any departures from the SA Government Procurement Framework
- final contract details
- lessons learnt for the purpose of continuous improvement.

The level of detail should be commensurate with the complexity of the procurement.

Notifications of Outcome and Supplier Debriefing

A debrief generally occurs at the end of the tender process - that is, after the contract has been executed with the successful supplier. Members of the evaluation team may be required to attend and participate in the debrief. The intention of the debrief is to help suppliers improve the quality of future responses and create greater competition in the supply market. Supplier debriefs should therefore provide constructive feedback to suppliers and identify the whole-of-life cost and qualitative factors that could be improved to make the supplier's offer or business more competitive. For further guidance on how to conduct constructive debriefs is provided in the *Supplier Debrief Guideline*.