

### 1. Improvements in Delegation of Powers (DoP)

- In an inspection by CTEO, it was observed that in some cases, post tender relaxations were permitted under the DoP wherein a prescribed competent authority can approve opening of price bids of bidders who have sought deviations in their bid with respect to Bid Rejection Criteria (BRC) or otherwise.
- CVC vide letter dated 27.02.2020 advised to introduce suitable Systemic Improvement measures to check such instances of discretionary powers.
- Accordingly, following SI measures were suggested to the management in consultation with the CTEO:
  - Deletion of DoP provision relating to opening of price bids of bidders seeking deviation in BRC
  - Limited use of DoP provision related to bidders seeking deviations other than BRC
- Management implemented these SI measures by issuing amendment in DoP on 05.08.2021.

### 2. Prohibition on calling of Revised / Fresh Price Bids

- In a CVC referred complaint, it was observed that in case of a tender, where price bids had been opened, could not be finalized within the time of bid validity. Thereafter, bidders were requested to extend the bid validity, which some of the bidders refused. As a result, fresh / revised price bids were called after opening of the price bids.
- As the practice of calling revised / fresh price bids may lead cartelization, CVC vide letter dated 15.11.2019 suggested to implement a suitable Systemic Improvement measure in this regard.
- Management vide circular dated 16.05.2021 clarified that if a Tender could not be finalized for any reason, it shall be cancelled and a fresh tender shall be issued.

### 3. Verification of genuineness of Air Travel bills of Private Travel Agencies

- Based on a case relating to a CPSE, CVC vide letter dated 03.03.2021 advised all organizations to carry out scrutiny of air travel bills / invoices submitted by private travel agencies to confirm whether inflated / forged bill have been presented and to adopt an appropriate mechanism to verify the genuineness of claims to avoid irregularities in future.
- On scrutiny, it was observed that a private travel agency had presented inflated / forged bills on multiple occasions and in the absence of corresponding invoices from the

## SYSTEMIC IMPROVEMENT MEASURES IMPLEMENTED IN OIL - 2021

airlines and mechanism to cross-check invoice amounts, the claims of the private travel agency were honored.

- In this regard, in addition to black-listing of the vendor and recovery of excess amount, following Systemic Improvement measures were suggested and implemented:
  - Invoices of travel agents to be supported by corresponding invoices issued by the airlines
  - Cross-checking of invoice amounts from the website of the airlines, as most of the airlines provide the facility of downloading invoices by entering details like PNR, last name, sector, etc.

### 4. Streamlining of Spot Purchases

- Spot Purchases is a process of procurement of petty items (nominal in value) directly from the market/ vendors i.e. without following the normal tendering procedures.
- Arising out of vigilance scrutiny of internal audit paras, it was observed that a particular employee was splitting the Spot Purchase Requisition (SPR) quantities to issue multiple Spot Purchase Orders (SPOs) for the same item on the same vendor on the same day, thereby avoiding the normal tendering procedures.
- Accordingly, vide letter dated 09.02.2021, it was suggested to the management to create validation in ERP wherein system should not allow creation of multiple SPOs against a single line item of SPRs.
- Management vide letter dated 22.07.2021 informed that necessary validations have been created in the system.

### 5. Urgent Tags in Purchase Requisitions (PRs) for priority procurement

- During various inspections by Vigilance Department, it was observed that initiation of procurement of various good / services is done citing “operational urgency”, however, “urgency” was not reflected in the later part of procurement process (for example: technical evaluation, award, etc.) and in the execution of the jobs.
- Accordingly, vide letter dated 26.02.2021, it was suggested to the management that there should be a tagging of such PRs in the ERP system so that it can be monitored and procurement as well as execution can be completed in a timely manner as per operational requirements.
- Management vide circular dated 25.08.2021 informed that a new functionality has been created in the system wherein at the time of creation of PR, user department has to capture ‘special operational urgency’ to ensure timely completion of procurement and execution.

### 6. Implementation of SOP on Dispute Resolution Mechanism

- Based on the advice of the CVC, System Study on Arbitration Cases was carried out wherein it was observed that whenever any dispute is raised by any vendor / customer, the same is dealt by the user department, which is further escalated to litigation if the matter remains unresolved after discussions / negotiations at their end.
- It was further observed that there was no formal procedure to look into the merits of a case before deciding way forward (further litigation) upon conclusion of 1<sup>st</sup> level litigation where decision had gone against the organization.
- Accordingly, vide letter dated 11.02.2021 it was suggested to the management to consider taking an independent opinion before litigating a case further.
- Management vide letter dated 25.10.2021 informed that a SOP for dealing with disputes with Parties has been put in place. As per the SOP, a multifunctional Dispute Resolution Committee (DRC) would be formed to evaluate each case at every stage of dispute and advice a way forward to the management. Further, DRC may recommend seeking independent legal opinion, if deem fit.

### 7. Auto mail triggering for Refund of EMD / PBG

- During inspection, delay in refund of Bid Security / EMD to bidders was observed.
- Accordingly, vide letter dated 04.09.2020, it was suggested to the management to monitor EMD /PBG through an automated process.
- Management vide letter dated 02.08.2021, informed that a system has been developed in ERP wherein auto email will be triggered to the respective purchasing group before 1 month of expiry of EMD/PBG for monitoring of timely refund.

### 8. Timely Disposal of Scrap

- Arising out of System Study on Scrap Disposal, it was observed that Scrap were not disposed timely resulting into blocking of space, inventory management cost and depletion in the residual value of the scrap.
- Accordingly, vide letter dated 22.10.2019, it was suggested to the management to make 'Scrap Disposal' as one of Key Performance Indicators (KPIs) in the Annual Performance Assessment Report (APAR) of the concerned Head of Department (HoD).
- Management vide circular dated 09.02.2021 has made 'Scrap Disposal' a mandatory KPI in the APAR of the concerned executives to ensure timely disposal of scarp.

## 9. Recovery Tags in SES

- During an inspection, it was observed that user department had suggested a recovery from the contractor while certifying a bill. However, the same was overlooked at the time of making payment.
- Accordingly, it was suggested vide letter dated 06.10.2020 that a 'Recovery Tag' should be developed in the system while creating Service Entry Sheet (SES) in ERP so that such instances are not overlooked.
- Management vide letter dated 18.06.2021 informed that necessary Tag has been developed in the system.

## 10. Implementation of Knowledge Management Portal

- During various inspections, it was observed that similar lapses with respect to contract compliance were getting repeated in project execution. Further, it was observed that there was no mechanism to capture knowledge and experiences of the executives upon their superannuation / transfer.
- Accordingly, vide letter dated 09.09.2019 it was suggested to the management to have a lesson learned repository so that similar lapses are not repeated.
- On 05.04.2021, Management rolled out an online Knowledge Management Portal called "Gyanmanthan" primarily to capture learning and experiences of the employees.

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