



**St. Helens Council**

**Audit Report 2013/14**

**Merseyside Recycling and Waste Authority (MRWA)**  
**Resource Recovery Contract Procurement**  
**Evaluation of Final Bids**

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## St. Helens Council

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### **EXECUTIVE SUMMARY**

#### **Merseyside Recycling & Waste Authority**

#### **Resource Recovery Contract Procurement – Evaluation of Final Bids**

##### **Scope**

To review and assess the evaluation process following the Call for Final Tenders for the Resource Recovery Contract to ensure that the evaluation has been undertaken in accordance with approved methodology and final scores are supported by Evaluation Team and professional Advisor judgements.

##### **Background**

The Resource and Recovery Contract is being procured using the Competitive Dialogue approach. The adoption of this approach has been approved by the Authority.

Two bidders, SITA and Covanta, were successful in reaching the final stage of the Competitive Dialogue Process. Their final bids were received in June 2012.

The Competitive Dialogue process culminates in the evaluation of final bids and the nomination of the Preferred Bidder by the Authority.

The Authority has appointed external professional advisors as follows:-

- Eversheds (Legal)
- Ernst & Young (Financial)
- SKM Enviro (Technical)

The Evaluation Approach was developed in conjunction with the Advisors and formalised into a document that was provided to the bidders. The Approach, which was approved by the Authority, prescribes the evaluation process in terms of criteria, weightings, guidance on the allocation of scores and also the composition of the Evaluation Teams (with regard to the required representation from the Advisors, MRWA officers and officers supporting the Waste Collection Authorities).

Bids were received from the two final bidders in June 2012. The Evaluation has been completed and a preferred bidder nominated. This audit provides assurance around the evaluation process.

### **Audit Opinion**

The advisors have been instrumental throughout the competitive dialogue process. In terms of the evaluation of final bids, the advisors have provided suitable reports to support their own, independent assessment of the final bids against a predetermined evaluation model as well as providing representation on evaluation teams. We have confirmed that there has been an appropriate process of independent Evaluation undertaken, by the Evaluation Teams. We have gained assurance from individual Evaluation Team members that they have undertaken a thorough appraisal of submissions and that they concur with their respective team's scores.

### **Key Issues**

There are no key issues to be reported.

### **Agreed Action**

There is one recommendation resulting from this review. The agreed action is included in the Action Plan.

## **INTERNAL AUDIT REPORT**

### **RESOURCE RECOVERY CONTRACT PROCUREMENT**

#### **EVALUATION OF FINAL BIDS**

##### **1.0 Objectives**

The following control objectives have been applied to this audit: -

1. to ensure that the receipt of final bids was appropriately controlled.
2. to ensure that the approved Evaluation Methodology has been used in the evaluation of final bids.
3. to ensure that the Advisors have been integral to the evaluation of final bids and that the Evaluation Teams have undertaken an appropriate independent evaluation.
4. to confirm that the scores reported to the Authority are an accurate reflection of the Evaluation Team outcomes.

##### **2.0 Conclusions & Recommendations**

###### **2.1 Control Objective – to ensure that the receipt of final bids was appropriately controlled.**

This objective has been met.

We confirmed that the receipt of tenders was duly logged and that appropriate arrangements were put in place for the safe custody of submissions.

Tenders were opened on 22 June 2012. The tender opening was appropriately recorded. We confirmed that the Chairman to the Authority and officers / advisors present at the opening, signed the control record to confirm their presence.

###### **2.2 Control Objective – to ensure that the approved Evaluation Methodology has been used in the evaluation of final bids.**

This objective has been met in the main.

The Evaluation Approach was initially approved by the Authority in 2007. During the competitive dialogue process it has been necessary to make adjustments to the Evaluation Model in order to ensure that it remains fit for purpose in light of changes in the proposed project requirements. We saw evidence to confirm that officers have sought advice from the appointed professional advisors, and at times from Queens Counsel, in support of the more significant changes to the Evaluation Approach.

We selected a sample of occasions when the model had been adjusted and were able to confirm, in the main, that the amendments had been reported to and approved by the Authority. On occasion, this was supported by workshops to ensure that the members fully understood the rationale for the changes.

We did identify some changes that had not been submitted to the Authority for formal approval, however, these were generally minor amendments and enhancements to the text to provide bidders with greater clarity and did not represent fundamental changes to the principles of individual elements of the evaluation. One of the changes was an amendment to one of the example formulae used in the scoring of the financial submissions. We sought clarification around the reasons for the change and established that it resulted from a query raised by one of the bidders during the dialogue process. The issue was assessed by the Authority's Financial Advisor and the explanatory formula amended accordingly. We confirmed that the amendment was notified to both bidders prior to the call for final tenders and neither bidder presented any challenge or sought any further clarification on the matter.

We have been advised by officers that there has been no challenge from the bidders in relation to any changes in the Evaluation Approach.

We confirmed, from examination of Evaluation Team Reports, that the final version of the Evaluation Methodology, as provided to bidders in the Call for Final Tenders, was used in the evaluation of final submissions.

*Recommendation*

1. *For future tendering arrangements that require Authority approval of the evaluation model / criteria, the final version should be approved by the Authority.*

**2.3 Control Objective – to ensure that the Advisors have been integral to the evaluation of final bids and that the Evaluation Teams have undertaken an appropriate independent evaluation.**

This objective has been met.

Detailed Advisor reports have been provided to the Authority which have been through a number of iterations throughout the evaluation period thus demonstrating a process of reacting to deliberations between Advisors and MRWA officers.

We confirmed that the Evaluation Team Reports for Legal, Financial and Technical whilst independent were consistent with the respective Advisor reports.

We verified from meeting minutes that each of the Evaluation Teams met on a number of occasions throughout the evaluation period. From reviewing the minutes of the meetings, we confirmed that the composition of the teams was consistent with the requirements of the Evaluation Methodology i.e. a combination of representatives from each of the respective Advisor organisations, officers of the Authority and representation from the Merseyside Waste Collection Authorities and Halton Council.

From examining signed attendance records, we confirmed that the required officers and advisors attended all Evaluation Team meetings.

In addition to the Evaluation Team meetings there was evidence of conference calls to supplement the meetings. The minutes of meetings and conference calls were reviewed. Whilst the minutes do not provide the full detail of the deliberations (which would not be expected) it was possible to confirm that the teams deliberated and scored the necessary sub-criteria in accordance with the approved Evaluation Methodology.

We confirmed that all Evaluation Team members had verified, by e-mail response, that they had individually acknowledged their involvement in a thorough appraisal process and confirmed their personal agreement to their respective team's scores for each bidder. We ensured that these scores were consistent with the respective Evaluation Team Report and also the report that was presented to the Authority for the appointment of the preferred bidder.

**2.4 Control Objective – to confirm that the scores reported to the Authority are an accurate reflection of the Evaluation Team outcomes.**

This objective has been met.

We have been able to verify that the scores reported to the Authority on 14 February 2013 in support of the approval of the Provisional Preferred Bidder, and subsequently on 18 April 2013 for the Appointment of the Preferred Bidder, are consistent with the individual Evaluation Team Reports.

**3.0 Action Plan**

**Resource Recovery Contract Procurement – Evaluation of Final Bids**

<b>Rec. No.</b>	<b>Recommendation</b>	<b>Responsible Officer(s)</b>	<b>Agreed Action and Date of Implementation</b>	<b>Actual Implementation Date</b>
1	For future tendering arrangements that require Authority approval of the evaluation model / criteria, the final version should be approved by the Authority.	Director of Finance	Agreed and implemented with immediate effect.	