<p>| | |</p>
<table>
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</table>
| 3. Books of accounts | 1. Accounts be prepared using software, on computer;  
2. Advances need to be reviewed every month for their timely settlement;  
3. Monthly Receipt and Payment Account be prepared;  
4. At the year end, complete set of accounts as prescribed be prepared within the stipulated period; |
| 4. Expenditure | 1. Expenditure should not exceed the budgeted amount;  
2. Expenditure should be incurred with the approval of competent authority;  
3. Funds should not be diverted or re-appropriated to meet any expenditure, except as specified in FM&P Manual (Para 88) |
| 5. Procurement for goods, Works and services | 1. The guidelines as laid down in FM&P Manual Chapter 9 along with SSA III between MHRD and World bank should be strictly followed.  
2. Payments to the parties be made only when goods received have been verified with respect to quality and quantity and entry made in relevant stock register.  
3. Procurement Plans should be prepared and uploaded on the SSA Web portal and any procurement exceeding Rs.10.00 lakh need to be uploaded on a dedicated website www.rte_ssaprocurement.com. |
| 6. Fixed Assets | 1. Fixed Assets Register, as per prescribed format given in the FM&P Manual be maintained;  
2. Location of these assets need to be recorded;  
3. Physical verification must be conducted at least once a year;  
4. As per FM&P Manual, no depreciation is to be charged; |
| 7. Advances | 1. Advances under General Head should be settled within the prescribed time limits, as specified in para 74/75 of the FM&P Manual.  
2. No advances pertaining to general head should remain unsettled at the end of the financial year.  
3. Personal advances should be settled within one month; |
8.  Administrative Controls  

**Ensure:**
1. Proper custody and availability of records;
2. Important files and documents be kept safely and accessible as and when required;
3. That all the vacant posts at all levels are filled up on time;

<table>
<thead>
<tr>
<th>7.9</th>
<th>Monitoring and Supervision</th>
</tr>
</thead>
<tbody>
<tr>
<td>7.9.1</td>
<td>In SSA, the process of monitoring is as under:</td>
</tr>
</tbody>
</table>

(a) Joint review by Government of India and external Development Partners, if any.
(b) Community based monitoring with full transparency.
(c) Continuous visits to field by resource persons and suggestions for improvement.
(d) State specific responsibilities to research and resource institutions for supervision, monitoring, evaluation and research.
(e) Community ownership for ward / village / school level implementation.
(f) Statement of expenditure in each school to be a public document (social audit).
(g) Mandatory implementation of many activities by SMC.
(h) Habitation-based planning.

7.9.2 Apart from the Internal Controls, Monitoring under the programme is three tiered namely;

(a) Local and Community Level;
(b) State Level and
(c) National Level

<table>
<thead>
<tr>
<th>7.10</th>
<th>Local and Community Level:</th>
</tr>
</thead>
</table>

Community based monitoring is one of the strengths of the Programme. EMIS (Educational Management Information System) incorporates the provision for correlation of school level data with community based information. EMIS is a basis of periodic reporting system. SMC has been entrusted with the primary level task of ensuring that the schools are functioning effectively. Continuous monitoring is an ongoing process and is supplemented through two supervision missions every year.

<table>
<thead>
<tr>
<th>7.11</th>
<th>State Level</th>
</tr>
</thead>
</table>

(a) SIS undertakes intensive monitoring. Representatives of National Mission for UEE and National Level Institutions like NCTE, NEUPA and NCERT also undertake periodic monitoring and provide resource support to the SIS. Autonomous institutions are also associated for the purpose.
(b) Quality is the major intervention under SSA, its monitoring is a priority. Monitoring system is multipronged.

(c) Task of monitoring is further supplemented by engaging Monitoring institutions (38) for not only carrying out the task of supervision and monitoring but also act as partner of the States in the implementation of the programme.

7.12 National Level

Government of India monitors Financial Management issues of the SSA States on a monthly basis. Financial monitoring unit of Technical Support Group assists the EE Bureau for this purpose. Review is done with SPOs particularly the financial controllers of the SISs. The review is carried out on the following aspects:

(a) **Expenditure:** The expenditure against approved AWP&B is monitored on a monthly basis.

(b) **Funds Flow:** The receipt of funds from various sources and their subsequent releases to district level and sub-district level is monitored on a half yearly basis.

(c) **Advances:** The details of advances of more than Rs. 1 lakh remaining unutilized for more than 12 months at district level including DPO level and sub-district level is monitored on a half yearly basis.

(d) **Staff for Financial Management:** The position of financial management staff at State and district level is monitored on a half yearly basis.

(e) **Training Programme for Financial Management Staff:** Initial training and orientation training on financial management covering planning, budgeting, accounting, procurement, internal audit etc. under SSA is given to all financial management staff at periodic intervals.
Chapter 8

PROCUREMENT PROCEDURE

8.1 Purchasing, buying etc are known words in common parlance

(a) The term Procurement is widely used and taught
(b) Everyone must be wondering what does it mean and why is it used

8.2 A subtle difference, though, then why it is and what it is?

(a) “Procurement” is the overarching function that describes the activities and processes to acquire goods and services.

(b) Procurement involves the activities involved in establishing fundamental requirements, sourcing activities such as market research and vendor evaluation and negotiation of contracts. It can also include the purchasing activities required to order and receive goods

(c) “Purchasing” refers to the process of ordering and receiving goods and services. It is a subset of the wider procurement process. It can also include the purchasing activities required to order and receive goods.

8.3 IS PROCUREMENT SO IMPORTANT? - YES

(a) Be it a Needle or Aeroplane it involves or encompasses all or some of the procedures or method known for getting the particular item
(b) Procurement- why this topic is worthy of attention? Perhaps can be addressed by approaching it thru these perspectives
(c) Why is it so important?
(d) What constitutes proficient procurement—what are its distinguishing characteristics?
(e) Why should its achievement and maintenance be a priority concern?

8.4 Why is it so important

(a) Consuming scarce resources of tightly constrained government budgets
(b) The procurement costs can be substantial,
(c) Goods and services needed to carry out the project are procured with due consideration to economy and efficiency
(d) Funds are used to procure only those works, goods and services needed to carry out the SSA objectives;
8.5 Objective of Effective Procurement

8.5.1 The procurement objective can be effectively achieved through:-
(a) Right product
(b) Right quantities
(c) Lowest possible purchase price
(d) Meet recognized standards
(e) Delivered in timely manner
(f) Reliable suppliers and set schedule

8.6 Procurement in SSA

(i) Procurement procedure is prescribed in Chapter IX of the Manual on Financial Management and Procurement (FM&P).
(ii) Mandatory to follow the FM&P Manual provisions for all procurements
(iii) Except when not prescribed by MHRD./World Bank Guidelines Follow States’ financial ceilings

8.7 Currently (2014-17)

MHRD’s World Bank SSA III financial ceilings prescribed recently for various method of procurement shall prevail and the same is required to be followed strictly

(i) **Financial Threshold (Ceiling)**

**METHOD OF PROCUREMENT AND FINANCIAL CEILING (WORLD BANK ASSISTED SSA –III PROJECT)**

<table>
<thead>
<tr>
<th>Category</th>
<th>Method of Procurement</th>
<th>Threshold (Rupees)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Open Tender (para 115-117 of FMP Manual)</td>
<td>Between 30.00 lakh and Rs.3.00 crore.</td>
</tr>
<tr>
<td></td>
<td>Through Community</td>
<td></td>
</tr>
<tr>
<td>Category</td>
<td>Method of Procurement</td>
<td>Threshold (Rupees)</td>
</tr>
<tr>
<td>----------------------------------------------</td>
<td>----------------------------------------</td>
<td>-----------------------------</td>
</tr>
<tr>
<td>Works</td>
<td>Through Direct contract</td>
<td>Upto Rs.45 lakh per contract</td>
</tr>
<tr>
<td></td>
<td>without competition</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Limited Tender</td>
<td></td>
</tr>
<tr>
<td>Goods excluding IT Equipment</td>
<td>Open Tender</td>
<td>Between 30.00 lakh and Rs.3.00 crore</td>
</tr>
<tr>
<td>Goods including IT Equipment</td>
<td>Limited Tender</td>
<td>Rs.30.00 lakh or less</td>
</tr>
<tr>
<td>Goods certified to be the proprietary items</td>
<td>Single Tender</td>
<td>Upto Rs.30.00 lakh per contract</td>
</tr>
<tr>
<td>Text Books</td>
<td>Open Tender</td>
<td>Between 6.00 crore and Rs.12.00 crore</td>
</tr>
<tr>
<td>IT Equipment</td>
<td>Open Tender</td>
<td>Between 30.00 lakh and Rs.18.00 crore</td>
</tr>
<tr>
<td>Goods, other than IT equipment</td>
<td></td>
<td>Costing above Rs.3.00 crore per contract</td>
</tr>
<tr>
<td>Text Books</td>
<td>Not to be procured out of World Bank Funds</td>
<td>Costing above Rs.12.00 crore per contract</td>
</tr>
<tr>
<td>Works</td>
<td></td>
<td>Costing above Rs.3.00 crore per contract</td>
</tr>
<tr>
<td>IT Equipment</td>
<td></td>
<td>Costing above Rs.18.00 crore</td>
</tr>
<tr>
<td>Consultants’ Services</td>
<td>As per FM&amp;P Manual</td>
<td>Costing upto Rs. 1.8 Crores</td>
</tr>
</tbody>
</table>

8.8 Levels of Procurement

(i) In SSA the levels of procurement goods, works and services of different kinds are provided in Para 112 of the Manual on FM&P

(ii) The levels and the items that can be purchased are as under:

(a) School/Community/KGBV
(b) CRC/BRC
(c) District
(d) State

<table>
<thead>
<tr>
<th>School/Community/KGBV BV Level</th>
<th>BRC/CRC Level</th>
<th>District Level</th>
<th>State Level</th>
<th>National Level</th>
</tr>
</thead>
<tbody>
<tr>
<td>• All civil works, except buildings for BRCs, Hostels in Government upper primary schools and KGBV buildings.</td>
<td>• Furniture/equipment/computer etc. from the furniture grant of BRC</td>
<td>• Office equipment for DPO.</td>
<td>• Textbooks.</td>
<td>• Training, capacity building and technical support from national apex</td>
</tr>
<tr>
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<td></td>
</tr>
</tbody>
</table>

54
<table>
<thead>
<tr>
<th>School/Community/KG BV Level</th>
<th>BRC/CRC Level and CRC</th>
<th>District Level</th>
<th>State Level</th>
<th>National Level</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Furniture to Government upper primary schools.</td>
<td>• Office contingencies from the contingencies grant of BRC and CRC.</td>
<td>• Textbooks/other books/ supplementary materials.</td>
<td>• Equipment for distance education from management cost.</td>
<td>• Training, capacity building and technical support through consultants, NGOs, academic institutions and social science institutions.</td>
</tr>
<tr>
<td>• Uniforms</td>
<td>• Teaching Learning Material from the teacher’s grant.</td>
<td>• Computers and accessories.</td>
<td>• Aids and appliances and other requirements for disabled children.</td>
<td>• Support services for research studies and evaluations.</td>
</tr>
<tr>
<td>• Teaching Learning Material from the TLM grant of BRC and CRC. This grant may also be used for procurement of library books for BRCs and CRCS.</td>
<td>• School equipment and other items for the improvement of schools from the school grant.</td>
<td>• Aids and appliances and other requirements for disabled children.</td>
<td>• Office contingencies.</td>
<td>• Special audit through Chartered Accountant and other expert firms.</td>
</tr>
<tr>
<td>• Maintenance of school buildings from the maintenance grant.</td>
<td>• Repair of school buildings from the repair grant.</td>
<td>• Office contingencies.</td>
<td>• Hiring of vehicles.</td>
<td>• Support services for financial management and procurement.</td>
</tr>
<tr>
<td>• Teaching and Learning Equipment for new primary schools and upper primary schools.</td>
<td>• Materials required for research and evaluation from the REMS grant.</td>
<td>• Hiring of vehicles.</td>
<td>• Maintenance of equipment and vehicles.</td>
<td>• Support services for planning, monitoring, appraisal and supervision.</td>
</tr>
<tr>
<td>• Additional teaching learning materials and other items required under Learning Enhancement Programme (LEP).</td>
<td>• Items required for KGBV.</td>
<td>• Maintenance of equipment and vehicles.</td>
<td>• State level training and workshops.</td>
<td>• Support services for civil works, pedagogy, alternative schooling, gender, IED, awareness generation, media, documentation and dissemination of good practices.</td>
</tr>
<tr>
<td>• Procurement rules for this shall be either as per financial rules of PRIs or as determined otherwise by the SISs whichever is applicable. It creates a sense of ownership among the community and also achieves transparency in</td>
<td></td>
<td>• District level training and workshops.</td>
<td>• Printing work.</td>
<td></td>
</tr>
</tbody>
</table>

<p>| 55 |</p>
<table>
<thead>
<tr>
<th>School/Community/NGO BV Level</th>
<th>BRC/CRC Level</th>
<th>District Level</th>
<th>State Level</th>
<th>National Level</th>
</tr>
</thead>
<tbody>
<tr>
<td>Procurement</td>
<td></td>
<td>Government upper primary schools and KGBV buildings.</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Procurement rules and delegation of powers as laid down by SIS will be followed by DPO.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**PROCUREMENT PLAN**

8.9 What is Procurement Plan?

(i) A Procurement Plan defines the products and services that will be obtained from external suppliers.

(ii) A good Procurement Plan describes the process to appoint those suppliers contractually.

8.10 The procurement plan helps in:

(i) Defining procurement requirements
    (a) Identifying all the items needed to procure
    (b) Create a sound financial justification for procuring them

(ii) Procurement Plan is an indispensable component of the Project Plan:

(iii) Procurement Plan is critical to get the procurement carried out in a timely manner, avoiding undue delays.

(iv) The procurement plan is used as an opportunity to evaluate/review the entire procurement process.

(v) Sound judgment and decision making facilitates the success of the overall project.

8.11 When do we use a Procurement Plan?

(i) Define the items needed to procure.

(ii) Define the process for acquiring those items.

(iii) Schedule the timeframes for delivery/completion.

8.12 The Procurement Plan includes five key steps:

(i) Requirement
(ii) Requisition
(iii) Selection Steps
(iv) Contract Administration
(v) Closeout

8.13 Procurement Planning under SSA

(i) States should prepare Procurement plan for the entire outlay approved by the PAB for the State Component and all the districts.
(ii) Procurement plan needs to be complete in all respects taking into account the outlay approved by the PAB for each activity
(iii) Methods of Procurement prescribed in the Manual and recently agreed to as per World Bank SSA III agreement is to be strictly followed and indicated in the Plan during the year.
(iv) Civil Works either through community or through contractors have also to be provided in the plan.
(v) Procurement plan should be uploaded in the States SSA website.
(vi) The complete stages for each contract have to be indicated in the plan by the States.

8.14 Stages in Procurement plan

<table>
<thead>
<tr>
<th>Stages</th>
<th>GOODS</th>
<th>CIVIL WORKS</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Preparation of Specification and Bid Document</td>
<td>Preparation of Specifications and Bids Document</td>
</tr>
<tr>
<td>2</td>
<td>Issue of invitation to bid</td>
<td>Issue of Invitation of Bid</td>
</tr>
<tr>
<td>3</td>
<td>Open Bids</td>
<td>Open Bids</td>
</tr>
<tr>
<td>4</td>
<td>Evaluation</td>
<td>Evaluation of Bids</td>
</tr>
<tr>
<td>5</td>
<td>Award Contracts</td>
<td>Award of Contracts</td>
</tr>
<tr>
<td>6</td>
<td>Delivery</td>
<td>Construction 25% Complete</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Construction 50% Complete</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Construction 75% Complete</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Construction 100% Complete</td>
</tr>
</tbody>
</table>

8.15 Procurement Software

An online Procurement software to monitor procurements worth Rs. 10 lakh and more has been hosted sometime back on a dedicated website (www.rte-ssaprocurement.com). The site is being maintained and hosted through an Internet Service Provider, KITINFINET

8.16 Methods of Procurement

II Steps involved in various Methods of Procurement

III Major Procurement in SSA
I Methods of Procurement

(i) Open tenders
(ii) Limited tenders
(iii) Single Tender,
(iv) Without tenders/quotation, and
(v) Civil Works by community participation.

(i) Open Tenders

(a) Competitive bidding procedure for public procurement
(b) Efficient and economic way of procuring goods or works
(c) Adequate Competition in order to ensure reasonable Prices
(d) Ensures Transparency and equal opportunity to all.

Items covered

(a) Goods
(b) Civil works- construction of BRCs, Residential Schools/Hostel, KGBV and any other Civil Works approved by PAB through Contractors.

Steps under Open Tender Procurement Method:

(a) Notification/Advertisement of Tender Notice:

(i) Invitation to bid shall be published in newspapers and at least in one national English daily, if value is more than Rs. 20 lakh, a gist of the notification is published in the news paper. Detailed notification is to be uploaded on State SSA’s website
(ii) The last date for receipt of tender shall be the day following the date for close of the sale of tender documents.
(iii) Tendering period shall usually not be less than 30 days from the date of start of sale of tender documents.

(b) Notification should cover:

(i) Cost of bidding documents and mode of payment
(ii) Details of goods / equipment / works, quantity, delivery/completion date
(iii) Date of commencement and last date for sale of bidding documents

(c) Issue of TENDER DOCUMENTS and its submission

(i) Standard State Government’s tender documents should be used
(ii) The sale of tender document should begin only after the publication of notification for tender in newspaper.

(iii) The tender documents shall furnish all information necessary for a prospective bidder such as last date for submission of bid, bid validity, basis for tender evaluation and selection of the lowest evaluated tender, in order to enable him to prepare a tender for the goods and works to be provided.

(iv) Bill of quantities and civil drawings should be prepared before tendering. Specifications for the articles to be procured should be drawn up in every case with clarity. No deviations from the specifications after opening of tender should be allowed.

(v) The bid validity period shall not exceed 90 days.

(vi) The earnest money, which is generally 2% of the estimated cost shall be in the form of a demand draft/banker's cheque/bank guarantee from any nationalized or scheduled bank, which should be valid up to at least 45 days beyond the validity period of the tender.

(vii) A pre-bid conference may be arranged wherein potential bidders may seek clarifications.

(viii) Performance guarantee shall normally be 5% of contract price and shall be valid till at least 30 days from the date of expiry of defect liability period.

(ix) For works normally 5% of contract price shall be recovered towards retention money. 50% of such retention money shall be retained till completion of the works and 50% shall be retained till the end of defects liability or maintenance period.

(x) Provisions for liquidated damages shall be included.

(d) Public opening of tender

(i) Tenders shall be opened in public, that is, bidders or their representatives shall be
   a. allowed to be present
   b. All tenders received should be opened and the name of the bidder and total amount of each bid shall be read out at the time of bid opening.
   c. No bid should be rejected at bid opening except late tenders, which shall be returned unopened to the bidder.

(e) Tender evaluation selection of lowest evaluated bidder

(i) Tender evaluation is to determine the cost to the implementing agency of each tender in a manner that permits a comparison on the basis of its evaluated cost.
(ii) The tender with the lowest evaluated cost, but not necessarily the lowest submitted price, shall be selected for award.

(iii) The bid price, read out at the bid opening shall be adjusted to correct any arithmetical errors for the purpose of evaluation.

(iv) Evaluation of tenders should be made strictly in terms of the provisions in the tender documents to ensure commercial and technical aspects.

(v) Any conditional discounts offered by the bidder shall not be taken into account for evaluation

(vi) The implementing agency shall prepare a detailed report on the evaluation and comparison of tenders setting forth the specific reasons on which the recommendation is based for the award of the contract.

(f) Negotiation after tenders should ordinarily be discouraged

(i) The lowest evaluated responsive bidder shall be invited to attend the negotiation proceedings before the Accepting Authority.

(ii) An extension of bid validity, if justified by exceptional circumstances, shall be with prior approval of the Accepting Authority.

(iii) Bidders shall have the right to refuse to grant such an extension without forfeiting their Earnest Money.

(iv) Those who are willing to extend the validity of their bid shall be required to provide a suitable extension of Earnest Money.

(g) Contract award and contract performance

(i) Implementing agency shall award the contract, within the period of the validity of tenders, to the successful bidder as determined through evaluation process.

(ii) Single offers received in response to a call for open tenders should also be considered for award if it is determined that publicity was adequate, bid specifications / conditions were not restrictive or unclear and bid prices are considered reasonable.

(h) Rejection of all tenders is justified when there is lack of effective competition, or tenders are not substantially responsive. If all tenders are rejected, the implementing agency shall review the causes justifying the rejection and consider making revisions to the conditions of contract.
design and specifications, scope of the contract, or a combination of these, before inviting new tenders.

(ii) Limited Tender

**Items covered- (estimated to cost up to the financial ceiling)**

(a) Goods including books, uniforms  
(b) Teaching learning material  
(c) School equipment  
(d) Hiring of vehicles  
(e) Operation and maintenance of equipment  
(f) A procurement method based on comparing price quotations obtained from several suppliers, usually at least three to ensure competitive prices.

**Steps for Limited Tender Procurement**

(a) Identifying items for purchase,  
(b) Laying down specifications for the items identified,  
(c) Estimating total numbers and costs of items identified based on approximate unit costs,  
(d) Identifying likely agencies from whom quotations can be invited (minimum three, but 8-10 agencies would ensure more competitive rates)  
(e) Issuing letters of invitation based on approvals. The requests for quotations shall be made indicating the description, specification, and quantity of the goods, as well as desired delivery time and place  
(f) Processing quotations received  
(g) Based on the offers received, a comparative statement shall be made and the firm most suitable with respect to price shall be recommended  
(h) Issuing letters placing orders for supply, specifying period in which the delivery is to be completed, -- The terms of the accepted offer shall be incorporated in a purchase order.  
(i) Ensuring timely supply of items,  
(j) Making payments after delivery in satisfactory condition.  
(k) At every level indicated above, approval of competent authority is required to be obtained.

(iii) Single Tender

Articles of proprietary nature or in cases where only a particular firm is the manufacturer of the articles purchased.

(A) **Items covered- (estimated to cost up to the financial ceiling)**

(a) Goods including books, teaching materials, school facility improvement, and operation and maintenance of equipment
(b) Quotation shall be invited indicating the description, specification, and quantity of the goods, as well as desired delivery time and place
(c) The terms of the accepted offer shall be incorporated in a purchase order

(B) The single tender system - an appropriate method under the following circumstances:

(a) Extension of existing contracts for goods awarded with the prescribed procedures, justifiable on economic grounds,
(b) Standardization of equipment or spare parts to be compatible with existing equipment may justify additional purchases from the original supplier,
(c) The required item is proprietary and obtainable only from one source,
(d) Need for early delivery to avoid costly delays, and
(e) Natural disasters.

(C) Rate contracts of Directorate General of Supplies and Disposals (DGS & D) and of the State Governments shall also be an appropriate method under Single Tender system

(iv) Procurement without tender: (without inviting tenders/quotations-PARA120)

Purchase of articles or group of articles estimated to cost less than the financial ceiling prevailing in the State on each occasion may be made, provided this does not involve any splitting of purchases.(Subject to provision in MHRD/WB GUIDELINES)

(v) Procurement through communities (Para 121)

(a) In SSA, it is mandatory to carry out construction of all civil works except BRC, Hostel in existing Government upper primary schools, KGBV buildings through community participation.
(b) places where the community is in a position to construct BRC, Hostel and KGBV buildings, the same will also be entrusted to the community
(c) SMC/Gram Panchayat Committee on education shall carry out the civil works through a transparent system.
(d) SIS shall decide the committees to whom the work is to be entrusted.
   a. The committee may carry out the work either directly or organizing the contribution of labour from the communities, or
   b. The work can be executed under piece rate / unit rate systems with available local skilled workmen,
   c. Purchase of materials is made as per abstract of materials, preferably with ISI certification mark where feasible and available,
   d. SPD may provide simple procurement guidelines to these committees for the purchase of materials,
   c. As the involvement of communities is of prime importance, the committee which is locally operating in the area has to be identified.
In villages and small places only one committee need be identified by the Society, keeping in view the following:

- That the community should be involved actively in planning and implementation,
- Identification of a key person who will procure the materials or goods used in works,
- That goods / works will have to be procured/executed as per the approved plans and specifications.
- The name and designation of the Engineer who will do the technical supervision and certification during construction.
- The details of stage payments to be made as indicated below, including the format of certificate to be issued at each stage by the Supervising Engineer confirming that the works up to the stage indicated have been executed in accordance with the approved plans and technical specifications.

**Suggested advance payments for construction work**

- Advance (mobilization advance upon start up of the work and on reaching lintel level)
- Plastering and completion of work
- 75% of total cost
- 25% of the total cost

**School toilet and other repair works**

- Advance (mobilization advance upon start up of the work)
- Plastering and completion of work
- 75% of the total cost
- 25% of the total cost

8.17 **Service Contracts including consultants Services (upto Rs 1.8 CRORE –WB LIMITS)**

(a) **Service contracts in SSA (para 123)**

The main considerations governing the selection process shall be (a) the need for high quality services, (b) the need for economy and efficiency, and (c) the importance of transparency.

(b) **Cover hiring of services, from house-keeping/security etc.**

Also includes academic, technical and resource support provided by institutions / organizations in all areas including research, evaluation, monitoring, supervision of civil works etc.
Steps of selection process

(a) Preparation of the Terms of Reference (TOR) with detailed and clear scope and specification.
(b) Preparation of cost estimate and budget,
(c) Advertising,
(d) Preparation of the shortlist of consultants,
(e) Receipt of proposals,
(f) Formation of evaluation committee,
(g) Evaluation of technical and financial proposals, and
(h) Final discussions and award of the contract to the selected firm.

Steps

(a) A well-defined Terms of Reference should be prepared specifying the services to be provided.
(b) The Cost Estimates or Budget shall be based on the implementing authorities assessment of the resources needed.
(c) Advertising (seeking Expression of Interest) shall be published in regional and national newspapers having wide circulation.
(d) The expression of interest received shall be short-listed;
(e) Proposals from the firms/institutions will be sought in two-envelope system i.e., technical proposal in one envelope and financial proposal in another envelope.
(f) Evaluation committees separately for technical and financial evaluation shall be formed.
(g) The evaluation of the proposals shall be carried out in two stages: first the quality, and then the cost.
   a. Evaluators of technical proposals shall not have access to the financial proposals until the technical evaluation is concluded.
   b. All records relating to the evaluation, such as individual mark sheets, shall be retained until completion of the programme and its audit. Financial proposals shall be opened only thereafter.
   c. Evaluation committee will prepare an evaluation report on the technical aspects of the proposal.
   d. After the evaluation of quality is completed, the implementing agency shall notify those consultants whose proposals did not meet the minimum qualifying mark or were considered non-responsive to the TOR, indicating that their financial proposals will be returned unopened after completing the selection process.
   e. The evaluation committee on financial proposals shall open the financial proposal publicly in the presence of representatives of the firm/institution who choose to attend indicate the date and time set for opening the financial proposals.
(h) The name of the firm/institute, the quality scores, and the proposed prices shall be read aloud and recorded when the financial proposals are opened. The implementing agency shall prepare the minutes of the public opening.
a. Final discussions will be held with the selected firm/institution
b. If discussions fail to result in an acceptable contract, the programme implementing authorities shall terminate the process
c. invite the next ranked firm/institution for discussions, after informing the first firm/institution of the reasons for termination of the discussions.
d. After the process is successfully completed, the implementing agency shall promptly notify other firms on the short list that they were unsuccessful.

8.19 Post review by Government of India:
(a) EE Bureau shall cause a post review of the contracts awarded on procurement of goods, works and services by the programme implementing agencies in the States on a random basis.
(b) all documents relating to the award of contract should be retained by the project implementing agencies and made available to the review team of GOI

8.20 Mis-procurement
(a) The goods, works and services that have not been procured in accordance with the prescribed procedures outlined in this manual or SSA III MHRD/WORLD BANK GUIDELINES other State Government procurement procedures as the case may be, shall be treated as mis-procurement.
(b) The expenditure incurred on such procurement shall not be eligible for financing from SSA funds.

8.21 Complaint handling mechanism
(a) A complaint handling mechanism should be available at the national level as well as at State level, and immediate action initiated on receipt of complaints to redress grievances.
(b) All complaints should be dealt with at a level higher than that of the level at which the procurement process is being undertaken and the allegations made in the complaints should be thoroughly enquired into.
(c) If found correct, appropriate remedial measures should be taken by appropriate authorities.
(d) The existing provisions under the law, the discipline and appeal rules and the powers of the Central Vigilance Commission should be strictly followed to deal with the complaints of contractors/suppliers.
(e) Any individual staff is found responsible, suitable disciplinary proceedings should be initiated against such staff under the Civil Service Conduct Rules at national
level or the Classification, Control and Appeals Rules at the State level as the case may be.

(f) The receipt of any illegal gratification by staff should be considered as misconduct, and should result in disciplinary proceedings against such staff, in addition to penalties under the law.

8.22 Procurement Management

(a) MHRD has designated a Director in the Elementary Education Bureau as the person responsible for Financial Management and Procurement aspects.
(b) Supported by a team consisting of GoI staff and 5 consultants from a Technical Support Group.
(c) The team is responsible for review/monitoring as well as for capacity building of the relevant staff at the state level.
(d) State Finance Controller is responsible for supervising the procurement at SIS level as well as monitoring of the procurement at district/sub-district levels.
(e) At district level, the Account Officer is designated for handling procurement also.

8.23 Procurement Procedure

(a) Procurement at all levels (School / community/KGBV level-, CRC/BRC level,
(b) District Level, State Level and National Level

8.24 Strictly in accordance with laid down norms/procedures/methods prescribed in the SSA III MHRD/World Bank Agreement & FM&P Manual unless otherwise not specifically mentioned

8.25 Procurement requirements

The States will carry out the following Procurement Audits:

(a) Internal Procurement Audit (Para 100 of Chapter VII-FM&P MANUAL)
(b) External Procurement Audit (Chapter VII-FM&P MANUAL)

(b) The GOI will carry out Procurement Reviews as part of the Concurrent Financial Reviews (Para 98 of Chapter VII)

(c) Post review of any contracts awarded by World Bank as per SSA III on selective basis in consultation with MHRD

8.26 Good Procurement Practices

(i) Procurement by Generic name

(a) Non propriety names for fair competition
(b) Specify quality standards, not specific branch

(ii) Procurement limited to the listed goods, works and services
    (a) Use formal approval procedures for procurement

(iii) Procurement in Bulk
    (a) Concentrate purchases on limited list to increase quantities, reduce price
    (b) Specify divided deliveries

(iv) Formal supplier Qualification and Monitoring
    (a) Use formal supplier qualification on procurement of goods and works, service and financial viability.
    (b) Approve suppliers before tendering (pre qualification) or after (post qualification)
    (c) Use a formal monitoring system to ensure continued supplier qualification

(v) Order quantities based on reliable estimate of actual need.
    (a) Develop reliable consumption records
    (b) Systematically adjust from past surpluses, shortage etc.
    (c) Adjust for expected programme growth.

(vi) Reliable payment and good Financial Management
    (a) Develop mechanisms for prompt and reliable payment
    (b) Prompt payment may bring down prices as much as bulk discount.

(vii) Transparency and written procedure
    (a) Develop and follow written procedures for all procurement action.
    (b) To the maximum extent possible, make information on tender process and results public.

(viii) Separation of key functions
    (a) Separate key functions that require different expertise.

(ix) Product quality assurance Programme
    (a) Establish and maintain a formal system for product quality assurance.

(x) Annual audit with published results
(a) Conduct an annual audit to assess compliance with procurement procedure
(b) Present results to the State Implementation Society

(xi) Regular Reporting on Procurement Performance

(a) Report key procurement performance indicators against targets at least annually.
(b) Use key indicators such as ratio of price to market prices, supplier lead times, percent of purchase made through competitive tendering and planned versus actual purchase.

8.27 Key observation on procurement: (points to ponder upon)

(a) Need for tightening of procurement system especially on procedural lapses
(b) Incomplete documentations
(c) Irregularities
(d) Diversion of funds
(e) Lack of monitoring the progress

8.28 Procedural lapses

(a) No issued solicitation letters to the vendors for obtaining quotations.
(b) Obtained Quotations by hand by visiting the premises of the vendors.
(c) In some cases, notice inviting quotations being put on the notice boards of SSA offices.
(d) No formal agreement had been signed for procurement at State level.
(e) Engagement of contractors for construction of additional class rooms without obtaining the prior approval of PAB.
(f) Non observance of the time limit of 30 days for submission of bids.
(g) Letter of award issued within 20 days, even though 30 days time limit was allowed for submission of bids.
(h) Not indicated Bid validity period in the bid documents.
(i) Not taken Earnest money deposit from prospective bidder.
(j) Absence of social audit at SMC level.
(k) Followed Single tender method of procurement particularly at SMC level in majority of cases without inviting any quotations.
(l) Not indicated validity period of the earnset money deposit in the tender documents.
(m) Not obtained Security deposit/performance guarantee from selected bidders.
(n) Not contain clauses for liquidated damages, security deposits, retention money, delivery schedule and payment schedule in Work Orders.
(o) Not published advertisement in national news paper for open tender valuing more than Rs. 20 lakh.
(p) Not clearly specified Technical specifications, delivery period, payment terms etc in the tender documents.
8.29 **Lack of training on Procurement**

(a) The Head Masters were not aware of the prescribed procurement procedures under SSA.
(b) Poor understanding of procurement procedures at State and district level.

8.30 **Irregularities in Procurement**

(a) Dates of all bids received were overwitten except the winning bidder.
(b) Vehicle providers had formed a cartel in the award of contracts for hiring of vehicle.
(c) Not selected Lowest bidder in a limited tender for construction of additional class room on the ground of his inability to handle the construction involving negotiation with second lowest bidder.
(d) Selected same contractor on single source basis in two schools.
(e) Purchased Computers from agencies not on authorized DGS&D or State Government Rate contract entities.
(f) Assets procured were not available for physical verification.
(g) Absence of concerned staff during the course of review despite prior notification of the visit.

8.31 **Diversion of funds**

(a) Used ACR fund for the construction of library

8.32 **Other specific observations**

The audit reports and review reports on procurement in respect of States/UTs highlighted the following irregularities in the procurement of goods, Civil works and services:

(a) Procured goods without taking quotations.
(b) Procured Computers with Laser jet Printers at DGS&D rate contract price from two vendors having no DGS&D Rate contract.
(c) All eligible students were not provided free text books and supply of free text books was delayed by three to four months after start of academic session each year.
(d) Aids and appliances were not provided to any of the identified Children With Special Needs.
(e) Computers purchased for imparting computer aided learning in Upper Primary Schools were lying uninstalled at schools for want of space, power connections, etc.
(f) Delay in execution of civil works
(g) Deficiencies in execution of civil works
(h) Not availed of exemption of duties and taxes on certain purchases
(i) Prescribed level of procurement not followed
(j) Procurement of goods without inspection and full payment made in anticipation of receipt of goods.

8.33 **Procurement Check list**

A basic checklist has been designed covering the steps in a normal procurement cycle, from identifying and specifying a need to awarding a contract

(a) the specifics of each procurement will be different, this checklist aims to provide a general reminder list to those required to undertake a procurement process.

(b) Care should be taken to ensure the tender documentation is complete, relevant and proportionate to the need

(c) checklist should be read in conjunction with the State/UT Government procurement guidelines and Manual on Financial Management and Procurement which provide more detailed guidance on the competitive process to be followed in the award of contracts for supplies and services

**Check List related to Procurement of Goods/Works**

1) Procurement by authorized State/District/any other organization or agency receiving SSA funds

2) Description of items procured, quantity and estimated value

3) Whether procedure laid down in Chapter IX of the Manual was observed while procuring goods and works?

4) If not, any other, justification was available?

5) Whether bid was advertised/placed in public domain?

6) Whether sufficient time was given to bidders for preparing and submitting the bids?

7) Whether the bids were opened at the notified time in the presence of bidders?

8) Whether the bids were evaluated in terms of the provisions of the bid documents and the evaluation report was available?

9) Whether contract was awarded to the lowest evaluated responsive bidder fulfilling the qualification requirements indicated in the tender document?

10) If rates were negotiated, was it done with L-I and records thereof were available as envisaged in Para 110.28 to 110.31 of the Manual?

11) Whether the contract was awarded within original bid validity period?

12) Whether the signed copy of the contract/purchase order was available?

13) Whether articles received/work completed in time?

14) Whether payment released timely to the supplier/contractor or valid reasons for delay?
15) Whether the assets procured are accounted for?
16) Whether the provisions of the Manual were followed in case of limited and single tender method of contracts?
17) Whether price preference was given to bidder as per State procedure and justification was available?
18) If an organization or agency receiving SSA funds, then examine whether its audit report reflects on procurement aspects?
19) Whether any complaint was received regarding the procurement and was addressed?
20) Whether procurement related complaint handling mechanism as envisaged in Para 123 of the Manual on Financial Management and Procurement is available?
21) Whether any procurement related irregularities reported in the previous audit report have been complied with?

Check List related to Procurement of Services

1) Procurement by authorized State/District/any other organization or agency receiving SSA funds
2) Whether the Terms of Reference covering the scope of work, time schedule, output required etc were prepared?
3) Whether the Expressions of Interest were checked against advertisement and short list of service providers/consultants prepared?
4) Whether the Request for Proposals (RFPs) was issued to short listed service providers/consultants?
5) Whether sufficient time was given to service providers/consultants for preparing and submitting the proposals?
6) Whether the proposals were invited in two separate envelopes, one containing technical and another for financial proposals?
7) Whether the evaluation was done in two stages, first the evaluation of technical proposals and then opening of the financial proposals of only technically qualified service providers/consultants and reports are available thereof?
8) If rates were negotiated, was it done in terms of Para 118.12 of the Manual and records thereof were available?
9) Whether the contract was awarded within the validity period of the original proposal?
10) Whether the signed copy of the contract was available?
11) Whether the services were completed within the prescribed time limit or valid reasons for delayed completion?
12) Whether payment was released timely to the service providers/consultants or valid reasons for delay?

13) In the case of single source selection, if there was justification for the purpose?

14) Whether price preference was given to service providers/consultants as per State procedure and justification for that was available?

15) Whether any complaint was received regarding the procurement and was addressed?

16) Whether procurement related complaint handling mechanism as envisaged in Para 123 of the Manual on Financial Management and Procurement is available?

17) Whether any procurement related irregularities reported in the previous audit report have been complied with?
## Monthly Progress Statement

(Para 5.3.2.2 of Chapter-5 of Trg.Manual)

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