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The year 2014 has been one of commitment towards openness and transparency because those of us in Vigilance and VSP have a faith that transparency will lead to fairness which will in turn bring us equitable transactions. Our priorities were towards fulfillment of tasks and targets, all initiatives were towards bringing in Integrity, Credibility, Responsibility and Trust. On the other hand, Awareness, Familiarity, Engagement and hand holding have been our paths to bring in strong relationships.

Appropriate mechanisms have been built-in to bring in a sense of openness and our efforts to bring Transparency model culminated in a Workshop where concerns were shared with a cross section of senior officials.

The new year has kindled rays of hope for the entire VSP family to march on to surpass its previous records so as to harvest results and sustain in a competitive business environment.

I take this opportunity to wish you all have a very fruitful year 2015 and Happy Pongal and may the Republic grow into a Nation of Sovereignty and Solidarity. Our strong belief is that the Country is our Mother, Culture the Father, and we cannot forsake one for the other as

..... VSP collective has the Will to Serve

..... VSP collective has Determination to Succeed

With best wishes,


(B Siddhartha Kumar)

New Year Message



Addressing the senior executives on the occasion of New Year at Ukkunagaram, CMD, Directors and CVO highlighted the need to sustain the brand image of Vizag Steel Plant for its quality products not only in the country but abroad and added that the entire Steel Industry in the country is watching the performance of RINL, which is known for its efficiency and committed workforce. On this occasion, Sri P Madhusudan, CMD, RINL released the "2015 New Year Calendar" show casing the lives of communities in and around Visakhapatnam, in the presence of CVO and Directors.

Speaking on the occasion, Sri B Siddhartha Kumar, IFS, CVO, RINL highlighted the need to use IT tools for achieving transparency in administration and in developing a Transparency Index, which helps to enhance the efficiency of the organization.

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



ILLUSTRATIVE CHECK POINTS FOR VARIOUS STAGES OF PUBLIC PROCUREMENT

Chief Technical Examiner's organisation of Central Vigilance Commission (CTE of CVC) published the "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 **First part** of the same and the subsequent issues of Spandana will carry the remaining parts of the booklet.

1.0 Works/Purchase Manual

1.1 Cardinal principle of public procurement is to procure the material/services/works of the specified quality, at the most competitive prices and, in a fair, just and transparent manner. To achieve this end, it is essential to have uniform and well documented policy guidelines in the organization, so that this vital activity is executed in a well-coordinated manner with least time and cost overruns. In some organizations, Procurement Manual is either not in place or has not been updated for years together, which renders the system of procurement adhoc and arbitrary.

A codified Procurement Manual containing the detailed procurement procedures and guidelines needs to be prepared by the organizations so that there is systematic and uniform approach in the decision-making. Delegation of power and commensurate accountability at various levels of decision-making should be essential feature of the Procurement Manual. An integrated procurement policy in the form of Procurement Manual helps the Organisations in circumventing the possibility of corruption and would also ensure smoother and faster decision-making.

1.2 Following check-points are suggested:

i. Whether procurement (work / purchase / services) manual are in

place. If yes, whether updated regularly or not! When were these updated last time?

ii. Whether the provision in the work / purchase / services manual are consistent with CVC guidelines, General Financial Rule (GFR) and Cannons of public procurement?

iii. Whether the provisions in work/purchase/services manual cover the entire gamut of procurement activities of the organization?

iv. Whether the procurement/contract/works manuals are uploaded on intranet/internet?

v. Whether officials concerned are conversant with procurement manual or not?

2.0 Scope of Work

2.1 It is important for any scheme that the scope of work is properly defined. A well defined scope of work giving an overview of the proposed procurement needs to be put up to the Competent Authority at the time of seeking approval / sanction. The objective of the procurement needs to be clearly brought out in the scope.

3.0 Administrative Approval & Expenditure Sanction (AA & ES)

3.1 Administrative Approval & Expenditure Sanction is an important component of procurement process. This provides an opportunity to the Competent Authority to have a comprehensive overview of the project. If the scheme is approved by the Competent Authority, suitable

provision for expenditure to be incurred on the project is also to be made at this stage. There are situations, where projects/scheme is sanctioned by the authority, who is not competent. The importance of this aspect in public procurement can be gauged from the facts of a case, wherein the Competent Authority that was vested with the power to sanction an original scheme/project of Rs. 10 crores only had sanctioned the project of more than Rs. 300 crores.

3.2 Following check-points are suggested:

i. Whether 'Feasibility Study' has been done before formulating the project?

ii. Whether, proposal for A / A&E /S has been prepared after considering aspect of mandatory clearances such as Environmental, Land Use etc.?

iii. Whether A / A&E /S is based on proper estimate?

iv. Whether administrative approval and expenditure sanction has been accorded by the Competent Authority?

v. Whether the authority, which accorded the administrative approval and expenditure sanction is competent to do so or not as per the delegation of power?

vi. Whether necessary budget provision has been made for the instant project or not?

vii. Whether scope of work in the instant contract matches with

corresponding provision in the A/A & E/S?

viii. Whether there is any excess expenditure over the corresponding sanctioned amount?

ix. Whether in case of excess expenditure or change in scope, approval of the Competent Authority has been taken?

4.0 Consultancy

4.1 Earlier public organizations were undertaking planning and supervisory activities in-house. Now-a-days, in the era of large-scale infrastructure development, the in-house resources available with public organizations are gradually being found to be inadequate. Therefore, there has been substantial outsourcing of services such as Architectural services, Preparation of DPR, Project Management Consultancy, and Quality Assurance etc. The Commission has issued instructions regarding appointment of Consultants vide circular No. 3L PRC1 Dt.12.11.1982 and the same were reiterated vide circular No. OFF1-CTE1 Dt. 25.11.2002. Gist of the above circulars is given below-

The consultant should be appointed in a transparent and competitive manner for need based and specialized jobs. The agreement should contain adequate provisions for penalizing the defaulting consultant keeping in view the fact that a consultant's role is only advisory and recommendatory. Consultant's fee should be based on some fixed value of the contract.

4.2 Commission in supersession of its earlier circular [No. No.98 /DSP /3 dt. 24.12.2004] has issued detailed instruction on the possible 'Conflict of

Interest' in appointment of Consultants and 'Professional Liability' of the Consultants, vide circular No. 08 / 06 / 11 dated 24th June, 2011.

4.3 Following check-points are suggested:

i. Whether guidelines for appointment of consultants are in place in the organization?

ii. Whether the guidelines are up-dated regularly or not and when were these last updated?

iii. Whether the guidelines for appointment of consultants are covering various aspects of the consultancy contracts such as provision of 'Professional Liability', upper sealing of consultancy fee, work performance linked payment, panel clauses for frequent change of staff, panel clauses for deficiency in services, clauses to deal with professional misconduct, panel clauses to deal with delay in services etc.?

iv. Whether the qualifying requirement fixed for the selection of the consultant is commensurate with the importance and size of the project?

v. Whether the qualifying requirement is unambiguous and also fixed before inviting the offers for the consultancy work?

vi. Whether wide and adequate publicity including web-publicity has been given for inviting the offers for the consultancy work?

vii. In case of limited tender enquiry, whether the panel has been prepared in a fair and transparent manner or not! Whether this panel is being up dated regularly or not?

viii. Whether the bid(s) are in

conformity with the terms of the tender document?

ix. Whether the evaluation of the bids is done as per the notified qualifying criteria and all bidders are treated at par?

x. Whether all the issues relating to the services tax, professional tax travelling allowances etc. are taken into account at the time of bid evaluation?

xi. Whether during performance of the consultancy contract, the contract conditions are being complied with?

xii. Whether the quality of project management by the Project Management Consultant is up to the mark?

5.0 Detailed Project Report (DPR)/ Detailed Estimate

5.1 Successful contract performance depends on the quality of Detailed Project Report (DPR). If, DPR is prepared on ad-hoc basis not based on site conditions, there is likelihood of delays and deviations resulting in time and cost overrun. It is imperative for trouble free execution of the contract that there is consistency among schedule of items, drawings and specifications. Any such ambiguity and inconsistency adds to time and cost overrun of the project besides leading to legal complications. Poor DPR leaves opportunity for the contractor to exploit the situation and gain profits out of ambiguity in the contract.

Designing of the products/ structures of a Project is one of the most important activities in the project formulation. It is important that structures are designed using the latest codal provisions and latest engineering practices.

5.2 Following check-points are suggested:

- i. Whether detailed site investigation has been carried out before finalizing the items/materials and their corresponding quantities to be used in the project?
- ii. Whether proper specification suiting to the site conditions have been selected or not?
- iii. Whether all the items required for successful completion of the project has been taken into account?
- iv. Whether there is consistency among description of items in 'schedule of items'/ bill of quantities, drawings and specifications?
- v. Whether rates supported with proper documents (genuine market rate quotations or standard schedule of rate) have been considered in the preparation of the estimate?
- vi. Whether detailed analysis of rate has been carried out before arriving at the rate of a particular item?
- vii. Whether DPR has been reviewed as a whole to assess its conformity with local bylaws, Archaeological Survey of India guidelines, environmental norms, to other mandatory regulations or otherwise by an independent agency or in-house?
- viii. Whether the structural design has been proof checked by an independent agency or in-house?

6.0 Design and Drawings

6.1 Designing of products/structures/ service modules is an important aspect of any procurement. It is important that various elements of the project are scientifically designed using the latest practices and should be economically efficient. Design

should suit to the prevailing site conditions. Similarly drawings should be prepared indicating all necessary details leaving no room for ambiguity.

6.2 Following check-points are suggested:

- i. Whether proper design has been carried out considering the relevant parameters prevailing at site?
- ii. Whether design has been proof checked?
- iii. Whether any deficiency is observed in the design?
- iv. Whether any review of the design has been done! If so, reasons for the same?
- v. Whether 'good for construction' drawings contain all necessary elements?

7.0 Tender Document

The tender after acceptance becomes 'the contract'- a legal document. An ambiguous agreement leads to poor contract performance and litigations. It also gives an opportunity to a contractor to make profit out of ambiguous conditions. It has been observed that often the tender document is prepared in a hurried manner without checking for consistency among Schedule of Items, Drawings, Specifications and Contract Conditions etc. This can happen due to different parts of the tender document like Schedule of Quantities, Specifications, Drawings and General Conditions etc. being prepared by different set of people without correlating them. Some-times they are copied from old tender cases without giving a thought to the applicability of the conditions to the present work.

7.2 Following check-points are

suggested:

- i. Whether complete tender document containing General/Special Conditions of Contract, specifications, Bill of Quantities, all Addendums etc. is approved by the Competent Authority?
- ii. Whether standard approved tender document has been used? If not, whether the tender document would be legally sustainable?
- iii. Whether all the prevailing guidelines of Govt./CVC organization have been made part of the tender document?
- iv. Whether relevant modality to deal with any ambiguity in the bid has been provided in the tender document?
- v. Whether all the documents/ drawings stated to have been attached with the tender documents have actually been attached or not?
- vi. Whether proper place of tender receipt has been notified in the NIT or not?
- vii. Whether the provision of additional bank guarantees or other securities have been made in case of bid being unbalanced or front-loaded?
- viii. Bank Guarantees from Nationalised Banks only should be accepted. Under no circumstances bank guarantees from Co-operative Banks should be accepted?

8.0 Pre-qualification

8.1 The success of a project largely depends on the capability of the contractor/vendor. Pre-qualification is a process to select competent contractors having technical and financial capability commensurate with the requirements of the particular procurement (work/supply

of goods/hiring of services). The pre-requisites of pre-qualification process are:

- Transparency
- Fairness
- Maintenance of fair competition

8.2 The Commission had issued guidelines vide circular No12-02-1-CTE-6 dated: 12.12.2002 and 07.05.2004 advising the organizations to frame the pre-qualification criteria in such a way that it is neither too stringent nor too lax to achieve the purpose of fair competition.

8.3 During intensive examinations of the works of the organizations dealing with the power projects, following deficiencies were observed:

- Stringent PQ Criteria resulting in poor competition.
- Unduly restrictive criteria, creating entry barrier for potential bidders.
- Evaluation criteria not notified to the bidders, making the PQ process non-transparent.
- PQ Criteria relaxed during evaluation, thus creating entry barrier to the other potential bidders fulfilling the relaxed criteria.
- Credentials of the bidders not matched with the notified criteria.
- Credentials of the bidders not verified.

8.4 Following check-points are suggested:

- i) Whether there are proper guidelines on pre-qualification of contractors/suppliers in the procurement manual of the organization?
- ii) Whether pre-qualification criteria for the instant procurement has been

framed objectively commensurate with importance and size of the project/procurement?

iii) Whether the pre-qualification criteria was frozen before inviting pre-qualification bids?

iv) Whether the pre-qualification criteria has been approved by the Competent Authority as per the provision in the procurement manual of the organization?

v) Whether there is any deliberate attempt to make the pre-qualification criteria suiting to particular bidder(s)?

9.0 Inviting & Opening of Tenders

9.1 The award of Public Contract through open tender is to ensure - transparency in public procurement, to maximize economy and efficiency in public procurement, to promote healthy competition among tenderers, to provide for fair and equal treatment to all the tenderers and to eliminate irregularities, interference and corrupt practices by authorities concerned. This is also required by the Article 14 of the Constitution of India.

9.2 Normally three modes of tendering are adopted. Namely:

- Open Tenders
- Limited Tenders
- Single Tender/Nomination Basis

In an open tender, bids are invited giving wide and adequate publicity. This is the most preferred mode of tendering.

In the case of small value works, urgent works and in case only a few bidders are available in the market, limited tenders from such bidders who have been empanelled are invited. In case of Limited Tenders the empanelment should be done in a

transparent way and updated periodically.

Award of contracts on nomination basis, which is also called a single tender is to be resorted to only under exceptional circumstances such as natural calamities and emergencies or there were no bids to repeated tenders or where only one supplier has been licensed (proprietary item) in respect of goods sought to be procured.

9.3 In a judgment of the Hon'ble Supreme Court [Meerut Nagar Nigam, Meerut Vs Al Faheem Meat Exports Pvt. Ltd.] it has been emphasized that all the public tenders should be in an open and transparent manner with adequate publicity. Consequent to this judgment, the Commission has issued Office Order No. 23/7/07 dated 05.07.2007 laying down the circumstances where award through nomination is admissible.

9.4 The Commission vide its Circular No. 06-03-02-CTE-34 dt. 20.10.2003 and Circular No. 15 / 5 / 06 issued vide letter no. 005 / CRD / 19 dt. 9th May 2006 has emphasized upon open tendering as the most preferred mode of tendering and insisted on transparency in the preparation of panel in case of limited tenders.

9.5 Widest possible publicity is essential for greater transparency in open tenders. In addition to the existing rules and practices regarding publicity, the Commission vide their circular No. 98 / ORD / 1 dt.18.12.2003 has instructed for up loading the Notice Inviting Tender and also tender documents in a down loadable form on the web site. The web site publicity is to be given even in the case of limited tenders.

..... to be continued

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

- 1 IIT Kanpur has instituted an award in the memory of a whistle blower, to be given to an IIT alumnus for displaying highest professional integrity in upholding human values. Who is he ?
- 2 Which organization with its headquarters in Berlin was founded in 1993 by Peter Eigen, Jeremy Pope and others ?
- 3 As part of its Jaago Re campaign, which initiative was launched by Tata Tea in 2010 to discourage bribery and not contribute to corruption?
- 4 Who was the first Chief Information Commissioner of India?
- 5 Expand PIDPI?

----> Answers on page 8

CVC CIRCULARS**Circulars issued by CVC during the period 1.11.2014 to 31.12.2014**

| S.No | Subject | Circular No. & Date |
|------|--|--|
| 01 | Action on anonymous / pseudonymous complaints | 98 / DSP/ 9 of 25 th November 2014 |
| 02 | Second stage consultation with the CVC in disciplinary cases – Amendment of the Vigilance Manual | 014-VGL-061 of 3 rd December 2014 |
| 03 | References to the Commission for advice - Procedure regarding | 006 / PRC / 1 of 11 th December 2014 |
| 04 | Submission of Annual Report of Vigilance Work by CVO | AR-2014 / CDN / 269096 of 15 th December 2014 |
| 05 | Determination of Vigilance Angle in Banking Sector | 004 / VGL / 018 of 16 th December 2014 |

For complete text of the Circulars, please visit www.cvc.nic.in**SYSTEM / CASE STUDIES****Examination of contract executed by IT department**

During examination of contract pertaining to the work "Maintenance of PCs and its related equipment including line matrix printers in VSP", it was observed that the status of utilization of standby equipment & critical spares is not being maintained and preventive maintenance sheets were not updated/maintained properly by the Department .

Keeping above in view, the following were suggested:

- i) IT department may address the issue of compatibility with the existing equipment, in future contracts.
- ii) Department may explore the possibility of making Preventive maintenance module on-line, in line with the present complaint handling module, incorporating features like uploading of preventive maintenance schedules/details of maintenance done, facility for the users to give feedback on the preventive maintenance done etc.
- iii) IT Department may upload the vital terms & conditions and scope of work of the said contract on the intranet portal of VSP for bringing awareness amongst the end users about the services that can be obtained from the agency executing the work.
- iv) Some of the PCs are seen to be loaded with Pirated Versions of the System Software. In this regard, IT Department may evolve a suitable mechanism, within a time frame, to avoid the use of Pirated Versions of the System Software.

NEWS AND EVENTS



Sri B Siddhartha Kumar, IFS, CVO, RINL addressing the participants at the workshop held at RINL/VSP

A Workshop was conducted on 29.12.2014 involving officers and functionaries from various departments of RINL/VSP for developing a methodology for measuring “**Transparency Index**” of the organisation. The Workshop was inaugurated by CVO/RINL and concluded with the presentations by the groups, after an active brainstorming session.

The inputs/measurements/tools received from the participants are being examined with reference to the applicable circulars/guidelines issued by the CVC/CTE. A comprehensive report will be submitted to the management for further assessment.

Speaking on the occasion Sri B Siddhartha Kumar, IFS, CVO, RINL said that today’s business is in very competitive environment with inherent problems of external players capturing the centre stage in the market place.

Sri Siddhartha Kumar mentioned that so as to achieve reduction of wastages, reduction in costs and improvements in recruitment process, building transparent systems is the need of the hour, otherwise it is difficult for the organizations to sustain in today’s global environment. All processes should aim towards emancipation of the society and keep away the public anger. Credibility, respectability and trust are definitely the pillars that support the underlying philosophy for exemplary leadership, transparency and good governance, he concluded.

Workshop - Photo Gallery



Sri S Jaganathan, GM (Vigilance), RINL/VSP briefing the purpose of the workshop



Presentation on “Facets of Transparency measures” by CSM Department of RINL



Groups working for developing a methodology for measuring 'Transparency Index' of the organisation in the Workshop

- Spandana congratulates the following employees of Vigilance Department on their recent promotions and wishes them all success in their future career.
(S/Shri)

| | | | |
|---------------------------|--------------------|----|-------------------|
| 01. V RAMESH KUMAR | Dy.Manager (Vig) | to | Manager (Vig) |
| 02. PUTTA V R KISHORE | Dy.Manager(Vig) | to | Manager (Vig) |
| 03. CH RAVI | Asst. Manager(Vig) | to | Dy. Manager (Vig) |
| 04. DASARI RAMAKRISHNA | Asst. Manager(Vig) | to | Dy. Manager (Vig) |
| 05. SULTAN MINHAJUL HAQUE | Asst. Manager(Vig) | to | Dy. Manager (Vig) |
- Spandana congratulates Shri AGK Murty, AGM(Vigilance) & Shri J Rahul, AGM(MD) for winning 15th National Management Quiz (NMQ-2014) and 2nd HR Quiz organised by 'All India Management Association (AIMA)' at New Delhi

Answers to QUIZ:

- | | | |
|-------------------------|---|--------------------------------|
| 1. Satyendra Dubey ; | 2. Transparency International ; | 3. Khilana Bandh, Pilana Shuru |
| 4. Wajahat Habibullah ; | 5. Public Interest Disclosure and Protection of Informers | |

CHECKS CARRIED OUT BY VIGILANCE DEPARTMENT DURING NOVEMBER – DECEMBER 2014

| Activity | Numbers |
|-----------------------------------|-----------|
| 1. Surveillance / checks | 26 |
| 2. Road/Rail Re-Weighments | 10 |
| 3. Quality checks | 3 |
| Total | 39 |

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