

# PREVENTIVE VIGILANCE IN PUBLIC PROCUREMENT



**PRESENTATION**  
**BY**  
**CTE ORGANISATION**  
**Central Vigilance Commission**  
**8<sup>TH</sup> JUNE 2006**



# PUBLIC PROCUREMENT DEFINITION

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



# CANONS OF OF PUBLIC PROCUREMENT

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

# CANONS OF OF PUBLIC PROCUREMENT

## FIVE WATCH WORDS

**1. TRANSPARENCY**

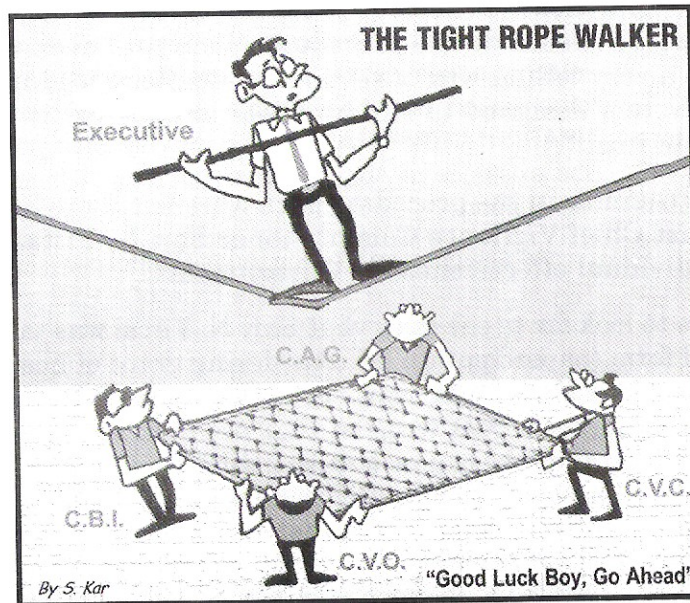
**2. FAIRNESS**

**3. VALUE FOR MONEY**

**4. QUALITY**

**5. TIME**







# CANONS OF PUBLIC PROCUREMENT

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**RECENT INITIATIVES TO PROMOTE  
TRANSPARENCY AND OPENENSS**

## **1. RIGHT TO INFORMATION ACT 2005**

***-OBJECTIVE-***

TO PROMOTE **OPENNESS,**  
**TRANSPARENCY** & ACCOUNTABILITY  
IN ADMINISTRATION.



# I. CANONS OF PUBLIC PROCUREMENT

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## RECENT INITIATIVES TO PROMOTE TRANSPARENCY AND OPENENSS

### 2. INTEGRITY PACT

(A TOOL TO BUILD TRANPARENCY IN PUBLIC PROCUREMENT)

- **VOLUNTARY AGREEMENT BETWEEN PURCHASER AND BIDDER.**

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

- **INDEPENDENT MONITOR**
- **PENAL CLAUSES**



# DEFICIENCIES IN PUBLIC PROCUREMENT

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## CAUSES

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



# PREVENTIVE

# MEASURES

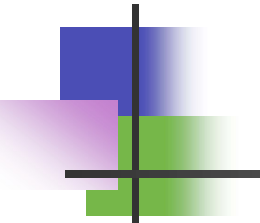


## SUGGESTED

## GENERAL

1. GET THE **MANUAL UPDATED** SUITING TO THE REQUIREMENT OF FAST TRACK PROJECTS, IF REQUIRED( PREPARE FAST-TRACK PROCEDURE).
2. ARRANGE ADEQUATE **TRAINING** TO TECHNICAL STAFF TO SENSITISE THEM TO GOOD CONSTRUCTION PRACTICES / CONTRACT MANAGEMENT ETC.

**PREVENTIVE MEASURES TO BE TAKEN  
IN VARIOUS STAGES IN PUBLIC  
PROCUREMENT**



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**STAGES IN PUBLIC PROCUREMENT**

**1. PRE-TENDER STAGE**

**2. TENDER STAGE**

**3. EXECUTION STAGE**



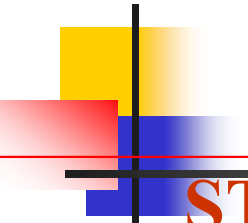
# **PREVENTIVE MEASURES TO BE TAKEN IN VARIOUS STAGES IN PUBLIC PROCUREMENT**

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## **STAGES IN PUBLIC PROCUREMENT**

### **1. PRE-TENDER STAGE**

- i. PROJECT FORMULATION**
- ii. APPOINTMENT OF CONSULTANTS**
- iii. PREPARATION OF DETAILED PROJECT REPORT (ESTIMATE, DESIGN etc.)**



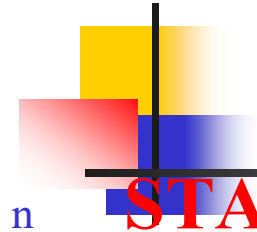
**PREVENTIVE MEASURES TO BE TAKEN  
IN VARIOUS STAGES IN PUBLIC  
PROCUREMENT**

**STAGES IN PUBLIC PROCUREMENT**

**2. TENDER STAGE**

- i. PREPARATION OF TENDER DOCUMENTS**
- ii. INVITING & OPENING OF TENDERS**
- iii. PREQUALIFICATION**
- iv. TENDER EVALUATION & AWARD OF WORK**

# PUBLIC PROCUREMENT PROCESS



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## STAGES IN PUBLIC PROCUREMENT

### 3.EXECUTION STAGE

i. AGREEMENT/PURCHASE ORDER

ii. CONTRACT PERFORMANCE

(a) ADVANCE PAYMENTS

(b) IMPLIMENTATION OF CONTRACT PROVISIONS

(c ) TIME AND COST OVERRUN

(d) PAYMENTS

(e) QUALITY OF WORK/ INSPECTION

**PREVENTIVE MEASURES TO BE TAKEN  
IN VARIOUS STAGES IN PUBLIC  
PROCUREMENT**

**1. PRE-TENDER STAGE**

**i. PROJECT FORMULATION**

**Dos:**

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

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**TODAY'S PROBLEMS ARE DUE TO  
YESTERDAY'S SHORT-SIGHTED SOLUTIONS**

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# PREVENTIVE MEASURES TO BE TAKEN IN VARIOUS STAGES IN PUBLIC PROCUREMENT

## STAGES IN PUBLIC PROCUREMENT

### 1. PRE-TENDER STAGE

#### ii. APPOINTMENT OF CONSULTANTS

#### DOs:

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

# PREVENTIVE MEASURES TO BE TAKEN IN VARIOUS STAGES IN PUBLIC PROCUREMENT

## STAGES IN PUBLIC PROCUREMENT

### 1. PRE-TENDER STAGE

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

#### Dos:

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



# **PUBLIC PROCUREMENT PROCESS**

## **STAGES IN PUBLIC PROCUREMENT**

### **2. TENDER STAGE**

#### **PURPOSE OF TENDERING**

- i) QUALIFYING THE CONTRACTORS**
- ii) FREEZING OF TECHNICAL SPECIFICATIONS  
(TECHNICAL BID)**
- iii) PRICE BID(COMMERCIAL BID)**

#### **TYPE OF BIDS-----**

- TWO STAGE**
- SINGLE STAGE---- I) ONE ENVELOPE  
II) TWO ENVELOPE**

# **PREVENTIVE MEASURES TO BE TAKEN IN VARIOUS STAGES IN PUBLIC PROCUREMENT**

## **STAGES IN PUBLIC PROCUREMENT**

### **2. TENDER STAGE**

#### **i.) PREPARATION OF TENDER DOCUMENTS**

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

# PREVENTIVE MEASURES TO BE TAKEN IN VARIOUS STAGES IN PUBLIC PROCUREMENT

## STAGES IN PUBLIC PROCUREMENT

### 2. TENDER STAGE

#### i.) PREPARATION OF TENDER DOCUMENTS

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



# **PUBLIC PROCUREMENT PROCESS**

## **STAGES IN PUBLIC PROCUREMENT**

### **2. TENDER STAGE**

#### **MODE OF TENDERING-----**

- **OPEN---( WITH OR WITHOUT FILTER CONDITION)**
- **LIMITED (SMALL VALUE,URGENT AND REPETITIVE PROCUREMENTS)**
- **SINGLE (WITHOUT CALLING TENDER FOR PROPRIETARY ITEMS AND EMERGENCY SITUATION,)**

**(ORGANIZATION SHOULD FRAME A POLICY FOR DECIDING THE MODE.)**

# **PREVENTIVE MEASURES TO BE TAKEN IN VARIOUS STAGES IN PUBLIC PROCUREMENT**

## **STAGES IN PUBLIC PROCUREMENT**

### **2. TENDER STAGE**

#### **ii. INVITING TENDERS**

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

# PREVENTIVE MEASURES TO BE TAKEN IN VARIOUS STAGES IN PUBLIC PROCUREMENT

## STAGES IN PUBLIC PROCUREMENT

### 2. TENDER STAGE

#### ii. OPENING OF TENDERS

- ENSURE THAT CORRECTIONS, OMMISSIONS, INSERTIONS OVERWRITTING etc. ARE ATTESTED & ACCOUNTED FOR.
- PREPARE 'ON THE SPOT SUMMARY'
- OPEN THE BID IN PRESENCE OF BIDDERS.



# **PREVENTIVE MEASURES TO BE TAKEN IN VARIOUS STAGES IN PUBLIC PROCUREMENT**

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## **6. PREQUALIFICATION**

### **Objective-**

**To bring competent contractors into competition having technical & financial capability commensurate with requirement of the particular procurement (project/supply of goods)**

# **PREVENTIVE MEASURES TO BE TAKEN IN VARIOUS STAGES IN PUBLIC PROCUREMENT**

## **STAGES IN PUBLIC PROCUREMENT**

### **2. TENDER STAGE**

#### **iii. PREQUALIFICATION**

- **KEEP THE PQ CRITERIA NEITHER TOO STRINGENT NOR TOO LAX**
- **PREPARE THE PQ CRITERIA SPECIFIC TO THE REQUIREMENT OF THE WORK IN CLEAR TERMS**
- **NOTIFY THE EVALUATION CRITERIA IN THE PQ DOCUMENT**
- **VERIFY PQ CREDENTIALS.**
- **EVALUATE THE BIDS EXACTLY AS PER THE NOTIFIED CRITERIA .**



# **PREVENTIVE MEASURES TO BE TAKEN IN VARIOUS STAGES IN PUBLIC PROCUREMENT**

## **STAGES IN PUBLIC PROCUREMENT**

### **2. TENDER STAGE**

#### **iv. TENDER EVALUATION & AWARD OF WORK**

- **DEAL WITH EVALUATED L-1.**
- **BRING THE OFFER OF QUOTED L-1 AT PAR WITH OTHERS AS PER BID CONDITIONS RATHER THAN PROCEED WITH QUOTED L-1 RATES.**
- **DO NOT DILUTE THE SCOPE , SPECIFICATION AND CONDITIONS OF THE CONTRACT AFTER OPENING OF THE BIDS.**



**PREVENTIVE MEASURES TO BE TAKEN  
IN VARIOUS STAGES IN PUBLIC  
PROCUREMENT**

**STAGES IN PUBLIC PROCUREMENT**

**3.EXECUTION STAGE**

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