Evaluation Planning Guideline

Purpose

This Guideline provides practical advice about how to plan for an evaluation including how to determine evaluation criteria, weightings, evaluation methodology and how to select a suitable evaluation team.

Evaluation Planning

In the planning phase, public authorities are required to develop a strategy to achieve Value For Money (VFM) and plan for the evaluation of offers.

The strategy should be fit for purpose, tailored towards achieving the outcome of the procurement to ensure that the best supplier is selected for the right reasons and at a price that represents VFM over the whole-of-life.

The level of planning for an evaluation should be commensurate with the scope, risk, complexity and value of the procurement.

When planning for an evaluation, public authorities should consider:

- the intended outcome of what is being purchased;
- the qualities of an offer (what ‘success’ may look like);
- how cost/price will be assessed and VFM achieved;
- the economic benefit to South Australia as assessed through the South Australia Industry Participation Policy (SAIPP);
- if any International Obligations (such as Free Trade Agreements) are applicable;
- any risks involved with what is being purchased;
- the whole-of-life costing of what is being purchased;
- the evidence a supplier will need to provide to address the evaluation criteria;
- the priorities and concerns of various stakeholders/end-users;
- what due diligence checks are required;
- how to measure the supplier’s ability to provide the goods or services;
- how long it may take to evaluate suppliers’ responses;
- any additional outcomes that could be generated through the goods and/or services being purchased; and
- how to maintain probity, accountability and transparency in the decision-making process.

Thorough planning supports the selection of the best fit for purpose, VFM solution and ensures the integrity of the procurement process.

The key tasks in planning an evaluation are:

1. Evaluation Team

- Select team members with the appropriate knowledge and skills to conduct the evaluation.
- Determine if specialist advisors or additional support is required.

2. Evaluation Methodology

- Determine how VFM will be assessed.
- Determine the steps in the evaluation process and decision making process.
- Develop scoring system to guide evaluation team.

3. Evaluation Criteria

- Determine the evaluation criteria.
- Prioritise and weigh the evaluation criteria.
- Ensure criteria are disclosed in market approach documentation.

4. Evaluation Plan

- Outline probity measures.
- Document everything in an Evaluation Plan.

Evaluation Team

Selecting a Suitable Evaluation Team

The evaluation team is responsible for evaluating offers received against the criteria and deciding on a shortlist or preferred supplier. They have a critical role in the procurement process with significant responsibility. When selecting the evaluation team, public authorities should ensure the capability of the people involved in the evaluation process is adequate for the complexity of the procurement.

Evaluation team members with different skills and abilities provide a greater variety of perspectives. This can result in improved risk identification, alignment of the requirement with the objectives, avoidance of biases, and opportunities for improvement and innovation.

Public authorities should consider the following when selecting evaluation team members:

- how many people should be part of the evaluation team and what skills and knowledge they should have;
- any expertise needed for evaluating offers (e.g. technical, financial, subject matter, risk);
- if the member will be available to participate over the entire evaluation process timeline (e.g. no scheduled leave);
- the need for diversity in opinion;
- the needs and objectives of key stakeholders;
- the value, risk and complexity of the procurement;
- the possible number of offers that will need to be evaluated (i.e. time required to evaluate);
- the type of data that needs to be evaluated; and
- any training that should be undertaken in evaluation practices.

Generally, an evaluation team consists of 3-5 members including a Chair who is responsible for coordinating the evaluation. For strategic or complex procurements, a procurement professional with relevant procurement experience and skills is highly recommended to undertake the role of Chair. The Chair should be non-voting where possible.

There may be instances where the use of sub-teams is required, each looking at a specific aspect of the evaluation criteria. Where this occurs, it is preferable that sub-teams are provided with only their relevant part of the supplier's offer. Alternatively, it may also be appropriate that one or more evaluation team members review separate elements of the evaluation criteria. Either approach requires defining how the results of the sub-teams or individual evaluation team members will be consolidated into the evaluation outcome and should be detailed in the evaluation plan.

Specialist Advisors/Subject Matter Experts

Public authorities may also use specialist advisors or subject matter experts to consult to the evaluation team. They do not have to be voting team members. For example, a specialist advisor could include a:

- technical subject matter expert;
- probity advisor;
- clerical support;

- legal advisor; or
- financial assessment/modelling expert.

Where subject matter experts are required, it is not necessary for them to participate in the selection process outside of their designated area.

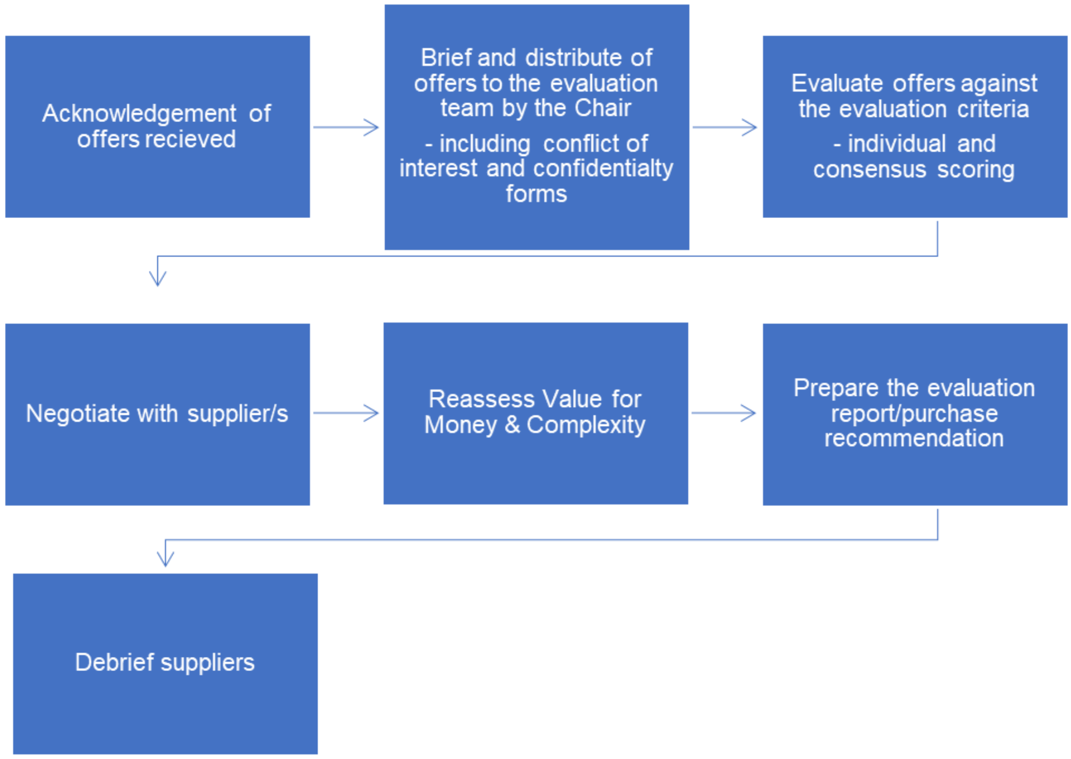
Determining the Evaluation Process

Public authorities should ensure the evaluation process undertaken is fit for purpose and have the appropriate resources allocated to facilitate timely, efficient and effective decision-making consistent with the specified requirements and the procurement objectives.

No one process is suitable for all procurements. Public authorities should consider the following when determining the evaluation process:

- if short listing suppliers is required and if so, when a supplier's submission can be no-longer assessed (gated process);
- if and what due diligence checks should occur and when in the process e.g. reference checks obtained prior to interviews with short listed suppliers;
- if any verification processes would be required such as:
    - site visits (office checks)
    - referee checks
    - interviews
- if presentations by short-listed suppliers would be beneficial to the evaluation team;
- when risk should be considered and confirmed in the process;
- when VFM will be confirmed in the process; and
- if a minimum overall score is required to proceed further in the evaluation.

The evaluation process should be tailored to the scope, nature, complexity, risk and value of the procurement however generally, the process consists of the following stages with additional stages added as required.



In accordance with the Sourcing Policy, the evaluation must be conducted in line with the approved evaluation plan and documented to support the decisions made during the evaluation process. Further information on each stage and additional stages as well as the key principles to be adhered to in conducting an evaluation process are provided in the *Evaluation Process Guideline*.

Evaluation Methodology

Public authorities should ensure that VFM is achieved in every procurement and the evaluation methodology should be developed to assess the value delivered by each supplier's solution, offer or quote. In accordance with the Procurement Governance Policy, if a procurement or contract cannot achieve VFM and deliver the intended outcomes, then that procurement or contract should not continue.

In determining the evaluation methodology for an individual procurement, public authorities should consider:

- the evaluation method for assessing value for money;
- the most appropriate scoring system to guide the evaluation team in scoring offers;
- how whole-of-life cost/price will be evaluated;
- the stages in decision-making process;

- additional or optional process stages that may be required (interviews, industry briefings, presentations); and
- what due diligence checks are required and when these should occur.

Evaluation Methods

When selecting a supplier, achieving VFM involves finding the optimum balance of whole-of-life cost, quality and economic benefit to South Australia as assessed through the South Australia Industry Participation Policy (SAIPP)

Depending on the procurement objectives and the level of risk associated with the purchase, this can be assessed using a number of methods. The standard key evaluation methods are:

- Cost/price as a weighted criterion;
- Economic benefit assessed through the SAIPP;
- VFM Index; and
- Balanced judgement.

Attachment 1 provides examples of an evaluation using each of the following methods.

No matter the method used, public authorities should consider due diligence such as reference checks and risk assessments is undertaken before confirming the preferred supplier.

Whole-of-Life Cost/Price as a weighted criterion

In accordance with the *Procurement Governance Policy*, public authorities must use whole-of-life cost to assess the total cost of a supplier's offer, where appropriate[1], to ensure the best value goods and services are procured.

Whole of life cost/price as a weighted criterion is an effective methodology in balancing whole-of-life cost/price and quality and can be weighted and evaluated in a manner similar to other qualitative criteria. It can be used for both goods and services.

Before deciding on this methodology, it is important to carry out some level of sensitivity analysis to ensure that the level of weighting is appropriate.

Also, consideration should be given to the risk of unreasonable and unrealistically low-priced offers achieving the highest overall weighted score where it is clear that the goods/services cannot be delivered within the quoted price and the offer has

[1] Public authorities may consider their own circumstances and considerations for where it may or may not be appropriate for whole-of-life cost to be applied. Refer to the *Whole-of-life Costing Guideline* for more details.

been structured to take advantage of the weighted price approach.

Example of whole-of-life cost/price as a weighted criterion:

Weighted Criteria (100%)

- Whole-of-life cost/price (50%)
- Quality (50%)

Non-Weighted Criteria

- Risk assessment
- Financial viability assesssment (etc)

Value for money (VFM) index

The VFM index calculation provides a measure of the overall package offered by the supplier.

When using the VFM index methodology, the preferred supplier/s will likely be the one/s that score the lowest VFM ratio. It is best used for low complexity and low risk procurements, where all costs and benefits can be monetised.

Offers are first evaluated against the mandatory and weighted criteria (qualitative) with the whole-of-life cost/price considered following the qualitative assessment.

To calculate the VFM ratio of an offer, the whole-of-life cost/price of that offer is divided by the total weighted score it received. The lowest VFM index indicates the best value option.

$$\frac{\text{Whole-of-Life Cost/Price}}{\text{Total Weighted Score}}$$

Example:

Weighted criteria (100%)

- Quality

Price- VFM index

- Whole-of-Life Cost divided by Total Weighted Score

Due diligence checks

- Risk assessment
- Financial viability assessment
- References / referee checks
- Insurances
- Personnel checks (e.g. DHS Screening)

Balanced judgement

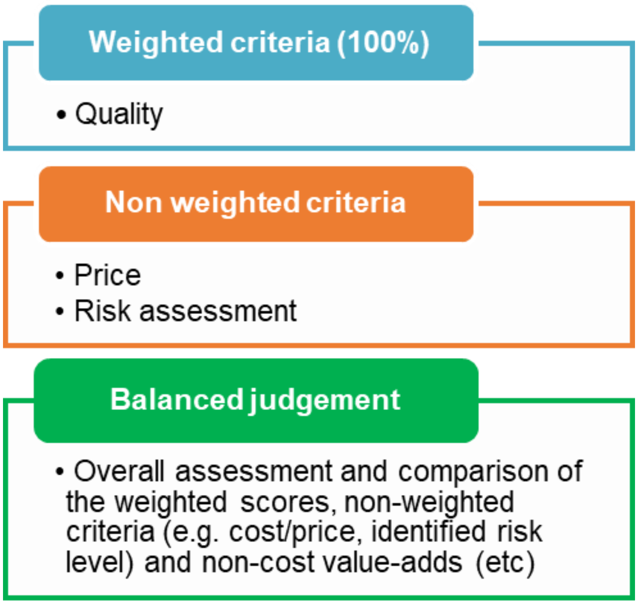
The balanced judgement approach can be helpful for certain procurements where:

- not all costs and benefits can be monetised
- where there is minimal differentiation in price between the goods or services being supplied
- where a set budget as already been determined.

The balanced judgement approach considers the balance between the weighted scores, whole-of-life cost/price, identified risks and non-cost value-adds.

Balanced judgement is undertaken by the evaluation team who determine a preferred supplier/s based on an overall assessment and comparison of the weighted scores, the non-weighted criteria and non-cost value-adds of each shortlisted offer. It is a much more flexible approach, which allows selection of the supplier that will best meet the identified key procurement objectives.

Example:



Developing the Scoring System

The scoring system sets out the range of scores used by the evaluation team in scoring against the evaluation criteria. The scoring system provides a common understanding, greater objectivity and consistency of scoring.

A numerical scoring system allocates a numerical rating to each of the evaluation criteria in respect of the level of compliance or quality of the supplier’s offer. The system should be developed to clearly define what result is required to achieve each score and could include a narrative description explaining the requirements which differentiate each score.

Typically, a scoring system is a range of either 0-5 or 0-10.

Attachment 2 provides several examples of scoring systems that can be used.

Evaluation Criteria

Determining the Evaluation Criteria

Evaluation criteria, either mandatory or qualitative, provide a standard by which supplier's offers are evaluated and are used to compare the qualities of individual offers to determine which best meets the requirements (best fit for purpose solution) and provides VFM over the whole-of-life of the goods/services.

Public authorities should contemplate the specific features of the goods/services being procured that are essential to achieving the outcome and the qualities and characteristics of a supplier's offer that will be needed to deliver the goods/services.

When determining the evaluation criteria, public authorities should consider:

- the requirements of the end users of the goods or services;
- how the whole-of-life cost/price of suppliers' offers will be calculated and how value for money will be assessed;
- what the suitable balance between whole-of-life cost/price and quality is;
- if there are any minimum or mandatory requirements that offers will need to meet;
- how the criteria should be prioritized (as a percentage) against each other to ensure the offer that will most achieve the procurement objective is selected; and
- how evaluation criteria link to the procurement objectives.

Consideration for evaluation criteria should be targeted to the requirement, clearly measurable and not excessive in number.

Evaluation criteria are determined by the public authority but typically address one or more of the following:

- Whole-of-Life Cost/Price;
- Capability and capacity of the supplier's offer to deliver the intended outcomes;
- Compliance with the specification and/or standards[2];
- Fit for purpose (technical merit);

[2] Specifications should avoid the use of proprietary standards, and specify the requirements in such a way as to maximise the opportunity for competitive offers from a variety of suppliers.

- Flexibility and adaptability;
- Management approach;
- Work, health and safety initiatives (incorporating physical and mental wellbeing);
- Economic contribution to the state/compliance with the South Australian Industry Participation Policy (SAIPP); and
- Financial viability and risk assessment.

These criteria should be tailored to suit the individual procurement requirements.

Generally, the types of criteria applied to evaluating offers are generally categorised as:

- Mandatory criteria.
- Weighted criteria; or
- Non-weighted criteria.

Mandatory criteria

Mandatory criteria should reflect the minimum standards or mandatory requirements that are essential to the objectives of the procurement. Public authorities should ensure that invitation/market approach documentation clearly articulate the mandatory requirements, with clear guidance to suppliers on how to meet these criteria.

Mandatory criteria should be kept to a minimum and be easily assessed without being open to subjective judgement. For example, they are '**pass/fail'** or **'yes/no'** criteria. Offers that fail to meet one or partially meet any of the mandatory criteria should not proceed further in the evaluation.

Public authorities should be mindful that excessive and onerous mandatory requirements can limit market competition and innovation. To avoid this, consider if any of these requirements could be obtained by a supplier prior to the commencement of the contract and should therefore not exclude a supplier from progressing in an evaluation.

Weighted criteria

Weighted criteria assess the merits and qualities of each offer relevant to the requirement, as a percentage. These can be whole-of-life cost/price and qualitative (non-cost) criteria.

Criteria and subsequent weightings should be tailored for each procurement to ensure it aligns with the specific procurement objectives. These criteria communicate to potential suppliers the importance of the procurement objectives and can be used to help drive continuous improvement. Weighted criteria also help to separate high performance suppliers from suppliers that might not have the required experience, understanding and/or capability to meet the procurement objectives.

If a criterion has more than one factor to consider, it may useful to have sub-criteria with subsequent weightings to distinguish between the importance of specific aspects of a criterion.

Examples of weighted criteria include, but are not limited to:

Demonstrated relevant experience and past performance of a supplier

- demonstrated experience in delivering a requirement of similar scope and complexity;
- track record in delivering similar services of a similar scope and complexity;
- length of time in the market performing the service; and
- industry or quality awards.

Note: balance the importance of past performance as a criterion so not to exclude a new supplier with innovative solutions.

Capability of the supplier to deliver the intended outcome/s

- overall organisational capability to deliver;
- relevant experience of key personnel and/or key sub-contractors;
- relevant qualifications of personnel;
- internal IT capabilities, financial and project management systems and administrative support; and
- quality assurance.

Capacity of the supplier to deliver the intended outcome/s

- size, structure and type of organization
    - # of employees;
    - current commitments on other projects;
    - availability to meet project demand; and
    - availability of resources and timeliness of the offer to meet the deadline/project demand.

Level of compliance with specification and/or statement of requirements/desired outcome

- ability and/or suitability of the offer to deliver the requirement/desired outcome;
- the demonstrated understanding of the requirements;

- degree that the goods/services meet or exceed the requirement/fit for purpose; and
- service, support and warranty.

Methodology

- proposed methodology and approach to delivering the requirement.

Level of agreement with draft contract

- willingness to accept the contract conditions.

Note: Crown Solicitors Office may need to be engaged for major departures from contract term and conditions.

Requirements under the SA Industry Participation Policy

The SAIPP is an important driver for maximising the economic benefit to the State from the expenditure of public funds. It is essential that public authorities are familiar with the IPP objectives and requirements in order to achieve greater VFM outcomes. Any economic benefit requirements are limited to those outlined in the SAIPP and need to be assessed using the SAIPP.

In accordance with the SAIPP, an Industry Participation Plan (IP Plan) will apply:

- optionally to procurements valued above $220,000 and up to and including $550,000 (with the minimum weighting or increased weighting); and
- to all procurements valued greater than $550,000 (with the minimum or increased weighting);

  For information refer to the Office of the Industry Advocate.

Whole-of-Life Cost/Price

- how the whole-of-life cost of suppliers' offers will be calculated (where appropriate);
- if the purchase price is based on fee rates and/or price per unit, fixed or variable; and
- hidden costs.

The lowest whole-of-life cost/price submitted may not necessarily be the best VFM outcome. Care should be taken to ensure that all costs (direct and indirect) are considered together with qualitative, financial, risk and probity aspects.

Non-weighted criteria

Non-weighted criteria are not scored and not mandatory. They are criteria that require consideration in the evaluation and tend to address due diligence or assist in identifying potential risks or value add opportunities. Non-weighted criteria could be:

- Personnel Checks (Police check, DHS Screening or Security Clearances);
- Financial viability assessments;
- Risk assessments;
- Whole-of-Life Cost/Price (if applying balanced judgement);
- References/referee checks;
- Supplier's Risk Management Plan;
- Insurances;
- Reasonableness and clarity of pricing and resourcing assumptions; and
- Value adds/innovation.

Determining the Criteria Weighting

Weightings should be set on a case-by-case basis, considering, the importance of each criteria to the requirement and its contribution to achieving VFM.

It is helpful to consider the relative importance of each criteria as applying appropriate weightings to criteria including any subsequent subcriteria ensures the most appropriate offer(s) are considered.

This can be done as simply as ranking the criteria in order of importance and assigning a percentage weighting to each. The sum of all criteria weightings should add up to 100%.

Public authorities may use a prioritisation matrix to determine the relative importance of criteria. An example of prioritisation matrix is provided in **attachment 3.**

Evaluation Plan

Planning for Probity in an Evaluation

Public authorities need to ensure that an appropriate probity and risk management framework is developed to safeguard the integrity of the evaluation/decision making process.

Specific probity and governance issues to consider include:

- probity risks including potential, perceived or actual conflict of interest of participants in the evaluation process;
- the physical and online security of documentation;
- maintaining confidentiality throughout the process; and
- the development of a probity plan.

Further information is provided in the *Probity and Ethical Procurement Guideline and the Risk Management Guideline.*

Public authorities should detail how probity will be maintained throughout the evaluation process in the Evaluation Plan.

Developing the Evaluation Plan

The Evaluation Plan documents the process for selecting suppliers by providing a clear process for evaluation (step by step) and decision making. The plan is tailored to the specific needs of the procurement. The level of detail in the Evaluation Plan should be commensurate with the value, risk, and complexity of the procurement

In accordance with the *Procurement Planning Policy*, public authorities must ensure that the Evaluation Plan is developed and approved prior to approaching the market.

The Evaluation Plan should at a minimum:

- identify the people and responsibilities of the evaluation team;
- detail the evaluation criteria including any sub-criteria and relevant weightings;
- outline the methodology for evaluation, decision making and selection including:
    - detail of the stages in the evaluation process that will be undertaken
    - detail the scoring system used to evaluate suppliers' offers
    - detail how the whole-of-life cost/price of suppliers' offers will be calculated and how VFM will be assessed.

Routine and Transactional procurements may outline the Evaluation Plan within the Acquisition Plan or in a separate document. Strategic and Complex procurements require more detail and in accordance with the Procurement Planning Policy, must complete a separate Evaluation Plan.

The Evaluation Plan may include the following, consistent with information summarised in the Acquisition Plan:

- objectives of the procurement and evaluation;
- roles, responsibilities and structure of people involved in the evaluation process including the evaluation team and subject matter experts and advisors;
- evaluation criteria and any relevant weightings;
- evaluation scoring system (detailing evidence sought and basis for scoring);
- decision-making process including governance and approval arrangements;
- methodology for recording decisions made during the evaluation process;

- description of the different stages of the evaluation process that will be undertaken;
- probity arrangements including management of any conflicts of interest;
- negotiation strategy; and
- consideration of the debriefing process including roles and responsibilities.

The Evaluation Plan may also include information on the receipt and opening of offers, the management of late offers, how to manage alternative offers and the process for clarifying offers.

The *Procurement Services SA Evaluation Plan template* may be used.

Attachment 1: Evaluation Methods Examples

a) Whole-of-life cost/price as a Weighted Criterion example

In this example, whole-of-life cost/price is a component of the criteria and is weighted and evaluated in a manner similar to other qualitative criteria.

A public authority goes out to the market to purchase a new IT system. It is determined that value for money is best achieved by weighing the whole-of-life cost/price with the quality of the offer.

Weighted criteria	Weighting (%)
Whole-of-life cost/price	**50**
Quality	**50**
Qualitative sub-criteria	Sub Weighting (%)
Prior Performance and experience	30
Capability and capacity	30
Industry Participation Policy	15
Delivery and response times	10
Level of compliance with specification	15
TOTAL	**100**

Each offer's cost is scored by comparing it to the lowest offer using the following formula:

Score for Offer A = (Cost of Lowest Offer) / (Cost of Offer A) x (the highest possible score of the scoring system).

Note: for the purposes of this example the scoring system is between 0-5.

Offer	A	B	C
Offer Cost	$100,000	$75,000	$80,000
Raw Score (out of 5)	**75,000 / 100,000 x 5 = 3.75**	**75,000 / 75,000 x 5 = 5**	**75,000 / 80,000 x 5 = 4.7**
Weighted Score (weighted at 100%)	**75**	**100**	**94**
Total Weighted Score (weighted at 50%)	**37.5**	**50**	**47**

Criteria	Weighting	Offer A		Offer B		Offer C	
		Raw Score	Weighted Score	Raw Score	Weighted Score	Raw Score	Weighted Score
Prior Performance and Experience	30%	2	12	3	18	4	24
Capability and capacity	30%	3	18	2	12	4	24
Industry Participation Policy	15%	4	12	3	9	3	9
Delivery and response times	10%	1	2	3	6	4	8
Level of compliance with specification	15%	4	12	3	9	4	12
Total Weighted Score	**100%**		**56**		**54**		**77**

Criteria	Weighting	Offer A		Offer B		Offer C	
		Raw Score	Weighted Score	Raw Score	Weighted Score	Raw Score	Weighted Score
Total Weighted Score (weighted at 50%)	**50%**		**28**		**27**		**38.5**

Criteria	Weighting	Offer A	Offer B	Offer C
		Weighted Score	Weighted Score	Weighted Score
Total Weighted Score	50%	28	27	38.5
Cost Score	50%	37.5	50	47
Final Score	**100%**	**65.5**	**77**	**85.5**
Percentage		**65%**	**77%**	**85.5%**

Where a specific weighting is assigned for the whole-of-life cost/price, **Offer C** represents the best value for money outcome (highest score).

Note: due diligence such as reference checks and risk assessments should be considered before confirming the preferred supplier.

b) Value for Money Index example

In this example, offers are first evaluated against the mandatory and weighted criteria (qualitative). The whole-of-life cost/price is considered following the qualitative assessment and shortlisting.

- A public authority goes out to the market to purchase a new IT System.
- At the end of the weighted evaluation (qualitative), offers A and B are shortlisted.
- Offer A receives a total weighted (quality) score of 81 out of 100 and has a total whole-of-life cost/price of $92,000.
- Offer B received a total weighted (quality) score of 75 out of 100 and has a total whole-of-life cost/price of $88,000.

Both options were assessed as having reasonable pricing models and being low risk options.

$$\frac{92,000}{81} = \mathbf{1,135.80}$$

The value for money index for Offer A is:

$$\frac{88,000}{75} = 1,173.33$$

The value for money index for Offer B is:

Offer A represents the offer that provides the best value for money in this instance.

Note: due diligence such as reference checks and risk assessments should be considered before confirming the preferred supplier.

c) Balanced Judgement example

In this example, the evaluation team evaluate offers against the weighted and non-weighted criteria and determine a shortlist. An overall assessment and comparison of the weighted scores, whole-of-life cost/price, identified risk level and non-cost value-adds of each shortlisted offer is undertaken by the evaluation team to determine the preferred supplier.

- During the planning stage, the public authority identifies that it requires a new IT system to provide a better customer experience for an important service to the community.
- Through the industry engagement and supply market analysis it was identified that there are several suitable options in the market, varying in quality and price, with a range of opportunities for innovation, better customer experience and improvements to service.
- The public authority released an invitation to supply with a specification that highlights the importance of innovation, customer experience and improvements.

The results of the weighted and non-weighted evaluation, costing review and risk assessment are as follows:

Supplier (Offer)	Weighted Score	Whole-of-Life Cost/Price	Risk	Non-cost value-adds
A	81	$955,000	Low	• Increased efficiencies through more sophisticated technology • Compatibility with other systems for greater data sharing • Excellent user experience for the end-user
B	75	$880,000	Moderate	• Nil
C	62	$799,000	High	• New technology • Moderate improvement in user experience from current system

Based on the weighted and non-weighted evaluation and whole-of-cost/price alone, using the value for money (VFM) index, it would appear that Offer B would be the preferred option. Offer B would narrowly score the best VFM index score of 11,733, compared to Offer A (11,790) and Offer C (12,887). However, Offer B poses a moderate risk and does not propose to deliver on innovation, better customer experience and improvements to the current service.

The balanced judgement approach considers the balance between the weighted scores, whole-of-life cost/price, identified risks and non-cost value-adds. Although Offer B is $75,000 less than Offer A, and there is not a significant difference between the weighted non-price scores of the two options, Offer A is lower risk and proposes greater non-price value-adds.

Although each suppliers' economic contribution would have been assessed during the weighted non-cost evaluation (via an SAIPP Economic Contribution Test), the additional value created by the local office being within the State included in Option A should also be taken into consideration.

Moreover, Offer A will provide a better user experience to the community (end-user) and enable the public authority to integrate with other systems for better data analysis and across government data sharing.

Whilst Offer C has the lowest whole-of-life cost/price, it was assessed as being high risk and received the lowest quality score. Therefore, it is unlikely that Offer C would be shortlisted in this instance.

It is worth noting however, that Offer C proposed an innovative design with the ability to integrate with other systems, and if there were no other suitable solutions, then the evaluation team might have considered collaborating with the supplier to increase the quality of the design and decrease the risk of Offer C.

For the reasons stated above, using the balanced judgment methodology, Offer A may be selected as the preferred option if the evaluation team considers that the non-cost value-adds and lower risk level outweigh the $75,000 price difference across the whole-of-life..

Once the balanced judgment has been finalised, the purchase recommendation would need to justify the final recommendation by reference to:

- relative differences in score, whole-of-life cost/price and risk; and
- the VFM assessment based on how the demonstrated value-adds contribute to the agency's priority objectives.

Attachment 2: Examples of Scoring Systems

Example Scoring System – Generic not tailored to a specific criterion (0-10):

Rating	Guidance/ Characteristics	Score
Outstanding offer	Highly convincing and credible. Offer demonstrates outstanding capability, capacity and experience relevant to, or understanding of, the requirements of the evaluation criteria. Comprehensively documented with all claims fully substantiated.	10
Excellent offer	Highly convincing and credible. Offer demonstrates excellent capability, capacity and experience relevant to, or understanding of, the requirements of the evaluation criteria. Documentation provides complete details. All claims adequately demonstrated and substantiated.	9
Very good offer	Offer complies, is convincing and credible. Offer demonstrates very good capability, capacity and experience relevant to, or understanding of, the requirements of the evaluation criteria. Some minor lack of substantiation but the supplier’s overall claims are supported.	8
Good offer	Offer complies, is convincing and credible. Offer demonstrates good capability, capacity and experience, relevant to, or understanding of, the requirements of the evaluation criteria. Minor uncertainties and shortcomings in the supplier’s claims or documentation.	7
Adequate offer	Offer complies and is credible but not completely convincing. Offer demonstrates adequate capability, capacity and experience, relevant to, or understanding of, the requirements of the evaluation criteria. Supplier’s claims have some gaps.	6
Marginal offer	Offer has minor omissions. Credible but barely convincing. Offer demonstrates only a marginal capability, capacity and experience relevant to, or understanding of, the requirements of the evaluation criteria.	5
Limited offer	Barely convincing. Offer has shortcomings and deficiencies in demonstrating the supplier’s capability, capacity and experience relevant to, or understanding of, the requirements of the evaluation criteria.	4
Poor offer	Offer unconvincing. Offer has significant flaws in demonstrating the supplier’s capability, capacity and experience relevant to, or understanding of, the requirements of the evaluation criteria.	3
Very poor offer	Unconvincing. Offer is significantly flawed, and fundamental details are lacking. Minimal information has been provided to demonstrate the supplier’s capability, capacity and experience relevant to, or understanding of, the requirements of the evaluation criteria.	2
Inadequate offer	Offer is totally unconvincing, and requirement has not been met. Offer has inadequate information to demonstrate the supplier’s capability, capacity and experience relevant to, or understanding of, the requirements of the evaluation criteria.	1
Not capable	No response	0

Example Scoring System – Tailored to Capability and Capacity:

Rating	Guidance/ Characteristics	Score
Exceeds expectations	**As for Excellent, plus:** – The supplier has a robust plan to ensure it monitors the quality of its performance if selected to provide requirements. – The supplier describes how they will incorporate evidence-based research and client feedback into ongoing refinement of the service.	10
Excellent	**As for Satisfactory, plus:** – Accredited Quality Assurance mechanisms are being applied throughout the organisation.	8-9
Satisfactory	– Satisfactory details provided to demonstrate key staff have qualifications (or sufficient experience) in a relevant field (e.g. economics). – Supplier demonstrated adequate business systems in place to help achieve the intended outcome. – Satisfactory Business Continuity Plan has been provided. – Key staff have demonstrated capability to deliver intended outcome.	5-7
Poor	– Capability and/or capacity of key staff is not demonstrated to a satisfactory level. – Lack of qualified/experienced staff.	3-4
Very Poor	– Insufficient detail provided to determine supplier's level of capability and capacity.	1-2
Not capable	– No response.	0

Example Scoring System - Generic 0-5:

Guidance/ Characteristics	Score
The response has demonstrated that all requirements will be met and it is highly unlikely that they will not be achieved and that some requirements can be exceeded.	5
The response has demonstrated that the supplier has the ability to meet all the requirements. There is minimal risk in not achieving the requirements.	4
The response has demonstrated that the supplier has the ability to meet most of the requirements. There is an average risk in not achieving the requirements.	3
The response meets some of the requirements; however, significant deficiencies are apparent.	2
The response demonstrates that only minor requirements have been met.	1
There is limited or no evidence or reasonable doubt that the requirement can or will be met by the supplier.	0

Attachment 3: Prioritisation of Criteria Matrix[3]

Start by creating a table as per the example below with each criterion being identified as a letter in alphabetical order.

- Insert the criteria into the matrix twice – one in the horizontal rows and once in the vertical columns.
- Take each pairing in turn. Determine which of the two is most important in this procurement e.g. compare criteria 'A' against 'B'. If you decide that 'B' is most important then insert the letter 'B' in the box.
- Count the total number of 'A's, 'B's 'C's etc.
- The letter with the highest count is the most important and the letter with the lowest count is the least important.
- Prioritise as 1st, 2nd, 3rd etc. on the basis of the highest count so that each criterion is ranked against the other.
- Assign a weighting which can be done by asking the evaluation team, or even end-users, to discuss and agree on weightings.

Example: Simple Prioritisation Matrix

Evaluation Criteria		Evaluation Criteria: Criterion #1	Criterion #2	Criterion #3	SCORES	PRIORITISATION	WEIGHTING
		A	B	C			
Criterion #1	A		B	C	A = 0	4th	10%
Criterion #2	B	B		C	B = 2	2nd	30%
Criterion #3	C	C	B		C = 1	3rd	25%
Criterion #4	D	D	D	D	D = 3	1st	35%

[3] https://www.procurement.govt.nz/assets/procurement-property/documents/guide-mastering-procurement.pdf