Consultants

Qualification Based Selection - The Probity Perspective

- **The Association of Consulting Engineers Australia. Prepared in conjunction with the NSW Independent Commission Against Corruption (ICAC).**

INTRODUCTION

The public sector nationally spends some $500 million annually on engineering and management services. Procuring these services requires special skills and methodology if public sector agencies are to achieve value for money. Qualification Based Selection is the system recommended by The Association of Consulting Engineers Australia, the Australib÷ Council of Building Design Professions and the Institution of Engineers Australia as the preferred method for procuring engineering and management services.

This document provides guidelines to assist public sector organisations in maintaining integrity when using Qualification Based Selection to procure engineering and management services. It also aims to provide information on the ethical standards expected from ACEA Member Firms providing services to the public sector.

The best practice model and probity principles referred to in this publication are based on work undertaken by the NSW Independent Commission Against Corruption ("ICAC"). The ICAC was set up to combat corruption in the NSW public sector and is responsible for promoting integrity in public administration. The ICAC advises and works with the public sector on improvements to procedures and work systems to help reduce opportunities for corruption. As part of its corruption prevention activities the ICAC is giving increased attention to the public sector's involvement with the private sector.

The ACEA has worked in consultation with the ICAC to produce this [document]. Whilst it is not policy to endorse Qualification Based Selection, the ICAC aims to educate both the public and private sectors on the principles of probity when contracting for services, thereby promoting and maintaining integrity in the public sector.

Generally, those procuring engineering and management services should follow these guidelines. It is not possible, however, to cover every possible scenario or dilemma that may arise. Where an organisation decides that exceptional circumstances require a deviation from the guidelines, the decision and outcome should be well documented, be able to withstand public scrutiny, and still be consistent with the principles of probity.

HOW TO PROCURE ENGINEERING AND MANAGEMENT SERVICES USING QUALIFICATION BASED SELECTION

Goods can be readily assessed in terms of quantity and quality. However, measuring or evaluating the quality and quantity of services can be more complex.

Formulating selection criteria that allow consulting engineers to be assessed according to objective standards can be difficult and it is often necessary to take the advice of an engineer. The evaluation of individual consulting engineers can also be influenced by the personalities involved. The existence of a prior relationship between members of an assessment panel and any of the firms submitting proposals could influence or give the perception of influencing the outcome of the assessment process.

Failure to develop effective, clear selection criteria can place integrity and probity at risk. By detailing the services to be provided and designing suitable performance indicators, the purchaser will be able to determine, during the project and on completion, whether the service provided represented value for money.

To achieve best value outcomes, a planned approach to procuring engineering and management services is essential. To this end, a best practice model has been developed.

The best practice model provides a guide for organisations who have decided to procure engineering and management services using Qualification Based Selection. The aim is to ensure the procurement process obtains the best value for money and is fair, equitable and impartial. Furthermore, the model focuses specifically on probity issues that need to be considered when procuring engineering and management services.

In summary, the key steps in the best practice model are:

- Preparation;
- Selection;
- Definition;
- Appointment.

The issues to consider along with a more detailed explanation of each step are included at Annex A.

Ensuring Probity

This section focuses on how to ensure probity in a way that optimises efficiency and effectiveness. Five essential factors should be considered throughout all stages of the procurement process outlined in the best practice model:

- Obtaining best value.
- Transparency of process.
- Dealing with conflicts of interest.
- Accountability.
- Monitoring and evaluating performance.

Key aspects are highlighted in a probity check list at Annex B.

Conclusion

The necessity of ensuring probity in the procurement of engineering and management services is an integral part of the process and should not be a last minute consideration.

The community has a right to expect that decisions about purchasing services are based on obtaining value for money. This objective can be readily achieved by following simple principles and adopting a framework that treats purchasing of services as an important decision-making process. The probity check list is based on the principles of fairness, equity, value for money and best practice. It should serve as a useful tool for those involved in procuring engineering and management services.

Reference Material

- ICAC "Contracting for Services: The Probity Perspective", May 1995.
- Australian Standard 4121, "Code of Ethics and Procedures for the Selection of Consultants".
- ACEA "Qualification Based Selection: World's Best Practice for the Procurement of Engineering and Management Services".
- Australian Standard 4122, "Terms of Engagement for Consultants".

ANNEX A

HOW TO PROCURE ENGINEERING AND MANAGEMENT SERVICES USING QUALIFICATION BASED SELECTION - A BEST PRACTICE MODEL

Preparation

Establishing the Need to Procure Engineering and Management Services

- Define the project requirements and prepare a statement of objectives.
- Define the expected outcomes.
- Estimate the cost of the project, prepare a budget and project plan.
- Consider the options (e.g. use in-house expertise or contract out) and select the most appropriate option.
- Obtain approval for the project.

Planning and Supervising the Process

- Decide who will oversee the project.
- Determine the composition of the assessment panel.
  Include people who have the skills and knowledge appropriate to the project.
  Panel members should be advised of the need to disclose potential conflicts of interest and any conflicts that may arise during the process.
- Establish reporting requirements including timetables for undertaking performance monitoring and evaluation.

Designing the Project Specifications

- Outline the service to be provided, focusing on desired outcomes.
- Determine the selection and evaluation criteria for assessing proposals and the weighting to be given to each criterion.
  Expert advice from an engineer should be sought for this process.
  Examples of QBS project evaluation sheets are included at Annex C.
- Define the performance measures.
- Decide how the market will be tested.
  If, for example, the market is to be tested through tendering, determine how submissions will be invited, the information required from potential suppliers and the prescribed format for presenting submissions.
- Specify how non-conforming proposals will be handled.
- Specify ownership of any intellectual property arising from the project.
- Prepare a project brief for potential suppliers.

Selection - QBS Step 1

Market Testing/Inviting Submissions

- Invite or seek proposals setting out qualifications and capabilities using methods that encourage the greatest competition.
  This decision should consider the value of the project and the most efficient, effective and practical method to seek and encourage competition.

- Provide an equal opportunity to those who wish to submit a proposal.
- Ensure all potential suppliers have access to the same information as far as possible.
- Notify all respondents of any change in the requirements of the project.
  If not possible, or the project is fundamentally altered, consider recommencing the process.
- Maintain confidentiality of proposals.

Evaluating Proposals

- Request the disclosure of conflicts of interests from firms submitting proposals and assessment panel members.
- The assessment panel must apply predetermined selection criteria consistently to identify and rank a short list. Evaluation should be completed promptly. The perceived integrity of the process may suffer if there is undue and unadvised delay.
  For high value or complex projects the assessment panel should ask for technical proposals and interview short listed firms to make the final ranking.
- Document all the steps in the process. Detail any reference checks, and record the reasons for the final selection and rejection of unsuccessful submissions.
- Acceptance of the recommended ranking of short listed firms to be approved by the appropriate senior officer.
- Advise those firms on the short list of their ranking.
- Provide all firms submitting proposals with the names of short listed firms.

Definition - QBS Step 2

Negotiating Scope of Work and Price

- Establish a bench mark price or range of prices for the service.
  Independent expert advice may be sought or ACEA Remuneration Guidelines used for this purpose.
- Negotiate scope of work, service provided and price with top ranked firm.
  Document negotiations undertaken and state the purpose of the negotiations. Negotiations should be undertaken by a team which should include a professional engineer and an independent person to protect impartiality.
- If an agreement cannot be reached on price with the top ranked firm, those negotiations are ended and begun with the second ranked firm and so on down the list until agreement is reached.

Appointment - QBS Step 3

The Agreement (Contract)

- A standard form agreement covering the issues negotiated during the *Definition* phase is executed. Australian Standard 4122 "Terms of Engagement for Consultants" is recommended.

Evaluating Performance

- Complete a post-project evaluation.
- Provide feedback to the procuring agency and the consulting engineer.

ANNEX B

PROBITY CHECK LIST

Obtaining Value

- Regular market testing should be undertaken to enable new options to be considered.
- Project specifications should be incorporated into predetermined selection criteria. These specifications should include the approximate cost of the project, expected outcomes and the skills and expertise expected of the service provider.
- The information provided to firms should allow proper assessment of the predetermined criteria.

Transparency of Process

- Invitation documents should be designed to elicit the information necessary for proper assessment of each of the selection criteria.
- Proposals must be assessed consistently, using predetermined criteria available to all potential suppliers. The determined criteria should be established and documented prior to calling for proposals.
- The awarding of an assignment should not be decided from a pre-registered list or from expressions of interest, unless full information, based on predetermined specifications, has been asked for and assessed.
- For a procurement process to be fair - and be seen to be fair - criteria should not be changed midstream unless all firms are given an equal opportunity to revise their proposals.
- Criteria should never be altered to give advantage to any particular firm and all those submitting proposals should have access to the same information.
- Confidential information must be protected and no information should be provided for the benefit, or to the detriment, of particular parties.
- Any extensions of time granted, must be granted to all firms submitting proposals.

Dealing with Conflicts of Interest

- An organisation should establish policies to deal with conflicts of interest at the outset, rather than attempting to manage such issues part way through a procurement process.
- Members of evaluation or assessment panels for service suppliers should be selected on the basis of their expertise. Consideration should be given to including an independent panel member who can help to ensure impartial decisions are made.
- Prior to their appointment to the assessment panel, members should be made aware of the need to disclose any potential conflicts of interest. Members must also disclose any conflicts of interest arising during the procurement process.
- Potential service suppliers must be required to divulge all potential conflicts of interest at the time

they offer to provide services. Failure to make adequate disclosure may be grounds for ending the agreement.

Accountability

- Records should be maintained throughout the procurement process, detailing evaluation criteria, weightings, decision-making processes and decisions made. These records should provide sufficient information to enable audit and independent review functions to be carried out.
- Departure from established procedures for procuring engineering and management services should only be for sound, well-documented reasons. These reasons should be approved at senior level by those not directly involved in the process.
- Proposals, submissions, expressions of interests and the like, should be assessed by more than one person. The process should incorporate suitable internal and external experts to ensure sound and accountable decision making.
- For large, complex or controversial projects, consideration should be given to the appointment of a probity auditor who can provide external scrutiny and ensure integrity of the process.

Monitoring and Evaluating Performance

- Regular and systematic monitoring of performance must be undertaken to determine whether requirements are being satisfied.
- Complete an evaluation at the end of the project taking into account the complexity, quality, duration, cost and any other key issues relating to the service provided. Outcomes should be measured against the stated objectives.

FORM QBS1

Qualification Evaluation Form

To the following model, the client should add or delete questions as appropriate for the client's specific situation. It is suggested that the weights and values assigned be on the same scale as those used for interviewing short listed firms, which the client will do later.

Highest number = most value
Rating column = 1 - 5 points
Weight column = 1 - 10

Qualification Evaluation

Client .....

Contact .....

Project Description .....

Engineer .....

Evaluation ID No .....

Address .....

Suburb .....

State ..... Postcode .....

Telephone ( ) ..... Facsimile ( ) .....

FORM QBS1 (Continued)

Categories	Rating (1 - 5)	x	Weight (1 - 10)	=	Total
1. Firm's history and resource capability to perform required services		x		=	
2. Evaluation of assigned personnel		x		=	
3. Related experience (as appropriate):					
a. Design services		x		=	
b. Technical documentation		x		=	
c. Contract administration		x		=	
d. Studies		x		=	
e. Other		x		=	
4. Project methodology		x		=	
5. Approach to quality management		x		=	
6. Familiarity with local area geography and facilities		x		=	
7. Ability to relate to project requirements		x		=	
8. Analysis of subjective statements (one page) applicable to the project as required on the request for qualifications		x		=	
9. Reference check (evaluation transfer from reference check form)		x		=	
GRAND TOTAL					

Reviewer Name .....

Reviewer Number .....

FORM QBS2

Qualification Evaluation Summary Form

To be used by the selection committee to compile the evaluation results of all statements of qualifications.

Note: Enter the grand total for each firm's qualifications (from the respective evaluation sheets for comparative purposes) to select three to five most qualified firms to be interviewed.

FIRMS	1	2	3	4	5	6	7	8	9	10
Reviewer 1										
Reviewer 2										
Reviewer 3										
Reviewer 4										
Reviewer 5										
Reviewer __										
Reviewer __										
Grand Total										

List the top-ranked firms as the short listed firms to be interviewed

FORM QBS3

The Interview: Issues & Score Sheets

Client ..... Project .....

Firms invited to an interview for the above project should be prepared to speak on the following issues during the course of their interview. Questions can be expanded as appropriate. The interviewer should determine the number of possible points to be awarded in each category.

Categories	Possible Points	Points Awarded
1. **Grasp of project requirements** (Client may evaluate firm's analysis, preparation and level of interest.)		
2. **Design Approach/Methodology** (Client may evaluate firm's or individual's creativity and problem solving ability.)		
3. **Key Personnel and Roles** (Client may evaluate personal qualifications and professional skills of key individuals.)		
4. **Pertinent Experience of Firm** (Client may evaluate related projects presented as previous work of the firm.)		
5. **Pertinent Experience of Individual** (Client may evaluate related projects presented as previous work of the key personnel.)		
6. **Consultant/In-House Resources** (Client may evaluate firm's abilities and importance of consultant or in-house support services.)		
7. **Technical Project Management** (Client may evaluate firm's abilities related to technical functions such as project cost controls, construction observation, time schedules, etc.)		
8. **Responsiveness to Client Concerns** (Client may evaluate firm's ability to form successful working relationships and communications with the client.)		
9. **Approach to Quality** (Client may evaluate firm's methods of developing a quality product.)		
10. **Method of Charging** (Client may evaluate firm's methods of determining fees. Compensation statements or fee bids are NOT required.)		
11. **Other Relevant Issues** (Client may evaluate importance of other relevant issues presented by the firm.)		
12. **Reference Check**		

Interviewer ..... Firm .....

FORM QBS4

Group Interview Evaluation Form

For use by person in charge of the interviews to compile all scores of firms participating in the interview process.

Note: Enter the grand total for each firm as recorded by each interviewer on the interview score sheet.

	Combined Group Totals				
	Firm A	**Firm B**	**Firm C**	**Firm D**	**Firm E**
Interviewer 1					
Interviewer 2					
Interviewer 3					
Interviewer 4					
Interviewer 5					
Interviewer __					
Interviewer __					
Grand Total					
Divide by number of Interviewers Average Score					