

Evaluating quality in tender submissions

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1. Background

There has always been a demand for products or work complying with stated requirements. Simple inspection methods can be used to determine compliance. However, with increasing levels of complexity and numbers of items, these methods tend to breakdown and it is preferable to place reliance on the integrity of the contractor. This approach in turn is based on the premise that the contractor is known to an institution. With increasing mobility and expanding markets, coupled with demands for procurement to be fair, equitable and transparent, a different approach to managing the risk of non-conformance to requirements is required.

The practice of evaluating tender submissions on the basis of a balance between price and other factors is encountered in most international procurement practices¹. For example, the United Nations Commission on International Trade Law's (UNCITRAL) *Model Law on Procurement of Goods, Construction and Services with Guide to Enactment*:

- permits the evaluation to take account of the technical, quality or other characteristics of the supplies, engineering and construction works or services that are offered, and, where relevant, professional and technical competence and qualifications; and
- recognizes that although price is the dominant factor in the evaluation of the procurement of supplies and engineering and construction works, it is not necessarily so in the evaluation of procurements involving all services.

Article 53 (1) (Contract award criteria) of the European Union Directive 2004/18/EC of the European Parliament and of the Council of 31 March 2004 on the Coordination of Procedures for the Award of Public Works Contracts, Public Supply contracts and public service contracts, reads as follows:

¹ The United States' government has since 1972 required by law that consultant services for federal work be procured by quality based selection (QBS). Several countries including Japan advocate this method of selection for consulting services. The German Government prohibits the selection of most consulting services on a price basis and requires QBS with fees negotiated on published schedules. The World Bank advocates the use of Quality-Cost Based Selections (QCBS) for straightforward consulting services and Quality-Based Selections for complex services.

There are many publications on the topic, including:

- Selection by ability (FIDIC guidelines on quality based selection of consulting engineers), FIDIC, 1991.
- Quality based selection for the procurement of Consulting Services, FIDIC, 1997.
- Selecting consultants for the team: Balancing Quality and Price. Working group 4. Construction Industry Development Board, 1996.
- A Guide to Quality Based Selection of Architects, International Union of Architects, 16 December, 1998.
- Selection of consultants on the basis of a balance between price and competence. Targeted Procurement Implementation Guide # 1. Department of Public Works. May, 1998.
- Guidelines for the employment of consulting engineers: Guidelines 1: How to select and appoint a consulting engineer. SAACE, January 2003.

The criteria on which the contracting authorities shall base the award of public contracts shall be either:

- (a) when the award is made to the tender most economically advantageous from the point of view of the contracting authority, various criteria linked to the subject-matter of the public contract in question, for example, quality, price, technical merit, aesthetic and functional characteristics, environmental characteristics, running costs, cost-effectiveness, after-sales service and technical assistance, delivery date and delivery period or period of completion,*
or
(b) the lowest price only.

An alternative approach is to pre-qualify tenderers on the basis of quality offered and then to invite only qualified firms to submit financial offers.

The introduction of quality into the solicitation and / or evaluation of tender offers provide a viable means of managing the risk of non-conformance and the failure to attainment project outcomes, without violating the principles of fairness, transparency and value for money, particularly in respect of professional service contracts. . This approach has in the past been widely used in South Africa prior to the commencement of the reform process in the form of awarding preferences to tenderers who offered goods with the SABS mark.

In Singapore preferences have in the past been granted to contractors for quality achieved on previous engineering and construction works contracts. In the UK, quality forms part of the value management reviews. The use of target cost and cost reimbursable pricing strategies as provided for in the Engineering and Construction Contract (NEC- black book) allows contractors to be appointed prior to having the scope of work being defined and priced. These pricing strategies allow less emphasis to be placed on price when contractors for engineering and construction works contracts are selected.

2. Quality in the procurement context

Quality is not a program; it is an approach to business. Results (performance and financial) are the natural consequence of effective quality management.

Quality has been defined over the years in a number of different ways, viz, quality is:

- fitness for use;
- conformance to stated requirements;
- meeting or exceeding customer expectations at a cost that represents a value to them;
- surpassing customer needs and expectations throughout the life of the product;
- the customers' perception of the value of the suppliers' work output;
- attention to detail;
- the amounts of the unpriced attributes contained in each unit of the priced attribute;
- the totality of features and characteristics of a product or service that bear on its ability to satisfy given needs;
- an inherent or distinguishing characteristic, a degree or grade of excellence; and
- conformance to a set of predetermined design and workmanship standards.

A quality is a characteristic that a product or service must have. For example, products must be reliable, useable, and repairable. These are some of the characteristics that a good quality product must have. Similarly, service should be efficient, and effective. These are some of the characteristics that a good quality service must have. In short, a quality is a desirable characteristic.

However, not all qualities are equal. Some are more important than others. The most important qualities are the ones that the end user wants. These are the qualities that products and services must have.

So providing quality products and services is all about meeting end user requirements. It's all about meeting the needs and expectations of end users. A quality product or service is accordingly one that meets the needs and expectations of customers.²

Quality assurance is defined as a set of activities whose purpose is to demonstrate that an entity meets all quality requirements. Quality assurance activities are carried out in order to inspire the confidence of both end users and managers that all quality requirements are being met.

Quality in procurement is frequently considered to be "conformance to stated requirements." This necessitates that requirements are adequately stated in the scope of work in procurement documents together with a means of demonstrating compliance with requirements.

There are several instances, however, where it is not possible for a number of reasons to adequately describe requirements in the scope of work and it may only be possible to state broad project objectives and outcomes. In such cases, reliance is placed on the contractor's experience and expertise to satisfy the project objectives and achieve the project outcomes in a manner that satisfies user needs and expectations. This is particularly true in the case of certain professional services.

ISO 9000 defines quality as *the totality of features and characteristics of a product or service that bear on its ability to satisfy stated or implied needs*. This definition captures both stated and implied procurement requirements.

3. Evaluating quality in terms of the South African Regulatory Framework

The South African legislative framework is governed by the Constitution of the Republic of South Africa (Act 108 of 1996). Section 217 (1) requires that the procurement system be fair, equitable, transparent, competitive and cost effective. Section 217 (2) states that procurement policy may provide for categories of preference in the allocation of contracts, and the protection or advancement of persons, or categories of persons, disadvantaged by unfair discrimination. Section 217 (3) requires that any preferential procurement policy be implemented in terms of the Preferential Procurement Policy Framework Act (Act 5 of 2000).

The Preferential Procurement Policy Framework Act requires that:

- tenders be evaluated on the basis of points for price and points for specific goals; and
- the contract be awarded to the tenderer receiving the highest number of points unless objective criteria in addition to that pertaining to specific goals justify the award to another tenderer.

The Act makes no specific provisions for introducing quality in the evaluation of tenders. Quality can, however, form part of the:

- specific goals for which a preference is provided;³
- other objective criteria⁴;
- eligibility criteria included in the conditions of tender⁵;

² See www.praxiom.org/iso-definitions.htm.

³ The Act provides examples of specific goals and leaves the determination of what constitutes a specific goal to the organs of state to which the Act applies. The Constitution provides for categories of preference in preferential procurement policies. Accordingly a category of preference can be created for quality, eg the attainment of specific quality standards, experience in work of a similar nature, etc

⁴ Tenderers who fail to achieve a threshold score can be eliminated from consideration provided that the quality criteria is communicated to tenderers.

⁵ The Act requires that only "acceptable tenders" (i.e. any tender which, in all respects, complies with the specifications and conditions of tender as set out in the tender document) be scored. Eligibility criteria framed around a scorecard or satisfying specific criteria can be used to declare tenders received as being unacceptable.

- price used for comparative purposes;⁶ or
- tender offer⁷.

Regulation 8 of the regulations (2001) issued in terms of the Act makes provision for the awarding of contracts on the basis of preference, price and functionality.⁸ Functionality is considered to form part of the tender offer; the other part being price. This Regulation accordingly permits tender offers to be evaluated on the basis of a balance between the quality offered and the financial offer and a preference to be applied to the tender offer i.e. tenders can be evaluated by scoring:

- specific goals (maximum points of 10 or 20 points, depending upon the value of the contract)
- tender offer as measured by the quality offered, if applicable, and the financial offer (90 or 80 points maximum, depending upon the value of the contract)

Recent court cases (see Annexure 1 of Best Practice Guideline #A2, *Applying the procurement prescripts of the CIDB in the Public Sector*) have indicated that care must be taken to include all preferences only in the form of a specific goal. Accordingly, quality criteria should be considered to be a preference when they are required as desirable (goals) but not essential features or characteristics e.g. products have the SABS mark or tenderers have ISO 9000 certification.

Quality criteria which form an integral part of the tender offer, and hence the outcome of the procurement, should be scored together with the financial offer when the quality criteria is essential to the attainment of satisfactory outcomes and is interlinked with the financial offer, eg proposals to provide professional services in response to a broad project objectives and desired outcomes. In this regard, National Treasury's Practice Note Number SCM 3 of 2003 suggests the following approach:

The score for quality is to be calculated using the following formula:

$$W_Q = W_2 \times S_O / M_S$$

where W_2 is the percentage score given to quality
 S_O is the score for quality allocated to the submission under consideration
 M_S is the maximum possible score for quality in respect of a submission

The score for financial offer is calculated using the following formula

$$\text{lowest price or percentage commission / fee} \quad W_F = W_1 \times P_M / P$$

$$\text{highest price or discount} \quad W_F = W_1 \times P / P_M$$

where W_1 is the percentage score given to financial offer
 P is the comparative offer of the tender offer under consideration
 P_M is the comparative offer of the most favourable comparative tender offer

The score for quality and financial offer must be combined, before the addition of the score for preference, as follows:

$$W_C = W_3 \times \left(1 + \frac{S - S_m}{S_m}\right)$$

⁶ Financial offers have to be reduced to a common base in order to be equitably evaluated. Quality offered that impacts upon life cycle costs or the attainment of procurement objectives and outcomes can be introduced into the comparative price used to evaluate tenders. Proposals for undertaking services for a tendered price to satisfy employer's briefs (response to the proposed scope of work / project design / approach paper / adequacy of proposed work plan and methodology) can be scored as the quality offered impacts on the price.

⁷ It is possible to consider certain aspects of quality as forming an integral part of a tender providing that tenders can be compared on a fair, equitable and transparent basis.

⁸ The Regulations do not define functionality, a term that is not encountered in international procurement systems. In information technology, functionality (from Latin **functio** meaning "to perform") is the sum or any aspect of what a product, such as a software application or computing device, can do for a user. Functionality is commonly used to describe performance e.g. what a product does.

Where W_3 is the number of tender evaluation points for quality and financial offer and equals 80 or 90
 S is the sum of score for quality and financial offer of the submission under consideration ($W_Q + W_F$)
 S_m is sum of the score for quality and financial offer of the submission scoring the highest number of points

Note $W_1 + W_2 = 100$

4. Addressing quality concerns in procurement

SANS 294, *Construction procurement processes, procedure and methods*, requires that quality (i.e. totality of features and characteristics of a product or service that bear on its ability to satisfy stated or implied needs) be addressed using one of the methods outlined in Table 1 under the circumstances that are indicated therein.

Table 1: Methods for addressing quality in procurement provided for in SANS 294

METHOD	DESCRIPTION OF METHOD	RECOMMENDED USAGE
Specifications	Specify the full and unambiguous requirements in the scope of work of a procurement document.	In all procurements where the scope of work can be precisely documented.
Life cycle costing	Take cognizance of whole-life costing in the financial evaluation of tender offers.	In procurements where life cycle costs determine the cost of the procurement
Qualified procedure	Make use of the qualified procurement procedure and ensure that respondents who are invited to submit tender offers are suitably qualified to do so.	Complex work characterized by requirements for higher levels of skills, greater resources or not well defined inputs and outputs.
Eligibility criteria	Introduce quality into the eligibility criteria for the submission of tender offers or for the attainment of a minimum score in terms of specified quality criteria for tender offers to be evaluated.	
Undertakings at tender stage	Require tenderers to submit plans for monitoring and applying quality management principles in the performance of their contracts.	In procurements where it is not desirable or inappropriate to specify quality management requirements
Preference	Establish a category of preference for quality in the evaluation of tenders.	Simple/straightforward/routine work where the tasks/activities are of a straightforward nature in terms of which inputs are relatively well known and outputs can be readily defined.
Evaluation criteria	Evaluate specified quality criteria as an integral part of the tender offer.	Specialist work requiring considerable innovation, creativity, expertise and/or skill or work that has a high downstream impact. Partnering approaches where the scope of work is ill defined when the partners are selected.

SANS 294 only permits quality to be introduced into the evaluation of tender submissions where it is required to achieve policy objectives in terms of an organization's procurement policy or is justifiable in terms of procurement outcomes. SANS 294 prohibits quality measures from promoting captive markets and requires quality to be specified in procurement documents in a manner that results in quality that is appropriate to satisfy user requirements as opposed to the best quality available.

Table 2 outlines the manner in which quality concerns are typically catered for in the various procurement procedures provided for in SANS 294 and the CIDB Standard for Uniformity in Construction Procurement.

Eligibility criteria in the form of attaining a minimum quality score can provide a simple and cost-effective alternative to the scoring of quality in tender submissions in professional service contracts. In this procedure, the scoring of quality is merely to establish that the tenderer is capable of providing the service and to reject the tender submissions of those who fail to attain the threshold score. Thereafter the tender offers can be evaluated on the basis of price or price and preference.

SANS 294 excludes social considerations such as the composition of workforces in terms of race, gender or disability from quality criteria.

Table 2: Methods for incorporating quality aspects in the procurement procedures

Procurement Procedure		Quality considerations
Designation	Description	
Negotiated procedure	Tender offers are solicited from a single tenderer.	The institution must be satisfied that a tenderer can deliver the requisite quality before awarding the contract.
Nominated Procedure	Tenderers that satisfy prescribed criteria are admitted to an electronic data base. Tenderers are invited to submit tender offers based on search criteria and their position on the data base. Tenderers are repositioned on the data base upon appointment or upon the submission of a tender offer.	The institution excludes tenderers who fail to satisfy quality criteria from admission to the register. Invited tenderers: a) can only be evaluated should they satisfy eligibility criteria stated in the Tender Data; b) can be scored in terms of price and preference should specific goals include quality objectives or in terms of the tender offer (quality and price) and preference.
Open Procedure and Open Competitive Negotiations	Tenderers may submit tender offers in response to an advertisement by the organization to do so.	Tenders can be evaluated on the basis of price and preference should specific goals include quality objectives or in terms of the tender offer (quality and price) and preference. Only tender offers received from tenderers who satisfy eligibility criteria which include those pertaining to quality, are evaluated.
Qualified Procedure and Restricted Competitive Negotiations	A call for expressions of interest is advertised and thereafter only those tenderers who have expressed interest, satisfy objective criteria and who are selected to submit tender offers, are invited to do so.	Quality can form part of the objective criteria described in the Submission Data. Only those tenderers who score above a minimum value are invited to submit tenders.
Quotation Procedure	Tender offers are solicited from not less than three tenders in any manner the organization chooses, subject to the procedures being fair, equitable, transparent, competitive and cost-effective.	Tenders can be evaluated on the basis of price and preference should specific goals include quality objectives. Only tender offers received from tenderers who satisfy eligibility criteria which include those pertaining to quality, are evaluated.
Proposal procedure using the two-envelope system	Tenderers submit technical and financial proposals in two envelopes. The financial proposal is only opened should the technical proposal be found to be acceptable.	Evaluate quality of technical proposals and return financial proposals of tenderers whose technical proposals fail to achieve a threshold score. Open financial offers and evaluate tender offers in terms of tender offer (quality and price) and preference or price and preference
Proposal procedure using the two-stage system	Non-financial proposal are called for. Tender offers are then invited from those tenderers that submit acceptable proposals based on revised procurement documents. Alternatively, a contract is negotiated with the tenderer scoring the highest number of evaluation points.	Evaluate quality of technical proposals and only invite tenders for those tenderers whose technical proposals achieve a threshold score to tender or negotiate final contract.
Shopping procedure	Written or verbal offers are solicited in respect of readily available supplies obtained from three sources. The supplies are purchased from the source providing the lowest price once it is confirmed in writing.	Nil- Institution needs to understand the quality of the supplies purchased.

5. Provisions for evaluating quality in the CIDB Standard for Uniformity in Procurement

The Standard for Uniformity for Uniformity in Construction Procurement, although defining quality (functionality) as *the totality of features and characteristics of a product or service that bear on its ability to satisfy stated or implied needs*, describe what quality is and what it is not, viz:

4.3.2 *Quality criteria used in the evaluation of tender offers shall form an integral part of the tender offer and hence the outcome of the procurement. Such criteria shall:*

- a) *relate directly to the supplies, services or engineering and construction works that are being procured and to matters that cannot directly be expressed in monetary terms;*
- b) *be justifiable in terms of projected procurement outcomes;*
- c) *enable the most economically advantageous offer to be established; and*
- d) *to the extent practicable, be objective and quantifiable.*

4.3.4 *Quality criteria shall not include:*

- a) *social considerations, such as the composition of workforces in terms of race, gender or disability; or*
- b) *matters relating to the basic capability or capacity of the tendering entity to execute the contract.*

The Standard also includes examples of what constitutes quality and provides guidance on how to evaluate quality criteria, viz:

4.3.3 *Quality criteria used in terms of 4.3.2 may include criteria such as:*

- a) *technical merit;*
- b) *response to (ability to relate to) the proposed scope of work/project design;*
- c) *aesthetic and functional characteristics;*
- d) *safety and environmental characteristics;*
- e) *quality control practices and procedures which ensure compliance with stated employer's requirements;*
- f) *reliability;*
- g) *durability;*
- h) *organization, logistics and support resources relevant to the scope of work*
- i) *qualifications and demonstrated experience of the key staff (assigned personnel) in relation to the scope of work;*
- j) *demonstrated experience of tendering entity with respect to specific aspects of the project / comparable projects;*
- k) *running costs;*
- l) *after-sales service and technical assistance;*
- m) *delivery date; and*
- n) *delivery period or period of completion*

4.3.5 *Quality criteria should wherever appropriate be rated as "poor", "satisfactory", "good" or "very good" in terms of qualitative criteria that is communicated to tenderers. Fixed scores should be assigned against each of these ratings.*

The evaluation of quality alongside the financial offer and preferences must not be confused with methods which may make use of a "score card" approach to establish the capability and capacity of a tenderer against a basket of indicators. Capability and capacity relate to the ability of a contractor to perform the contract and form part of risk mitigation measures. The criteria evaluated under quality (functionality) must not include any criteria relating to eligibility. They must only relate to factors which may be used to establish the most economically advantageous offer.

The scoring of quality can be made objective by identifying and documenting prior to the calling for tenders, four indicators of responses to each quality criteria and subcriteria that are to be evaluated and rating submissions as poor, satisfactory, good and very good. Submissions rated as poor will be allotted a mark of

40, satisfactory a mark of 70, good a mark of 90 and very good a mark of 100. (See example for professional service providers provided for in Annexure 1). Scoring should be undertaken independently by 3 different people and averaged. Tenderers who fail to achieve a total score for quality of 60 should be eliminated from further consideration in the evaluation process.

The Standard Conditions of Tender contained in the CIDB Standard for Uniformity in Construction Procurement makes provision for:

- the rejection of tender submissions that fail to satisfy eligibility criteria established in the Tender Data (see clause F.2.1);
- the evaluation of tender offers based on a balance between the financial offer and quality (Method 3), financial offer and quality (Method 4) and financial offer, quality and preference (see clause F.3.11.4 and F.3.11.5); and
- the evaluation of quality of the technical proposal in the two envelope system prior to the evaluation of the financial proposal (see clause F.3.5.2).

In Method 2 (see clause F.3.11.3), quality must be included in the specific goals (see Preferential Procurement Policy Framework Act (Act 5 of 2000) for which a preference is provided and described in the Tender Data. Quality criteria which have a direct bearing on the financial offer can be included in the determination of the comparative price used to evaluate tenders.

These provisions allow tenderers to be made eligible to submit tenders based on quality criteria, to be scored in terms of quality criteria, to be granted a preference in respect of quality or to be evaluated in terms of life cycle costs.

Clause F.3.11.9 requires that where Method 3 or Method 4 is used, quality must be scored in each of the categories stated in the Tender Data. Provision is made in Method 3 and Method 4 for the rejection of tenderers who score below the minimum number of points stated in the Tender Data.

The Standard Conditions for the Calling for Expressions of Interest contained in the CIDB Standard for Uniformity in Construction Procurement requires that employers evaluate submissions using the evaluation criteria established in the Submission Data. Quality criteria can be introduced into the evaluation criteria.

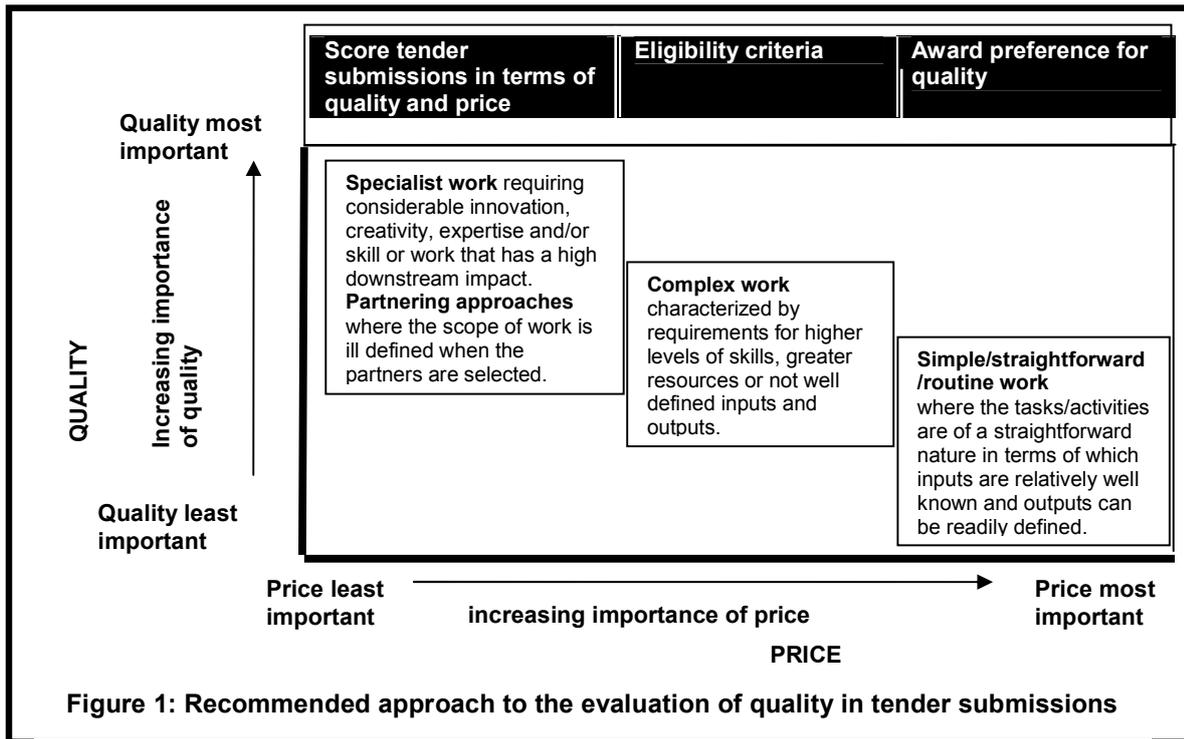
6. Guidelines for the evaluation of quality in tender submissions

6.1 General

Quality should be introduced into the evaluation of tender submissions only where it is required to achieve policy objectives or is justifiable in terms of procurement outcomes. Quality should be evaluated in tender submissions through one of the following approaches:

- 1) Award a preference for quality
- 2) Pre-qualify on the basis of quality
- 3) Score tender submissions in terms of quality and price or quality, price and preference.

Figure 1 indicates the relationship between price and quality and the nature of the procurement. As indicated in Figure 1, the scoring of quality is recommended only in respect of specialist work or partnering approaches.



The recommendations contained in Figure 1 are appropriate for professional services, a sub-category of procurement that demands that quality is considered in the award of contracts. It should be noted that it is not always necessary to require professional service providers to submit lump sum prices in terms of a well defined scope of work. They can be invited to tender a percentage variation (up or down) of a guideline tariff of fees published by one of the built environment statutory council or be required to submit and price a proposal in terms of the proposal procurement procedure.

6.2 Awarding a preference for quality

This approach can be incorporated in all procurement procedures, except for the negotiated procedure. Its use is specifically recommended where an institution has a policy of rewarding tenderers for achieving quality standards or good performance on previous contracts executed for the institution.

Where quality is introduced to satisfy policy objectives, this should be done in accordance with the provisions of the Preferential Procurement Policy Framework Act viz:

- the preferential procurement policy of the institution should establish the policy pertaining to quality;
- specific goals should be measurable, quantifiable and monitored for compliance during the performance of the contract.

Best Practice Guideline #B1, *Formulating and Implementing Preferential Procurement Policies*, and Best Practice Guideline #B2, *Methods and Procedures for Implementing Preferential Procurement Policies* provides comprehensive guidance in this regard.

It is further recommended that not more than 50% of the points allocated for preferences (10 or 20, depending upon the value of the contract) be allocated to quality. This allows the remainder to be used for specific goals relating to the protection or advancement of persons, or categories of persons, disadvantaged by unfair discrimination. (See section 217 (2) of the Constitution).

6.3 Pre-qualification on the basis of quality

Pre-qualification criteria can be introduced in the Tender Data or Submission Data as eligibility criteria. The framing of quality criteria as eligibility criteria is a simple, yet effective, means of ensuring that only those tenderers who are likely to deliver the required quality submit tenders and compete for the award of a contract, eg

Example 1: *An engineering and construction works contract may contain the following eligibility criteria in the Submission Data:*

The eligibility criteria are that the tenderer has previously:

- 1) *executed a contract involving building works to the value of R 1000 000 excluding VAT as a prime contractor;*
- 2) *subcontracted electrical works associated with building works to the value of R 200 000 excluding VAT to a specialist subcontractor ; and*
- 3) *subcontracted airconditioning works associated with building works to the value of R 350 000 excluding VAT to a specialist subcontractor.;*

The tenderer must in support of his claims to be eligible to tender, complete Tender Schedule A.

Example 2: *A professional service contract may contain the following eligibility criteria in the Tender Data:*

The eligibility criteria for tenderers are they complete the Competent Persons Declaration and have in their full time employ a person satisfying the relevant requirements for a competent person for the required service.

6.4 Scoring quality in the evaluation of tender offers and the evaluation of expressions of interest

The evaluation of quality criteria can be time consuming and needs to be done in a systematic and auditable manner. This approach is well suited to projects / assignments that can be carried out in substantially different ways, such that proposals will not necessarily be comparable (for example, management advice, and sector and policy studies in which the value of the services depends on the quality of the analysis).

The quality criteria in the competitive selection of consultants where price is a secondary consideration may typically be based on the following criteria (see Annexure 1):

- Approach paper which responds to the proposed scope of work/project design and outlines proposed approach / methodology and work plan complete with time frames
- Organization and staffing
- Experience of the key staff (assigned personnel) in relation to the scope of work
- PSPs experience with respect to specific aspects of the project / comparable projects

Step 1 : Prepare the scope of work

Guidance on the preparation of a scope of work is provided in Best Practice Guideline #C1, *Preparing procurement documents*.

Step 2 : Determine the quality criterion

The quality criterion should be based on those listed outlined in 6.4. It is recommended that between three and four criteria should be selected and possibly broken down into a number of sub-criteria to facilitate the scoring. (The number of subcriteria should be kept to the essential. The use of exceedingly detailed lists of subcriteria may render the evaluation a mechanical exercise more than a professional assessment of the proposals.) (See Annexure 1)

In developing quality criteria, it is necessary to consider how these items are to be measured, verified and evaluated in tender submissions. Failure to do so, may result in the scoring of quality failing to satisfy requirements for transparency and fairness or the project quality objectives being compromised.

Step 3 : Assign weightings to quality criterion

Weightings need to be assigned to each of the criteria and sub-criteria and documented in the Tender Data or Submission Data as relevant i.e. the breakdown of the scoring must be declared upfront. More weight should be given to the methodology in the case of more complex work. Evaluation of only the key personnel is recommended. Since key personnel ultimately determine the quality of performance, more weight should be assigned to this criterion if the proposed assignment is complex.

Where the scoring of quality is included in expressions of interest, the scoring for quality should total 100, unless a preference unrelated to quality is provided. The weighting of quality against preference should be 90 / 10 or 80 / 20 depending upon the value of the proposed contract. (The threshold between the two weightings should correspond to with that established in the regulations to the Preferential Procurement Policy Framework Act.)

The quality / price ratio in the proposal procurement procedure should be set so that the quality component realistically reflects the risk that minimal quality may significantly affect the procurement outcome. The sum of the price and quality components of the price / quality ratio should, for reasons of uniformity, total 100 if no preferences are granted and a maximum of 80 or 90 should preferences be granted in accordance with the Preferential Procurement Policy Framework Act. As a rule, the maximum quality weighting should not exceed 85% of the total points allotted to price and quality.

The score relating to the minimum quality which a tenderer is to achieve may also need to be determined, failing which his submission will be rejected. In some instances it may be considered advisable to set a threshold for a specific quality criterion, in addition to the threshold for overall quality.

In some instances, particularly in respect of work which requires much original, investigative and innovative input, it may be desirable to interview the key personnel of tenderers and to score the interviews , i.e. assess quality through an interview.

NOTE : On some projects it may be appropriate to allocate, say, 5 points for an interview and to evaluate quality in two phases. In the first phase, the evaluation committee will score all tenderers in respect of the quality criterion set, with the exception of the interview. The tenderer scoring the highest number of points and any tenderer within 5 points of the highest tenderer under consideration, will qualify to be shortlisted for the second phase of the evaluation. In the second phase, tenderers will be interviewed and scored. Should a tenderer score less than the competence threshold set for the interview, his tender should be rejected.

Typically, tenderers who are interviewed will be required to present an overview of technical aspects of their submission and to answer questions. All key personnel named in the schedule, or a portion thereof (eg. those who will dedicate more than a certain number of hours to the project) will be required to attend the interview. In this manner "excellent paper proposals" will be moderated and in some instances rejected. The aforementioned procedure will minimise the number of interviews that are required.

Step 4 : Prepare the procurement documents

Guidance on the preparation of a scope of work is provided in Best Practice Guideline #C1, *Preparing procurement documents*. The quality criterion and their associated weightings must be included in the Tender Data or Submission data as relevant as indicated in the CIDB Standard for Uniformity in Construction Procurement..

Carefully drafted tender returnables, including those soliciting curricula vitae, quality plans, provision of samples, stock holding of spare parts, experience of a tenderer and management plan, should be included in the procurement documents to obtain information from tenderers / respondents in a consistent manner to facilitate the scoring of quality.

Step 5 : Appoint an evaluation panel

This evaluation panel could be appointed ad-hoc for each project, or could be maintained in existence to deal with successive projects. Its responsibilities are:

- to determine the values of the components of the price / competence mechanism.
- to oversee the preparation of the tender document.
- to adjudicate the tenders received.

NOTE : Evaluation panels should not be confused with standing tender committees which may have delegated authority to award contracts.

Step 6 : Evaluate the submissions received

Guidance on the evaluation of tender submissions is provided in Best Practice Guideline #A3, *Evaluating tenders offers*. Although this Best Practice Guideline does not specifically address the evaluation of quality in expressions of interest, the procedures can be readily adapted for this purpose.

Each committee member should score each and every criteria and sub-criteria. The scores should thereafter be averaged. The total score should be obtained by weighting the quality, price and preference scores and adding them.

At the end of the process, the evaluation committee should prepare an evaluation report of the "quality" of the proposals. The report should substantiate the results of the evaluation and describe the relative strengths and weaknesses of the proposals. All records relating to the evaluation, such as individual mark sheets, should be retained until completion of the project and its audit.

Annexure 1: Suggested approach to evaluating quality in professional service contracts

The weighting between quality and the financial offer and the relevant quality criteria and subcriteria should be in accordance with the provisions of Table A1. The indicators and scoring model should be in accordance with the provisions of Tables A2 and A3.

Evaluators will simply be required to classify the submissions received as “poor”, “satisfactory”, “good” or “very good” using the indicators provided in Table A3. The classification of a submission so made will automatically be allotted a score of 40, 70, 90 or 100 to a tenderer in respect of the criteria or subcriteria that is evaluated. The final score allotted to a tenderer is the average of the scores independently arrived at by not less than three evaluators multiplied by the weightings established for the procurement in terms of Table A1.

Tenderers who score less than 60 points should be eliminated from any further consideration.

This approach removes as far as is possible subjectivity in the evaluation of tenders.

Table A1: Quality criteria and percentage score allocations to quality

Nature of the work	Evaluation criteria and recommended weighting	Percentage score for quality (total)*
Simple/straightforward/routine work where the tasks/activities are of a straightforward nature in terms of which inputs are relatively well known and outputs can be readily defined.	Financial offer, quality and preference, with the percentages allocated to quality criteria as follows: Organisation and staffing 5 to 30% Experience of key staff (assigned personnel) in relation to the service areas 10 to 30% PSPs experience with respect to comparable projects in the required service areas. 5 to 20%	20
Complex work characterized by requirements for higher levels of skills, greater resources or not well defined inputs and outputs.	Financial offer, price and preference, with the percentages allocated to quality criteria as follows: Approach paper which responds to the proposed scope of work/project design and outlines proposed approach / methodology and work plan complete with time frames 30 to 50% Organisation and staffing 10 to 30% Experience of key staff (assigned personnel) in relation to the scope of work 15 to 30% PSPs experience with respect to specific aspects of the project / comparable projects 5 to 10%	20 to 50
Specialist work requiring considerable innovation, creativity, expertise and/or skill or work that has a high downstream impact. Partnering approaches where the scope of work is ill defined when the partners are selected.	Financial offer, price and preference, with the percentages allocated to quality criteria as follows: Approach paper which responds to the proposed scope of work/project design and outlines proposed approach / methodology and work plan complete with time frames 30 to 50% Organisation and staffing 10 to 30% Experience of key staff (assigned personnel) in relation to the scope of work 15 to 30% PSPs experience with respect to specific aspects of the project / comparable projects 5 to 10%	50 to 80

* The remaining percentage will be allocated to the financial offer

Table A2: Quality criteria and subcriteria

Quality criteria	Subcriteria		Comments
	Description	%*	
Approach paper which responds to the proposed scope of work/project design and outlines the proposed approach / methodology and work plan complete with time frames.	Technical approach and methodology	60	<p>The PSP should explain their understanding of the objectives of the assignment and the Employer's stated and implied requirements, highlight the issues of importance, and explain the technical approach they would adopt to address them. The PSP should explain the methodologies which he / she proposes to adopt, demonstrate the compatibility of those methodologies with the proposed approach (for instance, the methods of interpreting available data carrying out investigations, analyses, and studies; and comparing alternative solutions) and address any modifications to the scope of work proposed by the Employer. The approach should also include a quality plan⁹ and where relevant and appropriate, propose the scope of work and / or modifications to the scope of work.[#]</p> <p>The technical approach and methodology portion of the approach paper, read in conjunction with the work plan, should, where the scope of work in the procurement documents at tender stage is not precisely defined, form the basis of the scope of work incorporated in the contract with the successful PSP. Accordingly, this portion of the approach paper should clearly articulate the project deliverables.</p> <p>The PSP should propose the main activities for the assignment, their content and duration, phasing and interrelations, milestones (including interim approvals by the Employer) and delivery dates of the deliverables.</p> <p>The consistency of the technical approach and methodology with the proposed work plan is a good indication that the PSP has understood the Employer's requirements for the assignment and is able to translate them into a feasible working plan with clear deliverables.</p>
	Work plan	40	
Organization and staffing	-	-	<p>The PSP should propose the structure and composition of their team i.e. the main disciplines involved, the key staff member / expert responsible for each discipline, and the proposed technical and support staff. The roles and responsibilities of each key staff member / expert should be set out as job descriptions. In the case of an association / joint venture / consortium, it should, indicate how the duties and responsibilities are to be shared.</p>
Experience of the key staff (assigned personnel) in relation to the scope of work	General qualifications	20	This subcriteria covers the general experience (total duration of professional activity), level of education and training and positions held of each key staff member / expert member.
	Adequacy for the assignment	60	This subcriteria relates to the education, training and experience of the key staff members / experts, in the specific sector, field, subject, etc which is directly linked to the scope of work.
	Experience in the region	20	This subcriteria relates to the key staff members / experts knowledge of issues pertinent to the project.
PSPs experience with respect to specific aspects of the project / comparable projects	-	-	This criteria covers the experience of the PSP as apposed to the key staff members / experts in similar or comparable projects.

*Percentage of weighting given to criteria in terms of Table A1.

The approach paper should articulate what the tenderer is offering to provide for the price offered in the pricing data. Its overall weighting should be high where the scope of work is defined in broad terms or objectives.

⁹ SANS 466 (ISO/IEC 10005), *Quality management – customer satisfaction: guidelines for quality plans*, defines a "quality plan" as a document specifying processes, procedures and associated resources are applied by whom and when, to meet the requirements of a specific project, product, process or contract.

Table A3: Indicators for the rating of quality criteria and subcriteria

Quality criteria	Subcriteria	Indicators			
		Poor (score 40)*	Satisfactory (score 70)	Good (score 90)	Very good (score 100)
Approach paper which responds to the proposed scope of work/project design and outlines proposed approach / methodology and work plan complete with time frames	Technical approach and methodology	The technical approach and / or methodology is poor / is unlikely to satisfy project objectives or requirements. The PSP has misunderstood certain aspects of the scope of work and does not deal with the critical aspects of the project.	The approach is generic and not tailored to address the specific project objectives and requirements. The approach does not adequately deal with the critical characteristics of the project. The quality plan is too generic.	The approach is specifically tailored to address the specific project objectives and requirements and is sufficiently flexible to accommodate changes that may occur during execution. The quality plan is specifically tailored to the critical characteristics of the project.	Besides meeting the "good" rating, the important issues are approached in an innovative and efficient way, indicating that the PSP has outstanding knowledge of state-of-the-art approaches. The approach paper details ways to improve the project outcomes and the quality of the outputs
	Work plan	The activity schedule omits important tasks or the timing of the activities and correlation among them are inconsistent with the approach paper. There is lack of clarity and logic in the sequencing.	All key activities are included in the activity schedule, but are not detailed. There are minor inconsistencies between timing, project deliverables and the proposed approach.	The work plan fits the approach paper well; all important activities are indicated in the activity schedule and their timing and sequencing is appropriate and consistent with project objectives and requirements. There is a fair degree of detail that facilitates understanding of the proposed work plan.	Besides meeting the "good" rating, decision points and the sequencing and timing of activities are very well defined, indicating that the PSP has optimized the use of resources. The work plan permits flexibility to accommodate contingencies.
Organization and staffing	-	The organization chart is sketchy, the staffing plan is weak in important areas, or the staffing schedule is inconsistent with the timing of the most important deliverables. There is no clarity in allocation of tasks and responsibilities.	The organizational chart is complete and detailed, the technical level and composition of the staffing arrangements are adequate and staffing is consistent with both timing and deliverables.	Besides meeting the "satisfactory" rating, staff are well balanced i.e. they show good coordination, complimentary skills, clear and defined duties and responsibilities, and limited number of short term experts. Some members of the project team have worked together before on limited occasions.	Besides meeting the "good" rating, the proposed team is well integrated and several members have worked together extensively in the past.

Quality criteria	Subcriteria	Indicators			
		Poor (score 40)*	Satisfactory (score 70)	Good (score 90)	Very good (score 100)
Experience of the key staff (assigned personnel) in relation to the scope of work (Greater weighting should be given to the team leader)	General qualifications	Key staff have limited levels of general experience	Key staff have reasonable levels of general experience	Key staff have extensive levels of general experience	Key staff have exceptional levels of general experience
	Adequacy for the assignment	Key staff have limited levels of project specific education, training and experience	Key staff have reasonable levels of project specific education, training and experience	Key staff have extensive levels of project specific education, training and experience	Key staff have outstanding levels of project specific education, training and experience
	Knowledge of issues pertinent to the project	Key staff have limited knowledge of issues pertinent to the project.	Key staff have reasonable knowledge of issues pertinent to the project.	Key staff have knowledge of issues pertinent to the project.	Key staff have outstanding knowledge of issues pertinent to the project.
PSPs experience with respect to specific aspects of the project / comparable projects (Greater weighting should be given to projects of a similar nature over the last 5 years.)	-	PSP has limited experience	PSP has relevant experience but has not dealt with the critical issues specific to the assignment.	PSP has extensive experience in relation to the project and has worked previously under similar conditions and circumstances.	PSP has outstanding experience in projects of a similar nature.

Note: The lowest grade is 40 percent instead of zero since a zero rating is unrealistic since it would imply that the PSP has not responded at all. (PSPs who don't provide information for a particular quality criteria or sub-criteria will not be considered as their tenders will be non-responsive.)