

Decision No. 12/20

In the matter of:

Rapid Security Services Ltd.

(Applicant)

v/s

Ministry of Agro-Industry and Food Security

(Respondent)

(Cause No. 15/20/IRP)

Decision



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A. History of the case

The Respondent public body, the Ministry of Agro-Industry and Food Security (the 'Ministry' or the 'Public Body') advertised for the procurement of security services for three lots namely, Agricultural Services, National Parks and Conservation Services and Forestry Services. The procurement for the third lot was cancelled, eventually.

There were three bidders including the Applicant, Rapid Security Services Ltd and the successful bidder, RSL Security Services Ltd (also, "RSL").

B. Evaluation

Following opening of the Bids, the Respondent ("Public Body") constituted a three-member Bid Evaluation Committee (BEC) for evaluation of the bids.

C. Notification of Award

On 28th October 2020 (Lot 1) and 29th October 2020 (Lot 2), the Public Body in response to the Invitation for Bids informed the Applicant, that an evaluation of the bids received has been carried out and the particulars of the successful bidder are as mentioned below:

Item No	Description	Name of Bidder	Address	Contract Price excl VAT Rs
1.	Lot No. 1 -	RSL Security	24 Saint	28,239,199.17
	Agricultural	Services Ltd	George Street	
	Services		Port Louis	

Item No	Description	Name of Bidder	Address	Contract Price excl VAT Rs
2.	Lot No. 2 – National Parks and Conservation Services	RSL Security Services Ltd	24 Saint George Street Port Louis	9,068,421.35

D. The Challenge

On 29th October 2020, the Applicant challenged the procurement proceedings on the following grounds:

"The successful bidder cannot meet the labour costs as per the Worker's Rights Act"







E. The Reply to Challenge

On 3 November 2020, the Public Body made the following reply to the challenge and stated that:

"2. Kindly note that, according to the documents submitted by Messrs RSL Security Services Ltd, the latter has made profits for the last two (2) years. Moreover, due diligence will be carried out by the Ministry to ensure that all legislations are respected as far as payment of labour costs is concerned."

F. Grounds for Review

On 9 November 2020, the Applicant seized the Independent Review Panel for review on the following grounds:

- "1. Since 2001 Rapid Security Services Ltd is licensed under Private Security Service Act as private security service provider to the public and private sectors. In order to secure the renewal of our license at the start of each year we deposit a bank guarantee to the value of Rs3,000,000 with the Accountant General Office. In addition we have an insurance cover in respect of bodily injury and for any loss/damage to property of our clients. We are employing around 400 guards and our monthly expenditure on labour costs amounts to more than Rs5.5 million.
- As at now we are providing security services to the state colleges and some primary schools of the Ministry of Education and Human Resources, Tertiary education and scientific research; to the Municipal City Council of Port Louis; Landscope (Mauritius) Ltd; Mauritius Meat Authority; Youth Infrastructures of the Ministry of Youth and Sports; to Mont Choisy property and development Ltd; to the Registrar of Companies; to the Wastewater Management Authority; to the Ministry of Art and Culture; to the District council of Riviere du Rempart; to the Ministry of social Integration, social security and ors; to the Trust fund for specialized medical care cardiac centre; to the SSR Batanical Garden Trust; to Ministry of Ocean Economy; to the Judiciary; to the Ministry of Environment, solid waste management and climate change and so on.
- 3. Our financial position is always good and stable. However, we have invested our funds on several assets such as property valued at several millions of rupees for our company. On the strength of our investment we are obtaining all necessary financial facilities from our bank (Mauritius Commercial Bank ltd) to carry on our business transaction.
 - We have never ever been short of funds to pay the salaries of our employees.

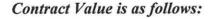
 We are receiving no complaints from them regarding payment of their salaries. They are all being paid regularly for each month.



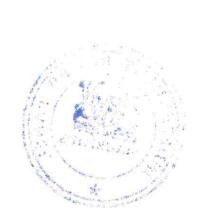


- 5. All firms which are a going concern are bound to either make profit, breakeven or also make loss. As per our financial statement of years 2018/2019 we are making profit (copy enclosed). However, our cash flow is sound and we are meeting all our financial obligations such as salaries, VAT, CGS and other expenses. Our bank MCB can bear testimony that we are not indebted to any institutions.
- 6. In the light of above it is not true to conclude that we are not in a position to bear the labour cost of our guards, if ever we would be awarded the contract for lot 1 and lot 2.
- 7. The bid for lot 3 has been cancelled as per letter dated 03/11/2020 from the Ministry of Agro Industry and Food Security.
- 8. We are submitting our workings for lot 1 and 2 showing that we are compliant with the Workers' Rights Act in respect of labour costs whereas RSL Security Services Ltd is not. You will notice that as per our workings for labour cost that we have not quoted huge profitability taking into consideration the difficult economic situation caused by covid-19. We in our modest way, are allowing the Ministry to economise funds on security items which maybe reallocated to more important projects.
- 9. In regard to clause 5.2 of the bidding documents our monetary value as follows:

Year 2019 Rs68,756,858 Year 2018 Rs66,027,121 Year 2017 Rs80,272,995 Average Rs71,685,658



Lot 1 Rs29,134,540 Lot 2 Rs7,710,625 Total Rs36,845,165



We therefore meet the provision of clause 5.2

10. Our bids are responsive and therefore we pray the Independent Review Panel to give its decision in our favour."





G. Statement of Case

- "1. Since 2001 Rapid Security Services Ltd is licensed under Private Security Service Act as private security service provider to the public and private sectors. In order to secure the renewal of our license at the start of each year we deposit a bank guarantee to the value of Rs3,000,000 with the Accountant General Office. In addition we have an insurance cover in respect of bodily injury and for any loss/damage to property of our clients. We are employing around 400 guards and our monthly expenditure on labour costs amounts to more than Rs5.5 million.
- 2. As at now we are providing security services to the state colleges and some primary schools of the Ministry of Education and Human Resources, Tertiary education and scientific research; to the Municipal City Council of Port Louis; Landscope (Mauritius) Ltd; Mauritius Meat Authority; Youth Infrastructures of the Ministry of Youth and Sports; to Mont Choisy property and development Ltd; to the Registrar of Companies; to the Wastewater Management Authority; to the Ministry of Art and Culture; to the District council of Riviere du Rempart; to the Ministry of social Integration, social security and ors; to the Trust fund for specialized medical care cardiac centre; to the SSR Botanical Garden Trust; to Ministry of Ocean Economy; to the Judiciary; to the Ministry of Environment, solid waste management and climate change and so on.
- 3. Our financial position is always good and stable. However, we have invested our funds on several assets such as property valued at several millions of rupees for our company. On the strength of our investment we are obtaining all necessary financial facilities from our bank (Mauritius Commercial Bank ltd) to carry on our business transaction.
- 4. We have never ever been short of funds to pay the salaries of our employees. We are receiving no complaints from them regarding payment of their salaries. They are all being paid regularly for each month.
- 5. All firms which are a going concern are bound to either make profit, breakeven or also make loss. As per our financial statement of years 2018/2019 we are making profit (copy enclosed). However, our cash flow is sound and we are meeting all our financial obligations such as salaries, VAT, CGS and other expenses. Our bank MCB can bear testimony that we are not indebted to any institutions.
 - In the light of above it is not true to conclude that we are not in a position to bear the labour cost of our guards, if ever we would be awarded the contract for lot 1 and lot 2.

The bid for lot 3 has been cancelled as per letter dated 03/11/2020 from the Ministry of Agro Industry and Food Security.



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- 8. We are submitting our workings for lot 1 and 2 showing that we are compliant with the Workers' Rights Act in respect of labour costs whereas RSL Security Services Ltd is not. You will notice that as per our workings for labour cost that we have not quoted huge profitability taking into consideration the difficult economic situation caused by covid-19. We in our modest way, are allowing the Ministry to economise funds on security items which maybe reallocated to more important projects.
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Contract Value is as follows:

Lot 1 Rs29,134,540 Lot 2 Rs7,710,625 Total Rs36,845,165

We therefore meet the provision of clause 5.2

10. Our bids are responsive and therefore we pray the Independent Review Panel to give its decision in our favour.

SUMMARY

Rapid Security Services Ltd is a security service provider and licensed under the Private Security Service Act.

It is providing security services to government institutions and para-statal bodies as well as private firms.

Its financial position is good and stable, which has enabled it to invest in the purchase of assets.





It is obtaining all necessary financial facilities from MCB Bank to carry on its business transaction. It is not indebted to any institutions.

Its employees are being paid their salaries regularly each month.

As per its financial statement of years 2018/2019, it is making profit. Its cash flow is sound and is meeting all its financial obligations such as salaries, VAT, CGS and other expenses.

It is not true to conclude that it cannot bear the labour cost of its employees.

The workings produced show that it is compliant with the Workers' Right Act in respect of labour costs.

In its bids no huge profitability is being quoted in view of the difficult economic situation caused by covid-19 as it is intended to allow the Ministry to economise funds on security items for re allocation to more important projects.

It is meeting the provision of clause 5.2 of the bidding documents. Its bids are satisfying all the bidding requirements and are responsive."

H. Statement of Defence from Respondent

- "1. Save and except that Applicant had submitted details for only 9 security guards as per the requirements of the bidding documents for all the 3 lots comprising of 48 sites, Respondent makes no admission to paragraph 1 of the statement of case.
- 2. Respondent makes no admission to paragraphs 2 to 5 of the statement of case and puts Applicant to the proof thereof.
- 3. Respondent denies paragraph 6 of the statement of case and avers that:
 - (a) on 10 September 2020, Respondent launched a procurement exercise for the provision of security services to various stations/compounds;
 - (b) at the opening of bids on 02 October 2020, 3 bids were received, including from Applicant;
 - (c) after evaluation, only the Applicant and the successful bidder (RSL) were found to be responsive bidders and were retained for financial evaluation;
 - (d) the Applicant has not submitted client references as required under paragraph 1.3 of the "Technical Criteria for Evaluation" and therefore no marks were allocated to him out of 2 marks;
 - (e) under paragraph 2.2 of the "Technical Criteria for Evaluation", the Applicant has submitted only 9 security personnel for the 48 sites





whereas the minimum number of security personnel required for one shift is 94. As the security personnel provided by the Applicant was considered to be highly inadequate, therefore no marks were allocated to it out of 4 marks;

- (f) the Applicant has not mentioned the number pf control centers as required under paragraph 5.1of the "Technical Criteria for Evaluation", therefore only one mark was allocated to him out of 2 marks:
- (g) the Respondent found that both the Applicant and the "successful bidder" were financially responsive.
- 4. Respondent admits paragraph 7 of the statement of case and further avers that the bids for Lot 3 will be relaunched in the near future.
- Respondent makes no admission to paragraph 8 of the statement of case and puts Applicant to the proof thereof.
- 6. Respondent takes note of paragraph 9 of the statement of case.
- Respondent denies paragraph 10 of the statement of case, puts Applicant to the proof thereof and reiterates the averments at paragraph 4 above.
- 8. Respondent makes no admission to the first 9 paragraphs under the heading "Summary" of the statement of case and put Applicant to the proof thereof.
- 9. Respondent denies the last paragraph under the heading "Summary" of the Statement of case, puts Applicant to the proof thereof and reiterates the averments made at paragraph 4 above.
- 10. Respondent moves that the present application be set aside."

I. The Hearing

The Hearing was held on 1st December 2020. There was on record a Statement of Case and a Statement of Reply, by Applicant and Respondent respectively.

The Applicant was assisted by Mr Sanjeev Teeluckdharry whereas the Respondent was assisted by Mrs B.Sawock, Senior State Counsel, instructed by State Attorney.

The Successful Bidder was assisted by Mr Gavin Glover, Senior Counsel, together with Ms S.Chuong.







J. Findings

How this Application for Review has been conducted before this Panel has been very unusual, indeed. Even though, it essentially turns on the markings allocated to Applicant and the successful bidder, the application, as couched by the Applicant, has focused on the fact that it is a company of sound financial standing, on one hand, and that the successful bidder would be in breach of the Workers' Rights Act, on the other hand.

There were three Lots about which the procurement of security services was initiated. Lot 3 was cancelled and a tender will be floated later. The successful bidder won both Lots 1 and 2 following evaluation by the Bid Evaluation Committee ("BEC"). The Applicant, by way of a challenge under section 43 of the Public Procurement Act 2006 ("PPA"), questioned the selection of RSL on the basis that the latter would not be able to meet the salary obligations of its employees as per the law. The Ministry succinctly replied and stated that RSL, the successful bidder, had been profit-making for the last two years and there was no reason to doubt its financial abilities.

For some reason, the Applicant wrongly understood from this that RSL had won because the BEC had doubts as to the Applicant's financial abilities. Accordingly, the application for review under section 45 of the PPA is based on that premise.

We took note, at the beginning of the hearing of 1st December 2020, that the Applicant would not be pressing further on its challenge in relation to Lot 1. However, we drew the attention of Mr Teeluckdharry, and the Applicant, that Lot 1 was the one where the successful bidder was the lowest bidder.

For some reason, the Applicant's case remained one where it not only put forward arguments and evidence that it was a 'good company' but chose to, once again, challenge the financial ability of the successful bidder to pay its workers even though, for Lot 2 (the only one that was a live issue), it was the Applicant that was, by far, the lowest bidder, by Rs 1.3 million or thereabouts. For Lot 1, RSL was lower than the Applicant by some Rs 900,000.

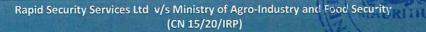
It is not every day that one can come across a challenger questioning the ability of its competitor to pay salaries because the latter has quoted Rs 900,000 below the former in a Rs 29 million item, while that same challenger has quoted Rs 1.3 million lower than its competitor in a Rs 9 million item. In any event, the challenge in respect of Lot 1 having been dropped, we shall now turn our attention to Lot 2.

For the reasons we have set out above, all the evidence adduced by the Applicant in respect of Lot 2 is either based on a misconceived interpretation of the letter dated 3^{rd} November 2020 by the Ministry or would be relevant to Lot 1 – the challenge about which, it has dropped. As such, its certificate of incorporation, the letter by its banker, the Mauritius Commercial Bank, and the accounting workings in respect of Lot 1 (where RSL was the lowest bidder) are of little relevance to our determination.

Miss Sawock, appearing for the Ministry, submitted along the same lines – that the case of the Applicant was squarely on the financial ability of RSL, the successful bidder.

We allowed the Applicant to complete and close its case and the Ministry's representative called to give his testimony.







It has been the cursus of this Panel to look beyond the grounds contained in the applications for review, in the more deserving cases, for the simple reason that applicants, successful bidders and other bidders do not have access to much of the information on which the evaluation and selection rest. We cannot close our eyes to clear instances of injustice or where there is a procedural defect or an irrational action by a public body, or any other breach or *manquement* that would warrant a review by a judicial body. The public body, of course, is afforded the opportunity to explain and put forward their case during the hearings and, if necessary, written submissions on those very specific and exceptional points.

Having probed into the bid evaluation exercise, we have come to the considered conclusion that the bids in respect of Lot 2 are to be re-evaluated, for the reasons we set out below.

At the outset, we must say that RSL was chosen simply because it scored higher marks and submitted, on the whole, a far better bid than the Applicant did. The latter lost out because of its failure to provide documents for three aspects of the bidding exercise: client references, details about control centres and the 'detailed profile of Security Personnel', the moreso that this further information was again sought from the Applicant by the Ministry after the opening of bids.

We pause here to make a few remarks on this long-standing practice by government departments of asking for information after bids have been opened. We queried the representative of the Ministry and even though we agree that it is for the public body to determine when a clarification or request for further information is based on a minor item or a major one, as per the Procurement Policy Office directives and guidelines, we feel that the best way to ensure competitive bidding and a level playing field is to publish a detailed and well-thought invitation to bid and work on the basis of the bids received. To give second chances, or like in this case, third chances, only makes things more complicated for public bodies and brings them perilously close to giving unfair advantages to one or more bidders over the others. One must be conscious of and recognise the effort put in by many bidders to submit bids that are well worked out, only for them to later find that their more cavalier counterparts are given a second bite at the cherry and this should be a consideration public bodies give in future proceedings before giving those chances. A more consistent and systematic approach would be more appropriate for there is certainly a fine line between seeking clarification and granting a second chance outright. Otherwise, public bodies will often be faced, as the Ministry has been in this case, with the accusation that 'if they were not happy with the documents included in our bid, they should have asked us.' Public bodies would do well to remember that they are the client while bidders are pitching for a business relationship with the public bodies.

Be that as it may, we will go through the marking exercise carried out by the BEC and focus on those items where the Applicant and successful bidder were not given the same marks. For convenience, the marking scheme can be found at Section VI – Schedules, at page 89 and 90 of the Bidding Documents. One discrepancy was under item Client References. Initially, since the Applicant had seen fit not to include any references in its bid, it was awarded zero marks. The Ministry, being very generous (to borrow the submissions of Senior State Counsel appearing for the Ministry), asked for the references anew and four were provided, but only one was signed. Accordingly, the marking was reviewed, in a second bid evaluation report, and the Applicant was given one mark, out of a maximum of two marks.



Under the item 'Logistics and Communications: Number of control centers (sic) operational island wide on a 24-hour, 7 days a week basis, once again, the Applicant did not indicate its number of







control centres. However, the BEC assumed that, like any other company or firm in this business, the Applicant must have had one control centre and one mark was allocated out of a possible two.

For those two items, we do not wish to overstep and we leave it to the newly-constituted bid evaluation committee to have regard not only to the bids as opened on 2nd October 2020 and the clarifications sought but to the Statement of Case of the Applicant before the Panel and what was stated, in the presence of the representatives of the Ministry, during the hearing before us by the Applicant in respect of control centres.

The item which has concerned us the most was the '2.2 Site Management and Organization or Methodology and Management Approach:'. Under this item, what was required was a 'Detailed profile of Security Personnel to be assigned to the Public Body sites. 20-40 yrs old = 8 marks, 40.1-50 yrs old = 6 marks, 50.1 – 65 yrs old = 4 marks'. The successful bidder, diligent as ever, provided the profiles of 178 personnel and since they were above 50 years of age, was granted 4 marks. The Applicant provided profiles for only 9 persons and was allocated zero. The BEC found the non-submitting of the adequate number of profiles in breach of Section III, sub-section 7 of the Bidding Documents – page 30 – 'Bidders are requested to submit along with their bids, a list of security guards for each lot quoted, who will be posted on the compounds...'

We do appreciate the reasoning of the BEC on this item and the interaction with Section III of the Bidding Documents but, in our view, the item 2.2 was targeting more the type of personnel (their age, to be precise) rather than the number. In fact, we note that the Applicant was granted <u>full</u> marks for the other connected items about site management and manpower policy and it would be at odds to grant that same applicant no marks at all. Perhaps, having quoted Rs 7.7 million for that Lot 2, it can be safely expected that it would have sufficient personnel on the various sites, as was assumed in respect of control centres. On that basis, allocating no marks is not appropriate and we find it to be *Wednesbury* unreasonable in the circumstances - giving particular consideration to the other marks allocated for the related items. The minimum mark, in our view, may have been allocated – the one which would have been allocated if all the personnel provided by the Applicant were 50.1-65 years of age; of course, one cannot go above the retirement age and no fewer marks than <u>four</u> would be possible. The Applicant not submitting documents would scupper its chances to get higher marks even though it might have intended to allocate younger personnel.

We did query the representative of the Ministry, on the day, about why the Applicant was not granted the minimum mark for this item but he was 'not in a position to answer. Unusually, none of the BEC members attended the hearing on behalf of the Ministry and we were told that the chairperson was in Rodrigues.

K. Conclusion

In light of the above, we recommend a re-evaluation of the bids in respect of Lot 2 only and we invite the newly-constituted bid evaluation committee to take note of the relevant documents and information that were placed before the Panel during the hearing as set out above as well as the written submissions and calculations provided by the successful bidder and the calculations filed by the Applicant, if these can be of assistance.



L. Observations

We feel it is warranted to make some observations on the conduct of these procurement proceedings from the bid opening all through the hearing before us. We have, at the beginning of our judgment, set out the issues with the Applicant's case. However, we have noted a number of shortcomings at the level of the Ministry and its conduct of the procurement exercise and, then, its own case before us.

The BEC's report of 15th October 2020 sets out at 2.1, the cost estimates for each of the three lots and adds the three figures to make a total. There was a third bidder who quoted Rs 1,055,346,500 which, it is safe to say, made a horrendous typographical mistake when submitting its bid. Of course, bid price being sacrosanct, the Ministry did not and could not give any second chances to this bidder. However, the BEC went on to state that the bid of that bidder was rejected because it has quoted *'more than 15% of the estimated cost (2109.12%)'* We must remind bid evaluation committees that the Directive No.46 issued by the Procurement Policy Office applies, in light of Section 37(10A) of the PPA, when bids are 15% or more below of the estimated costs, not above. We also feel the merging of the costs for separate lots may be done but, if the lots are to be separated at the time of awards, as was the case here, perhaps the preferred approach would be to carry out the 'abnormally low bid' test based on the estimated costs of each lot. Here both bidders were more than 15% below for Lot 2. In fact, the Procurement Policy Office has issued, on 2nd December 2020, the very welcome Directive No.52 which provides for a very detailed step-by-step approach when dealing with abnormally low bids.

We must now recount the very troubling sequence of events that unfolded before this Panel. The Application for Review was lodged at the Panel on 9th November 2020 and the Panel, as is customary, wrote to the Ministry the following day informing it that the procurement proceedings were suspended for 30 days pending our determination and documents were to be sent to the Panel. Therefore, there is no reason to doubt that the Ministry was aware of the application for review since, at latest, 10th November 2020. During the *pro forma* held on 13th November 2020, the Ministry was not accompanied by Counsel or State Counsel. The matter was fixed for 23rd November 2020 for hearing.

On that day, Miss Sawock, Senior State Counsel, informed us that it was only on 20th November 2020 that she was provided documents and instructions from the Ministry and no Statement of Reply could even be filed. We queried from the Ministry when they had become aware of the application for review and the representatives told us they could not ascertain when. When asked why Counsel had not been instructed in a timely manner, we were met with silence. In fairness, we allowed for a postponement to the 30th November 2020. The Ministry was to provide its Statement of Reply as soon as practicable and the Applicant was to provide its Reply, if necessary, by the 30th of the month.

Mr Teeluckdharry, on the morning of 30th November 2020, contacted the Panel and moved for a postponement of one day because of a predicament. There being no objection, the postponement was acceded to.







The hearing finally took place on 1st December 2020 and, as already set out above, not all relevant officers of the Ministry attended.

At some point during cross-examination by Mr Teeluckdharry – who was pressing on the paragraph of the Statement of Reply by the Ministry that no client references had been given by his client – the representative stated that four references had been given and only one signed. Mr Teeluckdharry, rightly, pointed out that the Ministry had misrepresented facts to its Attorney (State Attorney no less). Were it not for a glancing look by one of the members of the Panel, who had noticed that the representative of the Ministry was reading from a stapled document when referring to the Bid Evaluation Report while the Panel and Miss Sawock had bound copies, we would not have been aware that there had been two bid evaluation reports. The one provided to us and, seemingly, to the Attorney General's Office was dated 15th October 2020 while the one used by the Ministry was dated 20th October 2020.

There has been a clear failure of communication between two government departments, to say the least which has then spilled over to us, another branch. This is certainly not what we expect from public bodies appearing before us and we commend Senior State Counsel (and State Attorney) for having been able to conduct the case of the Ministry, quite admirably, in the circumstances.

We can only hope that the Ministry of Agro-Industry and Food Security will be more diligent in the conduct of its case in future.

A. K. Namdarkhan

(Member)

V. Mulloo

(Member)

(Member)

A. Gathar

Dated: 8th December 2020

