

# Chapter V

## Bid Creation and Submission





## Chapter V

### Bid Creation and Submission

#### 5.1 Deficiencies in the workflow for creation/ submission of bids

As per system design, while creating tender, the tender creator enters the critical dates like published date, document sale start date, document sale end date, seek clarification start date, seek clarification end date, bid submission opening date, bid submission closing date and bid opening dates for the tender published. During bid submission by the bidder, the bid submission date timestamp is stored in bids table. As per system requirement, the system shall not accept any bids after bid submission end date and time. System shall also terminate all bid submission process related to those tenders where bid submission has started before bid submission end date and time and reached the deadline.

##### 5.1.1 Absence of application controls to prevent submission of bids after expiry of tender closing time

###### System Security

As per system workflow, no bids should be permitted to be submitted after tender closing time.

Data analysis revealed that there were 228 bids relating to 224 tenders where bids had been submitted after bid closing time, ranging between 0.026 fraction of seconds to 3 days 3 hours 37 minutes. The year wise details of the number of bids submitted after bid submission closing time was as follows:

**Table No.8: Year-wise submission of bids after tender closing time**

| Year    | Number of bids | Number of tenders | Minimum time after bid submission closing time ( in days HH:MM:SS) | Maximum time after bid submission closing time (in days HH:MM:SS) |
|---------|----------------|-------------------|--------------------------------------------------------------------|-------------------------------------------------------------------|
| 2007-08 | 1              | 1                 | 2 days 01:47:44.252                                                | 2 days 01:47:44.252                                               |
| 2008-09 | 15             | 12                | 00:00:41.868                                                       | 3 days 03:37:30.351                                               |
| 2009-10 | 16             | 16                | 00:00:01.052                                                       | 00:03:18.619                                                      |
| 2010-11 | 45             | 44                | 00:00:00.168                                                       | 00:05:02.318                                                      |
| 2011-12 | 25             | 25                | 00:00:00.946                                                       | 00:02:00.4                                                        |
| 2012-13 | 65             | 65                | 00:00:00.363                                                       | 00:18:47.57                                                       |
| 2013-14 | 37             | 37                | 00:00:00.026                                                       | 00:02:56.201                                                      |
| 2014-15 | 7              | 7                 | 00:00:00.062                                                       | 00:00:44.045                                                      |
| 2015-16 | 3              | 3                 | 00:00:00.415                                                       | 00:39:32.234                                                      |
| 2019-20 | 1              | 1                 | 00:00:00.137                                                       | 00:00:00.137                                                      |
| 2021-22 | 13             | 13                | 00:00:00.368                                                       | 00:01:27.23                                                       |
| Total   | 228            | 224               |                                                                    |                                                                   |

(Source : extracted from e-Procurement database)

This significant and material irregularity had arisen due to either absence of application controls to prevent submission of bids after tender closing time or due to manual intervention at the back end of the system.

Audit noticed that the Department had not conducted a detailed review of this data from the system and determined the root causes for such discrepancy, which created doubts on the integrity of the procurement process.

The Department stated (December 2023) that minor differences in bid submission time and tender closing time could take place due to latency issues in the application server, and such latency and performance issues had been addressed and fixed in September 2021.

The response was not tenable, as the data above shows that the differences between bid submission time and tender closing time ranged up to three days, which cannot be the result of any server latency issue but is strongly indicative of application controls not functioning at the front end or manual intervention at the back end of the system.

#### 5.1.2 Absence of validation controls to enforce chronological sequencing of actions

##### Processing Control

As per system workflow, bids could be created only after document sale start date of a work item put to tender, and bids could only be updated after they were created.

However, Audit analysed the e-Procurement database and observed that

- A total of 14 bids pertaining to 12 tenders had been recorded as created before the tender document sale start date, with the difference in time ranging from 16 hours to 15 days.
- A total of 2,192 bids had bid update time recorded as before the bid creation time.
- A total of 6,26,115 bids had bid uploaded time recorded as before the bid creation time, with differences ranging up to 60 days.

The above findings indicated that there were inadequate validation controls to enforce correct recording of time and enforcement of chronological sequencing of user actions in the system, and hence there was absence of timestamping integrity in the system.

The Department stated (December 2023) that this issue had been fixed in April 2016.

The response was not tenable, since no patch management reports were furnished to Audit and the issue of inconsistent/ illogical timestamps persisted in 2022.

#### 5.2 Absence of application controls to prevent mapping of same mobile number to multiple bidders

##### Input Control

As per system design, bidder details such as company name, mobile number, PAN, registration number, created date and address of bidder is recorded in the system during bidder registration.

There was provision in the system to intimate registered bidders through SMS on their mobile numbers about tender publication, corrigenda published after tender publication, status of technical evaluation and financial evaluation, and status of award of contract. Hence, the mobile number plays a significant role in the e-Procurement system for sending SMS intimation on various events. Audit analysed the data on registered bidders in the system and noticed that

- Out of the 80,310 registered bidders, 1,385 bidders had invalid mobile numbers and hence, could not receive any SMS intimations at all.
- Of the remaining 78,925 registered bidders with valid mobile numbers, 27,069 registered bidders had been mapped to 10,571 mobile numbers, with the same mobile number being mapped to multiple registered bidders. The number of registered bidders mapped to the same mobile number ranged between two and 296.
- A total of 106 mobile numbers which were registered by Departmental officials were found to be mapped to 1,264 registered bidders.
- During bid submission, instead of auto populating the mobile number data field from the master data for registered bidders, the bidders were expected to once again enter their mobile numbers manually. As a result, there were instances of the same mobile number being entered by multiple bidders during the bid submission, which were different to the one that they had used during bidder registration.

The above circumstances indicated that the absence of application controls to prevent the mapping of the same mobile number to multiple bidders, and lapses in the process of authentication of the mobile numbers through OTP, at the time of registration. The mapping of the same mobile numbers to Departmental officials and registered bidders indicated material risk of either lack of due diligence during data entry or probable collusion. This material risk should have been mitigated through implementation of necessary application controls to prevent duplication in mapping of the mobile numbers.

During field verification by Audit of 486 test checked tenders, it was seen that in 11 tenders, 18 bidders had submitted bids with the same mobile number. Scrutiny of tender documents revealed that they were close relatives of one another (siblings, father-son, mother-son, husband-wife). The Tender Inviting Authority had technically qualified these bidders without any investigation, indicating either lack of due diligence or collusion between the bidders and the department officers. In such six cases, such bidders had also been awarded the contract.

The Department stated (December 2023) that as certain organizations require two login IDs and may have the same mobile number mapped, it is not possible to impose unique constraint for mobile numbers. However, verification of the mobile number through OTP at the time of registration would be considered.

The response was not tenable, in view of the nature of risks as outlined above.

### **Recommendation**

Government may consider to

- Enforce application controls to prevent submission of bids after tender closing time;
- Implement validation controls to enforce chronological and logical sequencing of user actions in the system;
- Implement application controls to prevent mapping of the same mobile numbers to multiple users in the system, and enquire into cases where the same mobile numbers had been mapped to Departmental users and bidders.