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VSP collective has risen in times of crises and the resilient come-back in production and revival of greenery after the Hudhud Cyclone is an excellent example of steely resolve of every member of VSP family.

Man has the potential to seek perfection of Thought, Word and Deed. Likewise, an organisation like VSP has the potential to realize its Vision Mission and Objectives. The first Core Value of VSP is Commitment and a key word for Vigilance. Vigilance being the functional tool of management, is the Science and Art of expressing ethics in the organisation. Transparency and ethics are needed to imbibe the best practices and weed out undesirable ones in an efficacious manner.

The theme of Vigilance Awareness Week observed across India as per directives of Central Vigilance Commission from 27.10.2014 to 01.11.2014 was "Combating Corruption - Technology as an enabler", calling for adopting / leveraging technology to improve transparency, objectivity, fairness and equity in policies and governance. Vigilance Department has always been aiming in helping the organization to progressively adopt e-initiatives for good governance in all our core areas. It is an opportune time for us to re-dedicate ourselves to combat the menace of corruption, so that VSP can grow to greater heights to serve a vibrant and vigilant India.

With Best Wishes.

(B Siddhartha Kumar)

Vigilance Awareness Week - 2014 Observed in VSP/RINL



Lighting of the Lamp at the valedictory function by Chief Guest Smt Deepa B Dasgupta, IRS, Chief Commissioner of Customs, Central Excise & Service Tax, Visakhapatnam, in the gracious presence of CMD, Directors & CVO, RINL

Delivering the valedictory address, the Chief Guest observed that transparency in work culture, honesty among employees and adoption of e-governance, in particular, in the organisations would help enhance good corporate governance in this globally competitive and dynamic world.

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



COMMON IRREGULARITIES / LAPSES OBSERVED IN AWARD AND EXECUTION OF ELECTRICAL, MECHANICAL AND OTHER ALLIED CONTRACTS AND GUIDELINES FOR IMPROVEMENTS THEREOF

Chief Technical Examiner's organisation of Central Vigilance Commission (CTE of CVC) had earlier released a booklet on "Common irregularities/lapses observed in award and execution of Electrical, Mechanical and other allied contracts and guidelines for improvement thereof". It is being reproduced for information and guidance of our readers. This is the Fourth & Final part of the booklet.

9. Techno - Commercial evaluation of tenders

9.1 Open/Advertised Tenders:

9.1.2 In some cases of the two bid system, it was noticed that the makes and technical specifications offered by various bidders are accepted without properly analysing the techno-commercial equivalence of such offers and in the process the bidders offering inferior specifications/makes get undue advantage. Similarly distribution of work is done in an adhoc and arbitrary manner.

(i) In a case for supply and installation of computer system the work was distributed among three firms for similar equipments at three different rates and surprisingly the largest quantity (40%) was given to the highest bidder. Even worse, the repeat order was also placed on the highest bidder only.

- In case of the two bid system, techno-commercial negotiations may be conducted with all the bidders to clarify the deviations vis-à-vis tender specifications / requirements. After bringing the acceptable offers on a common platform, all the commercial terms/conditions and technical specifications, should be frozen. In case some changes are made in terms/conditions or technical specifications, the bidders may be given a fair chance to revise their price bids accordingly. The distribution of work, if considered necessary should be done in a fair and transparent

manner.

9.2 Limited Tenders

Some organisations issue limited tenders to their approved contractors, almost for all the works. However, there are instances when either the response is very poor or the offers are not responsive, as per the bid documents.

(i) An oil sector PSU issued limited tenders to their approved contractors but only one firm responded. Due to the inadequate response, the date of tender opening was extended but still only one offer was received and as a result the work was awarded on the single offer basis at very high rates vis-à-vis the estimated cost. On examination, it was revealed that the firms who were short-listed for limited tenders were empanelled long back. So they had either colluded to form a cartel or were no more interested to execute the tendered works. In yet another case, one Government consultant first short-listed 8 firms for purchase of UPS for the computer system of a bank and called for the technical and price bids from all the 8 firms. However, after opening of the bids, the work was awarded to an L-4 firm and lower offers were rejected on technical grounds, who otherwise were short-listed based on their past performance and technical competence.

- In cases where firms are short-listed for issuing of tenders on limited basis,

the techno-commercial competence and other credentials are required to be scrutinised thoroughly. After the offers from such short-listed firms are received, there should normally be no occasion to reject them on technical grounds. Further, since limited tenders are issued to the empanelled firms dealing in a specific item/job on the basis of their capacity and performance it is imperative to up-date the panel periodically.

10. Post Tender Negotiations

10.1 As per CVC guidelines circulated vide letter No.8(1)(h)/98(1) dt. 18.11.98, post tender negotiations except in case of negotiations with L-1 are banned. In continuation of these instructions, the following further clarifications were issued vide letter No.98 / ORD / I dt. 15.3.99

(i) The Government of India has a purchase preference policy so far as the public sector enterprises are concerned. It is clarified that the ban on the post tender negotiations does not mean that the policy of the Government of India for purchase preference for public sector should not be implemented.

(ii) Incidentally, some organisations have been using the public sector as a shield or as a conduit for getting costly inputs. This should also be avoided.

(iii) Another issue that has been raised is that many a time the volume of work to be executed is much more than L-1 alone can supply.

In such cases the work may be distributed in such a way that the same is done in a fair transparent and equitable manner.

- Despite the above instructions, there are instances of holding negotiations with the select/all bidders by some organisations in gross violation of these instructions. The instructions/guidelines circulated by CVC on the subject need to be followed strictly.

11. Reasonableness of Prices /Market rate justification

11.1 It has been noticed that works are awarded to the firms by virtue of being lowest among all the bidders without analysing and establishing the reasonableness of the quoted rates vis-a-vis the estimated rates and the prevailing market rates. In some cases even the Abnormally High Rated

(AHR) and Abnormally Low Rated (ALR) items are not identified.

(i) In one such case, regarding the supply and installation of air-conditioning plant, the work was awarded to L-1 firm at 20% higher than estimated rates. However, the officials of the department found these rates reasonable as compared with the prevailing market rates. It is interesting to note that the same officials had prepared the estimates based on the prevailing market rates approx. 3 months before award of work. Such manipulative practices have to be curbed.

(ii) In yet another case for construction of Combined Effluent Treatment Plant (CETP) by a Government undertaking in Delhi, the work was awarded on a turnkey basis to an L-1 firm at more than 100%

higher rates compared to the estimates prepared by an independent Government agency. When called upon to justify these abnormally high rates, the officials woke up to the realisation that the estimates furnished by the agency were deficient and un-realistic, which hitherto were absolutely acceptable to the department.

- Before acceptance of the offer, it is very important to establish the reasonableness of rates on the basis of estimated rates and the prevailing market rates. The AHR and ALR items should be duly identified and the officials/agencies responsible for execution of work should be intimated to exercise appropriate control on such identified items.

CVC CIRCULARS

Circulars issued by CVC during the period 1.7.2014 to 31.10.2014

S.No	Subject	Circular No. & Date
01	Constitution of committee of Experts for scrutiny of prosecution sanctions	011 / VGL / 094 & 14 th July 2014
02	Observance of Vigilance Awareness Week 2014	014 / VGL / 048 & 30 th September 2014
03	Constitution of the advisory Board on Bank, Commercial and Financial Frauds (ABBCFF)	006 / MSC / 038 / 259086 & 2 nd September 2014

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

SYSTEM / CASE STUDIES

1. Study on DE system contract

Subsequent to examination of contract pertaining to "Repair of DE Systems 2012-2013", the Department concerned was advised to explore possibility of devising a suitable penalty clause for future contracts, with respect to the dust pollution, which is in turn, linked to the performance of equipment.

2. Study on Quality Check of Strapping Materials

While conducting quality checks of Strapping materials, the department concerned was advised to include the actual weight of the material taken back by agency in Returnable / Non-returnable gate pass(es) in future since the tonnage of material has an effect on the CENVAT being reimbursed by RINL and also the work done by the party.

3. Study on Establishment of Credentials by Unlisted Vendors

The Department concerned was suggested to review/ modify the requirement being stipulated in the tenders floated by MM Department, with regard to establishment of Credentials by 'Unlisted Vendors' for 'Indigenous firms' viz., other credentials like ISO certificate etc and list of purchase orders/contracts executed for PSUs for same or similar items.

4. Handling of Material at BSO, Delhi

- i) So as to eliminate the concept of extending benefit on account of CST absorption @ 1.96% of the basic price, it was advised to devise a suitable mechanism to dispense with the system by including the same, if it is required, in the empowerments of the concerned.
- ii) Considering that firm prices are offered for Project Sales, it was suggested to explore the possibility of doing away with extending further discount on account of CST absorption for the Customers of Delhi.
- iii) For handling the material at Delhi and to serve the steel requirement of Customers of Delhi, it was suggested to explore the possibility of utilizing the services of SAIL, by paying certain charges for handling material at their stockyard.
- iv) In case, tenders are invited for appointment of CA at Delhi, land along with experience is required for the tenderers to participate in the said tenders. Considering that, this may restrict competition, it was suggested that initially, Tenders can be invited for taking non-agricultural and commercial land on lease at Delhi and after finalization of the yard, handling Contractor can be appointed.

Vigilance as a Management Function – Leveraging Technology

by Shri Balwinder Singh, Addl.Secretary, CVC, published in 'Article' section of CVC Website

Vigilance is not a stand-alone activity. It has to be seen as part of the overall risk management strategy of an organization wherein the structures, systems and processes are built in such a manner so as to prevent leakages which adversely affect productivity and profitability. A number of organizations both in public and private sector are re-engineering their processes by leveraging information technology. It will be in the organizational interest that when they are reorganizing business processes they should identify the likely risks like fraud, corruption, other malpractices and build in the required risk management tools in the new processes. Recently a write-up has appeared in the Economic Times under the heading "Fuel for e-commerce at HPCL". This article explains how HPCL has networked all its petrol pumps in and around Mumbai for the purposes of inventory control and supply chain management. The same process also indirectly helps in curbing adulteration and under measurement. These malpractices are in turn connected with corruption. The system automatically detects any tampering with the fuel dispensers. It enables the company to monitor every outlet. Similarly providing global positioning system on the tankers for transporting fuel, the management can detect diversion of tankers to dubious destinations. This technology while providing solution for efficient supply chain management also helps in risk management thus strengthening the internal vigilance. There is need to integrate vigilance activity as a part of overall risk management strategy which in turn has to be integrated in the main stream operations of organizations.

The Central Vigilance Commission has been wrestling with the idea of identifying areas where generic solutions to the problems of vigilance administration can be applied across wide spectrum of government organizations. A number of areas have been identified where use of information technology can bring efficiency, economy as well as transparency thus curbing corruption. Some of these ideas are as follows:-

E-Procurement

It has been the experience of a large number of organizations worldwide both in public and private sectors that

e-procurement can bring in economy and efficiency in the procurement of goods, works and services. Apart from these benefits, the process also brings in greater transparency, thus reducing opportunities for corruption. Some of the State Governments like Andhra Pradesh, Karnataka as well as some Public Sector Undertakings like SAIL are already making use of e-procurement systems. The Central Vigilance Commission has issued a directive that all Govt. organizations over which the Commission has jurisdiction should publish their tenders and complete bid documents along with the application forms on the website. This is the first step towards e-procurement and would help in curbing mal-practices prevailing in various Govt. organizations where competition is sought to be restricted.

E-Payment

Another directive of the Central Vigilance Commission regarding leveraging technology pertains to introducing e-payment. Here again, the intention is to bring economy and efficiency, while at the same time, reducing corruption. The banking industry in the last one decade has made rapid technological advances in India. The directive of the Central Vigilance Commission for introducing e-payment is to leverage these technological advances in banking sector for the benefit of rest of the governmental set up. This system will help in significantly reducing transaction costs involved in making payments by way of cheques and sending the payment through couriers. It will also curb corruption which accompanies handing over cheques to contractors, suppliers and others like persons receiving refunds from income tax and other departments.

Apart from the above mentioned two specific directives which the Central Vigilance Commission has already issued there are very many other areas where technology can be leveraged simultaneously for efficiency, economy and corruption control. The key idea is that risk management tools are made integral part of the main business processes. For example, there are frequent cases of frauds in availing various employee benefits like medical expenses, LTC, TA/DA etc. The accounting software's can be built in such a manner that the computer system generates 'exception report' and gives alerts wherever there are significant deviations from certain benchmarks and norms. Similarly, the same accounting software system can make inter unit/inter location comparisons of expenditure on these items. Similarly, software's can be developed with regard to procurement with inbuilt features for making inter unit/inter office comparisons of rates and consumption patterns.

Extensive use of website can be made both as a tool for communication with the stake holders as well as for curbing corruption. Right to information and transparency are the biggest tools for fighting corruption and website as a tool for such communication can have very extensive application across the entire spectrum of Govt. activity. Contractors and suppliers can know where their bills are held up, applicants for passport can know where their passport application is held up or whether police is taking abnormally long time in issuing NOC, beneficiaries of public distribution system can know whether wheat, rice and sugar is being diverted by the ration shop owner. Municipal corporations and other civic agencies can get feedback from public whether repairs to roads or drainage pipes is actually being carried out or only fake bills are being prepared without actually undertaking the works. Some Govt. organizations have already taken initiatives in this direction but the complete potential of website/portal as a tool for fighting corruption is yet to be made.

In addition to generic issues pointed out above, there can be a large number of organisation specific solutions where risk management tools can be integrated in the business processes. Customs & Central Excise, Income Tax, Employee Provident Fund Organisation and certain other organizations are learnt to have already undertaken such exercises in their computerization projects and business process re-engineering efforts. The aim is to gradually integrate preventive vigilance in the business processes and reduce our dependence on a complaint driven vigilance administration which is the present scenario.

NEWS AND EVENTS

In line with the directives of Central Vigilance Commission, Vigilance Awareness Week (VAW)–2014 was observed in RINL from 27th October to 1st November 2014, with the theme “Combating Corruption – Technology as an enabler”. The main focus of the programmes organised during the week was to spread awareness among the employees, their dependents and other stake holders about the role of technology in curbing corruption.

To promote the theme of VAW-2014 among the employees and to disseminate awareness against corruption through involvement, several initiatives were taken, which included:

- Display of Banners, Posters and Hoardings at prime locations in and around the plant.
- Elocution on the topic “Usage of Technology in curbing corruption” and Skit competitions on the topic “Technology, a key player in Combating Corruption” among the school children of Ukkunagaram Schools. Elocution and Essay competitions for children of Schools at Mines on the topic given.
- Slogan competition among the employees and their dependents on the topic “Role of Technology in Combating Corruption” in Telugu, Hindi & English languages, and Quiz competition for Employees.
- A brochure containing Messages from President of India, Vice-President of India, Prime Minister and Central Vigilance Commissioner was released during the Vigilance Awareness Week -2014.

The week-long programmes were concluded with the valedictory function held on 1st November 2014, with the active involvement of employees, stake holders, women and school children. Messages from the President of India, Vice-President of India, Prime Minister of India and Chief Vigilance Commissioner were read out on the occasion.

Chief Guest for the function, Smt Deepa B Dasgupta, IRS, Chief Commissioner of Customs, Central Excise & Service Tax, Visakhapatnam, highlighted the need to adopt core values and ethics in administration in order to combat corruption and also to achieve transparency in its business processes.

CMD, Directors & CVO graced the function and addressing the gathering shared their thoughts and vision on use of technology, adopting e-governance, e-auctions, web-enabled technologies in business processes to enhance transparency.

CVO-RINL, Sri B Siddhartha Kumar, IFS, in his address pointed out that use of technology and e-governance to fight corruption was gaining momentum in the country and expressed hope that top management would continue to inculcate core values to achieve excellence in the organisation.

PRIZE WINNERS – VAW 2014

Skit Competitions for School Children

	<i>School</i>
1 st	Visakha Vimalaya Vidyalayam, Pedagantyada
2 nd	Sri Aurobindo Ideal High School, Ukkunagaram
3 rd	Chaitanya Public School, Ukkunagaram

Elocution Competitions for School Children

Hindi:

	<i>Name of the Student</i>	<i>Class</i>	<i>School</i>
1 st	Kumari Bidisha Majhi	IX th	Delhi Public School
2 nd	Kumari Sakshi Singh	IX th	De Paul School
3 rd	Master I K M Venugopal	X th	Chaitanya Public School

English:

	Name of the Student	Class	School
1 st	Master G Vikram Simha	VII	Siva Sivani Public School
2 nd	Kumari V Ramya	IX	Siva Sivani Public School
3 rd	Kumari V Sudeksha	IX	De Paul School

Telugu:

	Name of the Student	Class	School
1 st	Master K.V.Sathya Sai	IX	De Paul School
2 nd	Kumari U.Sahithi	IX	De Paul School
3 rd	Kumari P.Venkata Ratnam	IX	Visakha Vimala Vidyalayam

Seniors – Telugu, Hindi & English

	Name of the Student	Class	School
1 st	Kumari Atsaya	XI	Kendriya Vidyalaya, Ukkunagaram
2 nd	Shaik Shameem Banu	XI	Kendriya Vidyalaya, Ukkunagaram
3 rd	Kumari Aradhika Patnaik	XI	Kendriya Vidyalaya, Ukkunagaram

English: Slogan Competitions for Employees and their dependents

	Name	Designation	Department
1 st	Sri CVR Chandrasekhar	AGM (O)	CO&CCP
2 nd	Sri M Venugopal	DM (PPM)	PPM
3 rd	Kumari M Akhila	D/o M.Venugopal, DM(PPM)	PPM

Telugu:

	Name	Designation	Department
1 st	Sri M Venugopal	DM (PPM)	PPM
2 nd	Sri B Harigopala Rao	Manager (WMD)	WMD
3 rd	Sri S Naresh Kumar	Plant Attendant	WMD

Hindi:

	Name	Designation	Department
1 st	Sri CVR Chandrasekhar	AGM (O)	CO&CCP
2 nd	Kumari A Sadiya	D/o. M G Sadiq, Foreman	Traffic
3 rd	Sri A K Mishra	AGM(ES&F)	ES&F

Quiz Competition for Employees

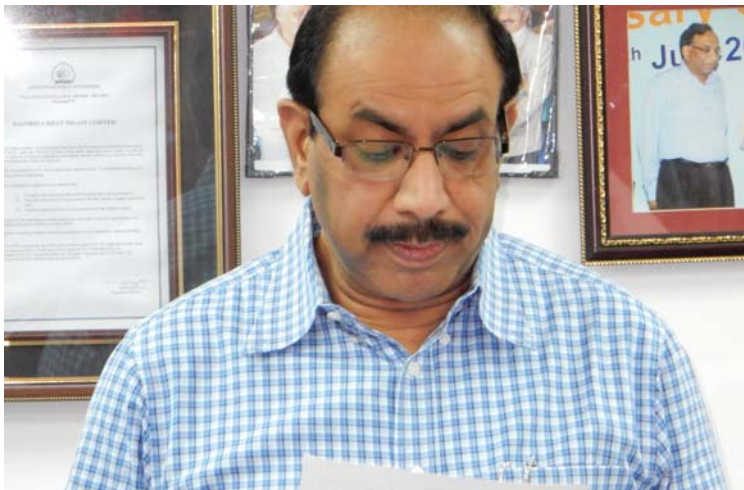
	Name (S/Smt)	Designation	Department
1 st	J Rahul	AGM(MD)	MD
	K Venugopal	AGM(MM)	MM
2 nd	Sudhanshu Chowdary	AGM(IT)	IT
	B.Sudhakar	Sr.Mgr(Constrction)	Constrction
3 rd	K.Ravichand,	AGM (WMD)	WMD
	Rahul Kumar	DM(Project Monitoring)	Projects

Glimpses of events organised during the Vigilance Awareness Week - 2014

PHOTO GALLERY



Hoardings And Posters displayed at Prime Locations



Taking 'PLEDGE' – to commence Vigilance Awareness Week 2014

COMPETITIONS



'QUIZ' competition for Employees



'ELOCUTION' competitions for School Children



'SKIT' competitions for School Children

VALEDICTORY FUNCTION



Chief Guest Smt Deepa B Dasgupta, IRS, addressing the gathering



CMD, RINL Shri P Madhusudan, addressing the gathering



From top left : Shri Siddhartha Kumar, IFS, CVO, RINL; Shri TK Chand, Director (Commercial), RINL; Shri PC Mohapatra, Director (Projects), RINL; Dr GBS Prasad, Director (Personnel), RINL; Shri DN Rao, Director (Operations), RINL and Shri TVS Krishna Kumar, Director (Finance) delivering their message



Scenes from Dance performance by School Children



Scenes from Cultural Programme presented by Employees



Speech by a Prize Winner in Elocution



Scene from Prize winning Skit presented by School Children



Winners of Skit Competition receiving Prize from Chief Guest Smt Deepa B Dasgupta, IRS





Director (Commercial),RINL, presenting Prizes to the School Children



Director (Projects),RINL, presenting Prizes to the School Children



Director (Personnel),RINL, presenting Prizes to the School Children



Director (Operations),RINL, presenting Prizes to the Employees



Director (Finance),RINL, presenting mementos to the Panel of Judges



CVO,RINL, presenting memento for rendering invocation song

CHECKS CARRIED OUT BY VIGILANCE DEPARTMENT DURING JULY - OCTOBER 2014

Activity	Numbers
1. Surveillance / checks	68
2. Road/Rail Re-Weighments	18
3. Quality checks	05
Total	91

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