



## STANDARD

Before issuing the solicitation, procurement professionals and applicable stake-holders must establish the criteria by which the resulting bids or proposals will be evaluated. Once the appropriate procurement method is selected, criteria should be established to evaluate bids or proposals for the most economically advantageous offer for the contracting authority, or for the lowest price.<sup>1</sup>

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### Definition

**Selection Criteria:** Criteria that may be used to qualify a proposer/ offeror. The criteria should determine whether or not the proposer/ offeror is responsible and has the capability/ capacity to meet the requirements of the solicitation and the subsequent contract. The proposer/ offeror must possess the full capability and capacity to perform in good faith. The criteria may include criterion to assess the proposer's/ offeror's financial condition, ethics, quality of services/ goods supplied, capability of facilities/ equipment used to provide the good/ service, reliability, management, experience, and technical ability.

**Award Criteria:** The criteria identified at the award stage must relate directly to the goods, services or works to be provided. Award criteria should evaluate the proposer's/ offeror's conformance to all material with respect to the requirements, including all form and substance. Public bodies can award contracts on the basis of the most economically advantageous tender or the lowest price.

### Element 1.1: Developing Evaluation Criteria

Development of the evaluation criteria will vary depending on the type of procurement method that is being used, and may include the use of selection criteria, award criteria or both.<sup>2</sup> Generally, evaluation criteria may be established for either a single-step, or multi-step procurement method.



## Public Procurement Practice

### DEVELOPING EVALUATION CRITERIA *(Cont'd)*

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#### Selection Criteria (Qualification Criteria)

When a multi-step procurement method is selected, bidders/ offerors may be “qualified” according to the selection criteria. The selection criteria may include questions to determine whether or not the bidder/ offeror is responsible and has the capability and capacity to perform/ deliver. The selection criteria may include evaluation for:

- Economic and financial standing (including bonding capacity and applicable insurances)
- Technical and professional ability
- Criminal history/ background/ reference checks (e.g. ensuring that the bidder/ offeror has not been convicted of bribery, corruption, collusion, fraud, etc.).
- Quality of goods/ services provided
- Reliability (e.g. will the offeror be reliable, ethical, and faithfully complete the terms of the contract?)
- Ethics (e.g. determined through reference checks, past performance evaluations, company policy on ethics, etc.)
- Management practices and ability to perform
- Experience

*Note: Cost is not a consideration during this phase.*

#### Award Criteria

Award criteria may be used alone in a single-step procurement, or following the qualification phase (See: Selection Criteria), of a multi-step procurement, to determine which bidder/ offeror provides the most economically advantageous offer, to further determine the bidder's/ offeror's ability to perform/ deliver as it relates to the contract.

Where resulting bids or proposals will be evaluated for the most economically advantageous<sup>3</sup> offer, award criteria must be linked to the subject matter of the contract and can include criteria for:

- Price
- Quality
- Technical merit<sup>4</sup>
- Aesthetic and functional characteristics
- Environmental characteristics
- Operational costs
- Cost effectiveness
- Service costs
- Technical assistance
- Delivery date and delivery period
- Period of completion
- Social considerations<sup>5</sup>
- Sustainability
- Innovation

*Note: This is a non-exhaustive list based on the UK Procurement Regulations.<sup>6</sup> Criteria may vary based on the requirements of each contract and/ or local regulations, and the needs of the end user.*



### Element 1.2: Weighting Criteria

Each criterion should be weighted to reflect its relative importance to the contracting authority. The identification of criteria and weights must be carried out with care to ensure that the contracting authority identifies the most advantageous proposal/ offer.<sup>7</sup> To accomplish this task:

- Weightings may be assigned a range that specifies a minimum and maximum weighting. The application of such weightings is up to the contracting authority and appropriate use may be determined based on the subject matter of the contract.<sup>8</sup>
- When a decision to split the weightings between price and quality is made, it is best to decide on an overall split between price and quality first, and then to allocate weighting to the quality sub-criteria.
- When it is not possible to provide weights that are based on objective grounds, the criteria should be listed in descending order of importance.

### Element 1.3: Notification of Criteria

Proper publication and notification of intended evaluation criteria, to potential proposers/ offerors will help the proposers/ offerors to meet the needs of the contracting authority. Furthermore, proper publication and notification protect the authority from challenges on the grounds that the criteria were chosen post notification to favor a particular proposer/ offeror. Evaluation criteria and their associated weightings must:

- Be agreed to before the solicitation process begins.
- Be published in the notice for the contract, or within the solicitation documentation, or both.<sup>9</sup>
- Not be changed once they have been advertised and notification has been sent to the bidders. If changes become necessary, all bidders must be notified of the changes.

## Background

Establishing evaluation criteria is an important part of many procurement processes. When developed appropriately criteria should determine whether or not the potential proposer/ offeror is suitable, be directly related to the subject matter of the contract, and be clear enough to ensure that the potential proposer/ offeror has an accurate understanding of what is most important to the contracting authority. Criteria and their assigned weights will vary by the type of good or service that is being procured. Extensive market and supplier research, along with a full understanding of the subject matter of the solicitation, will aid in the selection of the most appropriate evaluation criteria for the particular procurement.

1 Note: For contracts subject to the European Procurement Directives, the rules regarding tender evaluation criteria are set forth in Regulation 30 of the Public Contracts (Scotland) Regulations 2006. (<http://www.scotland.gov.uk/Publications/2006/11/16102303/tendering-process#a4>)

2 Criteria may also vary depending on the type of service or good being purchased, characteristics of the marketplace, and/ or depending on the needs and preference of the user.

3 Value for Money is defined as the optimum combination of whole life costs and quality (or fitness for purpose) to meet the customer's requirements, and can be taken to be largely analogous with "most economically advantageous". What constitutes the optimum combination of whole life costs and quality will clearly differ from commodity to commodity and will depend on the outputs required from the procurement exercises concerned. (Ibid.)

4 Including any special certifications or licenses required, warranties offered, and response times/ staffing levels.

5 Social considerations include positive action towards disabled persons, promotion of equality between men and women and promotion of ethnic/racial diversity. They do not include "Buy Local" (Marineau, 2010). See also: European Commission (2010). Buying social. Retrieved from <http://ec.europa.eu/social/BlobServlet?docId=6457&langId=en>

6 For a detailed list of UK Procurement Regulations see [www.mytenders.com](http://www.mytenders.com)

7 The criteria to determine the "most advantageous" offer will vary depending on the type of procurement that is being considered. For example, in some procurements quality may be more important than price, therefore criteria should be weighted to reflect the relative importance as it relates to the specific procurement.

8 Under EU Procurement Regulations, when awarding a contract on "most economically advantageous tender", the criteria must be listed in the original contract notice or in the invitation to tender and the criteria must be weighted either as an exact number (eg price: 25%) or within a meaningful range (eg price: 20%-30%) (Martineau, 2010).

9 Under EU Procurement Regulations all criteria (including any sub-criteria) and all weightings must be set out in the OJEU notice and/or the contract documents. The circumstances in which changes can be made at a later date are very limited, and generally not possible (Martineau, 2010).