

# REQUEST FOR PROPOSALS (RFP)

A Request for Proposals (RFP) is a method of procurement that can be used when the competitive sealed bidding (or IFB) method is not practicable and advantageous.

Competitive bidding and competitive sealed bidding are practicable and advantageous when an agency can articulate clear and detailed specifications to solicit an accurate bid quoted by interested responsible bidders. However, when the agency knows more about the outcome desired than what it takes to obtain that result with great specificity, or if the nature of a service or commodity desired is such that cost is not the only or predominant factor to be considered, then an IFB or competitive bid is not practicable and a RFP may be the best approach to soliciting offers that can serve as the basis of a contract.

An RFP involves:

1. Publicly soliciting proposals to meet an identified need or needs;
2. Identifying the requirements for an offeror to be considered a *responsible* offeror;
3. Identifying the evaluation factors that will be considered in assessing the relative merits of responsive proposals from responsible offerors;
4. Consideration of cost or pricing data corresponding to the proposals;
5. Possible discussions for the purposes of negotiation and/or clarification; and
6. Any resulting contract to be awarded to the responsible offeror (or offerors) determined to have submitted the most advantageous proposal (or proposals) after price, discussions, and evaluation factors have been considered.

Because RFPs are designed to meet different needs, they may vary significantly. Each RFP should be carefully drafted and considered because it sets forth the standards for determining the expectations, obligations, rights, and requirements of the parties participating in the solicitation. No evaluation factors other than those identified in the RFP can be considered; therefore, it is very important to identify the factors that will fairly, reasonably, and effectively distinguish the good from bad proposals (and the better from the good proposals) in the RFP.

Similarly, the RFP will also provide how discussions may be conducted. If an RFP mandates how the solicitation must be conducted, deviation from the RFP's requirements may support a protest. Refer to A.C.A. § 19-11-230 in by TSS OSP compilation of law and rules regarding RFPs and to A.C.A. § 19-11-244 for the law and rules regarding protests.

## HELPFUL HINT

This procurement method is sometimes called a *competitive sealed proposal*.

## When to Use the RFP Procurement Method

When you receive a request to make a purchase for which a contract does not already exist, first evaluate the anticipated total dollar amount of the purchase. The cost estimate of the purchase requisition and market research should help you determine if the cost will be in the range to execute an RFP.

An RFP is the most suitable method of procurement when:

- The anticipated total purchase price exceeds \$75,000.
- The State knows what results a service must achieve but wants prospective contractors to propose a specialized, technical solution for achieving the results.
- When the technical solution and cost are both important to the selection of the successful contractor.

The following are examples of purchases that could be made with an RFP:

- Design and implementation of a software system.
- Insurance claims processing and administration.
- The management of multiple medical clinics throughout the State.
- The creation and administration of a new website.

To be effective, RFPs should identify:

1. Required performance outcomes and any performance requirements;
2. Information offerors must include in their proposals for them to be considered;
3. Anticipated terms and conditions of any resulting contract (with care to distinguish non-negotiable terms and conditions from those that are simply desired, and which may be open to negotiation);
4. Evaluation factors and their relative importance measured against each other and cost considerations.

## Executing an RFP

Prior to initiating an RFP, an agency must receive approval to use this procurement method by following the directives provided in the ***Request for Proposals (RFP) Procedures*** document posted on the TSS OSP website. After receiving approval, a buyer should begin the solicitation planning.

When initiating a solicitation, a buyer should consider the timing factors involved with the procurement. Scheduling the procurement to meet the deadline for the receipt of the commodity or service can often be a critical concern. In addition, a buyer often manages multiple procurements at once and can work much more efficiently when the tasks are effectively planned and scheduled.

To understand more about procurement planning, go to the link for ***Planning a Solicitation: Timing Factors***.

**Step 1** – Download the RFP templates posted on the TSS OSP website to create your solicitation. These templates are found on the Forms and Reporting page under the Solicitation Templates section. Save the template documents to your computer using your agency's naming convention for solicitations.

For more information about the solicitation templates, and about the RFP template specifically, go to the link for ***The Request of Proposal (RFP) Template***.

**Step 2** – Work with the end user to ensure that the specifications, evaluation criteria and scoring, and pricing structure are designed to meet the purchasing need and are approved to post.

Because proposals for an RFP are scored by an evaluation team, the agency should begin selecting the members of the team. The evaluators should have knowledge or experience that will allow them to contribute meaningfully to the evaluation process. They can also assist in reviewing the RFP to help ensure it is geared toward achieving the desired outcome.

For more information about the evaluation team selection, see the State's ***Evaluation of Proposals*** Policy on the TSS OSP website.

It's important to note that the upcoming solicitation, and especially the contractual requirements, should be kept confidential, and that only internal stakeholders should have access to the document prior to it being publicly posted. This ensures that no prospective contractor gains an advantage in the bidding process by having inside information earlier than others.

**Step 3** - When the solicitation documents are approved by the end user to post, the RFP must be publicly posted to an approved State website. Some agencies may have their own website for posting bids, and if so, your supervisor can provide directions for the posting process. Other agencies may post their bids on the TSS OSP website.

Per Arkansas Procurement Law, solicitation postings must be no fewer than five (5) calendar days nor more than ninety (90) calendar days.

For more information about posting a solicitation on the OSP website, go to the link for ***Publicly Posting Solicitation Documents***.

### **Protest of a Solicitation**

Prior to 72 hours before the bid opening date and time, a prospective contractor may submit a protest regarding the solicitation. This is not common, but it is allowed by A.C.A. § 19-11-244 when a prospective bidder is aggrieved in connection with the solicitation. Typically, a prospective contractor will protest in regard to the specifications.

The TSS OSP Director or head of the procurement agency must promptly issue a protest determination in writing to the protestor either denying or sustaining the protest. The determination is final and conclusive.

A contract award must not be executed until after the protest determination has been issued.

For more information about protests, go to the link for ***Protests and Protest Resolution***.

### **Receiving Solicitation Responses**

Each agency should have a process in place for recording the receipt of responses and storing them securely until the bid opening time. Should a response be received after the submission deadline, that response is not timely, and it cannot be considered for award. It must be returned to the prospective contractor.

For more information on properly receiving and storing responses, as well as addressing late bid receipts, go to the link for ***Receiving Solicitation Responses***.

#### **HELPFUL HINT**

It's best practice to time stamp each sealed submission as it is received. This provides a record of the timely-received bids as well as those which were received late. See your supervisor for your agency's procedure for time-stamping sealed bids.

**Step 4** - Open the timely-received proposals at the place and time as specified in the RFP. This procedure is open to the public and requires the presence of two State employees. See your supervisor for your agency's direction on publicly opening the proposals.

Read aloud only the names of the prospective contractors submitting timely proposals and document these on the official bid tabulation document. Both State employees must verify and sign the official bid tabulation document.

The proposal content is confidential and must be kept secure throughout the evaluation process and until after an anticipated award is announced.

The proposed pricing, which should be separately sealed, is *not* opened. It remains sealed until after the technical evaluation is complete and pricing points are ready to be calculated, and it cannot be disclosed publicly until after an anticipated award is announced.

The list of prospective contractors who submitted a proposal is public information, and a copy of the listing on the official bid tabulation document can be provided to anyone who is present or who later requests a copy.

A template for the tabulation document, **RFP Bid Tab**, which contains fields for all required information, is on the TSS OSP website.

**Step 5** - After the public opening, review all submissions, including the proposal content, to confirm each is from a responsive and responsible prospective contractor. The review should confirm that all submission and solicitation requirements are met, such as:

- Required signatures have been received.
- Any required documents are completed and submitted.
- Contractor meets all specifications and requirements as written.

### **Non-responsive and Non-responsible Prospective Contractors**

Non-responsive and non-responsible prospective contractors' proposals are rejected. See A.C.A. § 19-11-204 for information regarding responsive and responsible prospective contractors.

Should you need to reject a prospective contractor's proposal for failure to meet a requirement, the prospective contractor must be contacted and advised of the rejection. A phone call is acceptable, but an email should follow to document the rejection. The email should include the reason for rejection as well as a reference to the specific language from the RFP which contains the requirement that was not met.

The qualifying proposals move on to evaluation.

**Step 6** – Facilitate the evaluation of proposals.

This evaluation and scoring are for the technical proposal only, not cost. The cost proposal remains sealed until after the technical evaluation is complete.

The basic evaluation steps are:

1. The agency selects the evaluation team.
  - Evaluation committee members should be selected based on their ability to make meaningful contributions to the evaluation of the competing proposals.
  - 3-5 evaluators are typically best. The number may vary and there is no upward limit, but TSS OSP strongly encourages a minimum of three members whenever possible. Seven or more could become difficult to schedule and may prolong the process.
  - An agency may request employees of:
    - Other state agencies.
    - State boards and commissions.

- Colleges and universities.
  - For more information regarding the evaluation committee selection, go to the link for ***Evaluation Committee Structure***.
2. The evaluators must attend an Evaluator Conference facilitated by their agency APO or TSS OSP.
    - This meeting lasts about an hour or less and provides guidance to the evaluators regarding the proper procedure for evaluation as required by procurement law.
  3. The evaluators individually score all proposals.
    - The solicitation template contains language that explains the general scoring process for evaluation. Although evaluation of competing proposals inherently involves a certain degree of subjective judgment and discretion, proposals should be evaluated ethically, fairly, lawfully, and reasonably.
    - Using the Individual Score Worksheet, each evaluator will complete individual scoring of each proposal on his/her own time. After individual scoring is completed, the Individual Score Sheets (or copies) from all the evaluators must be provided to the buyer/facilitator in preparation for the consensus meeting.
  4. The evaluators attend the consensus meeting to discuss their scoring. Ideally this will allow the committee members a chance to offer their individual perspectives as well as potentially remedy any confusion or misunderstandings.
    - The evaluators will have the opportunity to adjust their individual scores based on the discussion.
    - The facilitator will enter any adjusted individual evaluator scores into the Consensus Score Sheets, which will calculate the technical score for each prospective contractor and the ranking of the prospective contractors' proposals according to their score.
    - Once all consensus scores are finalized, the evaluators will sign and date all score sheets.
    - The buyer will collect all signed score sheets for the procurement record, as well as all documents that were provided to the evaluators in training or that the evaluators used in the evaluation process.

### **Evaluation Score Sheets**

The buyer must create the score sheets for the evaluation. This must be completed prior to the evaluation training so that the individual score sheets can be provided to the evaluators at the evaluator conference. **The buyer should closely proofread the**

**individual score sheets prior to distribution to evaluators since errors in the score sheets may affect the accuracy of the evaluation outcome.**

If demonstrations are included in the evaluation, the demonstration score sheets are typically created after the technical scoring portion of evaluation is completed and the list of prospective contractors who are invited to demonstrations is determined.

TSS OSP has created an Excel template for the score sheets, called ***Evaluation Score Sheets***. This is available to download from the TSS OSP website.

This Excel file consists of multiple spreadsheets that are required to execute the correct scoring process. A buyer may add to/adjust the score sheets for the number of evaluation questions, the number of evaluators, and the number of proposals.

The score sheets have the necessary formulas already plugged in. When adding to/adjusting the scoring tables, be sure that the formulas are updated in the correct cells as needed. See your supervisor if you need assistance with Excel formulas.

The TSS OSP website also provides a link to instructions for preparing the score sheet correctly, called ***Evaluation Score Sheets Instructions***. Refer to these instructions when you are creating the score sheets for your RFP.

A copy of all final, signed score sheets must be kept in the official procurement record. The Summary Score Sheet shows the final technical score for each proposal.

For more information about the score sheets and how to use them correctly, go to the link for ***Evaluation Score Sheets***.

### **Procurement Roles in Evaluation**

The role of procurement personnel in the evaluation process will differ depending on the agency and the type/dollar value of the solicitation.

As a general rule, the following applies to procurement roles in evaluation:

- For solicitations executed at the agency level when an APO is *not* on staff:
  - OSP provides the evaluator conference.
  - The agency buyer facilitates the scoring process and consensus meeting, and the demonstrations if applicable. He/she also compiles all the evaluation documents for the procurement record.
- For solicitations executed at the agency level when an APO *is* on staff:
  - The APO provides the evaluator conference.
  - The agency buyer and/or the APO facilitates the scoring process and consensus meeting, and the demonstrations if applicable. He/she also compiles all the evaluation documents for the procurement record.

- For solicitations executed by TSS OSP:
  - The TSS OSP buyer provides the evaluator conference.
  - The TSS OSP buyer facilitates the scoring process and consensus meeting, and the demonstrations if applicable. He/she also compiles all the evaluation documents for the procurement record.

For more information about how to facilitate an evaluation, go to the link for ***Role of the Facilitator in Evaluation***.

## **Demonstrations**

Demonstrations are an optional part of the technical evaluation and scoring. If an agency wants the option to require demonstrations, this should be stated in the RFP. Demonstrations generally take place *after* the initial evaluation of proposals is complete, and they are often the second scored phase of a technical evaluation. When handled in this fashion, the scoring totals from the technical proposals typically determine which prospective contractors will move forward to this phase of evaluation and be invited to provide a demonstration.

After each demonstration, evaluators may adjust their initial technical scores for that prospective contractor to reflect the information provided during the demonstration. If demonstrations are *not* going to be a part of the technical evaluation, then the scores from the evaluation of proposals are averaged and totaled to produce the *final technical score* for each proposal. If demonstrations *are* going to be included in the evaluation, then the adjusted technical score after the demonstration is the *final technical score* for each proposal.

For more information about how to facilitate demonstrations as part of an evaluation, go to the link for ***Facilitating Demonstrations in Evaluation***.

**Step 7** – After the technical evaluation scores are finalized, open the sealed pricing with your supervisor or another procurement team member and calculate the grand total score for each proposal. The formula for calculating the points for cost is provided in the RFP template. The proposal with the highest grand total score (sum of the technical score and cost score) is the apparent successful prospective contractor.

When the buyer notifies the end user/agency of the highest scoring prospective contractor, the end user or agency may request to negotiate contractual terms and/or pricing.

For more about negotiating a contract, go to the link for ***Negotiation***.

**Step 8** – The buyer will officially notify the appropriate agency parties of the final negotiated price and contract terms and request approval to award to this prospective contractor. It is best practice to provide this notification and request for approval by



email. This approval reply will create the written documentation you need for the procurement record.

**Step 9** - Upon approval of award to the apparent successful contractor, publicly post the anticipation to award (ATA) on the same website where the solicitation was posted. It is a best practice to email each prospective contractor who submitted a bid to advise them of the ATA posting. You may include the link to the ATA posting in the email.

For more information about posting an ATA on the TSS OSP website, go to the link for ***Publicly Posting Solicitation Documents***.

Keep in mind that a prospective contractor who feels aggrieved by the anticipated award has the right to protest the award prior to the end of the 14-day ATA period. Only a prospective contractor who submitted a bid may protest, and a contract may not be awarded until after the protest is resolved.

For more information about the protest of an anticipated award, go to the link for ***Protests and Protest Resolution***.

### **Awarding a Traditional RFP**

To award an RFP:

1. After the end of the ATA period, and after any protests have been resolved, create the OA in AASIS (with reference to the PR, if a PR was created) and attach a copy of the following:
  - a. The solicitation with all attachments.
  - b. The successful contractor's bid submission including proposal and price sheet.
  - c. The bid tab sheet.
  - d. Any other pertinent documents, such as a negotiation agreement.
2. Obtain the AASIS approvals necessary for the contract to be released.
  - Along with the approvals in AASIS, remember that service contracts meeting the mandated dollar thresholds for legislative review must go through the review process *prior* to the final AASIS release.

For more information regarding legislative review, go to the link for ***Legislative Review and Reporting Requirements***.

3. Activate the contract (OA) by executing the print function in AASIS. Provide a copy of the OA to the contractor via email.
4. Save all copies of any relevant procurement documents in the official procurement record.

For more information about requirements for the official procurement record, go to the link for ***Components of a Procurement Contract and the Procurement Record***.

If your agency is not an AASIS user, follow your agency's procedures to award an RFP.