



GOVERNMENT OF KERALA
Abstract

Finance Department - Revised guidelines for execution of public works and selection of Government accredited agencies - Orders Issued – Regarding

FINANCE (INDUSTRIES & PUBLIC WORKS - B) DEPARTMENT

G.O.(P) No. 311 /14/Fin. Dated, Thiruvananthapuram, 30/07/2014

- Read 1) G.O. (P) No.408/07/Fin, dated 07.09.2007
2) G.O. (Ms) No. 133/07/LSGD dated 18.05.2007
3) G.O (Rt) No. 8989/10/Fin, dated 14.12.2010

ORDER

Government vide reference 1st cited, issued general guidelines for executing public works through various accredited agencies other than Public Works Department. Local Self Government Department also issued similar guidelines for execution of public works of LSG institutions vide reference 2nd cited. However, these guidelines are found to be not comprehensive and consequently financially imprudent decisions are taken while entrusting works to such agencies.

2) On reviewing the existing orders, Government felt that, better clarity is required on this issue, to ensure equity, transparency and prudence. It was also observed that certain important aspects like criteria for selecting these agencies, the powers of such agencies for issuing technical sanction and acceptance of tender, execution of works using alternate technology, mode of payment etc need further consideration and clarity.

3) Government vide reference third cited, appointed an expert Committee to study above issues. Based on the recommendations of the Committee and the modifications suggested by the Chief Technical Examiner and Chief Engineers thereupon, the following revised guidelines for execution of public works through Government accredited agencies are ordered with immediate effect.

4) Hereinafter accredited agencies authorised by Government in Finance Department shall alone be eligible for execution of public works of Government Departments and Organizations. The guidelines for selection of accredited Agencies, categorizations of such agencies and related matters are given in Annexure.1. The guidelines to be followed while entrusting the works to such accredited agencies are detailed in Annexure - II.

5) All Government Departments/PSUs/Autonomous Bodies executing public works through Government accredited agencies shall follow these guidelines scrupulously.

6) The revised guidelines will be applicable for all public works executed through Government accredited agencies with effect from 1st August 2014 onwards.

(By Order of the Governor)
V.SOMASUNDARAN
Additional Chief Secretary (Finance)

To

The Accountant General (A&E) Kerala, Thiruvananthapuram
The Accountant General (G&SSA) Kerala, Thiruvananthapuram
The Accountant General (E&RSA) Kerala, Thiruvananthapuram
All Heads of Departments and Offices
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 Secretary, Kerala Public Service Commission,
Thiruvananthapuram (with C/L)

The Registrar, University of Kerala/Cochin/Kozhikode/Kottayam
(with C/L)

The Registrar, High Court of Kerala

The Secretary, Kerala Human Rights Commission,
Thiruvananthapuram

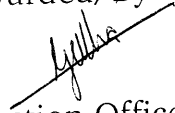
The Managing Director, Kerala State Transport Corporation,
Thiruvananthapuram (with C/L)

The Secretary, Kerala State Electricity Board,
Thiruvananthapuram (with C/L)

The Secretary to Governor

The Nodal Officer, www.finance.kerala.gov.in
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Section Officer

ANNEXURE - 1Guidelines for selection of Agencies for Government accreditation for the execution of public works

- (1) A Selection Committee headed by Secretary (Finance-Expenditure) will be constituted in Finance Department to advise Government on selection and accreditation of agencies authorised to execute public works and related technical matters. The Chief Technical Examiner, Chief Engineer PWD(Buildings), and a Technical Expert having no direct association with the listed agencies will be the other members of the Committee. The Committee shall scrutinize the applications for accreditation and recommend eligible agencies based on the criteria prescribed hereunder. The Committee shall also review the prevailing system for accreditation and advise Government on necessary modifications in the guidelines as and when found necessary.
- (2) The authorised agencies under State/Central Government having engineering units with adequate qualified manpower will be considered for accreditation. Reputed Non-Governmental Organizations, agencies like Nirmiti Kendra, COSTFORD etc and Co-operative Societies having qualified manpower and expertise in executing public works can also be considered for accreditation.
- (3) The accreditation will be based on prevailing works management systems, bid capacity, strength of technical manpower, geographical spread of units and experience in executing various public works.
- (4) The accredited agencies will be broadly classified into four categories as shown below. The Committee shall select the eligible agencies to any of the following categories.

- (A) State Government Dept/State PSU which follows state PWD system for execution of public works.
- (B) Departments and PSUs under the Government of India, willing to execute works as per State Government norms.
- (C) Organisation with limited Government control like Co-operative Societies, joint venture organisations having sufficient experience in public works and following State PWD norms.
- (D) NGOs, Charitable Societies having sufficient experience in execution of public works and following alternate cost effective technologies.
- (5) The accreditation will be initially for a period of five years subject to any disqualification during the period as per guidelines. The renewal will be considered based on the performance review of selected agencies by the Selection Committee.
- (6) The Government will have the right to cancel the accreditation of any of the agencies at any time, based on the advice of the Committee, on account of any irregularity/low performance in executing public works entrusted with them.

ANNEXURE- IIGuidelines for entrusting works to Government accredited Agencies

- (1) Government Departments/PSUs/Autonomous Bodies having no permanent engineering wing can directly entrust their works to accredited agencies, if required, on a deposit work mode or as project management consultancy mode without the prior approval of Government, provided the estimate cost of the work is within its delegated powers. Government Departments/Organisations having engineering divisions can also outsource works to accredited agencies for specific technical requirements which are unavailable within the dept/organisations but, with the approval of Government.
- (2) Government Departments and organisation may entrust their works to any agency under category (A) & (B), Annexure-I without any bidding process. The Government Department/PSUs/Board shall select the accredited agency based on their technical expertise and capability to execute the proposed work, and suitability of the agency to the specific project. The number of works in hand of an agency at a time should be restricted based on the availability of technically qualified manpower of the agency and its financial capacity.
- (3) The Government/Organisations desire to get competitive offers on centage charges, for their works, may obtain competitive offers on centage charges from the accredited agencies before selecting the agency.
- (4) The agencies under category (C) can also be entrusted execution of public works without bidding process, on emergent situations based on the special nature of the work. But selection of such agencies shall be

done by the Administrative Department based on the criteria mentioned at para 2 above.

- (5) The agencies under category (D) shall be not normally be entrusted with public works without any bidding process. However these agencies can be directly engaged for works executed under LSGIs, based on the guidelines issued by that Department from time to time. While State Nirmiti Kendra (KESNIC) continue to enjoy the status quo, District Nirmiti Kendra can be entrusted with public works upto a total cost not exceeding Rs.75 lakh without any bidding process.
- (6) The agencies under category (A), (B) & (C) may generally follow Kerala PWD Manual or other rules and guidelines issued by Government for executing public works. The category (D) agencies may adopt fair and cost effective practices to the satisfaction of concerned department/organisation as stipulated in the terms and conditions of the agreement to be signed between department and agency for each work.
- (7) Administrative Sanction shall be issued by the Department/PSU themselves subject to the delegation of powers given. The estimate shall have adequate provisions for applicable taxes and statutory fees but shall not include the contractor's profit. The estimates prepared by agencies under Category D shall not exceed prevailing state PWD schedule of rates under no circumstances. The estimates submitted by the accredited agencies shall include all taxes applicable and shall not include any lump sum provision for item not directly related to the works.
- (8) Based on the estimates of the agencies, Technical Sanction can be given by the officers as per their internal delegation of powers for category (A) and (B) agencies up to the powers given to Chief

Engineers of Public Works Department. For agencies coming under category (C) & (D), Technical Sanction may be issued by the Committee approved by Administrative Department subject to their delegation of powers. All estimates beyond the limits specified above shall be submitted to Technical Sanction Committee constituted by Government.

- (9) Tendering procedures, if required, shall be done as per State Public Works Manual for works assigned and tender acceptance shall be done by officers as per their internal delegation of powers. The tender acceptance beyond the delegated powers will be done at the level of Government. Tender excess for works whose estimates are based of KPWD SoR will be restricted upto the limits based on prevailing Government orders at the time of opening of tenders. The works assigned to agencies under category (D) shall be carried out at or below the estimate rates and no tender excess will be permitted for such works.
- (10) The works executed through all accredited agencies will be subjected to the inspection by competent authority entrusted by Government to ensure quality, transparency and cost effectiveness.
- (11) The centage charges for works entrusted to agencies for taking up the works including planning, designing, tendering, supervising and handing over shall be:
- (a) 5% on all works above Rs. 5 Crore
 - (b) 6% on all works below Rs. 5 crore upto Rs. 3 crore
 - (c) 7% on all works below Rs. 3 crore upto Rs. 1 crore
 - (d) 8% on all works below Rs. 1 crore

Centage charges on LSGD works will be based on Government orders issued from that Department from time to time. The statutory fee payable for getting various approvals to deposit works on turnkey mode shall be payable extra over and above the centage charges. For project management consultancy type works, the centage charges shall not exceed 2% of the estimate.

- (12) No mobilisation advance will be given to agencies which are not directly executing the work. The mobilisation advance upto 20% of the estimate cost for the components of works directly executed by the Government agency can be considered, in emergent situations, with the prior approval of Government.
- (13) Administrative Department/organisation may enter into agreement with the selected agencies project-wise by incorporating various provisions of this order to have better clarity and uniformity. There shall be suitable provisions for dispute resolution with the intention of limiting the financial liability to Government. Suitable defects liability provision shall be given with an observation period of not less than 5 years against quality of materials and workmanship, after completion of the entire project or the identified phases of the project.
- (14) For deposit works, the advance payment for execution shall be limited to 20% of the estimate. The remaining payments shall be released based on actual value of amount executed in five installments each one limiting to 15% estimate amount. Before releasing each installment, Administrative Department shall ensure that the agency has made all statutory payments and contributions from the payments released earlier. Remaining 5% of the executed value of work will be kept as performance guarantee which will be released only after successful completion of observation period, as mentioned above. For project

management consultancy type jobs (where payment is directly made to the contractors), the charges payable to the agency shall be released based on the stages of progress as mentioned in the agreement.

- (15) The above said guidelines are not applicable to the construction works undertaken by Government organisations through their own internal technical manpower existing or established for the purpose of executing their own projects.