



‘Best Practices’



Preventive Vigilance

- ❖ **On the suggestion of Central Vigilance Commission (CVC) a Concept Note on 'Preventive Vigilance', including effective strategies and the measures to be adopted in the organisation, was prepared and shared with the Management which highlighted the following:**
 - **Prevention encompasses policies, procedures, training and communication that stop corruption from occurring**
 - **A risk based approach to managing corruption risk is an effective preventive measure**
 - **It helps to identify structural weaknesses that may facilitate corruption,**
 - **It provides a framework for all staff to take part in identifying risk factors and treatments**
 - **Embeds corruption prevention within a well-established governance framework,**
 - **The Board of Directors should set the tone for corruption risk management**
 - **Policies and Procedures recommended to minimize corruption risks in key areas like Procurement, Operations, Stores, Finance, Award of Contract, Personnel Management, IT Systems etc. and**
 - **Management responsibilities towards the same.**



Preventive Vigilance (Contd.)

- **Proposal for formulation of a Whistle Blower Policy and Vigil Mechanism for the Company under the Listing Agreement and Companies Act-2013 respectively was reviewed and advised that, as presently all CPSEs, listed or otherwise, already have a vigil mechanism in place as the Central Vigilance Commission exercises superintendence over the vigilance administration of the various Public Sector Enterprises under the Central Government through the Chief vigilance Officers, a new policy would not only mean duplication but may also run contrary to or be inconsistent with the already established:**
 - **BEML ‘Complaint Handling Policy’,**
 - **The PIDPI Resolution**
 - **Recent Amendment to the PIDPI Resolution.**
 - **Further, CVC’s considered views in the matter have been sought.**



Policies and Procedures recommended and implemented to minimize corruption risks in the following key areas:

- ✓ **Procurement**
- ✓ **Operations**
- ✓ **Stores**
- ✓ **Finance**
- ✓ **Award of contract**
- ✓ **Personnel Management**
- ✓ **IT systems**



Procurement

- **In the manual procurement procedure norms are invariably flouted and the procurement is suspect.**
- **Recommended e-mode of procurement across the Divisions/Offices for all procurements made irrespective of the value.**
- **This will enhance transparency to 100% and is in keeping with CVC guidelines to leverage technology for greater transparency.**
- **If manual procurement procedure is required to be followed in any instance then required justification is to be given and necessary Management approval is to be taken.**



Procurement (Contd.)

➤ **As per latest directive:**

- ✓ **Management has made e-mode of procurement mandatory for all Project items, Non-Project items, Capital items, Civil tenders and Other Service Contracts (e.g. Transportation, Medicine etc.) where, the estimated value of Purchase Order is more than Rs. ONE Lakh, irrespective of the type of Tender.**

- ✓ **In case of imported items and for less than Rs. One Lakh all out efforts to be made to progressively achieve e-mode of procurement.**



Procurement (Contd.)

- **As part of the implementation of ‘Actionable Points 2015-16’, being monitored by Ministry of Defence, Vigilance verified the procurement process for both Production and Non-Production items.**
- **Analysed one year’s total procurement (2014-2015).**
- **Suggested measures to increase open tendering, increase coverage of contracts / procurement under Integrity Pact (IP) and increase e-Procurement in exempted category.**



Procurement (Contd.)

❖ Procurement of Production Items:

- **Directions have been issued to all divisions to carry out the exercise of identifying such production items which can be procured through open tender.**
- **Thereby increasing the percentage of production items through Open Tender in the total procurement.**
- **Vigilance effort so far has been to study the ERP and SRM system and recommend mapping of the Material Master (item code) on SRM with the Approved Vendor List and the Purchase Requisition so that the System will enable RFQ will be sent to all the approved vendors for the item.**



Procurement (Contd.)

- ❖ **Procurement of Standard Non-Production items:**
 - **Directive issued to all the divisions of BEML to upload enquires on BEML website and CP Portal for wider publicity, competitive price and transparency.**
 - **Vigilance found bid invitation hosted as Limited Tender which was giving room for discretion to the officials of Purchase Department to add or not add a firm interested in accessing the bid invitation.**
 - **Recommended such bid invitations to be hosted as e-Public Tender not Limited Tender as otherwise the whole purpose of enhancing competition, transparency and fair play would stand defeated.**



Procurement (Contd.)

- **Directive issued: For Standard Non-production items hosted on BEML Website and CPPP Portal the Bid invitation Transaction Type shall be selected as ‘Public Tender’ or ‘Public Tender 2 bid’ in the SRM system which will enable the following:**
 - **All the vendors who already have User ID in our SRM system will have access to Invitations for submitting bids.**
 - **Once the User ID is created and communicated to a new vendor by SRM Team, the vendor can access the Bid Invitation directly without the need for the Purchaser to add the Vendor Code to the Bid Invitation and get approval.**
 - **There will not be any possibility of discretion of the purchaser in not adding a vendor to the Bid Invitation.**



Procurement (Contd.)

- **The CIO has been directed to ensure that for procurement of non-production items the System is enabled only for ‘Public Tender’ or ‘Public Tender 2 bid’.**
- **With this the percentage of Open Tender for non-production items in the total procurement will increase.**
- **There is need for Purchase Officers and User Department Officers to be counselled on the procurement policies & procedures and their accountabilities.**



Procurement (Contd.)

➤ **Recommended International best practice**

Executives to be measured against following Procurement-Key Performance Indicators:

Efficiency of procurement process

- ✓ **In terms of transaction costs and time of procurement procedures**
- ✓ **Use of e-procurement**
- ✓ **Use of aggregation vehicles like framework agreements and consolidated contracts**

Openness and transparency of the procurement process

- ✓ **Fair and equal treatment of participants in the procurement process**
- ✓ **Public disclosure of procurement rules**
- ✓ **Publication of procurement opportunities**
- ✓ **Publication of results of procurement processes,**



Procurement (Contd.)

- ✓ **Publication of contract modifications**
- ✓ **Justifications for the use of procurement methods other than open tendering.**

Professionalism of the procurement workforce

- ✓ **Capacities and training of the workforce**

Contract management and supplier performance

Measured in terms of:

- ✓ **Delivery management**
- ✓ **Relationship management**
- ✓ **Contract administration**



Procurement (Contd.)

- **As part of e-Vigilance Purchase Module on SAP-ERP is being monitored on regular basis to check for the following red flags:**
 - ❖ **Purchase Order not linked to Purchase Requisition.**
 - ❖ **If Multiple RFQs are being generated for one item.**
 - ❖ **If Purchase Requisitions are being split to give price advantage to vendors/suppliers and avoid DOP.**

Findings are being communicated to Management for System correction.

- ***e-Library:* As part of e-library CVC/MoD Circulars are being uploaded on SAP/ERP.**



Procurement (Contd.)

- **Online Vendor Registration facility is made available on the BEML SRM e-Procurement site.**
- **Online Vendor Payment Tracking menu is available.**
- **Quality Vendor Portal is available for automating the quality process of BEML.**



Operations

- **Four complaints alleging irregularities in the process of short listing of Dealers for selection were received & verified.**

- **Based on the findings best practices recommended:**
 - ❖ **Dealer Development Programme on the lines of BEML Vendor Development and Sourcing (VDS) to be the way forward.**
 - ✓ **On-line Registration of Dealers.**
 - ✓ **Independent Cell like VDS Cell to evaluate & select Dealers.**
 - ✓ **Hand holding of Dealers on the lines being done to Vendors.**
 - ❖ **Region-wise targets based on market potential to be fixed.**
 - ❖ **Mechanism to monitor the performance against targets to be established**
 - ❖ **Extension/Renewal of Dealership to be based on this performance review.**
 - ❖ **Corruption Risk in Commission Payment to be addressed.**



Operations (Contd.)

- **Management has for the present, decided not to go for any new dealers and has stated when situation warrants for appointment of new dealers, recommendations will be implemented.**



Stores

- **Following Vigilance recommendations to streamline the system of stocking & disbursement of Hydrocarbon products at the Company Petrol Bunks, following guidelines were issued:**
 - ✓ **Issues to be restricted only to the vehicles owned by the Company personnel against proof of ID**
 - ✓ **No authorization slips to be entertained.**
 - ✓ **Under no circumstances issues to be made in bottle, tin/cans.**
 - ✓ **Reconciliation of Petrol issued and stocked in order to identify the discrepancies.**
 - ✓ **To capture the details of disbursement on SAP-ERP.**



Stores (Contd.)

- **It was observed that Cotton Waste was supplied in gunny bags and Receiving Stores had failed to reduce the weight of gunny bags from the total weight of consignment.**
- **Across division risk assessment was made and found to be high.**
- **The packing and forwarding terms mentioned in the Purchase Requisition of cotton waste was also not uniform across the Divisions.**
- **Further assessment of ERP/SAP also revealed that PO was not linked to RFQ.**



Stores (Contd.)

- **Recommendations were made based on findings:**
 - ❖ **Action to recover short supply of cotton waste to be effected.**
 - ❖ **The packing and forwarding terms mentioned in the Purchase requisition for cotton waste should be uniform across the divisions with best practices adopted as per IS 6612-79(94).**
 - ❖ **PR linking in SAP/SRM should be made a mandatory field.**
 - ❖ **RFQ / E bidding should be generated only after linking of Purchase Requisition and the same should be displayed in the Note Sheet or E bid Summary.**
 - ❖ **RFQ/Bid No., linking should be made a mandatory field.**
 - ❖ **Purchase order should be generated only with reference to the RFQ / E bid Number.**



Stores (Contd.)

- **Based on a risk assessment of scrap disposal following preventive measures to be put in place for Forward e-auction of scrap disposal at Regional Office / Divisions were recommended:**
 - ❖ **Staff must be trained in policy and procedures of scrap disposal and must be made aware of their accountabilities.**
 - ❖ **Separate Committees for scrap disposal and fixing reserve price must be constituted duly ensuring segregation of duties in the decision making process. E.g. Stores staff should not be part of the Committee fixing Reserve Price.**
 - ❖ **The Reserve Price should be fixed by the Reserve Price Advisory Board with due care after taking into consideration all relevant inputs for valuation of the goods for disposal, including if required external valuation of the goods to be disposed.**
 - ❖ **Secrecy of the Reserve Price to be maintained.**



Stores (Contd.)

- ❖ **The Service Provider must be specifically barred from giving the start bid price.**
- ❖ **Advertisements must be made in all India editions of the National dailies.**
- ❖ **Wide publicity with adequate and equal notice time to all players must be ensured.**
- ❖ **In all forward auction on e-mode before acceptance of the H1 bid the audit trail must be analyzed for corrupt practices without fail.**
- ❖ **Acceptance of sale to H1 to be given only if there is no evidence of bid rigging.**
- ❖ **H1 bids lower by a percentage of more than 5% of the Reserve Price is to be rejected as per procedure.**
- ❖ **Negotiations and counter-offers to be made uniformly and duly recorded.**



Stores (Contd.)

- ❖ **A Service Provider' Model for Forward Auction has all the risks inherent in a function performed by a third part under Contract.**
- ❖ **It is, therefore, necessary as a Corruption Risk Management Strategy to have an 'in-house' model for Forward Auction to be managed and conducted by an IT team like SRM.**



Stores (Contd.)

- **Recommended following International best practices for Salvage disposal:**
 - ❖ **Keeping details concerning the date of purchase of resources, length and condition of warranty, maintenance and repairs undertaken, and other related information for consideration in the valuation and disposal of goods.**
 - ❖ **Conducting and recording regular inventories of goods.**
 - ❖ **Keeping a checklist of each stage in the disposal process including the decision to dispose, valuation of items, and who approved the disposal of the goods, plus the method of disposal – for example, through public advertisement, auction, or in-house tender.**



Stores (Contd.)

- ❖ **Keeping a record of the external valuations.**
- ❖ **Maintaining a register of all the assets held by the organisation.**
- ❖ **Regularly auditing the asset register to ensure no items have been improperly disposed of.**
- ❖ **Putting asset maintenance systems in place to determine and report on when goods become surplus and/or unwanted and what their monetary value is at that point.**
- ❖ **Using competitive processes like forward auction.**



Stores (Contd.)

- **Reconcile the inventory at Regional Offices and District Offices annually and report to Divisions.**
- **Establish stricter internal controls for all MARC contract.**
- **As per the procedure laid down the copies of the service report generated by field staff and vetted by Service Engineer to be forwarded to respective Regional Office, District Office, Service Head Quarters Nagpur and Bangalore for analysis to be reiterated.**
- **Handing over charge and taking over charge procedures including reconciliation of stores inventory by Regional/ District/ Stores Manager to be reiterated.**
- **The discount to customers to be offered only after obtaining the written approval as per DOP 80.**



Finance

- **To identify vulnerabilities in the Organisational Policies, Systems & Procedures and recommend corrective measures to reduce the scope for corruption, new areas/tasks have been identified and included in the job assignment of Vigilance Officers through an Office Order Dt. 30.07.2012.**

- **Some of the important areas covered are:**
 - ❖ **Bills Receivable/Payable,**
 - ❖ **Sundry debtors,**
 - ❖ **Sale Orders vis-à-vis Terms & conditions and Recognition, Receiving/Rejected Stores,**
 - ❖ **e-procurement,**
 - ❖ **Shipping Department and Load Distribution.**



Award of Contracts

- **A risk assessment of transport contract for hiring of utility vehicles was made.**
- **Following best practice recommendations were made:**
 - ❖ **To comprehensively review the requirement of vehicles in Regional and District Offices.**
 - ❖ **While tendering for Vehicle Contracts, Category of vehicle should be essentially fixed for better rates and their utilization.**
 - ❖ **To put in place a system for reviewing the performance of all the transport contractors on regular basis**
 - ❖ **To have a control document to assess the contractor's performance and place them on record.**
 - ❖ **This control document shall be the basis for sending RFQs in limited tender and will make the process transparent.**
 - ❖ **Payment to be made duly taking necessary actions for any lapses applying the terms and conditions of the agreement after obtaining the approval of the competent authority.**



Award of Contracts (Contd.)

- ❖ **Blacklisting/ Banning to be made strictly as per the assessment recommended vis-à-vis contract agreement.**
- ❖ **To explore the possibility of creating a portal in bebindia website for online registration of vehicle contractors including for regional offices to facilitate competitiveness, fairness and transparency in the selection process.**



Award of Contracts (Contd.)

- **Irregularities in tender evaluation of Sub-Contract was noted and following recommendations were made:**
 - ❖ **For all tenders above Rs. 1 lakh e-procurement must be ensured.**
 - ❖ **Clear directions to be issued in two-bid mode to reject incomplete Technical bids and refrain from calling for documents after technical bids have been opened to qualify them technically.**
 - ❖ **As a best practice the TEC must draw-up the proceeding in a transparent manner, sign and date it soon after the meeting.**



Award of Contracts (Contd.)

- **The Tender Evaluation Committee must be counselled on the need to evaluate bid conditions diligently and in an objective manner.**
- **The Tender Evaluation Committee must develop the practice of verifying certificates issued directly from the agency issuing the certificate.**
- **Reasons for disqualification on technical grounds must be communicated in a transparent manner.**
- **All business correspondence via email and letters must necessarily be on record. A policy in this regard is required to be made.**



Personnel Management

- **Vigilance recommended to make the Company Quarters allotment process transparent by online publication of vacancy of flats, list of applications received, inter-se seniority in eligible Grades and allotments made**
- **Management issued directives vide Circular No. 1598 dated 16.09.2015:**
- **providing online facility whereby Employees / Officers can apply for the quarters / flats as per eligibility by accessing the application online on the Official website of the Company.**
- **Audit trails of online application forms are being made available in the respective email IDs created for each location.**
- **Upon allotment of quarters / flats as per HR norms, details of the application forms received and allotment of quarters / flats will be made available online.**



Personnel Management (Contd.)

- **With a view to further build capacity in Public Procurement it was recommended that the Certified CPPP Learners may be sponsored by the organisation for the Professional Diploma in Public Procurement (PDPP) which has been developed through the Charter for Public Procurement Studies (CPPS) formed by 10 leading academic and management training institutions in India and being offered by them which confirms to international standards.**
- **Accordingly Management Vide Ref: KHD/PDPP/802 dtd. 11/08/2015, has invited application from the 47 Certified Learners for sponsored enrollment to the 6 months PDPP programme.**



Personnel Management (Contd.)

- **While reviewing penalty imposed in disciplinary matters, it was observed that there was no speaking order with effective date of punishment.**
- **It was, therefore, recommended that, speaking order needs to be issued with effective date of punishment while imposing penalty by the Disciplinary Authority.**
- **While imposing a penalty of reduction to lower stage in the time-scale of pay, the operative portion of the punishment order should mention the period.**
- **Management has accordingly issued necessary instructions.**



Personnel Management (Contd.)

- **While reviewing a complaint of improper fixation of pay, the following recommendations were made:**
 - ❖ **Due diligence to be exercised while dealing with pay fixation and issue of show cause notices which is necessary for retention of qualified personnel.**
 - ❖ **Selection Committee must necessarily record the minutes of its proceedings duly indicating the reasons for pay fixation on initial employment by way of pay protection, no. of additional increments, etc.**



Personnel Management (Contd.)

- **Based on the recommendations of Vigilance Department, Management has expressed serious concern regarding the handling of important/sensitive issues like verification of documents while recruiting new incumbents, pay fixation of employees/executives, issue of show cause notices/charge sheets etc without verifying the facts properly and also in certain cases without adhering to the prescribed guidelines.**
- **Has directed all HR Chiefs to ascertain factual details as also to exercise due diligence while handling important/sensitive issues.**



Personnel Management (Contd.)

- **Management has been informed that irregularities in personal claims will be highlighted to assist the Organization in promoting and help evolving a Work Culture of Honesty and Integrity.**
- **As a Risk Management strategy 'job rotation' of Term Contract Labourers (TCLs) / Contract labourers, particularly in sensitive areas / departments in line with 'job rotation' being made for Employees/Officers in the Organization was recommended.**
- **Has been implemented by Management.**



Personnel Management (Contd.)

- **Conduct of Exit Interview is considered to be one of the most effective ways to protect the Company's Trade Secret & Confidential Business Information.**
- **When executives are leaving the organization they should be reminded of their obligation to protect the Company's secrets even after their employment ends and**
- **Not to disclose or use confidential business information for their own benefit or the benefit of others without the express written consent of the Company.**



Personnel Management (Contd.)

- **BEML Format for Exit Interview and the Non-disclosure Agreement were reviewed and following recommendations were made:**
 - ❖ **The ‘Non-disclosure of Confidential and Sensitive Information Agreement’ may be made a part of the Format for Exit Interview or the Format for Exit Interview may include a statement in which the Executives affirm that they understand and will comply with the terms of the non-disclosure agreement they have separately signed.**
 - ❖ **It is also advisable that Executives working in Technical and Sensitive Posts who give notice for leaving their jobs may be transferred to Non-Sensitive Posts until their termination date.**
- **Management has since revised the Format and circulated to HR heads for adoption.**



Personnel Management (Contd.)

- **The proposal of Corporate (HR) for exclusion of the following from the sensitive area list for purposes of job rotation was reviewed:**
 - ❖ **Employees of Medical-Pharmacy Section.**
 - ❖ **Executives heading Departments on the ground that “even though such executives are not looking after sensitive functions as their core activity, part of their function will come under the preview of functions notified as sensitive”.**
 - ❖ **Executives & Employees of Marketing Finance working in Regional & District Offices.**



Personnel Management (Contd.)

- While concurring with the proposal for exclusion of Employees of Medical-Pharmacy Section from the sensitive areas list for practical reasons as job rotation was not feasible, Risk Management Strategies were, however, recommended to be put in place to prevent corruption risks.
- The remaining two proposals at Sl. No ii) and iii) were not concurred in view of the risks involved.



IT Systems

- **A risk assessment of the SRM Platform/System was undertaken to identify system weakness that may facilitate corruption and following were some of the risks identified:**
 - ❖ **There is sharing of digital signatures. On transfer or separation from Purchase Department there is no Standard Operating Procedure for surrender of digital signature with risk of unauthorized person logging and accessing data compromising security of data.**
 - ❖ **There is no database maintained of digital signatures issued by SRM Team.**
 - ❖ **The SRM System permits sending of RFQs to vendors not possessing digital signature which may be misused to show more number of bidders in a Limited Tender while the RFQ might have.**



IT Systems (Contd.)

- ❖ **When ‘Send Mediums’ are available for communication the System permits choosing XML mode which will prevent communication or alert from being received by the Vendor.**
- ❖ **System allows approving extension of bid closing date / time after the bid opening date/time has passed and enables viewing of the Comparative Statement before bid opening time compromising confidentiality of the bids.**



IT Systems (Contd.)

- **The risk assessment identified risks impacting all the security features incorporated in the application, namely:**
 - ❖ **All activities are logged and no unauthorized person has access to data.**
 - ❖ **The data submitted by the vendor can only be seen by BEML authorized person *“only after the opening date and time has been reached”*.**

- **It was recommended that the CIO and SRM Team may be directed to examine the above risks and evolve risk management strategies to mitigate the above risks.**

- **Till such time direction may be issued to provide sufficient time for bidding and refuse extension of bid closing date/time and informing vendors upfront that no requests for extension will be entertained.**



IT Systems (Contd.)

- **Recommended that officers/employees working on SAP are transferred to other departments the password of the Login ID used by them needs to be changed and**
- **Officers of Purchase department require to surrender their digital signature on transfer / separation from Purchase department.**



Best Practices: Training & Communication

- **As a proactive vigilance measure a training module on Annual Property Return is developed to provide the necessary counselling to the executives on importance of timely filing of the Annual Property Return and the implications of not filing the same.**
- **In response to the priority flagged by the Central Vigilance Commissioner for the need to improve the knowledge base in the use of e-procurement tools like Reverse Auction in the Defence PSEs. A workshop on E-Procurement and Reverse Auction' was organized.**



Training & Communication (Contd.)

- To mark the observance of the Vigilance Awareness Week a special journal is being released by BEML Vigilance Department every year since 2011, which is in sync with the theme of the Week.
- In 2011 the special journal VIG-KIRAN on the theme '*Participative Vigilance*' was released.
- In 2012 VIG-KIRAN Ver.2 on the theme, '*Transparency in Public Procurement*',
- In 2013 VIG-KIRAN Ver.3 on the theme '*Promoting good Governance – Positive Contribution of Vigilance*'
- In 2014 VIG-KIRAN Ver.4 on the theme '*Combating Corruption – Technology as an enabler*' was released
- The special journal VIG-KIRAN Ver.5 on the theme '*Preventive Vigilance as a Tool of Good Governance*' is under release.
- The VIG-KIRAN Series have been widely appreciated for their content and design.



Training & Communication (Contd.)

- **With the objective of professionalizing and building capacities of officials involved in procurement management, CVO, BEML, as Chairperson of Vigilance Study Circle, Bangalore Chapter has partnered with the World Bank in an Outreach Program in Public Procurement Management.**
- **World Bank has developed the Certificate Program in Public Procurement (CPPP) which is the first ever free procurement certificate delivered as Massive Open Online Course (MOOC).**
- **It enables participants to get an overview of public procurement and understand the rationale behind Public Procurement decisions.**
- **Participants who pass the test with more than 60% marks will receive the Certificate and it is a joint certificate of World Bank and Vigilance Study Circle, Bangalore Chapter.**
- **By this initiative so far 1176 Executives and Personnel in various PSEs and PSBs have enrolled for the CPPP and 626 have already received the Certificate.**



Training & Communication (Contd.)

- **Vendor's meet was organised in three divisions of BEML.**
- **A questionnaire was designed and circulated to the Vendors present at the meet and to all other vendors via the email to elicit their response regarding the transparency of the procurement processes adopted by BEML and their awareness of them.**
- **They were asked to rate their experience with the e-procurement system at BEML Ltd on a scale of 0 to 5, with 0 representing 'least transparent' and 5 representing 'most transparent'.**
- **In response 59 vendors rated their experience, of them 34 have rated it between 4 to 5, 17 vendors have rated it between 3 to 4 and 8 vendors have rated it between 2 to 3, affirming thereby, that the e-Procurement system at BEML Limited is closer to being 'most transparent'.**



Training & Communication (Contd.)

- **The responses sought have been broadly classified under seven main headings as follows to reveal the transparency trait at each stage of the procurement process:**
 - ✓ **Transparency in vendor registration**
 - ✓ **Transparency in NIT(Notice Inviting Tender)**
 - ✓ **Transparency in e-Procurement**
 - ✓ **Post tender transparency**
 - ✓ **Transparency in payment**
 - ✓ **Transparency in Anti – Corruption Measures**
 - ✓ **Transparency rating of e-Procurement**

(Details are published in VIG-KIRAN Ver.2)



Training & Communication (Contd.)

- **In line with CVC's suggestion to give wide publicity to GOI Resolution on the Public Interest Disclosure & Protection of Informers (PIDIP) to create awareness and to encourage the public and employees to come forward to lodge /report information of corrupt practices a detailed write-up on what is Whistle Blower complaint, important features of the Whistle Blowers Resolution and how to lodge a "Whistle Blower" complaint was uploaded on BEML Ltd website with a link to the Vigilance portal.**
- **The said write-up was also published in the internal Journal 'BEML News', through which matters of vigilance import are regularly disseminated.**



Way Forward

- **ISO Certification for Vigilance Department**

- **Develop expertise in the use of the following techniques to identify and prevent irregularities:**
 - ❖ **Benchmarking**
 - ❖ **Ratio analysis**
 - ❖ **Database modeling**
 - ❖ **Mathematical modeling,**
 - ❖ **Specialist software and**
 - ❖ **Exception reporting.**



Case Study 1

- ✦ ***Vigilance Department, BEML, investigated and reported a matter wherein an Executive of the Organisation was responsible in delivering equipment to a Customer without receipt of the 20% down payment in violation of the terms of payment approved by the Competent Authority. Acting beyond his delegation of powers the Executive withheld presentation of the cheques towards down payment on the request of the Customer and though having in his custody unrealized cheques to the tune of Rs.1.84 Cr gave clearance for despatch of equipment. Approval of the Competent Authority was not taken even when payment was not received after delivery of the equipment. When the Customer failed to meet the payment settlement deadline the Executive failed to take approval to present the Security cheque and caused loss to the Organisation.***



Case Study 2

- ✦ Allegations of irregularities in the shortlisting of Dealers for Selection was investigated and reported by Vigilance Department which found lapses in the evaluation/rating process. Due diligence of the firms shortlisted revealed two out of three firms did not meet the pre-qualification criteria, a panel member of the evaluation committee was a former employee of one of the firms evaluated which was not disclosed, the process followed to shortlist was irregular, there was no record note of discussion, record of who made the presentation, record of how many attended etc. Selection from out of the shortlisted firms would not have been above board.***



Case Study 3

- ✚ ***Vigilance Department verified a complaint from firm M/s X of improper disqualification of their technical bid and reported that in a two-stage tendering process the Technical Evaluation Committee had brought in an extraneous criteria and disqualified M/s X even though it had met all the technical specifications and was found technically acceptable along with firm M/s Y. The basis for the disqualification was a letter of reference which was missing from record. Further, stage 5 of the e-procurement procedure to be followed envisaged inviting technically qualified vendors for a 'reverse auction'. By disqualifying one out of two technically qualified bids the provision made for reverse auction in the e-procurement, which would have ensured best price for the Company by being transparent, was negated.***



Case Study 4

- ✦ In a case initially investigated by the Internal Audit Department and subsequently verified by the Vigilance Department it was reported that the Regional Manager had manipulated the record to create a false payment instruction of commission even though there was a Management decision not to process the claim. The Marketing Manager had wrongly certified the claim as correct and the Service Manager had processed the claim without making any comments.***



Case Study 5

- ✦ Vigilance Department verified and reported an irregularity of not declaring the lowest tender, L1, based on system generated comparative statement and rejecting it on technical grounds when there were no grounds to reject it. PO on the basis of the system generated comparative statement had to be issued. Requesting submission of sample as exclusion criteria to decide the L1 when it had not been provided in the tender condition and that to only from the successful bidder was arbitrary. By incorporating additional stiffer conditions in the PO quality of supply could have been ensured. This could have included submission of sample for inspection before supply. Not finalising the tender even after one year further compounded the irregularity.***



Case Study 6

- ✦ A policy objective to upload Standard Non-Production items on BEML website and CPPP so as to have wider publicity to ensure procurement at most competitive price in a fair and transparent manner in line with CVC guidelines was being defeated because the Bid invitation was being hosted as e-Limited Tender and not as e-Public Tender thereby placing artificial restrictions for access to the Bid invitation. Vigilance Department also verified and reported failure on the part of Purchase department to do vendor 'due diligence'. Out of the four vendors verified by Vigilance Department owners of two firms were the same and Division Purchase was sending RFQ for the same products to both the firms. Detailed scrutiny of the quotations was also not being made as there was significant evidence in the quotes of both the firms being owned by one.***



Case Study 7

- ✚ ***Vigilance Department investigated and reported that a District Manager along with Service Manager had coerced the field service staff to prepare false service reports with the intention to remove the part numbers from the System/Perpetual Inventory, while in fact they were still available in the Physical Inventory. Further the District Manager has revised the quote and offered discount for two spare parts without authority and beyond his DOP which would have entailed a loss to the organisation if sale had gone through.***



Case Study 8

- ✚ ***Vigilance Department verified and reported a misrepresentation of Board's decision approving amendments for acceptance of Bank Guarantee to justify inclusion of a tender condition for EMDs. Further, there was subjective interpretation of the pre-qualification criteria indicating bias and wrong use of discretion. Though the Tender condition stipulated that "Technical bids of only those tenderer shall be considered for evaluation who are meeting the pre-qualification criteria", four bids which did not meet the pre-qualification criteria, their technical bids were opened, evaluated and some were recommended as technically acceptable. The fallout was, excessive delay in procurement, not realising expected procurement outcomes, unhealthy extension of contracts and wasteful expenditure.***



Case Study 9

- ✦ Vigilance Department verified and reported failure of a Tender Evaluation Committee to evaluate bid conditions diligently and in an objective manner, not verifying certificates issued directly from the agency issuing the certificate, not communicating in a transparent manner reasons for disqualification on technical grounds and failing to place on record all business correspondence via email and letters. A policy in this regard was recommended.***



Case Study 10

- ✦ Vigilance Department verified and reported failure to follow the standard e-mode two bid process. It was deviated in the RFQ by calling for technical bid manually and commercial bid in e-mode through SRM platform. The deviation was not explained in the proposal and approval of the competent authority not taken for the same. On account of not going for 100% e-mode the extra-liability the Company would have incurred was Rs.5.1Crores.***



Thank You...