



**OECD GLOBAL FORUM ON GOVERNANCE
SHARING LESSONS ON PROMOTING GOOD GOVERNANCE AND INTEGRITY
IN PUBLIC PROCUREMENT**

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***Vigilance as a Management Function – Leveraging Technology**

- *Balwinder Singh, Addl. Secretary, CVC*

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Vigilance is not a stand-alone activity. It has to be seen as part of the overall risk management strategy of an organization wherein the structures, systems and processes are built in such a manner so as to prevent leakages which adversely affect productivity and profitability. A number of organizations both in public and private sector are re-engineering their processes by leveraging information technology. It will be in the organizational interest that when they are reorganizing business processes they should identify the likely risks like fraud, corruption, other malpractices and build in the required risk management tools in the new processes. Recently a write-up has appeared in the Economic Times under the heading “Fuel for e-commerce at HPCL”. This article explains how HPCL has networked all its petrol pumps in and around Mumbai for the purposes of inventory control and supply chain management. The same process also indirectly helps in curbing adulteration and under measurement. These malpractices are in turn connected with corruption. The system automatically detects any tampering with the fuel dispensers. It enables the company to monitor every outlet. Similarly providing global positioning system on the tankers for transporting fuel, the management can detect diversion of tankers to dubious destinations. This technology while providing solution for efficient supply chain management also helps in risk management thus strengthening the internal vigilance. **There is need to integrate vigilance activity as a part of overall risk management strategy which in turn has to be integrated in the main stream operations of organizations.**

*The connotation of word ‘vigilance’ in India is ‘anti-corruption efforts’ particularly of preventive nature.

The Central Vigilance Commission has been wrestling with the idea of identifying areas where generic solutions to the problems of vigilance administration can be applied across wide spectrum of government organizations. A number of areas have been identified where use of information technology can bring efficiency, economy as well as transparency thus curbing corruption. Some of these ideas are as follows:-

E-Procurement

It has been the experience of a large number of organizations worldwide both in public and private sectors that e-procurement can bring in economy and efficiency in the procurement of goods, works and services. Apart from these benefits, the process also brings in greater transparency, thus reducing opportunities for corruption. Some of the State Governments like Andhra Pradesh, Karnataka as well as some Public Sector Undertakings like SAIL are already making use of e-procurement systems. The Central Vigilance Commission has issued a directive that all Govt. organizations over which the Commission has jurisdiction should publish their tenders and complete bid documents along with the application forms on the website. This is the first step towards e-procurement and would help in curbing mal-practices prevailing in various Govt. organizations where competition is sought to be restricted.

E-Payment

Another directive of the Central Vigilance Commission regarding leveraging technology pertains to introducing e-payment. Here again, the intention is to bring economy and efficiency, while at the same time, reducing corruption. The banking industry in the last one decade has made

rapid technological advances in India. The directive of the Central Vigilance Commission for introducing e-payment is to leverage these technological advances in banking sector for the benefit of rest of the governmental set up. This system will help in significantly reducing transaction costs involved in making payments by way of cheques and sending the payment through couriers. It will also curb corruption which accompanies handing over cheques to contractors, suppliers and others like persons receiving refunds from income tax and other departments.

Apart from the above mentioned two specific directives which the Central Vigilance Commission has already issued there are very many other areas where technology can be leveraged simultaneously for efficiency, economy and corruption control. The key idea being that risk management tools are made integral part of the main business processes. For example, there are frequent cases of frauds in availing various employee benefits like medical expenses, LTC, TA/DA etc. The accounting softwares can be built in such a manner that the computer system generates '**exception report**' and gives **alerts** wherever there are significant deviations from certain benchmarks and norms. Similarly, the same accounting software system can make inter unit/inter location comparisons of expenditure on these items. Similarly, softwares can be developed with regard to procurement with in built features for making inter unit/inter office comparisons of rates and consumption patterns.

Extensive use of website can be made both as a tool for communication with the stake holders as well as for curbing corruption. Right to information and transparency are the biggest tools for fighting corruption and website as a tool for such communication can have very extensive application across the entire spectrum of Govt. activity.

Contractors and suppliers can know where their bills are held up, applicants for passport can know where their passport application is held up or whether police is taking abnormally long time in issuing NOC, beneficiaries of public distribution system can know whether wheat, rice and sugar is being diverted by the ration shop owner. Municipal corporations and other civic agencies can get feedback from public whether repairs to roads or drainage pipes is actually being carried out or only fake bills are being prepared without actually undertaking the works. Some Govt. organizations have already taken initiatives in this direction but the complete potential of website/portal as a tool for fighting corruption is yet to be made.

In addition to generic issues pointed out above, there can be a large number of organisation specific solutions where risk management tools can be integrated in the business processes. Customs & Central Excise, Income Tax, Employee Provident Fund Organisation and certain other organizations are learnt to have already undertaken such exercises in their computerization projects and business process re-engineering efforts. The aim is to gradually integrate preventive vigilance in the business processes and reduce our dependence on a complaint driven vigilance administration, which is the present scenario.
