

FY14 Procurement Post Review Report for INDIA Secondary Education Project- Kerala (P118445) Cr. No 50880

Project Information	
Project Name	INDIA Secondary Education Project (P118445) Cr#50880
Implementing Agency	RMSA Kerala
Procurement Risk Rating and Review Percentage	Substantial (15.00%)
Resp. Bank Unit / Task Team Leader (TL)	SASHD / Toby linden
Procurement Specialist (PS)	Satya Panda

Post Review Information	
Post Review Conducted by	Satya Panda
PPR Dates	28-May-15 to 29-May-15 (separate from SPN mission)
Total contracts awarded subject to PPR since last PPR	5 contracts awarded (between 01-Apr-12 to 30-Jun-14)
No. Contracts to Review	1
Percentage of Contracts Reviewed	40% (2 reviewed out of 5 awarded)
No. of Physical Inspections	0

Post Review Status	
Date Draft Report Completed	4 th June 2015
Date Borrower's Factual Corrections and Explanations Received	
Date TTL Input Received (if any)	
Date CPC Clearance	
Date TTL Sent Finalized Report to Borrower	
Date Submitted in Operations Portal	

1. Executive Summary

[brief description of post review objective, key findings/issues, and recommendations]

1.1 Objective

- Verify the procurement and contracting procedures and processes followed for the contracts in the representative sample, and, as appropriate, identify noncompliance with the Loan, Credit or Trust Fund Agreement, the Procurement Plan, Guidelines, **RMSA Financial and Procurement Manual** etc., ; and , inappropriate practices by the Implementing Agency (IA) or other parties;
- Verify the physical completion and existence of the goods and works and, where applicable, non-consulting services resulting in a physical output, which have been procured under the contracts;
- Review and evaluate the contract management practices of the IA within the context of the representative sample of contracts;
- Review and evaluate the record keeping and file management arrangements of the IA
- Recommend actions to correct the identified deficiencies.

1.2 Key Findings / Issues

Systemic Issues/Deviations
(i) Procurement Plan was not prepared;
(ii) Not used RMSA Model Bidding document;
(iii) The State Implementation Society (SIS) has not issued formal letter / signed a Memorandum of Understanding (MoU) with the executing agencies stipulating the mandatory adherence of procurement procedure as per the RMSA FM&P Manual.
(iv) The work was given to SMDC to execute though the contract amount was higher than the permissible limit for SMDC.

1.3 Recommendations:

1. Advised to issue / sign MOU between the SIS and the State executing agencies stipulating mandatory adherence of procurement procedure as per the RMSA FM&P Manual.
2. As per Section 8.3 of the FMP Manual, advised to prepare the procurement plan and use for all project procurement including monitoring of progress; The Director, RMSA, MHRD, GoI has issued direction vide letter dated 28 Aug 2012 (The Circular is available in the official website of RMSA)
3. As per Para 8.5.3 of FMP Manual:
 - i. Use the model RMSA bidding document;
 - ii. Adopt e-Procurement for all the procurement above INR 5.0 million as envisaged in the manual (Circular of MHRD dated 31 Dec 2012);
4. Assess the reason(s) for less participation of bidders in the reviewed procurement transactions and find out the ways to improve the competition; and

2. Discussion on the Selection of the Contract Samples to be Reviewed and List of Contracts Reviewed

[brief description of the selection of the contract sample and summary list of the contracts reviewed, including procurement category, procurement method, contract number, contract date, short contract description, name of contracting agency, name of contractor/supplier/consultant, contract amount]

In total 5 contracts are awarded for the review period and out of which two contracts are picked up for review.

3. Findings on the Review of Procurement Processes

Provide a brief description of findings on procurement processes, including procurement planning, publications, bidding, evaluation, and awards – see also Contract Review Sheets

4. Findings on the Review of Contract Administration

Provide a brief description of findings on contract administration, including implementation, payments, and compliance – see also Contract Review Sheets

5. Indication of Possible Governance Issues

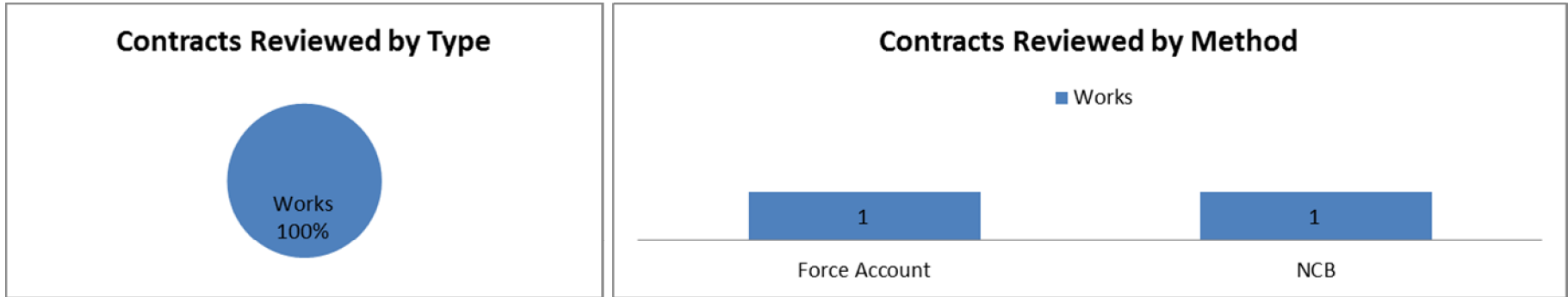
Provide a brief description of any findings on red flags that could lead to possible fraud or corruption related to the procurement processes, contract administration, or any other related issues at contract, project, sector, or country level] Nil

6. Progress of Implementation of Recommendations in the Last Post Review

[brief description of the progress with regard to the recommendations and actions submitted in the last post review]

This is the first PPR for RMSA Kerala

Summary of Reviewed Contracts



Review No.	Description	Awardee	Amount (USD equiv)	Proc Type	Proc Method	Date of Award	No. Deviations (Major/Minor)	Compliance
1	construction of RMSA building at Kuppadi	school building construction committee, kuppadi, India	\$96,867	Works	Force Account	5/19/2013	2/4	no
2	construction of new building for GHS Mudapallur in Vandazhy GP	shreekumar CK, Vandazhi, India	\$107,705	Works	NCB	6/16/2014	1/4	Yes

Post Review Actions

Procurement Process Risk Rating	moderate
Contract Administration Risk Rating	moderate

TO BE COMPLETED BY REVIEWER				TO BE COMPLETED BY BORROWER AGENCY			
No	Reviewer Observation/Finding	Reviewer Recommendation	Category	Action	Responsible Person	Est. Completion Date	Actual Completion Date
1	The work was given to SMDC to execute though the contract amount was higher than the permissible limit for SMDC, which is revised last year from INR 10 lakh to INR 30 lakh	SMDC may be entrusted with the work with value within their permissible limit	Procurement Process	noted for future	PD - RMSA Kerala		
2	No procurement plan with RMSA Kerala	The project officials are advised to prepare a procurement plan and send it to MHRD and upload a copy in their web site.	Other	noted for future	PD - RMSA Kerala		
3	LSGD officials are not aware about the RMSA FM&P manual as a result they have followed their usual state government process.	The project officials are advised to communicate the procurement process indicated in the FM&P manual to the executing agencies like LSGD, so that they follow the same for all future contracts.	Procurement Process	noted for future	PD - RMSA Kerala		

4	RMSA Model document was not used	Advised to use the RMSA Model Document for the Bidding; The MHRD may take initiatives to upload the document for wider dissemination.	Procurement Process	As per the practice, we are using the Kerala state government Tender documents;	PD - RMSA Kerala		
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Thresholds and Profile of Procurement Items

Prior Review Thresholds

Procurement Type	Threshold (USD)	Additional Threshold Criteria (if any)		
Goods				
Works				
Consulting Firms				
Individual Consultants				

Max. Contract Values for Procurement Methods Below ICB and QCBS (USD)

Procurement Method	Goods	Works	Consultants services	
			Firms	Individual
ICB				
NCB	<500 000	< 10 000 000		
Shopping				
DC				
QBS			< 300 000	
LCS/FBS			< 300 000	
CQS			< 300 000	< 100 000
SSS				

Shortlist comprised of entirely national consultants (USD)

Comments on Applicable Prior Review Thresholds and Contract Values

There is no prior review in this project and also there is no ICB. The procurement which are within the following threshold are eligible for reimbursement by the developmental partners in the project.

For civil works not more than USD 10 mn

For goods not more than USD 500 000

For consultancy not more than USD 300 000

Review 1 of 2

Date of Review:	28-May-15	Contractor:	school building construction committee, kuppadi, India
Reviewer:	Satya Panda	Contract Desc:	construction of RMSA building at Kuppadi
Contract Amt:	INR 5,812,000.00	Contract No./Date:	1/2013-14 (19-May-13)
Est. USD Equiv:	\$96,867	Proc. Type:	Works - community level procurement
Compliant:	no (5 deviations)	Physical Inspection:	No

General			
Review Number			1
Date of Review			5/28/2015
Contract Description			construction of RMSA building at Kuppadi
Contract Number			1/2013-14
Contract Date			19-May-13
Procurement Category			Works
Name of Contractor			school building construction committee
City of Contractor			kuppadi
Country of Contractor			India
Applied Procurement Method			Force Account
If selected "Other" in Applied Procurement Method, define			community level procurement
US Equiv			\$96,867
Reviewer			Satya Panda
Date review form generated			5/28/2015
Physical Inspection			No

Bidding			
Question	Answer		Dev
Was the procurement notice advertised in accordance with the loan agreement?	No	Major	The work was given to SMDC though the amount was higher than the permitted limit for SMDC, which is revised last year from INR 10 lakh to INR 30 lakh
Was the procurement method required as per the proc. plan used?	Unable to Verify	Major	as there is no procurement plan prepared
Number of Amendments to the Bidding Documents	0		
Date of Invitation for Bids			
Bid submission deadline (date and time)			
Number of Bid Submission Deadline Extensions			
Bid Submission Deadline Extensions (in days)			
Bid Validity Period (in days)			

Number of Bid Validity Period Extensions			
Bid Validity Extension Period (in days)			

Evaluation and Award				
Question		Answer		Dev
Bid opening Date				
Bid Security / Bid Declaration on file (y/n)				
Est. Contract Amount from Procurement Plan (enter 0 if not in plan)	INR	11,550,000		Awarded Contract varied from Estimate by -49.7%
Lowest Evaluated Bid Amount	INR	5,812,000.00		
Second Lowest Evaluated Bid Amount	INR			
Awarded Contract Amount	INR	5,812,000.00	Minor	
Type of Contract		w/o price adj. clause	Minor	As the contract period is less than 18 months
(Optional) Performance Security on file (y/n)		Not Required		

Contract				
Question		Answer		Dev
Construction Start Date as per Awarded Contract		19-May-13		
Actual Construction Start Date		19-May-13		
Completion Period as per Awarded Contract (in days)		180 days		
Number of Completion Period Extensions		1		
Duration of Completion Period Extensions (in days)		365 days		As per the requirement
Actual Substantial Completion Date (Comp. in Contract: 15-Nov-14)				
Advance Payment Amount	INR	2,000,000	Minor	It was given to SMDC
Bank Guarantee secured against Advance Payment (if applicable)?		Not Required		
Percentage of Works Completed to Date		60%		
Contract Amount Paid as of Date of PPR	INR	3,142,613		
Average Period from Payment Request to Payment Made (in days)		15 days		
Number of complaints on file (in Bank complaints database or with Borrower)		0		
Liquidated Damages Deducted from Payments (y/n)		No		
Contract Terminated (y/n)		No		

Summary		
Question	Answer	Comments
Compliance with Bank Guidelines and	no	<i>The work was given to SMDC to execute though the contract</i>

procedures		<i>amount was higher than the permissible limit for SMDC, which is revised last year from INR 10 lakh to INR 30 lakh</i>
Indicators of possible F&C present?	no	

Comments		

Review 2 of 2

Date of Review:	28-May-15	Contractor:	shreekumar CK, Vandazhi, India
Reviewer:	Satya Panda	Contract Desc:	construction of new building for GHS Mudapallur in Vandazhy GP
Contract Amt:	INR 6,462,287.00	Contract No./Date:	5/14-15/EE/LSGD/DP/PKD (16-Jun-14)
Est. USD Equiv:	\$107,705	Proc. Type:	Works - NCB
Compliant:	Yes (3 deviations)	Physical Inspection:	No

General			
Review Number			2
Date of Review			5/28/2015
Contract Description			construction of new building for GHS Mudapallur in Vandazhy GP
Contract Number			5/14-15/EE/LSGD/DP/PKD
Contract Date			16-Jun-14
Procurement Category			Works
Name of Contractor			shreekumar CK
City of Contractor			Vandazhi
Country of Contractor			India
Applied Procurement Method			NCB
If selected "Other" in Applied Procurement Method, define			
US Equiv			\$107,705
Reviewer			Satya Panda
Date review form generated			5/28/2015
Physical Inspection			No

Bidding			
Question	Answer		Dev
Was the procurement notice advertised in accordance with the loan agreement?	Yes		
Was the procurement method required as per the proc. plan used?	Unable to Verify	Major	As there is no procurement plan
Was prequalification used?	No		
Number of Bidding Documents Sold	1		Not many contractors in that area
Number of Bids Received	1		<i>(Enter Number of Bids Received then use the Add/Edit button to the right to enter Bidder information and comments.)</i>
Number of Amendments to the Bidding Documents	0		
Date of Invitation for Bids	30-Jan-14		Bid preparation period: 95 days
Original Bid submission deadline (Revised: 05-May-14)	21-Feb-14 12:00 AM		

Number of Bid Submission Deadline Extensions	3		Due to administrative reasons
Bid Submission Deadline Extensions (in days)	73 days		
Bid Validity Period (in days)	120 days		
Number of Bid Validity Period Extensions	0		
Bid Validity Extension Period (in days)	0 days		

Evaluation and Award			
Question	Answer		Dev
Record of Public Bid Opening on file and initialed (y/n)			
Bid opening Date	05-May-14		
Bid Evaluation Report on file (y/n)	Yes		
Bid Security / Bid Declaration on file (y/n)	Yes		INR 162000 through NEFT ref no20141811031055 from Vijaya Bank Kizhakhencherry
Est. Contract Amount from Procurement Plan (enter 0 if not in plan)	INR 7,000,000		Awarded Contract varied from Estimate by -7.7%
Lowest Evaluated Bid Amount	INR 6,462,287.00		
Second Lowest Evaluated Bid Amount	INR		
Awarded Contract Amount	INR 6,462,287.00	Minor	
Type of Contract	w/o price adj. clause	Minor	As the contract period was less than 18 months
Were all other required NCB Conditions respected?	Yes		
Performance Security on file (y/n)	Yes		DD no247116 dt 16 june 2014 for an amount INR 300000 and DD no247115 dt 16 june 2014 for an amount INR 58000 from Vijaya Bank Kizhakkencherry branch

Contract			
Question	Answer		Dev
Contract Award publicized properly in UNDB and dgMarket	No	Minor	Low value hence not required
Construction Start Date as per Awarded Contract	16-Jun-14		
Actual Construction Start Date	16-Jun-14		
Completion Period as per Awarded Contract (in days)	330 days		
Number of Completion Period Extensions	0		
Duration of Completion Period Extensions (in days)	0 days		
Actual Substantial Completion Date (Comp. in Contract: 12-May-15)			
Advance Payment Amount	INR 0		

Bank Guarantee secured against Advance Payment (if applicable)?		Not Required		
Percentage of Works Completed to Date		100%		
Contract Amount Paid as of Date of PPR	INR	6,358,859		
Average Period from Payment Request to Payment Made (in days)		15 days		
Number of complaints on file (in Bank complaints database or with Borrower)		0		
Liquidated Damages Deducted from Payments (y/n)		No		
Contract Terminated (y/n)		No		

Summary		
Question	Answer	Comments
Compliance with Bank Guidelines and procedures	Yes	
Indicators of possible F&C present?	No	

Comments
LSGD officials are not aware about the RMSA FM&P manual as a result they have followed their usual state government process.

Annex A

Definitions of Post Review Compliance/Performance Risk Ratings:

Low Compliance/ Performance Risk	Borrower procurement processes, and/or contract administration are of highest quality, reliability, timeliness, and transparency, and required little or no corrective action needed by the Bank
Moderate Compliance/ Performance Risk	Borrower procurement processes, and/or contract administration are of generally good quality, reliability, timeliness, and transparency with minor corrective actions needed by the Bank
Substantial Compliance/ Performance Risk	Moderate shortcomings in Borrower procurement processes, and/or contract administration have limited or jeopardized the timely or efficient achievement of one or more major outputs, but resolution(s) is/are likely
High Compliance/ Performance Risk	Significant shortcomings in Borrower procurement processes, and/or contract administration have limited or jeopardized the timely or efficient achievement of one or more major outputs, and resolution is uncertain or unlikely

Compliance¹ Risk Rating of Procurement Processes:

(Indicators to consider:

- **Procurement Planning:** *Assessment of quality of, and adherence to, the procurement plan, including changes/updates if applicable*
- **Publications:** *Assessment of quality of, and adherence to, advertising and contract award publication requirements for applicable contracts*
- **Bidding:** *Assessment of quality of, and adherence to, requirements for bidding documents, including RFP's, LOI's, short lists, terms of reference, and other applicable documents*
- **Evaluation:** *Assessment of quality of, and adherence to, bid evaluation requirements/criteria, including draft contracts, technical and financial evaluation reports, and bid amendments, if applicable*
- **Awards:** *Assessment of quality of, and adherence to, contract award requirements, including amendments, variation orders, and extensions)*

Performance² Risk Rating of Contract Administration:

(Indicators to consider:

- **Implementation:** *Assessment of quality of, and adherence to, contract implementation criteria, including results of physical inspections*
- **Payments:** *Assessment of adherence to contract payment schedules, including timeliness of payments to contractors*
- **Compliance:** *Assessment of adherence to all contractual compliance with agreed provisions; adherence to all related anti-corruption practices)*
- **Record-keeping:** *Availability, quality, security and completeness of contract records and files*

¹ Compliance in accordance with the Legal Agreement, Procurement Guidelines and other agreed provisions

² Performance of executing agency in implementing the contract