



Document : **System Improvement**
Department : STORES
Suggestion Date : 03.02.2021
Implementation Date : 26.07.2021
Implementing Authority Letter : PCMM/SR vide letter no.S. Policy.75/SR/505 dt 26.07.2021
Implementing Authority : PCMM, PCEE, PCE, PCMD
Applicable to Department(s) : All Department
Subject/Title : Acceptance of Material against Consignee Inspection.

Background:

Preventive checks conducted by Vigilance at various depots on the aspect of Receipt, Inspection and acceptance of Non-stock materials on Consignee Inspection Investigation has revealed that no record/documentary evidence such as Inspection Test/trial report or inspection register evidencing testing and inspection carried out was maintained by Shop in-charge. It was noticed that in some cases Shop in-charges conveyed suitability or otherwise of the materials orally which is not a correct practice. Shop in-charges are expected to maintain accountability and transparency in internal inspection /Test /Trial conducted by them.

Implemented System Improvements:

It is necessary that internal inspection of materials by consignee, received against non-stock purchase order with 'Consignee Inspection' clause is essential to ensure that the material received is as per purchase order specification. Hence, Vigilance has suggested following system improvement for implementation in field units of all departments.

- A standard comprehensive check list may be adopted wherever material is subjected to 'consignee inspection' as per purchase order.
- Parameters relevant to the material as per Purchase order description/specification may be tested and results recorded /documented.
- A Consignee Inspection Certificate indicating results of Test/Trial may be issued evidencing Internal Inspection /Test/Trial

In this connection, Consignee Inspection Certificate format suggested by Vigilance was enclosed.

At the same time, it was advised to ensure that cost of testing/trial/inspection shall not be disproportionate to the cost of the materials itself. The above guidelines shall be noted and implemented forthwith to ensure evidencing of testing/trial in case of 'Consignee Inspection' items against Non-stock purchase orders.



Benefits:

Due to the above system improvements, there will be accountability and transparency in internal inspection /Test /Trial conducted by consignees.

Remarks if any:

PCMM/SR vide letter no.S. Policy.75/SR/505 dt 26.07.2021 has implemented that system improvement and same is available in the Policy Circulars of Stores Branch.



Document : **System Improvement**
Department : STORES
Suggestion Date : 01.09.2021
Implementation Date : 17.09.2021
Implementing Authority Letter : PCMM/SR vide letter no. S.Policy.75/SR/506 dt 17.09.2021
Implementing Authority : PCMM
Applicable to Department(s) : All Department
Subject/Title : Handling Rejection of Non-Stock Material received against Purchase orders.

Background:

Investigation against a Complaint has revealed that

- a. Against a Southern Railway purchase order for supply of Non-stock item with Consignee Inspection clause, the material received was subjected to test in CMT lab. On conducting Lab test, CMT lab had certified that material does not confirm to RDSO Specification. As per the non-conformity report submitted by CMT lab, SSE had addressed a letter to CWM that material was rejected since failed in practical test. But no formal Rejection advice was sent in firm.
- b. Later, rejection details were furnished orally to firm's representative. Also, a copy of CMT lab report was handed over to the firm's representative by SSE. Firm's request for conducting Joint inspection was not considered by the SSE. When the firm had approached shop floor SSE with authorization letter for lifting of rejected material, it was informed to the firm that rejected material is MISSING.
- c. Finally, custodian SSE had informed supplier that as firm has taken nearly one year to respond regarding lifting of rejected material and firm has been dragging on the case making unnecessary communication with different Officials of Railways, rejected materials were Scrapped quoting Stores code Para 762-S. However, no documentary evidence such as approval of Competent Authority for condemnation of rejected material and also Advice Voucher (DS-8) for disposal were submitted/available with SSE

Implemented System Improvements:

In view of the above, Vigilance has suggested the following System improvement/procedure for handling receipt and rejection of non-stock items for implementation in all Field Units so as to ensure transparency, uniformity and to avoid possible loss of material as happened in the subject case.

- Every Receipt of Non-stock item may be allotted with DBR {Daily Book of Receipts} no. by respective Consignees
- Material may be subjected to Internal inspection by Consignee in case of Consignee inspection as per PO terms and conditions and suitability or otherwise may be recorded in Inspection



Demand Note (IDN)

- Test reports if any by CMT/Lab after inspection may be sent to Controlling Officer for necessary action instead of Shop in charge.
- In case of rejection, a formal Rejection advice as per prescribed format given vide Para 764-S of Stores Code Volume-I indicating details of Reasons of Rejection, Joint Inspection details, free time for removal of rejected material, details of recovery if any, etc as per Para 762-S & 764-S of Stores Code Volume-I duly signed by Controlling officer, may be issued to supplier with copies to all concerned.
- Joint Inspection wherever necessary may be conducted as per Para 762-S of Stores code Volume-I
- Rejected Material should be returned to supplier after recovery of payment if any already made to the firm, test charges if any, ground rent, etc. As mentioned in the Rejection advice as per para 762-S of Stores code Volume – I.
- Returning of rejected material to firm may be done within the time period as per Para 762-S of Stores code Volume-I or latest instructions.
- In case, the rejected material has to be scrapped, same may be done with the approval of Competent Authority, duly following necessary procedure. After approval rejected material may be handed over to the Associate Stores depot immediately under S-1539 Advice note (DS-8) for disposal.

Benefits:

Due to the above system improvements, there will be accountability and transparency in handling of Rejection cases conducted by consignees.

Remarks if any:

PCMM/SR vide letter no.S. Policy. S.Policy.75/SR/506 dt 17.09.2021 has implemented the system improvement and same is available in the Policy Circulars of Stores Branch.