

Container Corporation of India Ltd.



Quality Management of Contracts

Vigilance Perspective

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WHAT IS CONTRACT?

- **According to Section 2 (h) of Indian Contract Act, 1872 – An agreement enforceable by law is a Contract**

THERE ARE FOLLOWING ESSENTIAL ASPECTS IN A CONTRACT :-

- Offer
- Acceptance
- Consideration
- Legal
- Not minor, etc

WHY CONTRACT?

For the purpose of managing activities at terminals, various contracts like H&T, Security, Survey, O&M, Conservancy etc. are executed.

TYPES OF CONTRACT

- **Handling & Transportation of containers**
- **Handling of cargo**
- **Operation & maintenance of plants and equipment**
- **Security**
- **Survey**
- **Housekeeping & Conservancy**
- **Annual maintenance contracts**
- **Manpower supply**

IMPORTANT ASPECTS OF CONTRACT MANAGEMENT

- ❑ **Before commencement of contract**
 - **Discussion with Terminal Manager**

 - **Conditions to be framed in clear and cogent manner**

 - **Nothing to be left ambiguous**



IMPORTANT ASPECTS OF CONTRACT MANAGEMENT

Before commencement of contract

Examples:

- ❖ **Payment for Tiles – whether on the basis of Square Feet covered or number of Tiles supplied**
- ❖ **Conditions regarding Delayed Tenders**
- ❖ **Plantation of trees – Payment after two years , Height of tree, etc**

PREPARATION OF TENDER DOCUMENT

Problems noticed

- In one of the cases, it has been observed that Region has floated open tender for design, manufacture, supply and installation of four number of electrical distribution panel.

- Wherein as per clause 3.6 (Sl. No. 18) of Tender document, it was mentioned that six sets of 38 cable length was required.

- Since, the said tender was floated for the four panels, both the clauses are contradictory in nature.

IMPORTANT ASPECTS OF CONTRACT MANAGEMENT

- **Tendering process – Pre-bid Meeting**
 - **Technical specifications should be discussed with prospective bidders and mentioned clearly in tender document to avoid confusion**

 - **While reviewing the contract for procurement of RTGs, CVC has observed that tender specifications, should be properly worked out , so that generic specifications are available to have good competition.**

IMPORTANT ASPECTS OF CONTRACT MANAGEMENT

- ❑ Award of contract (LOI), agreement and Security Deposit – All documents to be maintained at Terminal

Problems noticed-

Contract Agreement Documents are not available at various terminals.

IMPORTANT ASPECTS OF CONTRACT MANAGEMENT

- **Inspection of equipment/vehicle & documents – at the time of commencement of contract**
 - **Necessary action for non-deployment as per contract**
 - **Verification of RCs – Nagaland, other doubtful cases**

Problems noticed: During Preventive Check at one of the terminals, it was noticed that inspection was not carried out at the time of commencement. This leads to doubt whether equipment/vehicle conforms to tender conditions

IMPORTANT ASPECTS OF CONTRACT MANAGEMENT

- **During the currency of the contract:**
 - **Vehicles for external movement:**
 - **Issue of job order & compliance through ETMS**
 - **Proper record of non-compliance & levy of damages**
 - **Information to contractor regarding levy of damages**
 - **Control on private movement**

IMPORTANT ASPECTS OF CONTRACT MANAGEMENT

■ Vehicles for external movement:

- Change of vehicle – Tender conditions (vintage/ownership,etc) to be followed
- Price revision – Revision of public tariffs in time
- Monitoring of encumbered vehicles

Problems noticed: At some terminals, trailers deployed for internal movement used for external private movement.

Other areas of concern – use of vehicles deployed for CONCOR's movement for private movement, non-implementation of rate-revision clause in time leading to delay in enhancing Public Tariff for customers

IMPORTANT ASPECTS OF CONTRACT MANAGEMENT

■ Vehicles for internal movement:

- Monitoring & record of breakdown (use of RDT, GPS, etc.)
- Levy of damages for excess breakdown
- Control on use of vehicle for other works
- Safety measures – Light, Brakes, Reverse Siren, Container Securing System, etc.

Problems noticed – During preventive checks, it has been observed that record of break-down of Internal trailers is not being maintained properly. Excessive dependence on Surveyors

IMPORTANT ASPECTS OF CONTRACT MANAGEMENT

- **Other equipments (Reach Stackers, etc.):**
 - Proper record of breakdown, cooling, etc. (entry in ETMS)
 - Record of damages to be levied
 - Use of RDTs for capturing container movement

IMPORTANT ASPECTS OF CONTRACT MANAGEMENT

- **Other equipments (Reach Stackers, etc.):**
 - **Oil spillage in operational area to be prevented**
 - **Proper stack management to avoid payment for additional moves**
 - **Safety measures to be ensured—
Reverse siren, lights, etc.**

OTHER EQUIPMENTS (REACH STACKERS, ETC.):

Problem Areas :

- Non-inspection of equipments before commencement of contract.**
- Improper monitoring of performance parameter like breakdown etc.**

SECURITY CONTRACTS

- **As per DGR guidelines, 90% minimum ex-servicemen (discharged from Army, Navy & Air Force).**
- **Age not more than 65 years.**
- **Discharge Certificate.**
- **Arm's License for Gunmen.**

SECURITY CONTRACTS

- **Insist on payment through account payee cheques**
- **Monitoring of payment for PF & ESI**
- **Ensure issue of uniform, etc. as per contract**
- **In case two agencies quote same service charge, contract may be awarded to the senior agency – details as per DGR website**

SECURITY CONTRACTS

- **Seniority – as per date of empanelment with DGR**
- **Compensation for Weekly off/ Holidays/Reliever**
- **Proper monitoring of Muster Roll and Wage Register**
- **Details of Operational & Non-operational agencies may be verified from DGR website**



PROBLEMS NOTICED IN SECURITY CONTRACTS

- **Less deployment of manpower.**
- **During Preventive Check at one of the terminals, it was observed that signatures made in wage & Attendance register (s) by the security guards were different and not matching.**
- **Some of the Security Contractors are still paying wages through Bearer cheques, thereby leaving scope for manipulation**

Circulars & Guidelines

CIRCULARS & GUIDELINES

- All the relevant Circulars/ guidelines should be made available at the terminal.
- Circulate all policies, etc through Assurance Register, as per CMD's instructions.
- Any ambiguity must be clarified from the competent authority.

GUIDELINES FOR STRICT COMPLIANCE

- 1) Circulars issued by Corporate Office**
- 2) System improvements issued by Vigilance Dept. and Regional offices**
- 3) For reference - Hand book & Case Studies published and circulated by Vigilance Deptt.**

SPEAKING ORDER

- **Competent Authority should give Speaking Orders on various proposals, this is as per the CVC guidelines.**

CLARIFICATION OF DOUBTS

- Formation of Committee at regional level.**
- Region should refer the case to C.O. in case of contracts under C.O.'s purview.**
- Please refrain from drawing own conclusions (CMD's order dtd. 11.10.2010).**

Container Corporation of India Ltd.



THANK YOU

Think Container Think CONCOR

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