Government of South Australia

State Procurement Board

www.spb.sa.gov.au

Supplier Selection Policy

Version	2.0
Date Issued	September 2016
Review Date	September 2018
Principal Contact	State Procurement Board
Telephone	8226 5001

Contents

1. Purpose

This policy outlines the State Procurement Board's (Board) mandated requirements and advises on the selection of suppliers that represent best value for money.

This policy includes information on:

- key supplier selection requirements
- key elements of an evaluation plan
- role and structure of an evaluation team
- probity and governance requirements
- evaluation methodologies
- negotiation strategies
- management of deviations from approved acquisition plans
- key elements of a purchase recommendation
- debriefing process.

2. General Principles

The object of the *State Procurement Act 2004* (Act) is to advance government priorities and objectives by a system of procurement for public authorities directed towards:

a) obtaining value in the expenditure of public money
b) providing for ethical and fair treatment of participants
c) ensuring probity, accountability and transparency in procurement operations.

The selection of suppliers and the evaluation of offers is to have regard to, and be consistent with, these objectives.

All expressions defined in the Act have the same meaning in this policy.

3. Policy Statement

Public authorities are required to undertake effective supplier selection processes in accordance with the mandated requirements outlined in this policy.

4. Policy Scope

This policy applies to all public authorities as defined in the Act.

This policy applies to procurements greater than $550,000 and is not intended for procurements valued up to and including $550,000 undertaken in accordance with the *Simple Procurement Policy*, although the general principles are suitable for all evaluations.

All dollar values are GST inclusive.

5. Better Customer Charter for Business

The *Better Customer Charter for Business* released in July 2016 outlines the South Australian Government's commitment to being the best public service customer to suppliers and sets out what current and potential suppliers can expect from the government when they bid for procurement opportunities.

The *Better Customer Charter for Business* requires that:

- suppliers be treated fairly, equally and with respect
- documents utilised during the supplier selection process use clear, simple and easy to understand language
- consistent information is provided to all suppliers
- feedback from the supplier community be used to identify opportunities for improvement
- barriers to good procurement practice are removed.

Other specific elements of the charter have been incorporated into this policy.

6. Definitions

Supplier Selection is the process undertaken to ensure appropriate suppliers are selected to provide the goods or services, whilst ensuring value is achieved.

Evaluation Criteria are used to evaluate proposals received from suppliers.

An *Evaluation Plan* outlines the processes to be followed in evaluating the proposals received and includes timing, membership and weightings.

7. Key Requirements

The goal of supplier selection is to obtain value in the expenditure of public money using a fair, objective and transparent process commensurate with the procurement's value, risk and complexity. Offers are to be evaluated fairly, in accordance with the approved evaluation plan, with suppliers given an opportunity to receive feedback.

Invitation documents are to be prepared in accordance with the *Market Approach and Contract Documents Guideline* (where appropriate) to inform potential suppliers of the evaluation process, procurement objectives and evaluation criteria. The purchase recommendation is to be based on the input of the evaluation team.

The *Acquisition Planning Policy* outlines the requirements in developing an acquisition plan, some of which may impact the supplier selection process, for example, specification development, probity, life cycle costing and evaluation planning.

Public authorities **must** ensure that:

- an evaluation plan is developed and approved prior to the opening of bids
- an appropriate probity and risk management framework is developed to safeguard the integrity of the selection process
- planned evaluation approaches are fit for purpose and internal/external resources

are allocated to the process to facilitate timely, efficient and effective decision making, consistent with the specified requirements and the procurement objectives
- the evaluation criteria are released to the market
- a Chair is appointed who is primarily responsible for conducting the selection process
- the mandatory criteria are outlined clearly in the market approach documentation.

The outcome of the selection process is generally determined on the basis of consensus, reached after evaluation team members have discussed their differences, rather than through the averaging of individual scores. Only where this approach has failed would a casting vote by the Chair or a minority report (for example) be considered.

8. Evaluation Plan

An evaluation plan documents the supplier selection process and is tailored to the specific needs and circumstances of the procurement being undertaken. The evaluation plan is to include the following, consistent with information summarised in the acquisition plan:

- Procurement objectives.
- Evaluation criteria and weightings.
- Evaluation process, methodology and/or techniques to be used.
- Verification processes such as site visits, referee checks, licensing checks and independent reports.
- Evaluation standards (scoring system, evidence sought and basis for scoring).
- Evaluation schedule including key timeframes and milestones.
- Reporting and approval arrangements.
- Composition of the evaluation team including roles and responsibilities.
- Communication strategies and how responses will be managed.
- Consideration of the debriefing process including roles and responsibilities.
- Equity, governance and probity arrangements (including the declaration and management of any conflicts of interest).
- Resource requirements (for example, financial, administrative or physical).
- Record keeping arrangements.
- Negotiation strategy.
- Format of the purchase recommendation (and evaluation report if required).

The evaluation plan may also include information on the receipt and opening of offers, late offers, alternative offers and offer conformance. The evaluation plan could also outline the approval processes for modifying parts of the evaluation plan in accordance with the requirements for managing deviations set out in this policy. An *Evaluation Plan* template may be used.

9. Invitation and Response Documents

The *Market Approach and Contract Documents Guideline* provides guidance on market approach processes and documentation.

In accordance with the *Better Customer Charter for Business* public authorities are required to:

- use clear, simple and easy to understand language in procurement documents
- provide consistent information to all suppliers
- only ask for the information that is needed to fairly evaluate bids

- keep suppliers informed of the progress of their offer.

10. Evaluation Criteria

The evaluation criteria, either mandatory or qualitative, provide a standard against which to evaluate cost and non-cost elements of suppliers' offers to identify the best value for money solution that meets the public authority's procurement requirements and objectives.

The evaluation criteria are determined by the public authority but are typically related to:

- Prior performance.
- Demonstrated experience in this requirement.
- Level of compliance with specification and statement of requirements.
- Management approach, capability and capacity (including quality systems, risk management approach, methodology, customer service, innovation, proposed work plan, availability of resources).
- Price / cost.
- Level of agreement with draft contract.
- Level of compliance with government policies (environmental, industry participation policy, work health and safety etc).

These criteria can be modified as appropriate to suit the public authority's needs.

Using standard market approach and contract documents simplifies the selection process by aligning the criteria with the response template thus enabling sufficient information to be provided by respondents for the evaluation.

Mandatory criteria are to be kept to a minimum, be easily assessed without being open to subjective judgement (for example, yes/no) and reflect the minimum requirements for the supplier to be considered further.

Suppliers need to provide supporting information to enable both mandatory and qualitative criteria to be assessed.

11. The Evaluation Team

The number and composition of the evaluation team is to reflect the:

- value, risk and complexity of the procurement and the matters that need to be examined, including subject matter expertise where required
- possible number of offers and data to be evaluated
- needs and views of key customers, work units and technical experts.

The inclusion of a procurement professional with relevant procurement experience and skills is highly desirable, especially for more complex, high value procurements.

High risk and complex evaluations may require the use of sub-teams, 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 responses. Alternatively, it may be appropriate that one or more evaluation team members review one element 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 purchase recommendation.

Experts in areas such as financial viability, insurance or legal conditions may be required. Where experts are used, it is not necessary for them to participate in the selection process outside of their designated area. In less complex and low risk procurements, a small team (three members in most cases but always a minimum of two team members) may handle the complete evaluation.

To be prepared for the selection process, the evaluation team needs to be:

- trained in the evaluation and scoring process
- instructed in probity arrangements including the need to declare any conflicts of interest
- provided with relevant documentation, resources and materials to support their role including, process guidelines outlined in the market approach documentation, objectives, timeframes and milestones, score sheets and a copy of the evaluation plan.

The evaluation team is to be informed that they will need to make professional judgements on the basis of the evidence provided, observed and analysed as part of the process. This will involve documenting and keeping notes of the proceedings, which will also be used as the basis for supplier debriefings at the end of the procurement process.

12. Probity and Governance

In accordance with the *Better Customer Charter for Business,* suppliers are to be treated fairly, equally and with respect.

The selection process needs to be fair, objective, defensible and transparent, appropriately documented and conducted in accordance with the requirements set out in the evaluation plan.

The Chair of the evaluation team is responsible for ensuring that an appropriate probity framework is established, with each evaluation team member performing their function in a professional and objective manner.

Specific probity and governance issues to consider include:

- probity risks including potential, perceived or actual conflict of interest
- the physical and online security of documentation
- the use of a probity auditor and/or probity advisor
- the development of a probity plan.

Further information is outlined in the *Probity and Ethical Procurement Guideline*.

13. Late Offers

Late offers can be considered when exceptional circumstances have arisen such as:

- a fault in the public authority's receiving arrangements for offers or
- a fault or incident outside the control of the supplier (e.g. natural disaster, mishandling by the public authority, significant postal or courier service delay, major security incident, e-delivery system downtime).

Arrangements need to be in place to verify the date and time that offers are received at the nominated place of delivery. Late offers are to be processed separately to offers received prior to the closing time, 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 when a late offer is received, the process is to 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 are to be advised immediately once a decision has been made on the acceptance or otherwise of their offer. If not accepted, late offers are not to be opened except where the supplier's contact details cannot otherwise be identified.

In summary, the principal officer **must** ensure that:

- prior to approving the admissibility of a late offer, that the reasons for accepting the late offer are satisfactory and that accepting a late offer will not compromise the integrity of the tendering process
- appropriate management controls are in place regarding the handling of late offers
- offers received after the designated closing time are identified as late and managed separately to offers received prior to the closing time
- late offers are not accepted for consideration unless approved by the principal officer (or delegate).

14. Industry Participation Policy

The Government's *South Australian Industry Participation Policy* (IPP) outlines various requirements to be applied when undertaking procurements. These are documented below.

Further guidance and detail are available in the *South Australian Industry Participation Policy* published by the Office of the Industry Advocate (OIA).

*For procurements over $220,000 and under $4 million ($1 million in Regional SA), public authorities **must** ensure that a metropolitan or regional ECT is completed and that a **minimum weighting of 15%** is applied as a component of the overall evaluation criteria.*

*For procurements equal to or greater than $4 million ($1 million in Regional SA) but less than $50 million, public authorities **must** ensure that a Standard IPP Plan is completed and that a **minimum weighting of 15%** is applied as a component of the overall evaluation criteria.*

*For procurements of $50 million and over, public authorities **must** ensure that a Tailored IPP Plan is completed and that a **minimum weighting of 15%** is applied as a component of the overall evaluation criteria.*

*For panel contracts less than $4 million ($1 million in Regional SA) public authorities **must** ensure that an ECT is completed for competitive secondary procurement processes above $33,000 unless otherwise exempted by the OIA.*
*For panel contracts equal to or greater than $4 million ($1 million in Regional SA), public authorities **must** ensure that:*

- *a Declaration of Intent is completed as part of the initial panel tender response*
- *an ECT is completed for competitive secondary procurement processes above $33,000 and less than $4 million ($1 million in Regional SA) unless otherwise exempted by the OIA*

- *a Standard IPP Plan is completed for any competitive secondary quotes equal to or greater than $4 million ($1 million in Regional SA).*

*For panel contracts with a limited number of suppliers and expected volumes for use are above $50 million over the panel lifespan, public authorities **must** ensure that a Tailored IPP Plan is completed.*

Note that the specific IPP requirements and evaluation weightings were determined in the acquisition plan and included in the invitation and response documentation.

The Government's *South Australian Industry Participation Policy* (IPP) also requires public authorities to:

- where requested, assist suppliers to complete the ECT or direct them to the OIA if required
- forward a list of all suppliers and any IPP submissions to the OIA for assessment after invitation close
- conduct the assessment for any offers that seek the submission of an ECT or IPP Plan (as scored and assessed by the OIA) and incorporate the result into the evaluation process
- where relevant, ensure on contract award that the commitments made by the successful supplier in their submitted IPP Plan become conditions of the contract.

15. Evaluation Methodologies

An evaluation methodology appropriate to the value, risk and complexity of the procurement needs to be selected.

Standard Evaluation Method

Attachment 1 and 2 provide examples of the standard evaluation method, one with the cost included as an evaluation criteria and the other with the cost excluded from the primary evaluation criteria but considered following the qualitative assessment.

Other alternative weighting and scoring systems can also be considered to ensure the process is commensurate with the value, risk and complexity of the procurement.

Step	Description
Step 1 Identify the evaluation criteria	Establish the mandatory and qualitative criteria against which the offer will be assessed, with reference to the procurement's objectives and expected outcomes.
Step 2 Determine the weighting for each qualitative criteria	A weighting system differentiates the qualitative criteria in terms of their importance in meeting the procurement objectives and outcomes. Mandatory criteria are assessed as pass/fail or yes/no and are not weighted as they all need to be met before bids are considered any further. Public authorities may choose to release weightings to the market.

Step	Description
Step 3 Determine the scoring system	The scoring system defines how successful an offer is in satisfying or achieving the criteria. A rating usually is defined as numbers (e.g. 0 to 5) or adjectives (e.g. unsatisfactory, fair, satisfactory, good and exceptional). In complex procurements, more differentiated ratings may be appropriate. ***Attachment 3*** provides several examples of scoring systems that can be used.
Step 4 Apply a rating and calculate the weighted scores	A rating is generally applied, on a criteria basis, to each offer individually and then discussed and agreed to by the evaluation team through consensus. The evaluation team could also only consider the non-cost elements of the offer to remove the potential to be influenced by cost perceptions. All risks are to be identified and recorded in the scoring process in order to be addressed in determining the final selection. A shortlisting process is often undertaken when there are a large number of offers, to avoid detailed evaluation of all offers. The shortlisting process takes a preliminary evaluation of all the offers but only applies more comprehensive evaluation techniques (such as site visits, referee checks etc) to the shortlisted offers. To avoid excluding effective suppliers, there needs to be clear and sufficient differentiation between shortlisted and not shortlisted suppliers. The exclusion of suppliers is to be justified and documented in the event that the decision is questioned, and to assist the debriefing process.
Step 5 Calculate a value for money ratio (***Attachment 1***)	Where cost is NOT included as a weighted criteria, this step compares the cost of the offer against the (non-cost) score, to arrive at a value for money ratio. Note that excluding cost from the criteria gives cost a 50% weighting. It is therefore important that the relative importance of cost be determined prior to opening offers and that a decision to include or exclude cost from the evaluation criteria be made.

A scoring guide or evaluation standards may be developed to provide greater objectivity and consistency in the evaluation process and could include narrative descriptions explaining the requirements of each scoring level.

Standard Evaluation Method plus the Consideration of Risk

The consideration of risk can be added to the standard evaluation method where criteria related to risk are considered separately. This approach requires the criteria to be separated into three components, namely value, risk and cost, and assessed separately.

Value factors may have a weighting assigned to them in accordance with the standard evaluation method.

Risk factors will not have a weighting. They can be assigned a rating of low, medium and high based on the ability of the respondent to manage the risks. The aim of the rating is to assess the requirements against the public authority's risk requirements. This process also identifies the key risk issues that need to be addressed prior to contract award.

Variations to the Standard Evaluation Method

The following methods may be useful or appropriate in some circumstances to supplement or modify the standard evaluation method.

Evaluation Methods	Description
Professional Judgement	This methodology allows the evaluation team to consider factors beyond the quantitative outcome of the standard model and use the results of the evaluation as a guide or first phase of the process. The team's judgement is considered in order to reflect on any qualitative differences that may be relevant to the final decision. The reasons for the final decision still need to be comprehensively documented to support the overall selection process. It may therefore be more appropriate to use this approach as a counterweight to the quantitative process and where required, reassess the original scores (in an objective manner).
Least Cost Approach	This methodology is often called the 'first past the post' model and selects the lowest reasonably costed respondent that meets all the mandatory requirements (usually assessed as pass/fail or yes/no). This approach is generally suitable where cost is the most important consideration and is generally not suitable for evaluations that involve important qualitative attributes.
Paired Comparison	This methodology determines the relative merit of an offer by comparing it against every other offer on a one to one basis. For example, in the case of three respondents (A, B and C), respondent A's offer for criterion 1 would be compared to respondent B's offer for criterion 1. A rating would be assigned based on a scoring system (e.g. 1, better, 2 significantly better). This process is repeated for each other respondent pairing, i.e. Respondent A's offer for criterion 1 would be compared to respondent C's offer for criterion 1, and then finally respondent B's offer for criterion 1 to respondent C's, completing the possible permutations. This process is repeated for each criteria, with the supplier allocated the most overall points deemed

Evaluation Methods	Description
	the preferred supplier. The advantage of this process is that the quality of the offer is determined in comparison to other offers. In complex evaluations or where there are many respondents, it can be easier for an evaluation team member to determine which of two options is preferred to arrive at a ranking of suppliers.

16. Life Cycle Costing

Life cycle costing (LCC) is a methodology for identifying and calculating the total costs and expenses associated with the purchase of goods, related services or integrated projects. Life cycle costs includes all initial and future costs related to the entire life cycle, including design, planning, acquisition, installation, operation, maintenance, refurbishment and disposal costs.

The supplier selection process **must** utilise life cycle costing, where appropriate, to ensure the best value goods and services are procured.

The acquisition cost of goods is only one part of the cost. In reality the immediate costs may represent only a small part of the total costs incurred over the entire life cycle. In some cases, operating and maintenance costs may be the majority of life cycle costs.

Goods can have differing cost patterns or elements. For example, some goods may have a higher energy consumption rating, require a lower frequency of servicing or have more expensive costs associated with their disposal. LCC identifies these anticipated costs, enabling an informed procurement decision to be made including a more comprehensive assessment of value for money, consistent with the object of the Act.

LCC is particularly applicable to high value procurements and can also be applied to low value procurements when competing procurement options have markedly differing cost structures or usage patterns.

LCC analysis may involve considerable time and effort and analysis needs to be commensurate with the type and value of the procurement, so that the benefits outweigh the costs involved.

The four key steps in calculating the life cycle costs of a proposed procurement are to:

- develop a plan
- identify the cost elements
- create a cost structure
- discount the future costs.

This process is explained in more detail in ***Attachment 4***.

There can be limitations or constraints to applying LCC. While it is relatively simple to establish the acquisition cost of a good, it can be more difficult to estimate the operational and maintenance costs incurred during its life. Similarly, choosing the 'correct' discount rate can be equally contentious. Consideration is also to be given to likely cost increases that may occur over this period.

It is important that identified costs for each year of the cycle be matched to the budget provided before an option is chosen. In some cases, different options will have budgeting implications beyond the initial purchase price which need to be considered before a supplier is selected.

17. Sustainable Procurement

The process for selecting suppliers is to have regard to the *Sustainable Procurement Guideline*, which supports public authorities incorporating sustainability features into procurements.

Once relevant sustainable features have been determined and incorporated into the procurement specifications and evaluation criteria, the appropriate selection method can be applied.

18. Negotiation

Negotiation is an optional process in which, through dialogue, both parties move from their initial positions to achieve a mutually agreed improvement in the procurement outcome.

Negotiation is differentiated from 'clarification', which is a normal part of the supplier selection process and is used where part of an offer is ambiguous or unclear and clarification is required to enable a fair judgement to be made.

The negotiation process may include discussion on contractual clauses that a respondent has indicated it wishes changed, rectify aspects of an offer that present unacceptable risk for the public authority or explore opportunities for the creation of additional value.

It is important that any negotiation not disadvantage other suppliers, distort the competitive process or impact negatively on the object of the Act. Negotiation is used to optimise value, but is not opportune for pursuing a different outcome than that originally specified in the market approach.

The negotiation process commences by developing broad negotiation strategies at the acquisition planning stage, which can be further developed once the main evaluation process has concluded. At this stage, a more detailed negotiation plan can be developed to include relevant and specific issues, objectives and priorities specific to the respondents selected for negotiation. The strategy would include the composition of the negotiation team and define the issues to be negotiated, the approach and positions to be taken and possible concessions to be made.

The negotiation plan may be approved by an appropriate authorising officer within the public authority before the negotiation process commences.

Negotiation proceedings **must** be documented to provide a clear audit trail, with the results of any negotiation fed into the selection process and scoring model (where relevant) to confirm the preferred supplier.

A *Negotiation Plan* template can be used.

19. Managing Deviations from the Approved Acquisition Plan

Deviations occur where there is a material departure from the strategy approved in the Acquisition Plan that occurs prior to contract execution. Variations required after contract executions are contract "variations" (refer to the *Contract Management Policy* for further information on managing contract variations).

Deviations may relate to:

- the evaluation team or evaluation criteria and weightings
- the method of approaching the market
- timeframes
- the procurement scope.

Deviations from approved acquisition plans **must** be approved by the original approving authority, except where the authority to approve deviations was delegated with the original acquisition plan approval or the deviation is assessed as low level in accordance with the "Assessment of Deviation" process outlined in this policy.

Where the Board approved an acquisition plan with a value above the procurement authority of the public authority, the public authority is to assess whether the deviation is significant enough to require consideration by the Board. If the deviation raises the acquisition plan value above the procurement authority of the public authority, the deviation **must** be approved by the Board.

The acquisition plan needs to reflect the appropriate procurement strategy and process to be undertaken so that deviations from approved acquisition plans only occur in exceptional circumstances.

Acquisition plan deviations relating to a high risk procurement, or one that has a potential across-government impact, can be referred to the State Procurement Board secretariat for advice in relation to approval requirements.

Assessment of Deviation

An assessment of the deviation is to determine the type of approval required by considering:

- potential impact on the procurement process and/or the procurement outcome
- stage in the procurement process
- level of deviation.

Measures of Impact

The measures of impact for deviations are categorised as follows:

Measure	Description
Insignificant	No potential to impact the process and/or the outcome. No risk to perceived or actual probity of the process.
Minor	Limited potential to impact the process and/or the outcome. Limited risk to perceived or actual probity of the process.

Moderate	Moderate potential to impact the process and/or the outcome. Moderate level of risk to perceived or actual probity of the process.
Major	High potential to impact the process and/or the outcome. Major risk to perceived or actual probity of the process.

Stage of the Process

Identify the stage in the procurement process when the deviation occurs.

Stage	Description
Prior to Market Approach	Deviation occurs after approval of the acquisition plan but prior to approaching the market.
During Invitation Call	Deviation occurs during market approach but prior to opening offers.
During Evaluation	Deviation occurs during the evaluation period but prior to the purchase recommendation.
Post Purchase Recommendation	Deviation occurs after purchase recommendation approval but prior to contract execution.

Level of Deviation

The level of deviation can be determined by using the following matrix:

Stage in the Process

Measure of Impact	Prior Market Approach	During Invitation Call	During Evaluation	Post Purchase Recommendation
Major	**High**	**Extreme**	**Extreme**	**Extreme**
Moderate	**Medium**	**High**	**Extreme**	**Extreme**
Minor	**Low**	**Medium**	**High**	**High**
Insignificant	**Low**	**Low**	**Medium**	**Medium**

Action Required

For each level of deviation, the following action is required:

Deviation Level	Description
Low	Maintain a record of the deviation*.
Medium	Maintain record of deviation and report the deviation to the approving authority in the final purchase recommendation*.
High/Extreme	Approval of the deviation is to be obtained from the approving authority of the acquisition plan prior to progressing further.

**The likelihood of deviations occurring and the delegation of authority to approve such deviations may be identified and addressed in the original acquisition plan. For low and medium level deviations, approval requirements are at the discretion of the public authority, depending on the type of the procurement and the approval processes outlined in the acquisition plan.*

Where appropriate, any risks associated with the deviation can be referred to the approving authority if applicable.

Attachment 5 outlines examples of deviations and (example) associated actions.

20. Purchase Recommendation

A purchase recommendation details the selection process and the relevant findings of the evaluation. The purchase recommendation is to refer to, and not duplicate, information previously outlined in the acquisition plan and related documents (such as the evaluation plan or probity plan). The purchase recommendation is to highlight any other issues that the delegate needs to be aware of in approving the purchase recommendation.

The purchase recommendation **must** be approved prior to awarding the contract by the authority designated in the approved acquisition plan, and documented to a level of detail commensurate with the requirement including:

- confirmation that the acquisition plan has been followed including, if appropriate, reference to deviations, and subsequent approvals (if applicable)
- a comparative evaluation of offers and a summary of the results of the evaluation
- a statement as to the achievement of the procurement objectives
- a recommendation to award the contract(s), including details of full terms and all available extensions and values.

The following prompts can be used to identify issues that need to be addressed in a purchase recommendation. An *Purchase Recommendation* template can be used.

<u>Linkage to the Acquisition Plan</u>

- Key recommendation(s).
- Reference to the acquisition plan/evaluation plan (copies are to be available on request).
- Alignment of the purchase recommendation to the acquisition plan and any deviations or amendments from the acquisition plan.
- Any technical or legal advice received that is relevant to the recommendation.

<u>Market Approach</u>

- Details of pre-invitation meetings with prospective respondents.
- Market approach used.
- Details of timing and when the invitation opened and closed.
- Extensions to the bid call period.

<u>Response summary</u>

- Respondent names, value of each offer, including options, when initially opened.

Evaluation

- A brief description of the evaluation process including the evaluation criteria applied, consultation taken, advice received.
- Summary and description of offers and each supplier's capability and weaknesses.
- Any minority views (if applicable).
- Financial viability checks undertaken.
- Shortlist of respondents, criteria applied and reasons for shortlisting.
- Reasons for not shortlisting respondents.
- Information related to site visits, referee checks, communications and discussions with respondents and requests for clarification.
- Additional information used to arrive at the final value for money conclusions.

Negotiations

- Negotiations undertaken with suppliers and outcomes of these proceedings.
- Variations to specifications affected and management strategies.
- Post-tender risks identified and management strategies developed.
- Concessions agreed to or negotiated which vary the approved acquisition plan.
- Summary of final offer costs and benefits (for example, cost reductions or value adds) achieved by negotiations.

Contractual Arrangements

- Proposed contract terms, conditions and arrangements.
- Use of proprietary products and intellectual property.
- Pricing and payment arrangements and contract adjustment mechanisms.
- Inflationary and currency issues attached to pricing.
- Provision for variations to the scope during the life of the contract.
- Performance indicators and how they will be measured including information systems in place.
- Legal advice received, particularly for high value, high risk non-standard contracts.

Risk and Insurance

- Areas and level to be indemnified.
- Specify securities.
- Outline the impact, if any, on departures from the specified deliverables and commercial requirements.
- Any critical issues and risks associated with the recommendation(s).
- Conflict of interest matters declared and how they have been resolved.

Contract Management

- How deliverables are to be managed and controlled.
- If a contract management plan has been/is to be developed.
- Person/s responsible for managing the contract.
- Transitional arrangements, strategies and risks.

Recommendation

Details for awarding the contract including:

- Brief purpose and brief description of the goods and/or services of the contract.

- Scope and type of contract.
- Recommended supplier/s and who is party to the contract.
- Contract value, period of contract.

For high value or high risk procurements, it may also be appropriate to prepare a detailed evaluation report at the end of the selection process, a copy of which can be attached to the purchase recommendation.

Effective evaluation requires the evaluation team to make professional judgements on the basis of all the evidence that has been provided, observed, collected and analysed.

The purchase recommendation (or evaluation report) **must** be signed by all members of the evaluation team (unless they have transmitted a signed copy of the evaluation report) signifying that it is a true reflection of the selection process.

It is preferable that the purchase recommendation is the result of a consensus opinion but it is not necessary for all members of the evaluation team to agree with the recommendation. In cases where a unanimous agreement is not possible, the purchase recommendation is to note this and explain the key positions and points of variance.

21. Supplier Debriefing

In accordance with the *Better Customer Charter for Business,* suppliers **must** be offered a supplier debriefing at the conclusion of a procurement process, to receive feedback on their offer.

<u>Purpose and Benefits of Supplier Debriefing</u>

The primary purpose of a supplier debriefing is to provide the supplier with an accurate and detailed understanding of the selection process and the reasons their offer was not successful.

Benefits of a well prepared and considered supplier debriefing include:

- improved quality and competitiveness of future offers
- increased supplier confidence in Government procurement processes and the methodology behind the decision making
- a reduced likelihood of supplier complaints
- an opportunity to receive feedback from suppliers regarding the selection process with a view to process improvement.

Supplier debriefings are an important element of the supplier selection process and are to be given due consideration prior to commencement of the evaluation, appropriate to the risk and value of the procurement.

Suppliers often put a lot of time and effort into preparing an offer and it is important to provide specific, quality feedback which is well considered, structured and adequately prepared.

Supplier debriefings support the *Better Customer Charter for Business,* fostering a culture of engagement with the supplier community to identify opportunities for improvement and the removal of barriers to good procurement practice.

<u>General Requirements</u>

Debriefings are to be completed in a timely manner, after contract execution, and without unreasonable delay. For long and/or complex procurement processes, a debriefing may be provided at the end of the short-listing phase when the public authority notifies suppliers who have not been short listed.

When advising suppliers in writing on their unsuccessful offer, the supplier is to be offered a debriefing session and requested to respond within 30 days indicating their intention to attend, and invited to submit questions regarding the procurement prior to the debriefing.

Debriefings are best conducted via a face to face meeting (where practicable) or phone or video link.

Letter templates can be used as appropriate:

- *Letter Acknowledging Receipt of Response*
- *Letter to Preferred Respondent*
- *Letter to Unsuccessful Respondent.*

<u>Supplier Debriefing Preparation</u>

The debriefing process has a degree of risk depending on the value and type of the procurement. It is therefore important that appropriate preparation is undertaken including:

- addressing supplier debriefing in the evaluation plan by identifying the roles and responsibilities of those undertaking supplier debriefings
- assessing in the evaluation plan how the risk and value of the procurement may impact the debriefing process (e.g. politically sensitive or high visibility procurements)
- ensuring rigour in evaluation documentation and during the selection process in recording the rationale for decisions
- ensuring evaluation team members understand the debriefing process and their role in contributing to the preparation of debriefing documentation

In certain circumstances, where there is a perceived high level of risk or complexity with the procurement, legal advice may be required on the content of the debrief (either written or verbal).

On completion of the selection process, a written debriefing document shall be prepared and agreed by the evaluation team, as appropriate, for each supplier requesting a debriefing. The debriefing document is to follow a predetermined format to ensure consistency across the type of information and level of debriefing provided to suppliers. Public authorities are encouraged to develop a template or framework to be used to guide supplier debriefing sessions.

Attachment 6 provides a framework to guide the supplier debriefing process.

<u>Supplier Debriefing Meeting Conduct</u>

Depending on the type and value of the procurement, two representatives from the public authority are to be present, their roles consistent with those outlined in the evaluation plan.

The representatives are to be members of the evaluation team who have appropriate skill and experience to conduct and/or participate in a supplier debriefing and have a thorough knowledge of the selection process and reasoning behind decisions made throughout the process.

A probity advisor may be included in the debriefing if the procurement is high risk or there is likelihood of a supplier complaint.

Supplier debriefings are to be minuted, where appropriate, and copies of both the debriefing documentation and meeting minutes kept with procurement records.

What to Discuss and Not to Discuss

The supplier debriefing is to be specific, well considered and tailored to focus on providing:

- a detailed explanation of the selection process undertaken
- feedback specifically about the supplier's offer (only) in relation to the evaluation criteria and the rationale for the evaluation team's decisions.

It may also be appropriate to identify the number of offers received and the overall ranking of the supplier's offer within the field.

The supplier could be provided general feedback regarding the overall presentation of their offer, how it met requirements specified and if process guidelines issued in the market approach documentation were followed. Any areas of non-compliance could also be identified and discussed.

Suppliers often request feedback on pricing and it is acceptable to indicate generally if their offer was considered competitive or uncompetitive from a financial point of view. In this instance, it is important to reiterate the 'value for money' consideration not just being about price. Specifics regarding other supplier's offers or direct comparisons with other offers are not to be disclosed.

To conclude feedback to the supplier, a summary of strengths and weaknesses could be provided and 'key opportunities for improvement' identified for future processes.
Information which may compromise confidentiality or the commercial interests of any stakeholder, which is not already publicly available, shall not be disclosed, such as:

- commercial in confidence information
- details about any other supplier's offer
- the successful supplier's price
- general or specific comparison of the debriefed supplier's offer to any other single offer.

Actual scoring results against evaluation criteria or the merits of decisions made by the evaluation team are generally not for discussion in the supplier debriefing forum.

22. Post Sourcing Reviews

Public authorities **must** undertake a 'post sourcing review' for procurements valued at or above \$4.4 million and for significant contracts below \$4.4 million (as determined by the public authority).

The review is to be undertaken on completion of the supplier selection process to:

- confirm if objectives of the procurement were achieved
- identify key aspects of the selection process which worked well (strengths)
- identify key aspects of the selection process which could be improved (weaknesses)
- seek internal stakeholder feedback regarding the process undertaken
- consider supplier feedback from the debriefing sessions as appropriate
- make recommendations for improvement of future processes if applicable (lessons learned).

The primary benefit of undertaking post supplier selection reviews is to formally assess the process undertaken and to identify potential improvements for future processes to aid the overall achievement of procurement objectives.

23. Further Information

State Procurement Board Secretariat
Phone: (08) 8226 5001
Email: stateprocurementboard@sa.gov.au
www.spb.sa.gov.au

24. Related Policies and Guidelines

SPB Simple Procurement Policy
SPB Acquisition Planning Policy
SPB Standard Market Approach and Contract Documents Guideline
SPB Sustainable Procurement Guideline
South Australian Industry Participation Policy
DPC Circular PCO33 *Industry Participation Policy*
Better Customer Charter for Business

25. Templates

Evaluation Plan
Negotiation Plan
Purchase Recommendation
Letter Acknowledging Receipt of Response
Letter to Preferred Respondent
Letter to Unsuccessful Respondent

Attachment 1 Example Standard Evaluation Method (Cost Excluded)

Step 1 Identify the evaluation criteria

In this example, cost is not a component of the criteria but is used to determine a value for money ratio.

Mandatory	Qualitative
Compliance with industry standards Qualified staff (eg holding a particular qualification or licence)	Prior Performance and Experience Capability and capacity (methodology, customer service, innovation, proposed work plan, availability of resources, quality of goods). Geographic coverage Delivery and response times Level of compliance with specification and statement of requirements

Step 2 Determine the weighting for each qualitative criterion

Criterion	Weighting
Prior Performance and Experience	25%
Capability and capacity (methodology, customer service, innovation, proposed work plan, availability of resources, quality of goods).	25%
Geographic coverage	20%
Delivery and response times	10%
Level of compliance with specification and statement of requirements	20%

Step 3 Determine the scoring system

Rating	Definition
5	Response demonstrates that all requirements have been met in full and at least some of the requirements will be exceeded.
4	Response demonstrates that all requirements have been met in full.
3	Response demonstrates that most major and minor requirements have been met.
2	Response demonstrates that some major and minor requirements have been met.
1	Response demonstrates that only minor requirements have been met.
0	Response fails to demonstrate that any requirements have been met.

Step 4 Apply a rating and calculate the weighted scores

Criterion	Weighting	Offer 1		Offer 2		Offer 3	
		Score	Weighted Score	Score	Weighted Score	Score	Weighted Score
Prior Performance and Experience	25%	2	50	3	75	4	100
Capability and capacity	25%	3	75	2	50	4	100
Geographic coverage	20%	4	80	3	60	3	60
Delivery and response times	10%	1	10	3	30	4	40
Level of compliance with specification and statement of requirements	20%	4	80	3	60	4	80
Totals	**100%**		**295/500**		**275/500**		**380/500**
Percentage Weighted Score	**100%**		**59**		**55**		**76**

Step 5 Calculate a value for money ratio

Offer	1	2	3
Offer Cost	$100	$75	$80
Percentage Weighted Score	59	55	76
Value for Money Ratio	**1.69**	**1.36**	**1.05**

The Value for Money ratio is calculated as follows: Offer Cost/Percentage Weighted Score

In this example, Offer 3 represents the greatest value for money against the other offers (i.e. the lowest cost for each unit of value obtained).

Note that any risks associated with the highest scoring offer are to also be considered as these may affect the purchase recommendation.

Attachment 2 Example Standard Evaluation Method (Cost Included)

Step 1 Identify the evaluation criteria

In this example, cost is a component of the criteria and is weighted and evaluated in a manner similar to other criterion.

Mandatory	Qualitative
Compliance with industry standards Qualified staff (eg holding a particular qualification or licence)	Prior Performance and Experience Capability and capacity (methodology, customer service, innovation, proposed work plan, availability of resources, quality of goods). Geographic coverage Delivery and response times Level of compliance with specification and statement of requirements

Step 2 Determine the weighting for each qualitative criteria

Criterion	Weighting
Prior Performance and Experience	20%
Capability and capacity (methodology, customer service, innovation, proposed work plan, availability of resources, quality of goods).	20%
Geographic coverage	15%
Delivery and response times	10%
Level of compliance with specification and statement of requirements	15%
Cost	20%

Step 3 Determine the scoring system

In addition to the general scoring system used for non-cost criteria, this example uses a separate approach for scoring the cost component.

Rating	Definition
5	Response demonstrates that all requirements have been met in full and at least some of the requirements will be exceeded.
4	Response demonstrates that all requirements have been met in full.
3	Response demonstrates that most major and minor requirements have been met.

Rating	Definition
2	Response demonstrates that some major and minor requirements have been met.
1	Response demonstrates that only minor requirements have been met.
0	Response fails to demonstrate that any requirements have been met.

Cost Score
Each offer's cost is scored by comparing it to the lowest offer using the following formula: Score for Offer 1 = (Cost of Lowest Offer) / (Cost of Offer 1) x (the highest possible non-price score).

Note that using the highest possible non-cost score (in this example 5) ensures that the cost component is appropriate as a ratio of the total score.

Step 4 Apply a rating and calculate the weighted scores

Offer	1	2	3
Offer Cost	$100	$75	$80
Cost Score	75 / 100 x 5 = 3.75	75 / 75 x 5 = 5	75 / 80 x 5 = 4.7

Criterion	Weighting	Offer 1		Offer 2		Offer 3	
		Score	Weighted Score	Score	Weighted Score	Score	Weighted Score
Prior Performance and Experience	20%	2	40	3	60	4	80
Capability and capacity	20%	3	60	2	40	4	80
Geographic coverage	15%	4	60	3	45	3	45
Delivery and response times	10%	1	10	3	30	4	40
Level of compliance with specification and statement of requirements	15%	4	60	3	45	4	60
Cost	20%	3.75	75	5	100	4.7	94
Totals	**100%**		**305/500**		**320/500**		**399/500**
Percentage Weighted Score			**61**		**64**		**79.8**

Where a specific weighting is assigned for cost, Offer 3 represents the best value for money outcome (highest score). Note that any risks associated with the highest scoring offer are to also be considered as these may affect the purchase recommendation.

Attachment 3 Example Scoring Systems

Rating	Definition
5	Response demonstrates that all requirements have been met in full and at least some of the requirements will be exceeded.
4	Response demonstrates that all requirements have been met in full.
3	Response demonstrates that most major and minor requirements have been met.
2	Response demonstrates that some major and minor requirements have been met.
1	Response demonstrates that only minor requirements have been met.
0	Response fails to demonstrate that any requirements have been met.

Rating	Definition
10	Exceeds requirement
9	Meets requirement fully
8	Misses requirement on some minor aspects
7	Misses requirement on one key element
6	Misses requirement on a couple of key element
5	Has as many good elements as it has bad elements
4	Meets some elements well but mainly misses
3	Addresses some elements but mainly misses
2	Has only minor elements of the requirement
1	Doesn’t have the requirement

<table>
<tr><th>Rating</th><th>Definition</th></tr>
<tr><td>10</td><td rowspan="3">Proficient/Good – Demonstrates satisfaction of the evidence guide attributes</td></tr>
<tr><td>9</td></tr>
<tr><td>8</td></tr>
<tr><td>7</td><td rowspan="3">Competent – Satisfies important aspects of the evidence guide attributes</td></tr>
<tr><td>6</td></tr>
<tr><td>5</td></tr>
<tr><td>4</td><td>Acceptable - Adequate coverage of the evidence guide attributes, areas of weakness</td></tr>
<tr><td>3</td><td rowspan="3">Poor – Deficient coverage of the evidence guide attributes</td></tr>
<tr><td>2</td></tr>
<tr><td>1</td></tr>
</table>

Rating	Definition
Capable	The response demonstrates a excellent understanding of the criterion or has demonstrated an excellent capability to provide the services required.
Not Capable	The response demonstrates a limited understanding of the criterion or has demonstrated a limited capability to provide the services required.

Rating	Definition
10	The respondent has demonstrated that all requirements of the Statement of Requirements will be met and it is highly unlikely that they will not be achieved. The respondent has demonstrated that some requirements can be exceeded.
8	The respondent has demonstrated that they have the ability to meet all the requirements of the Statement of Requirements. There is minimal risk in not achieving the requirements.
6	The respondent has demonstrated that they have the ability to meet all the requirements of the Statement of Requirements. There is an average risk in not achieving the requirements.
4	The respondent meets some of the requirements of the Statement of Requirements; however, significant deficiencies are apparent.
2	There is evidence the physical constraints of the Statement of Requirements could be met but there is a risk that the respondent will not meet the remaining requirements of the Statement of Requirements.
0	There is limited or no evidence or reasonable doubt that the requirements of the Statement of Requirements can or will be met by the respondent.

Attachment 4 Life Cycle Costing Process

1. Develop a Plan

An LCC plan is to be developed, commensurate with the value, risk and complexity of the goods being procured, which:

- defines the expected outputs and outcomes of the proposed LCC analysis
- delineates the scope of the proposed LCC analysis
- identifies any underlying conditions, assumptions, limitations or constraints.

2. Identify the cost elements

Five cost categories can be adopted, each comprising individual cost elements. These cost categories are:

- Acquisition costs – the initial cost of obtaining the completed goods, including the purchase price, design, planning, freight, installation and initial training costs.
- Lifetime operating costs – the costs (excluding maintenance costs) incurred during the life of the goods, including energy consumption, safety, contract and supplier management, and insurance.
- Lifetime maintenance costs – the costs incurred in maintaining the dependability of the goods during their life, including performance management, consumables, spare parts, minor repairs or labour.
- Disposal costs – the costs of removing or disposing of a good after its economic life has ended, including costs to decommission, dismantle, transport, dump or transition.
- Residual value – the expected value of the good at the time it is sold or disposed of.

Each cost category contains several cost elements that determine the total costs over the life of the goods. These elements can be identified and estimated from analysis of historic data or previous usage patterns, the advice of experts or industry sources, or advice and data from manufacturers or suppliers.

Each cost element is to be defined, with an estimated value, for a defined number of years in which the costs are expected to occur. The time spent on estimating the cost is to be commensurate with the value, risk and complexity of the procurement.

When identifying the cost elements, anticipated costs relating to the procurement are to be included, such as any automatic cost of living increases or indexed costs that potentially impact on the cost of the procurement over its life. For example, if the maintenance costs for a procurement are scheduled to increase by a predetermined 5% per annum, this is to be reflected in the cost structure.

3. Create a cost structure

Once the cost elements have been identified against each cost category, they can be placed into a LCC structure.

An example LCC structure, for the purchase of a new hot water unit, is discussed in section 5. In this example, two hot water units are being considered, Option A and Option B. This example demonstrates how to establish a cost structure. Actual procurements and projects are often more complex than illustrated in the example and therefore the structure may need to be customised to suit the procurement being considered.

4. Discount the future costs

Procurement related costs are generally incurred over the defined life of the goods (e.g. seven years). While the majority of acquisition costs are generally incurred in year 0, operating and maintenance costs usually extend into the future. In the example in section 5, the purchase price and installation costs are included as an initial one off cost, with other costs, such as service costs and energy consumption, occurring annually until the end of the estimated life of the goods.

In general, a dollar spent in the future is worth less than a dollar spent now. Discounting these anticipated future costs by applying an appropriate discount rate enables all costs to be reflected back to their present value (known as Net Present Value or NPV). Discounting future costs to an NPV allows meaningful comparison of purchase options with different future costs.

The discount rate is usually a combination of the current long-term expected interest rate minus the current long term expected inflation rate. However, it is important that specialist financial advice be sought before a particular discount rate is adopted. Department of Treasury and Finance can advise on the appropriate discount rate.

The discount rate used to illustrate the case study in section 5 is 10%. Each cost from year one to six has been discounted according to the number of years that will have elapsed since year 0. Refer section 5 for a description of how this is calculated. As indicated by comparing Option A and B, the cost structure and the effect of discounting enables a meaningful comparison between the two options, regardless of the varying costs.

In summary, the example shows that although the initial purchase price of Option A is less than Option B, the total life cycle costs indicates that Option B presents better value for money.

For the purpose of approving acquisition plans and purchase recommendations, the actual proposed expenditure of the procurement (including the value of any extension options) is to be adopted, not the NPV.

The scope of this policy does not preclude consideration of more complex evaluation methodologies, such as, for example, sensitivity analysis and Equivalent Annualised Value (EAV). The Australian/New Zealand Standard Life Cycle Costing – An Application Guide (AS/NZS 4536:1999) outlines these options in greater detail and is a useful supplement to this policy, especially when undertaking LCC analysis for more complex procurements.

5. Life Cycle Costing Analysis Example

The discount rate used to illustrate this case study is 10%.

Year 0's multiplier rate is 1. Each subsequent year's multiplier rate can be calculated as follows:

f = 1/(1+dr)^y where:
dr = the discount rate per year (expressed as a decimal percentage)
^y = raised to the power of the year being considered (year 1=1, year 2=2 etc)

Hot Water System Option A:

Cost Element/Cost Category	Totals ($000)	Yr 0	Yr 1	Yr 2	Yr 3	Yr 4	Yr 5	Yr 6
Multiplier Rate		1.0	0.91	0.83	0.75	0.68	0.62	0.56
1 Acquisition Costs								
Purchase Price	**45**	45						
Installation	**5**	5						
2 Lifetime Maintenance Costs								
Annual service	**28**	4	4	4	4	4	4	4
Programmed maintenance	**6**			6				
3 Lifetime Operating Costs								
Energy Consumption	**14**	2	2	2	2	2	2	2
4 Disposal Costs								
Removal of Unit	**10**							10
5 Income from Residual Value								
Scrap metal value only	**(1)**							(1)
TOTALS	**107**	56	6	12	6	6	6	15
Net Present Value	**92.12**	56	5.46	9.96	4.5	4.08	3.72	8.4

- The residual value amount is treated as a negative for the purpose of calculating the total ($1K in year 6).
- The total ($107K) is calculated by adding up each of the individual yearly totals. This total can be validated by adding up the amounts for each item listed in the row above.
- Individual NPV amounts are calculated by multiplying the individual year total by the multiplier rate (e.g. 12 x 0.83 = 9.96 for year 2).
- The NPV total is calculated by adding up each of the individual yearly totals (92.12).

Hot Water System Option B:

Cost Element/Cost Category	Totals ($000)	Yr 0	Yr 1	Yr 2	Yr 3	Yr 4	Yr 5	Yr 6
Multiplier Rate		**1.0**	**0.91**	**0.83**	**0.75**	**0.68**	**0.62**	**0.56**
1 Acquisition Costs								
Purchase Price	**58**	58						
Installation	**10**	10						
2 Lifetime Maintenance Costs								
Annual service	**14**	2	2	2	2	2	2	2
Programmed maintenance	**3**			3				
3 Lifetime Operating Costs								
Energy Consumption	**7**	1	1	1	1	1	1	1
4 Disposal Costs								
Removal of Unit	**5**							5
5 Income from Residual Value								
Scrap metal value only	**(1)**							(1)
TOTALS	**96**	71	3	6	3	3	3	7
Net Present Value	**88.78**	71	2.73	4.98	2.25	2.04	1.86	3.92

Attachment 5 Process Deviation Examples

Deviation	Details	Stage	Measure of Impact	Deviation Level	Required Action
Evaluation Team	Evaluation team member withdrew due to time commitments. Replaced with another representative of same work function and expertise.	Prior to Market Approach	Insignificant	Low	Maintain a record of the deviation.
Evaluation Team	Procurement representative withdrew due to time commitments. No replacement.	Prior to Market Approach	Moderate – A lack of procurement expertise on the evaluation team may lead to potential probity or process errors if the team is inexperienced.	Medium	Maintain record of deviation and report the deviation to the approving authority in the final purchase recommendation.
Criteria and Weightings	Criteria and weightings amended to adequately reflect market approach document specifications and ensure a value for money outcome.	Prior to Market Approach	Minor - Outcomes are not adversely affected as amendment is made prior to the market approach and is in line with the intention of the weightings provided in the acquisition plan. There is limited risk of perceived probity issues if justification of the amendment is appropriately documented.	Low	Maintain a record of the deviation.
Criteria and Weightings	Criteria and value for money weightings amended, as the evaluation outcome did not support the recommendation.	After Opening of Bids	Major – This changes the process outcome. There is an extreme potential for perceived /actual probity risk.	Extreme	Approval of deviation is to be obtained from the relevant approving authority prior to progressing further.
Market Approach	Approved market approach changed from an open to selective process.	Prior to Market Approach	Major - May be seen to preclude capable respondents. High impact on outcomes and perceived/actual probity of the process.	High	Approval of deviation is to be obtained from the relevant approving authority prior to progressing further.
Evaluation Stages	Evaluation stages change eg negotiations not undertaken.	During Evaluation	Major - Additional value may have been obtained through negotiations, altering the outcome. Potential perceived/actual probity issues exist as some respondents may have been advantaged or disadvantaged by the amended approach.	Extreme	Approval of deviation is to be obtained from the relevant approving authority prior to progressing further.

Deviation	Details	Stage	Measure of Impact	Deviation Level	Required Action
Timing	Timeframes exceed those identified in the acquisition plan and bid documents due to a lack of resources.	During Evaluation	Insignificant – There is a limited potential to impact the outcome. No risk to perceived / actual probity of the process.	Medium	Maintain record of deviation and report the deviation to the approving authority in the final purchase recommendation.
Policy Changes	Policy relating to specification of requirement changes.	During Evaluation	Major – The procurement process does not adhere to policy requirements.	Extreme	Approval of deviation is to be obtained from the relevant approving authority prior to progressing further.
Change in Approval Authority	Change in agency structure – now falls under the responsibility of an alternative agency.	During Evaluation	Major - Probity may not be affected, but time lags may occur due to agency priorities and objectives. The outcome is potentially jeopardised and presents a market risk. Possible change of project/evaluation team presents a degree of risk to the process.	Extreme	Approval of deviation is to be obtained from the relevant approving authority prior to progressing further.
Term	Potential term varied from that approved in acquisition plan.	During Evaluation	Moderate – Whether reduced or extended, this may have influenced the decision to bid and precluded or advantaged some parties.	Extreme	Approval of deviation is to be obtained from the relevant approving authority prior to progressing further.
Evaluation Team Variation	The proposed structure of the evaluation team varies from the original plan as a consequence of the responses received.	During Evaluation	Moderate – The probity risk is dependent on the information provided to respondents and the flexibility allowed to determine the evaluation team structure.	Extreme	Approval of deviation is to be obtained from the relevant approving authority prior to progressing further.

Attachment 6 Supplier Debriefing Framework

The following table identifies suggested information to cover in supplier debriefings.

1. Welcome and Introductions
• Introductions of public authority representatives, including the role played in the evaluation (chair, team member, probity advisor etc). • Supplier representatives to be introduced and detail their position in the organisation and involvement in the offer submitted.
2. Purpose of the Debrief
• Outline the purpose of the debriefing, that is, to provide the supplier with information about the evaluation process and feedback about their offer in relation to the evaluation criteria, areas of strength and areas for improvement and why they were not selected as being the best value outcome. • Provide acknowledgement of the supplier's efforts in submitting an offer and suggest the intention of the debriefing session is to be open and frank, providing valuable feedback. • Describe what will not be discussed during the debrief, such as, the merits of the decision process or the outcome, commercial in confidence information or specifics of any other offer.
3. Selection Process

• Outline that development and approval of the evaluation plan was prior to market approach.
• Provide relevant information on how the evaluation was conducted, such as:
    o stages of the selection process;
    o overall criteria and weightings (if appropriate); and
    o scoring definitions used.
• Describe the decision making methodology (such as, scoring agreed by consensus of the evaluation team).
• Note the use of a probity advisor if applicable.

4. Feedback on Offers Received
• Provide general information on the number of offers and the supplier's overall 'value for money' ranking following selection (i.e. 3rd out of 5) if appropriate. • The identity of the successful supplier may be revealed but not the price. • If the contract is subject to disclosure, provide details on where the supplier can obtain the disclosed information.
5. Feedback on Supplier's Offer
• Provide general feedback on the offer submitted, if it complied with requirements specified and if there were any areas of non-compliance. • Following the evaluation criteria as published in the market approach documentation, provide a summary of the supplier's performance for each 'subset' of evaluation

criteria (eg Organisational Capability). Where applicable, it is to be noted when individual criteria, within the subset, stood out as being particularly high or low scoring - that is, identifying key strengths and weaknesses relating to the criteria.
• Comparisons in terms of the entire field of bids may be provided, for example:
  o "your response to this criteria was considered below average in relation to the field of responses"
  o "the financial aspect of your bid was strong within the field of responses"
  o "the technical solution proposed was deemed very poor compared to the quality of responses received".
Direct comparison with any other single offers is not permitted.
• Summarise 'key areas for improvement' if the supplier wishes to submit a future offer.

6. Address Specific Questions
• Provide a response to questions submitted in advance from the supplier, or give reasons why the question may not be answered.
7. Feedback to the Public Authority
• The supplier is to be invited to provide feedback on the process.
8. Meeting Close