

GOVERNMENT OF KARNATAKA

DEPARTMENT OF PUBLIC ADMINISTRATION AND REFORMS (e-GOVERNANCE)

CEG ACTION TAKEN REPORT ON E&Y INDEPENDENT EVALUATION AND RECOMMENDATION ON E-PROCUREMENT

MAY 2017

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7. Areas of improvement of e-Procurement system

Scope for improvement based independent evaluation and feedback received during the course of the study are analyzed as per areas of efficiency, transparency and user experience

A. Efficiency

(A-1) Co-existence of manual process along with e Procurement	Replies by the CeG
<p>A parallel system of operations of manual procurement as well as electronic procurement has been observed in mancases at the end of the user department. This to an extent defeats the purpose of electronic procurement and results in additional workload for the departmental employees.</p> <p>Action: It is important that personnel at mid and senior management levels understand and appreciate e Procurement and do not have any qualms about the security or data integrity in the system. Enhancing IT skills and education on e-Procurement is necessary to avoid coexistence of both systems.</p>	<p>The unified e-Procurement platform of GoK was conceptualized back in 2004 when it was unclear whether at all end to end workflow requirements of all the government agencies across 100+ (now it is actually 300+) purchasing agencies can be accommodated in a single instance of software. The entire RFP document was simply a vision document and then there was hardly any full-fledged workflow based systems existed</p> <p>A lot more has been achieved that what was stated in the RFP such as work estimation and e-Receipts management. The e-Payment of EMD and tender processing fees has just few lines of reference</p>

(A-1) Co-existence of manual process along with e Procurement	Replies by the CeG
	<p data-bbox="841 369 1408 531">in the RFP. A lot more has been implemented and in fact CEG has already gone ahead with the 2nd generation e-Payment solution.</p> <p data-bbox="841 646 1408 1266">It was a strategic decision to first roll-out basic modules of e-Procurement viz., indent management and e-tendering in the departments to ensure departments use them and realize the benefits. It took many years of effort to stabilize online implementation of processes from estimate preparation until vendor selection across 300+ department and 20000+ government users in the State today, which is no easy task. It is not easy to design and implement a single instance of a system agreeable to multiple government agencies.</p> <p data-bbox="841 1350 1408 1633">Project was implemented in phased manner in different departments. In the pilot phase high value tenders were floated, in selected departments which helped in tuning the application. Gradually more departments were enrolled in the portal and from</p>

(A-1) Co-existence of manual process along with e Procurement	Replies by the CeG
	<p>3rd December 2012, GoK through a Government Notification No: DPAR/2/EPR/2009 had mandated all department/boards/corporation/nigams were to use e-Procurement Portal for all procurement above Rs5Lakh through e-Procurement only (<i>G.O. copy Annexure-1.1; Annexure-1.2: Proceedings of 5th & 6th Steering Committee meeting on implementing e-Procurement in Departments</i>)</p> <p>All tenders values exceeding Rs5Lakhs are mandated to use e Procurement portal of Government of Karnataka. Any tender where ECV is more than 5 Lakh and the tender is called manually,a Letter from Secretary DPAR (e Gov) is sent to cancel the manual tender and publish it through ePortal <i>only (sample letters is enclosed as Annexure-1.3).</i></p> <p>The year on year statics of eProcurement portal usage is attached (<i>Annexure-1.4</i>)</p>

(A-1) Co-existence of manual process along with e Procurement	Replies by the CeG
	<p>The publication of tenders receiving, evaluation, approvals,cancellation, etc. is the prerogative of the respective departments.The CEG doesn't have any control of the procurements of the departments. The cancellation, recall, approval of the tenders depends on the priorities and funds availability in the respective departments.</p>
<p>Annexure-1) (1.1) G.O copy: DPAR/02/EPR/2009 for use of e-Portal (1.2) Proceedings of 5th & 6th Steering Committee meeting on implementing e-Procurement in Departments (1.3) Letter from Secretary DPAR (e-Gov) for cancelling manual tenders and to use e-Portal (1.4) Year on Year Statics of e-Portal usage</p>	

(A-2) Trainings	Replies by the CeG
<p>It had come to notice that many contractors especially works contractors are not well versed with e-Procurement in terms of submitting required documents, encrypting financial bid and hence take the assistance of third party agencies for the same. This may compromise the confidentiality of the bid. Though trainings on e-Procurement is imparted to the contractors once every week, basic IT skills is the pre-requisite for the success of such trainings. The analysis of the training feedback for the months to July to September shows that more than 20% of the officers whose feedback is collected mentioned that training is required for more than 2 days.</p> <p>Action: More engagement with the supplier community in terms of imparting basic IT training may be evaluated. More proactive involvement in terms of sharing training schedules and calendars with known supplier and trade associations, email alerts etc can also be evaluated. It may also be worthwhile to have an evaluation session at the end of the training sessions and certificates provided to attending personnel. Making the</p>	<p>Centre for e-Governance has addressed computer illiteracy amongst government users and contractors by setting up of two training facility of 30 seater capacity each at M.S.Building and two training center at Regional Centre Dharwad.</p> <p>Regular Training initiatives:</p> <ul style="list-style-type: none"> • Deployment of a training instance of server • Weekly comprehensive e-Procurement module wise training to all procurement officers of procurement entity • Weekend comprehensive trainings for Suppliers/Contractors/Bidders on e-Procurement portal and use of Digital Signature Certificate • Feedback form from bidders are collected at the end of the training • Feedback forms are collected from Department officers

(A-2) Trainings	Replies by the CeG
training instance of the e-Procurement server accessible over Internet may also be evaluated.	
<p>Annexure-2)</p> <p>(2.1) Eproc survey questionnaire, data collection from supplier, online questionnaire</p> <p>(2.2) Bidders feedback form</p> <p>(2.3) Department officers feedback form</p>	

(A-3) Delegation of powers	Replies by the CeG
<p>Currently, there is an over-dependence on key staff for approval and forwarding of tender leading to delays due to waiting for approval in the system whereas manual approvals may have been completed. It is important to encourage delegation of powers at senior levels of tender inviting authority and approving authority so that over dependence of such personnel is reduced.</p> <p>Action: Summary MIS on number of days of pendency of tender processing at various levels that exceed a predetermined time frame, say 30 days may be generated and shared with the concerned department for corrective action.</p>	<p>The e-Procurement system of GoK has a robust indent management module with estimate preparation and rate analysis component embedded with. The workflows, organization hierarchy and financial delegation of powers of all government agencies are embedded within the software. In e-Procurement, workflow tasks have been provided to get the option of approve or forward tasks to the competent authority based on the delegation of power as provided by Finance Department, Government of Karnataka. To act on the task, user has to be logged into the e-Procurement Portal with valid credentials and every task movement is recorded against the respective operating user.</p> <p>The dashboard of the user has categories of the tasks. Each task is classified and placed appropriately. MIS report functionality is available in the system to track the status of task messages, wherein department users can check the number of task pending with users. Whenever a task remains for more than three days,</p>

(A-3) Delegation of powers	Replies by the CeG
	email alert is pushed to the Manager of the Officer in whose login a task is pending, hence the officers get alerts.
<p>Annexure-3)</p> <p>(3.1) Financial delegation of power based task movement</p> <p>(3.2) MIS report for pending task with the officers</p>	

(A-4) Customization for specific requirements	Replies by the CeG
<p>As the system is a unified end-to-end procurement platform developed as per the generic requirements of user departments, specific requirements with respect to individual departments may not have been catered for. E.g. Different formats of accepting commercial bid and system generated summaries to assist in comparative analysis for a specific department, break-up of direct and indirect expenses formats may not present at the moment.</p>	<p>Eprocurement portal of GoK is work flow based system and compliant with KTPP Act. Different formats of accepting commercial bid and system generated summaries to assist in comparative analysis has been incorporated. Option of uploading financial bid format has been in existence from the day of operation.</p> <p>CeG accepts all department specific customization request and the same is discussed in the Project Monitoring Committee (PMC) headed by Principal Secretary, DPAR (eGov) and all the participating department are the members of this committee. This PMC has constituted a Technical Change Control Committee and set change control procedure, wherein any department specific functional requirements are reviewed in detail and recommend the changes / modification / develop feature or functionality as requested. (A sample Minutes of Meeting of this Committee is enclosed as documentary evidence; Annexure-4.1).</p>

(A-4) Customization for specific requirements	Replies by the CeG
	As per the Govt Order: FD/165/EXP-12/2017 all department are notified to accept only financial bid which has been entered (keyed in) in eProcurement portal only (Annexure-4.2) .
<p>Annexure-4)</p> <p>(4.1) Minutes of Meeting of Change Control Committee on department specific requirements.</p> <p>(4.2) G.O: FD/165/EXP-12/2017</p>	

(A-5) E-Procurement as Knowledge Management repository	Replies by the CeG
<p>Currently, during the tender evaluation stage, the findings of the technical evaluation committee of the user department may be recorded in the system as an uploaded document. If the key findings for each bidder for the tender are entered in the system, it may act as valuable information source for further evaluations against similar nature of work for the same bidder. In that manner, e-Procurement can develop as a knowledge repository with information on bidder's evaluation. This can also be linked with the facilities under contract management once developed.</p>	<p>Tender Scrutiny Committee is constituted by the Tender Accepting Authority when cost of procurement exceeds Rs 5 Cr (PWD and WRD), and Rs 1 Cr by all other Department (KTPP Rules- Chapter V Section (1) and (2). For the procurement cost less than as specified above, constitution of committee is optional. The TAA may constitute a Negotiating Committee and invariably the Tender Accepting Authority has to chair the Negotiation Committee.</p> <p>These committees may have non-official members. Hence the minutes/proceedings of the meeting is drawn and signature is obtained from all members and uploaded by the TAA. Decision of the committee is registered by the TAA on the eportal.</p> <p>Provision for upload of proceedings of Tender Negotiation Committee is provided in e-Procurement portal at the time of accepting the negotiated prices as sent by the selected bidder in e- Procurement portal. This is in the stage of Letter of Intent after</p>

(A-5) E-Procurement as Knowledge Management repository	Replies by the CeG
	<p>completing financial evaluation in e Procurement portal. The Tender Accepting Authority uploads the proceedings on behalf of the Committee while accepting the negotiated price of selected bidder in e-Procurement portal.</p> <p>TIA also has the option of viewing / downloading the current tender in hand of the participating bidder for such tender</p>

(A-6) Automatic alerts from e- Procurement	Replies by the CeG
<p>The bidders may not be in direct contact with the concerned department after the bid submission and are expected to track the developments through e-Procurement. However, important developments such as bid opening, bid evaluation etc may not be communicated in time to the bidders who may not check the e-Procurement portal. Facility for automatic mailers on status change, update of bid evaluation report, EMD refund been initiated etc may be incorporated so that bidders are aware of important developments in time.</p>	<p>Daily an email alert is sent to all registered supplier for tenders (Goods/Works/Services) published on the day</p> <p>When a tender is recalled by TIA, an automated email is sent to all participating bidders</p> <p>When a supplier resets his password using valid DSC key, the password details are sent to his registered login id.</p> <p>Whenever a task remains for more than three days, email alert is pushed to the Manager of the Officer in whose login a task is pending, hence the officers get alerts.</p> <p>New user registering in ePortal, their login credentials are sent via automated email alert.</p> <p>Mobile based all alert functionality is envisaged in EGP2.0</p>

B. Transparency and Accountability

(B-1) Citizen Centricity	Replies by the CeG
Currently, information on past and current tenders are provided to the citizens. However, the status of the tender in terms of the party to which it has been allotted to is not transparent to the citizen currently. Information on works and status of works once contract management is implemented could be made transparent to citizens.	All tenders and auctions where Tender Inviting Authority /Tender Approval Authority after evaluation process is completed and bidder is selected, the bidder information along with price quoted by bidder is available for view to all citizens under citizen section of e-Procurement portal.
Annexure-B.1): Screenshot of few selected tenders with selected bidder and his price bid	

(B-2) Practice of EMD submissions	Replies by the CeG
<p>It has been observed that EMD submissions are part accepted through e-Procurement and part directly to the concerned department often as Bank Guarantee. The practice of submitting EMD as Bank Guarantee divulges the identity of the bidder before the bid submission timeline and can be used to discriminate the bidders. It is necessary that the practice of accepting EMD directly by the departments may be discouraged wherever avoidable (e.g. when the EMD amount is not very high to be paid by the 4 accepted modes of e-Procurement)</p>	<p>"Earnest Money Deposit" means the amount required to be deposited by a tenderer along with his tender indicating his willingness to implement the contract;</p> <p>Commercial conditions:- The tender documents shall require all tenderers to pay an earnest money deposit at the rates as per the departmental rules by means of a demand draft, bankers, Cheque, specified small savings instruments or where the procuring entity deems fit, irrevocable bank guarantee in a specified form of the department. The tender documents shall clearly state that any tender submitted without the earnest money deposit be summarily rejected. As per above statement, it is the prerogative of the tender inviting authority to accept EMD in different format as per KTPP Act.</p>
<p>Annexure-B.2): Proceedings of 6th Steering Committee meeting on EMD Collection by departments</p>	

C. User Experience

(C-1) Collaborative nature of working	Replies by the CeG
<p>Various stages of a tender through e-Procurement especially the initial stages merit collaborative way of working by the departmental staff e.g. estimate or indent creation. IT may be worthwhile to enhance e-Procurement to cater to the collaborative way of the modern workforce.</p>	<p>The feature of collaborative nature of working and demand aggregation is available in e-Procurement portal. Some of the Government Organizations (KSRTC, KDLWS etc.) were informed on the feature. CEG is only a nodal agency to ensure features are available in e-Procurement portal.</p> <p>It is in this background, demand aggregation is identified as an objective which could be realized from implementation of a unified e-Procurement platform. If all agencies could be brought on board on to a single platform, the thought process was that the Government can query and know about items commonly purchased across multiple purchasing agencies. Then, Government could decide – if so suitable in that demand aggregation should not adversely affect small suppliers– whether to aggregate demand. CEG has had fantastic success in bringing various government agencies on-board in a unified e-Procurement platform. Further, a recent World Bank funded study was conducted to codify the tenders thus laying the base set-up required for demand aggregation. The foundation has been laid.</p>

	<p>In due course, Government may decide to try out demand aggregation and gradually roll-out the same if the feedback is good. Also, it may be noted that requisite institutional mechanism has to be developed to aggregate demand across purchasing agencies. Given that procurement in India has traditionally been de-centralized, certain key reform decisions have to be taken by the Government.</p>
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Annexure-C.1): A list of procurement categories under which Government procurement has happened in 2009-10 in GoK

(C-2) Multi-lingual	Replies by
<p>The website currently is only in English with few captions in local state language of Kannada. A multi-lingual website with local language support may be evaluated for better adoption and reach especially to suppliers and contractors.</p>	<p>In Eprocurement portal few menus have kannada fonts.</p> <p>The feature of website in local language is envisioned in Eproc 2.0</p>
<p>Annexure-C.2): Screen shot of Eproc website menus in Kannada</p>	