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My warmest greetings to all readers.

Georges Benjamin Clemenceau, who as Prime Minister had led France to victory in 2<sup>nd</sup> World War, had observed that "War is too serious a matter to entrust to military men". I suppose it would be apt to adopt a similar view in respect of fight against corruption also. It is too serious a matter to be left to the vigilance machinery alone to identify and deal with deviant behaviour and cleanse the system to keep the reputation of organisation bright and untarnished. Vigilant efforts are a must at all levels, especially, from the managers who, by virtue of their supervisory role, have potential to perceive early warning signs of unethical traits and have scope and responsibility to identify possible loopholes and weaknesses in the system in their areas, and initiate corrective steps.

A culture of robust frontline vigilance is essential not only to improve the bottom-line of organisation, but also to foster ethical approach and project a positive image of the organisation among its stake holders and public and thereby, enhance its good name and reputation and lead the organisation up the path to excellence.

With best wishes,

(B Siddhartha Kumar)



CVO, RINL accompanied by two senior officials of vigilance visited Marketing Branch Offices and Stock Yards at Coimbatore and Kochi and the team had interactions with officials of Marketing Dept., consignment agent and customers.



**Toll free number for lodging complaints with Vigilance Department**  
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## COMBATING CORRUPTION THROUGH ETHICAL VISION AND ETHICAL QUOTIENT

(By Sri Prabhat Kumar, Director, CVC, as published in Vigeye Vani, December 2012)

Corruption in developing countries has become one of the major problems in the post cold war era. Corruption in developing economies arise due to limited provision of government service, which public servants want to ration and allocate at their whims and fancies leading to preferential treatment and corruption.

The corruption in any organization depends on three factors i.e. behavioural, organizational and political or environmental. The political factors are normally beyond the control of organizations and hence only the behavioural and organizational issues can be looked into by an organization for mitigating corruption within. One of the theoretical constructs which can explain the inter play of the behavioural and organizational factors affecting the corruption level in organizations is the following:-

$$C = (G-E)+(O-P)$$

In this equation, 'C' represents Corruption level, 'G' represents individual/employee greed, 'E' represents level of ethics in individual/employee, 'O' represents opportunity for corruption and P represents probability for getting caught. It can be seen that '(G-E)' represents the behavioural factors and

'(O-P)' represents the organizational factors. Therefore, for mitigating corruption, there is a need to control behavioural factors in such a fashion that the greed level of employee is minimum and the level of ethics can be the maximum. Some of the measures which can be taken in this regard are creating 'Ethical Vision' of organization and assessing 'Ethical Quotient' of prospective employees.

'Ethical Vision' can be conceptualized as the state of ethical standards an organization should aspire to achieve while dealing with all its stakeholders whether internal or external. 'Ethical Vision' of organization is as important as the 'Vision' of organization and has to be developed on the basis of shared visions of the employee, managers and the stakeholders whom the organization intend to serve. So the process of developing ethical vision is little bit different than the 'Vision' the organization as it also involves outside stakeholders. Organizations should take initiatives in formulating the 'ethical vision' of the organization following a due process of consultations and by building a consensus among the stakeholders. Ethical Vision' will create a moral

obligation on the employees and managers and motivate them for ethical performance.

For ensuring that only the person of right aptitude joins an organization, it is important that 'Ethical Quotient' of the candidate should to be checked during Appointment / recruitment process and the HR managers, who control the selection procedures for the human capital, have added responsibility in this regard. Here 'ethical quotient' signifies the state of the ethical constructs or the personal ethics of the employee. Creating the correct fit between the job and candidate by judging the 'ethical quotient' during the selection procedure is the challenge which HR managers face. Secondly, organizations have symbiotic and synergistic relations with its employees and this relationship has to be built over a period of time. Moreover, existence of information asymmetry regarding the 'ethical angularities' of employee is detrimental to the organizational health, and more so, if these angularities concerns corrupt practices. In this scenario, it is suggested that the selection process should include detailed behavioural analysis for checking 'ethical quotient'.

\*\*\* The views expressed by the author are personal

## COMMON IRREGULARITIES/LAPSES OBSERVED IN STORES/PURCHASE CONTRACTS AND GUIDELINES FOR IMPROVEMENT IN THE PROCUREMENT SYSTEM

Chief Technical Examiner's organisation of Central Vigilance Commission (CTE of CVC) had earlier released a booklet on "**Common irregularities/lapses observed in stores/purchase contracts and guidelines for improvement in the Procurement System**". It is being reproduced for information and guidance of our readers. This is the **Third part** of the same and the subsequent issues of Spandana will carry the remaining parts of the booklet.

### 7.0 Tender/Bid Document

**7.3** In case of tenders invited in Two-bid system, some of the Organizations stipulate Earnest Money Deposit as percentage of the tender cost instead of fixed amount. In the Two-bid system, if EMD is taken on the basis of some stated

percentage of tender value and with the announcement of the amount of EMD submitted by the bidders at the time of tender opening, the same will give every bidder a good indication of the prices quoted by the competitors by making back calculations. A bidder can use this

information to the disadvantage of his competitor, if prices are subsequently modified.

- The Earnest Money Deposit in case of Two-bid system needs to be incorporated as a fixed and reasonable amount on the basis of estimated value of the purchase.

**7.4** Some of the organizations incorporate a specific delivery schedule inter-alia mentioning that bids offering delivery beyond stipulated date will be treated as non-responsive and will be summarily rejected. However, after opening of the tenders, the bid by one of the organizations with slightly longer delivery period was not rejected as per the bid guidelines, rather that offer was also considered and evaluation was made after loading the offer by applying some unilateral loading criteria. The same resulted in inter se change of ranking position.

- In order to meet the project requirement, it would be prudent to incorporate an acceptable range of delivery period with the stipulation that no credit will be given for earlier deliveries and offers with delivery beyond the acceptable range will be treated as unresponsive. Within this acceptable range, for the purpose of evaluation, an adjustment per month say @ 2% could be added to the quoted prices of bidders offering deliveries later than the earliest delivery period specified in the bid documents.

**7.5** The Evaluation/Loading criteria on account of acceptable range of deviations in the commercial terms and conditions viz. Payment Terms, Delivery period, Performance Bank Guarantee etc. is not being Incorporated in the bidding documents. The evaluation of the offers is being made simply on the price quoted which is not in order. The comparative assessment of offers in true sense would be complete only if it is made on equal footing taking into account the financial implications for the deviations in terms and conditions, in line with unequivocal evaluation criteria specified in the bidding documents.

In one of the cases, it was noticed that due to non-stipulation of payment terms in the tender documents, the

bidders quoted prices based on varying advance payment. The offers were evaluated by the Organization simply on the quoted prices, even though L-1 bidder had asked for much higher advance payment in comparison to the L-2 bidder. As such, the evaluation done by the Organization was not on equitable basis as the payment of higher advance, evidently had, financial implications.

- The Evaluation / Loading criteria with respect to the important terms like Payment terms, Delivery period, Performance Bank Guarantee etc. having financial implications need to be specified in unambiguous terms in the bid documents so that the evaluation of bids after tender opening could be made in a transparent manner without any subjectivity.

**7.6** Some of the Organizations incorporate only broad technical details instead of generic specifications with complete details of performance parameters and the technical evaluation criteria. At times the technical evaluation matrix is decided after opening of tenders and is kept confidential. In absence of the detailed specifications / technical evaluation criteria, the evaluation of offers on equitable basis and in a transparent manner would not be possible and would rather be prone to subjectivity in the decision-making. In one of the cases of hiring of coolers, the requirement was bifurcated into two categories viz. 'new cooler' and 'as good as new coolers'. Neither the quantitative requirement of each category of coolers nor the specifications had been indicated for the category of 'as good as new coolers'. Thus the description given was quite vague and susceptible to manipulation as it gave full leverage to the bidders to supply coolers of any vintage.

- The detailed generic technical specifications including performance parameters and the technical evaluation

criteria, if any need to be specified in the bidding documents in unequivocal terms.

**7.7** The exemptions / reservation of a particular item which normally apply to SSI units are not being specified in the tender notice / bid documents. The applicable purchase preference to publicsector enterprises as per the guidelines circulated by Department of Public Enterprises is also not being incorporated in the bid documents leading to lot of complaints from SSI/PS Units.

- The Government instructions on reservation of items and price preference to SSI Units and purchase preference to PSUs need to be incorporated in bid documents.

**7.8** It has been noticed that some tenderers offer conditional discounts for coverage within a shorter period, for early inspection/ payment etc. and, such discounts are being considered, at the time of evaluation of tenders by the organizations.

- It needs to be ensured that the evaluation of tenders should not be based on such conditional discounts and suitable clause should be included in the bidding documents.

## **8.0 Receipt of Tenders**

Some of the organizations do not have proper arrangement for receipt of tenders. There is no tender box for receipt of tenders at scheduled date and time fixed for tender opening. Instead the trade representatives leave the tenders with the receptionist or the concerned Purchase Officer(s). This procedure is highly objectionable as the possibility of tampering and interpolation of offers cannot be ruled out.

- A proper arrangement for receipt of tenders at scheduled date and time through tender box needs to be adopted.

### 9.0 Postponement of Tender Opening

Wherever extension in the tender opening is done due to reasons like change in the specifications or on the basis of request of the vendors, it has been noticed that firstly, sufficient time 10 submit the bids as per the revised specifications and secondly, the intimation of tender opening extension is not being sent to all the bidders who had purchased the bidding' documents. Also such notice of extension is also not being published in newspapers / ITJ

- In order to give equal opportunity to all the bidders and to maintain sanctity of tendering system, it is of paramount importance that any change in the tender terms & conditions, specifications and tender opening date etc. be notified to all the bidders, sufficiently in advance of the revised tender opening date.

### 10.0 Opening of Tenders

Some of the organizations are not opening the tenders in public i.e. in presence of the trade representatives. The system of not opening the tenders in public is against the sanctity of tender

system, and is a non-transparent method of handling tenders. There could be a possibility of tampering and interpolation of offers in such cases. The rates at times are not quoted in figures and words, cuttings / over-writings are not attested by bidders. Some of the organizations justify such opaqueness in tendering system by making a reference to their manuals. This is not acceptable.

- The opening of tenders in presence of trade representatives needs to be scrupulously followed. While, opening the tenders by the tender opening officer / committee, each tender should be numbered serially, initialled and dated on the first page. Each page of the tender should also be initialled with date and particularly, the prices, important terms & conditions etc. should be encircled and initialled in red ink by the tender opening officer / committee. Alterations in tenders, if any, made by the firms, should be initialled legibly to make it perfectly clear that such alterations were present on the tenders at the time of opening. Wherever any erasing or cutting is observed, the substituted words should be encircled and initialled and the fact that such erasing / cutting of the

original entry was present on the tender at the time of opening be also recorded. The tender opening officer / committee should also prepare 'on the spot statement' giving details of the quotations received and other particulars like the prices, taxes, duties and EMD etc. as read out during the opening of the tenders.

Further, in case of 'Two bid' system, it has been noticed that after opening of the technical bids, the price bids, which are to be opened Subsequently. are kept as loose envelopes. In such cases, the possibility of change of bids prior to tender opening cannot be ruled out. In order to make the system fool proof, it needs to be ensured that not only the tender opening officer / committee should sign on the envelopes but the signatures of two trade representatives should also be obtained on all the envelopes containing the price bids. Thereafter, all the envelopes should be put in a bigger envelope / box and the same should be properly sealed duly signed by the tender opening officer committee and trade representatives.

... to be continued

## DISCIPLINARY PROCEEDINGS

Vigilance Department of RINL had released earlier a booklet intended to serve as a user manual for Disciplinary Authorities / Inquiry Officers /Presenting Officers and all other concerned about DOs and Don'ts in Disciplinary Proceedings. It is being reproduced for information and guidance of our readers. This is its 2<sup>nd</sup> part and the subsequent issues of Spandana will carry the remaining parts of the booklet.

### ROLE & FUNCTIONS OF INQUIRY OFFICER

The role of Inquiry Officer is to hold an in-depth inquiry with the twin purpose -

- to ensure an impartial and fair hearing to the CSE, and
- to bring out correct facts of the case after holding an inquiry in accordance with the prescribed procedure

### FUNCTIONS OF THE INQUIRY OFFICER

Broadly speaking, the Inquiry Officer has to perform the following functions :-

- To bring on record all documents in support of the charges and those permitted for the defence.
- To record oral testimony of the prosecution and the defence witnesses after subjecting them to cross-examination by the opposite party.
- Generally to examine the CSE after the evidence has been recorded. The purpose is to get clarifications from the CSE on the evidence against him.
- To analyse the evidence recorded by him and make correct and proper assessment of the effect of total evidence on record.

5. To write a reasoned report of inquiry giving his pointed findings whether the charges are proved or not proved.
6. In order to ensure the principle that justice should not only be done but should also manifestly seem to be done, the proceedings should be recorded in such a way by the IO, that they give a fairly reasonable comprehension of the business.

## IMPORTANT DOs FOR INQUIRY OFFICER

1. Check up your order of appointment as Inquiry Officer.
2. **Check-up that the following documents have been received along with your order of appointment :-**
  - A copy of the articles of charge and the statement of imputations of misconduct or misbehaviour.
  - A copy of the written statement of defence, if any, submitted by the CSE.
  - A list of documents by which, and a list of witnesses by whom the articles of charge are proposed to be sustained.
  - Copies of the statement of witnesses, (if any) recorded in the course of preliminary enquiry/ investigation.
  - A copy of the order appointing the Presenting Officer.
3. Send notices of preliminary hearing in the prescribed form.
4. See that the notices are served in person on the CSE or communicated to him and duly acknowledged.
5. At the preliminary hearing, appraise the CSE and the Presenting Officer of the procedure of inquiry.
6. Ask the CSE whether he requires any Defence Assistant to be nominated.
7. Ask the CSE to inspect the listed documents and accept the documents for genuineness.
8. Decide relevance of defence documents and witnesses quickly.
9. Record reasons in the Daily Order Sheet for disallowing the defence documents/witnesses.
10. Send requisition for the additional documents to the authority to which the documents belong.
11. If necessary, have a second preliminary hearing for the purpose of reducing the number of witnesses and documents in consultation with the Presenting Officer and the CSE. This could cut out a lot of delay at a later stage.
12. Send notices to witnesses by the standard mode of dispatch. In the case of witnesses who are public servants, requests should be sent to the Head of the Department/office to ensure the attendance of the witnesses concerned.
13. Notice to private witnesses may be sent direct or through the Presenting Officer/CSE.
14. Hold regular hearing on day-to-day basis without avoidable loss of time.
15. Send intimation to the controlling authority in the prescribed form about the officer selected by the CSE as his Assisting Officer.
16. Obtain certificate from the defence assistant that he is not having more than two cases on hand in which he is rendering defence assistance.
17. Reject all requests for adjournments etc. which appear to be meant to obstruct or delay the proceedings, but always record reasons for such rejections, in the Daily Order Sheet.
18. Before regular hearing commences, obtain certificate of inspection of documents from the CSE.
19. Record the questions disallowed by him during the cross-examination.
20. Depositions of the witness(es) should be recorded during the enquiry and the signatures obtained thereon.
21. Ensure that leading questions are not asked in examination in-chief by either party.
22. After the case of the disciplinary authority is closed, you should require the CSE to state his defence orally or in writing, as he may prefer. If the defence is made orally, record it and ask the CSE to sign the record. Give a copy of the statement of defence to the Presenting Officer.
23. If the CSE has not offered himself as a witness, IO must question him generally on the circumstances appearing against him at the end of the prosecution case.
24. The deposition of each witness should be recorded on a separate sheet under your dictation and you should record a certificate at the end of each deposition.
25. Reject any request for permission to introduce new evidence or recall any witness merely to fill up any gap in the evidence.

26. After the close of the inquiry, ask both the parties to submit written brief with in a time period of say, 7 days. The written brief should be a summary of the points of view of the respective parties on the proceedings and should not contain any additional or new evidence.
27. Submit your report of inquiry to the Disciplinary Authority along with all original records within 6 months from the date of appointment of IO / PO.

### IMPORTANT DON'Ts FOR INQUIRY OFFICERS

1. Proceed with the inquiry if you have any personal interest whatsoever in it. If you yourself feel that you have a bias either way, return the enquiry to the Disciplinary Authority explaining your position.
2. Summon witnesses merely to prove formal documents whose genuineness and authenticity are admitted by the CSE.
3. Give publicity since departmental proceedings are in the nature of a domestic enquiry,
4. Continue with the proceedings if a representation of the CSE alleging bias against the Inquiry Officer is pending consideration.
5. Postpone preliminary hearing simply because the CSE could not arrange defence assistance.
6. Call for the documents or examine a witness to decide the question of their relevance.
7. Requisition the additional documents from the Disciplinary Authority. You have to write direct to the authority in whose custody or possession these documents lie.
8. Throw the responsibility of calling defence witnesses on the CSE.
9. Allow any request from the CSE for supply of copies of voluminous documents (He is, however, free to take extracts).
10. Summon the following documents :-
  - > Report of preliminary enquiry/investigation
  - > File dealing with the disciplinary case against the CSE
  - > Advice of the CVC/Ministry.
11. Consult others behind the back of the CSE.
12. Look into unspecified record.
13. Allow the Presenting Officer to insist that the witnesses should be examined in the same order in which they have been listed in the charge-sheet.
14. Allow leading questions, except in cross-examination. Put leading questions to the witnesses, yourself.
15. Allow adjournments on flimsy grounds.
16. Allow 'New evidence' to fill up gaps. It should be allowed if there is inherent lacunae in the evidence already recorded.
17. Allow the Presenting Officer to introduce any new point during the examination of a witness unless he has convinced you of its necessity and taken prior permission.
18. Put any question yourself to a witness or the CSE from your personal knowledge
19. Allow the conduct of the witness to be the subject matter of examination or cross-examination.
20. Admit evidence recorded in an earlier inquiry in the subsequent inquiry (in exceptional cases, however, for reasons to be recorded, the evidence tendered in earlier proceedings may be taken on record).
21. Allow defence assistance when the CSE is appearing as a defence witness or when he is answering the mandatory questions, towards the close of inquiry.
22. Examine a co-accused in common proceedings as a witness against the other co-accused, unless he opts to examine himself.
23. Allow cross-examination of a defence witness by the other CSE in a joint trial. Only presenting officer can cross-examine a defence witness.
24. Go in for local inspection of the site of the incident except when accompanied by the CSE and the presenting officer.
25. Be bound by the rigid limitations regarding the admissibility of evidence and the degree of proof applicable to criminal proceedings.
26. Import anything extraneous into your report.
27. Recommend the penalty to be imposed in your Inquiry report.

## ROLE & FUNCTIONS OF PRESENTING OFFICER

### ROLE OF THE PRESENTING OFFICER

By their very nature, the departmental inquiries cannot be equated with proceedings before the Courts of Law. The Inquiring Authority is not a court and the Presenting Officer is not a public prosecutor. Such inquiries are basically fact-finding exercises. Hence, the proper role for the Presenting Officer is to assist, to the best of his ability, the Inquiring Authority to reach the truth, by presenting before him the case of the Disciplinary Authority in its correct perspective.

### FUNCTIONS OF THE PRESENTING OFFICER

The primary function of the Presenting Officer is to marshal facts before the Inquiry Officer and to examine and cross-examine the witnesses produced during the inquiry. Thus, he should ;

1. Assist the Inquiry Officer during preliminary hearing to sort out the preliminaries.
2. Supply copies of documents in support of the charges and allow inspection of the originals to the CSE when so directed by the Inquiry Officer.
3. Supply copies (in full) of the earlier statements of witnesses mentioned in the list of prosecution witnesses.
4. Produce the listed documents before the Inquiry Officer in the beginning of the regular hearing so that they are brought on record; and to prove the disputed documents by examining the relevant official witness(es).
5. Lead, in a logical manner, the oral evidence before the Inquiry Officer in support of the charge.
6. Where necessary, make timely request to the Inquiry Officer for production of some new or additional evidence not mentioned in the charge sheet. The right stage for making such a request is after he has examined all the witnesses and before the defence case begins.
7. Cross-examine effectively witnesses produced by defence.
8. Submit his written brief, summing up his case after all evidence has been recorded in the case. Where the rules permit, he may, with permission of the Inquiry Officer, argue the case orally.

... to be continued

## CVC CIRCULARS

Following Circulars were issued by CVC during the quarter ending 31.03.2013 :

S.No	Subject	Circular No. & Date
01	Conduct of CVO's functioning in Banks & other organisations	005-CVO-35 of 8th February 2013

For complete text of the Circulars, please visit [www.cvc.nic.in](http://www.cvc.nic.in)

## SYSTEM / CASE STUDIES

### 1. Study of Pre-Qualification Criteria

During an investigation into a complaint against PQC & BOQ of a tender in respect of the new plantation works of Agro Forestry Department, it was observed that the specifications of some of the items are not as per the standards prescribed by the AP Social Forest Department (APSF) and the tender is silent about method of execution and system to be ensured for proper execution of certain items. Suggestions of Vigilance have been communicated to the Department, to review the PQC & BOQ.

### 2. Non-issue of Experience Certificate:

With regard to non-issue of experience certificate by Marketing Department to a former partner of a firm, who carried out the Consignment Agent activities at RINL's BSO along with other partners during the period 2007 to 2012, the department was advised to devise a policy for issuance of experience certificates.

### 3. Surprise checks at Stores & Disposal Section of MM Department

During the checks conducted by Vigilance, it has been observed that even though Waste Oil was being sold by tender by Stores & Disposal Department on 'as is where is basis', three labourers of a firm have been transferring the oil between the drums, having been permitted to do so by one Sr. Store Keeper.

The department concerned has been advised to put in appropriate checks/controls in place to avoid recurrence of such incidents in future.

### 4. Examination of Medical Claims :

During a probe into the veracity of a medical claim submitted by an employee, existence of an improper understanding between two sections/ departments, whereby preferential treatment is accorded to processing of bills put up by one of them to the other has been noticed. Since there is a need to stop such undesirable practices of extending preferential treatment to certain sections/departments in processing the medical claims and ensure equal treatment to all employees/departments, the department concerned was advised to take appropriate corrective action.

## NEWS AND EVENTS

'5S' Audit of the Vigilance Department by external auditor from QCFI was carried out successfully on 14.02.2013

## SAVINGS ACCRUED DURING THE YEAR 2012-13

Vigilance activities during the year 2012-13 have resulted in a savings of Rs. 4.96 Crores to the Company, comprising of recoveries effected from parties and benefits accrued from system improvements suggested, in addition to benefits like improvement in transparency, improved competition in tenders and prevention of corruption. Further, the improvements suggested are expected to give substantial recurring benefits to the company in future also.

## CHECKS CARRIED OUT BY VIGILANCE DEPARTMENT DURING JANUARY – MARCH 2013

Activity	Numbers
1. Surveillance / checks	68
2. Road/Rail Re-Weighments	13
3. Quality checks	12
<b>Total</b>	<b>93</b>



**Really honest person will not :**

**Keep quiet about corruption..**

**Close his eyes to corruption..**

**Close his ears to complaints..**

**WHAT ABOUT YOU?**

Editorial Board: Raju Isaac, DGM (Vig), M Jaya Raju, AGM (Vig) and GY Rama Mohana Rao, Sr. Mgr (Vig)

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

Feedback for improvement is welcome and may be sent to [spandana@vizagsteel.com](mailto:spandana@vizagsteel.com)