

Circular No...03...Of 2014

CONTROLLER GENERAL OF DEFENCE ACCOUNTS
ULAN BATAR ROAD, PALAM DELHI CANTT – 110010

(IFA WING)

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No.IFA/97/P-238

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To

All PIFA/IFAs

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Subject: Findings of the Hqrs inspection Team relating to IFA concurred in cases identified during of inspection of PCsDA/CsDA.

Enclosed please find herewith findings relating to IFA concurred cases identified during Hqrs inspection of PCsDA/CsDA.. Keeping in view the important role of the Pr. IFAs/IFAs where any laxity/oversight may result in huge loss to the state, the findings of the inspection report are of vital importance and needs to be looked into by the Pr.IFAs/IFAs for compliance while dealing with similar cases in their respective areas.

It is requested that these observations/findings may be utilized not only for guiding their officers as well as executive authorities about the same but also to ensure that such commissions and omissions are avoided and cases are scrutinized in detail and as per extant provisions.


(V.K.Vijay)
Jt.CGDA(IFA)

Important Points.

1. Observations like, improper maintenance of files, non linking of AON, Financial concurrence, Vetting of vendor list, mode of tendering, draft supply orders etc. Maintenance of inadequate and incomplete data leading to possibility of concurring in similar items in a number of cases has been pointed out in the inspection.
2. Important requisite audit points like comparison of rates with DGS&D Rate contract rates, the need for tendering where DGS&D Rate contract was existing, checking and vetting of the vendor list, comparison with MES authorization and MES provisions on the particular item are not being observed in procurement of items like Air conditioners.
3. The propriety of work is not being looked into while concurring proposals for special repairs.
4. While concurring proposals for outsourcing of manpower for variety of works, the justifications for the works have not been looked into.
5. Due to lack of data base over the proposal received for outsourcing of manpower, proposals for the same period have been concurred. The justification of work, number of people hired etc. have not been looked into while concurring proposals.
6. Besides pointing out cases of splitting up of procurement during inspection, wide variations in rates and violation of powers of DPM-2009 by units have also been detected by the inspection team.
7. Proper procedure has not been followed while concurring cases of Adhoc hiring of CHT. Important aspects have been ignored.
8. Sample study of Trend of procurement of medicines reveals irregularities like IFA sanctioned items and procured items are different, alterations without attestations, negotiations with slight reduction of prices and proportionately increased quantity of medicines while keeping procurement within the authorized limit raises doubt about issues like avoidable buying.
9. Extension of delivery period has been concurred without the levy of liquidated damages and without recording reasons for the same.
10. Non adherence of procurement procedure laid down in the DPM-2009 leading to serious irregularities and possibility of fraudulent practices in the entire procurement process. Firms participating in the bid with different names appear to be the same. For example-

Four Electronic weigh bridges @ Rs.4.95 lakh each were procured by MG ADC in consultation with IFA through 4 separate contracts. As per Sch 22 of Delegation of Powers, MG AOC has powers upto Rs.5 lakh with the concurrence of IFA. The next higher CFA is DGOS having powers upto Rs.20 lakh. Upon analysis, the following have been observed:-

- i]. AON concurred on 28/1/2013, but Tender Enquiry floated on 25/1/2013.
- ii]. Evaluation of Technical Bids has been carried out on 10/2/2013, whereas Price Bids have been opened by BOO on 5/2/2013, even before recommendation of the TEC.
- iii]. Against delivery period of 15 days, the items were received in 7 days, inspected, CRV prepared, Bill generated and bill forwarded for payment on the same day, i.e.-21/3/2013 and payment made on 22/3/2013.
- iv] On analysis, it appears that all four bidders were the same. Contact numbers of all the bidders were same and in their bids similar typographical mistakes were noticed.

This appears to be is a clear case of suspected cartel formation/fraudulent practices.

11. Cases not in the purview of the IFA have been concurred in by the PIFAs/.IFAs sometimes giving very open ended or conditional concurrences which are left to the Executive for interpretation and may be completely missed in audit.
12. The PNC minutes for Annual Purchase agreement for medical stores attended by the Finance Member do not contain important details like mode of tendering and selection of Vendors.
13. Propriety Article Certificates are found having been vetted by IFA even though the same does not indicate the OEM name. PAC are found to be issued for general items like 'IT Stores'.



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