



**GUIDELINES
FOR
INTENSIVE EXAMINATION OF
PUBLIC PROCUREMENT CONTRACTS
BY
CHIEF VIGILANCE OFFICERS**



CHIEF TECHNICAL EXAMINER'S ORGANISATION

CENTRAL VIGILANCE COMMISSION

1.0 INTRODUCTION:

Chief Technical Examiner's Organisation (CTEO) conducts Intensive Examination(IE) based upon Quarterly Progress Reports (QPRs), submitted by the Chief Vigilance Officers (CVOs) of different organisations.

It is the considered opinion of the Central Vigilance Commission (herein after referred to as 'Commission' only) that similar type of Intensive Examinations (IEs) carried out by the CVOs, while functioning as extended arms of the Commission, in their respective organisations, would bring about qualitative and in depth improvement, both in terms of contents and scope, approach to vigilance administration. It is imperative that CVO of an organisation carries out IEs, of some judiciously chosen contracts, broadly representing spectrum of the core activities of the organisation.

Effort is hereby made to prepare broad guidelines to help the CVOs effectively carry out IEs of various procurement contracts at their end.

In order to conduct Intensive Examination effectively and in a proper manner, the CVO should endeavour to associate himself along with his vigilance team whenever any CTE examination is undertaken by the CTEO in the organisation.

2.0 OBJECTIVES:

Our main objective is to make public procurement process most transparent, fair, equitable, efficient, economic and conducive to achieving value for the money spent. To meet this end, purpose of the IEs, conducted by the CVO of the organisation, are multi pronged and as follows:-

- (i) preventive vigilance is the first and foremost objective of such IE, conducted by the CVOs. In the course of an IE, if it appears that the extant guidelines/instructions, on any subject related with public procurement, procedures and practices are deficient in any manner and afford scope for malpractices or corruption, system improvement should be suggested to the Management to eliminate such loopholes. Further, system

improvements can also be suggested to bring elements of transparency, fairness and equity in the public procurement process;

- (ii) surveillance and detective vigilance will be ensured by way of effective and in depth IEs, which shall bring out various irregularities and malpractices committed/prevaling in the procurement system. People responsible can be suitably taken up for their respective misconduct;
- (iii) recoveries, if any to be made, on account of deficiencies in the execution of contractual obligations , on the part of the contractor/s , will be given effect to, as a result of IEs;
- (iv) IEs by the CVOs will afford natural justice to the officials of the organisation, responsible for decision making and execution of the contracts, as they will be given adequate opportunity to explain their action/conduct, before fixing of the responsibility, as a logical conclusion of any IE. In this regard, domain knowledge, better appreciation of the circumstances and field conditions, prevailing at the material time, of/by the CVO, will help realistic assessment of the systemic deficiencies and degree of culpability of involved officials;
- (v) sharing of the experience and outcome of IEs with other organisations, especially from the same industry, on a regular basis, will help maximise benefits of vigilance administration; given the fact that most of the vigilance units work with limited resources, information sharing may function as a multiplier in ensuring vigilance effectiveness; and
- (vi) regularity in the submission of Quarterly Progress Reports (QPRs) (as per the laid down threshold monetary limits or a 'NIL' report, as the case may be), compliance of laid down instructions and qualitative aspect, of at least prescribed number of IEs, will help the Commission annually assess the performance of the CVOs.

3.0 STRENGTHENING OF CVO'S ESTABLISHMENT:

It is imperative that adequate man-power is available with the CVOs - especially the officers having experience and expertise in various procurement activities of the organisation. It is for the CVOs to make a realistic assessment of the requirement of the man-power and infrastructure. It would be incumbent upon the

Management to provide necessary support and co-operation to the CVOs in this regard.

4.0 SELECTION OF CONTRACTS:

4.1 The selection of contracts for IE should be done from the QPRs, submitted by the CVOs to the CTEO. Each CVO shall carry out IE of not less than six (06 Nos.) of contracts of different nature (supply, works, services, etc), contract values, activity centres and areas in a year. Preferably, selection should be done in a manner that, at least, three contracts of large value, two contracts of medium value and one contract of small value are selected for IE. Value of the contracts may be judiciously categorised to decide the large, medium or small value contracts, by the CVOs, keeping in view the scale of procurement activities and nature, in the organisation.

4.2 CVOs shall inform CTEO about details of contracts selected for IE, so as to avoid duplicity, if any, in the selection of contracts by the CTEO.

4.3 In cases where no contract qualifies to be included in any QPR & a 'NIL' report is required to be submitted, the CVO will select prescribed number of contracts from the list of existing contracts, following criteria laid down in Para 4.1 above.

5.0 DOCUMENTS FOR EXAMINATION:

After selection of the contracts for IE, all relevant documents, samples pertaining to the said contract, shall be collected and examined. Following is a list of documents which should normally be requisitioned for taking up an IE -

- I. (a) Press cuttings indicating publication of Notice Inviting Tender (NIT)/ Expression of Interest (EOI) and subsequent corrigendum(s), if any.
- (b) Copy of print out in support of publicity of the tender on the website:
 - i) for pre-qualification of Architects / Consultants;
 - ii) for pre-qualification of contractors;
 - iii) call of tenders.
- (c) Record of sale of tenders.
- (d) Record of tender opening.
- II. Record of Administrative Approval and Expenditure Sanction.

- III. Copy of Detailed Project Report (DPR)/Detailed Estimate (DE) and its Technical Sanction by the Competent Technical Authority.
- IV. Approval of NIT in original & draft Tender Document.
- V. Pre-Tender Documents.
- VI. Record of proceedings of Tender Scrutiny Committee (TSC)/ Tender Evaluation Committee (TEC):
 - i) for selection of architects/consultants;
 - ii) for Contractors/suppliers/ other service providers.
- VII. Record of current assessment of the cost to assess the reasonableness of the L1/H1 offer.
- VIII. Details regarding negotiations, if any, conducted with recording of reasons before acceptance of tenders.
- IX. Record of acceptance of tender by the Competent Authority.
- X. Original contract with consultant/contractor.
- XI. Guarantee bonds towards Performance Guarantee, Security Deposit, Specialised items, Machinery/Mobilization/Material Advances etc. including extension of their validity, if any.
- XII. (i) Insurance Policies for work, materials equipment, men etc including extension of validity.
(ii) Letter of credit in original.
- XIII. Guarantee for water tightness, termite proofing, etc.
- XIV. Standard specifications; inspection documents.
- XV. Standard Schedule of Rates.
- XVI. Drawing – Architectural and Structural.
- XVII. All connected measurement books, level books field books and lead charts.
- XVIII. All bills paid in original / running account bills with all connected enclosures/ statements / vouchers.
- XIX. Statements showing details of check of measurements by superior officers, copies of order laying down such requirements.
- XX. (i) Materials at site accounts / cement, steel bitumen, paints, waterproofing compound, pig lead, anti-termite chemical, etc.
(ii) Stock / Issue register of stores.
- XXI. Site order book / test records / log books.

- XXII. Details of extra / substituted items and of deviated quantities being executed considered for execution in the work along with analysis of rates.
- XXIII. Hindrance Register.
- XXIV. Office correspondence files and inspection notes issued by inspecting officer and their file.
- XXV. Complaint records, if any.
- XXVI. Any other documents relevant to the procurement process.

This list is not exhaustive; CVOs may requisition more documents, as considered necessary, for an effective and holistic examination of the contract.

6.0 INSPECTIONS:

Inspections should be carried out with prior intimation to the Management, unless the situation demands otherwise. Officers connected with various activities of the contract viz. planning, design, tender processing, acceptance of tenders and execution should be duly informed. The representative(s) of the contractor(s) and consultant, if any, should be encouraged to be present during the inspection.

However, samples, if required, should be taken in the presence of representatives of contractor(s) and officials concerned and should be duly sealed. Signatures of the persons present during sampling should be taken as a token of their witness. Samples may be taken by inspecting team for independent testing in a laboratory of repute and reliability, preferably Government ones.

7.0 CHECK POINTS TO CARRY OUT INTENSIVE EXAMINATION BY CVOs:

7.1 No amount of instructions can be adequate and all inclusive to lay down the areas/ points, to be covered in the course of an IE across the different organisations. It is out of experience in an organisation only that a CVO will get to know about the sensitive areas/activities/stages which are to be kept under watch.

7.2 However, a broad list of the points to guide IE in any organisation is as follows:-

- I. Objective to be fulfilled by way of undertaking the procurement process, under examination.
- II. Feasibility study, if any, before formulating the project.
- III. Assessment of the requirement/quantity; any past trend, forecast etc.

- IV. Preparation of a realistic cost estimate; administrative and technical approvals of the proposal by the competent authorities; sanction of the expenditure by a competent authority; budgetary provisions, etc.
- V. Various aspects related to tendering stage of the procurement process.
- VI. Various aspects related with post tendering and execution stage of the procurement process.
- VII. Availability and compliance of the extant policies/ instructions, on the subject matters of procurement under examination, of the GOI or other concerned bodies e.g. CVC; availability, compliance and regular updation (in light of extant policies/instructions of the GOI/ concerned bodies and current trends and practices, as considered relevant to the overall objectives of procurement process) of departmental Codes/Manuals/instructions on the subject matters of procurement under examination.
- VIII. Leveraging technology- status of implementation of e-Procurement, e-Auction, e-Reverse Auction etc.
- IX. Training of the officials, dealing with the procurement process, in different aspects of the procurement.
- X. Timely fulfilment of the objective, to be met by way of the procurement process under examination.

7.3 The list is not exhaustive. Any other points/activities can be brought under scrutiny to make the examination effective and complete. In this regard, instructions issued by the Commission, from time to time, and a list of check points, hoisted by the Commission, on its website, under the title ' *ILLUSTRATIVE CHECK POINTS FOR VARIOUS STAGES OF PUBLIC PROCUREMENT* ', may be referred to.

8.0 PRELIMINARY REPORT & REFERENCES TO CONCERNED UNIT HEADS:

8.1 Based on scrutiny of the documents & field inspections carried out, CVO shall summarise the findings in the form of a Preliminary Report. He shall arrange to take over all original documents considered important, necessary and relevant pertaining to the case that are likely to be required to prove charges, if any, during disciplinary action/prosecution stage.

8.2 Wherever required, references shall be made to the concerned unit heads, seeking clarifications and/or advising immediate interim actions, if any.

Such references may seek –

- a. a statement regarding correctness of the facts stated in the Preliminary Report; if some of the facts are not correct, this should be clearly brought out and at the same time the correct facts, if different from the facts mentioned in the Report, should also be indicated;
- b. suitable reply/clarification/explanation/supplementary information, from the officials immediately responsible, for the facts of commission or omission brought out in the Report;
- c. comments of the Unit Heads on (b) as above;
- d. any other query/information/document/sample, as considered necessary, to bring the IE to its logical conclusion.

8.3 The reply from the concerned Unit Head will be made in a time bound manner, within 15 days from the date of receipt of the reference from the CVO or as decided by the CVO, depending upon the merit of the case.

9.0 INTENSIVE EXAMINATION REPORT:

After receipt of the reply against the references based on Preliminary Report, from the concerned Unit Head, IE Report shall be prepared covering the following points-

- a. Preliminary estimate, administrative approval and expenditure sanction, vetting of demands, framing of specification, assessment of quantity, etc. in respect of the tender.
- b. Detailed estimate, technical sanction.
- c. Appointment of Consultant.
- d. Pre-qualification of bidders.
- e. Call of tenders and award of work.
- f. Contract Agreement.
- g. Inspection, dispatch and acceptance of performance.
- h. Scrutiny of bills.
- i. Scrutiny of site records.
- j. Site inspection.
- k. Updation of Codes/ Procurement Manual/instructions.

- l. Leveraging technology- status of implementation of e-procurement/e-auction/e-reverse auction, etc.
- m. Training of the officials dealing with procurement.
- n. Suggested System Improvements.
- o. Recoveries effected, if any.

Above list is not exhaustive; other points relevant to the contract may also be incorporated, if required.

The Report will bring out instances of lapses/irregularities in appointment of consultant, prequalification of bidders, defective bidding conditions, awarding contract, defective contract conditions and clauses, pre-dispatch inspection, post contract amendments, over payments made to contractors, substandard work, infructuous and avoidable expenditure etc.

The Report will also suggest preventive measures in certain areas as safeguard against mal-practices or corrupt practices and to plug loopholes in the procedure, rules, regulation etc. In such cases action should be taken by the CVO to have suitable directions issued by the Management of the Organisation.

10.0 ACTIONS ON THE IE REPORT:

10.1 The CVO shall submit the IE Report to the Management for information and necessary action. The Management shall take appropriate/corrective/punitive action with regard to the report within 90 (ninety) days from the date of its receipt and ensure taking them to finality.

10.2 Where serious irregularities, grave misconduct, negligence, etc. are observed on the part of any public servant and disciplinary actions, or otherwise, involves advice of the Commission, same shall be processed as per the extant instructions on the subject, within 90 (ninety) days from the date of preparation of the Report.

10.3 CVOs shall continue to furnish details/Information of these IEs (under the head 'CTE TYPE INSPECTIONS') and their outcome to the Commission, on annual basis, as per extant instructions.

10.4 Each CVO shall share relevant information e.g. facts of the case in brief, irregularities noticed, systemic improvements suggested, issues requiring policy decision, etc., from the examined cases as case study, on regular basis, with other organisations, especially from the same industry.
