

रक्षा लेखा महानियंत्रक

उलन बटार मार्ग, पालम, दिल्ली छावनी-110010

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संख्या आई.एफ.ए./65

दिनांक 21/2/2014

सेवा में

सभी प्र.ए.वि.स/ए.वि.स/र.ले.प्र.नि/र.ले.नि/क्षे.प्र.के

विषय - वित्तीय सलाह मामले।

Sub - Financial Advice Cases

वित्तीय सलाह संबंधी परिपत्र सं.- 09 - वर्ष 2013-14 का दिनांक 21/2/2014, सूचना एवं मार्गदर्शन हेतु प्रेषित किया जाता है।

Financial Advice Circular No.-09 of 2013-14 dated 21/2/2014, is forwarded herewith for information and guidance please.

ले.अ. (आई.एफ.ए. विंग)

प्रतिलिपि

1. संयुक्त सचिव एवं अपर वित्तीय सलाहकार(एस.), रक्षा मंत्रालय(वित्त), नई दिल्ली
2. संयुक्त सचिव एवं अपर वित्तीय सलाहकार(वी.पी.), रक्षा मंत्रालय(वित्त), नई दिल्ली
3. रक्षा लेखा संयुक्त महानियंत्रक (ले.प.-I)
4. रक्षा लेखा संयुक्त महानियंत्रक (ले.प.-II)
5. रक्षा लेखा संयुक्त महानियंत्रक (ले.प. समन्वय)
6. रक्षा लेखा संयुक्त महानियंत्रक (प्रशिक्षण)
7. रक्षा लेखा व. उप महानियंत्रक (ईडीपी)-कृपया परिपत्र वेबसाइट पर डलवाने का कष्ट करें।

(IFA home page)

ले.अ. (आई.एफ.ए. विंग)

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Dated 21/2/2014

Sub:- Financial Advice Cases

The financial advice cases as submitted by IFA (ENC) Visakhapatnam, IFA (WNC) Mumbai, IFA (Coast Guard) New Delhi and IFA (INA) Ezhimala, are circulated herewith for information and guidance.

1. Procurement of Fire Resistant Action Overalls

IFA received a proposal for the procurement of Fire Resistant Action overalls of different sizes for an amount of Rs 79.31 lacs. IFA examined the case and observed that the procurement of the said item was initiated for the first time and accordingly authorization and entitlement were sought. The unit intimated that the item was authorized as per IHQ letter which stated that the item was authorized in lieu of Overall Navy Blue, Overall Navy White and Shirt light blue.

IFA further observed that his office had already recommended AIP for procurement of Overall Navy Blue and white of different sizes amounting to Rs 145.24 lacs and the procurement was under process. Hence, in view of the new entitlement of Fire Resistant Action Overall, the procurement of old uniforms would have been infructuous. Therefore, keeping this in mind, IFA advised to cancel all the sanctions in respect of old uniforms like overall Navy Blue and white of different sizes and accordingly, which was complied by executives. Thus, infructuous expenditure of Rs 145.24 lacs was averted due to timely financial advice rendered by IFA

2. Repair/replacement and serviceability checks of UG cable of PAPI

IFA received a proposal from INS Rajali for AIP for undertaking repair/replacement and serviceability checks of UG cable of Precision Approach Path Indicator (PAPI) (sub system which is a part of Air Field Lighting System (AFSL) for Rs 24.77 lacs.

IFA examined the proposal and returned the file as there was a proposal in progress at IHQ which was noticed in the file for replacement of AFLS. HQ (ENC) further submitted the file for processing the same stating that the gestation period for the new installation would be 1 and ½ years and the existing PAPI sub

system need to be maintained till then. However, IFA advised to rework the revised scope of work in view of the replacement envisaged.

The unit agreed to the advice rendered by IFA and dropped the proposal for repairs of PAPI system. The unit then forwarded another proposal for CAMC of AFLS for Rs 14.76 lacs. The maintenance of cables pertaining to PAPI was included in the fresh proposal as such replacement of these cables was not required. AIP was accorded accordingly. Finally, IFA concurred the case of CAMC of AFLS for Rs 11.23 lacs. Thus, total savings of Rs 28.30 lacs (Rs 24.77 i.e., the proposal was dropped + Rs 3.52 lacs, by the time, the case was finalized).

3. A proposal for conclusion of Maintenance dredging contract for Goa Naval Area

IFA (WNC) received a proposal for maintenance dredging contract for Goa Naval Area for according of AON concurrence for an amount of Rs 34 crores for dredging qty 10 lakh cu.m. @ Rs 340 per cu.m.

IFA examined the proposal and observed that the previous maintenance dredging contract for FY 2010-11 was concluded for a qty 2.88 lakhs cu.m entailing an expenditure to the tune of Rs 7.91 crores at overall dredging rate @ Rs 220 per cu.m. Hence, IFA observed that qty proposed to be dredged i.e. 10 lakh cu.m. was 247.22% higher than the qty dredged under the previous contract. IFA returned the file to the executives.

In reply to the observations related to increase in qty, it was stated that qty of 2.88 lakh cu.m was executed for only one year whereas the proposed qty is to be dredged in two phases in two years. There was no change in the area. Only the volume had been increased. IFA was not satisfied with the replies. However, the proposal was concurred for AON for an amount of Rs 22 crores @ Rs 220 per cu.m. (LPP) for qty 10 lakh cu.m subject to:-

- CFA satisfying himself that the proposed qty has been correctly worked out based on the technical requirement.
- Tenders were floated.
- Composition of CNC was approved by CFA with FOGA as chairman.
- During PNC, the vendor gave discount of only Rs 15 lakhs on mobilization charges.
- After PNC, the proposal was submitted for according financial concurrence for an expenditure amounting to Rs 25.49 crore.

During scrutiny, following points were observed:-

- The proposal was concurred by IFA for AON for an expenditure of Rs 22 crore.

- But, the approval of CFA for AIP was accorded without mentioning any qty or amount.
- Further, the sanction of CFA for AON was conveyed by CLOGO for Rs 34 crores.
- This was pointed out and the amount of sanction was got amended to Rs 22 crores.
- The rates for dredging achieved after negotiation at Goa i.e. Rs 254.94 per cu.m were still very much on a higher side compared to previous years dredging rate i.e. Rs 220 per cu.m.
- Associating SAO from O/o FA to FOGA without nomination by IFA (WNC) was also not considered appropriate.

In view of the above, carrying out Re- PNC was advised along with associating rep of IFA (WNC). During Re-PNC, the rate of dredging was brought down from Rs 254.94 per cu.m to Rs 238.68 per cu.m. including mobilization and demobilization charges. Thus, a saving to the tune of Rs 1.48 crore was achieved during Re-PNC. Since, the negotiated rates of dredging was still higher than dredging rate at SNC, another round of PNC was held in which the financial implications were further brought down by Rs 80,000. Thus, a total saving to the tune of Rs 10.14 crore was achieved.

4. Proposal for High Tea and Reception at C-in-C House on Navy Day

IFA (WNC) received a proposal for according concurrence for AIP for an amount of Rs 17.90 lakhs to be incurred on high tea and reception at C-in-C house on 3rd & 4th Dec 2013 on Navy Day. IFA examined the proposal and observed that an expenditure amounting to Rs 9.82 lakh was incurred on the above purpose in 2011. Compared to the same, the proposed expenditure was exorbitantly higher, which was pointed out.

Instead of re-submitting the above proposal along with suitable reply and authority, a new proposal was forwarded proposing expenditure to the tune of Rs 9.13 lakh to be incurred on High tea and Reception at C-in-C house on 3rd and 4th Dec on Navy Day.

IFA examined the proposal a fresh and observed from the sanction letter dt 03 Dec 2012 that an expenditure amounting to Rs 4.69 lakh was incurred on high tea in 2012. IFA returned the proposal for placing on the file necessary authority in support of the proposal and justification for increase in the proposed expenditure from Rs 4.69 lakh incurred in 2012 to Rs 9.13 lakh in 2013.

With regard to the authority, it was stated that similar proposals were being concurred since past. High tea and reception are called 'At Home' which is a traditional part of the Navy Day celebration for which Hon'ble Governor of Maharashtra is the chief guest.

Accordingly, IFA accorded the AIP concurrence for an expenditure of Rs 4,69,500. After tendering, the proposal was financially concurred for an expenditure amounting to Rs 4.69 lakh. The proposed expenditure for AON was highly inflated. As a result, the expenditure was brought down by 74% resulting into saving to the tune of Rs 13.21 lakhs.

5. A proposal for shifting of HQ WNC offices

IFA (WNC) received a proposal for shifting of HQ WNC offices from INS Angre/Noorbhoy building to new command post building Mumbai (Distance between 2-3 Kms) for an amount of Rs 17.50 lakhs. IFA examined the proposal and observed that one quotation was called from M/s BLT Packers, Uttam Nagar, New Delhi and other from M/s Balaji Packers and Movers, Bhopal. IFA advised that there may be some movers and packers locally available near fort area, Mumbai, from whom quotations could be called for.

IFA observed that neither the replies to the above observation were placed on the file nor quotations called from local vendors in spite of returning the file 2-3 times. Hence, IFA advised that CFA may kindly like to take a view subject to satisfying himself regarding the following:-

- Proposal of expenditure of Rs 17.50 lakhs for shifting of the office within the distance of 2-3 Kms is considered reasonable and is not prime facie more than the occasions demands as per Rule 6 of FR Part I.
- Ensuring that there is no transportation around Fort Area or in Mumbai who can quote for the above work which justifies calling for quotation from Uttam Nagar, Delhi and Bhopal.

IFA took up the matter demi-officially with FOC-in-C. The proposal was re-submitted duly mentioning that no firm from the nearby Fort Area of Mumbai responded to the initial query except BLT packers and movers who have local office Mumbai. A BQ amounting to Rs 21.17 lakhs from local transporters was placed on the file.

IFA accorded the concurrence for AIP for an expenditure amounting to Rs 17.50 lakhs. Subsequently, proposal which was returned in Feb 2013 has not been re-submitted but it was seen that HQ WNC office has already been shifted.

6. A case for concurrence of expenditure angle sanction on account of settlement of invoice no. H/ROH-HC/CG-816/F-16

M/s Hindustan Aeronautical Ltd, (HAL) Bangalore has been entrusted the responsibility of servicing aircraft and aero engines including their components and accessories belonging to Coast Guard at cost plus 10% profit basis.

IFA (CG) received a case for concurrence of expenditure angle sanction on account of settlement of invoice no. H/ROH-HC/CG-816/F-16 dated 29.5.13 for Rs 7.58 lakh from M/s HAL, Helicopter Division, Bangalore post completion of T1S1 servicing of CG 816 under Sl.1 of Schedule VIII to DFPR 2010, code head: 0/041/12. IFA examined the case and observed that M/s HAL, Helicopter Division, Bangalore has charged warranty charges @ 2.5% on labour cost. IFA challenged the same as under:-

- In accordance with GoI, MoD letter stated that "The payment of the charges in respect of the jobs handled by M/s HAL will be made on cost plus 10% profit basis. But, in the instant case, warranty charges @2.5% on labour cost has also been claimed which is inconsistent with Govt Orders.
- The CG (HQrs), Director (AM-P) put up the matter with M/s HAL. In response, the firm intimated that warranty charges were claimed based on FPQ policy which permits charging of @ 2.5% as warranty charges that is applicable in IAF.
- The CG (HQrs) again put up the matter with M/s HAL, Bangalore citing the reason that ICG follows cost plus 10% profit system wherein no provision exists for warranty charges and same needs to be debited from above invoices.
- Finally, M/s HAL submitted the proposal for Rs 74,35,550 after affecting necessary changes and deleting warranty charges @ 2.5%. Thus, a saving of Rs 1.47 lakh was achieved on account of deletion of warranty charges.
- In pursuance of IFA (CG) ibid observation, similar type of invoices in which warranty charges has been charged, were returned by Director (AM-P), CGHQ, New Delhi to M/s HAL (Accessories Division), Lucknow and these are re-submitted by HAL, Lucknow after deleting amount claimed on account on warranty charges resulting further saving of Rs 25,781. Thus, a total saving worked out as Rs 1.73 lakh.

7. IFA-1140/INA : MAINTENANCE OF ABRORICULTURE FOR INHS NAVJIVANI:

Abroriculture for an area of 5400 Sq. Mtr. Of above unit has been developed by the MES. Subsequently, the maintenance of these area need to be undertaken by the unit as the MES has shown their inability as per para 245 of RMES 2009. Accordingly, the unit has initiated a case for maintenance of above area at an estimated cost of Rs 8,90,000/-. However, on scrutiny of the proposal, IFA observed that estimated cost is very high compared to similar maintenance contract running in the Ezhimala Station i.e. Rs 98.90 per Sq. Mtr. The current proposal is @ 164.81 per Sq. Mtr. Therefore, IFA concurred AON concurrence for Rs 5,34,060/- only and as a result, savings to the tune of Rs 3,55,940/- has been achieved during AON stage. Finally, IFA concurred AON concurrence for Rs 4,35,200/- post tendering on LTE basis.

8. IFA-1162/INA – HIRING OF SERVICES AND ITEMS FOR STAGE, LIGHT AND SOUND SYSTEM FOR CONDUCT OF ‘INTER SQUADRON PERFORMING ARTS CHAMPIONSHIP’ AND ‘VALEDICTORY FUNCTION’ AT INDIAN NAVAL ACADEMY, EZHIMALA:

IFA received a proposal on the above subject at an estimated cost of Rs 24 lakhs. INA is conducting above events twice in a year. On scrutiny of the proposal, IFA observed that many new services/items have been included in the RFP compared to last proposal. While concurring the case at AON stage, IFA advised INA to ensure utmost economy in expenditure and restricting the same to reasonable levels specially w.r.t. last years’ expenditure on the same account. IFA concurred AON concurrence for Rs 19,56,000/- only w.r.t. LPP. Accordingly, the case has been tendered out, and on re-tendering as a result of exorbitantly high rate, the case has finally been concurred for Rs 19,42,581/-. As a result, savings to the tune of Rs 4,40,000/- has been achieved during AON stage.

9. Conversion of remaining overhead lines to UG Cable at CHAFB

The CHAFB submitted a proposal for converting the overhead lines to underground lines on the ground that the distribution of electric supply are through overhead lines, which are old and vintage. This leads to frequent breakdown during the summer and monsoon season. This interrupts the

smooth functioning of all major sophisticated electro medical equipments. In view of the above, hospital proposed the works at an estimated cost of Rs 115.85 lakh.

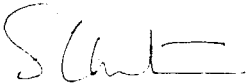
During the scrutiny of the proposal, IFA observed some shortcomings in the proposal such as:

(i) The reasons for variation between the AMWP approval and the proposal submitted.

(ii) The unit was advised to review the proposal wrt to the conversion of overhead lines to UG cables already made.

(iii) The rate of copper bus bar 600 A capacity, cost of foundation and transport had been taken at different rates in the assessment of rates for the panel board though the capacity of bus bar and cost of MS Sheet/angle for all panel boards are same.

The hospital corrected the shortcomings noticed by IFA and accordingly, the revised AE was submitted for a reduced amount of Rs 73.98 lakh from Rs 115.85 lakh and the completion time of the work was also reduced to 52 weeks from 104 weeks. Thus, a saving of Rs 41.87 lakh has been achieved due to financial advice of IFA.


(Chitra Ramanuja)
Accounts Officer