



Inside ...

Check Points for various stages of Public Procurement
(3rd & Final part)

CVC Circulars...

Do you know?

Case/System studies...

The consequences of delay in finalisation of Disciplinary Proceedings

News and Events...

Checks carried out...

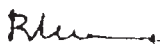
from CVO's Desk.....

A business entity like RINL-VSP always looks to improve its efficiency and competitive advantage. In this background, business opportunities and business virtues are to be balanced carefully through sustained systemic attention and control.

The purpose of Vigilance is always in Pursuit of managerial excellence by adopting and/or developing good practices and infusing Persuasive methods in implementing best practices across the organization. Good Corporate Governance is possible where good systems and procedures are in place and they are periodically reviewed and improved, wastages are reduced, performance is encouraged by recognition and Culture of Honesty, Transparency and Fairness are fostered.

It is always said that Perseverance pays. Our Vigilance Officials through their hard work and dedication brought laurels to the department and made the organisation proud by winning Vigilance Excellence Awards 2015, for the fourth Consecutive Year, which amply speak for the Preventive Vigilance practised at "Pride of Steel, Vizag Steel". I heartily congratulate them for this achievement.

With Best Wishes


(B Siddhartha Kumar)

NATIONAL VIGILANCE EXCELLENCE AWARD - 2015

Vigilance Study Circle, Hyderabad presented the **National Vigilance Excellence Award-2015** to eight Vigilance Officers across the country on the occasion of 12th Anniversary Celebrations of Vigilance Study Circle on 07/07/2015 in a special function held at Hyderabad attended by an august gathering, which included Founder & Mentor of Vigilance Study Circle Padmasri Dr. S. Subramanian, IPS (Retired). Sri K.V Chowdary, Central Vigilance Commissioner, CVC was the Chief Guest. Sri T.M Bhasin, Vigilance Commissioner, CVC and Sri K.R Nandan, Vigilance Commissioner, Govt. of Telangana were the Guests of Honour.



Sri K.V Chowdary, Central Vigilance Commissioner, CVC presented the award to Sri S.R Das, AGM (Vigilance) and Sri D Ramakrishna, Dy. Mgr(Vigilance), Visakhapatnam Steel Plant in the presence of Sri B. Siddhartha Kumar, IFS, Chief Vigilance Officer, RINL, VSP. It is a matter of great pride to the vigilance collective that "Pride of Steel, Vizag Steel" retains its position among the top in the practice of Preventive Vigilance and has been recognised for the fourth Consecutive time.

Spandana congratulates the award winners.

Toll free number for lodging complaints with Vigilance Department

1800 425 8878

(available from 09.00 -17.30 on all working days)



राष्ट्रीय इस्पात निगम लिमिटेड
Rashtriya Ispat Nigam Limited



CHECK POINTS FOR VARIOUS STAGES OF PUBLIC PROCUREMENT

Chief Technical Examiner's organisation of Central Vigilance Commission (CTE of CVC) had published guidelines on "Illustrative Check Points for Various Stages of Public Procurement" in the Circulars page of CVC Website. It is being reproduced for information and guidance of our readers. This is the **Third & Final** part of the of the booklet.

12.0 Payment to the Contractors (Contd...)

More importantly the BGs taken in lieu of Mobilization Advance need to be properly examined with respect to the acceptable format and any condition deterrent to the Govt.'s interest should be got withdrawn before acceptance besides verifying the genuineness of the Bank Guarantees from the bankers. Timely action for revalidation/ encashment of BGs also needs to be taken so as to protect the Govt. interest. Similarly, Plant & Machinery Advance should be allowed only for the purchase of Plant & Machinery for the bonafide use in the project and it should be allowed only on the production of genuine documents.

Tax evasion in the procurement contracts could be another area of concern; therefore, it is necessary that tax liability of the contractors/suppliers is examined properly with reference to the extant instructions of the Government.

12.2 Following check-points are suggested:

- Whether the payment is made as per the terms of the contract?
- Whether there is any possibility of duplicate payment being made to the contractor/supplier?
- Whether any over payment is being made to the contractor/supplier?
- Whether the rates for extra/substituted items have been derived as per the provision in the contract agreement /

Procurement Manual?

- Whether the payment for extra/substituted items have been made after due approval of the Competent Authority?
- Whether advances are paid to the contractors/suppliers for the amount specified in the contract agreement?
- Whether recovery of advances is being made as per the terms of the contract agreement?
- Whether recovery of mandatory taxes and duties is being done as per the extant instructions of the Government and as per the terms of the contract agreement?
- Whether reimbursement of service tax, excise duty etc. is being done after obtaining the actual proof of depositing the same with authorities concerned?
- Some of the contracts provide escalation clause, with detailed formula in order to compensate the contractors for increase in the material cost during the contract period. Whether the formula for escalation is applied correctly or not?
- Whether hire charges of Plant and Machineries are being recovered from the contractor as per the specified rate?

13.0 Site Records

13.1 Records connected with the execution of the work should be maintained in a proper manner. The registers/files, wherein important data such as record of the mandatory test, record of hindrances, record of

receipt and supply of materials, record of issue of drawings/design etc. are kept should be properly bound and page numbered. These records should be maintained under the signature of designated senior officials. This will guard against the possibility of manipulation/tempering of these records at any stage.

13.2 Following check-points are suggested:

- Whether the registers are properly bound and having machine numbered pages?
- Whether the registers to keep record of important data like mandatory test, hindrances etc are being issued under the signature of designated senior officer?
- Whether these records are being maintained properly with signatures and attestation of the designated officers?
- Whether any tampering/manipulation is noticed in these records?

14.0 Site Inspection

14.1 Site inspection is basically to assess the quality of work being carried out. All the stages discussed previously are the means, whereas the quality/quantity is the end product. One of the cardinal principles of public procurement is to procure works or goods or services of specified quality. For this purpose, detailed quality standards are stipulated in the contracts. Any compromise in the quality will not only defeat the very purpose of stipulating such elaborate

quality standards, but also cause irreversible loss to public exchequer.

To maintain the quality of the work, testing of the material at various stages of the work is required. The contract documents stipulate mandatory tests to be carried out for ensuring that the materials represented by the sample conform to desired quality standards. It has been observed that at times, aspect of testing at specified frequency & interval is ignored. This not only defeats the objective of mandatory testing of input materials/ products, but also gives opportunity to the contractors/manufactures/vendors to supply sub-standard materials and save on the testing charges.

It needs to be examined whether the work is being carried out with the specified quality standards? Site inspection should highlight the specific quality compromises w.r.t. the benchmark i.e. specified standards/

specifications rather than general observation.

15.0 Leveraging information technology

15.1 The Government is promoting E-Governance to improve transparency in government functioning. As regards public procurement, the modern IT tools can be used in enhancing transparency in the form of E-Tendering, E-Procurements, E-Payments & uploading of post tender details on the website. CVC has issued instructions in this regard from time to time.

15.2 Following check-points are suggested:

- i. Whether e-payment is being made to the contractors/suppliers in general in the organization?
- ii. Whether e-payment is being made in the instant contract?
- iii. If the e-payment is not being made then reasons for the same?

- iv. Whether CVC's instructions on e-tendering / e-auctions / reverse-auctions are being complied with?
- v. Whether post-tender details are being uploaded on the organization's website?

16.0 Integrity Pact

16.1 As part of its endeavour to promote transparency in public procurement, the Commission has issued instructions for putting in place the mechanism of Integrity Pact. Among the important provisions in the instructions of the Commission are mandatory provision of Integrity Pact in the procurement contracts and appointment of Independent Monitors in the organisation.

16.2 Following check-points are suggested:

- i. Whether the provision of Integrity Pact as approved by the Management has correctly been incorporated in the tender documents/contracts?

CVC CIRCULARS

Circulars issued by CVC during the period 1.04.2015 to 30.06.2015

S.No	Subject	Circular No. & Date
01	Constitution of Committee of Experts for Scrutiny of Prosecution Sanctions	011/VGL/094 (Part-1) of 1 st April 2015
02	Difference of opinion pertaining to requests for Sanction for Prosecution sought by CBI/other investigation agencies.	003/DSP/9 of 16.04.2015
03	Delay in finalisation of Vigilance Cases arising out of Intensive Examination conducted by CTEO.	015/VGL/016-281040 of 17.04.2015
04	Consultation with CVC for first stage advice – revised procedure.	015/MSC/016 of 27 th April 2015
05	Guidelines to be followed by the administrative authorities competent to accord Sanction for Prosecution U/S.19 of the PC Act-1988 – Hon'ble Supreme Court Judgement in Criminal Appeal No. 1838 of 2013.	005/VGL/011 of 25 th May 2015
06	Guidelines on Intensive Examination of Procurement & Other Contracts 2014	http://www.cvc.nic.in/cteguide_ie.pdf

For complete text of the Circulars, please visit www.cvc.nic.in

DO YOU KNOW ?**A short 'QUIZ' on various facets of Vigilance, Anti-Corruption & Ethics :**

- 1 What are Mizaru, Kikazaru and Iwazaru?
- 2 Which co-founder of Tehelka also founded Cobrapost?
- 3 Which former CVC was the first person to translate Mahatma Gandhi's autobiography to the Kannada language?
- 4 Which term originated in 16th century when Henry VIII besieged Pope Clement VII with around eighty or so petitions for the annulment of his marriage to Catherine of Aragon?
- 5 Which organization involved in major fraud probes was set up on the recommendations of the Naresh Chandra Committee?

----> Answers on page 8

SYSTEM / CASE STUDIES**Procedure for ensuring smooth submission and opening of tenders in Works Contracts Department**

Based on a complaint alleging frequent obstructions of the passage/entry to the tender opening/processing area in Works Contracts Department, apparently to restrict competition, the following recommendations were communicated to the Works Contracts Department:

- (i) To avoid frequent commotion outside tender room, arising out of formation of cartels among the contractors or otherwise, the department may introduce e-tendering at the earliest.
- (ii) All the concerned to be advised to strictly follow the Procedure Order no. PO/03/27 dtd. 10/03/2012 for ensuring smooth submission and opening of tenders in Works Contracts Department.
- (iii) A strip (inclining downward) to be fixed along the slot provided for dropping tender documents into the tender box, to prevent unauthorised removal of bid documents dropped in the box (similar to the arrangement in letter boxes of Postal Department).
- (iv) To add a new clause, as given below, in the existing Procedure (Procedure Order no. PO/03/27 dtd. 10/03/2012) and also to display the matter suitably in front of tender room for information of all concerned and to take steps accordingly against those intentionally causing obstructions of the passage / entry to the tender room:

"If any person is found to be obstructing the passage/entry to the tender box, the designated officer of WCD, In-charge for tender submission/opening of bids or the HOD of WCD shall inform the CISF constables present on duty to evict the person. Also, to intimate to CISF in writing, to cancel the Gate Pass of the above person for a period of 01 (ONE) year."

Based on the above, the 'Procedure for ensuring smooth submission and opening of tenders in Works Contracts Department' was modified vide Amendment No. 1; dt. 09/06/2015.

A study on recruitment of OCMs in VSP

With respect to recruitment of OCMs in VSP, the Department concerned was advised to:

- i) formulate specific check points to be verified during operation of equipment while conducting Job Test, like number of trips / operation / time taken for completing the test on particular equipment etc.
- ii) suitably modify the guidelines by incorporating procedure for verification of Driving License, Certificates furnished by the candidates including Ex-Servicemen etc.
- iii) stipulate in the Recruitment Notification that submission of fake Certificates by the candidates may lead to debarring the candidate for subsequent recruitments of VSP, in addition to disqualification in the present recruitment process

Incorporation of inspection clause in the Purchase Orders for Ferro Alloys

To reincorporate the inspection clause that “The sample shall be drawn from each consignment received from each supplier. The sample so drawn shall be tested at VSP stores and for chemical composition, at VSP laboratory” in the Purchase Orders for Ferro Alloys in line with observations communicated by Vigilance vide IOM dated 15/02/2010.

THE CONSEQUENCES OF DELAY IN FINALISATION OF DISCIPLINARY PROCEEDINGS

(By Sri Asit Gopal, IFS, Director, CVC, as published in Vigeye Vani, January - March 2015)

The Central Vigilance Commission has been consistently underlining the need for speedy disposal of complaints and disciplinary proceedings. The delay in completion of disciplinary proceedings invariably hampers efforts to curb malpractices and weakens the case of prosecution. On the other hand, it also causes undue harassment and demoralization of innocent employees, who at the end of the proceedings are exonerated of the charges framed against them. The Supreme Court in its judgment delivered on 29th October, 2003 in LPA No.39/1999, Delhi Development Authority Vs. D.P. Bambah had observed “Speedy trial is undoubtedly a part of reasonableness in every disciplinary inquiry”. There are numerous instances where the proceedings initiated against the delinquent employees were quashed by the CAT solely on the ground of inordinate delay in handling the disciplinary cases and the decisions of CAT were upheld in the respective High Courts and the Supreme Court.

The following two cases would illustrate how the delinquent officers got away scot free due to delay in finalization of disciplinary proceedings.

CASE -I

1. There was a case of attempted fraudulent availment of export benefits by some exporters, detected by the Commissioner of Customs (Air Cargo), New Delhi and the Directorate of Revenue Intelligence (DRI) in which some Customs officers were found to have colluded with the exporters. The firm in question had filed 40 Shipping Bills on 15.06.2001 in which value of the goods exported in respect of each Shipping Bill was shown as Rs.1.86 crores. During investigations, it was found that the consignments contained rags and chindies. The said firm was claiming collective export benefit of Rs.8 crores. On investigation, the address of the firm was found to be fictitious.

2. There was sufficient evidence against four Customs officials in the form of telephonic printout records, Shipping Bills and other documents signed by these officials and their signatures had been authenticated by GEQD. The case was referred to the Commission for its 1st stage advice in the year 2004 and the Commission advised initiation of major penalty proceedings against all these four officials including one Dy. Commissioner.
3. Following the advice of the Commission, the Department issued Charge Memorandum dated 22.03.2006 against the Dy. Commissioner and the IO was appointed on 01.12.2006. The report of IO was submitted on 01.09.2009. There were six Articles of Charges and the IO had held Article-II as proved, Article-1, III, V & VI as partly proved and Article-IV as not proved. The case was sent to the Commission for its second stage advice vide U.O Note dated 18.05.2010, after a gap of more than eight months. The report was examined in the Commission and it was held that there was supervisory lapse on the part of Charged Officer (Dy. Commissioner) and imposition of minor penalty was advised by the Commission.
4. Following the 2nd stage advice of the Commission, the matter was referred to UPSC for its advice with regard to quantum of penalty. UPSC advised imposing the penalty of reduction to lower stage in the time scale of pay by one stage for a period of three years without cumulative effect and not adversely affecting the pension of the Charged Officer (CO).
5. Meanwhile, the CO filed a petition in CAT, Guwahati Bench and CAT, Guwahati Bench vide its order dated 18.06.2012 in TA No.05/2012 quashed the proceedings against the CO holding that inordinate delay had occurred in initiating as well as in finalizing the proceedings.
6. The Department filed WP No.(SH) 214/2012 before the High Court of Guwahati against the aforesaid CAT order. The High Court of Guwahati, Shillong Bench vide order dated 11.12.2012 upheld the impugned CAT order dated 18.06.2012.
7. The Department filed an SLP CC no. 19568/2013 in the Supreme Court explaining the reasons for delay and also on the ground that it was inappropriate on the part of CAT to quash the proceedings when the Department had almost concluded the proceedings and had obtained the advice of UPSC. The Supreme Court dismissed the appeal of the Department vide its order dated 19-11-2013.
8. In view of the dismissal of appeal of the Department in the Supreme Court, the Disciplinary Authority had no option but to pass an order dropping the disciplinary proceedings against the CO.
9. The above case is an example in which the CO got away scot free even though UPSC had decided the quantum of punishment and only the final order of the Disciplinary Authority imposing the punishment had been pending.

CASE -II

1. A case was registered by CBI, Cochin and the allegation, in brief, in the FIR was that three officers of the Customs and Central Excise had conspired with private persons to accept the mis-declared quantity, nature and value of goods imported by these private persons and thereby caused loss of revenue to the Government. The FIR was registered on 26-03-2007. CBI filed two charge-sheets against these officials and private persons and also recommended Regular Departmental Action against the Dy. Commissioner, the Supervisory Officer of the aforesaid three officials for negligence

in duties.

2. The Commission vide its OM dated 23-11-2007, advised initiation of major penalty proceedings against the Dy. Commissioner. The charge-sheet was issued on 18-06-2009. The CO submitted his written explanation on 24-08-2009. The Department did not take a decision even by 2010 and the CO filed an Original Application(OA) No. 905 of 2010 raising grievance against the charge-sheet which according to him was belated and liable to be quashed.
3. The Tribunal by an interim order dated 28-10-2010 directed the Department to finalize the disciplinary proceedings by 31-01-2011. The matter was again heard by the Tribunal on 17- 12-2010 and the Tribunal observed that the Department had not even decided whether the explanation submitted by the CO was satisfactory or not. The Tribunal passed final order directing the Department to complete the whole inquiry before 31-03-2011, failing which the further proceedings shall stand dropped. The plea of the Department that there was no wilful delay on its part and delay occurred because the procedure prescribed under the relevant rules and regulations was such that it required considerable time for completing legal formalities was not accepted by the Tribunal. The Department appointed IO/PO in March, 2011 and as expected, the disciplinary proceedings could not be completed by 31-03-2011.
4. The Department filed an appeal in the High Court of Kerala against the order of the Tribunal (CAT) but the appeal got dismissed. The High Court also observed that the Department slept over the matter for nearly three years without initiating any action against the CO and it also did not take any further step after the reply to the Charge Memorandum was received. High Court dismissed the petition of the Department on the ground that the appeal against the CAT Order had been filed after nearly five months after the impugned order had been passed, the impugned order ought to have been challenged at the earliest point of time. The Supreme Court also dismissed the appeal of the Department, leaving it with no option but to drop the charges against the CO.

The above two cases highlight the need to maintain the timelines prescribed by the Commission in disposal of vigilance cases. The above two cases have been chosen by the author because the author had been dealing with the cases of Customs & Central Excise and no adverse inference should be drawn regarding working/dealing of vigilance cases by the Department of Customs & Central Excise vis-a-vis any other Department/Organization of the Government of India.

NEWS AND EVENTS

Promotions..

'Spandana' congratulates the following employees of Vigilance Department on their recent promotions and wishes them all success in their future career.

(S/Shri)

01. N Subramanyam	Dy. Manager (Vig) to	Manager (Vig)
02. K Gunandhar Rao	Dy. Manager (Staff) to	Manager (Staff)
03. P Sahebu Naidu	Dy. Manager (Staff) to	Manager (Staff)
04. Smt. D Ushasri	Jr. Manager (Staff) to	Asst. Manager (Staff)

CVO's visit to Chennai Branch and Stock Yard.



Inspection of Chennai Branch Stock Yard of Southern Region was carried out by CVO along with GM(Vig) & DGM(Vig) in April, 2015. He had interaction with RM and other Marketing Officials regarding MoUs, Marketing Contracts and Performance of the Region. Later, he also planted a sapling at the Stock Yard to signify growth and sustenance of VSP's business in South. He also mentioned that Vizag Steel is Green Steel and all should work in an atmosphere of **transparency and fairness for progress of VSP**.

Answers to QUIZ on p-4:

1) Three wise monkeys (see no evil, hear no evil and speak no evil) ; 2) Aniruddha Bahl ; 3) Nittur Srinivasa Rao, first CVC; 4) Red tape; 5) Serious Fraud Investigation Office (SFIO)

CHECKS CARRIED OUT BY VIGILANCE DEPARTMENT DURING APRIL - JUNE 2015

Activity	Numbers
1. Surveillance / checks	71
2. Road/Rail Re-Weighments	11
3. Quality checks	12
Total	94

Editorial Board: Raju Isaac, DGM(Vig) ; A Ashok, DGM(Vig); AGK Murthy, AGM (Vig) and GY Rama Mohana Rao, Sr. Mgr (Vig.)

Please visit <http://comatvsp.vpsite.org/vigilance/Spandana/tabid/70/Default.aspx> to read Spandana online.

Feedback for improvement is welcome and may be sent to spandana@vizagsteel.com