

	TITLE: TPP103 Supplier Selection	OWNER: Purchasing Manager	LAST MODIFIED: 1st April 2009	PAGE: 1 of 13
---	--	--	--	-------------------------

1. Supplier Sourcing

1.1 Sourcing is the identification and where necessary development of possible sources of supply. It is the process of identifying suppliers who are able to supply the goods or services this task is much easier when the requirement is clearly defined. If sourcing and selection is conducted correctly it will achieve the 5 rights:

The right

1. Quality
2. Time
3. Location
4. Quantity
5. Cost

1.2 The role of the Purchasing Department is to ensure that a proactive contribution is made to procurement strategy and planning, advise on contracting options, research contractors from a commercial perspective, understand the market by gathering information that supports the Project Managers and engage with suppliers in line with Government policy and Procurement Regulations.

2. Selection of Suppliers

2.1 When inviting a potential supplier to tender or quote Translink should be prepared to contract with that company should it be judged to have submitted a compliant tender or quotation which offers best value for money. This makes the supplier selection process vital, a comprehensive pre-qualification exercise will help to deliver sound decisions and ensure that standards and legal obligations are complied with.

Note: Translink are required to take proportionate steps to assess the financial and economic standing of any organisation or other body which it intends to enter into a contract.

2.2 Competitive Supply: procurement should be carried out by competition unless there are convincing reasons to the contrary both at prime and subcontract level. No more than 6 and a minimum of 3 suppliers (in extreme and justifiable circumstances) should be invited to tender for a requirement, this ensures the process is more manageable, minimises effort and ensures costs are reduced for both Translink and potential suppliers.

2.3 In exceptional circumstances it may be necessary to seek a tender or quotation from a single supplier. Formal approval for this course of action must be obtained from Purchasing Department. A case must be presented with convincing reasons on why Competition has been abandoned or not started. If the requirement has been raised through the Agresso system the case to abandon competition and follow single tender action must be given in the internal text box, if this is missing the requisition may be rejected.

	TITLE: TPP103 Supplier Selection	OWNER: Purchasing Manager	LAST MODIFIED: 1st April 2009	PAGE: 2 of 13
---	--	--	--	-------------------------

2.3.1 NITHC must be able to demonstrate clearly that contracts are placed on a competitive basis and tenders accepted from suppliers who provide best value for money overall.

2.3.2 Single tender action

Proposals to let single-tender contracts shall be subject to the approval of the Department.

2.3.3 The principle of competition and the use of rolling contracts:

It is the Northern Ireland Executive's policy that the procurement of goods, services and works is based on best value for money principles and all requirements of Translink must be acquired through competition unless there are convincing reasons to the contrary.

The use of rolling contracts is not regarded as best practice and nor is it an approved method for Translink procurement.

Competition promotes economy, efficiency and effectiveness in public expenditure and is a useful means of ensuring that the market is fully tested. Procurement through competition remains the best way of achieving best value for money and will assist in demonstrating transparency and integrity (CPD Note 03/06).

Also noted from the NITHC / Translink Financial Memorandum Final version 28/07/06 (4.5) & its accompanying NITHC Management Statement dated 28th July 2006 (amended Jan 2007)

2.4 In light of section 2.3 it is recommended that a Business Case is drafted by the Project Manager demonstrating the justification for sole source tender action (single tender action); including how Translink shall demonstrate that Value for Money shall be achieved and also the adoption of the principle of No acceptable price; No contract.

2.5 In the event that the value of the works, goods and services exceeds the current EU Regulations (for values see EU Procurement Legislation Guidance TPP109), the Purchasing Department shall advertise the requirement in accordance with EU Procurement Legislation and follow the process of tendering laid down in Law.

3. Pre Qualification

3.1 Following receipt and establishment of a clear understanding of the specification or requirement, the Purchasing Department will depending on the value and complexity of the requirement either check the Translink Approved Supplier Registers and contracts for potential suppliers or in the event that the requirement must comply to EU Regulations

	TITLE: TPP103 Supplier Selection	OWNER: Purchasing Manager	LAST MODIFIED: 1st April 2009	PAGE: 3 of 13
---	--	---	--	-------------------------

the requirement will be advertised, then a pre-qualification process shall be followed. Please note that the Utilities Contracts Regulations 2006 has specific areas on which potential suppliers can be rejected particularly in relation to convictions for offences. The Regulations also have specific criteria for the selection of potential suppliers, objective criteria and rules by which Translink determines must be used and made available to economic operators which request them. (Regulation 26 and 27).

4. Translink has 3 types of Approved Supplier Register:

1. Safety Critical Approved Supplier Register:

This is a register of companies which can supply Safety Critical Equipment. To become part of the register and prior to ordering safety critical equipment the supplier must complete and return the questionnaire. This questionnaire must then be evaluated by **the Professional Head of the Division** who must provide authorisation for the supplier to be added to the Safety Critical Approved Supplier Register which is held within the Purchasing Department. Note only after this process is complete may safety Critical Goods / Services be procured from the supplier. This list must be maintained and validity must be confirmed by **the Purchasing Department**.

2. Agresso approved Supplier Register:

Prior to a new supplier being activated on the Agresso system and prior to an order being sent out to the company some checks must be made and key pieces of information must be provided to enable this to happen. It is the Requisitioner's responsibility to ensure the internal new supplier form is completed and sent to purchasing enabling the following:

- A justification on why and how the supplier was selected must be provided and this will be deemed sufficient or insufficient by the Purchasing Department.
- Confirmation that the supplier meets the required Translink terms and conditions and adequately meets any health and safety and insurance needs for the requirement.
- A check must be made if any other contracts exist that could accommodate the requirement.
- A check must be made to see if the supplier has already been set up on the system and the company details checked for completeness and accuracy.

A supplier may be removed from the active register and archived following a period of inactivity i.e. no orders placed or payments made within a 12 month period.

3. Approved Constructionline suppliers:

The Construction Industry Forum Northern Ireland (CIFNI) agreed from the 1st October 2006 that all public sector contracts below the OJEU thresholds can only be awarded to Constructionline registered suppliers. This means that Translink must ensure that when selecting suppliers for construction contracts below the Thresholds that they have

	TITLE: TPP103 Supplier Selection	OWNER: Purchasing Manager	LAST MODIFIED: 1st April 2009	PAGE: 4 of 13
---	--	---	--	-------------------------

Constructionline registration. Translink are not permitted to contract with suppliers who are not Constructionline registered suppliers.

Requirements under £30k for construction and below £5k for services the Constructionline system interrogation system must be utilised to produce tender short lists. User guides on this system can be found at www.constructionline.co.uk and they can provide training.

	TITLE: TPP103 Supplier Selection	OWNER: Purchasing Manager	LAST MODIFIED: 1st April 2009	PAGE: 5 of 13
---	--	--	--	-------------------------

5. Translink's Pre-Qualification Questionnaire (PQQ)

5.1 For all advertised requirements a Prequalification Questionnaire should be used as Translink's preferred down selection tool to enable management of supplier responses to advertisements. The Translink Standard PQQ is shown in TPF 3043 PQQ Template.

5.2 **Warning:** All PQQ's must be issued by the Translink Purchasing Department only with the only exception being if alternative instructions are authorised by the Purchasing Manager.

5.3 **Note:** PQQ's should be issued with reference made to the original advertisement which listed the scope of work required and it is recommended that the scope of work required is listed again and issued along with the PQQ to avoid confusion or misunderstandings.

5.4 In the majority of cases appraisal of suppliers' suitability to perform Translink work in a given area usually starts with an assessment of those companies who have responded to an advertisement. A supplier's expression of interest will not provide sufficient information for a fair evaluation consequently Translink use a PQQ to enable an objective evaluation of a suppliers suitability to be invited to tender. The PQQ enables Translink to seek structured information to assist in the selection of tenderers to be invited to the next phase. The use of a PQQ should save both Translink and the potential supplier time and money, and reduce unnecessary tendering costs.

5.5 The main purpose of a PQQ is to assess the applicant's ability to carry out the project and therefore when using a PQQ it is important to ensure this is adequately addressed. The main function of the PQQ is to assess capacity, capability and financial standing and this should be clearly satisfied by the PQQ question sets. The importance of using a PQQ should not be underestimated because if we are using most economically advantageous tender (MEAT) criteria at Tender stage the criteria at the latter stage must be linked to the subject matter of the contract only; not to the capability, competency and financial standing of the company. For example in court case Emm G Lianakis and others v Dimos Alexandroupolis and others the court said "contracting authorities cannot take account of a Tenderer's experience, existing staffing levels, equipment or ability to perform the contract within a set timescale in deciding who to award the tender to. These matters should be assessed at Pre-Qualification Questionnaire stage and are not appropriate to the decision whether a tender is the most economically advantageous." Part 5 Section 30 of the Regulations explains the criteria you can use at tender award stage.

5.6 As with all selection processes all the information in a PQQ should be evaluated consistently and objectively according to a defined model. Example guidance for evaluating the PQQ is at [Annex 1](#) of this document. It is considered best practice to provide evaluation criteria and weightings at PQQ stage.

	TITLE: TPP103 Supplier Selection	OWNER: Purchasing Manager	LAST MODIFIED: 1st April 2009	PAGE: 6 of 13
---	--	--	--	-------------------------

5.7 Potential suppliers must be assessed and approved on safety, technical and commercial factors as appropriate. A number of factors therefore need to be taken into account when considering the eligibility of potential suppliers:

- Company Legal Status
- Company Financial
- Quality Assurance Standards
- Supplier Capability
- Organisation And Management
- Supply Chain Management

5.8 The PQQ will usually provide clarification on the above factors but if any doubt remains on the information provided with respect to a particular requirement, more detailed clarification and a site visit may be necessary.

6. Select Lists / Pre-qualified Lists for specific needs

The operation of select lists and pre-qualified lists is set out in Part 4 of The Utilities Contracts Regulations 2006 and the operation of such lists must comply with these requirements.

7. Engaging with the market early:

It is an aim to keep Industry generally informed on Translink's thinking about prospective business and, wherever feasible, to circulate draft Specifications to Industry prior to the issue of a formal Invitation to Tender (ITT). The decision to engage the market in such a way will be dependent upon the nature of the requirement and the timing of project activities.

RELATED DOCUMENTS

Procedure (s)	TPP109	EU Procurement Legislation
Form(s) No(s)	TPF 3043	PQQ Template

RELATED DOCUMENTS AND FURTHER READING:

CPD Guidance note: 01/06 OGC Guidance Liability in Government Contracts.

OGC Guidance note: Mandatory Exclusion of Economic Operators Guidance
http://www.ogc.gov.uk/documents/Article_45_Guidance_Mandatory_Exclusion_update_Feb_2009.pdf

ANNEX 1 Guidance for evaluation of PQQ

	TITLE: TPP103 Supplier Selection	OWNER: Purchasing Manager	LAST MODIFIED: 1st April 2009	PAGE: 7 of 13
---	--	--	--	-------------------------

Scoring and weighting

It is good procurement practice to weight the criteria as this assists in terms of openness and transparency and where a scoring and weighting scheme is produced and disclosed in advanced to all participants this ensures that the whole process is open, with all involved understanding the relative importance of different factors. PQQs form one part of a selection procedure.

The EU rules do not however require contracting authorities (for a PQQ) to specify, in the contract notice, the minimum standards and the objective and non-discriminatory criteria to be applied to limit the number of candidates.

When structuring a scoring scheme or methodology it is important to ensure that scores are proportionate and appropriate to the particular project in question.

Procurement Staff and Project Managers should carry out their evaluation of completed questionnaires and exclude those suppliers who do not meet the minimum requirements of suitability to do business with. The precise manner in which the PQQ evaluation should be undertaken may vary somewhat depending on the nature of the contract (for example, value and importance), but some basic guidelines are provided below. Please note that this is not intended to be definitive or to replace professional judgements by purchasing or technical staff or professional advisors and each project must be treated on a case-by-case basis.

The recommended approach is based on the familiar “weighted scoring approach”, in which the Procurement Staff and Project Managers score responses to the PQQ questions according to a pre-agreed scoring system – typically being scored 0-10¹. The separate sections are then multiplied by a weighting factor on the basis of its importance relative to other sections. The weighted scores for the sections are then added together to give a total weighted score for the PQQ response.

It may not be considered appropriate to score each part of the PQQ response. For example, an assessment of company financial information does not lend itself to scoring. In these cases it may be considered more appropriate to evaluate the responses on the basis of risk (e.g. low financial risk to contract performance, medium risk, and high risk) and to consider these ratings along with the total weighted score awarded to that PQQ response before deciding whether to invite that supplier to tender.

If the responses provided in the completed PQQ raise doubts about some aspect of a supplier’s suitability, but that supplier appears to be otherwise appropriate, the Procurement Lead / Project Manager may wish to seek further information or clarification from the supplier concerned before proceeding.

The information within Part A of the PQQ can be taken from the winning Supplier’s PQQ and used in place of a new supplier form thereby improving efficiency by eliminating the need for the Project Manager, the Purchasing department, and the Supplier from asking for and supplying this information twice.

¹ This can be varied on a case by case basis if required.

	TITLE: TPP103 Supplier Selection	OWNER: Purchasing Manager	LAST MODIFIED: 1st April 2009	PAGE: 8 of 13
---	--	--	--	-------------------------

Section 1 – Organisation Details

This section of the PQQ allows the Procurement Lead / Project Manager to gather some basic contact details about each supplier and to establish the legal entity with which any resultant contract would be agreed. All sections should be completed.

For registered companies, the buyer may wish to confirm company identity and basic details with Companies House - basic company details can be accessed on-line and without charge at <http://www.companieshouse.gov.uk/info/>.

The website to check companies that are registered in Northern Ireland is: http://www.detini.gov.uk/cgi-bin/get_builder_page?page=1966&site=7 .

The website to check companies that are registered in the Republic of Ireland is: <http://www.cro.ie/search/> .

The same applies to charities registered with the Charity Commission at <http://www.charity-commission.gov.uk/registeredcharities/first.asp>

As the information requested in this section is purely fact-finding and should be easily completed it is inappropriate to apportion weighted scores to the responses provided. However, any concerns which arise over the supplier's company details may give rise to questions as to whether they should be invited to tender

Section 2 - Financial Information

These questions are intended to gain a basic indication that the supplier is not in financial trouble. For many low value or short-term contracts the financial health of the supplier may not be critical to the buyer, but nevertheless a financially troubled supplier could still represent a risk to satisfactory contract completion, and a non-scored risk-based approach to assessing this part of the PQQ response is suggested.

2.1 Turnover

The turnover should be checked to ensure that there hasn't been a drastic fall in the past two years. Allocating an arbitrary contract limit based on turnover is not recommended, but turnover should be checked to ensure that it doesn't appear inconsistent with the value and importance of the proposed contract.

2.2/2.4 Banking Facilities & Loan Agreements

If the supplier has answered "No" to either of these questions it could be indicative of poor financial controls, cash flow problems, and / or problems servicing debt. In that case considerable caution should be exercised unless the supplier has provided clear explanations that matters have been put right.

	TITLE: TPP103 Supplier Selection	OWNER: Purchasing Manager	LAST MODIFIED: 1st April 2009	PAGE: 9 of 13
---	--	--	--	-------------------------

2.6 & 2.7 Availability of financial details

The supplier should have answered “Yes” to 2.6 and at least one of the options within 2.7. If not it suggests that the organisation could lack effective financial controls or information. As such the supplier might be at financial risk and therefore represent a risk to contract delivery as a potential contractor.

A rating system of Pass / Fail or ‘Full, satisfactory responses provided with no areas of concern’ / ‘Partial, satisfactory responses provided with some cause for concern’ / ‘Unsatisfactory responses provided with significant cause for concern’ or ‘No responses provided’ is suggested. Either of the two ratings should raise questions as to whether the supplier should be invited to tender.

Section 3 - Business Activities

On most occasions a Project Manager will want to establish that a supplier has experience and expertise in the field that is the subject of the proposed contract and that the work required would not be a new departure for them, or if the supplier would intend to sub-contract. Project Managers should check the information provided in this section against the necessary levels of experience/expertise.

A scoring system which apportions scores along the lines of ‘Relevant business activities’ – high marks / ‘Concern over-relevance of business activities’ – lower marks / ‘No responses provided’ – no marks, is suggested.

Section 4 - Professional and Business Standing

If the supplier has answered “Yes” to 4.1 there must be doubts about the propriety of the organisation unless the supplier has provided an answer that clearly indicates the problem has been resolved and that steps have been taken to prevent its recurrence.

A scoring system of Pass/Fail or ‘No applicable circumstances’ – high marks / ‘Applicable circumstances but satisfactory corrective action taken’ - lower marks / ‘Applicable circumstances with cause for concern’ – no marks, is suggested. If a response falls into the last of these categories it would be appropriate to consider whether the supplier concerned should be deselected on this basis. It should be noted that if The Utilities Contracts Regulations 2006 applies to the potential contract then a “Yes” to 4.1 would mean Regulation 26 applies and Translink shall treat as ineligible and shall not select an economic operator if any of the circumstances set out in the Regulation apply. Further guidance on this has been published by the OGC and this is to be referenced if a ‘Yes’ response is received or if the response appears suspicious.

The OGC Mandatory Exclusion of Economic Operators Guidance can be found at the following link:

http://www.ogc.gov.uk/documents/Article_45_Guidance_Mandatory_Exclusion_update_Feb_2009.pdf

	TITLE: TPP103 Supplier Selection	OWNER: Purchasing Manager	LAST MODIFIED: 1st April 2009	PAGE: 10 of 13
---	--	--	--	--------------------------

Section 5 - Quality Assurance

If the supplier has neither accreditation nor a quality system, this may give rise to doubts about its ability to provide goods or services of a consistent quality. As a minimum, one would expect to see a supplier provide information that it has considered the implementation of appropriate controls to achieve and ensure consistent performance and intends to adopt such processes where appropriate.

A scoring system of 'Certificated quality management system' – high marks / 'Proprietary quality management system' – lower marks or 'No quality management system' – low or no marks is suggested.

Section 6 – Health, Safety, & Environment

Suppliers that employ five or more staff are legally required to have a written Health and Safety policy (Translink usually require confirmation that this exists not a copy of the actual policy).

If the supplier does not have a Health and Safety system, there may be doubts about its commitment and ability to meet H&S requirements. However, the importance of this section, and therefore the weighting factor applied to scores, will of course vary widely according to the type of procurement being undertaken

If a supplier lacks an environmental policy it may be difficult to establish whether it can provide the solution whilst minimising effects on the environment, or whether it can meet the requirements of environmental protection legislation.

A scoring system of 'Documented Health, Safety & Environmental Management systems' – high marks / 'Health, Safety & Environmental Management systems exist and are specifically addressed but are not documented' – lower marks or 'Health, Safety & Environmental Management not specifically addressed' – low or no marks, is suggested.

Section 7 – Equal Opportunities / Other requirements

In order to demonstrate that equal opportunities are provided to all staff and discrimination is combated within their organisation, suppliers are asked to state whether they maintain a written equal opportunities policy. (Translink usually require confirmation that this exists not a copy of the actual policy).

If the supplier does not have a written equal opportunities policy, there may be doubts about its commitment and ability to fairly and equally manage its workforce.

A scoring system of 'Written equal opportunities policy' – higher marks / 'Equal opportunities not specifically addressed' – lower marks is suggested.

It should be noted that this section also asks if the economic operator has be disqualified under the Fair Employment and Treatment (Northern Ireland) Order 1998. Article 64 of this Order states "The Order above restricts a Public Authority from entering into any contract

	TITLE: TPP103 Supplier Selection	OWNER: Purchasing Manager	LAST MODIFIED: 1st April 2009	PAGE: 11 of 13
---	--	--	--	--------------------------

with an unqualified person under this order” consequently if an economic operator answers YES to this section seek immediate advice from the Purchasing Manager or his representative.

Sections 8 - Insurance

A scoring system of Pass/Fail or ‘Full marks’ if insurance details are provided and ‘No marks’ if no insurance details are provided.

It is not appropriate to apportion significant marks for these sections as a review of the appropriate insurance requirements for each project can be made later in the procurement cycle by Translink’s insurance broker however minimum standards prescribed by legislation should be illustrated.

Sections 9 - Lots

This section is used for internal purposes to clearly identify which lots a supplier is expressing an interest in.

Section 10/11 – Capacity and Relevant Experience

Again, the basic rationale behind this section is to enable the Project Manager to assess the level of relevant expertise and experience possessed by a supplier. Project Managers should check that the organisation has provided references that are relevant to their requirement and that the values of these are consistent with the likely size and value of the requirement. A newly set-up supplier might be unable to provide four concurrent contracts, and 4 other relevant contracts performed within the period specified by the Project Manager.

Of course, the suppliers’ ability to make reference to comparable previous work will depend upon the Project Manager providing a good informative overview of its basic requirements in the information issued to suppliers with the PQQ.

A scoring system of ‘Relevant references’ – high marks / ‘Partially relevant references’ – lower marks or ‘Concern over terminated contract(s)’ / ‘Irrelevant references’ – low marks or ‘References not provided’ – no marks, is suggested.

Section 12 – Requirement-specific Questions

Any questions posed in this section will relate solely to the requirement itself. As such the scoring model should be developed by the Procurement Lead and the Project Manager based on the high-level specification, bearing in mind that any information requested in future evaluation stages should not duplicate any questions already asked.

It is likely that a high weighting factor will be applied to scores achieved for this section, reflecting the importance of requirement-specific supplier capabilities.

	TITLE: TPP103 Supplier Selection	OWNER: Purchasing Manager	LAST MODIFIED: 1st April 2009	PAGE: 12 of 13
---	--	---	--	--------------------------

Section 13 – Conflict of Interest

This section is required to gain an understanding about the supplier and any risks they may present if Translink contracted with them and a non-scored risk-based approach to assessing this part of the PQQ response is suggested. A scoring system of pass or fail is recommended.

Section 14 – Declaration

This is simply the confirmation to the buyer by the supplier that the information provided is valid and correct and is the final section of the PQQ that the supplier is to complete, unless the 'Additional Safety Questionnaire' is used. A scoring system of pass or fail is recommended.



TITLE: TPP103 Supplier Selection	OWNER: Purchasing Manager	LAST MODIFIED: 1st April 2009	PAGE: 13 of 13
--	---	--	--------------------------

EXAMPLE PRE-QUALIFICATION ASSESSMENT CRITERIA & SCORE WEIGHTING

Title	Section	Reference	Marked Out Of	Weighting	Marks Awarded
Basic details of your organisation	1		N/A	-	Pass or Fail
Financial Information	2		N/A	-	Pass or Fail on risk
Business Activities	3		10	X	
Professional & Business Standing	4		10	-	Pass or Fail on risk
Quality Assurance	5		10	X	
Health, Safety & Environment	6		10	X	
Equal Opportunities / Other requirements	7		10	X	
Insurance	8		N/A	X	Pass or Fail on risk
Lots	9		N/A	-	-
Capacity & Relevant Experience	10		10	X	
Requirement Specific Questions	11		10	X	
Conflict of interest declaration	12		N/A	-	Pass or Fail on risk
Declaration	13		N/A	-	Pass or Fail
TOTAL					xx

Panel members:

Date: