



GOVERNMENT OF KERALA

Abstract

Finance Department- Procurement of works , goods, services and projects to the Accredited Agencies- Guidelines- Orders Issued.

**FINANCE (INDUSTRIES & PUBLIC WORKS - B) DEPARTMENT**

**G.O.(P)No.118/2018/Fin**

Dated, Thiruvananthapuram, 03.08.2018

- Read:-
1. G.O.(P)No. 95/2017/Fin dated 25.07.2017
  2. G.O.(P)No. 122/2017/Fin dated 18.09.2017
  3. G.O.(P)No. 142/2017/Fin dated 09.11.2017
  4. G.O.(P)No. 25/2018/Fin dated 21.02.2018
  5. G.O.(P)No. 29/2018/Fin dated 28.02.2018
  6. G.O.(P)No. 52/2018/Fin dated 29.03.2018
  7. Minutes of the Meeting held by the Principal Secretary (Finance) on 21.02.2018 & 19.05.2018

**ORDER**

Government Departments are giving orders for procurement of works, goods and services to Accredited Agencies. Government are pleased to issue the following guidelines in this regard.

**Procurement of Goods and Services:-**

- 1) An order for procurement of goods and services could be given to an Accredited Agency either for them to act as Project Management Consultant (PMC) or for delivery on their own. A procurement order should be given to an Accredited Agency for delivery on their own only if they have the requisite expertise. The onus on deciding this is on the procuring Department. The procuring order should clearly specify whether the procurement order is given as PMC or for delivery and performance by the Accredited Agency itself.
- 2) The Procurement order for procurement of goods and services to an Accredited Agency for delivery by themselves should involve a substantial

portion of delivery of goods and services by the Accredited Agency itself. A minimum of 50% of goods and for 50% of the services should be supplied by the accredited agency from its own capacity for it to be eligible as 'delivery on its own category'. If more than 50% of goods or services are procured from 3<sup>rd</sup> parties, then the project should not be awarded for delivery by the Accredited Agency. In that case, the procurement order should clearly specify as to what is to be procured from 3<sup>rd</sup> parties and what is to be supplied by the Accredited Agency itself. The portion that is to be procured from 3<sup>rd</sup> parties should be entrusted to the Accredited Agency as PMC with appropriate centage charges as provided in G.O. read as 1<sup>st</sup> above. The items to be procured from 3<sup>rd</sup> parties should be through a transparent bidding process visible to the Procuring Department. In such cases, the Procuring Department should make the payment directly to the selected 3<sup>rd</sup> party for goods and services procured from them based on the advice of the Accredited Agency.

- 3) The Procuring Department should take final decision in selection of the 3<sup>rd</sup> party supplying goods and services based on the recommendation of the Accredited Agency acting as PMC in this case. The payment to the selected 3<sup>rd</sup> party for supply of goods and services should be made directly by the Procuring Department based on the advice of the Accredited Agency.
- 4) Payment of advance to the 3<sup>rd</sup> party supplying goods and services and its recoupment should be as per the provisions in Stores Purchase Manual as given below:

*"Advance Payment to supplier".*

*"12.16 Ordinarily, payments for supplies made or services rendered should be released to the supplier only after the supplies have been made or services have been rendered. However, it may become necessary to make advance payments in the following types of cases:-*

1. Advance payment demanded by firms holding maintenance contracts for servicing of Air-Conditioners, computers, other costly equipment etc.

2. Advance payment demanded by firms against fabrication-contracts, turn-key contracts, etc.

Such advance payments should not exceed the following limits:

a. Thirty percent of the contract value to private firms.

b. Forty Percent of the contract value to a State or public Sector undertaking.

c. In case of maintenance contract the amount should not exceed the amount payable for six months under the contract.”

### **Works Contract**

- 5) Works contracts are given to Accredited Agencies both as PMC and to be undertaken directly by the Accredited Agency. Awarding of work by the Procuring Department should clearly specify whether the work is being given as PMC or to be undertaken directly by the Accredited Agency. Work to be undertaken directly by the Accredited Agency should be only to those Accredited Agencies which are empaneled for this purpose vide Government orders read above.
- 6) When the work order is given to an Accredited Agency as PMC, the Technical Committee constituted for this purpose by the Procuring Department should give Technical Sanction for undertaking the work. The Accredited Agency acting as PMC should then tender out the work using e-tender facility of IT mission as is the system for PWD Works.

The work order to the selected contractor should be given by the Accredited Agency. The agreement for award of work would be made between the PMC and the contractor. The payment conditions also need to be specified in the agreement. All payments to the selected contractor should be made by the Procuring Department /its Head of the Department directly based on the advice of the Accredited Agency. Payment of centage charges by the Procuring Department to the

- Accredited Agency should be made directly to the Bank Account of the Accredited Agency.
- 7) When an accredited agency is undertaking the work itself directly then the payment by the Procuring Department to the Accredited Agency should be made directly.
  - 8) In such cases also the advance payment should be restricted to 20% of the work as provided in the PWD Manual . This advance should be adjusted in the subsequent part bills on pro-rata basis.
  - 9) The PMC charges (centage charges) should be paid directly to the accredited agencies. 50% of PMC charges should be given at the time of issuing Technical Sanction, the balance amount in two equal installments, one after completion of 50% of work and the next after payment on final bill.
  - 10) Technical Sanction (TS) for public works except cost effective building works undertaken by Non Governmental Agencies (NGOs) like HABITAT, COSTFORD, ULCCS etc. shall be issued by the competent authority of concerned Engineering Department. In case, if the client department is not having the adequate technical personnel competent to issue Technical Sanction, the concerned engineering departments such as PWD/ Irrigation /LSGD/Harbour Engineering Department should be entrusted with the responsibility of issuing Technical Sanction depending upon the nature of work.
  - 11) Technical Sanction in Engineering Departments for the work entrusted to Accredited Agencies should be given by Government engineers in that Department based on their Technical Sanction limit.
  - 12) For Cost effective works, Accredited Agencies authorized to undertake such work could issue Technical Sanction themselves. If the work involves cost effective Technology, the procuring Administrative Department in each case can decide whether the Accredited Agency can issue Technical Sanction.

- 13) In the case of Government Accredited agencies, Technical Sanction for works costing more than Rs. 5 Crore should be accorded by the Government Technical Sanction (TS) Committee.
- 14) In case of Government Accredited Agencies, Technical Sanction for work costing less than Rs. 5 Crore should be accorded by the concerned Accredited Agencies.
- 15) In case of Non Governmental Accredited Agencies and in case of Government Accredited Agencies for works above Rs. 5 Crore Technical Sanction should be given by Technical Sanction Committee as follows.

“The Technical Sanction should be issued by a committee chaired by the concerned Secretary and two serving Government engineers not below the rank of Executive Engineer and an Engineer from the accredited agency. For Departments that do not have engineering wings, retired engineers could be engaged for helping the Committee chaired by the Secretary/Head of Department in scrutinizing the estimate and liaising with the accredited agency. The remuneration to be paid to such engineers should be Rs. 25000/- (Rupees Twenty five thousand only) for each work or 0.1% of the project cost, whichever is lower.”

- 16) All accredited agencies executing public works shall follow the relevant provisions of PWD manual and all agencies dealing with procurement of goods shall comply with provisions of Stores Purchase Manual.

(By Order of the Governor)

**MANOJ JOSHI**

**Principal Secretary (Finance).**

To

The Principal Accountant General (A&E) Kerala, Thiruvananthapuram  
The Principal Accountant General (G&SSA) Kerala, Thiruvananthapuram  
The Principal Accountant General (E&RSA) Kerala, Thiruvananthapuram  
All Heads of Departments and Offices  
The Secretary to Governor  
All Departments of Secretariat  
All Private Secretaries to Ministers  
Private Secretary to Chief Minister  
Private Secretary to the Leader of Opposition  
All Secretaries to Government

The Registrar, High Court of Kerala  
The Secretary, Kerala Human Rights Commission, Thiruvananthapuram  
The Election Commissioner, State Election Commission, Thiruvananthapuram  
The Registrar, University of Kerala/Cochin/Kozhikode/Kottayam  
The Nodal Officer, [www.finance.kerala.gov.in](http://www.finance.kerala.gov.in)  
Stock file/Office Copy (E-743052)

Forwarded/By Order



Section Officer