

No. PIFA/13381/Army

To

All PCsDA/CsDA/IFAs

Sub: Observance of various drawbacks by MOD in advice tendered by IFAs during 4th Military World Games-2007.

4th Military World Games were organised at Hyderabad & Mumbai from 14th to 21st October 2007 under the aegis of Government of India, Ministry of Defence. The sanction for incurring an expenditure not exceeding Rs. 40 crore for the conduct of the games and related activities was issued vide GOI MOD letter No. MWG/1036/Funds/MF/979/D9GS-VI/2006 Dated 14.6.2006.

2. It has been intimated by MoD(Finance) that during the scrutiny of proposals for procurement of goods and services relating to the Military World Games-2007, received from the delegated level, it has been observed that some aspects escaped the attention of IFAs at delegated level. The observations made by MoD(Finance) have been examined in consultation with the IFAs concerned. The procedural irregularities which occurred are as under:

(A) Opening and Closing ceremony

- (i) Notice Inviting Tender did not contain formal RFP
- (ii) TEC for shortlisting of vendors fulfilling the requirement prescribed in NIT was not constituted
- (iii) No objective criteria was adopted for shortlisting of firms and the process was rather arbitrary.
- (iv) Reformulation of QR and re-tendering in Resultant Single Vendor Situation as per provisions in Para 4.17 of DPM 2006 was not complied with.
- (v) In the absence of any bench mark, the reasonableness of the rates offered by the single vendor could not be examined/established.
- (vi) Payment terms were modified at the TPC stage making it different from what was mentioned in RFP.

(B) House Keeping and Laundry Services

- (i) For outsourcing, concerned IFA was neither consulted at AON stage nor at the Tendering stage.
- (ii) The advertisement in the newspaper did not mention the date upto which the quotes were to be submitted.
- (iii) While inviting quotations through advertisement for re-tendering, minimum time required for submission of quotes as laid down in Para 14.5 of DPM 2006 was not allowed to vendors.
- (iv) In the RFP, volume of work in quantified terms was not mentioned.

¹ Instruction No. 1 to 21 issued in 2007.

(v) Resultant Single Vendor Situation emerged but provisions of Para 4.17 of DPM 2006 were not adhered to.

(C) Hospitality Services

(i) Technical and Commercial bids received from four firms were simultaneously opened vitiating the very basic concept of tendering in two bid system. As per provisions contained in Para 4.12.6 and 4.13 of DPM 2006, only the commercial bids which were cleared by TEC should have been opened.

(ii) Inadequacy in RFP was noticed during TPC stage. The proposal in respect of hospitality services for volunteers falling within the competence of COS SC was segregated from the consolidated proposal and re-tendering in respect of services for officials and athletes was done on LTE basis though the estimated cost was more than Rs. 6 crores and RFP was issued to four firms who had earlier responded to the OTE. Generally OTE should be resorted to in case of proposals exceeding Rs.25 lakh. The case shows lack of proper planning and care in formulating the initial RFP.

3. It is seen from the substance of the replies/ comments from the IFAs concerned that the points raised above were by and large brought to the notice of CFAs. However, production of additional documents and re-tendering were not insisted upon due to limited intervening available period before the event and keeping in view the need for urgent and time bound clearance of the proposals.

4. Notwithstanding above, non compliance with the prescribed procurement procedure is not desirable. All IFAs are accordingly requested to ensure that provisions contained in DPM2006/GFRs 2005, related SOPs and guidelines as applicable may kindly be kept in view while scrutinizing proposals submitted by the CFAs or while rendering financial advice when sought by the CFAs so that irregularities of the nature mentioned above may be avoided.

5. In this regard, reference is also invited to this office I.O. No. 1 of 2008 on piecemeal observations and delay in processing financial concurrence wherein it has been suggested that all IFAs should:

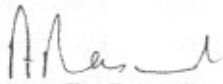
- (i) Bring to the notice of the CFAs recurring shortcomings in the proposals
- (ii) Intimate to the CFAs checks which are required to be exercised by the executives while preparing the proposals
- (iii) Strictly comply with the time frame as stipulated in para 2.14 of DPM 2006 and Appendix A thereof.

Pr. IFA has seen.

Please acknowledge receipt.

Copy to :

- (i) Addl FA(A) MoD(Fin) South Block New Delhi-11
- (ii) Addl FA(D) MoD(Fin) South Block New Delhi-11


(Anuradha Prasad)
Jt. CGDA(IFA)


(Anuradha Prasad)
Jt. CGDA(IFA)