

**PROCEEDINGS OF THE CHIEF EXECUTIVE OFFICER,
KERALA INFRASTRUCTURE INVESTMENT FUND BOARD
THIRUVANANTHAPURAM
(Present: Dr. K.M. Abraham CFA IAS)**

ORDER No.INS-1/160/2017/KIIFB Dated 22.12.2017

Sub :- KIIFB (Finance & Administration) – Guidelines for the Inspection Authority of Kerala Infrastructure Investment Fund Board (KIIFB) - Approved - Orders issued.

Read:- 1. Kerala Infrastructure Investment Fund (Amendment) Act, 1999
2.G.O (Ms) No.77/2017/Fin dated 14-02-2017

O R D E R

As per Section 17A of the Kerala Infrastructure Investment Fund Act, 1999 as amended vide the Kerala Infrastructure Investment Fund (Amendment) Act, 2016, the Government may by general or special order, appoint an inspection authority comprising of such persons as it deems fit to inspect any projects and the documents of any Special Purpose Vehicle implementing the same that has been financed by the Board. Such Authority shall have the powers to call for documents from any Special Purpose Vehicle and inspect its office, site and premises of the projects implemented by it.

As per the Government Order read as 2nd paper above, the Inspection Authority has been created in KIIFB.

In the circumstance, the general guidelines given as annexure hereto is issued for the functioning of the Inspection Authority, Kerala Infrastructure Investment Fund Board.

**Dr. K.M. ABRAHAM CFA IAS
CHIEF EXECUTIVE OFFICER**

To

1. The Additional Secretary, Inspection Authority, KIIFB
2. The Chief Project Examiner, Inspection Authority, KIIFB
3. The General Manager (Project Appraisal), KIIFB
4. The Joint Fund Manager, KIIFB
5. The Accounts & Administrative Officer, KIIFB
6. The stock file / Office Copy

Forwarded/By Order



Section Officer

GUIDELINES FOR THE POWERS OF INSPECTION AUTHORITY OF KIIFB

I. The Inspection Authority shall have the following Powers:

to call for documents from any Special Purpose Vehicle (SPV) and inspect its office, site and premises of the projects implemented by it.

Based on above powers conferred under the Act, the functioning of the Inspection Authority may be regulated as follows.

II. The Inspection Authority shall have two wings

- i. Technical Inspection Wing (TIW)
- ii. Administrative Inspection Wing (AIW)

The above two wings will undertake the inspection and examination activities in their domain. The Report of the Inspection Authority will be the combined report of TIW and AIW, as the case may be.

III. The TIW headed by Chief Project Examiner (CPE) will be responsible for conducting examination of technical aspects of the construction projects and the quality management aspects during their execution. The examination will be conducted through document scrutiny, site inspections and also based on the periodic reports submitted to Kerala Infrastructure Investment Fund Board (KIIFB). The TIW may also seek additional reports whenever necessary.

The areas of technical examination include but not limited to the following:-

- i. Technical Sanction (TS) – The adequacy and correctness of TS with respect to the prevailing govt. rules, manual provisions, good engineering practices, cost effectiveness and approved DPR provisions.
- ii. Tender acceptance and contractor agreement formation – The tendering process, justification of tenders for acceptance, provisions of the bidding documents and agreement schedule.
- iii. Measurement of items and billing methods.
- iv. Variation in the timelines and implementation schedules.
- v. Variations, deviations etc in the items and quantities.
- vi. Quality of works and Quality control procedures followed in the field level activities.
- vii. The level of technical expertise of the project staff from the SPV and Contractor's sides.
- viii. Necessary recommendation to KIIFB and SPV in case of contingencies like contractor leaving the work before completion, inordinate delay in execution of work or similar situations.
- ix. Advise SPV with regard to the adoption of new technologies and methodologies in the civil

construction field.

x. Verify the physical progress of the construction/implementation of the projects with respect to the time line of work.

IV. The Administrative Inspection Wing (AIW) headed by an officer of not below the rank of Additional Secretary (AS) to Govt of Kerala will be responsible for conducting inspections in order to assess the level of compliance of SPVs in the all procedural requirements of public works systems. The areas of activities included but not limited to the following:-

i. Conducting periodic inspection in the offices of SPVs and their Project Monitoring Units (PMUs) to verify the compliance of systems and procedures applicable to the execution of public works under Govt.

ii. Verification of the utilization of funds.

iii. The authenticity of bills and other documents submitted to KIIFB.

iv. The internal process including adequacy of checks etc in the bill processing in SPV's.

v. The violation of any statutory requirements but the SPVs or their contractors, including labour laws.

vi. The implementation level of contract provisions with regard to payments towards works, retention money etc

vii. The compliance of all tax provisions and their recovery and payments to the concerned authorities.

viii. The utilization of centage charges for the purpose of which was claimed.

ix. The physical progress of the construction/implementation of the project with respect to the time line of work.

x. Seek assistance/reports of Central and State agencies on matters relating to the work, for which in-house competencies is not available with the Inspection Authority.

V. The output of inspection and examination of both the wing will be in the form of:

i. Observation Memos- issued by the inspection authority (CPE/AS) to the SPV heads directly with intimation to the PMU head for the necessary compliance and effective corrective actions including recovery from contractors bills or withholding payments till corrective actions are taken in a stipulated time frame.

ii. Inspection Reports- Significance anomalies, repeated irregularities, non-compliance of observations memos, violation of rules and procedures, willful default of project personnel etc. be analyzed in detail and comprehensive reports are presented to the Administrative Department (AD) (with approval of Chief Executive Officer (CEO) KIIFB) for taking necessary action.

iii. Periodic Performance Reports – Consolidated reports by TIW & AIW will be prepared incorporating summary of inspections, compliance status, major irregularities requiring attention of government, variation from timelines, scope, quantities which requires intervention by KIIFB. The reports will be prepared in a SPV wise form in a quarterly interval and submitted to Executive Committee (EC) for review. The reports will be transmitted to SPV and concerned AD with the approval of EC for appropriate action.

VI. The Inspection Authority may obtain any relevant details related to the project under inspection from the Appraisal Division and Finance & Administration Division of KIIFB prior to or during inspection.

VII. The Appraisal Division and Finance & Administration Division can refer to the Inspection Authority for enquiry / inspection / remarks any issues of general or specific nature pertaining to KIIFB projects.

VIII. The draft Inspection Reports (IRs) related to Administrative Inspection Wing and Technical Inspection Wing of IA will be submitted separately to the CEO for approval.

IX. The approved IRs for each project / work will be consolidated by the AIW of IA for submitting to Government, Board, Executive Committee, SPV or any other authority as deemed necessary.

X. The rectification reports, on the recommendations / findings in the IR, received from the SPV / implementing agency will be obtained by the AIW within a stipulated time limit. The rectification report on technical aspects will be forwarded to the TIW for further action. Each wing of IA will submit the rectification reports, related to them, to the CEO, for perusal.