Let's talk about public projects[1]

Selecting a public project contractor[2]

Stanisław Gasik, PhD

Introduction

For the implementation and success of a public project, the budget owner, i.e., a public institution, is always held accountable. For a project to be successful, it is necessary to properly identify the needs and then determine the intended outcomes. An intermediate element in this process is defining the project deliverables ensuring these outcomes are achieved. In most public projects, deliverables are provided by external companies. Selecting a contractor is a crucial step in the public project implementation process.

In this article, the essential features of companies capable of implementing public projects will be discussed. More specifically, we will examine government-level practices—components of the Governmental Project Implementation System (GPIS, Gasik, 2023, 2025)—related to this issue.

General Procurement Rules

Public projects are one of the primary methods of executing public procurement. Therefore, they must comply with general procurement regulations required in a given state.

An important value of formalizing the processes for selecting a contractor for a public project is ensuring the integrity of the process and preventing corruption in all possible forms. The selection of a supplier must be based solely on substantive criteria.

In many countries, public procurement — covering all types of purchases, whether operations, supplies, or projects — is regulated by legal acts (e.g., Brazil President of the Republic, 2021; Poland Sejm, 2019; India Lok Sabha, 2012; UK Parliament, 2015a) or lower-level documents issued by central institutions (e.g., USA GSA et al.,

[1] Editor's note: This article is the latest in a series related to the management of public programs and projects, those organized, financed and managed by governments and public officials. The author, Dr. Stanisław Gasik, is the author of the book "*Projects, Government, and Public Policy*", recently published by CRC Press / Taylor and Francis Group. That book and these articles are based on Dr. Gasik's research into governmental project management around the world over the last decade. Stanisław is well-known and respected by PMWJ editors; we welcome and support his efforts to share knowledge that can help governments worldwide achieve their most important initiatives.

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2019; Australia Government, 2024). Documents providing legal guidelines (instructions) are also published (e.g., Government of India, 2017).

These regulations typically outline various requirements suppliers must meet. They must demonstrate experience in executing similar contracts and provide appropriate references. Companies must have sufficient financial capacity to ensure contract execution, which must be stable over the past few years. Some administrations require financial statements and declarations of no outstanding debts. In construction and other contracts where worker safety is a concern, health and safety certifications are essential. It is often necessary to demonstrate the availability of qualified staff. Depending on the contract specifics, insurance—such as civil and professional liability insurance—may be required. Some countries apply preferences for domestic or local contractors (e.g., India, Canada, South Africa, Brazil). Additionally, requirements related to employee rights and equal treatment are becoming increasingly significant, such as those outlined in the Equality Act (UK Parliament, 2010) and the Modern Slavery Act (UK Parliament, 2015b). Some regulations also include compliance requirements for data protection regulations.

Contractor's Qualified Managers

In addition to general requirements, contractors of public projects must meet specific conditions related to project management.

Every public organization must have a team of project managers who can govern, monitor, and control the entire public project (Gasik, 2024b). However, external companies executing the project must also employ personnel qualified in project management. An appropriate number of staff with such qualifications may be required at the contractor level.

These employees should have verified project management skills. Most often, certifications issued by the Project Management Institute (PMP®) or institutions accredited by Axelos (e.g., PRINCE2® Practitioner or Foundation) are required. The involvement of certified project managers offers numerous benefits, including increased project execution efficiency. Certifications demonstrate the ability to collaborate with project team members, a key success factor in many projects. Certified managers possess skills and experience in planning, assigning tasks, and tracking progress. Their professional knowledge enables them to monitor work and respond effectively to deviations from plans. Additionally, expertise in risk management allows for early identification and appropriate mitigation measures.

Earned Value Management

Having qualified staff is not sufficient for effective project management. A company must also implement efficient project management processes.

One of the most critical sets of processes a contractor should have implemented is earned value management (EVM, e.g., Fleming & Koppelman, 2016; PMI, 2019). This technique assesses project progress by integrating scope, schedule, and cost metrics. To use EVM effectively, an organization must have the ability to correctly

develop a project scope, schedule, and budget. In this way, EVM enforces several elements of effective project management.

The ability to manage earned value is required from contractors of major projects within the U.S. federal administration (USA OMB, 2020). The Earned Value Management System (EVMS) must comply with the EIA 748 standard (ANSI/EIA, 1998). One option is to obtain an EVMS certification from an authorized institution, such as the Defense Contract Management Agency (DCMA, https://www.dcma.mil/HQ/EVMS).

EVMS certification is also necessary for major U.S. Department of Energy projects (https://www.directives.doe.gov/terms_definitions/evms-certification). However, not having an EVMS certificate does not disqualify a company from bidding; an EVMS Compliance Evaluation Review can be conducted during the tender process.

In the United Kingdom, Ministry of Defense contracts require both the contractor and the buyer to have EVM capabilities (UK MoD, 2018).

Organizational Project Management Maturity

Earned value management is a vital capability, but it is not the only one that governments require from public project contractors.

Public procurers have long struggled with selecting appropriate contractors. The U.S. Department of Defense (DoD) sought to address this challenge systematically. In the late 1980s, the DoD tasked the Software Engineering Institute (SEI) at Carnegie Mellon University with developing a method to assess companies' capabilities in executing software projects. The result was the Capability Maturity Model (CMM), which evaluated companies based on their implemented processes (Paulk et al., 1993). CMM later evolved into Capability Maturity Model Integration (CMMI), which assesses project execution maturity beyond software development (e.g., SEI CMU, 2010).

CMMI evaluates individual processes and overall organizational project management maturity, classifying organizations into five levels of organizational maturity. At the **Initial** level, organizations do not implement any well-defined project management practices. At the **Managed** level, processes are implemented separately for each project. The **Defined** level is the one at which the organization as a whole has a defined set of processes in a given area. The **Quantitatively Managed** level is the one at which the organization focuses on the effectiveness of processes. The highest, **Optimizing** Level, is the one at which the organization implements processes ensuring continuous improvement of their project management processes. The higher the level of project maturity, the greater the certainty that the company will properly complete the assigned work.

Following CMMI, other organizations have developed similar maturity models, such as the Project Management Institute's Organizational Project Management Maturity Model (OPM3®, PMI, 2018) and the British OGC's P3M3 (OGC, 2010)[3].

[3] The current rights holder for P3M3 is British company Axelos.

Holding certifications in these maturity models enhances the likelihood of successful project execution.

Registers of Qualified Contractors

Most public organizations execute projects using external companies. However, not all organizations have the expertise to evaluate a company's ability to implement public projects. If a company has been assessed and deemed capable in a previous tender, re-evaluating its capabilities may be unnecessary. This rationale has led some governments to maintain registers of qualified project contractors, usually managed by central public institutions.

United Kingdom

The UK Crown Commercial Service (CCS, https://www.crowncommercial.gov.uk/) maintains frameworks for various contract types (currently 108 items). Each framework includes a list of prequalified companies and patterns of documents. For example, Software Design and Implementation Services has 54 companies, Construction Works and Associated Services has 110, and Restructuring and Insolvency Services has 15.

Suppliers can apply to register as a CCS Supplier through a tender. The specifics of the tender depend on the framework, but in general, a potential supplier must demonstrate skill and experience in providing the specified type of service.

Companies not on the framework lists can still participate in tenders through Dynamic Purchasing Systems (DPS), where capability assessment is part of the bidding process.

New South Wales, Australia

The NSW Government maintains a register of prequalified suppliers, akin to the UK framework system, with 68,807 registered suppliers across various industries. For example, for the software development area there are 661 suppliers, for the provision of other software services there are 4,181 prequalified, for Construction 16,913 companies. Companies can be contracted directly for projects under AUD 250,000 without a tender. In NSW there is also NSW Procurement, which supports government entities in achieving their goals through contracts. Major projects are implemented as a result of multi-stage competitive tenders.

United States

Acquisition Solution for Integrated Services (OASIS) operates at the federal level in the United States. The purpose of OASIS is to assess the way potential suppliers perform services. Qualification for OASIS is done through a competitive tender. Companies on the OASIS register do not have to undergo prequalification in public tenders. A CMMI level 2 or higher certificate is recommended for providing appropriate services. Similarly, it is recommended to have an ISO 21508 Earned Value Management certificate (ISO, 2018).

Contractor Qualifications vs. Corruption

Spending public funds creates a temptation for their improper use—corruption. Beyond the undeserved enrichment of company owners, corruption poses a significant threat to the efficiency and quality of executed projects. One way to mitigate this risk is to select a contractor through a transparent bidding process that defines the required qualifications of potential contractors. As mentioned above, these may include relevant experience, access to qualified personnel, and the ability to plan, monitor, and control project execution—such as using EVA techniques. During project implementation, the contracting authority can further reduce irregularities by ensuring proper project assurance (Gasik, 2024a).

Summary

Selecting a supplier who will guarantee the efficient implementation of a public project is one of the most important decisions in the process of acquiring public goods. This selection must be consistent with the general procurement regulations in force in a given country. A specific criterion used in selecting a contractor is the ability to manage earned value. The contractor should also have project managers with appropriate skills and experience. The company's ability to implement projects can be assessed once and information about it is stored by specialized central institutions. Maturity models can be used to evaluate the maturity of project management processes in an organization. Appropriate maturity certificates are issued by companies accredited by the creators of project management methodologies.

All these features and processes increase the probability of achieving the desired effect from the project and reduce the likelihood of corruption in public tenders.

In addition to the selection of project managers, which every public organization must have (Gasik, 2023; 2024b), the ability of a public organization to select the right supplier is one of the most important factors influencing the success of projects. A

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About the Author

Stanisław Gasik, PhD, PMP

Warsaw, Poland

Dr. Stanisław Gasik, PMP is a project management expert. He graduated from the University of Warsaw, Poland, with M. Sc. in mathematics and Ph. D. in organization sciences (with a specialty in project management). Stanisław has over 30 years of experience in project management, consulting, teaching, and implementing PM organizational solutions. His professional and research interests include project knowledge management, portfolio management, and project management maturity. He is the author of the only holistic model of project knowledge management spanning from the individual to the global level.

Since 2013, his main professional focus has been on public projects. He was an expert in project management at the Governmental Accountability Office, an institution of the US Congress. He is the author of "Projects, Government, and Public Policy," a book that systematizes knowledge about government activities in the area of project management.

He was a significant contributor to PMI's PMBOK® Guide and PMI Standard for Program Management and contributed to other PMI standards. He has lectured at global PMI and IPMA congresses and other international conferences.

Stanisław is a Honorary Industry Advisor for PM World Journal and Library.

His web page is www.gpm3.eu.