SENSITISATION SESSION: MINISTRY OF TOURISM, CULTURE & THE ARTS

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AGENDA

1. Ice Breaker Questions
2. Procurement Planning
3. Procurement Methods & Solicitation Documents
4. The Evaluation and Approval Process

Ice Breaker Questions

What is public procurement?

What are the stages of the public procurement process?

Why should public bodies plan their procurement activities?

Objectives

To sensitise the Ministry of Tourism, Culture and the Arts on:

- Procurement Planning;
- Procurement Methods and Solicitation Documents; and
- The Evaluation and Approval Process

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Procurement Planning

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Stages in the Public Procurement Process

1

Planning

2

Soliciting of Tenders

3

Evaluation & Awarding of Contracts

4

Contract Management to Close-out

Proper Planning and Preparation Prevents Poor Performance.
-Stephen Keague

Why Plan?

- Procurement plans are a key management instrument and pre-requisite for successful procurement implementation
- Facilitates efficient and effective use of public funds
- Leads to selection of the best procurement approach

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Procurement Planning

- Annual planning for procurement activities following budget allocation
- Market research and analysis
- Procurement portfolio analysis, development of risk mitigation, procurement and contract management strategies
- Detailed planning of individual procurement activities

Procurement Planning: Two Levels

Strategic Level

- Output
  - Annual Procurement Plan
  - Annual Schedule of Planned Procurement Activities

Operational Level

- Procurement Strategy Development Form
- Procurement Details
- Evaluation Criteria
- Evaluation Methodology
- Contract Management Strategies

Steps in Strategic Level Procurement Planning

1. Develop the Portfolio Listing
2. Analyse the Procurement Portfolio
3. Develop Procurement and Contract Management Strategies
4. Develop the Annual Procurement Plan

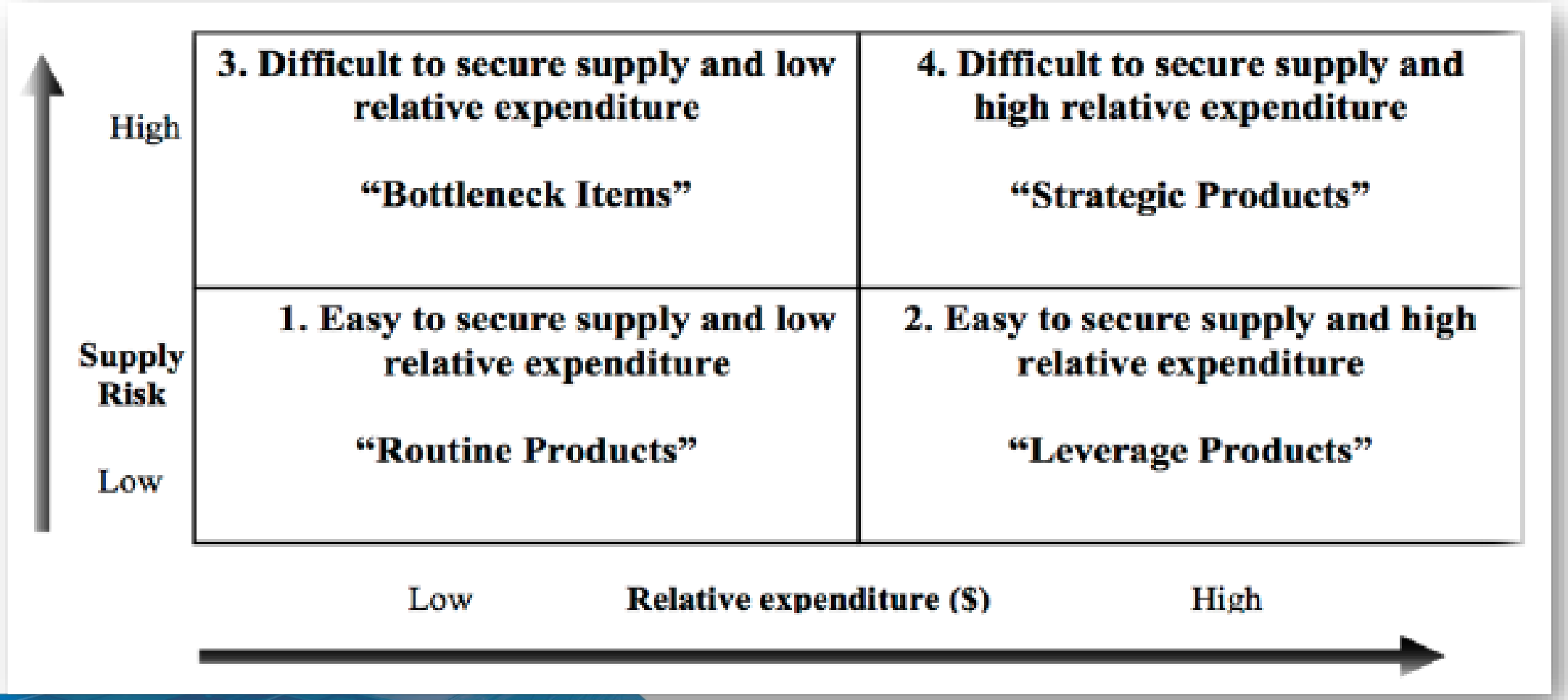
Develop Portfolio Listing

- Conduct internal needs analysis
- Identify all items to be procured in the upcoming year
- Develop procurement portfolio

Analyse the Procurement Portfolio

- Analysing past and projected procurement expenditure, also known as a spend analysis.
- Analyse the difficulty and risk associated with securing these goods, services or works. Also known as a risk analysis.
- Develop a procurement profile that identifies historical and projected procurement expenditure & associated levels of risk in the form of a matrix.

Develop Procurement and Contract Management Strategies



Develop the Annual Procurement Plan

The annual procurement plan will cover a 12-month period and will:

- identify all items to be procured for the upcoming financial year
- analyse the items (market and risk)

The analysis of the items will assist with determining the most appropriate:

- procurement strategy
- procurement method and
- contract management strategy for achieving the objects of the Act.

Annual Schedule of Planned Procurement Activities

27. (1) A procuring entity shall—

(a) no later than six weeks after the approval of the National Budget, publish on its website or in any other electronic format, information regarding all planned procurement activities for the following twelve months;

(b) update the information referred to in paragraph *(a)* as necessary; and

(c) provide a printed copy of the information referred to in paragraph *(a)* upon request and payment of the prescribed fee.

Annual Schedule of Planned Procurement Activities (Cont'd)

No.	Project Number	Project Name	UNSPSC Code Level 3	Brief Description	Proposed date for Issue of Bidding Documents	Expected Delivery/ Completion Date	Estimated Project Duration (for works and services)	Procurement Method	Standstill period (if applicable) – No. of days	Contract Type
1	RFP# 003/2019-2020	Supply and Delivery of Computer Equipment	43211500	Supply and Delivery of 80 Laptops and Desktops	Nov-19	Sep-20	N/A	Open Bidding	10	Fixed price contract

Operational Procurement Planning

Must be conducted for the acquisition of each item or spend category identified in the procuring entity's procurement portfolio

Involves Procurement Strategy Development (High- Risk/ High – Value) or (Low-Risk/Low-Value)

Procurement Strategy Development

The procurement strategy form includes:

- Demand Analysis
- Stakeholder Analysis
- Market Analysis
- Procurement Strategy Options
- Preferred Procurement Strategy Recommendation
- Implementation Plans

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Procurement Methods & Solicitation Documents

Bidding Based Procurement Methods

- Open bidding
- Limited bidding
- Two-stage bidding
- Open framework agreements

RFP Based Procurement Methods

- RFPs without negotiation
- RFPs with dialogue
- RFPs with consecutive negotiations

Other Procurement Methods

- RFQs
- Competitive negotiations
- Single-source procurements
- Sole source procurements

Factors to Consider when Selecting a Procurement Method

- The organisation's mandate and business needs
- The characteristics of the item(s) to be procured
- The market situation
- The degree to which the procurement is urgent
- The appropriate level of technology required to carry out the procurement
- The procurement method and/or technique that would be most suitable for
  a. simple low-value items that are easily obtainable
  b. more specialised or complex procurements
- The capacity (professional judgment, experience and skill) of the procurement officer to select and to successfully operate complex procuring methods, while ensuring that abuse and corruption are not introduced into the processes

Quiz

What is solicitation?

What is a solicitation document ?

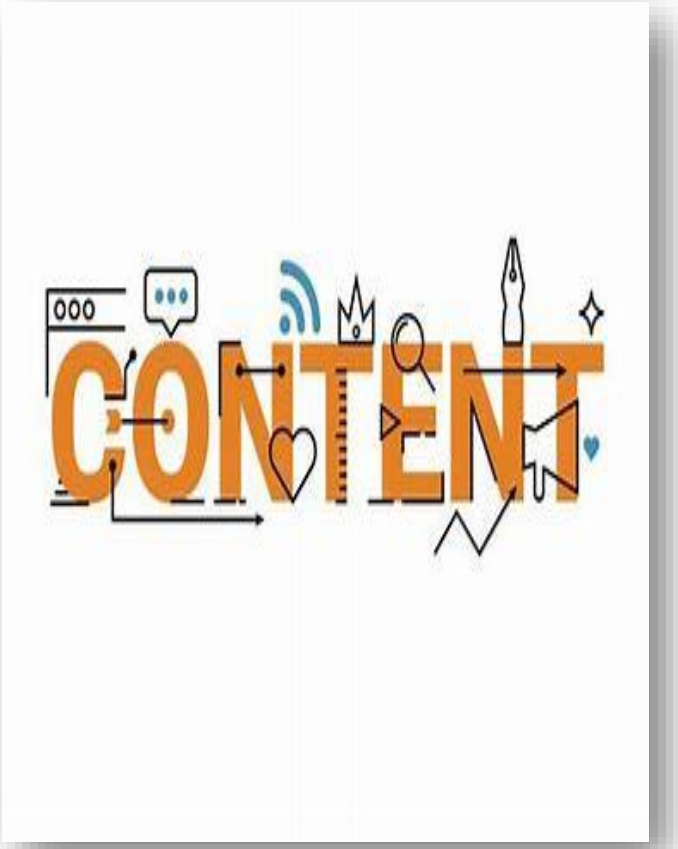
What are the types of solicitation documents?

Types of Solicitation Documents

- Request for Quotation (RFQ)
- Requests for Proposals (RFP)
- Invitation to Bid (ITB)
- Expression of Interest (EOI)
- Request for Information (RFI)

Contents of the Bidding Documents

- The nature and timeframe of the procurement
- The required qualifications of suppliers or contractors and the documents required to satisfy the requirements
- Information on site visits and pre- bid meetings
- Instructions for the preparation and submission of tenders (Deadline for submission, Place & Time for Opening of Submissions)



Contents of the Bidding Documents (Cont'd)

- The components to be reflected in the price (Currency, Exchange Rate and applicable taxes)
- The criterion and methodology for the evaluation of submissions
- The limitation of participation in the procurement proceedings (if applicable)

Contents of the Bidding Documents (Cont'd)

Grouping of goods, works or services into lots and packages
Whether alternatives to the technical or contractual specifications would be considered
The required validity period of bids
The number and acceptable form of a submission, performance or other security
The terms and conditions of the contract to be awarded

The Evaluation & Approval Process

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What Is The Evaluation Process?

- Evaluation is a process that enables the selection of the bid that best satisfies the requirements of the procuring entity while ensuring compliance with the objects of the Act.

- It involves the assessment of the nature, value and significance of the goods, works or services being procured.

Establishing the Framework for the Evaluation Process

- The successful outcome to an evaluation begins during the planning stages of the procurement process; and

- The evaluation process begins with the drafting of the solicitation documents.

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The Evaluation Process

The Need for an Evaluation Process

The need for the evaluation process is two-fold.

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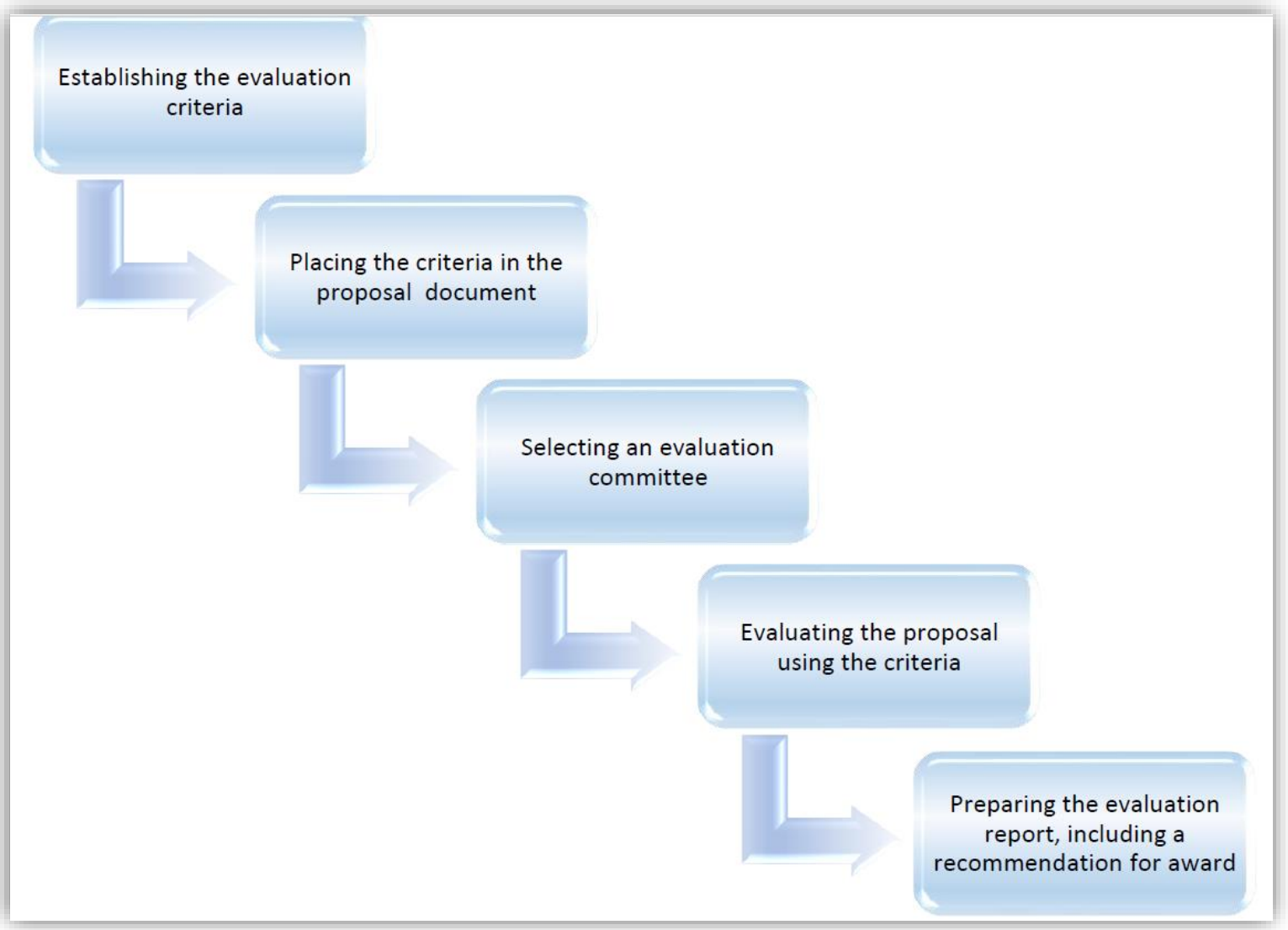
The Evaluation Process



Establishing the Evaluation Criteria

Mandatory Criteria

- Mandatory criteria establish the basic requirements of the invitation (i.e. the minimum number of years' experience of the bidder in providing the particular good, work or service.
- A bidder unable to satisfy these requirements shall be deemed incapable of performing the contract and must be rejected. Bidders either meet or do not meet mandatory criteria. A point system is not used.

Weighted Criteria

- Weighted criteria represent "desirable" features, which add value or functionality to the proposal. With weighted criteria, the relative importance of each criterion to the overall requirements and to the other criteria must be determined.

Establishing the Evaluation Criteria (Cont'd)

Characteristics of an Effective Evaluation Criteria:

- Objective
- Relate to defined requirements
- Non-discriminatory
- Realistic
- Measurable
- Economical to use
- Justifiable

Establishing the Evaluation Criteria (Cont'd)

Non-price factors may include:

- quality of methodology and work plan
- relevant experience
- client references

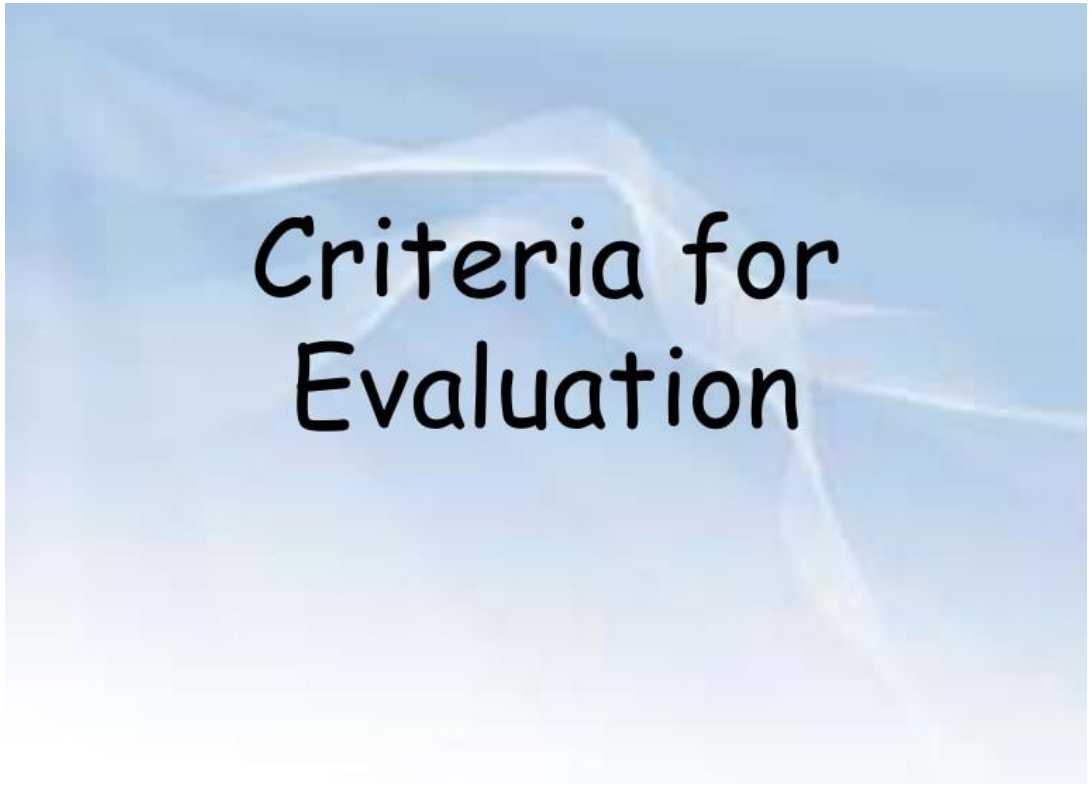
- **Price factors may include:**
- payment terms
- extended warranties
- life-cycle operating costs
- after-sale services and technical assistance
- supply of spare parts related to the use of goods
- period of completion and/or delivery of goods

Establishing the Evaluation Criteria (Cont'd)

The evaluation criteria should:

- Be completed prior to the solicitation of bids;
- Not be altered after the opening of bids; and
- Be applied equally and uniformly in the evaluation of proposals.

The procuring entity shall select the successful bidder based only on the evaluation criteria and methodology specified in detail in the bidding documents.



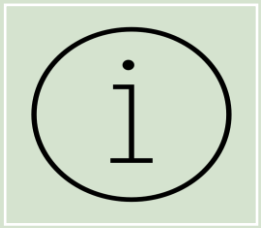
Placing The Criteria in The Solicitation Document

The Solicitation Document Should:

- Define the evaluation process in summary form.
- Specify the categories on which the bid or proposal will be evaluated and the weight assigned to each factor should also be identified.
- Explain the criteria that can or will result in the rejection of an offer, affirm that the evaluation will include the price, and state the relative importance of each major selection evaluation criteria.
-
- Specify the evaluation criteria, sub-criteria, scoring system and methodology to guide the bidder in the preparation of its bid or proposal.

Quiz

How many persons an evaluation committee should comprise of at minimum?



What is the role of the evaluation committee?

Who approves the evaluation report?

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EVALUATION COMMITTEE

Selecting An Evaluation Committee

Typically, an evaluation committee should comprise three to six persons. Evaluation committee members must possess experience in the following areas:

- Technical knowledge of the subject matter being procured;
- Applicable law;
- The procurement process;
- Commercial acumen; and
- In-house technology

Standing vs Ad Hoc Evaluation Committees

Benefits of Standing Evaluation Committees:

- Process Efficiency
- Effectiveness
- Reduced Value for Money (HR)

- Benefits of Ad Hoc Committee:
- Reduced potential for collusive behaviour
- Reduced risk of corrupt practices
- New perspectives

Project Lead As Part of the Evaluation Committee

Best practice is to set up the evaluation committee when the project is initiated and have a project manager assigned. In this case, the evaluation committee can make a much greater contribution in assisting the project manager with the following critical activities:

- Developing the procurement activity plan
- Reviewing requirements and contributing to the creation of the bidding documents
- Assisting in establishing the evaluation criteria and points system
- Evaluating proposals

The Role of the Chairperson of an Evaluation Committee

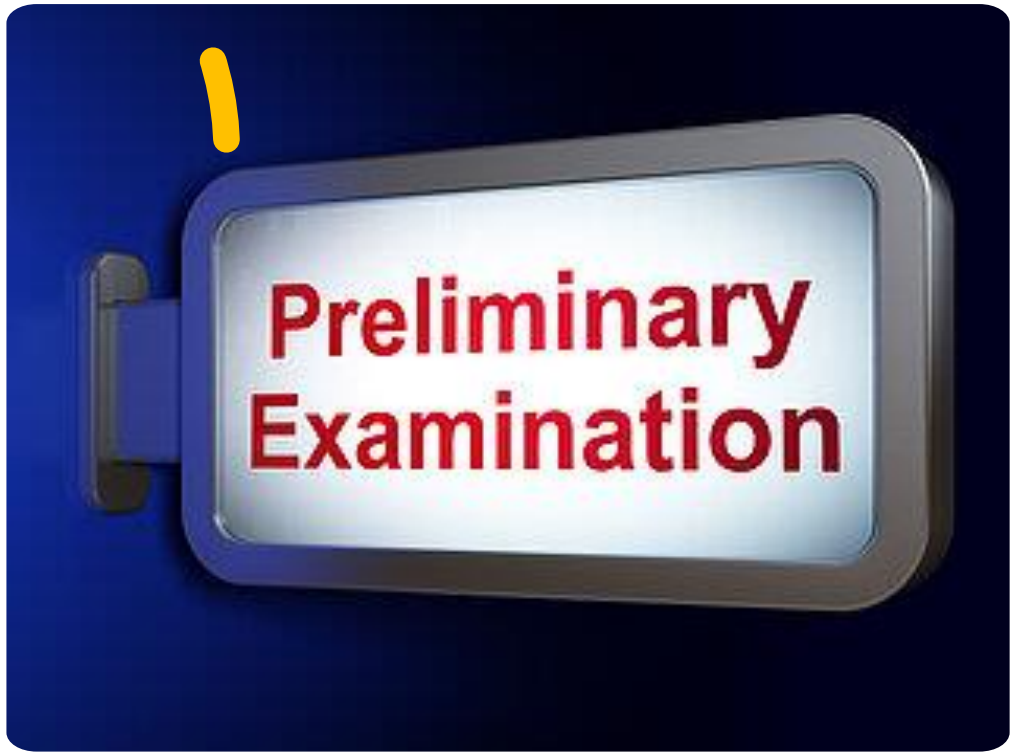
The chairperson of the evaluation committee is responsible for drafting an evaluation report after the completion of the detailed evaluation by the evaluation committee

He/she is also responsible for presiding over evaluation proceeding and obtaining the signatures from evaluation committee members

Evaluating The Proposals Using The Criteria

Preliminary Examination includes the following checks applied by the evaluation committee:

- Verification;
- Eligibility;
- Bid Security;
- Completeness of Bid; and
- Substantial Responsiveness



Seeking Clarification During Preliminary Evaluation

During the evaluation of submissions deemed compliant, the procuring entity:

- May seek clarification in writing from any bidder to facilitate evaluation;
- Shall neither ask nor permit any bidder to change the price or any other aspect of the bid when providing the requested clarification; and
- Shall reject any bidder and forfeit its bid security if a bidder amends its bid in any manner.

Detailed Evaluation

- This stage involves the detailed analysis of each offer against the evaluation criteria.
- A template/matrix is used to record the evaluation scores with respect to the relevant criteria.
- The process for a procurement seeking the supply of goods and services consists of a:
  - technical/qualification evaluation; and
  - commercial evaluation.

Technical Evaluation

- In the technical/qualification evaluation, members of the committee evaluate and rank the technical proposals in accordance with the pre-established criteria specified in the bidding document.
- Scoring can be done using Consensus or Independent Scoring.
- Technical/Qualifications proposals that fail to meet the relevant minimum requirements specified in the bidding document shall be considered non-responsive and shall be rejected.

Technical Evaluation (Cont'd)

Technical Evaluation ensures that:

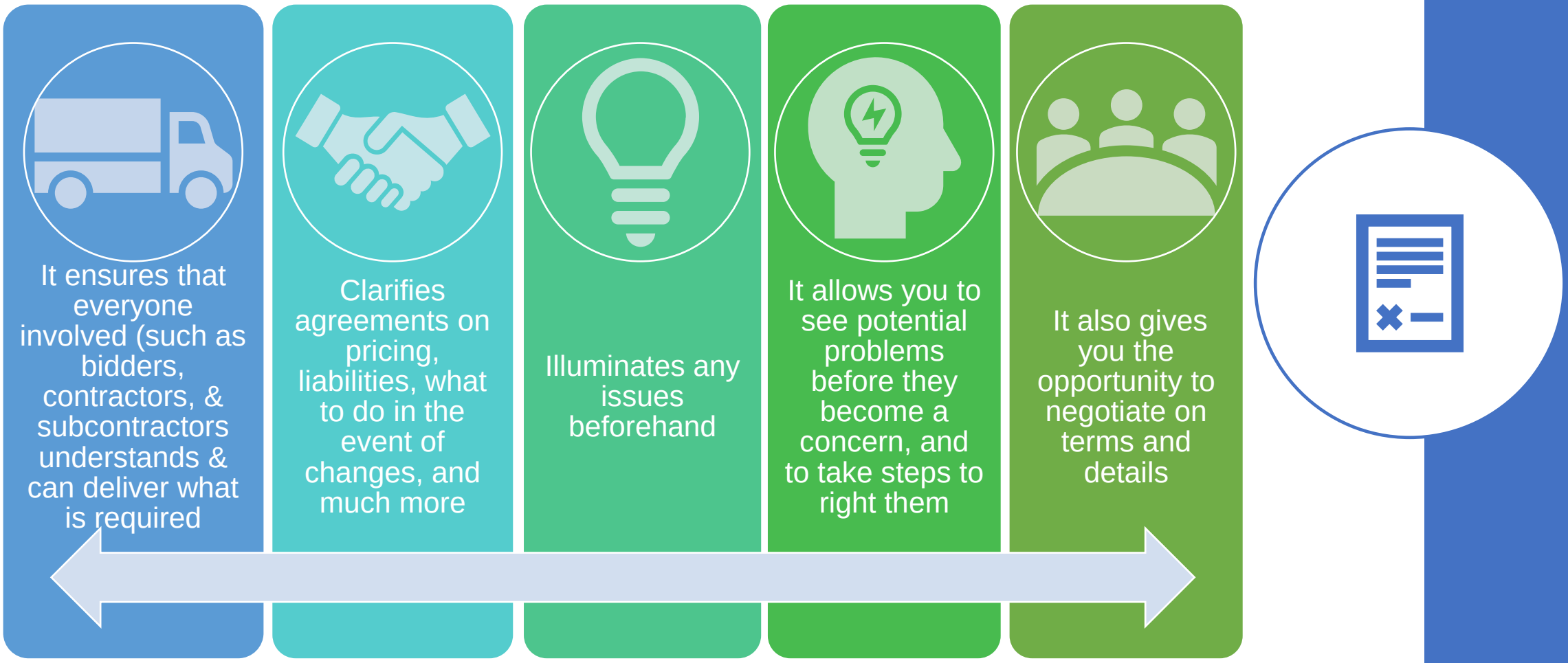
- the Contract Award decision is objective and uses the disclosed criteria
- the decision making process is fair, transparent and auditable
- the public body can demonstrate best value in the tender process

Commercial Evaluation

- Only technical proposals that meet or exceed the relevant minimum technical requirements are considered for commercial/price evaluation.
- In the commercial/price evaluation, the price is examined for computational errors.
- If bids are priced in more than one currency, they are converted to a single currency.
- Commercial proposal are analysed, verified, compared and rank using the weights assigned.

Commercial Evaluation (Cont'd)

Commercial Evaluation:



Abnormally Low Bids

An Abnormally Low Bid (ALB) is a submission in which the price is so low in relation to the subject matter of the public procurement that it raises concerns with the procuring entity as to the ability of the supplier or contractor that presented it to perform the procurement contract.

Risk: While an ALB may appear to represent value for money, it can result in greater overall costs, contract delays or even the collapse of a contract.

Abnormally Low Bid: Steps in Treating

1

Identify:

the potential ALB based on comparison with market prices or the procuring entity's cost estimate

2

Clarify:

seek clarification from the bidder

3

Justify:

the bidder prepares a justification of their price based on the request from the procuring entity

4

Verify:

the procuring entity fully analyses the bidder's justification to verify if it is an ALB

5

Decide:

the procuring entity fully documents the decision to accept or reject the bid

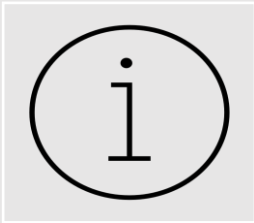
Abnormally Low Bids: Reducing the Risk

The risk of receiving an ALB is reduced if the following have been satisfactorily addressed:

- Adequate market research and planning through the procurement strategy;
- High quality bidding documentation (in particular comprehensive technical specifications and TORs);
- The procuring entity engages with the market sufficiently to encourage a competitive response and ensure clarity of the requirements;
- Ample time is allowed for the preparation of bids;
- The procuring entity issues suitable and timely responses to clarification requests;
- The procuring entity undertakes a prequalification phase, where appropriate;
- The procuring entity ensures the qualification criteria are adequate and appropriate;
- The procuring entity maintains an updated price data base and prepares a realistic cost estimate.

Quiz

What are the Pros and Cons of a standing evaluation committee?



Can the Accounting Officer overturn the results of an Evaluation Process?

What is the role of the Procurement and Disposal Advisory Committee?

Preparation of The Evaluation Report

- Typical contents of an evaluation report include:
  - Introduction
  - Background
  - Evaluation of Bids
  - Recommendation for Award of Contract

- The evaluation report is then signed by the members of the evaluation committee and approval by the designated approver.

Approval of The Evaluation Report

- Low-Risk and Low-Value Procurement: NPO
- High-Risk and High-Value Procurement:
  - Procurement and Disposal Advisory Committee (PDAC); and
  - Accounting Officer

Award of Contract

Standstill Period

- The Act defines the standstill period as the period from the dispatch of a notice as required by section 35(2), during which a procuring entity cannot accept the successful submission and suppliers, or contractors can challenge the decision so notified.

Notification of Award of Contract

- Upon fulfilment of the requirements of the standstill period, where applicable, the Notification of Award shall be made to the successful bidder.

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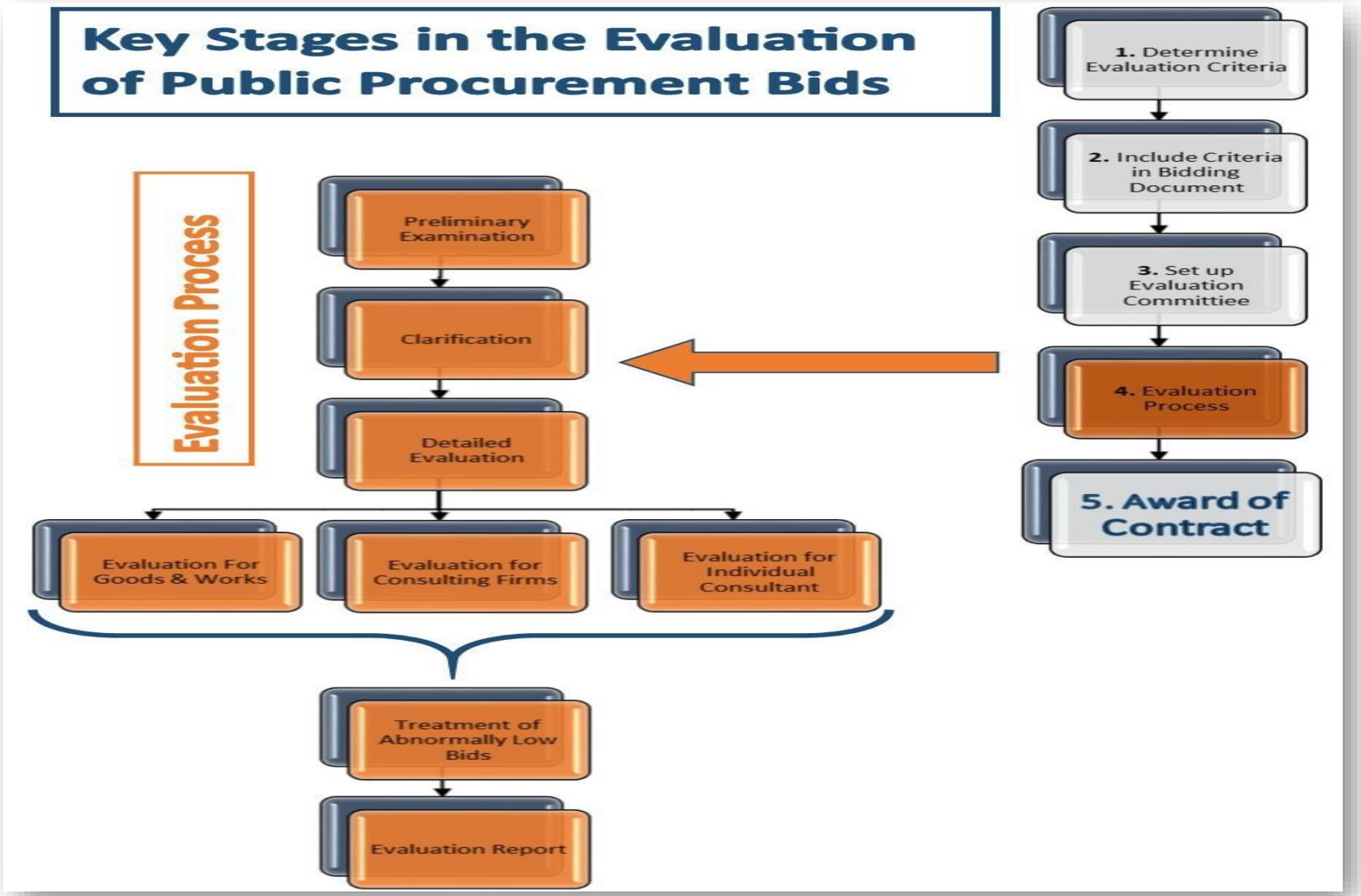

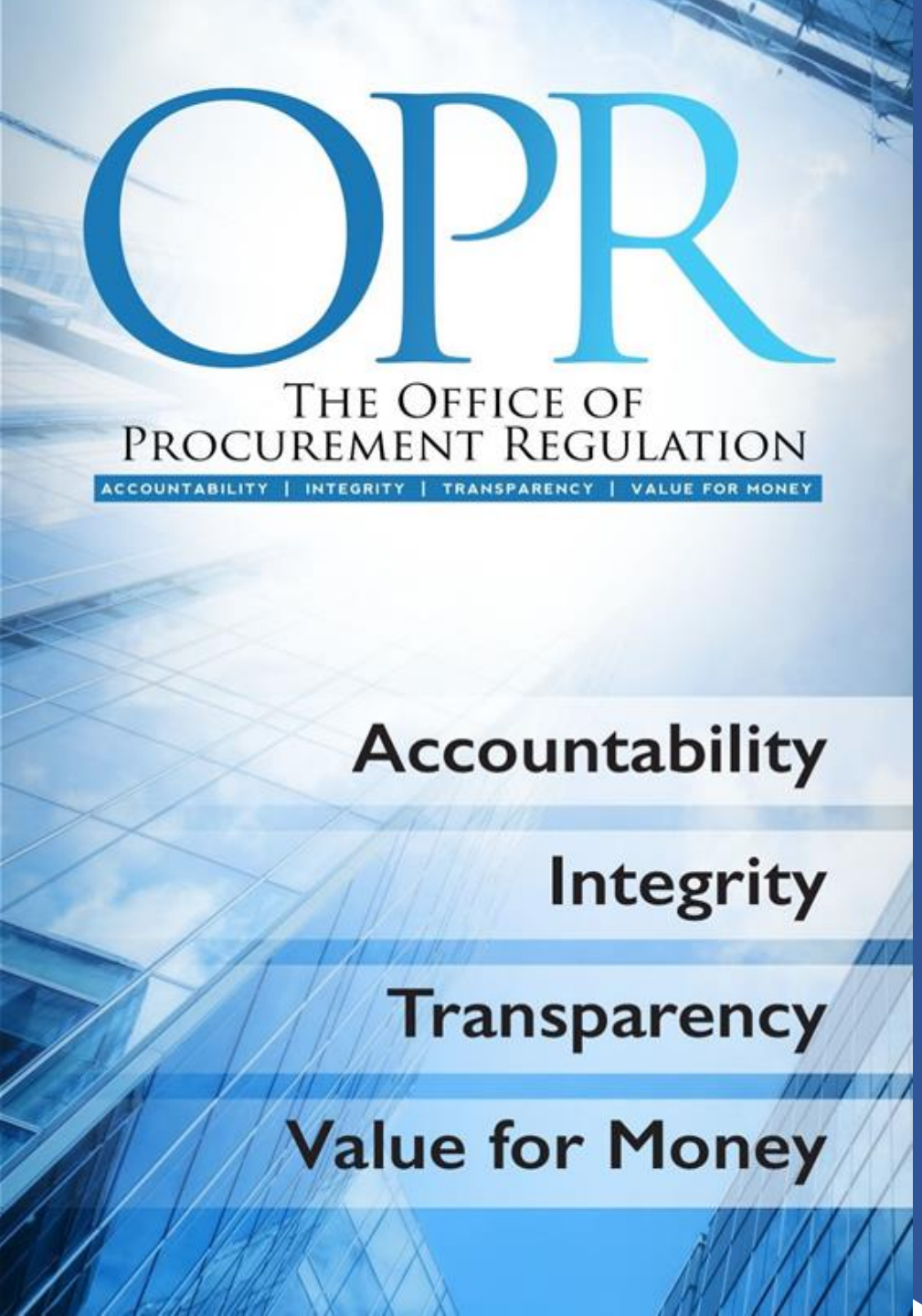

Thank you for your kind attention!

We are happy to answer any questions you may have.

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