

**OFFICE OF THE PRINCIPAL ACCOUNTANT GENERAL (AUDIT-I),
MADHYA PRADESH, GWALIOR**

No. SMU/2025-26/F-100 / 0 . 0 - 114

Date 04.02.2026

Office Order

Subject Instructions on Retendered Procurement Processes

Reference Hqrs' letter No: 382/51-PPG/2025 dated 17.12.2025 (Copy enclosed)

In compliance of the referenced letter of O/o C&AG of India, the following instructions may be followed while focussing areas pertaining to procurement during the audit of State Government Departments and State Public Sector Undertakings: -

- 1 **Identification of cases of cancellation and retendering**
 - 1.1 Ascertaining whether any procurement process was cancelled and restarted (retendered) at any stage.
 - 1.2 Preparing list of all retendered procurements during the audit period.
- 2 **Examination of reasons recorded for cancellation**
 - 2.1 Verifying whether reasons for cancellation were recorded in writing by the procuring entity.
 - 2.2 Assessing whether reasons are specific, justified, and relevant, not vague or post-facto.
- 3 **Checking of stage at which cancellation occurred**
 - 3.1 Confirming whether cancellation occurred only at the contract formation stage.
 - 3.2 Checking of post-award cancellations, if any, were governed strictly by contract clauses and the Indian Contract Act, 1872, not by administrative discretion.
- 4 **Verify compliance with appeal/review restrictions**
 - 4.1 Examining whether:
 - ❖ Any appeal or review was pending within the department, or
 - ❖ Any notice of preliminary hearing had been issued.
 - 4.2 Verification of procurement whether not cancelled during pendency of appeal/review.
- 5 **Assess whether cancellation falls within permissible circumstances**
 - 5.1 Audit teams may include following checks to verify whether cancellation was justified under permissible grounds, such as:
 - Unduly restrictive qualification criteria limiting competition
 - Unreasonable prices quoted by technically qualified bidders
 - Goods/works/services no longer required, or scope materially changed
 - Non-availability or uncertainty of fund flow
 - Insufficient remaining time for project implementation
 - Change in procurement method for better economy/efficiency

6

Checking repetitive or patterned retendering

6.1

- ❖ Examining whether the same procurement was repeatedly retendered.
- ❖ Analysing whether retendering appears to favour a particular bidder or bidder group.
- ❖ Inclusion of repeated retendering as a risk indicator.

7

Compare prices between original tender and retender

7.1

- Comparing:
 - Prices discovered in the original tender, and
 - Prices obtained in the retendered process.
- Highlighting cases where retendering resulted in higher prices and delays, causing avoidable financial loss.

8

Examination of application of e-Reverse Auction

8.1

- ❖ Verifying whether e-Reverse Auction were:
 - Improperly used as a second round of price negotiation, or
 - Conducted even when original price bids were already reasonable.
- ❖ Flagging cancellations solely due to non-participation in e-Reverse Auction as irregular.

9

Checking compliance with applicable procurement rules

9.1

Checking of adherence to:

- ❖ State procurement rules / PSU rules
- ❖ General Financial Rules 2017 (Latest)
- ❖ Manual of Procurement of Goods
- ❖ Guidelines issued by Department of Expenditure

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Apply enhanced audit scrutiny where deviations are noticed

10.1

- Where deviations from prescribed discipline are observed:
 - Conduct detailed examination of the retendered process.
 - Assess impact on competition, transparency, timeliness, and financial discipline.

11

Recording clear and specific audit observations

11.1

Ensuring that audit findings:

- Clearly link cancellation/retendering to risk of favouritism or loss to public exchequer.
- Contain evidence-based, reasoned audit observations suitable for reporting.

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In light of the above instructions, field parties while auditing procurement process in the normal course, shall invariably examine whether the procurement process was cancelled and restarted at any stage; and if so, whether the cancellation and restart of the procurement process subjected to audit adhered to the general discipline and rigour as mentioned in para 2 to 9 above.

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Where an audit team discovers that a procurement process has deviated from the general discipline and rigour as mentioned above, such a procurement process should be subjected by the audit team to enhanced audit oversight and a more detailed examination with a view to determine if competition and

public interest in terms of ensuring financial discipline were adversely affected in any way during the retendered procurement process, and to give and records a specific audit observation in this regard.

This issues with the approval of Accountant General.

Sd/-

Sr. Audit Officer/SMU

Endt. No. SMU/2025-26/F-100 / 0.0 - 114 / STR-1 / 2022-2445 Date 04.02.2026

Copy for information and necessary action: -

1. Secy to PAG (Audit)-I, MP, Gwalior
2. DAG/AMG-I, AMG-II, AMG-III, AMG-IV & AMG-V
3. SrAO/ITA, APDAC, Report, Report (PAC)
4. SrAO/IS Wing for updating on Official Website
5. Sr. Utkarsh Yadav, AAO for updating on Official Website
6. Assistant Director/Raj Bhasha for Hindi Translation
7. Guard File


Sr. Audit Officer/SMU