



## ***ADMINISTRATION POLICY AND GUIDELINES***

<b>SUBJECT</b>	<b>PROCUREMENT OF GOODS AND SERVICES</b>
<b>CHAPTER</b>	<b>5. PURCHASING, TENDERS AND CONTRACTS</b>
<b>REFERENCE NO.</b>	
<b>RELEASE NO.</b>	<b>2004/07</b>
<b>AUTHOR</b>	<b>EXECUTIVE DIRECTOR CORPORATE &amp; COMMUNITY SERVICES</b>
	Approved by Corporate Management Group Date: 3 September 2004

**Detailed Policy Attached**

**ADMINISTRATION POLICY AND GUIDELINES**

**PROCUREMENT OF**  
**GOODS AND SERVICES**

**(Purchasing, Tenders and Contracts)**

This direction is made by the Chief Executive Officer in accordance with section 38 of the Public Moneys Act 1979 and on the recommendation of the Corporate Management Group on 3 September 2004.

Luke Johnson, Chief Executive Officer

This Direction was approved, in accordance with section 38 of the Public Moneys Act 1979 by the Executive Member, Minister for Finance,  
on .

Graeme Donaldson, MLA, Minister for Finance

<b>1.0</b>	<b>INTRODUCTION .....</b>	<b>3</b>
<b>2.0</b>	<b>PURCHASING PRINCIPLES .....</b>	<b>3</b>
2.1	Value for Money .....	3
<b>3.0</b>	<b>PROCEDURE FOR PURCHASING GOODS AND SERVICES .....</b>	<b>4</b>
3.1	PUBLIC MONEYS ACT 1979 .....	4
3.2	Petty Cash Advances .....	5
3.3	Purchasing Officer .....	6
3.4	REQUISITIONS FOR SUPPLY .....	6
<b>4.0</b>	<b>FINANCIAL THRESHOLDS - NEED TO OBTAIN QUOTATIONS/GO TO TENDER .....</b>	<b>6</b>
4.1	Petty Cash expenditure - .....	7
4.2	Up to and including \$5,000 .....	7
4.3	From \$5,000 - \$20,000 .....	7
4.4	\$20,000 to \$50,000 .....	7
4.5	\$50,000 and Over .....	8
<b>5.0</b>	<b>TENDER PROCESS .....</b>	<b>8</b>
5.1	Preliminary matters .....	8
5.1.1	Probity .....	8
5.1.2	Tender Evaluation Plan .....	8
5.1.3	Expressions of Interest .....	9
5.1.4	Limited Procurement Process .....	9
5.2	Gazettal of Tender .....	9
5.3	Tender Receipt Arrangements .....	10
5.3.1	Tender Box .....	10
5.3.2	Tender by Facsimile or Email .....	10
5.4	Opening Tenders .....	10
5.5	Tender Register .....	11
5.6	Tender Documents to Executive Director .....	11
5.7	Processing Tenders .....	11
<b>6.0</b>	<b>EVALUATION OF TENDERS .....</b>	<b>12</b>
6.1	Tender Evaluation Group .....	12

6.2	Tender comparison.....	12
6.3	Clarification of Issues.....	12
6.4	Initial screening and Non-complying Tenders .....	13
6.5	Tenders Not Received.....	13
6.6	Evaluation Report.....	13
<b>7.0</b>	<b>TENDERS COMMITTEE .....</b>	<b>14</b>
7.1	Assessment by the Tenders Committee.....	14
7.2	Awarding Tenders .....	15
7.3	Notification to Successful Tenderer.....	15
7.4	Contracts.....	15
<b>8.0</b>	<b>TENDER DOCUMENTS .....</b>	<b>16</b>
8.1	Conditions of Tender document.....	16
8.2	Specifications.....	16
8.2.1	Basic requirements of Specifications .....	16
8.2.2	Plans and Drawings .....	16
<b>9.0</b>	<b>CONSULTANTS.....</b>	<b>17</b>
9.1	Evaluation of Consultancy Proposals.....	17

## 1.0 INTRODUCTION

This policy applies to:

- the procurement of goods and services, including contract labour;
- the letting of tenders and contracts for the purchase of plant and equipment and services; and
- the engagement of consultants.

## 2.0 PURCHASING PRINCIPLES

Three of the Key Purchasing Principles in the procurement of goods and services for the Administration are:

### **2.1 Value for Money**

Purchase price is only one factor when determining value for money. Value for money means the best available outcome when all relevant costs and benefits over the procurement life cycle are considered. Purchasing Officers must:

- verify competence, viability and capability of the prospective supplier to perform the contract;
- consider the balance between the price and the quality or performance of the goods;
- assess the competence of potential suppliers to maintain quality and to offer warranties, delivery and service;
- ensure that benefits are commensurate with costs and avoid variations by clarifying any statement that is open to interpretation or is not fully understood;
- ensure that any legal agreements entered into are appropriate and protect the Administration's interests; and
- consider whether benefits can be obtained by purchasing on the basis of "strategic common use arrangements" ie by a co-ordinated approach between Administration sections.

The Value for Money Test should be applied throughout a procurement contract. Supply arrangements should be monitored and reconsidered if they cease to offer the expected benefits. If concerns arise about contract performance such concerns should be taken to the Legal Services section as soon as possible.

### **2.2 Open and Effective Competition**

All suppliers are to be given an equal opportunity to compete for the supply of goods and services. This principle requires that:

- The policy and guidelines should establish a framework of practices and procedures that is transparent and accountable.
- Effective competition should be encouraged through procurement methods suited to market circumstances.
- Adequate and timely information should be provided to prospective suppliers; and,
- Bias and favouritism should be eliminated.

While it is desirable that all suppliers are given an equal opportunity to compete for the supply of goods and services there may be circumstances in which competition is limited, for example:

- the existence of a local monopoly;
- the goods or services required are listed in the current stores list issued by a participating government supply service;
- the need to have regard for the Administration's policy to standardise vehicles, plant and equipment to limit the type of spare parts and consumables required to be carried;
- the need for compatibility with existing equipment;
- genuine emergency situations;
- consultancy - engagement of 'expert' in a particular field for a particular purpose, within a particular time-frame.

Where conditions such as these limit competition, Purchasing Officers must document the circumstances, obtain the written support of their relevant Program Manager, and follow practices and procedures to ensure the value for money objective is achieved.

### **2.3 Fairness and Equity in dealing**

Purchasing Officers should ensure that they:

- recognise and deal with conflicts of interest in accordance with current policy;
- deal with suppliers even-handedly;
- do not compromise the Administration's standing through acceptance of gifts and hospitality; and
- are scrupulous in their use of public property.

## **3.0 PROCEDURE FOR PURCHASING GOODS AND SERVICES**

Where offers are invited for the supply of goods and services, plant or equipment, contract labour or consultancy services, the following procedures are to be adopted.

### **3.1 PUBLIC MONEYS ACT 1979**

**Purchasing Officers must have regard for the requirements of the Public Moneys Act 1979.**

The Public Moneys Act 1979 sets out the requirements to be met in the **procurement** of goods and services and the **disposal** of goods on behalf of the Administration.

- Sections 23 and 26 inclusive provide the legislative framework for the procurement of goods and services, and establish the basic processes in this regard.
- Sections 36 and 38(e) provide the specific powers in respect of the disposal of goods. (see also separate policy on 'Sale and Disposal of Assets'.)

**3.2 Petty Cash Advances**

The following provisions apply to the control and custody of petty cash advances:

- 3.2.1 A petty cash register shall be kept by the Finance Manager detailing purchases, reimbursements, the signature of recipients of reimbursements, advances, the names and signatures of custodians of advances.
- 3.2.2 Advances for petty cash purposes are available upon approval by the Finance Manager.
- 3.2.3 Where an advance is approved, the custodian of the advanced money is to acknowledge receipt of the advance in the petty cash register held by the Finance Manager.
- 3.2.4 At all times the amount of the cash and docketts that have not been reimbursed should together total the amount of the advance.
- 3.2.5 Each purchase from the advance should be accompanied by a voucher showing details of the purchase, the date and amount, the expenditure head it is to be charged to and be signed by the person incurring the expense. A cash sale docket should be attached to the voucher.
- 3.2.6 Reimbursement of petty cash expenditure not subject to an advance can be obtained from the Finance Manager upon completion of a "General Expenses Voucher" obtainable from the Accounts Branch and accompanied by the individual vouchers and cash sale docketts.

### 3.3 **Purchasing Officer**

A Purchasing Officer is someone who has been appointed by the Executive Member, under section 26(1) of the Act, to be a purchasing officer. A Purchasing Officer may initiate the purchase of goods and services.

Purchasing Officers should ensure that they are familiar with the procedures set out in this policy and guideline and the requirements of the Public Moneys Act 1979.

Purchasing Officers must satisfy themselves that there are funds available through the approved budget before committing the Administration to expenditure of money.

### **WARNING**

**PURCHASING OFFICERS SHOULD NOT EITHER BY WORDS OR CONDUCT REPRESENT THAT THEY HAVE THE AUTHORITY TO ENTER INTO A CONTRACT ON BEHALF OF THE ADMINISTRATION IF FUNDS HAVE NOT BEEN SPECIFICALLY ALLOCATED IN THE BUDGET.**

**SUCH A REPRESENTATION MAY BE AN OFFENCE UNDER THE PUBLIC MONEYS ACT 1979.**

### 3.4 **REQUISITIONS FOR SUPPLY**

**Purchasing Officers** must ensure that an officer requiring supply of goods or services has completed a Requisition for Supply form which adequately describes the item required and which clearly identifies the source of funds.

Purchasing officers must obtain a purchase order number from the Finance Branch or Administration Store before ordering goods or services.

### 4.0 **FINANCIAL THRESHOLDS - NEED TO OBTAIN QUOTATIONS/GO TO TENDER**

In considering the purchase of goods and/or services, and the need to obtain quotations, the following financial threshold limits shall apply:

- 4.1 Petty Cash expenditure -**  
Minor incidental expenditure not greater than \$50 per transaction.
- 4.2 Up to and including \$5,000**  
Goods and services with an estimated value of \$5,000 or below may be purchased without obtaining quotations, providing the rates are considered reasonable and consistent with normal market rates for items of alike nature.
- 4.3 From \$5,000 - \$20,000**  
Three (3) written quotations must be sought for goods and services with an estimated value between \$5,000 and \$20,000.  
If the lowest quotation (in terms of cost) is the preferred quotation, then the Purchasing Officer can proceed with the purchase. If the lowest quotation (in terms of cost) is not the preferred quotation, then the choice of supplier shall be authorised by the relevant Executive Director or Chief Executive Officer.  
Copies of all quotations shall be retained with the purchase order for future reference, audit and probity purposes.
- 4.4 \$20,000 to \$50,000**  
The following procedures are to be followed in the procurement of goods and services valued between \$20,000 and \$50,000.
- (a) Three (3) written quotations must be obtained where the estimated value of the goods or services is between \$20,000 and \$50,000.  
  
A request for quotation should include: a description of the goods or services; specifications; the quantity required; contact details for enquiries; delivery lead time; and the closing date.
- (b) A report summarising all quotations received, giving recommendation on the preferred supplier (and listing the reasons why) and providing any other relevant information shall be prepared for the Corporate Management Group.
- (c) The Corporate Management Group will then consider the report submitted and, in conjunction with the responsible officer, determine the most suitable supplier.

#### 4.5 \$50,000 and Over

Unless it can be proven to the Tenders Committee that an alternative approach is beneficial, public tenders are to be invited for the procurement of all goods and services, having an estimated value in excess of \$50,000. The following process shall be followed:

#### 5.0 TENDER PROCESS

Public tenders are to be called for any goods and services required by the Administration having an estimated value in excess of \$50,000, unless the Tenders Committee is satisfied that it is inexpedient, impracticable or unnecessary to do so. Circumstances where the Tenders Committee may waive the requirement to go to tender include:

- The supply of the goods or services is required for an emergency;
- The contract is to be entered into by auction;
- The goods or services are to be supplied internally by the Administration or a Government Business Enterprise; or
- There is good reason to believe that, because of the unique nature of the goods or services required or for any other reason, it is unlikely that there is more than one potential supplier.

Specifications must be prepared for each Tender before a call for tenders is gazetted. Information relating to specifications is at clause 8 of this Policy.

Prior to advertising for tender, the Purchasing Officer is required to establish that funds are available for the relevant goods or service and to document the amount available in the Budget for the relevant goods or service.

#### 5.1 Preliminary matters

##### **5.1.1 *Probity***

Any tender over \$1,000,000 (or a lesser amount if deemed appropriate) will only proceed with the assistance of an independent probity auditor.

##### **5.1.2 *Tender Evaluation Plan***

Prior to commencing the tender process a Tender Evaluation Plan providing a pre-agreed process should be prepared to ensure that

source selection is based on value for money and can withstand public scrutiny.

The complexity and duration of the evaluation reflects the level of complexity and value of the required contract, the number of tenders anticipated and the significance of the procurement. The tender evaluation plan must not deviate from the advertised tender process.

A Tender Evaluation Plan will include:

- Probity Documentation (e.g. Confidentiality and Conflict of Interest Declaration, Code of Conduct, etc);
- The procedure for the evaluation of tenders (including procedures for dealing with conflicts of interest);
- Details of the evaluators;
- A full list of evaluation criteria, weightings and methodology to be used;
- The evaluation timeframe;
- Guidelines for the evaluation report and a list of supporting documents to be appended to the report. See clause 6.6 for suggested format.

### **5.1.3 Expressions of Interest**

There will be occasions when it is considered more appropriate to advertise for Expressions of Interest. In such cases the procedures applying to tenders where practicable shall apply. The advertisement for Expressions of Interest should stipulate the nature of goods or services sought and seek a statement of specifications. In order to proceed in this manner, Purchasing Officers must prepare a brief setting out the reasons for proceeding by way of Expressions of Interest and seek prior approval from the Corporate Management Group.

### **5.1.4 Limited Procurement Process**

Purchasing Officers seeking to limit the tender procurement process by invitation only to known suppliers must prepare a brief setting out the reasons for limiting the call for tenders and seek prior approval from the Corporate Management Group. Approval for this process will only be given after the completion of an 'Expression of Interest' as outlined in 5.1.3.

## **5.2 Gazettal of Tender**

Purchasing Officers must arrange for advertisements to be placed in the Norfolk Island Government Gazette calling for tenders. The Gazette Notice should clearly state:

- (a) Invitation to submit tender;
- (b) Brief description of the goods or services required;
- (c) The particulars identifying a person from whom more information can be obtained;
- (d) Information as to where, when and how tenders may be submitted (e.g. to be submitted in a sealed envelope endorsed "Tender for .....");
- (e) The date and time after which tenders cannot be submitted; and
- (f) Clearly advise that the Administration is not bound to accept the lowest or any tender.

A call for tenders shall be open for at least 21 days and be Gazetted at least twice to enable sufficient time for potential tenderers to prepare their submissions.

### **5.3 Tender Receipt Arrangements**

#### **5.3.1 Tender Box**

The Chief Executive Officer shall ensure that a Tender Box, suitable for the lodgement of tenders, is located in the public area of the Records Section of the Administration Offices, New Military Barracks, Kingston.

The Tender Box shall be fitted with a suitable lock and shall be kept locked at all times except when it is opened in accordance with the following procedure, to safeguard the security and confidentiality of all tenders.

The key to the Tender Box, when not required for opening the box, shall be kept by the Officer in Charge (OIC) - Records.

#### **5.3.2 Tender by Facsimile or Email**

A facility for receipt of tenders by facsimile or email shall be provided by the OIC - Records. Receipt will be deemed to have occurred at the date and time marked on receiving equipment. The legible and complete transmission of tender documents shall be the sole responsibility of the tenderer. All tenders received by facsimile or email shall be printed, placed in an envelope and placed in the Tender Box by the OIC - Records.

### **5.4 Opening Tenders**

Following the closing date for tenders, the OIC-Records, in the company of at least one other Administration employee shall open the tender box and record all tenders received in a "Tenders Register". Members of the public and those parties who submitted tenders are welcome to attend the opening of tenders.

**Late tenders should not be accepted**, except when the Chief Executive Officer is satisfied that the integrity and competitiveness of the tendering process has not been compromised. When a late tender is received, the time and date of receipt shall be noted on the document and endorsed by the recipient.

## **5.5 Tender Register**

The tender register will be available for public inspection and will record:

- (a) Tender heading and/or tender number;
- (b) A copy of the invitation to tender (advertisement);
- (c) Name of each tenderer and the amount of the consideration or a summary of the amount of the consideration sought in the tender;
- (d) The date that tenders were opened; and
- (e) The names and signatures of the Administration Officers opening the tenders.

Although not being accepted, the Tenders Register should also separately record tenders that were received after the close of tenders, clearly stating the time of receipt and the fact that they were not considered.

## **5.6 Tender Documents to Executive Director**

After details have been recorded in the Tender Register, the OIC-Records shall forward all tender documents to the relevant Executive Director in a sealed envelope. The Executive Director will then establish the Tender Evaluation Group and as soon as possible thereafter arrange a meeting of the Tender Committee.

## **5.7 Processing Tenders**

Tenders will be treated as commercial-in-confidence. Confidential information and intellectual property submitted as part of the tender should not be disclosed or be made use of, other than for the requirements of considering the tender, without written permission of the owners.

## 6.0 EVALUATION OF TENDERS

### 6.1 Tender Evaluation Group

The Tender Evaluation Group shall consist of the Purchasing Officer and relevant Manager or Executive Director. The Executive Director may nominate other persons to be part of the Tender Evaluation Group.

The Tender Evaluation Group shall examine each tender or quotation to ensure that the tenderer has responded to all relevant sections of the tender specifications.

### 6.2 Tender comparison

The Tender Evaluation Group shall have regard for the following features of each tender when making a tender comparison:

- a) degree of compliance with tender and draft contract
- b) the price tendered and pricing structure;
- c) previous experience of tenderer, if relevant;
- d) reliability of tenderer/supplier;
- e) the quality of the product;
- f) Life cycle costs of the bid
- g) after sales service;
- h) availability of spare parts;
- i) Financial viability of the tenderer and warranties and guarantees offered
- j) on costs for freight, lighterage, insurance, customs duty;
- k) past performance of the tenderer, if known;
- l) Satisfaction of industry development standards;
- m) Risk and tenderer's ability to manage risk; and
- n) Criteria specific to the individual acquisition, as detailed in the Tender Evaluation Plan and identifiable to tenderers in the tender documents.

### 6.3 Clarification of Issues

An evaluation process must adhere to the highest standards of ethics and probity to maintain confidence in the result. Therefore, any follow up communications between the Tender Evaluation Group and the tenderer must only be for clarification of issues that would assist the evaluation process. To maintain an audit trail, clarification should be sought and recorded in writing. Clarifications should not be used as a means for tenderers or the Administration to revise, modify the scope,

or change an offer. If additional information impacting on the requirement emerges in the course of clarification, that information should be communicated to all tenderers.

In requesting clarification it should be made clear to the tenderer that such a request is not an admission of preference nor is it an award of contract. A reasonable timeframe should be stipulated in any request for the supply of additional information.

There shall be no major change to the tender documents and no variation to the price.

#### **6.4 Initial screening and Non-complying Tenders**

The Tender Evaluation Group may choose to initially screen or short list tenders. The purpose of such initial screening is to:

- Eliminate tenders that do not comply with mandatory/essential criteria or clearly do not represent value for money
- Reduce costs of tendering for both the evaluator and tenderers.

The basis for short-listing or screening should be included in the Tender Evaluation Plan.

Non-complying Tenders are:

- late tenders;
- tenders which do not include the information specified;
- tenders which omit a cost price; or
- tenders which do not include the name of the tenderer.

#### **6.5 Tenders Not Received**

In circumstances where there has been no formal tender received it is open to the Purchasing Officer to either re-invite public tenders or to seek tenders/quotations from known reliable suppliers. A brief shall be provided to the Corporate Management Group for approval to proceed in such a manner.

#### **6.6 Evaluation Report**

The Tender Evaluation Group shall prepare an Evaluation Report for presentation to the Tenders Committee. The following is the required minimum format for Evaluation Reports:

A. Executive Summary

An overview of the evaluation, findings reached and recommendations

B. Body of Evaluation Report

Details of evaluation process and methodologies used, results of assessments against criteria, ranking of offers, implications of the preferred option and final recommendation on preferred tender.

C. Individual Tender Evaluations

The detailed evaluations against the criteria, including specialist reports (eg. financial and technical reports)

D. Additional Documents

Clarification question records, identified areas for negotiation, a value for money target, evaluation plan, cost models, graphical representations, spreadsheets of Tender Evaluation Group, etc.

All tenders received and the Tender Evaluation Group Evaluation Report shall then be forwarded to the Tenders Committee through the Chief Executive Officer. For tenders over \$1,000,000 the report of an independent probity auditor will also be presented.

7.0 TENDERS COMMITTEE

The Tenders Committee shall comprise all Executive Members and the Chief Executive Officer. The Secretary to the Tenders Committee shall be the Research Assistant to Government.

**7.1 Assessment by the Tenders Committee**

The Tenders Committee when assessing the tenders shall have regard to the Evaluation Report and recommendation contained therein and shall:

- have regard for the economy of Norfolk Island;
- consider giving preference to local suppliers where prices, quality and specifications are equal to or within 10% of any tenders received from off-Island. Any such consideration must have due regard to probity and fairness and total cost;
- consider whether the Administration is capable of producing the goods and services from within its own resources at an economical price.

## 7.2 Awarding Tenders

Tenders may only be awarded by the Tenders Committee.

The Chief Executive Officer shall return the original tender documents, and details of the award decision to the appropriate Purchasing Officer.

The Purchasing Officer shall:

- first seek a purchase order from the Finance Branch;
- notify, by letter, the successful tenderer;
- notify, by letter, the unsuccessful tenderers;
- if contract documents are to be amended or contracts are to be entered into, details of the tender including amendments are to be sent by the Purchasing Officer to the Administration's Legal Services Unit;
- Notify the OIC – Records of the Tenders Committee decision to enable it to be recorded in the Tenders Register.

***All contracts must be cleared by the Legal Services Unit and Chief Executive Officer prior to signature.***

## 7.3 Notification to Successful Tenderer

Acceptance of tender will be by the issue of an approved purchase order or the signing of a contract and a letter acknowledging acceptance signed by the Purchasing Officer.

Purchasing Officers should take every care to ensure that the acceptance of the tender is identical with the conditions of the tender. It may, in certain circumstances, simply be an exchange of letters advising that the tender has been accepted and incorporating the specifications.

## 7.4 Contracts

A Contract enables both the purchaser and the supplier to know what rights are conferred and obligations imposed.

All Contracts for the purchase of goods and services shall be prepared by the Administration's Legal Services Unit.

All contracts should be prepared in draft form prior to the call for quotation or tender so that a copy can be distributed along with other required tender documents (see clause 8).

Where the awarding of a tender requires the issue of a contract or an exchange of contracts, it is necessary that both parties hold identical contracts.

Contracts are to be signed by the Chief Executive Officer. All pages of the contracts are to be initialled by both parties (including ALL attachments).

## 8.0 TENDER DOCUMENTS

This section describes the types of documents that must be given to all tenderers upon request to tender.

### 8.1 Conditions of Tender document

The Conditions of Tender document specifies all requirements for complying tenders.

### 8.2 Specifications

Specifications for the purchase of goods and services shall be prepared prior to the call for quotations or tenders. **Specifications are required for all goods and services regardless of the value of such goods or services.**

A specification is a written document which:

- is an accurate statement/description of objectives/needs;
- is a means of communicating a requirement to potential suppliers in a way that they can readily understand and respond to;
- is a description of a particular manufacturer's make or model ("or equivalent");
- contains enough information to enable potential suppliers to determine the nature, scope and cost of the goods or services required;
- may include plans and drawings;
- is the framework for evaluating and comparing the quotations and tenders received.

#### 8.2.1 Basic requirements of Specifications

A specification should not be ambiguous and open to misinterpretation. Specifications should in simple terms:

- . be a statement of what is required;
- . define what the purchaser wishes to buy and consequently what the supplier is expected to provide.

#### 8.2.2 Plans and Drawings

If plans and drawings form part of the tender specification it is imperative that the text of the specification conforms with the plan or drawing. All plans or drawings prepared as part of the specifications by the Administration are indicative only.

## 9.0 CONSULTANTS

Engaging consultants is a procurement activity and therefore it is no different in principle from the procurement of other goods and services.

All requests for the services of outside consultancies are to be treated in the same manner as for calling for tenders.

Each consultancy task should be carefully defined and specified in specifications and in the draft contract.

### 9.1 Evaluation of Consultancy Proposals

Consultancy proposals should be evaluated in the same manner as tenders.

In addition to general evaluation guidelines, each proposal should be evaluated against the specifications in the brief and in particular Purchasing Officers should consider:

- the merits of the proposal
- the fees and the charges (overall costs)
- the capabilities and professional standing of the consultant including previous work done
- the existence of professional indemnity insurance
- financial stability of the company and/or the principals

In assessing the capability of a consultant the following should be considered:

- the extent to which the consultant has shown a clear understanding of the task
- the consultants understanding of any relevant organisational and cultural issues
- the methodology to be used
- the consultants resources
- experience, skills and qualifications of personnel
- previous performance on comparable assignments