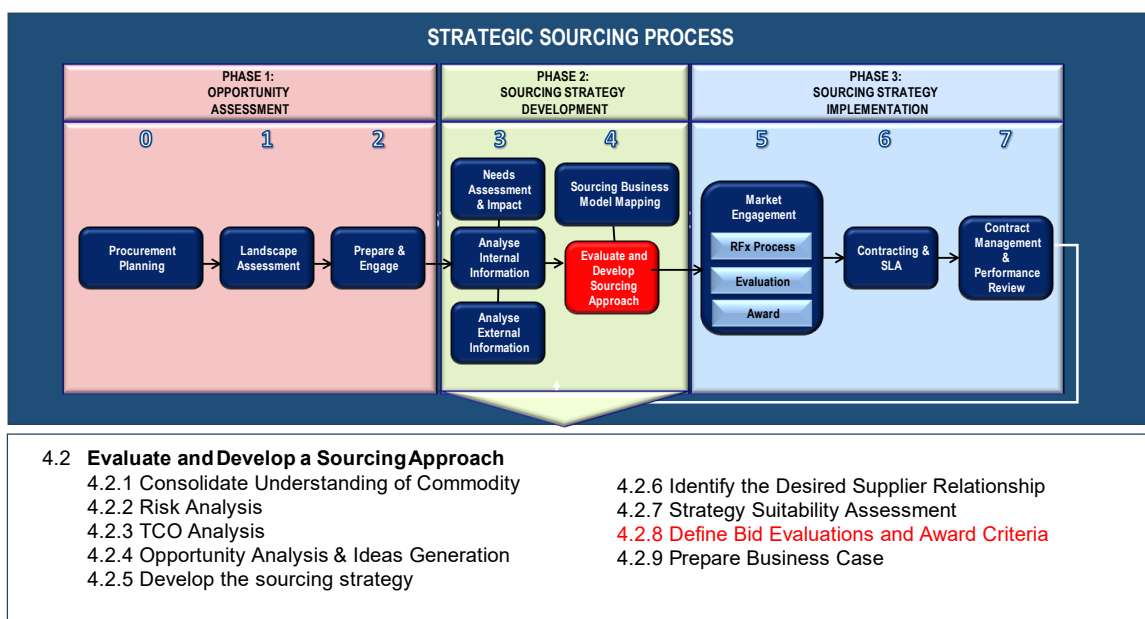


Using this guide

This guide accompanies the National Treasury's Strategic Procurement Framework (SPF) for Strategic Sourcing in the Public Sector. For more information, visit the National Treasury website at <http://ocpo.treasury.gov.za/>. The SPF can be found here: http://ocpo.treasury.gov.za/Resource_Centre/Documents/1A.%20Strategic%20Procurement%20Framework.pdf

DEFINE EVALUATION AND AWARD CRITERIA



1.0 Introduction

- i. The elements at this stage are to inform the specification or terms of reference/ tender conditions that will be evaluated at stage 5 of the sourcing process.
- ii. The following good practice guides and templates apply to this stage of defining evaluation criteria:
 - a. Evaluation criteria
 - b. Additional evaluation criteria – sustainability
 - c. Weighted evaluation criteria and Threshold (template)

- d. Practical example of functionality criteria identification (template)
- e. Mandatory criteria (template)
- f. Separate the Mandatory criteria from the Weighted/Optional Criteria (template)

1.1 The objective

- i. To determine and define evaluation criteria to be used in the final selection and award for suitable suppliers.

1.2 Output

- i. Administrative criteria
- ii. Critical mandatory and optional functional criteria
- iii. Price and socio-economic evaluation criteria

2.0 Good practice guides

2.1 Evaluation criteria

- i. In government, there are usually three types of evaluation criteria:

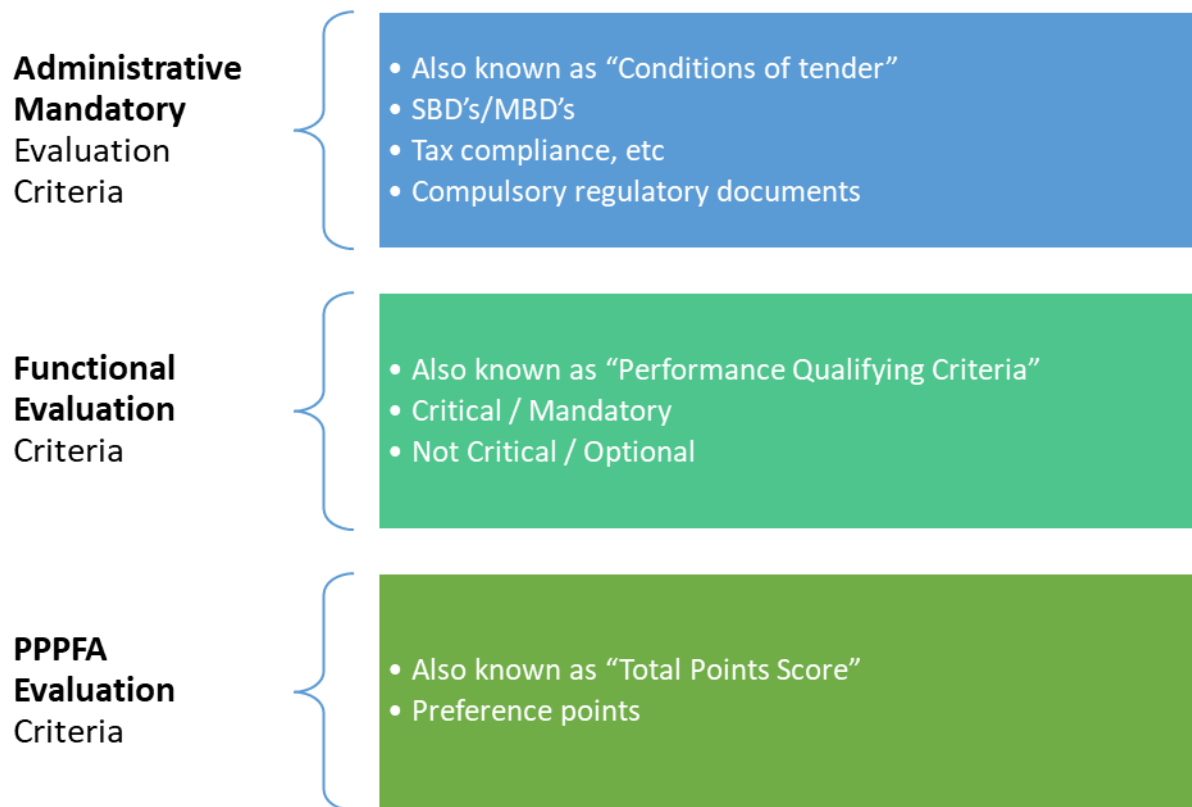


Figure 1: Three Types of Evaluation Criteria

2.1.1 Administrative Mandatory Evaluation Criteria

- i. Administrative mandatory evaluation criteria, sometimes called ‘conditions of tender’ or ‘tender rules’ are the requirements or rules that the buyer sets out in the tender document about the procedure for submitting an offer.
- ii. These criteria help in the first process of conducting supplier due diligence checks.
- iii. Compliance with the criteria should be shown as a PASS/FAIL or YES/NO answer only. The necessary documented proof as specified in the tender document must be included.
- iv. Each offer must conform to these conditions to be eligible for further evaluation.
- v. An offer that fails to meet these conditions can be rejected.

- vi. It is important to highlight such conditions upfront and provide clear guidance for suppliers on what they must do to meet them.
- vii. Mandatory conditions could include such items as:
 - a. Hard copy/electronic copies attached in the correct format
 - b. Offer received on time
 - c. Offer Signed
 - d. Supplier name, address and contact details included
 - e. Correct documents submitted e.g. Sbd/mbd documents,
 - f. Submission of the pricing documents,
 - g. Correct number of copies included where applicable,
 - h. Submission of all compulsory regulatory documents
 - i. Signed declaration of conflict of interest included, etc.
- viii. A government institution may decide that failure to meet all conditions results in an offer being rejected.
- ix. Sometimes, however, a degree of discretion is allowed for minor failures such as the provision of five copies of the offer instead of six.
- x. This can be acceptable if the breach is minor, can quickly be rectified and the nature of the breach does not afford the supplier an unfair advantage.
- xi. The buyer's tender documents must address whether or not late offers will be received. The general rule is that late offers will not be accepted.

2.1.2 Functionality Evaluation Criteria

- i. Functionality evaluation criteria are also known as “performance or quality criteria”.

- ii. These criteria will determine if the appointed service provider/supplier will either perform or fail to perform the work. In other words, will value for money be achieved or not?
- iii. Close attention must be paid to the minimum threshold.
- iv. The agreed threshold and the criteria will also reflect the desired contractual and relational model as indicated in stage 4.1.
- v. They may either be:
 - a. Critical/ Mandatory Functionality Criteria
 - b. Not critical / Optional Functionality Criteria

2.1.2.1 Critical/Mandatory Functionality Criteria

- i. These criteria are so important that they cannot be compromised.
- ii. Suppliers **MUST** comply with these criteria to be considered for further evaluation.
- iii. Any negotiable aspects cannot be deemed as critical/mandatory evaluation criteria.
- iv. Compliance with these criteria should be using a "YES" or "NO" answer only, and be backed up with verifiable documentary proof.
- v. If any of these criteria are not met, the supplier will be disqualified and not be considered for further evaluation.

2.1.2.1.1 Examples of Critical/Mandatory Evaluation Criteria

- i. **Quality:** e.g. The supplier must have an accredited Quality System (e.g. ISO 9000 as amended from time to time).
- ii. **Capacity:** e.g. "Manufacturing facilities must be capable of producing 1000 tons per year".

- iii. **Accredited Standards:** e.g. "Bidder must comply with SABS Standard SANS 1159: The production of pre-cooked frozen foods containing protein" or any other standard as specified or professional accreditation.
- iv. **Technical Specifications:** e.g. "The supplier's equipment must comply 100% with the technical specifications." But be careful:
 - a. *Specifying 100% compliance to the technical specification as minimum evaluation criteria is setting you up for failure, as it is highly unlikely that all aspects of the specification are deemed as critical and any over-compliance will also be deemed as non-compliance to the original specification and will disqualify the supplier from further evaluation.*

2.1.2.2 Non-critical/ weighted functionality criteria

- i. These criteria are negotiable. They can be weighted according to importance (a high weight for more important criteria and a low weight for less important criteria).
- ii. Documentary proof will be required for evaluation panel members to determine a score for the criteria (e.g. 0 = unacceptable; 1 = poor; 2 = less than acceptable; 3 = good/acceptable; 4 = more than acceptable; 5 = exceptional; or some similar scoring mechanism.)
- iii. As far as possible, the criteria should be measurable. Subjectivity should be minimised.
- iv. These criteria should be linked to a minimum threshold that should be achieved to be considered for further evaluation.

2.1.2.2.2 Examples of non-critical / weighted evaluation criteria

- i. Regardless of the supplier selection criteria that you agree upon, some of the criteria will be more important than others.
- ii. To consider this inequality, apply weighting to each criterion.
- iii. The stakeholders, who likely represent the end users, as well as product experts, are very valuable for determining appropriate weights.

- iv. It is critical that they sign off on this decision regardless of their involvement in the sourcing event to date.
- v. The table included under Templates, gives an example of weighted functionality evaluation criteria for the appointment of strategic sourcing consulting resources. In this example, the criteria are weighted according to the importance of their contribution to the overall project.
- vi. When establishing the threshold, the practitioner must ensure that the set threshold score for functionality criteria aligns with achieving value for money.
- vii. Functionality evaluation criteria are set to:
 - a. Ensure fairness and transparency (eliminate preferences for a particular supplier).
 - b. Set the "rules of engagement" (with minimum and unacceptable criteria, you can eliminate suppliers that do not meet standards).
 - c. Reduce the amount of effort (unacceptable suppliers are not reviewed or the criteria can be used as justification for a confinement).

2.1.2.2.3 Practical example of functionality criteria identification

- i. Refer to the "Statement of Needs" done during stage 3 where you have already started identifying business needs and requirements that can be translated to evaluation criteria.
- ii. List ALL the functionality evaluation criteria and either mark them as mandatory or optional.
- iii. If optional, decide what weight it must carry based on the importance of the criteria in the overall project.
- iv. At this stage, also incorporate the identified social values as included in the procurement plan on stage 0.

2.1.3 Price and Points Evaluation Criteria

- i. This evaluation criteria is also known as the “Price and preference points” evaluation criteria.
- ii. This evaluation is done when the administrative and functionality or technical evaluations are completed.
- iii. Refer to the applicable procurement legislation.

2.1.3.1.2 Criteria for breaking the deadlock in scoring

- i. Where two or more tenderers score an equal total number of points, the contract must be awarded to the tenderer that scored the highest points for specific goals.
- ii. Where two or more tenderers score equal total points in all respects, the award must be decided by drawing lots.

2.2 Additional evaluation criteria

- i. Criteria for additional evaluation purposes generally include the following or as determined by the sourcing team:
 - a. Technical specifications and service level agreements
 - b. Quality
 - c. Cost and/or Life cycle costing
 - d. Social Responsibility
 - e. Commercial terms and conditions
 - f. Due diligence and negotiation
 - g. Other
- ii. Examples of additional evaluation criteria that include sustainability criteria:

Commercial	Social Responsibility	Quality
<ul style="list-style-type: none"> Client % of Supplier revenue Logistics integration Standard Commercial terms and conditions Warranties and penalties Local preference 	<ul style="list-style-type: none"> Economic Empowerment Promotion of different enterprise Local Economic Development 	<ul style="list-style-type: none"> Quality systems Rejections Quality control of sub-suppliers Implementation of ISO standards Preventative maintenance
Other	Specification / SLA	Cost
<ul style="list-style-type: none"> Research and Development (R&D) Client % of supplier revenue Environmental programs E-commerce 	<ul style="list-style-type: none"> Compliance with product specification and service legal agreement Value-added services 	<ul style="list-style-type: none"> Total Cost of Ownership (Life cycle costing) Price stability Discount structures

Figure 2: Examples of Additional Criteria

3.0 Templates

3.1 Weighted Evaluation Criteria and Threshold

No	Evaluation Criteria	Weight	Scoring Criteria
1	Rationale Views and comments on the Terms of Reference for the successful execution of activities, in particular regarding the objectives and expected results, thus demonstrating the degree of understanding of the scope of work. The Bidder's opinion on the key issues related to the achievement of the contract objectives and expected results.	15	5 = Excellent 4= Very Good 3 = Good 2= Average 1 = Poor
2	Strategy An outline of the approach proposed for the development of the sourcing strategies, market engagements and contract implementation.	20	5 = Excellent 4= Very Good 3 = Good 2= Average 1 = Poor

No	Evaluation Criteria	Weight	Scoring Criteria
3	Portfolio of evidence A portfolio of evidence for at least three (3) similar projects should be provided to demonstrate the following: <ul style="list-style-type: none"> • The customer • Period of assignment • Value of assignment • Savings achieved • Process optimisation • Quality improvement • Impact on service delivery 	20	5 = Excellent 4= Very Good 3 = Good 2= Average 1 = Poor
4	Benefits and Cost Optimisation Principles Benefits and cost optimisation principles linked to the proposed offering illustrate all projected cost savings. Bidders to provide detailed costing and benefits that will accrue to the State. Demonstration of a cost-sharing model/ financial model to share rewards/ risks	20	5 = Excellent 4= Very Good 3 = Good 2= Average 1 = Poor
5	Timetable of Work The timing, sequence and duration of the proposed tasks, taking into account travel time. The identification and timing of major milestones in executing the contract, including an indication of how the achievement of these milestones would be reflected in any reports, particularly those stipulated in the Terms of Reference. The methodologies contained in the offer should include a work plan indicating the envisaged resources to be mobilised.	10	5 = Excellent 4= Very Good 3 = Good 2= Average 1 = Poor
6	Team Structure The bidder is required to provide a structure of the team: <ul style="list-style-type: none"> • Overall Project Manager • The lead on each Category • Support personnel The bidder must provide a one-page resume of each person on the team and the specific role the person will fulfil. The	15	5 = Excellent 4= Very Good 3 = Good 2= Average 1 = Poor

No	Evaluation Criteria	Weight	Scoring Criteria
	resume must indicate the qualifications and experience relevant to this project as outlined in the TOR.		
	TOTAL	100	
	THRESHOLD	70%	

Table 1: Weighted Evaluation Criteria and Threshold

3.2 Practical Example of Functionality Criteria Identification

Illustrative example only

Statement of needs					
Internal function	Prompt	Requirement	Evaluation Criteria	Mandatory or optional?	Weight
What product / Service definition	What do they need?	Flame retardant blankets for inmates in correctional services facilities	<ul style="list-style-type: none"> List the minimum requirements that the bidder must adhere to and what the product must do 	M	Y/N
	What must it do?				
	What is it needed for?				
Quantity & Frequency	Quantities to be ordered	Quantity per facility is different. Average 800 per facility; 500 facilities. Order as and when required.	<ul style="list-style-type: none"> Capacity/production requirements must meet our demand 	O	5
	How often will orders be placed?				
Quality and Reliability	Specification	Blankets must be flame-retardant. Blankets must be 100% wool	<ul style="list-style-type: none"> Must comply with SABS /ISO standard (xxx/IW</xxx) Capacity / Capability Report 	M	Y/N
	ISO and Other standards				

Statement of needs					
Internal function	Prompt	Requirement	Evaluation Criteria	Mandatory or optional?	Weight
			<ul style="list-style-type: none"> Frequent testing on samples of blankets 		
Geographic al Needs	User footprint Nationally / Provincially	The service is needed at all correctional facilities	<ul style="list-style-type: none"> Supplier must have a National Footprint Agent in every province 	O	4
	Where is the product/service needed?				
Legislation / Regulatory	Legal, compliance, environmental , ethical issues	Designated sector for local manufacturing (100% local)	<ul style="list-style-type: none"> A supplier must comply with the Local Content requirement as stipulated in the instruction note 	M	Y/N
	Linkage to Strategy				
	Promotion of specific socio-economic objectives				
Delivery Requirements	Daily / Weekly / Monthly / As and when required	Weekly orders will be place Deliver at the facility store Deliver between 9h00 – 15h00	<ul style="list-style-type: none"> Lead time must be 4 weeks from the date of order Orders must be delivered to the store 	O	4
	Where / When / How?				
	Are special vehicles required?				

Table 2: Example of Functionality Criteria Identification

3.3 Mandatory criteria

Illustrative example only

Mandatory Criteria					
Internal function	Prompt	Requirement	Evaluation Criteria	Mandatory or optional?	Weight
What? Product/service definition	What do they need?	Flame retardant blankets for inmates in correctional services facilities.	<ul style="list-style-type: none"> List the minimum requirement that the bidder must adhere to and what the product must do. 	M	Y/N
	What must it do?				
	What is it needed for?				
Quality and Reliability	Specification	Blankets must be flame retardant Blankets must be 100% Wool	<ul style="list-style-type: none"> Must comply with SABS /ISO standard (xxx/IW</xxx) Capacity / Capability Report Frequent testing on samples of blankets 	M	Y/N
	ISO and Other Standards				
Legislation / Regulatory	Legal, compliance, environmental , ethical issues	Weekly orders will be place Deliver at the facility store Deliver between 9h00 – 15h00	<ul style="list-style-type: none"> Lead time must be 4 weeks from the date of order Orders must be delivered to the store 	M	Y/N
	Linkage to Strategy				
	Promotion of specific socio-economic objectives				

Table 3: Example of Mandatory Criteria

3.4 Separate the Mandatory criteria from the Weighted/Optional Criteria

Statement of needs					
Internal function	Prompt	Requirement	Evaluation Criteria	Mandatory or optional?	Weight
Quantity & Frequency	Quantities to be ordered	Quantity per facility is different. Average 800 per facility; 500 facilities. Order as and when required.	<ul style="list-style-type: none"> Capacity/production requirements must meet our demand 	O	5
	How often will orders be placed?				
	ISO and Other standards				
Geographic Needs	User footprint Nationally / Provincially	The service is needed at all correctional facilities	<ul style="list-style-type: none"> Supplier must have a National Footprint Agent in every province 	O	4
	Where is the product/service needed?				
Delivery Requirements	Daily / Weekly / Monthly / As and when required	Weekly orders will be place Deliver at the facility store Deliver between 9h00 – 15h00	<ul style="list-style-type: none"> Lead time must be 4 weeks from the date of order Orders must be delivered to the store 	O	4
	Where / When / How?				
	Are special vehicles required?				

Table 4: Separate Mandatory Criteria from the Weighted/Optional Criteria

