PREVENTIVE VIGILANCE IN PUBLIC PROCUREMENT

PRESENTATION

BY

CTE ORGANISATION

Central Vigilance Commission

8TH JUNE 2006
PUBLIC PROCUREMENT DEFINITION

Covers the procurement of GOODS, WORKS AND SERVICES by all government ministries, departments, agencies, statutory corporations and public sector undertakings in the Center and the States, Municipal Corporations and other Local bodies and even by private sector undertakings providing public service on monopoly basis.
CANONS OF PUBLIC PROCUREMENT

TO PROCURE WORK, MATERIAL, SERVICES OF THE SPECIFIED QUALITY WITHIN THE SPECIFIED TIME AT THE MOST COMPETITIVE PRICES IN A FAIR, JUST & TRANSPARENT MANNER----
CANONS OF OF PUBLIC PROCUREMENT

FIVE WATCH WORDS

1. TRANSPARENCY
2. FAIRNESS
3. VALUE FOR MONEY
4. QUALITY
5. TIME
THE TIGHT ROPE WALKER

Executive

C.A.G.

C.B.I.

C.V.O.

By S. Kar

"Good Luck Boy, Go Ahead!"

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CANONS OF PUBLIC PROCUREMENT

RECENT INITIATIVES TO PROMOTE TRANSPARENCY AND OPENNESS

1. RIGHT TO INFORMATION ACT 2005

-OBJECTIVE-

TO PROMOTE OPENNESS, TRANSPARENCY & ACCOUNTABILITY IN ADMINISTRATION.
I. CANONS OF PUBLIC PROCUREMENT

RECENT INITIATIVES TO PROMOTE TRANSPARENCY AND OPENNESS

2. INTEGRITY PACT
   (A TOOL TO BUILD TRANSPARENCY IN PUBLIC PROCUREMENT)

- VOLUNTARY AGREEMENT BETWEEN PURCHASER AND BIDDER.
  (THE OFFICIALS OF THE PURCHASER WILL NOT DEMAND OR ACCEPT BRIBE, GIFT ETC. AND THE BIDDER HAS NOT PAID OR WILL NOT PAY ANY BRIBE ETC.)

- INDEPENDENT MONITOR

- PENAL CLAUSES
DEFICIENCIES IN PUBLIC PROCUREMENT

CAUSES

- NO MANUAL/ OLD MANUAL
- LACK OF STANDARDISATION IN CONTRACT CONDITIONS, SPECIFICATIONS etc.
- LACK OF KNOWLEDGE IN EXECUTIVES OF THE PUBLIC PROCUREMENT PROCESS
- CASUAL APPROACH
- MALAFIDE INTENTIONS
PREVENTIVE MEASURES SUGGESTED

GENERAL

1. GET THE MANUAL UPDATED SUITING TO THE REQUIREMENT OF FAST TRACK PROJECTS, IF REQUIRED (PREPARE FAST-TRACK PROCEDURE).

2. ARRANGE ADEQUATE TRAINING TO TECHNICAL STAFF TO SENSITISE THEM TO GOOD CONSTRUCTION PRACTICES / CONTRACT MANAGEMENT ETC.
PREVENTIVE MEASURES TO BE TAKEN IN VARIOUS STAGES IN PUBLIC PROCUREMENT

STAGES IN PUBLIC PROCUREMENT

1. PRE-TENDER STAGE

2. TENDER STAGE

3. EXECUTION STAGE
PREVENTIVE MEASURES TO BE TAKEN IN VARIOUS STAGES IN PUBLIC PROCUREMENT

STAGES IN PUBLIC PROCUREMENT

1. PRE-TENDER STAGE
   i. PROJECT FORMULATION
   ii. APPOINTMENT OF CONSULTANTS
   iii. PREPARATION OF DETAILED PROJECT REPORT (ESTIMATE, DESIGN etc.)
PREVENTIVE MEASURES TO BE TAKEN IN VARIOUS STAGES IN PUBLIC PROCUREMENT

STAGES IN PUBLIC PROCUREMENT

2. TENDER STAGE

i. PREPARATION OF TENDER DOCUMENTS

ii. INVITING & OPENING OF TENDERS

iii. PREQUALIFICATION

iv. TENDER EVALUATION & AWARD OF WORK
PUBLIC PROCUREMENT PROCESS

STAGES IN PUBLIC PROCUREMENT

3. EXECUTION STAGE

i. AGREEMENT/PURCHASE ORDER

ii. CONTRACT PERFORMANCE
   (a) ADVANCE PAYMENTS
   (b) IMPLEMENTATION OF CONTRACT PROVISIONS
   (c) TIME AND COST OVERRUN
   (d) PAYMENTS
   (e) QUALITY OF WORK/ INSPECTION
PREVENTIVE MEASURES TO BE TAKEN IN VARIOUS STAGES IN PUBLIC PROCUREMENT

1. PRE-TENDER STAGE
   i. PROJECT FORMULATION

Dos:

- FORMULATE PROJECT COMPREHENSIVELY TO AVOID GLARING DEVIATIONS & DELAYS DURING EXECUTION

TODAY’s PROBLEMS ARE DUE TO YESTERDAY’S SHORT-SIGHTED SOLUTIONS

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PREVENTIVE MEASURES TO BE TAKEN IN VARIOUS STAGES IN PUBLIC PROCUREMENT

1. PRE-TENDER STAGE

ii. APPOINTMENT OF CONSULTANTS

DOs:

- FORMULATE GUIDELINES FOR APPOINTMENT OF CONSULTANTS
- APPOINT CONSULTANT IN A FAIR AND TRANSPARENT WAY (DETAILED DISCUSSIONS AT PREQUALIFICATION OF CONTRACTOR)
- RETAIN DECISION MAKING WITH EXECUTIVES (CONSULTANT’S ROLE SHOULD BE ONLY ADVISORY)
- FIX UPPER CEILING FOR FEES.
- PROVIDE SAFE-GUARDS AGAINST CONSULTANT’S FAILURE SUCH AS ---- PERFORMANCE GUARANTEE, PROFESSIONAL LIABILITY INSURANCE etc.
PREVENTIVE MEASURES TO BE TAKEN IN VARIOUS STAGES IN PUBLIC PROCUREMENT

STAGES IN PUBLIC PROCUREMENT

1. PRE-TENDER STAGE

iii. PREPARATION OF DETAILED PROJECT REPORT (ESTIMATE, DESIGN etc.)

**Dos:**

- **PREPARE DPR AS PER** **ACTUAL SITE** **REQUIREMENT** **OTHERWISE IT MAY LEAD TO DEVIATIONS & DELAYS**
- **ENSURE** **CONFORMITY** **AMONG NOMENCLATURE OF ITEM, DRAWINGS AND SPECIFICATIONS TO AVOID AMBIGUITIES** **AT LATER STAGE.**
- **FINALISE THE DPR IN CONSULTATION WITH FIELD STAFF**
PUBLIC PROCUREMENT PROCESS

STAGES IN PUBLIC PROCUREMENT

2. TENDER STAGE

PURPOSE OF TENDERING

i) QUALIFYING THE CONTRACTORS

ii) FREEZING OF TECHNICAL SPECIFICATIONS (TECHNICAL BID)

iii) PRICE BID (COMMERCIAL BID)

TYPE OF BIDS------

• TWO STAGE

■ SINGLE STAGE---- I) ONE ENVELOPE
                       II) TWO ENVELOPE
PREVENTIVE MEASURES TO BE TAKEN IN VARIOUS STAGES IN PUBLIC PROCUREMENT

2. TENDER STAGE

i.) PREPARATION OF TENDER DOCUMENTS

- ADOPT UPDATED STANDARD BIDDING DOCUMENT
- ENSURE CONFORMITY AMONG NOMENCLATURE OF ITEMS, SPECIFICATIONS, DRAWINGS, GENERAL AND SPECIAL CONDITIONS.
- AVOID STIPULATING SUCH CONDITIONS IN THE CONTRACT WHICH ARE NOT FEASIBLE TO BE OPERATED.
- CONDUCT PRE-BID MEETING
  i) TO BRING CLARITY REGARDING SPRIT OF VARIOUS PROVISIONS
  ii) TO BRING NECESSARY MODIFICATIONS, IF REQUIRED.
PREVENTIVE MEASURES TO BE TAKEN IN VARIOUS STAGES IN PUBLIC PROCUREMENT

2. TENDER STAGE
   i.) PREPARATION OF TENDER DOCUMENTS
      - PROVIDE CLAUSE TO DEAL WITH
        i) AMBIGUOUS PROVISIONS IN THE TENDER DOCUMENT.
        ii) AMBIGUITY IN THE TENDER SUBMITTED BY THE CONTRACTOR
      - NOTIFY OBJECTIVE EVALUATION CRITERIA IN THE TENDER DOCUMENT.
      - STIPULATE ALL PREVAILING GOVT. POLICY ORDERS SUCH AS PURCHASE PREFERENCE POLICY, CUSTOMS EXEMPTIONS FOR MATERIAL TO BE IMPORTED etc.
      - STIPULATE CONDITION REGARDING SPLITTING OF QUANTITIES, IF REQUIRED, IN THE TENDER DOCUMENT.
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PUBLIC PROCUREMENT PROCESS

STAGES IN PUBLIC PROCUREMENT

2. TENDER STAGE

MODE OF TENDERING--------

- OPEN---( WITH OR WITHOUT FILTER CONDITION)

- LIMITED (SMALL VALUE, URGENT AND REPETITIVE PROCUREMENTS)

- SINGLE (WITHOUT CALLING TENDER FOR PROPRIETARY ITEMS AND EMERGENCY SITUATION,

(ORGANIZATION SHOULD FRAME A POLICY FOR DECIDING THE MODE.)
PREVENTIVE MEASURES TO BE TAKEN IN VARIOUS STAGES IN PUBLIC PROCUREMENT

STAGES IN PUBLIC PROCUREMENT

2. TENDER STAGE

ii. INVITING TENDERS

- PREFER OPEN TENDERING AS FAR AS POSSIBLE
- IN CASE LIMITED TENDERS ARE RESORTED TO, PREPARE A PANEL OF CONTRACTORS/ VENDORS IN A TRANSPARENT WAY
- ENSURE ADEQUATE & WIDE PUBLICITY
- ENSURE ADEQUATE TIME FOR SUBMISSION OF OFFERS.
- UPLOAD NIT & TENDER DOCUMENT ON WEB-SITE, EVEN IN CASE OF LIMITED TENDERS.
- NOTIFY COMPLETE ADDRESS OF PLACE OF TENDER SUBMISSION
PREVENTIVE MEASURES TO BE TAKEN IN VARIOUS STAGES IN PUBLIC PROCUREMENT

2. TENDER STAGE

ii. OPENING OF TENDERS

- Ensure that corrections, omissions, insertions overwriting etc. are attested & accounted for.
- Prepare ‘ON THE SPOT SUMMARY’
- Open the bid in presence of bidders.
6. PREQUALIFICATION

Objective-
To bring competent contractors into competition having technical & financial capability commensurate with requirement of the particular procurement (project/supply of goods)
PREVENTIVE MEASURES TO BE TAKEN IN VARIOUS STAGES IN PUBLIC PROCUREMENT

STAGES IN PUBLIC PROCUREMENT

2. TENDER STAGE

iii. PREQUALIFICATION

- Keep the PQ criteria neither too stringent nor too lax
- Prepare the PQ criteria specific to the requirement of the work in clear terms
- Notify the evaluation criteria in the PQ document
- Verify PQ credentials.
- Evaluate the bids exactly as per the notified criteria.
PREVENTIVE MEASURES TO BE TAKEN IN VARIOUS STAGES IN PUBLIC PROCUREMENT

STAGES IN PUBLIC PROCUREMENT

2. TENDER STAGE

iv. TENDER EVALUATION & AWARD OF WORK

- DEAL WITH EVALUATED L-1.
- BRING THE OFFER OF QUOTED L-1 AT PAR WITH OTHERS AS PER BID CONDITIONS RATHER THAN PROCEED WITH QUOTED L-1 RATES.
- DO NOT DILUTE THE SCOPE, SPECIFICATION AND CONDITIONS OF THE CONTRACT AFTER OPENING OF THE BIDS.
PREVENTIVE MEASURES TO BE TAKEN IN VARIOUS STAGES IN PUBLIC PROCUREMENT

3. EXECUTION STAGE

- MATCH AGREEMENT WITH THE TENDER DOCUMENT, PROPERLY DOCUMENT, SIGN AND SEAL
- DO NOT DEVIATE ANY CONTRACT CONDITION
- VERIFY AUTHENTICITY OF BGs & MONITOR THEIR VALIDITY