

**A  
COMPENDIUM  
OF  
SYSTEMIC IMPROVEMENTS  
2024**



**GAIL (India) Limited**

**Corporate Vigilance Department**



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मुख्य सतर्कता अधिकारी  
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### Foreword

As Chief Vigilance Officer, it is both an honour and a privilege to introduce the latest edition of our Vigilance Compendium - a pivotal resource designed to guide our ongoing efforts in strengthening and refining our vigilance framework. In a world that is constantly evolving and presenting new challenges, maintaining the highest standards of integrity and vigilance remains crucial to our mission.

This Compendium serves as a vital platform for fostering a culture of transparency, accountability, and proactive engagement within our organization. Each edition is a reflection of our commitment to not only addressing current issues but also anticipating future challenges in the realm of vigilance and ethical conduct.

In today's complex and fast-paced environment, maintaining robust vigilance systems is essential for safeguarding the integrity and effectiveness of our operations. The insights and recommendations encapsulated within these pages are the result of thorough research, collaborative dialogue, and a shared dedication to continuous improvement. Our goal is to provide you with practical tools and innovative approaches to address emerging challenges and enhance our vigilance capabilities.

As you delve into the content, I encourage you to approach it with an open mind and a spirit of collaboration. The suggestions and discussions presented here are not merely guidelines but opportunities for each of us to contribute to a culture of excellence and integrity. Your feedback and engagement are essential to our continuous improvement and success.

Together, let us strive to uphold the highest standards of vigilance and ensure that our organization remains a beacon of ethical conduct and transparency. Thank you for your commitment and for your ongoing support in making our collective efforts impactful and enduring.

Warm regards,

(Anant Kumar Singh)



संदीप कुमार गुप्ता  
अध्यक्ष एवं प्रबंध निदेशक

**S. K. GUPTA**  
Chairman & Managing Director



### Message

In our pursuit of excellence and integrity, vigilance stands as a cornerstone of our operational framework, ensuring that we uphold the highest standards of ethical conduct and accountability.

Vigilance is not merely a set of procedures or a compliance requirement; it is a fundamental value that shapes our organizational culture and defines how we interact with our stakeholders. It empowers us to identify and address potential risks, prevent misconduct, and foster an environment of transparency and trust.

In today's dynamic and complex business environment, the role of vigilance has never been more critical. As we face new challenges and opportunities, our ability to remain vigilant helps us safeguard our reputation, protect our assets, and maintain the trust of our clients, partners, and employees. It is through diligent oversight and proactive measures that we can anticipate issues before they arise and respond effectively when they do.

By embracing a culture of vigilance, we contribute to a robust framework that not only addresses immediate concerns but also supports long-term sustainability and growth. It is through your commitment and vigilance that we ensure our operations remain ethical, transparent, and aligned with our organizational values.

It gives me immense pleasure to know that under the dynamic leadership of Chief Vigilance Officer, GAIL's Vigilance department has come out with a Compendium of System Improvements on the occasion of Vigilance Awareness Week 2024.

I am very hopeful that with this compilation of system improvements, we will continue to build an organization that is not only successful but also exemplary in its integrity and accountability.

(Sandeep Kumar Gupta)

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## **1. Introduction of Bid Capacity in Tender Procedure**

In an investigation, it was noted that during construction of a project, one party was awarded multiple contracts for Mechanical & Piping jobs, as the bidder was L1 in respective tender and there was no provision in C&P procedure to consider concurrent commitment of a bidder. After award of work, the party failed to execute the awarded jobs leading to delay in Mechanical completion of the project.

It was suggested that in order to ensure non-recurrence of such a scenario, i.e. a particular bidder getting multiple contracts simultaneously, necessary provisions may be incorporated in C&P procedure.

***Status: Implemented***

Vide Amendment No. 39 dated 11.02.2020, Amendment no. 48 dated 30.11.2021, Corporate C&P introduced the concept of Bid Capacity under the BEC guidelines.



## **2. Unauthorized Subcontracting**

During investigation of a case, it was observed that the Contractor had sub-contracted parts of job to various parties without permission from PMC/GAIL as per contractual provisions. Complaints were also received from sub- contractors for non-release of their payments by the main contractor. To avoid issues related to non-payment to sub-contractors, following suggestions were made to the management:

- Digital Notice Board should be put up at each site office/ Main gate of plant/prominent location indicating the details of Main Contractor/ approved sub-contractor with the declaration that no contractor/party other than above, shall be considered by GAIL for any issues related with payment etc.
- The Main contractor to declare in every RA bill, the details of sub-contractor engaged by them or to declare that there is no sub-contractor working under them. Without above declaration, no RA bill will be processed by PMC/GAIL.
- If at any stage, the above information furnished by Main Contractor is noted to be false/misleading, PMC/GAIL will have the right to stop further RA Bill payment till the matter is investigated and resolved.
- If the Main Contractor has engaged sub-contractor, a copy of Agreement between Main Contractor & its sub-contractor is to be submitted to PMC/GAIL, along with quantum of the work awarded to sub-contractors with total amount.

***Status: Implemented***

The above suggestions of Vigilance Department have been considered by Management and Sub contracting clause incorporated in C&P Procedure.

Further, before release of each RA bill, undertakings are taken from contractors regarding engagement/non- engagement of subcontractors.





### **3. Ambiguity in SOR items for open cut & HDD**

During intensive examination of a contract for laying of Pipelines, it was noted that work for laying by open cut, with option of laying by HDD, was clubbed into a single work item though separate SOR items for Open Cut laying and HDD Laying were also provided for. Such clubbed SOR item for HDD and open cut was being misused by contractor to execute works at higher rates.

In order to enhance clarity and transparency, it was advised to remove such ambiguous SOR items from the SOR and clearly define the scope of work in future pipeline laying tenders.

***Status: Implemented***

It has been intimated by the concerned department that in future, such work items which lack clarity for bidders, shall be avoided. Otherwise adequate clarity would be provided in the tender conditions.



## 4. Strengthening of Procurement and Inventory management for Critical Plant supplies

While scrutinizing an Audit para in respect of procurement of additive antioxidant for a plant, an inordinate delay was noted in raising of indent after grant of administrative approval, which created a crisis in availability of critical items. It was further noted that bidders who are otherwise eligible, were technically rejected due to very short delivery schedules resulting in a single resultant bid situation.

Accordingly, the following systemic improvements were recommended:

- Monitoring system to be strengthened and periodic review of all critical spares/consumables be carried out on regular basis.
- Putting in place a SAP generated auto-alert email system that would get triggered when critical items reach a pre-fixed inventory level
- Procurement of routine but critical items required for smooth operation of the plant, be carried out through ARC contracts for better inventory management.
- Conducting Pre-Tender Meet (PTM) for increasing bidder participation and better clarity of Specifications, Scope of Work and Delivery schedule.

### ***Status: Implemented***

The suggested Systemic Improvement have been implemented effectively. The unit have ensured for better co-ordination, timely procurement and increased competitiveness.



## **5. Transitioning to Broad and Generic Specifications for Competitive Bidding process**

During investigation of a complaint, it was observed that the technical specifications of material being procured through the competitive bidding process were minutely and exhaustively defined from the catalogue of a particular make. In this regard it was suggested that the technical specifications of materials procured through the competitive bidding process should contain only broad and generic specifications. It was also suggested that the product catalogue may be asked for submission with the bid and the same shall be evaluated during bid evaluation for technical acceptance/rejection with proper justification.

***Status: Implemented***

The Systemic Improvement has been included in the procedure.



## **6. Implementation of Auto generated reminders on expiry of labor license and labor insurance**

During inspection of contract services for operational assistance on round the clock basis, it was observed the labor license and labor insurance got expired during the currency of contract. In this regard it was suggested to implement a reminder system so that reminders are autogenerated or received by the concerned EIC(s) at least 15 days before expiry of labor license and labor insurance.

***Status: Implemented***

Auto reminders to EICs has been introduced.



## **7. Strengthening Security Measures**

A complaint was received regarding illegal selling of material like underground pipe, upper ground pipe, light pole, fencing etc. in GAIL's jurisdiction. Following systemic improvements were suggested in the subject case:

- (1) CCTV record data required to be stored for minimum period of 90 days as per GAILTEL Guidance document dated 15.09.2023 and Security dept doc dated 15.01.2024 which is in line with 'Industrial Security manual 2020' of IB, Ministry of Home affairs, GOI.
- (2) Training to be imparted to Security personnel at GAIL Ghaziabad to ensure no vehicle entry is based on verbal instructions.
- (3) Management of Change (MOC) committee should mention the tentative quantified list of items in their recommendations, which should be recovered on permanent gas disconnection to any customer, to ensure transparency in the activity.

### ***Status: Implemented***

- (1) Storage of CCTV records are being upgraded.
- (2) Training imparted to security personnel ensuring no vehicle entry on verbal instructions
- (3) System based MOC procedure updated and employees were sensitised.



## **8. Strengthening Invoicing Accuracy by addressing Under-Invoicing of Waste Grade Polymers in SAP**

During a regular inspection of invoicing system of SAP, under-invoicing was observed in sale of waste grade polymers due to picking up of incorrect prices of different waste grades of polymers in SAP. To prevent recurrence of this, following system improvement were suggested:

- To devise a SOP vetted by BIS for entering of prices in SAP system.
- It was observed that common user IDs were being used by contract personnel at one location for raising invoices which led to lack of ownership in case of any errors. Hence, it has been suggested to discourage the use of common User IDs for critical activities like invoicing.
- BIS has been recommended for running a report in SAP to check for any inconsistency in entered prices and prices in invoices.

### ***Status: Implemented***

The concerned department has informed that a review of the entire process has been undertaken and an SOP has been developed.



## **9. Standardization of Bank Account Verification to Prevent Payment Errors**

A Complaint was received regarding non-receipt of ROU compensation amount and payment to wrong account. It was observed that money was paid to account of another individual. To resolve the same, it was suggested that 'Declaration on Bank Account' form used for verification of bank accounts of land owners/ farmers, vendors, customers etc. should be standardized and should include in the form, a section where the details as provided by the account holder is certified and counter signed by the Bank Manager of the concerned Bank, in addition to submission of supporting documents like cancelled cheque, photocopy of pass book, etc.

***Status: Implemented***

The SOP of the JV has been amended. The details of bank account submitted by the land owner/famer to be certified by Bank Manager of concerned bank in addition to submission of supporting self-attested documents.



## **10. Review of Procedures for Procurement of LNG**

A review of the Board approved policy and working procedures for procurement of LNG was carried out by Vigilance Department to check its compliance with CVC and other Government guidelines. The practices followed by other reputed international and domestic companies were also examined. Based on the review, following systemic improvements were suggested for Implementation:

- Development of a dedicated web portal for carrying out LNG tender enquires in lieu of the extant email-based enquiry system.
- To stop exercising the provision of carrying out negotiations with all the bidders after opening of price bids as provided for by the extant policy and also to adopt reverse auction methodology through the dedicated web portal in case price negotiation could not be done away with.
- To carry out the exercise for empanelment of LNG buyer/seller at frequent intervals to ensure that the list of bidders/counterparties is updated
- To adopt a two-bid system (separate technical and price bids) through a dedicated web portal for all LNG procurement in lieu of prevailing single-bid system (both price and other negotiable terms & conditions in a single email offer).

### ***Status: Implemented***

Management has informed that all LNG tender enquiries are being conducted through the dedicated web-portal developed inhouse for this purpose and the email based tender enquiries have been stopped since January 2023.





## **11. Review of Procedure for Contract award in JV**

During investigation of an audit observation regarding award of contract for third party water audit in a JV, it was observed that the service contract was awarded through board purchase citing urgency of requirement, however, a long time was taken in both awarding the contract and start of execution of the work. Further, there were deviations from C&P Procedure in accepting bids and change in specifications post opening of Bid.

The following systemic improvements were recommended in this case:

- Normal tendering procedure through competitive bidding should be the preferred mode of procurement. Procurement through a board of officers can be resorted to only when this is permitted in the Contract & Procurement (C&P) procedures of the organization. In the event of such procedure being adopted, it must be ensured that the process is completed and executed on priority and within a time bound manner.
- Receipt of bids via email for board purchase is to be discouraged.
- Once bids have been received and opened, there cannot be any change in specifications/scope of work/ terms & conditions as specified in the tender document. If such a change is unavoidable, the procurement process is to be carried out afresh.

### ***Status: Implemented***

The above suggestions have been accepted and implemented by the management of JV.



## **12. Enhancing Material Integrity: Recommendations to Prevent Unauthorized Loading of Polymer Products**

While investigating a complaint regarding loading of unauthorized quantity of Polymer products in trucks in a subsidiary of GAIL, the following suggestions were made to ensure integrity of the systems and reconciliation of materials.

- To install CCTVs in each loading bay for adequate coverage of loading operations.
- To utilize effectively LQMS (Loading Queue Management System) which has provision of allocating loading bay number and updating loading start time and completion time on real time basis.
- Trucks once loaded should not be allowed to stay inside premises without any specific and valid reason.
- Reconciliation of materials to be done periodically to ensure that the quantity as indicated in the SAP system matches with the physical inventory available in product warehouse.

### ***Status: Implemented***

Management has informed that the suggestions of vigilance department have been implemented.



### **13. Defining clear qualification criteria in manpower contracts**

During examination of a manpower related contract, it was observed qualification criteria of manpower was not well defined. Accordingly, an improvement was suggested that while defining the qualification criteria for contract manpower in tender, course duration for technical courses and Accreditation of institute issuing certificates for Diploma/ITI/Degree should be clearly mentioned.

***Status: Implemented***

It has been intimated by the concerned department that in the future, adequate clarity will be provided in the tender conditions.



## **14. Provision of equal opportunity to all participating bidders while quoting against unconfirmed manpower**

During inspection of a contract involving manpower services round the clock, it is observed that apart from the line item for service charges to be quoted by the bidders for requisite manpower, there were extra line items to be quoted by the bidders for supply of manpower under urgent/emergent conditions. There is a possibility that old/existing bidders, who have the prior knowledge regarding supply of manpower under urgent/emergent conditions, which may or may not or rarely utilized, may quote zero or minimum while new bidders without the knowledge on supply of manpower under urgent/emergent conditions, may quote otherwise. There is thus a possibility of undue advantage to the contractors with prior knowledge.

It was suggested that bidders may be allowed to quote only service charges even for the line items related to engaging manpower under urgent/emergent conditions, like a regular SOR item for manpower supply, so that equal opportunity can be extended to all participating bidders.

### ***Status: Implemented***

The systemic Improvement has been implemented to ensure equal opportunity to all participating bidders.



## **15. Aligning GAIL's recruitment guidelines in line with DoPT**

A PIDPI complaint was received from CVC regarding recruitment of Senior Engineer-Mechanical under Economically Weaker Section (EWS) category wherein it was alleged that a fake EWS certificate was obtained to qualify for the job. In this case, the following Systemic Improvement was suggested:

To review and align GAIL's recruitment guidelines in line with DoPT (Department of Personnel & Training) OM (Office Memorandum) dated 31.01.2019 of DoPT on "Reservation for Economically weaker Sections (EWSs) in direct recruitment in civil posts and services in the Government of India ." and FAQs dated 19.09.2022

***Status: Implemented***

The relevant paragraph from DOPT on EWS has been incorporated in the subsequent advertisements.



## **16. Verification of UAN passbook entries of contract workers**

In a surprise inspection based upon a complaint regarding fake PF account opening, it was observed that contractor had misrepresented figures in EPF payment challan. Accordingly, all Engineer In-charges have been advised to randomly check and verify UAN passbook entries of contract workers working under the contract and tally them with the ECR Challan while recommending for payment of RA bills of the contracts.

***Status: Implemented***

Necessary guidelines have been circulated through e-mail to all EICs at the work center.



## **17. Enhancements to Guidelines for Company Secretary Positions at JV**

Based on investigation regarding recruitment for the post of Company Secretary in a subsidiary of GAIL, wherein certain discrepancies were observed in the guidelines and procedure adopted for Fixed Term Employment (FTE) of a JV company, following has been suggested:

- Modification of the eligibility criteria for various positions in Company Secretary function in the relevant procedure/guidelines.
- Carrying out the exercise for the selection of Company Secretary, afresh after modifying the eligibility criteria in line with the evaluation methodology of the guidelines/procedure.

### ***Status: Implemented***

As informed by the concerned department, the following actions have been taken:

- The procedure/guidelines for recruitment of employees on Fixed term basis has been reviewed and eligibility criteria have been modified in line with evaluation methodology.
- The recruitment process for the Company secretary have been initiated afresh.



## **18. Defining Qualifications and Experience for Strengthening Recruitment Standards**

A surprise inspection based on source information regarding “Appointment of DGM(Marketing) in BGL” was carried out by Vigilance department. Upon scrutiny, few irregularities having vigilance angle was observed and it was further scrutinized.

After scrutiny it was suggested that Recruitment policy of BGL should specify qualification, indicative minimum experience and age limit for all grades/posts.

***Status: Under Implementation***

The systemic improvement has been accepted by the Management and its implementation is under process.





## **19. Improvements in Custody transfer metering of Industrial and commercial customers of JVs**

A system study was carried out on the custody transfer metering of Industrial and commercial customers of a subsidiary company, and few similar CGD companies for comparison, involving a cross-functional committee of executives from Vigilance, Internal Audit and GAIL Gas Ltd.

During the Study, following inadequacies/ irregularities were observed:

- (i) In-adequacies in sealing /locking of Vulnerable points at customer terminals
- (ii) Involvement of/Access to Contract Employees in metering of gas
- (iii) Possibility of alteration of cumulative flow value in Electronic Volume Collectors (EVC).
- (iv) In-adequacies in flow validation of primary / secondary devices
- (v) In-adequacies in updation of gas composition in EVCs
- (vi) No provision for checking the actual pressure and set pressure of regulator
- (vii) District Regulatory Station (DRS) wise Gas reconciliation not being carried out in distribution networks
- (viii) Inadequacies in frequency of Leak detection survey
- (ix) Joint tickets sent through mail
- (x) Variation in uncorrected reading of EVC
- (xi) Inadequacies in billing customers in the respective billing cycle
- (xii) Reconciliation not being carried out at GAIL CGD terminals

In view of the above, following systemic improvements were suggested to all GAIL CGD Subsidiaries & JVs:

- (i) Implementation of Integrated Quality Management System
- (ii) Implementation of Standard Operating Procedures and Code of Practice for Key Operational activities
- (iii) Carrying out audit and Inspections
- (iv) Automation of data collection and Analysis of billing
- (v) Standardization of Meters/EVCs and other Equipment

(vi) Effective complaint handling Mechanism

***Status: Under Implementation***

The Systemic Improvement has been accepted by the subsidiaries/JVs of GAIL for implementation in a time bound manner.



## **20. Strengthening Discount Scheme Integrity for Sale of Petrochemical Products**

In a case related to policy and operationalization of discount scheme offered by GAIL to various customers of its Petrochemical products, certain irregularities were observed in specific discount schemes.

The following systemic improvements were recommended in the subject case:

- To put in place a properly documented, transparent policy & SOPs for operationalization of discount schemes with minimum discretion: these to include fixing of objective criteria to decide the various triggers to warrant changes in prices/discounts.
- To indicate upfront the estimated financial implication on account of proposed discounts while seeking approval of competent authority.
- To formalize and strengthen the process of obtaining marketing inputs.
- To formulate an effective SOP for coordination between Marketing and Production units.
- To develop a transparent system for informing customers and consignment stockists regarding various discounts being offered from time to time including generation of auto email alerts.
- To revisit the need for providing additional Post Sale discounts given the existing provision for a weekly revision of prices.
- To ensure independence of the Pricing Committee for petrochemical products so that the members of the Committee are not unduly influenced by superior officials.
- To put in place Policies/processes to curb the influence of traders in polymer marketing set up of GAIL and to encourage sales to end consumers.
- To develop a well-defined procedure to allocate products among different Zonal Offices of GAIL as well as among different CS/customers within a Zone.

***Status: Under Implementation***

In view of the above suggestions of Vigilance Department, Management has appointed a consultant to comprehensively review the existing policies, procedures and practices to bring necessary fairness, transparency and accountability in the petrochemical marketing set-up.

The recommendations of the consultant are under review by GAIL management after which it would be put up for approval of Board.



## **21. Formulation of item wise BEC for item wise procurement**

During investigation of a complaint, it was observed that although the Bid Evaluation Methodology was based on item wise evaluation for procurement, the Bidders Eligibility Criteria (BEC) was kept based on the previous experience of total bid value, resulting in entry barrier for many bidders.

Review of the C&P procedure to include item wise Bid Evaluation Criteria for item wise procurement was suggested.

### ***Status: Under Implementation***

The systemic improvement has been accepted by the Management and its implementation is under process.



## **22. Provision for recovery from closed contracts as per Audit/CAG/Vigilance examinations**

During investigation of Audit Paras pertaining to a Plant for execution of contracts pertaining to a unit, it was observed that CAG issued para against waiver of PRS for composite work of a contract after closure of contract. For the projects under execution in GAIL, there is a practice to settle all recoveries/dues, under the contract, before closure of contract. The possibility of examination of closed contract by external / internal auditor etc. and thereby arising a situation for recovery from closed contract cannot be ruled out. Presently, no provision exists in the tenders, for recovery of any amount which may become recoverable on account of examination by external / internal agencies after closure of contract except the security deposit which is also available only during the defect liability period.

To overcome such situation in future, it is suggested that suitable provision may be incorporated in the tender document where in it is clearly stated that GAIL reserves right to recover any amount which may become recoverable due to Audit / CAG / Vigilance objections / investigations after closure of contract, from any other contract between GAIL and same party.

### ***Status: Under Implementation***

The systemic improvement has been accepted by the Management and its implementation is under process.



## **23. Recommendations for Handling Price Bid Cancellations**

A Complaint was received regarding Non-issuance of Work Order to a party after price bid opening and tender was cancelled. In this regard, it was suggested that cancellation of tenders after opening of price bids should be considered as an exception and shall require the approval of OIC. It was also suggested to include appropriate clause in this regard in the C&P procedure.

### ***Status: Under Implementation***

The systemic improvement has been accepted by the Management and its implementation is under process.



## **24. Involving technical experts from respective discipline in Construction works**

During inspection of works related to construction of houses, it was observed that technical expert from electrical department was not involved. To ensure the quality of technical works and checking of measurements, a systemic improvement was suggested that GAIL engineers from respective technical field of expertise may be assigned to thereof, during construction phase of works contracts.

***Status: Under Implementation***

The systemic improvement has been accepted by the Management and its implementation is under process





## **25. Recommendations to Prevent Misuse and Improve Record Keeping for Strengthening Vehicle Utilization**

Examination of a contract related to hiring of vehicles revealed that office vehicles are being misused for personal use and proper record of vehicle utilization was not being maintained in the log books. The following systemic improvements were suggested for implementation:

- To incorporate suitable instructions in the vehicle contracts to check the tampering of odometer in vehicles deployed.
- To install GPS in the contract vehicles to prevent misuse on personal accounts and odometer tampering by contractor driver etc.
- To incorporate standard format for vehicle logbook & measurement sheet in the vehicle contracts to bring more clarity, uniformity and ease of entry of complete trip details such as tolls etc.
- To provide for suitable penalty on account of delay in submission of invoices by contractor in the vehicle contracts.

### ***Status: Under Implementation***

The systemic improvement has been accepted by the Management and its implementation is under process.



## **26. Recommendations for Establishing Standards for Therapy Services**

Examination of complaint of contract related to engagement of Services for Acupressure and Sujok therapy was carried out, following systemic improvements were suggested:

- To frame a Corporate Policy for Engagement of Services for Acupressure and Sujok Therapy (such services).
- Bidders Eligibility Criteria (BEC) for such services be standardized and communicated to all work centres to maintain uniformity at all locations.
- To define Delegation of Powers to approve such services in DOP.

### ***Status: Under Implementation***

The Systemic Improvement have been accepted and replied that the SOW will be standardized for hiring such services and pre-tendering conference will be carried out in subsequent tenders.



## **27. Improving IT Procurement: Ensuring In-House Expertise in Technical Specifications and Evaluations**

During investigation of a complaint pertaining to implementation of IT system, it was observed that while framing the technical specification of IT related infrastructure or technical evaluation, GAIL's in-house IT team was not involved and all tendering related job was finalized by PMC and Project Development officials of GAIL.

Accordingly, it has been suggested that in matters pertaining to procurement of IT related infrastructure, in-house experts from IT may invariably be involved while framing the technical specifications and during technical evaluation to avoid possibility of any ambiguity in such procurements.

### ***Status: Under Implementation***

The Systemic Improvement has been accepted by the Management and will be considered in future tenders.



## **28. Incorporation of suitable timeline for submission of documents by the contractor after award**

During inspection of contract it was observed that all risk (EAR) policy, Marine cargo policy, Workmen compensation policy, labor license and BOCW documents were not submitted by the contractor on time and no penalty clause was available in contract for delay in submission of such mandatory policies. In this regard it was suggested for incorporation of suitable timeline to submit the above documents along with penal provision for delayed submission.

***Status: Under Implementation***

The concerned S&LR (Survey & land records) head have been advised for incorporation in future LMC tenders.



## **29. Strengthening Guidelines & review of C&P Procedure of JVs**

An investigation was carried out in the matter of hiring of recovery agency by a JV at two regions through Committee purchase.

In the particular case, following systemic improvements were suggested:

- (1) Relevant clause(2a) of Delegation of Powers (DoP) should clearly define upper limits for different modes of procurement such as normal tendering, Single party, Nomination basis and through committee purchase in line with the guidelines of DoE “Manual for Procurement of Goods” and DoP of parent organizations.
- (2) Relevant clause (6.3.4) of C&P manual should be modified as “The closing time for receipt of tenders shall generally be 1500 Hrs. and bids so received shall be opened on the same day to the extent possible.”
- (3) Clause 3.8 “Procurement of Materials, Works and Services through Committee” of C&P manual should be aligned with clause 4.10 “Direct Procurement by Purchase Committee” of DOE manual for Procurement of Goods.
- (4) System of bill generation and transmission of bills to customers by regularly sending through SMS, WhatsApp & Email along with further follow up may be improved in an effective manner,

### ***Status: Under Implementation***

The Systemic Improvement has been accepted by the Management for implementation.



### **30. Evaluation of bids with zero or negative quotation**

While examining a complaint pertaining to hiring of agency for provision of canteen services, irregularities were observed in evaluation of tender.

Accordingly, a system improvement has been suggested to incorporate provision in the C&P Manual w.r.t evaluation of bid in case of Zero or negative quotation submitted by bidders in line with OM no. 29(1)/2014-PPD dated 28.01.2014 issued by Min. of Finance, Deptt. of Expenditure.

***Status: Under Implementation***

The Systemic Improvement has been accepted by the Management for implementation.



### **31. Implementing Penalty Clauses for Vehicle Hiring Agreements**

Ambiguity on contract conditions especially w.r.t levy of penalty while examining a complaint regarding hiring of vehicles was observed. Accordingly, a system improvement has been suggested to review the existing model tender for hiring vehicles and to incorporate separate clause for imposing penalty on violation of contract provision with respect to late payment of wages and late deposit of PF contribution by contractors.

***Status: Under Implementation***

The Systemic Improvement has been accepted by the Management and shall be considered for future tenders.



## **32. Subsuming HR guidelines in C&P procedure for tenders involving manpower and itemized services**

During investigation of a complaint against a contract related to a Civil AMC tender, it was observed that percentage tendering as per C&P procedure was not done and rather HR guidelines were followed having two sections of SOR, one for supply of Manpower on percentage basis and the next for supply of Civil items on item rate resulting in manipulation of item rates by awarded Bidder. In order to prevent such incidents in future, it was suggested that Corporate HR guidelines may be subsumed in the C&P procedure along with necessary instruction on how to deal with Civil/AMC tenders that involve manpower supply as well as itemized services.

### ***Status: Under Implementation***

The Systemic Improvement has been accepted by the Management for implementation.



### **33. Standardization of contract provisions for hired Security guards**

During the investigation of a complaint pertaining to irregularities in execution of the Security Contracts, it was observed that the different units were adopting varying modes of providing uniform to security personnel hired through contracts.

The following systemic improvement were suggested:

- Ensuring uniform implementation of either providing a Uniform allowance upfront or Reimbursement thereof in security contracts.
- Necessary amendments in security tenders by incorporating guidelines of Department of Ex Serviceman welfare, Ministry of Defence, Govt of India, Notification No 28(75) 2020 – D (Res-1) dated 13.05.2021 and the advisor security approval 20.06.2016 for deployment of civilian guards.

#### ***Status: Under Implementation***

The Systemic Improvement has been accepted by the Management for implementation.





## **34. Formulation of Suitable SoPs / Policies at CGDs**

Investigation in a case of provision of PNG by a JV (CGD) brought about the following recommendations for system improvement:

- Issue of detailed SOP along with requisite formats in respect of CGD Operations & maintenance.
- Formulation and implementation of Policy for rotation of Officials posted at “Sensitive Positions”.
- Signing of a proper Gas Sales Agreement with all commercial & Industrial customers, as per prevailing industry practice.
- Formulation and implementation of a policy for taking necessary action against customers, who default on payments.
- To carryout audit of all domestic connections as well as Commercial / Industrial customers at regular intervals.

### ***Status: Under Implementation***

The Systemic Improvement has been accepted by the Management for implementation.



## **35. AMR facility to commercial / industrial customers**

During surprise inspection of a Joint Venture of GAIL, irregularities were observed in the billing of Natural Gas to two commercial gas customers. A detailed investigation was done in the case and it was suggested that Automatic Meter Reading (AMR) facility be installed at commercial / industrial customer, to avoid human intervention / errors.

***Status: Under Implementation***

The Systemic Improvement has been accepted by the Management for implementation.



## **36. Developing SOPs for Crossing Methodology Changes in JVs**

A Complaint was received by CVC on the subject of nexus formation and corrupt practices by officials of a JV, the contractor, and the PMC, during laying of a pipeline section. Allegations were regarding corrupt practices in the execution of HDD. Accordingly, investigation was carried out and the following Systemic Improvement was suggested:

The organisation to develop a SOP for changes in crossings methodology from open cut/cased crossing/Zero HDD to HDD crossing or any changes in crossings methodology involving change in financial cost, for all ongoing and future projects. The SOP should also clearly define the roles for technical decisions (including alternative analysis) and financial decisions (including cost analysis) in line with existing procedures and DoP.

***Status: Under Implementation***

The Systemic Improvement has been accepted by the Management for implementation.



## **37.Improvements in Accounting Practices of subsidiaries**

A Vigilance complaint relating to a GAIL overseas subsidiary, regarding violation of stipulated procedure and guidelines in GAIL for accounting through SAP system. After investigations the following Systemic Improvements were suggested:

- (1) SAP system may be implemented so that necessary book keeping and accounting can be done on it.
- (2) If engagement of a third-party service provider is absolutely essential for management/accounting of JIB/revenue statements, it is suggested that an appropriate confidentiality agreement be entered into with such a service provider.
- (3) The Account Service Provider (ASP) may be rotated after a specified period and new engagement be done following competitive bidding.
- (4) Although applicable laws may not mandate rotation of auditors after specified period, management may examine whether it is prudent to continue with the same auditor for the past 13 years and accordingly hire such services afresh in line with company procedure.

### ***Status: Under Implementation***

The Systemic Improvement has been accepted by the Management for implementation.



## **38. Enhancing Inventory Management**

Investigation of a complaint related to theft of pipes from the pipe yard of one of the JVs revealed that there was no responsibility matrix or a proper stock verification procedure in the organization. Stock verification was being carried out on the basis of store issue/receipt vouchers and not on physical verification at store/yard. Relevant proper documents were also not being maintained.

The following systemic improvements were suggested:

- To formulate a detailed policy for store management including physical verification of stores/stock.
- To formulate a document retention policy to ensure ready availability of records.
- To formulate standard tender and detailed documents for services and procurements

### ***Status: Under Implementation***

The Systemic Improvement has been accepted by the JV and a committee has been constituted to formulate detailed policy on store management.



### **39. Automating EIC Updates in SAP for Improved Alert Accuracy**

As per the current system, name of Engineer In-charge (EIC) is entered manually in the SAP system at the time of submission of Bank Guarantee (BG) by the Vendor/contractor. System has provision to generate auto e-mail alerts 1 month before the expiry of the BG to the concerned Engineer In-charge and C&P officer, for taking appropriate action regarding extension or release of BG. In case of change in EIC, due to transfer of employee/ superannuation, manual entry of name of new EIC is made in the system. If the name of EIC is not updated in time, there is a possibility that auto alerts are sent to the wrong person.

To avoid the same, a system improvement has been suggested wherein it has been provisioned that name of New EIC would be automatically fetched from a module of SAP where updated list of EICs is maintained. This shall ensure that the auto alerts before expiry of BGs is sent to the relevant EIC for necessary action.

#### ***Status: Under Implementation***

The suggested Systemic Improvement has been accepted by the management and is under implementation/testing.



## **40. Standardization of Technical BEC and Evaluation Methodology for Start-UPs.**

In a Surprise inspection of a contract awarded for “Hiring of TPIA services” for Civil Projects to a start-up bidder, it was observed that the technical specifications were made part of BEC which was completely waived-off for Start-up bidder under start-up preferences and was awarded the contract. The other non-start-up bidders were required to comply the BEC and technical specifications. It was suggested to standardize the Technical BEC, specifications and its evaluation methodology in future tenders for ‘Hiring of TPIA services’ in respect of the start-ups.

***Status: Under Implementation***

The Systemic Improvement have been accepted by the management.



## **41. Early Determination of Crossing Methodology to Avoid Delays and Cost Overruns**

During surprise inspection of some of the undergoing/ just completed pipeline projects across India, it was observed that there was considerable delay in finalization of the crossing methodology which had an impact on the Project completion schedule and also had additional financial implication. There were multiple changes in crossing methodology and several unsuccessful attempts in executing the project.

In this regard, it was recommended that crossing methodology for any listed river/railway crossing/National Highway etc. needs to be decided at the initial stage referring to Geo-Tech Survey data/Sub-soil ground conditions and other environmental factors etc. so that there is no impact on the project completion schedule and no additional financial implication.

### ***Status: Under Implementation***

The recommendation has been accepted by the management and is under Implementation.



## **42. Review of threshold value for Authentication of BEC documents through Chartered Engineer**

A complaint was received regarding submission of forged authorization documents by a bidder for qualifying in a contract for supply of Printer Cartridges. During investigation, the complaint was found to be true and the Authorization certification was found to be forged. It was found that the value of contract being less than threshold value specified in purchase procedure, the authentication of BEC documents by a Chartered Engineer was waived-off. It was recommended to review the threshold value in Purchase procedure for authentication of BEC documents to reduce the risk to organisation from bidders submitting falsified documents.

### ***Status: Under Implementation***

The Systemic Improvement has been accepted by the Management and is under Implementation.





### **43. Review of C&P Procedure in JV of GAIL**

In a surprise inspection of a tender related to Enterprise Risk Assessment & Framing of Mitigation plan of a JV, it was observed that the company was prejudiced to participation of only big four consultancy firms through limited tendering, thereby barring participation of other suitable companies. In this regard it was suggested that the C&P procedure of the JV may be reviewed for threshold value for limited tendering and modification of clause for insufficient competition in line with the parent organization/ DoE manual.

#### ***Status: Under Implementation***

The systemic improvement has been accepted by the JV and its implementation is under process.



## **44. Review of recruitment Guidelines of JV**

A Complaint was raised regarding irregularities in recruitment in a JV company. In this case, the following Systemic Improvement were suggested:

- (1) Recruitment policy of JV may be reviewed and aligned with that of parent company's policy.
- (2) Board resolution authorizing Management to consider age relaxation by up to 3 years may be reviewed to have inbuilt parameters / criteria for effective implementation.

### ***Status: Under Implementation***

The systemic improvement has been accepted by the JV and its implementation is under process.







GAIL (India) Limited

**Energizing Possibilities**

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