

<b>REPORT TO</b>	<b>DATE OF MEETING</b>
Governance Committee	27 <sup>th</sup> June 2012

Report template revised June 2008



<b>SUBJECT</b>	<b>PORTFOLIO</b>	<b>AUTHOR</b>	<b>ITEM</b>
Review of Tender and Evaluation Process – Replacement of Doors & Windows, Civic Centre	N/A	L. Roberts C. Ware	7(a)

## SUMMARY AND LINK TO CORPORATE PRIORITIES

This report was produced in response to a request by Governance Committee on 25 April 2012 to undertake an independent review of the replacement doors and windows tender and evaluation procedure. This report explains the findings of the Internal Audit review.

The main purposes of the report are to:

- Provide assurance to members that Contract Procedure Rules have been followed with regards to the tender and evaluation procedure.
- Summarise the results of the review.

By ensuring the Contract Procedure Rules were applied this contributes to making South Ribble an “efficient, effective and exceptional Council”.

## RECOMMENDATIONS

That this report is noted.

## DETAILS AND REASONING

Internal Audit carried out a review of the tender and evaluation process, this involved discussions with key officers and reviewing documentation. The following provides an overview of the results of that review.

### Tender Process

In accordance with the Council’s Contract Procedure Rules, the ‘high value procurement’ procedure was followed. Authority to seek tenders was obtained; this is recorded in delegated decision 612 (dated 9 August 2011).

Following approval, the Council’s Quantity Surveyor and Principal Procurement Officer evaluated the procurement options, including the use of established framework agreements. The officers concluded that the best method for procuring the works would be to use the North West Local Authorities procurement portal, known as the ‘Chest’ and to follow the ‘restricted procedure’ as set down in Contract Procedure Rules. Compliance with this procedure was achieved by undertaking a 2-stage procurement process, as the following explains.

### *Pre-Qualification Stage*

A comprehensive Pre-Qualification Questionnaire (PQQ) was devised by the Quantity Surveyor and Principal Procurement Officer which covers the Council's pre-qualification criteria set down in the Contract Procedure Rules.

The Council used the 'Chest' to advertise its intention to invite tenders from short-listed organisations and invited interested parties to complete the PQQ. A brief summary of the works and estimated contract value was provided. 31 October 2011 was set as the deadline for submissions. Controls within the 'Chest' prevent access to the responses until the deadline date and time has expired. Twenty five companies submitted PQQs by the deadline.

Internal Audit found that suppliers were evaluated against the published criteria. The financial evaluation was undertaken by the Council's Senior Management Accountant. The health and safety evaluation was performed by the Council's Health and Safety Advisor. The technical and overall evaluation was undertaken by the Council's Quantity Surveyor. Following the initial evaluation ten companies were considered to have appropriate capability, experience and financial resources to undertake the works. Since the PQQ stipulated that 5 to 7 would be invited to tender the number was reduced to seven. The seven companies were selected on the basis of those that had scored the highest points for technical capacity. The unsuccessful companies were notified through the 'Chest' (6 December 2011) and provided with an explanation as to why they had not been selected to tender for the works. This was immediately prior to the invitation to tender stage, which was issued later the same day. Some companies sought further clarification which was provided by the Principal Procurement Officer (and recorded on the Chest) following consultation with the Quantity Surveyor and/or the Senior Management Accountant as appropriate.

### *Tender Stage*

In accordance with the Contract Procedure Rules the Director of Planning and Housing approved the tender evaluation criteria. He also approved the membership of the tender evaluation team.

The invitation to tender was issued to the selected companies through the 'Chest'. The deadline, originally set for the 10<sup>th</sup> January 2012 was extended, on the 15<sup>th</sup> December 2011, to the 16<sup>th</sup> January 2012. This was to allow tenderers sufficient time to submit their response, bearing in mind the Christmas shutdown period. In accordance with the rules, the Legal Services Manager agreed to this change.

Controls within the 'Chest' prevented any officer from being able to view submitted tenders until the deadline date and time expired. In accordance with the rules the tenders were opened by the Procurement Officer and the Quantity Surveyor and documented.

Internal Audit found that the tenders were evaluated in accordance with the evaluation criteria.

The Council's independent consultants, Cowen and Co., undertook a review of the submitted tenders. The consultants checked the tender breakdown to ensure it was arithmetically correct and accorded with the requirements of the tender. Due to the significant variation between the lowest and other tender bids, the consultants interviewed the company supplying the lowest bid and asked them to re-check their bid. The consultants also reviewed the next lowest tender bid. They produced a report and recommended acceptance of the lowest tender. This report was used to inform the officer's tender evaluation process. The Property Services Manager and Quantity Surveyor accepted their findings and put forward the recommendation to accept the lowest tender.

## Conclusion

Internal Audit found that the Contract Procedure Rules had been followed. The tender evaluation process was sound and involved an independent review undertaken by external consultants. The Council's Principal Procurement Officer had been involved throughout the entire procurement process to ensure that it would stand up to any challenge.

## WIDER IMPLICATIONS

In the preparation of this report, consideration has been given to the impact of its proposals in all the areas listed below, and the table shows any implications in respect of each of these. The risk assessment which has been carried out forms part of the background papers to the report.

<b>FINANCIAL</b>	There are no direct financial implications arising from this report.		
<b>LEGAL</b>	There are no direct legal implications arising from this report.		
<b>RISK</b>	This report provides assurance that the Council has carried out the tendering procedure in line with Contract Procedure Rules.		
<b>OTHER (see below)</b>			

## BACKGROUND DOCUMENTS

Cowen and Co Tender Report