



19 TENDERS

4.22 MANAGE CALLS FOR TENDERS

- **LO143:** Demonstrate ability to develop tender specifications, open the call for tenders and respond to queries during the process according to the regulations of the specific tender
- **LO144:** Demonstrate ability to evaluate tenders



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Work Area Code:	19
Work area title:	TENDERS
Unit Code:	19.40.1.
Unit Title:	MANAGE CALLS FOR TENDERS
Learning Outcomes Nos:	LO143, LO144
Learning Outcomes titles:	<ul style="list-style-type: none">• Demonstrate ability to develop tender specifications, open the call for tenders and respond to queries during the process according to the regulations of the specific tender• Demonstrate ability to evaluate tenders
Recommended Duration:	3
Trainer:	



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1. Legal Framework – Code of Administrative Procedure

- Introduction to tenders management

Every organization whether profit making or non-profit making, has a **requirement for purchasing**. Supplier selection and purchasing are some of the everlasting problems every organization face. Finding the right supplier would not only help to improve the quality of the product, but also to find the supplier who would provide the best price.

Today's competitive demands require the **procurement or purchasing process to be accomplished in a capable and professional manner**.

A contract can stand or fall on the expertise and performance of the Purchasing Manager or Buyer, who must always be striving to obtain goods and/or services **at best overall value for money**. Much more is involved than simply issuing requests for quotations, receiving tenders and choosing the lowest as being the more appropriate.



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1. Legal Framework – Code of Administrative Procedure

- Introduction to tenders management

Procurement for indirect or direct goods can be conducted through means of quotations or tenders. Thus, “tendering is a kind of reverse auction in which suppliers bid on the service or good which the buyer need”. Tendering is the process followed to enter in to a sales contract. The choice of tendering methods is based on nature of the procurement as well as the value of the procurement element.

Before the tender stage is reached, it is essential to have a **management team** in place to deal with the **Tender Process**, thus **ensuring the legalities** are observed and that ownership of the process is established. There is a **risk element to the process** and the team must, therefore, be knowledgeable enough to **minimize that risk**, accepting responsibility for it should the unforeseen occur, and **be able to rectify the situation**.



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2. How to design and develop a tender

• Definitions

- “The process of systematically and efficiently managing the contract creation, execution and analysis for maximizing operational and financial performance and minimizing risk” (*Eley, CIPS Contract Management Guide, 2007*)
- **Tender** - an offer, usually in writing, to execute work or supply goods or services at a stated price, and under stated conditions.
- **To Put Out to Tender or to Invite to Tender or to Request a Tender** - a special procedure for generating competing offers from different bidders looking to obtain an award of business activity in works, supply, or service contracts.
- **Request/Invitation to Tender** - initiating step of a competitive tendering process in which qualified suppliers or contractors are invited to submit sealed bids for construction or for supply of specific and clearly defined goods or services during a specified timeframe.



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2. Steps for proper planning of a tender

• Pre-Tendering Process

Determination of Need

- Forecasting Requirements
- Business Case Analysis & Funding
- Acquisition Planning
- Market Research
- Statement of Work
- Work Breakdown
- Structure

Select Tender Team

- Analysis of Requirements
- Gather Requirements
- Analyze Documents

Extent of Competition

- Supplier Categories
- Supplier Qualifications
- Past Performance Evaluation



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2. Tendering process

- The competitive tendering process



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2. Steps for proper planning of a tender

- **Types of Contracts**

The arrangements for competitive tendering and publicising contracts for works, supplies and services depend on the contract value.

1. Services

Value of the contract	Procedure to be followed
≥ 300.000 €	International restricted tender procedure
< 300.000 € but > 60.000 €	Competitive negotiated procedure
≤ 60.000 €	Beneficiary's procedures



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2. Steps for proper planning of a tender

2. Supplies

Value of the contract	Procedure to be followed
≥ 300.000 €	International open tender procedure
< 300.000 € but ≥ 100.000 €	Local open tender procedure
< 100.000 € but > 60.000 €	Competitive negotiated procedure
≤ 60.000 €	Beneficiary's procedures

3. Works

Value of the contract	Procedure to be followed
≥ 5.000.000 €	International open tender procedure
< 5.000.000 € but ≥ 300.000 €	Local open tender procedure
< 300.000 € but > 60.000 €	Competitive negotiated procedure
≤ 60.000 €	Beneficiary's procedures



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2. Steps for proper planning of a tender

- The Tendering Process

Solicitation of Offers	Receiving Bids	Proposal Evaluation	Negotiations	Contract Award
Tender Preparation	Receiving Bids Process	Evaluation Process	Tender Negotiation	Write contract
Publicizing Proposed Tender	Public Openings	Evaluation Non-Price Factors	Price Analysis	Agree contract terms and conditions
Pre-bid Conference	Bid Rejection Criteria	Price Analysis	Cost Analysis	
Tender Modifications / Clarifications	Maintaining Bid Confidentiality	Supplier Provided Pricing Info.		
	Changes in Bids Process	Cost Analysis		
		Evaluating Supplier Terms & Conditions		



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2. Contract Strategy

1. Strategy for the project or purchase agreement:

- Operation of tendering exercise
- Writing detailed specification, scope, appearance of draft tender documents
- Process timescales
- Tenders evaluation team

2. Account must be taken of:

- Type of contract
- Number of a approved or qualified potential tenderers
- Requirements of the EU regulations and financial thresholds (public sector entity or utility subject to EU legislation)

Don't Forget:

- Anticipated events timetable completion
- Target dates achievements
- Inclusion Named persons with responsibility for each activity



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2. Contract Strategy

- Ensuring identification and inclusion all requirements for the goods, or services, in the tender process. *There is nothing worse than nearing completion of one tender process only to find someone else in the enterprise has a need for the same or very similar product.* A whole company business plan, if properly prepared, should remove the risk of ignoring total requirements.
- Approval for the proposed strategy before implementation.
- Contract duration contract - agreed at the outset. Commercial decision taking into account all costs involved in the tendering process.
- Areas to be considered:
 - a. Improvements in technology
 - b. Likelihood of new contractors or suppliers entering a competitive market
 - c. Price adjustments
 - d. Dangers that may arise from long-term contact with one supplier
 - e. Potential conflict of interests



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2. Conducting the tendering process

- ✓ The **specification** is a most important section of the invitation to **tender documentation**, both for the purchasing organization and for potential suppliers, since it is the specification which sets out precisely what characteristics are required of the products or services sought.
- ✓ There are **two main types of specification**:
 1. **"functional" specification** - sets out the **functions** that the goods and/or services are expected to fulfil, including the performance to be achieved,
 2. **"technical" specification** - stipulates the **technical characteristics** of the goods or services, usually designated in accordance with accepted national or international technical standards.

- ✓ **General Rule:**

The specification should include **expected performance** or output but should not necessarily define how this should be achieved. To do so may lead to more costly solutions to the purchasing organization's requirements than might be proposed by potential suppliers.



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2. Conducting the tendering process

Check list of some of the aspects which, might need to be considered for inclusion in an invitation to tender:

- the scope and/or functions of the work or service required
- the output required
- the quality expected
- estimated maintenance requirements when appropriate
- the number or amount
- any standards required to be achieved, or applied
- timescales
- start date required
- finish date if "time is of the essence"
- a schedule of deliveries
- any inspection required and at what stages
- details of free issue materials
- accommodation details for installation
- insurance cover required for contractors
- costs in use of components or complete product where appropriate
- response times
- details of measurement of the work



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2. Conducting the tendering process

The following details must be included:

- **Interfaces** – organization person name – responsibility: tendering process and management of any resulting contract aspects.
- **Resource specialisms** - participants professional qualifications, and details of any standards involved, such as ISO or EN standards.
- **Objectives of the requirement** - advantageous to alert potential suppliers to how or where precisely the requirement fits into your enterprise or process.
- **Clarity** - clearly stated prospective supplier's role, and all terminology properly defined.
- **Completeness** - ensure goods or services operation, details of any ancillary work required for satisfactory installation.
- **Measurability** – details description of any measurable outputs, as well as who will do the measurement, and the reporting process to be used.



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2. Conducting the tendering process

Quality standards must be clearly defined to ensure there is **no ambiguity**, between the requirements set out in the specification and information provided through any discussions or other documents.

The sort of information which might be included on a quality plan is:

- The named people involved in implementing the quality plan
- How the contract will be monitored, measured and reported upon
- The procedures and controls in place
- The quality of materials and how these are to be defined
- How the service or materials will be provided
- The method for resolution of difficulties or disputes
- Details of any improvements incorporated or proposed.



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2. Conducting the tendering process

- ✓ Documentation - detail the responsibilities of the customer and supplier.
- ✓ In the event of a failure - the customer reserves the **right** to employ another supplier or contractor to complete the contract, with all resulting costs becoming the responsibility of the failed contractor or supplier.
- ✓ Use of any existing services must be detailed. Care must be taken, however, to ensure such requirements will not limit the scope or range of possible cost savings.
- ✓ When drawing up a specification and/or contract details the **need for competition** must be maintained.



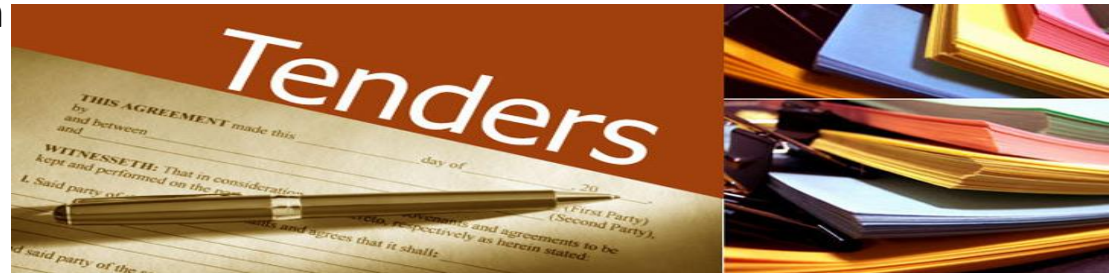
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2. List of justifications documents

1. Cover letter
2. Invitation to tender
3. Form of tender
4. Terms and conditions of contract
5. Bill of quantities
6. Design drawings (general layout plan, construction drawings)
7. Specifications
8. Quality requirements
9. Tender evaluation criteria
10. Tender return label
11. Pre-construction information



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2. Requirements in the specification to be evaluated

- ✓ **Evaluation** – tender selection, which will give the **Best Value** for money at best overall cost.
- ✓ Result from:
 - Balancing cost
 - Quality
 - Delivery
 - Performance
 - Risk
- ✓ Making decision criteria include:
 - Technical compliance
 - Capacity
 - Capability of the bidder
 - Offered quality
 - Alternative bids prices/costs.



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2. Requirements in the specification to be evaluated

- **Matter of good procurement practice** - tenderers should be made aware of the criteria being used for the particular bid assessment.
- Evaluation process changes - **must be communicated to ALL potential bidders to ensure parity of tendering.**
- **Full shipping and demurrage costs** should be included in the tender as a separate item.
- Language statement **should be used in the tender.**
If not - extra translation costs, effect time scales

TENDER
MANAGEMENT



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2. Publicity and transparency in the tendering process

- ✓ No bidder should be given preference, or assisted with clarification, without the same advantage being given to other tenderers.
- ✓ **Necessary bidders meeting** after their bids/tenders have been opened and assessed. Ensure statement of:
 - Purposes of clarification of points
 - Quality methods
 - Production methods.

All findings and conversations must be accurately recorded. Changes in the statement of requirements or specification must be communicated to all bidders.
- ✓ All communications must be through recognized channels and should be via the named persons in the tender documentation. Unauthorised contact with others should not be allowed. **Parity of tendering must be observed.**



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2. Publicity and transparency in the tendering process

- Prequalification of prospective tenderers is used to ascertain that only those who meet **specific criteria**, and have the **necessary capabilities**, are considered for **inclusion in a list of invitees to bid**. It is a recognized means of **limiting the size of a bid list** should there be the likelihood of more bids than it is reasonably acceptable to handle.
- Normally prequalification results from responses to a specific list of questions posed by the customer.
- **Good practice** is to notify all interested bidders whether or not they have been included on the shortlist.



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2. Invitations to tender

1. Offers **only opened at the due time, on the due date**, which has been notified in the **Invitation to Tender**. Tenders must be submitted by that date at the latest.
2. Full bidders description – how to **fulfil the requirements** of the purchasing organization, with details of delivery and payments.
3. The tender must include a **signed confidentiality agreement** that there has been no collusion between themselves and other bidders (*a bidding ring*).

Advice: details of insurance cover for all requirements, for the safe completion of any contract which may be confirmed should be contained



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2. Procedure of opening tenders

- ❖ **Tender Board/Team** - standing group.

Team members: chairman, purchasing director, technical expert, secretary.

- ❖ **Tender Team Meeting**

Public opening: on the nominated day, at the nominated time, in a location suitable to accommodate all interested parties - **ensure equality of treatment of all tenders**

Close opening: in closed office

All tenders are date and time stamped and recorded, with total costs noted.

Late tenders or bids should preferably not be opened but should be date and time stamped and **returned to the bidder with a letter of explanation.**



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2. Procedure of opening tenders

- ❖ You should always answer pre-tender queries in the same ways because:
 - ❖ The opposite could lead to misunderstandings
 - ❖ It could also be unfair and unethical, since some bidders might have access to more information than others
 - ❖ Which in turn, could lead to different offers
 - ❖ Which in turn could lead to rendering some invalid
 - ❖ Which could lead to cancellation of the tender process



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3. Tender Panel/Team

Tenders should be stored in a **safe place, unopened**. When the **response deadline** is reached a **group of at least three people**, including **at least one Promoting & Supply Management professional**, should meet to **open the tenders** and **record their receipt**.

This group is the “**Tender Panel**” or “**Tender Team**”. A **special form** can easily be produced to **list those tenders received by the deadline** and this should be **signed by all on the panel**. **Members of the panel** should individually **sign the first page of each tender**, which should also be **stamped with the date**. It is good practice to **stamp and sign every page in a tender containing a price or financial information**.



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3. Evaluation team

- ✓ Fully auditable process development verification so that questions can be dealt with quickly and challenges can be satisfied with robust evidence.
- ✓ Tender Team - **determining the shortlisted or preferred suppliers** and the **results of the evaluation** are then **presented to the full project team** for further evaluation.
- ✓ During the time between tenders being opened and a final decision being made, all those involved must take care not to breach confidentiality. It is not good practice to advise any tenderer of the details of another tenderer's offer without prior agreement with all suppliers.



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3. Objective criteria of tender evaluation

During tendering there are **two forms of selection criteria**.

1. **Prequalification criteria:** objective items, such as financial status, are reviewed.
2. Taking into account the qualitative/quantitative criteria, such as materials used, applicable standards, price, track record, proposed solution, etc.

Other criteria that are used include, but are not limited to, the following:

- Quality of product or service
- Delivery times
- Terms and conditions (payment terms, warranties etc.)
- Cost (including the initial price, total acquisition cost plus whole life costs)



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3. Objective criteria of tender evaluation

- ✓ Inclusion:
 - **future likelihood** of supplier innovation
 - **technical or cultural fit** with the purchasing organization
 - the **strength of the supplier's account team**
 - any **other factor**.

- ✓ The selection criteria should be agreed prior to the tenders being invited so that the information required can be incorporated in the tender documents.

- ✓ There are many different approaches to evaluation.

- ✓ **Evaluation should never be a purely mechanistic process.** Cost has to be assessed against the other criteria, and usually there will be some value judgements to be made. The objective of a **robust evaluation process** is to make these judgements as structured and **objective as possible**.



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3. Tender evaluation process

- The tender team, have now to assess all components of all bids.

1. Ensure - bid compliant, all parts completion
2. **Best value for money bid overall identification - comparison and assessing** all parts.

It is most important to ensure that the necessary skills are included in the team. For example, a financial expert, a technical expert, a purchasing expert and, if necessary, a commercial or legal expert.

- The process must follow a **defined pattern** to which all participants subscribe, to ensure all bids are dealt with in exactly the same way. The methods for comparison have to be **fair**, thorough and demonstrably so, should inspection take place.



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3. Tender evaluation process

Financial Assessment ensure that:

- All costs are properly covered in the prices offered
- Bids are comparable that is, that currency conversions are correct at that time
- Any price escalation formulae are correct and cover the effect these might have during the life of the bid or resultant contract
- Alternative costings for alternative methods of meeting the specification are identified and
- Logged separately
- The costings compare with, or are lower than, estimated costs when the project was conceived
- Details of any extra costs are identified in the bid.
- Discounts are offered where appropriate
- Retentions' are properly identified
- Terms of payment are included
- Costs of spares are included in the offer



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3. Tender evaluation process

The Financial Assessment list gives an **indication of the type of cost make-up** that should be considered.

There are, variations that may be considered, **such as reducing the size or the quality, or otherwise reducing the specification**. If this is acceptable, then all bidders need to be alerted to allow them to **rebid**, if desired.

Alternatively, it may be necessary to enter **negotiations** with the two or three lowest bids, in an **effort to reduce costs** to meet the estimate.

Care needs to be taken here to ensure that **the requirements are not so altered as to be susceptible to the accusation**, by unsuccessful tenderers, that the requirement has changed so much, that they could have put in a bid on an entirely different basis.



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3. Tender evaluation process

Technical Assessment - carried out by the **technical members of the group**, but in association with others, when cost alternatives are offered. If a detailed specification was issued for a particular reason, then **every detail must be closely checked to make sure it conforms with the original**. If, however, a **functional specification was issued**, then the checks should be limited to **ensuring the equipment or service offered** will meet the requirements of the end-user.

Where necessary, it is permissible to check with the bidder to ascertain that the **production capacity** or **manpower** claimed is in fact **available**. This is probably best done by visiting the bidders' premises and carrying out a physical inspection.



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3. Tender evaluation process

Capacity Assessment ↔ Technical Assessment - checking all bidders aspects of the bidders' capability → perform according to the contract.

Deeper inspection of financial viability inclusion, to ascertain if they can purchase the necessary raw materials, in the first place, or if they are likely to seek financial assistance "up front".



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3. Tender evaluation process

Assessment Group should be aware of any **additional costs** which may occur as a result of their decision as to whether to accept or reject a particular bid. For example:

- Will there be a cost resulting from loss of economy of scale (it may of course improve)?
- If the offer is for the provision of services, are the resultant staff savings or reduction (or increase) in support services fully accounted for, including any costs arising from the requirements of relevant employment legislation?
- Have any redundancy costs been fully assessed and included in the benefits assessment?
- If offers for the provision of services are being assessed, have the costs of any long-term agreement, such as those for telecommunications installation and copier rental or items which may no longer be required, been included?



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3. Tender evaluation process

- If during the evaluation of an offer is showed that are covered or exceed the technical specifications of the tender or some are overlapped, this offer is deemed technically acceptable.
- If a mismatch of the tender specifications, then this is deemed (documented) by the tender evaluation team if it is essential or unessential. Offer that has one or more technical deviations which are judged as immaterial, it is considered technically acceptable. Conversely, if a deviation is documented as essential, this offer is considered to be technically unacceptable and rejected.
- Deviation from requirement of technical specifications designated as a breaker, is by definition essential.
- After rejecting offers that show substantial differences, the process varies depending on the award criterion.



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3. Rated – Type criteria

- A. When the criterion is the **lowest price**, since foreclosed bids that do not meet the technical specifications, is selected the one that proposes the lowest price.
- B. When the criterion is the **best bid**, since it excluded bids substantially diverted from the technical specifications and are considered technically unacceptable, for the remaining scored the criteria.

Percentage criterion of evaluation of technical and financial offer

Specifications	Technical Offer	Financial Offer
Clear	< % (e.g. 20%)	> % (e.g. 80%)
General	> % (e.g. 40%)	< % (e.g. 60%)



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3. Rated – Type criteria

- **Prioritization of rated criteria**

1. Start by creating a table, with each criteria being identified as a letter in alphabetical order.
2. Insert the criteria into the matrix twice – one in the horizontal rows and once in the vertical columns.
3. Take each pairing in turn. Ask the evaluation team to determine which of the two compared against each other is more important in this procurement e.g. compare criterion 'A' against 'B'. If the team decide that 'B' is most important then insert the letter 'B' in the box. If the evaluation team decides that both criteria are equal then insert A and B.
4. Count the total number of 'A's, 'B's 'C's etc.



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3. Rated – Type criteria

- **Prioritization of rated criteria**

5. The letter with the highest count is the most important and the letter with the lowest count is the least important.
6. Prioritize as 1st, 2nd, 3rd etc. on the basis of the highest count so that each criterion is ranked against the other.
7. Discuss and agree points or percentage weightings. When combining with price, the total weightings of all rated criteria other than price should normally not exceed 30% but it may be set as high as fifty percent (50%) if justified to achieve VfM



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3. Rated – Type criteria

- Prioritization matrix for evaluation criteria

		Evaluation Criteria		
		Criterion #1	Criterion #2	Criterion #3
Evaluation Criteria	Criterion #1	A	B	
	Criterion #2	B		C
	Criterion #3	C	B	
	Criterion #4	D	D	D

SCORES	PRIORITISATION	WEIGHTING
A = 0	4th	10%
B = 2	2nd	30%
C = 1	3rd	25%
D = 3	1st	35%



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3. Evaluation of Technical scores

Indicative evaluation process

The total technical points assigned to each Proposal will be determined by adding and weighting the scores assigned by the tender evaluation team to technical features of the Proposal in accordance with the criteria below.

a) The technical features to be evaluated are generally defined below:

- i. to what extent that the performance, capacity, or functionality features meet or exceed the levels specified in the performance / functional requirements and/or influence the life-cycle cost and effectiveness of the Plant.
- ii. quality of Technical Proposal in terms of method statement, key personnel, access to key equipment, site organization, safety, quality assurance, mobilization schedule, Implementation Schedule and any other activities as specified by the Employer and based on the proposers experience.
- iii. Any sustainable procurement requirement if specified in the Employer's Requirements.

b) Each technical feature may include sub criteria as specified in the tender. The scores to be given to each technical feature and sub criteria are specified in the tender.



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3. Evaluation of Technical scores

During the evaluation process, the evaluation team will assign each desirable/preferred feature a whole number score as stated in the tender.

For example a score from 0 to 4 may be used, where:

- i. 0 means that the feature is absent;
- ii. 1 for the feature being present but showing deficiencies;
- iii. 2 for meeting the requirements;
- iv. 3 for marginally exceeding the requirements; and
- v. 4 for significantly exceeding the requirements.

The score for each feature (i) within a category (j) will be combined with the scores of features in the same category as a weighted sum to form the Category Technical Score using the following formula:

$$S_j \equiv \sum_{i=1}^k I_{ji} * w_{ji}$$



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3. Evaluation of Technical scores

where:

t_{ji} = the technical score for feature “i” in category “j”

w_{ji} = the weight of feature “i” in category “j”

k = the number of scored features in category “j”

and $\sum_{ji} w_{ji} = 1$

The Category Technical Scores will be combined in a weighted sum to form the total Technical Proposal Score using the following formula:

$T = \sum_j S_j * W_j$ where:

S_j = the Category Technical Score of category “j”

W_j = the weight of category “j” as specified in the tender

n = the number of categories

and $\sum_j W_j = 1$



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3. Combines Technical and Financial scores

The tender evaluation team will evaluate and compare the Proposals that have been determined to be substantially responsive.

The evaluation of responsive Proposals will take into account technical factors, in addition to cost factors.

In such a case, an Evaluated Proposal Score (B) will be calculated for each responsive Proposal using the following formula, which permits a comprehensive assessment of the Proposal price and the technical merits of each Proposal:

$$B \equiv \frac{C_{low}}{C} X + \frac{T}{T_{high}} (1 - X)$$



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3. Combines Technical and Financial scores

Where

- C = Evaluated Proposal Price
- C_{low} = the lowest of all Evaluated Proposal Prices among responsive Proposals
- T = the total Technical Score awarded to the Proposal
- T_{high} = the Technical Score achieved by the Proposal that was scored best among all responsive Proposals
- X = weight for the Price as specified in the tender

The Proposal with the best evaluated Proposal Score (B) among responsive Proposals shall be the Most Advantageous Proposal provided the Proposer is qualified to perform the Contract.



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3. Evaluation example using rated type criteria

Weighting of Criteria

Rated Category and Feature	Percentage weighting
Price weighting	50%
1. Methodology and Work Plan	
a. Methodology	10%
b. Work Plan	10%
2. Management and Technical Skills	
a. Management Team	5%
b. Technical Skills	8%
3. Past performance	10%
4. Relevant Experience	12%
Technical score	50%
Total	100%



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3. Evaluation example using rated type criteria

Scoring of Rated Type Criteria

Criteria category	Proposal A	Proposal B	Proposal C	Proposal D	Best score
Category 1					
Methodology	4	2	2	3	4
Work Plan	3	3	2	2	3
Category 2					
Management Team	2	3	2	2	3
Category 3					
Past Performance	3	2	2	3	3
Category 4					
Relevant Experience	3	2	2	3	3



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3. Evaluation example using rated type criteria

Weighting of scored Rated Type Criteria

Criteria category	Proposal A	Proposal B	Proposal C	Proposal D
Category 1				
Methodology 10%	$4/4 \cdot 10 = 10$	$2/4 \cdot 10 = 5$	$2/4 \cdot 10 = 5$	$3/4 \cdot 10 = 7.5$
Work Plan 10%	$3/3 \cdot 10 = 10$	$3/3 \cdot 10 = 10$	$2/3 \cdot 10 = 6.7$	$2/3 \cdot 10 = 6.7$
Category 2				
Management 8%	5.3	8	5.3	5.3
Category 3				
Past Performance 10%	10	6.7	6.7	10
Category 4				
Relevant Experience 12%	12	8	8	12
Technical score	47.3	37.7	32.1	41.5



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3. Evaluation example using rated type criteria

Combined Rated and Price Score

	Proposal A	Proposal B	Proposal C	Proposal D
Technical Score	47.3	37.7	32.1	41.5
Financial Score	46.3	44.2	36.8	50.0
Combined Score	93.6	81.9	68.9	91.5

Explanation of the Example Results

The analysis of the results shows that Proposal D with the lowest evaluated cost does not win. The contract shall be awarded to Proposal A as it has the highest combined score and is therefore the Most Advantageous Proposal.



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3. Basic principles of tender evaluation progress

It is important that throughout the assessment process **transparency** is maintained and seen to be maintained. A **clear and documented audit trail** must be provided.

All decisions, should be:

- **clearly documented**
- signed by the responsible parties
- filed with the tender documents.

Any clarification sought during the process **must be recorded**, as must any change to specification, or terms and conditions. **Major changes must be notified to all bidders**, with **equal opportunity** being given to all to amend their tenders, if they wish.



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3. Basic principles of tender evaluation

progress

Principles

All tendering procedures (including obtaining quotes), from planning to contract award and signature, shall be undertaken in a manner so as to ensure:

- Sufficient time is given to plan and run the process
- Equal opportunity and equal treatment
- Openness and transparency
- Probity
- Outcomes that deliver sustainability, efficiency and cost savings (where appropriate).



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3. Basic principles of tender evaluation progress

- **Pre-planning is critical for all purchasing.** All purchasing procedures (both through quotes and more formal tendering) must be undertaken in a manner which ensures integrity of the process and within appropriate timescales.
- For **purchasing processes subject to the EU Rules**, there are **statutory timescales** which must be followed. These are minimum timescales and should be used as a starting point for planning an appropriate timetable.
- In considering how much time is required, you should allow for preparation time, the amount of time and resources required to draft the relevant technical and legal documents. You also need to take account of **internal procedural requirements** such as **approvals and dispatch processes** as well as **appropriate timescales** to allow contractors to fully prepare their responses. Different timescales will apply according to the nature and complexity of the purchase being made.



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3. Basic principles of tender evaluation

progress

- Tender Team must not do anything that might prejudice fair and open competition for a contract. The principles require the Tender Team to ensure that there is equal opportunity and equal treatment of all potential contractors through any purchasing exercise.
- The Principles also require all purchasing processes to be run **in an open and transparent manner**. This means that the documents being used in the purchasing process should make it clear to all parties participating in the process, what is happening, when and why. All potential contractors should be given an equal opportunity to clarify the tender requirements and processes.
- **Probity** means that each purchasing exercise transparently secures the best value, **untainted by conflicts of interest, collusion or private advantage**.



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3. Completion of the tendering process

- 1st step is to inform successful contractors with an official letter
- 2nd step is to inform unsuccessful contractors with an official letter and provide them with feedback in a written form
- Having agreed which tender provides **best overall value for money**, taking into **account price, quality, timing, and costs** in use where appropriate, a decision can be taken about the **award of the contract**.
- Where decisions have to be referred upwards, recommendations should be put forward, detailing the factors, including price and performance, which have defined the best offer. These should be shown in comparison with the details of the nearest competing bids, where appropriate, with reasons for their rejection. A **spread-sheet presentation** of the competing bids is helpful in **recording the factors leading to the final recommendation or decision**.



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3. Signed contract according to the provisions in the tender

After acceptance of the recommendation for contract award, the formal contract should be prepared. Post-tender negotiations can be initiated with the successful tenderer to improve details of the successful offer, such as delivery programs, packaging and transport details.

Parity of tendering must be retained. Other points to discuss and agree at this time could be:

Discounts:

- negotiated and hidden
- prompt payment
- bulk purchase
- annual order

Payment Terms:

- timing
- how by
- documentation
- responsibilities
- insurance
- transfer of ownership

Writing and agreement the contract its terms and conditions.



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- CIPS 2013, “How to prepare and evaluate tenders – Knowledge How to
- http://europa.eu/european-union/about-eu/tenders-contracts_en
- <http://www.purchasing-procurement-center.com/>
- Eranjan. U . Padumadasa, S. Rehan/ Investigation in to Decision Support Systems and Multiple Criteria Decision Making to Develop a Web Based Tender Management System
- The World Bank 2016, Use of evaluation criteria for procurement of Goods, Works, and Non-consulting Services using RFB and RFP

Supporting material attached

Cedefop Tender: Web Portal, development, support and maintenance services for the Cedefop official website

AO/DCM/NT/WebPortalServices/018/16



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Methodological tool

Tenders Management

EUPANEXT_LO_143_M_01



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Methodological tool

Tenders Evaluation

EUPANEXT_LO_144_M_01



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Review Questions/Activities

- Review Question 1
 - List the tasks of the competitive tendering process.
- Review Question 2
 - Explain why evaluation is important in tenders management.



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- **Key Point 1**

- Don't communicate without written confirmation; make sure you do minutes during the communication with each tenderer.

- **Key Point 2**

- Evaluation should never be a purely mechanistic process.



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Well Done!

You have completed this unit



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