

Financial Advice Circular No-4 of 2012

CONTROLLER GENERAL OF DEFENCE ACCOUNTS

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(IFA WING)

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IFA/65

Dated 07/06/2012

To

All PIFAs/IFAs/PCsDA/CsDA/RTCs
(Dedicated/Nominated)

Subject :- Financial Advice Cases

The cases of financial advice rendered by IFA Ezhimala, IFA (ENC) & IFA (TC) , are circulated herewith for information and guidance.

(1) Hiring of transport for Trekking Expeditions.

IFA (INA) Ezhimala received a proposal for hiring of 2 No, 34 seater buses and other incidental expenses for trekking expedition under Sports Adventure Activities amounting to Rs 71,975 for concurrence.

IFA returned the proposal with the advice to indicate total number of participants going for trekking expedition. The unit submitted the revised proposal stating that 34 participants will participate in the proposed trekking expedition. Hence, only one bus with the capacity of 34 seats is required for the trekking expedition. Finally, the financial concurrence to the proposal for Rs 37,853 was accorded and a saving to the tune of Rs 34,122 was achieved.

(2) Hospitality charges for conducting of Admiral's Cup -2011.

IFA (INA) Ezhimala received a proposal for hospitality charges for conduct of Admiral's Cup-2011 amounting to Rs 6.08 lakh. The proposal was prepared for 50 participants.

IFA observed that three participants each from 11 countries were participating in the event. Hence, the proposal for 50 participants was not justified.

The unit submitted the revised proposal for 33 participants and the same was concurred by IFA for Rs 4.18 lakh leading to a saving of Rs 1.90 lakh.

(3) Transportation of horse rations from Bangalore to Ezhimala.

IFA (INA) Ezhimala received a proposal for financial concurrence for hiring of two trucks (17 ft) for transportation of Horse Ration for one year from Bangalore to Ezhimala amounting to Rs 3.42 lacs.

IFA advised to indicate the quantity of the ration to be transported and furnish the justifications for the requirement of hiring of two trucks for the above proposal.

The unit submitted the revised proposal for hiring of one truck instead of two trucks for transportation of Horse Ration. Accordingly, IFA accorded the financial concurrence for one truck for Rs 1.71 lakh. Thus, a saving of Rs 1.70 lakh was achieved.

(4) Repair/Renewal and calibration of Electronic Automatic Boiler Control system (EABC) of INS Jalashwa.

IFA HQ (ENC) received a proposal for offloading of repair/renewal and calibration of Electronic Automatic Boiler Control System of INS Jalashwa on STE basis at a cost of Rs 2.33 crore from M/s Tushaco pumps being the Indian Rep of the OEM M/s COLFAX Group of companies, USA. IFA observed that the amount quoted by the firm was very high, as compared to last year prices/last refit price of 2009. The proposal was processed on STE basis. IFA recommended for PNC to carry out the negotiation with the firm.

The benchmarking of price was worked out after allowing for escalation @ 5% compared to the rates of last work orders wrt increase in prices in raw materials, cost of services and scope of work over the last two years/last refit prices.

During the PNC, comparison of the current quoted rate was made with the cost paid for the similar job during 2009. It was noticed that there was 63% to 76% hike in the quoted rates. In response, the firm clarified that there was a steep hike in the cost of spares and services from 2009 to 2011. PNC asked the firm to provide the

copy of the offer from OEM along with price break-up on the lines of the earlier proposal. PNC negotiated with the firm to reduce the quoted price wrt mark up prices. Finally, the firm submitted the revised quote for Rs 1.89 crore leading to a saving of Rs 44 lakh.

(5) Hiring of civil passenger vehicles

Institute of Aerospace Medicine (IAM) submitted a proposal for the concurrence of IFA (TC) for hiring of 95 Nos. civil passenger vehicles for an amount of Rs 3,02,100 for providing MT support to visiting officers from three services in connection with 51st Annual conference of ISAM and SMOs.

IFA advised that (i) Utilization of the vehicle may be restricted to the barest minimum (ii) Pooling of officers in one vehicle may be explored and (iii) Hiring may be restricted to officers from outstation.

As a result of financial advice, the institute of Aerospace Medicine (IAM) reduced the No. of hired vehicles to 67 with revised amount of Rs 1,48,204. It resulted in a saving of Rs 1,53,896 to the state.

Sd/-
SAO (IFA)

Copy to

- 1 JS & Addl FA (S) MoD (Fin), N Delhi
- 2 JS & Addl FA (VP) MoD (Fin) ,N Delhi
- 3 Jt CGDA (AT-I)
- 4 Jt CGDA (AT-II)
- 5 Jt CGDA (Trg)
- ✓ 6 Sr Dy CGDA (EDP) with request to place the matter on website
- 7 Hindi Cell with a request for issuing in Hindi version.
- 8 IFA INA Ezhimala vide letter No. IFA/EMLA/134/QAR dated 16.03.2012, IFA HQ (ENC) Visakhapatnam vide letter No. IFA/129/PIFA/Vol.VIII dated 09.04.2012 & IFA/HQTC/AF/case study dated 27.03.2012.


SAO (IFA)