

Quarterly news magazine of IFA Cell, CDA Guwahati-IFA SAMACHAR

Vol-1

April 2012

Foreword

It's a pleasure and happy moment personally for me to officially inaugurate the first edition of IFA SAMACHAR, the IFA newsletter of CDA Guwahati. Officers and staff of IFA Cell of CDA Guwahati has done a stupendous job in rendering financial advice to various units and formations located in the north east. The team of officers have raised various critical issues to both our HQrs office as well as to HQEC and to the units and formation.

Thank You.

Dated 27/04/2012

C.Zothankhuma, IDAS

Controller

Comments and suggestions may be mailed to cdaguwahatiifa@gmail.com or sent by post to IFA Cell, CDA Guwahati, P.O. Udayan Vihar, Guwahati-781171, Fax 0361-2640810

Officer and Staff of IFA Cell, CDA Guwahati

Shri Pankaj Hazarika, Jt. Controller

Shri Pranath Paul, Sr. AO

Shri Shantonu Singha, AAO

Shri Anup Kumar Paul, AAO

Shri Rup Narayan Nath, AAO

Minutes of First Management Review Committee (MRC) Meeting, 2011:

The Management Review Committee meeting was held at Chanakya Conference Hall HQ EAC, IAF Shillong from 10:00 AM to 02:00 PM on 4th November, 2011. The Meeting was chaired by Shri T.K. Hangzo, IFA HQ EAC attended by the following members:-

1. Shri Pankaj Hazarika, IDAS,
JCDA
2. Shri G.N. Upadhyaya, IDAS,
ACDA
3. Shri A.K. Sharma, IDAS,
Dy. IFA,
HQ EAC
4. Shri D. Basu, IDAS,
ACDA,
IFA HQ 3 CORPS
5. Shri A. Mukhopadhyay,
Asstt. IFA,
HQ, EAC
6. Shri D. De, AO,
IFA 14 Wing (AF),
Chabua

Common mistakes/ drawbacks noticed in most of the O.P. Sadbhavana / Samaritan project:

O.P. Sadbhavana / Samaritan projects are being executed by different field units in the North East region since the year 2005-06. The following deficiencies are noticed in most of the project forwarded for concurrence :-

- (i) Inadequate statement of case.
- (ii) Inadequate supporting document viz.
no objection certificate, land
availability certificate.
- (iii) Faulty cost estimate.
- (iv) Preparation of estimates/ Project
report by 3rd party/consultant.
- (v) Faulty tender enquiry.
- (vi) Inadequate vendor base.
- (vii) Faulty tendering process.
- (viii) Non constitution of TPC/PNC.
- (ix) Faulty supply order.

This indicates that proper care/study is not carried out while preparing the projects. The above lapses are happening due to the following reasons:-

- (i) Lack of comprehensive SOP on the
subject.
- (ii) Lack of Commissioned Officer in the respective units and inadequate training in
agency like MES/BRO. Commissioning / handing over may be carried out by the unit
concerned.
- (iii) For IT equipments etc, procurement may be carried out centrally by Command
or formation HQs and distribution of the same may be carried out by respective units.

The matter has been referred to the CGDA office which in turn has referred the case to the Army HQ & MOD for their comments and necessary action

LOCAL PURCHASE OF SPECIAL RATIONS

MOD, GOI vide their letter No. 66195/ Q/ST-6/1069/D(QS) dt 19.05.2010 has specifically instructed to procure Special ration items through open tendering under the financial powers vested with the GOC-in-C Eastern Command as per Schedule XIII A to MOD letter no.A/89591/FP-1/1974/2006/D(GS-1) dt. 26/07/2006. But it is seen that since one year the MG ASC has delegated the financial power to the Brig ASC HQ 4 Corps for purchase of Spl rations due to non registration of vendors for Spl rations at their end. It has been a long time since the MOD letter was issued. But still MG ASC has not been able to complete the registration process for the subject. In this regard it is stated that neither MG ASC nor any other formation has any authority to issue directions contrary to the provisions to MOD letter ,since most of the MOD letters are prepared after due deliberations with Army HQ. As such it is desired that any deviation from the MOD letter exercised by the unit /formation should have been got endorsed by the MOD itself.

Other lapses noticed in the procurement proposals are as follows :-

- (i) No efforts has been seen to widen vendors base.
- (ii) Selection of vendors is not in order. Some vendors are from outside the state and some are found General order suppliers.
- (iii) Items proposed to be purchased through LTE instead of OTE.
- (iv) RFP has been floated without mentioning the date of submission of the quotation.
- (v) The whole process appeared to facilitate placing of SO on CSD.

Procurement of Laptop :-

A proposal for procurement of Laptop and other IT Hardwares was received from one of the Inf Div HQ in the recent past to bolster surveillance.

Laptop can be procured by any formation for operational necessity only on approval of MOD after detailed justifications of necessity as per MOD (fin) ID No 231 (I) / System/Bud.II/2010 dated 20/12/2010.

Applicability of DPM to E-in-C :-

The Defence procurement Manual came into force with effect from June'2009 .On its introduction, all the procurement proposals of Defence Dept including the MES organization are guided by it. Its application to MES organization had already been confirmed by the Addl. Dte Gen ESP/ESP-1(Gen), E-in-C's Branch, Integrated HQ of MOD Army letter No. A/ 51021/ ESP-1 (M) dated 16/03/2010. MES units are therefore required to strictly follow the provisions laid down in DPM-2009 and DPM-Supplement 2010 while forwarding any procurement / works proposal.

Ad-hoc CHT : Approval of IFA :-

Request for extension of existing ad-hoc CHT rate/approval of ad-hoc CHT rates are regularly received for IFA's concurrence at this end. One common reason given by the units while seeking the extension / approval of CHT rates is non conclusion of regular contract by the higher formations. But no supporting documents authorising the same are normally found enclosed with the proposals. This has resulted in returning of all the proposals to the unit thus effecting the purpose for which extension/approval of CHT rates are sought. To facilitate the IFA in this regard, units are requested to invariably enclose the sanction letter from the HQ EC, Kolkata/Area HQrs authorizing the extension/approval of hiring of ad-hoc CHT.

Application of 3% contingency on purchase proposals :-

Certain proposals for replacement of furniture have been received at this end from the MES authorities wherein provision of 3% contingency in addition to the price of the item are kept. The provision of 3% contingency has not been agreed with by this office. The proposal was to procure the store through MES by conducting LP. As the above procurement is proposed through LP it does not fall under the category of any works, where provision of 3% contingency is there as per DWP. The proposal was thus financially concurred by reducing the amount charged as contingency as per DPM-2009.

Construction of TPC/PNC:-

A proposal for procurement of 40 km 12 Core Single Mode OFC with accessories was received for financial concurrence. It is observed that

- (i) The project was unnecessarily tagged as Turnkey Project.
- (ii) Though the total cost of project quoted by L-1 vendor is lower than the bench mark cost fixed by the unit, rate of some of the individual items quoted by the L-1 firms are still found to be on the higher side when compared with other vendors rate.

The unit was therefore advised to conduct PNC with the L-1 firm which the CFA refused on the plea that the total project cost quoted by the L-1 vendor is already lower than the bench mark cost.

The unit's contention has not been agreed with and their attention has been drawn towards Para 4.13.3 , 4.13.4 , 4.13.6 and 13.3.5 of DPM-2009 wherein it has been authorized to conduct CNC to protect the interest of the state and ensure price paid is reasonable. Constitution of CNC does not mean negotiation. It is the authorised body to take a decision whether negotiation with the vendor is required or not or the rate quoted by the vendor is reasonable enough to be accepted.

PAC tendering :-

Certain proposals for concurrence have been received at this end wherein units concerned had resorted to PAC tendering by naming particular brand of the product like TV-21 make Sony etc. During examination of the proposal it was found that the units are preferring the product for some reason or the other which is in violation of the rule , as similar product range of other companies are available in the market.

As per rule in vogue, items which are proprietary in nature can be termed as PAC items. A particular feature in a product is superior than the other similar product available in the market cannot be the only reason to declare any item as PAC item.

Modification of ASC contract :-

While concurring certain ASC contracts, requiring modifications due to increase in stores required, it was found in some of the cases that payment with reference to the modified amount had already been paid to the contractors. This is against the rules and requires expost-facto sanction from the higher CFA. Units are requested to watch and fulfil the above requirement before declaring and initiating any projects as turnkey project.

Avoidance of intermediate IFAs :-

Cases have come to notice of this office that proposals falling under higher CFA like HQ Easter Command, Kolkata etc. are regularly forwarded to this office for comments/preliminary concurrence, which is not in order. In this connection attention is drawn towards Pr. IFA Wing instruction no. PIFA/13381/Army/2008 dtd 03-09-2008 vide which the concept of intermediate IFA has been done away with. Accordingly, only one IFA viz. IFA to the CFA competent to approve the proposal as per delegation of powers should be involved in the processing of a given expenditure proposal.

Turnkey Project :-

While concurring proposal for various turnkey projects it is seen that maximum of the projects are not fit to be declared as Turnkey project. It is felt that some sort of confusion is prevailing in the units / formations about the nature of projects to be termed as Turnkey Projects.

A Turnkey Projects is a mix of goods contract and works contracts. Generally, in the tender enquiry documents for a Turnkey contract, the purchase organization specifies the performance and output required from the plant proposed to be set up and broadly outlines the various parameters it visualizes for the desired plant. The

inputs and other facilities, which the purchase organization will provide to the contractor are also indicated in the tender enquiry documents. The contractor is to design the plant and quote accordingly. The responsibility of contractor will include supplying the required goods, machinery, equipment etc needed for the plant; assembly, installing and erecting the same at site as needed; commissioning the plant to meet the required output etc, as specified in the tender enquiry document.

Responsibility and Accountability of CFA :-

During the last year it has been noticed that scores of proposals, disagreed by the IFA and returned on some valid/genuine reasons are resubmitted for reconsideration as a special case. Even though it has been pointed out that under Para 5.2-9 of DPM, in case of disagreement with IFA, CFA can overrule the IFA under intimation to next higher CFA as well as the IFA, no Unit has taken initiative in this regard. It appears that concurrence of IFA has been seen as shield for all the lapses/ mistakes on the part of CFA. In this connection attention is drawn towards Para 5.7 and its sub Paras in DPM 2009 where in responsibility/ accountability of the CFA has been clearly spelt. If gone through the ibid Para's it would be seen that responsibility / accountability of the CFA's are not conditional but are absolute in nature and CFA's cannot be relieved of their responsibilities on the pretext that the proposal is concurred by the IFA concerned.