



## **MULTAN ELECTRIC POWER COMPANY (MEPCO)** **DEBARMENT PROCEDURE**

### **BLACKLISTING / REMOVAL OF FIRMS OR INDIVIDUALS**

1. **Deletion of particular items from the Registration sphere....** It is a legal written order to amend the original registration letter of the firm by deleting particular item / items and debarring the firm from receiving orders and participating in the supply activities for that particular item / items so deleted.
2. **Deletion of Foreign Principal...** it is a legal written order to amend the original registration / addition indexation letter thereby debarring the firm from the receiving orders and participating in the supply activities on behalf of the particular principal.
3. **Approval....** Firm / individuals will be “Blacklisted” Removed and placed on Embargo with the approval of CEO MEPCO. Blacklisting of firms will be published in MEPCO Newsletter, Company website and the information will be conveyed by circular to other Government Departments also.
4. Disciplinary action against the firm i.e. Blacklisting Removal and Embargo will be processed and coordinated by CE (Dev) PMU / MEPCO Secretary Registration Committee upon receipt from the complainant formation of MEPCO / other DISCOs.
5. The procedure covers sanctions and appropriate actions against the firms / individuals involved in different types of corrupt and fraudulent practices as given and defined in Para 35. The procedure will also be applicable on the post qualified firms which are found involved in such practices.

#### 6. **Causes of Blacklisting**

The following are the causes of Blacklisting:

- (a) Submission of false and spurious documents, making false statements and allegations to gain undue advantage.
- (b) Commission of fraud.
- (c) Commission of embezzlement, criminal breach of trust, theft, cheating, forgery, bribery, falsification or destruction of records, receiving stolen property, false use of trademark, securing fraudulent registration, giving false evidence, furnishing of false information of serious nature.

## **7. Period of Debarment for Blacklisted Firms**

The Blacklisting shall be for a reasonable specified period of time, commensurate with the seriousness of the cause. As a general rule, the period shall not exceed three years. In the event debarment is preceded by embargo when the matter is under inquiry, consideration shall be given to such period of suspension in the determining the period of debarment for blacklisting. Prior to the expiration of this debarment period for blacklisting, the complainant formation which recommended blacklisting should review all the facts and circumstances relating to the debarment. The blacklisted firm shall stand removed from the penalty at the expiration of specified period unless it is determined by the MEPCO Registration Committee that debarment for an additional period is required in order to protect the MEPCO and its interest for the basis of recommendation made by the complainant after review of the facts relating to original debarment.

### **Scope of Blacklisting**

8. Debarment may include all known affiliated concerns and individuals. Business concerns are considered affiliated of each other when either directly or indirectly one concern or individual controls or has the power to control another, or a third concern has the power to control both.
9. A decision to include known affiliates in a proposed debarment will be determined by the MEPCO Registration Committee on a case-to-case basis, on the recommendation of the complainant formation concerned.
10. The fraud or criminal conduct of an individual may be imputed to the business firm with which he is connected when the impropriety involved was performed in the course of official duty or with the knowledge or approval of the business firm.

### **Notice of Debarment**

11. Before decision of the MEPCO Registration committees has been arrived at the firm or individual and its known affiliates concerned shall be furnished with a written show-cause notice of the proposed debarment stating:-
  - (a) The fact that black listing is being considered
  - (b) The reasons for the proposed action.
  - (c) The period to be afforded to the firm to present information for consideration.

The Notice will be circulated to the complainant formation and that during the period for which the matter is under consideration bids and proposals will not be considered from the firm or individual and if received will not be considered. Secretary Registration Committee will intimate this to all other formations soon after decision has been approved by MEPCO Registration Committee.

12. Plea against the proposed debarment may be presented by the firm in writing or through representation. The period of time to be afforded to present the plea for consideration

shall be limited to 15 days unless for cogent reasons/request for extension of time made by firm is accepted by the Chief Engineer (Development) or Chief Executive Officer MEPCO.

13. When no additional time is requested or the request is rejected by Chief Engineer (Development), the debarment determination, including notice to the firm or individual and known affiliates involved shall be completed as soon as possible and referred to Registration committee for consideration and final order, if Registration Committee orders blacklisting a notice will then be served on the firm. If debarment is affected, the firm or individual shall be notified in writing within 10-days after determination by the MEPCO Registration Committees indications:-
  - (a) Reason(s) for Blacklisting.
  - (b) State the period of debarment, including effective dates and
  - (c) That the debarment is effective throughout the PEPCO and its corporatized entities.
14. Copies of the notice of blacklisting (and of any removals) shall be furnished to all appropriate Government Departments and Directorate of Procurement of Army.

#### **Action after Firms are placed on Blacklist**

15. All other Government Departments and Directorate of Procurement (Army) will be informed immediately after a firm is blacklisted. The contracts already placed, for which necessary approval of the competent purchase authorities has already been obtained, subject to approval of the MEPCO Registration Committee, will be executed by the firm concerned in accordance with the terms and conditions already said thereof.
16. For the quotations which have been opened or likely to be opened against tenders issued so far the offers received from the firm concerned will be ignored and fresh quotations not opened at all, thus considering these as disqualified.
17. No fresh tenders will of course be issued to the firm.
18. A separate register will be maintained for firms blacklisted indicating reasons and period.

#### **REMOVAL OF FIRMS**

##### **Assessment of Factors**

19. The removal of a registered firm from the list of approved firms is a drastic action which must be based upon adequate evidence; consideration should be given to how much credible information is available, its reasonableness in view of surrounding circumstances, and inference which may be drawn from the existence of absence of affirmative facts. The assessment should include an examination of basic document, such as contracts, inspection reports and correspondence.

## **20. Causes of “Removal”**

With the approval of the MEPCO Registration Committee, a firm/individual may be removed from the list of registered firms as an administrative action for following reasons:-

- (a) Forwarding quotations knowing his incapacity, technically or financially to meet the invitation to tender requirements.
- (b) Repeatedly (at least on four consecutive occasions) dispatching tender quotations late so that these reach after the date and time of opening of tenders.
- (c) Failure to quote in response to invitation to tender on six successive occasions and not to return the tender form even of “NOT” quoted.
- (d) Submission of two successive quotations all of which are fifty percent or above the quotation ultimately accepted.
- (e) Failure to deposit renewal fee.
- (f) Misconduct i.e. failure to proceed with the signed contract, withdrawal of the commitment, quoting, ridiculously low and then withdrawing the offer and not responding to written communication etc.
- (g) Repeated failure to observe the instructions given in tender forms including schedule thereto.
- (h) Failure to perform a contract(s) satisfactorily in accordance with the contractual obligations which in the opinion of competent authority was due to exclusive fault of the supplier.
- (i) Any ground which in the opinion of the relevant Registration Committees renders the retention of the contractor(s) name on the list of approved contractors undesirable in the public interest.

## **Period of Removal**

- 21.** The period will not be less than 24 months, thereafter on representation of the firm the case be reviewed by the MEPCO Registration Committee. The reasons for reinstatement or otherwise would be recorded in written for consideration and orders of Registration Committee. If the firm is to be reinstated, the firm will have to pay the registration fee for fresh registration and complete the requisite documents.

### **Scope of Removal**

22. The information in respect of removal will be intimated to all the formations of PEPCO and its corporate entities indicating reasons for the action taken by the relevant Registration Committees.

### **Notice of Removal and Action till Removed**

23. The firm or individual concerned shall be furnished a written notice and asked to furnish their plea against proposed action within 15 days of receipt of notice. The notice shall include:
  - (a) Comments of other formations about performance of the respective firms.
  - (b) In the event of non-receipt of a reply within the specified period action as proposed will be proceeded with and no representation thereafter will be accepted.
  - (c) The removal from the list of Registered Firms is based on information that the firm or individual has committed irregularities of a serious nature in business dealings with the Government or that it is based on irregularities which seriously reflect on the propriety of further dealings of the firm or individual with the Government together with general firms without disclosing the Government evidence.

In case the reply is found unsatisfactory and that other formations have also given unfavorable comments. Registration Section will forward the case to Registration Committee for approval.

### **Notice of Action Taken**

24. After determination of the case for removal by the MEPCO Registration Committee, the supplier concerned shall be informed within 10 days of the decision by MEPCO Registration Committee. All other PEPCO purchasing agencies and its corporate **entities** will also be informed simultaneously.

### **Action after Firm is Removed from the List**

25. Time contracts already placed or for which the necessary approval of the competent purchase authorities has already been obtained, will be executed by the firm concerned in accordance with the terms and conditions there of subject to discretion of the Chief Engineer (Development) / CEO MEPCO.
26. Quotation offers which have been opened or are likely to be opened against tenders issued so far will be ignored. Fresh quotations by the firm will not be opened at all, thus considering them as disqualified.
27. No fresh Tender will be issued to the Firm.
28. A separate register will be maintained for the firms "Removed" indicating reasons and No and date of letter under which removed.

## **EMBARGO OF FIRMS**

### **Embargo**

29. This is the mildest punishment for debarment of a firm for minor offences which are not covered under: provisions of Blacklisting of Removal but require to be taken notice of by the Purchase Agency to enforce business ethics on the part of contractors.
30. This punishment will be awarded for a fixed period but not, less than six months. Before taking any action however a Show-Cause Notice will be served by CE (Development) / CEO MEPCO and comments will be obtained from the complainant formation also.
31. All the other conditions as laid down in Para 22 (a) to (d) will be applicable in this case also.
32. A register will be maintained for firms placed on Embargo indicating reasons and period.

## **RE-RESIGTRATION OF REMOVED FIRMS**

33. Firms so removed may be re-registered after at least one year from the date of the removal. Following conditions will be fulfilled.
  - (a) The firm is interested in registration and has applied for the same in writing.
  - (b) Pays full Registration Fee.
  - (c) Complete requisite documents, if not already done.
  - (d) The complainant formation which recommended the original removal of the firm not only gives its no objection but also recommends the case.
  - (e) Relevant Registration Committee's approval is obtained.

## 34. **Circulation of notification of black listing**

### **Removal & Embargo**

Secretary of relevant Registration committee(s) will circulate the notification of Blacklisting / Removal and Embargo immediately on issuance to all formations of PEPCO and its corporate entities all Government / Semi Government Department. Autonomous / Semi-autonomous bodies, Corporation and Directorate procurement of Army. These will also be endorsed to the Public Relation Department for publishing in MEPCO Newsletter and also placement thereof on the website.

## 35. **Definitions of Key Words**

### **Blacklisting**

To deny someone work in a particular field,

A blacklist (or black list) is a list or register of entities who, for one reason or another, are being denied a particular privilege, service, mobility, access or recognition.

To put on a blacklist; a list of persons or organizations under suspicion, or considered untrustworthy, disloyal, etc., especially one compiled by a government or an organization

### **Cheating**

Violating accepted standards or rules

Cheating refers to the breaking of rules to gain advantage in a competitive situation. The rules infringed may be explicit, or they may be from an unwritten code of conduct based on morality, ethics or custom, making the identification of cheating a subjective process.

### **Coercive Practice**

A coercive practice is impairing or harming, or threatening to impair or harm, directly or indirectly, any party or the property of the party to influence improperly the actions of a party.

### **Collusive Practice**

A Collusive Practice is an arrangement between two or more parties designed to achieve an improper purpose, including to influence improperly the actions of another party.

### **Corrupt Practice**

A Corrupt Practice is the offering, giving, receiving or soliciting, directly or indirectly, of anything of value to influence improperly the actions of another party.

### **Criminal Breach of Trust**

Criminal breach of trust is when a person illegally breaks a contract or vow of trust. More specifically, it is when you have a fiduciary obligation to act in the best interests of another person, and with intent, you act against that person and in favor your own interest; you have committed a criminal breach of trust.

### **Embargo**

An embargo is the partial or complete prohibition of commerce and trade with a particular country or firm in order to isolation

### **Embezzlement**

The fraudulent conversion of another's property by a person who is in a position of trust, such as an agent or employee, The crime of stealing the funds or property of an employer, company, or government or misappropriating money or assets held in trust to appropriate fraudulently to one's own use, as money or property entrusted to one's care.

To convert (money or property entrusted to one) fraudulently to one's own use.

### **Fraudulent Practice**

Any act or omission, including a misrepresentation, that knowingly or recklessly misleads, or attempts to mislead, a party to obtain financial or other benefit or to avoid an obligation.

### **Obstructive Practice**

An Obstructive Practice is:

- (a) deliberately destroying, falsifying, altering or concealing of evidence material to the investigation or making false statements to investigators in order to materially impede a bank investigation into allegations of a corrupt, fraudulent, coercive or collusive practice; and/or threatening, harassing or intimidating any party to prevent it from disclosing its knowledge of matters relevant to the investigation or from perusing the investigation, or
- (b) Acts intended to materially impede the exercise of the Bank's contractual rights of audit or access to information.

### **Theft**

The act of stealing; the wrongful taking and carrying away of the personal goods or property of another; larceny.

Theft is the illegal taking of another person's property without that person's freely-given consent.

The dishonest taking of property belonging to another person with the intention of depriving the owner permanently of its possession