

“हर काम देश के नाम”



रक्षा लेखा महानियंत्रक

उलान बटाररोड, पालम, दिल्ली छावनी-110010

Controller General of Defence Accounts

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एकिकृत वित्तीय सलाहकार स्कन्ध (IFA Wing)

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Sub: Implementation of Integrated Financial Advice System (IFA System) in Military Engineering Services (MES).

In compliance with the Central Vigilance Commission and Ministry of Finance guidelines and to bring MES Works Procedure at par with other Government Departments/DPSUs, Ministry of Defence (Finance), vide Ministry of Defence Order F No 12(3)/Fin (Works-II)/2017 dated 22nd February, 2023, has conveyed the sanction of Hon'ble Raksha Mantri for implementation of IFA System in MES at various levels with effect from 1st April, 2023.

2. The revised Table-B of RMES has been issued by Government of India, Ministry of Defence, Department of Military Affairs, vide letter No. 16(04)/2023/DMA (Works-III) dated 24th March 2023. The revised Table-B of RMES will be applicable to all fresh cases of Administrative Approvals/maintenance sanctions accorded after 01.04.2023. For cases where Administrative Approvals/maintenance sanctions were accorded upto 31.03.2023, the system prior to 01.04.2023 will continue. To obviate disruption in routine/regular maintenance, the powers in respect of maintenance works both, with and without IFA consultation, will be applicable from 1st July, 2023. For maintenance works upto 30th June, 2023, the system prior to 1st April, 2023 will continue.

3. As per Para 2 (iv) of ibid Ministry of Defence Order dated 22nd February, 2023 A Standing Operating Procedure (SOP) prepared by office of CGDA exclusively for IFA system in the execution of works is enclosed herewith for guidance and necessary action. This SOP will cover

all the Works execution cases where ever power has been exercised in consultation with their respective IFA. For the post contract management issues, the extant MES procedures will continue. The involvement of IFA in post contract management will be considered while reviewing the concerned MES Manuals (i.e. RMES, Manual on Contracts etc) subsequently.

4. The delegated powers to CEAs/CFAs for procurement of Goods and Services etc shall be exercised as per the guidelines enumerated in to GFR-2017, DPM-2009, Ministry of Finance Manuals Procurement of Goods and Procurement of Consultancy and Other Services and provisions of Government e-Marketplace (GeM). The IFA will be involved in case of procurement of Goods and Services at all the stages as mentioned in DPM-2009.

Sd/-
(Puneet Sharma)
Sr.Dy.CGDA (IFA)

Col Amartej Singh
Director (Works-II)
Ministry of Defence
Department of Military Affairs

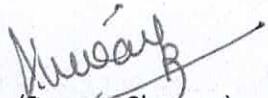
U.O. No. IFA/03/IFA Setup MES/PF/2023 dated 31.03.2023

Copy to

Shri A K Bhatnagar for information and necessary action please.
Dy. FA (Works)
Ministry of Defence (Fin)

E-in-C's Branch for necessary action please.
Kashmir House, New Delhi

All PCsDA/PIFAs/CsDA/IFAs/AO GEs/AAO GEs for information and necessary action please
(Through CGDA Website)


(Puneet Sharma)
Sr.Dy.CGDA (IFA)

**IMPLEMENTATION
OF
INTEGRATED FINANCIAL ADVICE SYSTEM
(IFA SYSTEM)
IN
MILITARY ENGINEERING SERVICES (MES)**

STANDARD OPERATING PROCEDURE (SOP)
TO EXERCISE
DELEGATED FINANCIAL POWERS
OF CFAs/CEAs OF MES
WITH
INTEGRATED FINANCIAL ADVISORS

Controller General of Defence Accounts
Ulan Batar Road, Palam, Delhi Cantt.- 110010

1. Introduction

Ministry of Finance (MoF) released updated version of Manuals of Procurement of Goods, Services and Works on 1st July, 2022 incorporating all the procurement and related instructions issued by the Central Vigilance Commission. Subsequently, Central Vigilance Commission vide Circular No 14/07/2022 dated 11th July, 2022 directed that all organizations are required to update/align their procurement guidelines/manuals in line with the manual of Department of Expenditure (DoE).

In compliance with the Central Vigilance Commission (CVC) & Ministry of Finance (MoF/DoE) guidelines and to bring MES Works Procedure at par with other Government Departments/DPSUs, approval has been accorded by the Hon'ble Raksha Mantri for implementation of Integrated Financial Advice system in MES at various levels with effect from 1st April, 2023. This has been notified vide Ministry of Defence Order F. No. 12(3)/Fin(Works-II)/2017 dated 22nd Feb, 2023. As per the mandate given at para 2(iv) of ibid letter, this Standard Operating Procedure (SoP) is being issued for the guidance of Competent Engineering Authorities (CEAs)/Competent Financial Authorities (CFAs) and Integrated Financial Advisors (IFAs).

As per Para 2 (iii) of Ministry of Defence Order F No. 12(3)/Fin (Works-II)/2017 dated 22nd Feb, 2023, a Committee has been constituted under chairmanship of Department of Military Affairs with members of MoD (Fin), E-in-C and CGDA to ensure amendment to the Table-B of RMES [containing delegated financial powers of various Competent Engineering Authorities (CEAs)/Competent Financial Authorities (CFAs) in MFS] by categorizing the delegated financial powers "without IFA concurrence" (Inherent Powers) and "With Concurrence of IFA". Accordingly, the revised Table – B of RMES has been issued by Government of India, Ministry of Defence, Department of Military Affairs D (Works – III) vide letter No. 16(04)/2023/DMA (Works-III) dated 24th March, 2023.

2. Applicability of this SoP to new cases and old cases

This SoP will guide the CEAs/CFAs and IFAs in the exercise of the revised financial powers as stated at Table-B of RMES, effective from 1st April, 2023. This SoP will be applicable for all fresh cases where Admin approval is accorded after 1st April, 2023 and works execution is regulated by revised Table-B of RMES amended post issuance of MoD Order dated 22nd Feb, 2023. To obviate any disruption in routine/regular maintenance, the powers in respect of maintenance works both with and without IFA consultation, will be applicable from 1st July, 2023. For maintenance works upto 30th June, 2023, the system prior to 1st April, 2023 will continue.

3. Coverage

The instant SOP is exclusively for Integrated Financial Advice System in the execution of works, whereas the other delegated powers of procurement of Goods and Services etc shall be exercised as per the guidelines enumerated in GFR-2017, DPM-2009, Ministry of Finance Manual for procurement of goods, Ministry of Finance Manual for procurement of Consultancy and Other Services and provisions of Government e-Marketplace (GeM). The IFA will be involved in cases of procurement of Goods and Services at all the stages as mentioned in DPM-2009. This SOP will cover all the Works execution cases where ever power has been exercised in consultation with their respective IFAs.

The delegated financial powers for disposal, write off losses etc. shall be exercised as per the guidelines enumerated in FR Part I, II, SAI and RMES. The IFA will be involved in case of disposal, write off losses etc. wherever required as per delegation of financial powers.

4. Mapping of Integrated Financial Advisors (IFAs) with executives

The mapping of IFA to respective CEAs will be provided by the office of CGDA duly mentioning the link officer in case of unavailability of the concerned IFA at the station/office. The link officer details have been issued by Office of CGDA, vide letter No. AN/III/3096/I/IFA/Vol. VI dated 23rd Feb, 2023 and in case of AO GEs the orders/practice being followed/issued by respective PCsDA/CsDA shall continue to remain valid for IFA MES system till further review.

5. Role of IFAs

The IFA will provide financial advice to the CEAs in exercise of delegated powers as laid down in the revised Table-B of RMES. However, during the IFA consultation stage, Acceptance of Necessity and Administrative Approval accorded by the Competent Financial Authorities as per DFPDS-2021/Appendix 'D' of DWP-2020 as amended time to time will not be reviewed de-novo.

6. Technical Sanction

(a) Once Administrative Approval (AA) has been accorded by the CFA for the execution of the works, after due examination of the AEs, the Technical Sanction will be issued by the Competent Engineering Authority (CEA) as per the delegated powers for according technical sanction to works services as provided in Table 'B'. As per Note 1 below item No. 1 of revised Table-B of RMES, "the powers under Technical Sanction will be exercised without IFA consultation". Schedule of works will be prepared along with requisite designs and drawings, costed and technically sanctioned by the CEA before tender documents are issued. The technical sanction will include an anticipated contractor's percentage based on the engineer officers appreciation of market trends.

(b) The costed schedule of works will be in strict accordance with the AA so far as scope of work and scales are concerned. As per Note 2 below Item No. 1 of revised Table 'B' of RMES "CEAs will ensure conformity of Technical Sanction with the Adm Approval".

(c) The CEA to accord TS to a project may, wherever necessary, deviate from specifications shown in the AEs provided that: -

- (i) The deviations are necessitated by engineer/aesthetic reasons and are not such as to alter the scope of the work;
- (ii) There is no serious departure from authorised general specifications; and
- (iii) The total cost of the project as administratively approved is not exceeded beyond the authorised tolerance limit.

(d) Schedule of works may be sanctioned for the project as a whole or part of such projects. Large project may, for convenience of planning, siting and execution, be broken into sub-projects. The term 'Sub-projects' is to be applied to a distinct self-contained unit of the project if that unit is sufficiently large or important to be kept distinct for purposes of planning, siting and execution. Further, any self-contained external service may be treated as a sub-project.

(e) The engineer officer competent to sanction the project as a whole is technically responsible for the project and for ensuring that the amount of the administrative approval does not exceeded beyond the permissible limit. He may delegate authority, at his discretion, to local engineer officers to accord technical sanction to sub-projects which he orders them to plan locally within the limit of their power for technical sanction. When delegating such authority, he will lay down in each case, the total sum up to which technical sanction may be accorded,

which sum will not be exceeded without the prior sanction of the delegating authority.

7. Tendering

- (a) After the schedule of work for a project or sub-project has been technically sanctioned by the CEA, draft 'Notice of Tender/Notice Inviting Tender/RFP' will be prepared by the engineer authority. The Notice of Tender/Notice Inviting Tender/RFP is most important document in the procurement process. The Notice of Tender/Notice Inviting Tender/RFP should be prepared with due care and with complete details including all terms & condition and clear instructions to bidders. The Notice of Tender/Notice Inviting Tender/RFP including all the terms and conditions should be vetted by IFA.
- (b) The mode of tendering will be decided with the concurrence of IFA.
- (c) Procurements/Procurement Cycle plays a major role in the efficient execution of works. In order to speed up the procurement cycle, avoid delays in procurement and facilitate a more informed decision making, during the exercise of the delegated Financial Powers with IFA consultation, the CEAs will constitute a Tender Committee (TC) of stakeholders for recommending matters having financial implications. The Tender Committee (TC) should be constituted as per Para 5.2.1 of Ministry of Finance Manual for Procurement of Works 2022.
- (d) Tender committee (TC) duties are to be discharged personally by the nominated officers. They may take help of their subordinate officers by way of reports/ evaluations, but they would still be answerable for such decisions. The agenda points and necessary supporting documents will be circulated prior to the date of the TC meeting for the members to be well prepared for discussions.

(e) All members of the TC should resolve their differences through personal discussions instead of making to and fro references in writing. In cases where it is not possible to come to a consensus and differences persist amongst TC members, the reasons for dissent of a member should be recorded in a balanced manner along with the majority's views on the dissent note. The final recommendations should be that of the majority view. However, such situations should be rare. The TC report will contain their final recommendations for decision on Expenditure sanction by IFA and CEA.

(f) Following activities will be performed by TCs in various stages of procurement of work cases:

(i) Opening of Price Bids/Commercial Bids (those offers which meet the essential parameters as per the TEC report, duly approved by the CEA in two bid system)

(ii) Cost Analysis of quoted rates.

(iii) Preparation of Comparative Statement of Tenders (CST) and Declaration of L-1 Bidder

(g) The above mentioned activities will be performed by TC, the decision taken by TC will be carefully recorded in Minutes with detailed justification for purposes of record.

(h) **Abnormally Low Bid:** As per Ministry of Finance, Department of Expenditure, Procurement Policy Division OM No. F.12/17/2019-PPD dated 6th Feb, 2020 and Ministry of Finance Manual for Procurement of Works, an abnormally low bid/price is one in which the Bid Price, in combination with other elements of the Bid, appears so low that it raises material concerns as to the capability of Bidder to perform the contract at the offered price. In furtherance of the above,

after receiving the recommendation of TC, if any abnormally low price is found in the bid, then CEA may in such cases seek written clarifications from the Bidder, including detailed price analyses of its Bid price in relation to scope, schedule, resource mobilization, allocation of risks and responsibilities, and any other requirements of the bids documents. If, after evaluating the price analyses, CEA determines that the Bidder has substantially failed to demonstrate its capability to deliver the contract at the offer price, the CEA may reject the Bid/Proposal in consultation with IFA.

(i) **Negotiations:** Normally, there should be no negotiation. Negotiations should be a rare exception rather than the rule and may be resorted to only in exceptional circumstances. If it is decided to hold negotiations for reduction of prices, they should be held only with the lowest acceptable bidder (L1), who is techno-commercially responsive and on whom the contract would have been placed but for the decision to negotiate. In case negotiations with the L1 bidder are considered necessary, these may be undertaken with the approval of the CEA and concurrence of IFA. Such negotiations are invariably to be conducted by TC. The circumstances where negotiations may be considered could be:

- (i) Where the procurement is done on nomination/PAC basis;
- (ii) Procurement is from single or limited sources;
- (iii) Procurements where there is suspicion of cartel formation which should be recorded;
- (iv) Where the requirements are urgent and the delay in re-tendering for the entire requirement due to the unreasonableness of the quoted rates would jeopardize essential operations, maintenance and safety,

negotiations with L1 bidder (s) may be done for bare minimum quantum of requirements; and

- (v) Price quoted is unreasonably high with reference to assessed reasonable price or there is evidence of a sudden slump in prices after receipt of the bids.

(j) **Invalid bid or Withdrawal of bid by L1:** If the lowest tender is found invalid or withdrawn for any reason, there shall be re-tendering in transparent and fair manner in consultation with IFA.

(k) **Lack of Competition:** Sometimes, against advertised/limited tender cases, the procuring entity may not receive a sufficient number of bids and/or after analyzing the bids, ends up with only one responsive bid – a situation referred to as ‘Single Offer’. Such situation of ‘Single offer’ is to be treated as Single Tender. The contract may be placed on the ‘Single Offer’ bidder provided the quoted price is reasonable. However, restricted powers of single tender mode of procurement would apply. Before, retendering, the procuring entity is first to check whether, while floating/issuing the Notice of Tender/Notice Inviting Tender/RFP, all necessary requirements and formalities such as standard conditions, industry friendly specification, wide publicity, sufficient time for bidding, and so on, were fulfilled. If not, a fresh Notice of Tender/Notice Inviting Tender/RFP is to be issued after rectifying the deficiencies. Such retendering will be done with concurrence of IFA.

8. CEA’s Sanction and Awarding Contract

(a) Once the TC recommendations are accepted by the CEA in consultation with IFA, the contract should be signed. It must be ensured that the contract is as per the approved terms and conditions and the rates are correctly shown as finally

negotiated and acted by the CEA. Contract should be vetted by the IFA, prior to acceptance of the purchase of work proposal by the CEA.

(b) **Execution of Works :** After acceptance of contract, the execution of works and their supervision will be carried out by the engineers-in-charge as per RMES read with MES Standing Orders.

9. Post Contract Management

For the post contract management issues, the extant MES procedures will continue. The involvement of IFA in post contract management will be considered while reviewing the concerned MES Manuals (i.e. RMES, Manual on Contracts etc.) subsequently.

10. Combining various stages of processing:

To cope-up with speedy processing of proposals it is not necessary that a proposal should be processed sequentially for vetting of notice of tender/notice inviting tender/RFP, deciding the mode of tendering etc. A proposal, when initiated, should be complete so that all the aspects relating to vetting of notice of tender/notice inviting tender/RFP, deciding the mode of tendering etc., could be examined simultaneously by the IFA, wherever required as per the delegation of financial powers.

11. Ex-post Facto Financial Concurrence

There is no provision to obtain ex-post facto concurrence of IFA. Such cases where prior concurrence is not obtained, though required, would be treated as cases of breach of rules and regulations and referred to the next higher CEA for regularization. Such regularization will be subject to concurrence of IFA to the next higher CEA.

12. Review of SOP

Once the concerned MES manuals are updated duly incorporating the role of IFAs in MES, this SOP will be reviewed so as to ensure that the provisions contained herein have fully been subsumed in the respective manuals.

13. Manuals & Regulations to be followed

The procedures laid down in the following Manuals will meticulously be followed while exercising the financial powers therein. In any instance of variance between the provisions of different rules/manuals, the GFR and Ministry of Finance Manual for Procurement of Works shall prevail:

- (a) GFR-2017
- (b) Ministry of Finance (MoF) Manuals: Procurement of Goods, Manual for Procurement of Consultancy and Other Services, Manual of Procurement Works 2022
- (c) Defence Works Procedure-2020
- (d) RMES
- (e) IAFZ 2249
- (f) IFA Manual
- (g) DAP-2020
- (h) DPM-2009

14. Charter of Duties of Integrated Financial Advisor to CEA.

Integrated Financial Advisor to CEA in Military Engineering Services (MES) will

be involved in following stages of planning, sanction and expenditure of work:

- i. **Bidding System and Mode of Tendering.**
 - (a) **Bidding systems:** Single Stage Bidding System, Single Stage Single Bid/ Envelope System, Single Stage Two Envelope System, Single Stage Multiple Envelope System, Two Stage bidding with Expression of Interest (EOI), pre-qualification bidding etc.
 - (b) **Modes of tendering:** (i) Open Tender Enquiry, (ii) Global tender Enquiry, (iii) Limited Tender Enquiry, (iv) Single Tender Enquiry or selection by nomination, (v) Award of work through quotations, (vi) Award of work in stalled contracts etc (Ref 3.5.14 MoF Manual for Procurement of Works, 2022).
- ii. **RFP preparation, Eligibility criteria, Preparation and publication of bid documents, pre-bid conference.**
- iii. **Amendment to Tender documents.**
- iv. **Extension of time for submission of bids.**
- v. **Opening of bids,**
- vi. **Techno-commercial evaluation of bids and award of work.**
- vii. **Drafting & Vetting of Contracts/Supply orders including Escalation clause, if any.**
- viii. **For the post contract management issues, the extant MES procedures will continue. The involvement of IFA in post contract management will be considered while reviewing the concerned MES Manuals (i.e. RMES, Manual of Contracts etc) subsequently.**

- ix. **Appropriation/re-appropriation of funds.**
- x. **Registration, Enlistment and Banning/Debarment of contractors.**

15. Audit and Payment Authority

Concerned PCsDA/CsDA/AOsGE/AOs GE

16. Other Provisions

a) Public procurement is perceived to be prone to corruption and ethical risks. To mitigate this, the officials of procuring entities involved in procurement and the bidders/ contractors must abide by the Code of Integrity for Public Procurement (CIPP) as mentioned in Para 7.2 of Ministry of Finance Manual for Procurement of Works 2022. All procuring officials may be asked to sign declarations to this effect periodically and in various Procurement decisions (including Preparation of Estimates). The bidders/ contractors should be asked to sign a declaration about abiding by the Code of Integrity for Public Procurement (including sub contractors engaged by them) in enlistment applications and in bid documents, with a warning that, in case of any transgression of this code, its name is not only liable to be removed from the list of enlisted contractors, but it would be liable for other punitive actions such as cancellation of contracts, banning and blacklisting or action in Competition Commission of India, and so on.

b) Splitting of sanction

The procurement orders shall not be split to bring them within the delegated financial powers of a lower CEA in order to avoid the necessity of obtaining the sanction of the higher authority or concurrence of IFA required with reference to the total amount of order. This implies that a lower authority shall not sanction proposals in installments, which requires the sanction of a higher authority and/or

concurrence of IFA as it will be treated as "Irregular sanction" under the category of "Splitting Sanction".

17. Responsibility of Controlling Officer:

Controlling Officer will ensure the following aspects mentioned in Rule 26 of GFR 2017.

- a. that the expenditure does not exceed the budget allocation.
- b. that the expenditure is incurred for the purpose for which funds have been provided.
- c. that the expenditure is incurred in public interest.
- d. that adequate control mechanism is functioning in his department for prevention, detection of errors and irregularities in the financial proceedings of his subordinate offices and to guard against waste and loss of public money.

18. Ink Signed Copy

Ink signed copy of all Administrative Approvals issued by CFAs and sanctions, contract agreements and supply orders issued by CEAs will be endorsed to their respective IFAs, PCDA/CDA/AOsGE/AAOsGE (auditing and paying authority) .

19. Clarification

- (a) Manual for Procurement of Works, 2022, will be referred to in case of any clarification sought for by the CFA/CEA/IFA.
- (b) For any clarifications related to interpretation of provisions contained in this SOP, queries may be sent to IFA Wing of Office of the CGDA.

20. Keeping in view the Govt's eco-friendly initiatives, a soft copy of this SOP is enclosed for easy distribution to concerned CFAs, CEAs, IFAs, PCDA, CsDA etc.