

# रक्षा लेखा महानियंत्रक

उलन बटार मार्ग, पालम, दिल्ली छावनी-110010

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संख्या आई.एफ.ए./65

दिनांक 10.12.2013

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.- 07 - वर्ष 2013-14 का दिनांक 10.12.2013, सूचना एवं मार्गदर्शन हेतु प्रेषित किया जाता है।

Financial Advice Circular No.-07 of 2013-14 dated 10.12.2013 is forwarded herewith for information and guidance please.

2 जे.ए.

व.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।

2 जे.ए.

व.ले.अ. (आई.एफ.ए. विंग)

## **CONTROLLER GENERAL OF DEFENCE ACCOUNTS**

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Dated 10/12/2013

### **Sub:- Financial Advice Cases**

The financial advice cases as submitted by IFA (SWAC) Gandhinagar, IFA (WNC) Mumbai and IFA (SNC) Kochi, are circulated herewith for information and guidance.

#### **1. Provision of work services for AFNET connectivity (Phase II)**

IFA (SWAC) received a proposal for provision of work services for AFNET connectivity for an amount of Rs 158.29 lakhs for vetting of Approximate Estimates (AE) and subsequent issue of Administrative approval by CFA. The proposal was approved in AMWP 2012-13 for Rs 90 lakhs.

IFA examined the Board Proceedings and the AEs and observed that Qty-72 ACs along with inverters for standby power supply and provision of false ceiling to maximize the cooling effect were catered in AEs for 39 L2 switches sites duly quoting para 53.5 of chapter 53 and 54 of SOA 2009.

IFA returned the proposal with an advice to review the proposal as the provisioning of ACs was authorized for installation of computers only as per chapter 53 of SOA 2009 and since the installation of computer was not involved, provision of such a large number of ACs was not justified. Moreover, the installation of inverters was also not authorized in terms of chapter 54 of SOA 2009 and may have led to introduction of new practice. The specific advisory on environmental parameters on L2 installation from Air HQrs was also sought for further processing of the case.

The proposal was re-submitted stating that as per the advisory on environmental parameters on L2 installations as well as other AFNET equipments provided vide Air HQ letter No. Air HQ/S21648/Ops/IT&N/BM dated 31<sup>st</sup> May 2007, the L2 switches were required to be placed under AC environment and as regards the installation of inverters, AFNET equipments are planned for 24x7x365 days and adequate standby power supply were required and hence inverter was planned instead of DG set as the same was cost effective and authorized as per chapter 57 of SOA 2009.

However, IFA disagreed with the reply of the unit as it was advised that the unit was deliberately trying to convert in the AC buildings. Moreover, since as per the advisory, cooling for L2 switches was only desirable and not essential and also the ACs were required for equipment room only which does not cover L2 sites. Moreover, it was opined that since ACs were not authorized for L2 sites, provision of inverters and false ceiling catered for these sites can be dispensed with.

The executive authorities agreed to the advice rendered by IFA and re-submitted the proposal from qty 72 to 7 ACs and the provision of inverters and false ceiling were deleted from the AEs. Thus, the total cost of the project was reduced from Rs 158.29 lakhs to Rs 78.81 lakhs, resulting to a substantial savings of Rs 79.48 lakhs.

## **2. Provisioning of Swimming Pool at District HQrs I Porbander**

IFA (SWAC) received a proposal for provisioning of swimming pool at District HQrs Porbander at a cost of Rs 501.02 lakhs for vetting of Approximate Estimates and issue of Administrative approval. The work was approved in the AWP 2012-13.

IFA examined the proposal and observed that the ibid work was initially approved in the AWP for the FY 2010-11 and also in the FY 2011-12 at a cost of Rs 338.82 lakhs and the plinth area conversion factor of 140% was included in the total plinth area for swimming pool and the changing room. Further, IFA observed that the plinth area rate for changing room was taken @ 25257.40 i.e. for the group VIII building. Whereas, IFA was of the opinion that the rate for Group II building was applicable for changing room of plinth area 247.20 Sqm.

IFA returned the proposal to Coast Guard RHQrs (NW), Gandhinagar to review the increase in the cost of project from Rs 338.82 lakhs to Rs 501.02 lakhs. Moreover, IFA was of the opinion that the increase in cost of the proposal was primarily attributable to the plinth area conversion factor which was catered @ 140% to the plinth area whereas PACF in the instant case was not applicable as the same factor is catered for verandah, balcony, portico and terrace etc which was not required in the case of construction of swimming pool.

The unit re-submitted the proposal from the amount of Rs 280.71 lakhs stating that as per E-in-Cs letter No. 83975/OTM/E2W/PPC dated 25.7.2007 Group VIII rates of swimming pool are also applicable to AC plant room, changing room, diving stage etc. However, PACF was not required to be applied as per latest orders. Hence, the cost of the project was increased due to incorrect application of the plinth area conversion factor for swimming pool.

As a result of the IFA's advice, the total cost of the project was reduced from 498.90 lakhs to 280.71 lakhs. Thus, a saving of Rs 218.19 lakhs was achieved to the state.

### **3. Augmentation of RCTB Infrastructure**

IFA received a proposal for "Augmentation of RCTB Infrastructure" pertains to ATWP of 2011-12 for an amount of Rs 90.21 lakhs. IFA examined the proposal and observed that the said proposal was included in ATWP for an expenditure amounting to Rs 300 lakhs vide Gol MoD letter No. MF: DY/8009/IPP/443/D(N-III)/2011 dated 23.3.2011. During scrutiny of the proposal, IFA raised the following observations and sought clarifications thereof:-

- IFA observed that Board Proceedings were approved for an expenditure of Rs 71.89 lakhs, but, the Approximate Estimates (AEs) was prepared for Rs 90.21 lakhs.
- The AEs was stated to be vetted by FA/DGNP (MB), but, the same was not actually found vetted by FA to DGNP.
- Since the overall expenditure proposed was beyond the permissible limit that is 10% as per Para 2(h) of DWP 2007 in comparison to Board Proceedings. Hence, IFA advised to review the expenditure proposed for AON.
- From the DGS & D R/C placed on the file, IFA observed that the cost of "platform truck battery operated" was Rs 2.70 lakh and the authorized vendor is M/s Jost's Engg Co Ltd, Thane. Whereas BQ received placed on file was from M/s Jaldoot materials handling Pvt Ltd, Pune.
- Further, IFA observed that VAT was calculated by including the amount proposed to be paid as Excise Duty on the cost of various equipments.
- Expenditure amounting to Rs 5.91 lakh was included in the AEs on account of market variation @ 5% per year. Since no authority in support of the same was found on the file. IFA advised that the authority to be placed on the file. Further, IFA advised that LPP details are also to be placed on the file.

Subsequently, the proposal was re-submitted for according financial concurrence for an amount of Rs 55.78 lakhs as against earlier proposed amount of Rs 90.21 lakhs. Since the revised expenditure of Rs 55.78 lakhs for Augmentation of RCTB Infrastructure fell within the inherent powers of CFA as per Appendix D of DWP 2007, it was advised to take necessary action accordingly. As a result of pertinent observations raised by IFA, a saving to the tune of Rs 34.42 lakhs was achieved in the above said proposal.

#### **4. Conclusion of contract for hiring of AC cars from civil source for the FY 2013-14 in respect of NT Pool (MB) on OTE basis**

IFA received a proposal for hiring of 3600 AC cars for the FY 2013-14 for an amount of Rs 67.24 lakhs in respect of NT Pool (MB). The proposed expenditure of Rs 67.24 lakhs for conclusion of a contract was considered to be on higher side when compared with the expenditure incurred on the previous contract i.e. Rs 27.44 lakhs. Therefore, IFA advised to justify the necessity of the proposed expenditure and clarifications were sought on the following observations:-

- Compared to the rates for hiring of Non AC cars under the last contract i.e. for FY 2012-13 @ 935/- per day, the proposed rate for hiring of AC cars for @ 1600/- per day was considered to be on higher side.
- Details with regard to the arriving at the proposed quantity (i) How the quantity of AC cars proposed to be hired has been worked out? (ii) How many AC cars were hired last year?
- AC cars were proposed to be hired under three different categories i.e., (Indigo/ Ikon/ Esteem/ Logon/ Accent/ Accord), (Honda city/ Lancer/ Optra/ Skoda) and (Qualis/ Innova/ Tavera). Reasons for the same were advised to be placed on the file.
- As per the extant order on the subject, the hiring of CHT is to be resorted only for making up the short fall in authorization of vehicles of units on the station. Therefore, to verify the correctness of the quantity of cars proposed to be hired, the authorization of staff cars, deficiency of vehicles, the events which are likely to take place during the period were also advised to be placed on the file.
- Besides the reasons and condition due to which the contractor on whom the last contract was awarded was not ready to extend the contract when there was a provision in the contract to-extend the same up to three years, subject to satisfactory performance by the firm, were also advised to be placed on the file.

However, since the proposal had already been returned thrice and the satisfactory replies to the observations were not being placed on the file by HQ WNC, to avoid delay in conclusion of the contract. IFA advised that CFA may kindly like to take a view subject of satisfy himself with regard to the following:-

- The proposed expenditure of Rs 67.24 lakhs for hiring of AC cars for a period of one year which is on much higher side compared to the rates of last hiring for an amount of Rs 27.44 lakhs.
- Hiring of AC cars is being done against deficiency of staff car/AC cars authorized for officers having grade pay of Rs 10,000/- and above and is not prime facie more than the occasion demands as per Rule 6 of FR Part-I.

- By entering a fresh hiring contract for AC cars will not have any extra expenditure to the state.

Instead of putting up the proposal for sanction of CFA, the proposal was re-submitted wherein the quantity of AC cars proposed to be hired was brought down from 3600 to 2555. Accordingly, the proposed expenditure was also reduced from Rs 67.24 lakhs to Rs 47.72 lakhs. This office had accorded the concurrence to the proposal for an amount of Rs 47.72 lakhs.

Benchmarking meeting and negotiations were carried out associating the rep of IFA. Benchmark for hiring of AC cars was fixed at Rs 1550/- per day. The rates quoted by the supplier was Rs 1570/- per day AC car. During the negotiations, the same was brought down to Rs 1550/- per day AC cars. The proposal was submitted for financial concurrence for Rs 43.56 lakhs and the same was concurred.

Hence, as a result of financial advice rendered by IFA at AON and FC stage, the expenditure has been brought down from Rs 67.24 lakhs to Rs 43.56 lakhs (i.e. 35.21%) and thus resulting into a saving of Rs 23.67 lakhs.

#### **5. A Proposal for procurement of 02 types of Hospital Coir Mattresses**

IFA received a proposal from Material Organization for vetting of indent dated 01.7.2013 towards the procurement of 02 types of "Hospital Coir Mattresses" at an estimated indent value of Rs 63.13 lakhs through DGS & D as per procurement parameters by applying 3 ACL (Annual Consumption limit) + Dues out (-) (Dues in + Stock) for Quantity 477 Nos. & 2526 Nos.

IFA examined the proposal and found that the projected procurement quantity was very high for the reason that 3 ACL had been projected when there is no Dues out existing in respect of one type of mattresses and also found that the depot was holding some mattresses in stock. Therefore, IFA sought the clarification from the Material Organization.

Accordingly, Material Organization revised the indent by reducing the quantity of mattresses by applying different procurement parameter as MSL+Dues Out (-) (Dues In + Stock). The revised projected quantity was 177 Nos and 1085 and an estimated amount was Rs 25.70 lakhs as against original amount for Rs 63.14 lakhs.

Consequent of review of the Indent, a saving of Rs 37.44 lakhs has been achieved and inventory carrying cost has also been minimized.

The instant case shows that Material Organization was not clear about the procurement parameters prescribed by the Government. MSL (Minimum Stock Limit) fixed for mattresses has also been questioned by the IFA keeping in view the fact that the item was being procured through DGS & D. IFA advised the Material Organization to review the Procurement Quantity to bare minimum for time being.

  
(Rajesh Madan)  
Sr Accounts Officer