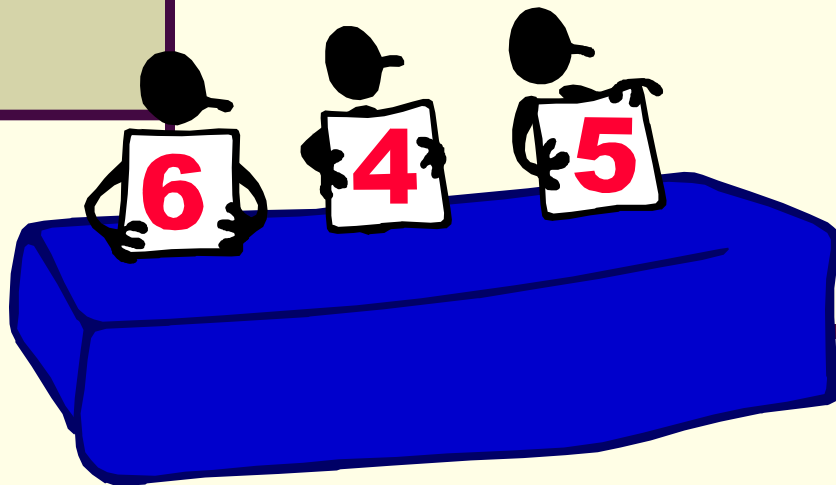


Bid Evaluation



Presentation by
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Today's Topic

- INTRODUCTION
- FEDERAL ENVIRONMENT
- BID EVALUATION
- BID EVALUATION PLAN AND CRITERIA
- OVERVIEW OF SELECTION PROCESS
- RECAP

Today's Objectives

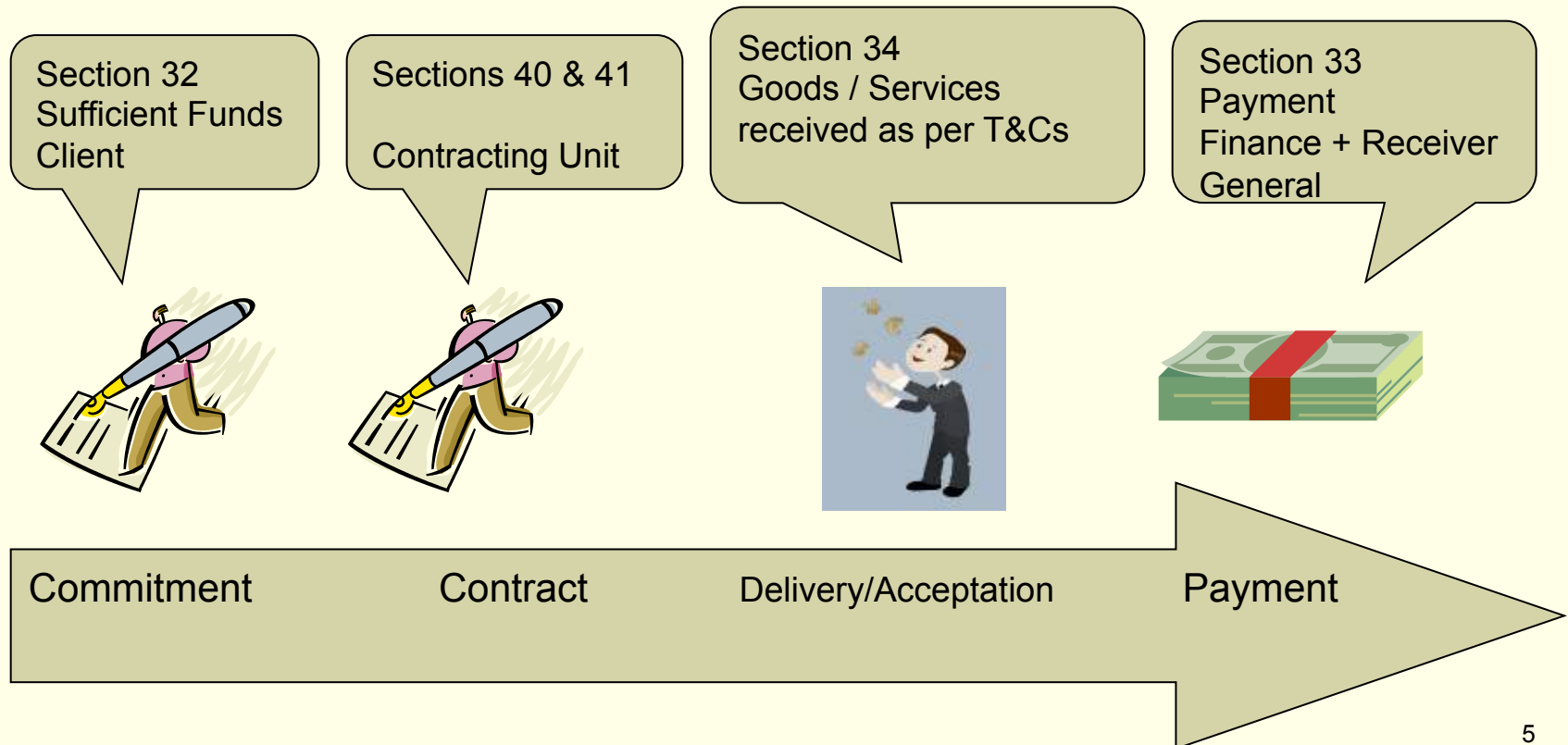
- To provide you with an overview on bid evaluation principles
- To increase your awareness on what will be your involvement in the bid evaluation process

Federal Environment

- Contracting between government and industry is more difficult and complex than the usual private sector practices
 - The process in government is constrained by laws and regulations specifically directed at government contract operations and also by national and international trade agreements
 - We need to be aware of the laws and regulations that govern the GoC procurement activities



Financial Administration Act



Division of Responsibilities

Activity

- Define operational needs
- Define requirements = SOW
- Develop procurement plan and RFP
- Contracting process = solicit bids
- Acceptance of work (Section 34)
- Payment
- Holdbacks
- Contract close out

Overall Responsibility

Programs

Programs

Contracting Office

Contracting Office

Programs

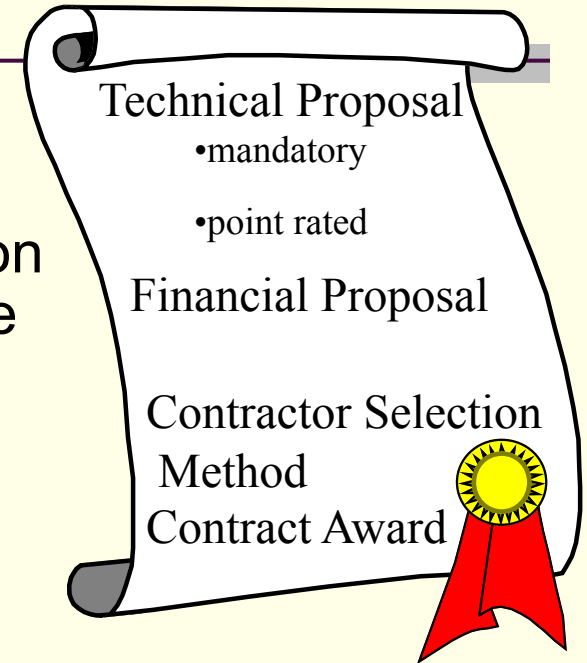
Finance

Programs /Contracting/ Finance

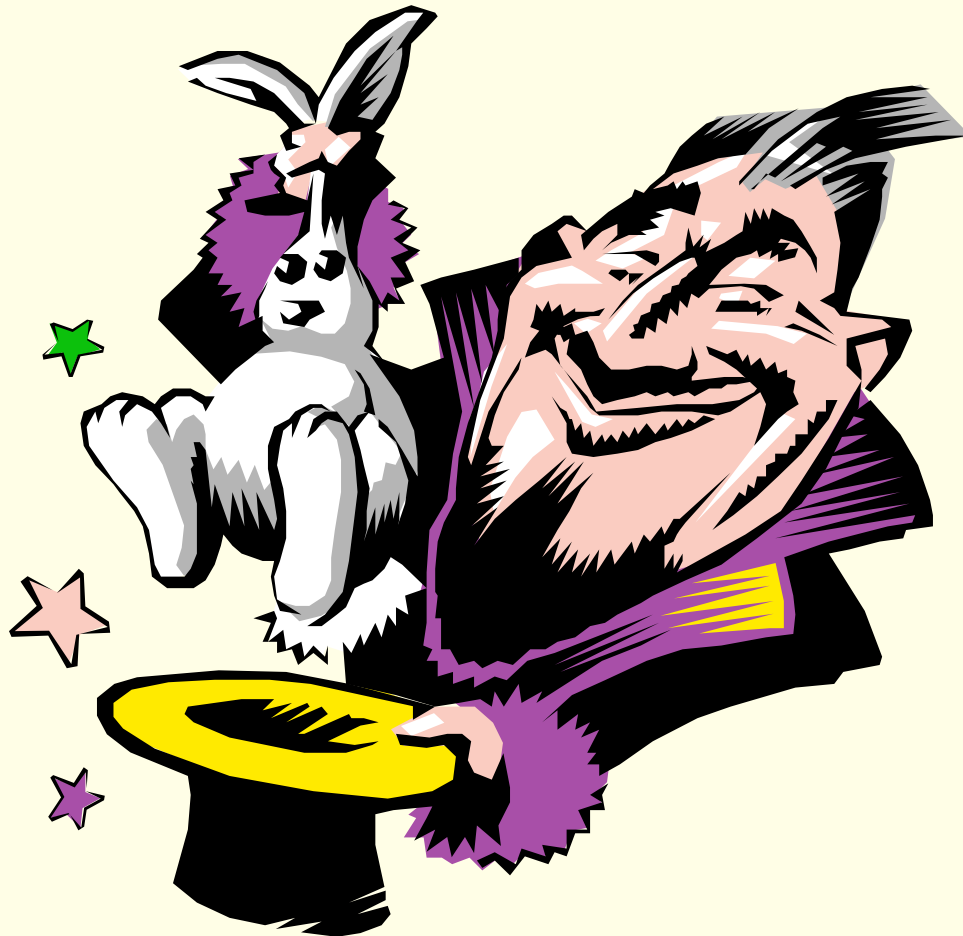
Programs + Contracting Office

PG's Role

- The goal of a bid evaluation and selection method is to ensure that all suppliers are treated in a fair and equitable manner
- This is important in light of all of our obligations under the various trade agreements
- Contracting Unit is accountable for the integrity of the entire procurement process including bid evaluation



Bid Evaluation



Goals of the Evaluation

- To identify those proposals that are compliant with all the mandatory requirements of the RFP and to document any shortcoming for non-compliant proposals;
- Once a proposal has been identified as compliant to mandatory criteria, to rate the bidder's comprehension, completeness and quality of his proposal based on the response to the point rated criteria;
- To provide an overall technical and financial score for each compliant proposal; and
- To determine which proposal will be recommended for contract award.

4 Distinct Stages

- The evaluation procedure, if strictly followed, will provide fairness to call bidders as it will produce a transparent, fair and accurate outcome of the bidding.
 - There are four distinct stages in the bid evaluation process which should be followed in a logical sequence:
 1. Verification of information = collect key administrative information pertaining to the bidding:
 - date and time of closing, preliminary examination for completeness of bids, records of bids received, etc;
 2. Determination of responsiveness of bids:
 - responsiveness to the technical evaluation criteria;
 3. Determination on number of bids for financial evaluation:
 - responsiveness to the financial criteria
 4. Preparing bid evaluation report and recommending winning bidder

Rules Governing Bidding Process

- Courts have established that the issuer of invitation documents **cannot act in an arbitrary manner**
 - the Contracting Authority is neutral – has no vested interest in the project itself and is the gatekeeper of the process
- Contracting unit has certain obligations to all potential bidders who receive or respond to an invitation to bid, not only to the winning bidder. One of these duties often relate to disclosure of information and treatment of bidders.

Application of the Trade Agreements

- Article 501 of the AIT: “...establish a framework that will **ensure equal access** to procurement for all Canadian suppliers...”
- Article 1008 of NAFTA: “...tendering procedures of its entities are **applied in a non-discriminatory manner**; and consistent with Articles 1009 through 1016”
- Preamble of the WTO-AGP : “procedures and practices regarding government procurement with a view to **achieving greater liberalization and expansion of world trade** and improving the international framework for the conduct of world trade”.

Increase and Intensive Public Scrutiny

- In government, the pressure to justify each and every purchase is increasing;
- GoC is required by law, by policy or by regulation to conduct its contracting activities in a visibly fair manner;
- The TB policy objective of fair and open competition has an effect on the contracting process: each and every one of our specific actions must be easily defensible;
- The best defence is documentation - notes, minutes, working papers, etc;



Note: The requirements for formality can add months to all but the simplest contracting process.

Supervising the Evaluation Process

- Dept'l contracting authority has the obligation to supervise all aspects of the procurement process, including verifying and approving evaluation results.
- The CITT requires that the proposals be reviewed by the contracting authority with diligence and thoroughness.
- CITT recognizes that ensuring compliance by potential suppliers with all mandatory requirements of solicitation documents is one of the corner-stones of the integrity of any tendering system

Conducting a Fair Process

- In order to conduct a fair, open and impartial procurement, as mandated under NAFTA, the CITT expressed an opinion that it is necessary for bid documents to include the weighting methodology and rating criteria¹

(1)Case Law: PR-2000-008 and PR-2000-021

Separating Technical and Financial Proposals

- The CITT explains the rationale for keeping financial proposals separate²:
 - The whole purpose of keeping the evaluation of the price and technical elements of a proposal separate is to allow the evaluation of the technical portion of proposals **to proceed in a fashion uncontaminated by the knowledge of relative prices**. Evaluations are designed this way to ensure that bidders' proposals are examined solely on their technical merits and in the most objective manner possible.
- The Tribunal is of the view that the knowledge of relative prices can and does compromise an evaluator's ability to be objective

Bid Evaluation Plan and Criteria



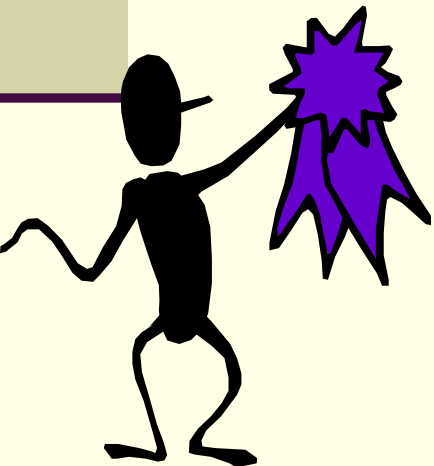
Objectives of the Bid Evaluation Plan

- Specify the procedures and reporting structure to ensure an open and fair evaluation;
- Provide insight to the bidders in terms of how each proposal will be evaluated; and,
- Provide guidance to the Evaluation Team to ensure that the details of the evaluation are properly documented

Bid Evaluation Plan

To evaluate proposals objectively:

1. State the proposed evaluation criteria - evaluation grid and detailed scoring grid;
2. Organize the evaluation team - ensuring that all stakeholders are represented;
3. Identify the selection rule to determine the winning bid



Bid Evaluation Plan

A Bid Evaluation Plan must be prepared to:

- clearly document on the procurement file the bid evaluation method (mandatory, point-rated, or a combination of the two)
- identify the evaluation criteria; in the case of point rated criteria, their respective weighting factors, and
- determine the contractor selection method that will be used to establish which bid best meets the requirement.

This plan is to be established in consultation with the Contract Authority, prior to issuance of the bid solicitation document.

A detailed scoring grid against which the evaluation criteria will be evaluated must be developed and included in the plan prior to bid closing.

Steps in Developing the Plan

Programs/Project Authority need to:

1. Set up an evaluation team and identify team leader
2. Identify the evaluation criteria (technical and financial)
3. Make links between evaluation criteria and their SOW
4. Determine which will be mandatory and rated (realistic and measurable evaluation criteria, thus allowing them to evaluate and differentiate between bids)
5. Assign proper weight to rated criteria
6. Determine the contractor selection method that will be used to determine the successful bid.
7. Have the plan verified by the Contracting Authority

The Contracting Authority has a vital role to play to ensure that all of these requirements are fair and transparent.

Evaluation Criteria



Mandatory Criteria

- A mandatory criterion is defined as a requirement that must be demonstrated as part of the bidder's proposal and is essential to the success of the project.
- Mandatory criteria identify the minimum requirements that are absolutely essential to the successful completion of the work.
- This allows bidders to demonstrate that they have “the right stuff” and screens bidders which do not have the necessary competence and capability to undertake the work.
- Mandatory requirements are evaluated on a simple pass/fail basis. The treatment of mandatory requirements in any procurement is assessed as either compliant or non-compliant. Failure to meet any of the mandatory criteria will render the bid non-compliant and that it will be given no further consideration.
- Mandatory criteria are expressed by using imperative verbs such as "shall", "must" and "will".

Rated Criteria

- Point rated evaluation criteria* can be used to establish the minimum requirements (by setting a passing mark) that a bid must meet to be considered a valid and responsive proposal.
- Rated criteria are those requirements that are scored to determine the degree of suitability of the proposal. They assess the bidder's capability to meet the requirement.
- Point rated criteria identify those elements that can be evaluated on a variety of characteristics to determine the relative technical merit of each proposal.
- The Evaluation Team Leader shall ensure that the evaluation is performed in accordance with the approved evaluation methodology.

(*) When the project authority is going to use weighted factors for the evaluation of proposals, he must ensure that these factors reflect real operational needs. The burden of proof resides with the evaluation team who will have to demonstrate that it is the case



Notice

- It is important to establish evaluation criteria that are neither too restrictive nor too broad.
- Rating factors are then assigned to the evaluation criteria.
- The rating factors must reflect the relative importance of the evaluation criteria and their weighting must be appropriate to each requirement and ensure fair competition, with no unnecessary emphasis on certain items appearing to favour a particular bidder.

Remember

Bid evaluation/contractor selection processes are to be established for each particular requirement by exercising good judgement and by observing the following guiding principles:

1. **Integrity:** Bid evaluation/contractor selection processes must be open, fair and honest
2. **Competition:** Bid evaluation/contractor selection processes must ensure fair competition and must be appropriate for each requirement
3. **Equal Treatment:** Bid evaluation/contractor selection processes must ensure that all bidders are subject to the same conditions and considerations
4. **Accountability:** Procurement personnel are responsible and accountable for the integrity of the bid evaluation/contractor selection processes, including all actions taken within the process

Selection Process



TB Directives On Selection

- Technical specifications shall, where appropriate:
 - Be in terms of performance rather than design or descriptive characteristics; and
 - Be based on international standards, where such exist; otherwise, on national technical regulations, recognized standards, or building codes;
 - Not be prepared, adopted or applied to create unnecessary obstacles to international trade.
- There may be no requirement or reference to a particular trademark or trade name, patent, design or type, specific origin, producer or supplier
- Cannot seek or accept, in a manner which would have the effect of precluding competition.
 - For ex: advice that may be used to prepare specifications for a procurement from a firm that may have a commercial interest in the procurement.

Guidelines On Selection

- **Available information should be assessed against some or all of these suggested factors:**
 - experience in the fields required,
 - availability of qualified personnel,
 - access to supporting resources,
 - capacity to complete work within the required time,
 - past performance on federal government contracts,
 - location of the office of the consultant or professional with respect to work area,
 - sensitivity of work,
 - security requirements,
 - whatever is required for the success of the project.

Bid Evaluation Process Recap



Principles Governing Evaluation

To ensure fairness to all prospective bidders and transparency in the award process, the following principles should be respected:

1. The bid evaluation process must show a clear and concise method of ranking each bid;
2. The evaluation criteria must be written so that they can be clearly understood and objectively rated
3. The evaluation criteria must be appropriate for the type of bid solicitation
4. Only the terms, conditions and specifications outlined in the RFP are to be used as evaluation criteria
5. An evaluation criteria that has not been addressed receives a zero mark
6. Only information contained in the bid can be considered for evaluation

Transparency

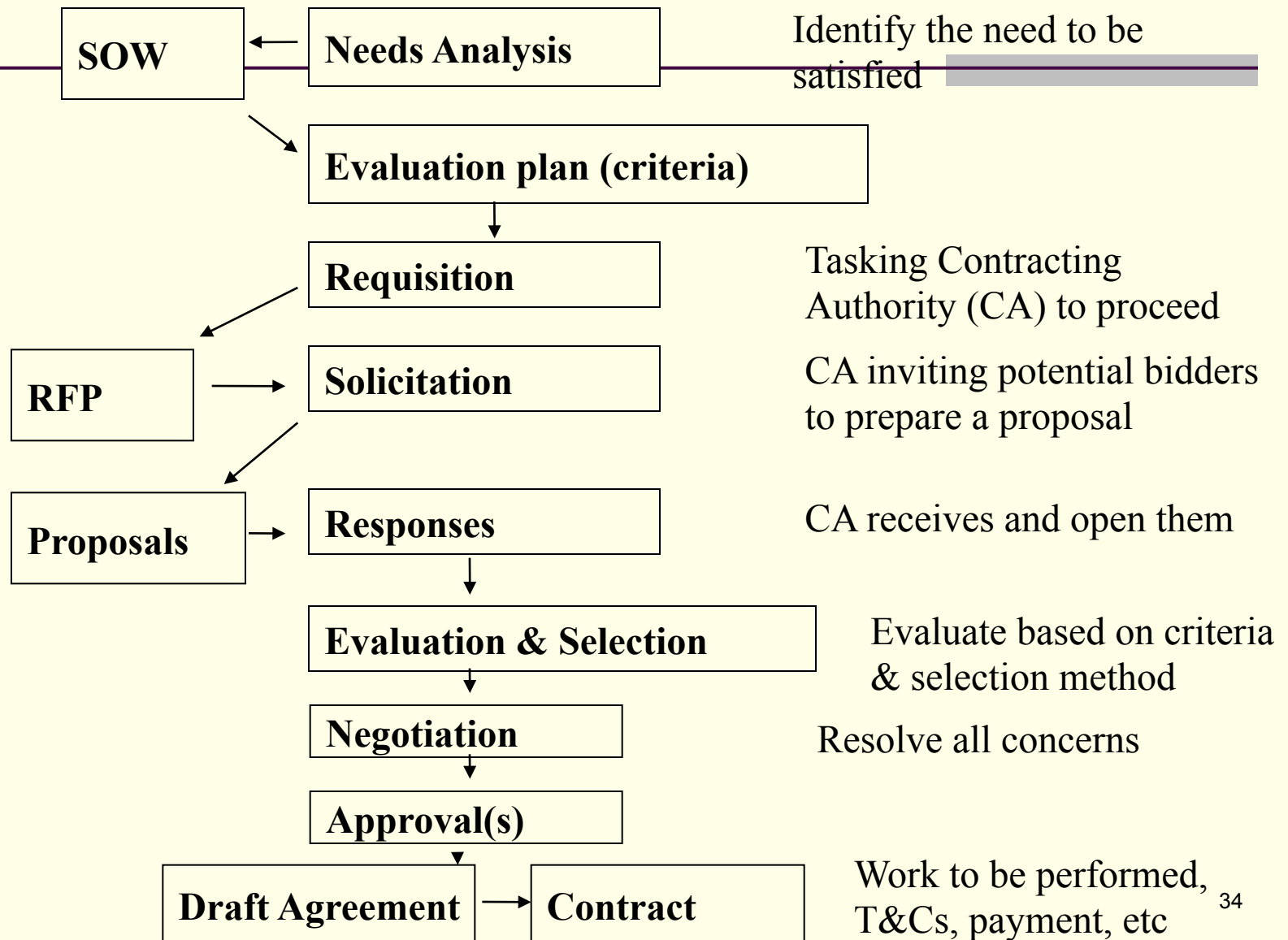
- Competing firms should be told the measurement criteria and the weighting assigned to them.
- The courts have ruled that the factors and their weighting must be established beforehand and adhered to strictly. They are to be recorded along with the requirements of the contract and included in the bid solicitation.
- The principle of applying bid criteria or requirements equally to all bidders is part of Canadian contract law and is applicable to both the public and the private sectors.

Individual Merit of a Proposal

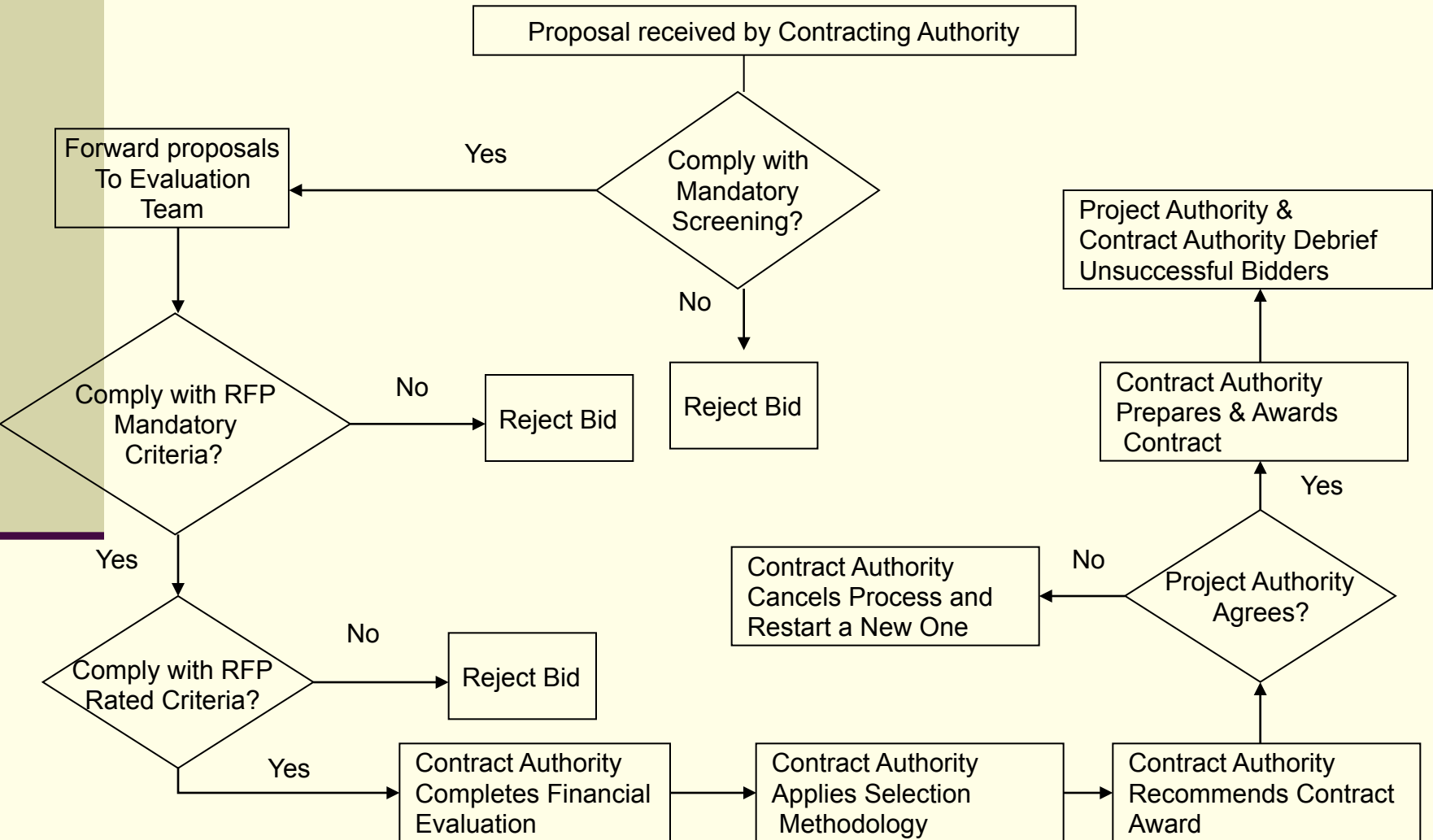
- The merits of each proposal should:
 - be compared using the mandatory and the weighted list of the criteria to be met

- These criteria should:
 - identify accurately all the performance elements significant to the success of the project;

 - measure both the competence of the firm and the worth of its particular technical approach.



Bid Evaluation Process



Bid Evaluation Process



Mandatory criteria are first evaluated

- if non compliant in one of the mandatory criterion - the bid is considered to be non responsive and receives no further consideration
- if bidder complies with all mandatory criteria - the evaluation team proceeds with the evaluation

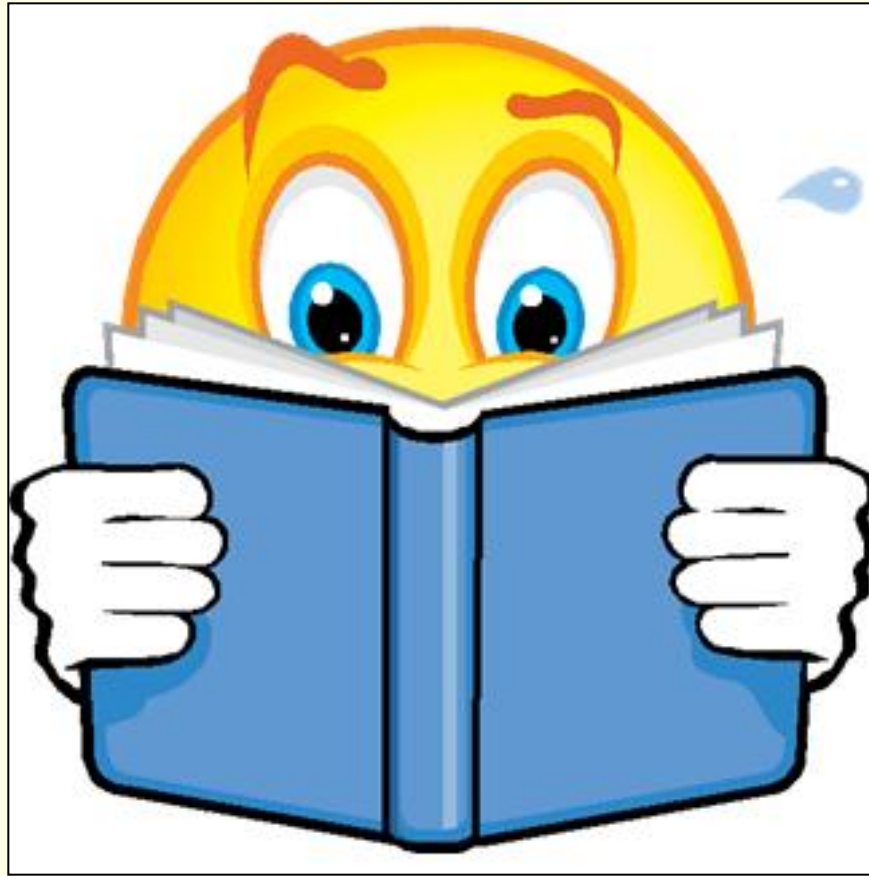
Rated criteria are then evaluated

- if passing mark not achieved either on individual rated criteria (if applicable) or on overall passing mark - the bid is considered to be non responsive and receives no further consideration
- if bidder complies with point rated criteria then pricing information is disclosed for evaluation³⁶

QUESTIONS AT THE END



ANNEX



Evaluation Criteria

Consultants and professionals can be evaluated against one or more of the following criteria:

- (a) qualifications to do the work,
- (b) the proposed approach,
- (c) the pricing and terms offered.

Mandatory Criteria

Because of their importance, they should:

- be grouped together and highlighted in the bid solicitation document.
- be separated from point rated requirements.
- never be changed or relaxed in any way after bid closing.

The evaluation team must be prudent not to limit the level of competition by establishing mandatory evaluation criteria that are unnecessary or too restrictive.

(For example, a mandatory evaluation criterion often used is a bidder's previous experience, which could preclude new entrants from bidding on government requirements. In such a case, it might be more appropriate to consider point rating the bidders experience to allow new or less experienced firms the opportunity to submit a bid).

Criteria on Competence

Competence includes, for example, such factors as:

- managerial structure;
- key personnel;
- prior industrial experience;
- facilities;
- financial strength.

Suggested Criteria

MANAGEMENT COMPONENT:

- Company background, experience and performance on similar projects
- Special support facilities and/or equipment
- Proposed team – organization and reporting structure
 - project manager: training, experience, expertise and responsibilities
 - personnel: training, experience, expertise and duties
- Level of effort and classifications by task
- Back-up personnel support
- Quality control or quality assurance
- Management technique to apply (MBO, PERT, etc)

Suggested Criteria

TECHNICAL COMPONENT:

- Understanding of problem(s)
- Proposed approach and solution
- Identification of specific tasks
- Possible difficulties identified
- Optional solutions
- Work plan and anticipated schedule
- Proprietary information used
- Deliverables
- After-delivery service and/or warranty

Technical Criteria

Technical worth can include:

- the firm's proposed work breakdown structure;
- identification of key technical problems and outlines of solutions;
- proposed schedule of milestones, cost;
- quality and time control systems to be used, and
- any other criteria depending on the nature of the requirement.

Frequently Used Rated Criteria

CRITERION

1. Strategy, Approach, Methodology

SUB-CRITERIA

- degree of understanding of objectives to be reached and problem(s) to be solved
- recognition of obstacles and means of overcoming them
- completeness, clarity, correctness
- attainment of expectations
- attainment of adequate knowledge based to produce desired results
- consistency with strategy and objectives
- use of human and material resources
- demonstration of expertise
- merit of alternative approach

Note: this is not an exhaustive list but suggestions

Frequently Used Rated Criteria

CRITERION

SUB-CRITERIA

2. Management

- manager's experience, expertise, qualifications and accomplishments
- manager's education
- adequacy of organization chart related to EC's project
- staffing ratio (utilization of senior specialists VS other staff)
- outline of responsibilities and functions, limits of authority
- control of time and quality
- reporting and debriefing arrangements
- use and management of sub-contracts

Frequently Used Rated Criteria

CRITERION

SUB-CRITERIA

3. Personnel directly Involved with the project

- assigned personnel education, related expertise and experience (requires submission of CVs)
- number of assigned personnel
- back-up (number & qualifications)

4. Facilities and equipment directly involved with the project

- quality, usefulness
- interchangeability
- maintenance arrangements
- availability

Frequently Used Rated Criteria

CRITERION

SUB-CRITERIA

5. Scheduling

- master plan for work progress and costs incurred
- start and completion dates
- scheduling of phases or milestones (how realistic?)
- volume of work VS time assigned (production rate, level of effort)

6. Firm's Experience

- similar projects completed in the past (this may require a brief description of the projects)
- number of such projects, year of completion, client, period of duration, \$ value
- number of personnel involved

Frequently Used Rated Criteria

CRITERION

SUB-CRITERIA

7. Past Performance

- firm's demonstrated production capacity and ability to meet deadlines and quality standards

8. Local Representation

- number (in specific areas or regions) of:
 - personnel
 - offices
 - plants
 - outlets

Guiding Principles

- The maximum points that can be scored for each criterion and/or sub criterion, must be included in the bid solicitation document.
- The rating applied to each criterion and/or sub criterion element will depend upon the considered importance of that element.
- In order to avoid situations where a proposal is valid by a narrow margin and compensates weaknesses with remarkable strength in one or more other areas, it is recommended , as a mandatory condition, that bid proposals achieve a minimum score for selected evaluation criteria, and a minimum score overall.

For example, the overall pass mark for proposals could be 75%; in addition, bid proposals could be required to achieve at least 70% for each individual evaluation criterion, and/or group of criteria.

Guiding Principles

To the extent possible, objective evaluation criteria that can be arithmetically measured should be used, such as:

- years of experience (e.g. one point per year of experience up to a maximum of ten).
- number of projects completed, (e.g., one point for each \$500K worth of projects, to a maximum of ten points) .
- offices in country or region, (e.g., one point for all regions, two points for sub offices in additional provinces/territories) .
- academic qualifications, (e.g., BA - one point, MA - two points, PhD - three points, up to a maximum of 8 points for key team members).

Guiding Principles

When objective evaluation criteria cannot be used in point rating, the use of an evaluation of subjective point rating system is permissible.

For example, evaluation of sample reports or studies, efficiency of project management, appropriateness of a proposed method or approach, comprehension of the work to be done, etc.

No changes to the number of points assigned to the bid evaluation criteria are permissible after bid closing. If changes are deemed necessary, bids must be re-invited.

Contractor Selection Methods

- It shall be project specific
- The method must be clearly identified in the RFP
- It should ensure fair competition and equitable treatment for all potential bidders
- Selection of the contractor and award of the contract must be made in accordance with the contractor selection method outlined in the bid solicitation document.



Most Common Selection Methods

In all cases, a proposal is declared responsive if it complies with all the mandatory requirements and meets or exceeds the passing mark

- **Lowest-priced responsive proposal**

- It is used for most goods requirements and for basic services, which have a limited number of straightforward technical approaches to the problem.
- Price is the governing factor
- Scope of the work is well enough defined for bidders to establish a firm price
- Technical risk is low

- **Lowest responsive cost-per-point proposal**

- A bidder's price is divided by the total of the points collected in the evaluation process, and the bidder with the lowest price per point is awarded the contract.
- Often used for medium to high complexity requirements
- This method attempts to identify a proportional relationship between the technical merits of a proposal and its cost
- To establish the ratio between cost and benefit, or, best value

Most Common Selection Methods

Highest responsive combined rating of technical merit and price

- Allows to decide whether price or technical merit is more important and then, to base its evaluation on the relative importance of those two aspects
- Either price or technical merit can be given more importance in the bid evaluation process. The ratio of technical points to price points is adjusted to give best value to the Crown

Highest-rated responsive proposal within a stipulated maximum budget

- Set a maximum budget
- Used in such cases as scientific work, where we want the most we can get for the available dollars
- Nature of project is outlined and the funds available are mentioned in the RFP
- Technical competition as opposed to price competition - best technical proposal (highest probability of success)