# Tool 2: Evaluation Approach for Simple Procurements

*See Glossary at the end of this document for definitions.*

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| **Tools in this series:**   * [Tool 1: Evaluation Approach for Complex Procurements](https://www.mentalhealthcommission.gov.au/publications/tool-1-evaluation-approach-complex-procurements) * [Tool 2: Evaluation Approach for Simple Procurements](https://www.mentalhealthcommission.gov.au/publications/tool-2-evaluation-approach-simple-procurements) * [Tool 3: Example RFT Template](https://www.mentalhealthcommission.gov.au/publications/tool-3-example-rft-template) * [Tool 4: Checklist for Onboarding New Suppliers](https://www.mentalhealthcommission.gov.au/publications/tool-4-checklist-onboarding-new-suppliers) * [Tool 5: Procurement Lifecycle Checklist](https://www.mentalhealthcommission.gov.au/publications/tool-5-procurement-lifecycle-checklist) * [Tool 6: Supplier’s Report – Template](https://www.mentalhealthcommission.gov.au/publications/tool-6-suppliers-report-template) * [Tool 7: Framework for Undertaking a Needs Analysis](https://www.mentalhealthcommission.gov.au/publications/tool-7-framework-undertaking-needs-analysis) |

## Disclaimer

This document was developed by procurement specialists for the National Mental Health Commission (NMHC). The guidance is high level and organisations should adapt this checklist to suit their requirements. Organisations are responsible for ensuring the approach is appropriate for their workforce and engaging any additional expertise as indicated.

This document provides guidance only and should not be considered legal advice. You may wish to obtain independent legal advice if your organisation has concerns about obligations under law.

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What is a simple procurement?

The following evaluation approach is designed to assess and compare multiple supplier responses for the same outcome from a simple procurement. A simple procurement is a procurement activity where the mental health supports provided are typically considered low risk, low cost and low complexity. An example is procuring a wellness program to provide 1-hour yoga classes over 2 weeks for its workforce. Because the cost is likely to be low, the risks are considered low and the service requirements are not complex. For a simple procurement, seeking 3 quotes may be sufficient.

This approach outlines principles that will help organisations evaluate procurement activity, noting each organisation may have its own specific requirements, statement of works, HR policies etc.

NOTE: As detailed in Procuring Mentally Healthy Workplace Supports: A practical guide the appropriate procurement process may be determined by applicable legislation or policy and should be considered carefully.

Evaluating a simple procurement

A successful procurement process depends largely on the evaluation criteria. All approaches to market must include and clearly explain evaluation criteria. The evaluation process involves checking the supplier bids against the specified criteria and assessment process. This process helps organisations identify which potential supplier offers the best value for money or factors other than the lowest price bid. Clear and simple criteria are easy for the supplier to understand, and easy for the end user to evaluate.

Below are common evaluation principles procurement professionals should consider when reviewing submissions:

1. **Capability assessment** – mental health supplier qualifications and expertise
2. **Technical assessment** – proposal on how to meet the statement of works (SOW)
3. **Financial assessment** – mental health support costs
4. **Capacity assessment** – implementation plan and schedule
5. **Value for money** – how well the proposed SOW addresses the organisation’s identified need.

Evaluation best practice

* Treat each submission in the same way. It is necessary to arrive at a fair, equitable and defensible procurement decision to ensure the best value for money spent.
* Open and process all submissions at the same time.
* Provide a clear and documented audit trail from start to finish.
* Document all decisions and reasons during the evaluation process.
* Notify all suppliers about changes to specifications or terms and conditions, giving them equal opportunity to amend their quotes.
* Provide feedback to unsuccessful quotes.

**The evaluator must not have:**

* a personal or business relationship with any of the suppliers
* any preconceived bias for or against any of the suppliers who may bid for the supports being procured.

For more detail on how to effectively assess supplier responses refer to the guide.

Below is a typical evaluation template to assess a simple procurement activity for the supply of supports.

To evaluate each component, rate each component from 0 to 5 according to the following:

* **5 – fully meets criteria**
* **4 – mostly meets criteria**
* **3 – meets some criteria**
* **2 – meets a little of the criteria**
* **1 – meets very little of the criteria**
* **0 – does not meet criteria at all.**

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| **Evaluation principles** | **Criteria/considerations** | **Rating (0–5)** |
| **Has supplier complied with all RFx mandatory requirements?** | Every RFP/RFQ may include mandatory requirements, if applicable. These represent the minimum qualifications or acceptable level of response. |  |
| **1. Capability assessment** | * Industry reputation – extent of track record providing similar services * Appropriate qualifications of assigned team members and years of prior experience with similar projects * Company references * Financial stability and ability to provide timely financing for supports * Disclosure of conflicts of interest, bankruptcies, litigations * Relevant risk and compliance policies |  |
| **2. Technical assessment** | * Completeness and relevance of bid against mandatory requirements * Alignment of timeline between the supplier response and the proposed schedule * Demonstration of clear understanding of the mandatory requirements * The supports meet or exceed the requirements stated in the RFP/RFQ |  |
| **3. Financial assessment** | * All costs are covered in the supplier response * Currency conversions are correct at the time * Alternative costings for alternative supply methods are identified * Costs compare to, or are lower than, estimate costs * Discounts and rebates are offered where appropriate * Retention fees are identified * Terms of payment are included |  |
| **4. Capacity assessment** | * Description of implementation plan and schedule – project phases and activities are appropriately sequenced and allow for sufficient review time * Demonstration of effective management of multiple projects across multiple jurisdictions, where applicable * Supplier access to applicable consumables to complete/provide supports |  |
| **Total score (add up all ratings for each component)** | |  |

# Glossary of terms

**Capability assessment** –A supplier’s ability to meet an organisation’s specific business requirements

**Capacity assessment** –The factors that prevent the business from producing the quantity that it wants to produce

**Compliance** –Meeting contract terms and conditions

**Conflict of interest** – May arise when an individual associated with the procurement process has a financial or non-financial interest that may prejudice their impartiality. Such conflicts may be real, perceived or potential, and must be managed and documented.

**End user** – The organisation, team and/or individual that will use the supports being procured

**Evaluation plan** –A written document that describes how you will:

a) evaluate the supplier responses as part of a procurement activity

b) monitor and evaluate your program, as well as how you intend to use evaluation results for program improvement and decision making.

**Financial assessment** – Analysis of a potential supplier's financial stability and their ability to meet contractual obligations

**Mandatory requirement** – Requirements that your organisation **must** have to deliver its Workplace Mental Health Strategy or align with the *Blueprint* pillars

**Procurement** – Every activity involved in acquiring goods, services and/or works either outright or by lease (through to subsequent disposal or lease termination) but excluding the acquisition of interest in or for the use of land

**Procurement activities** – The procurement team oversees the steps of the procurement cycle, covering core activities such as market analysis, sourcing, negotiation, contracting and supplier relationship management for goods, works and services, covering both acquisitions from third parties and in-house providers. The process spans the whole procurement cycle from identifying needs, through to the end of a service contract or the end of an asset’s useful life.

**Procurement process** – Methods developed to explain how procurement tasks should be undertaken to implement procurement policy

**Rebate** –A financial mechanism where the buyer receives a payment back from the supplier in return for placing orders above pre-agreed volume limits

**Retention fee** – A sum of money withheld from payment for a fixed period to cover any costs associated with remedying defects that the supplier does not correct

**Request for proposal (RFP)** – A document that canvasses potential solutions from suppliers when the specification is still unclear

**Request for quotation (RFQ)** – Invitation to suppliers to bid on specific products or services

**Statement of works (SOW)** – Defines the activities to be undertaken on a program, specifying deliverables, timescales and activities to be completed

**Simple procurement** – A sourcing exercise where the supports provided to the organisation are typically valued as low risk, low value and low complexity

**Technical assessment** – Evaluation of a supplier’s ability to perform a specific task or job

**Terms of payment** – Mutually agreed method for a supplier to provide payments to your organisation

**Value for money** –The most advantageous combination of price and quality that makes a product or service fit for purpose and achieves the buyer’s required outcomes. This needs to be reviewed in terms of whole-life cost.