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17 May 17

HQ Chief Engineer

Southern Command
Eastern Command
Western Command
Central Command
Northern Command
South Western Command

ADVISORY : MES WORKS

1. Detailed instructions exist in the regulating documents of MES for planning, processing and execution of works services. Several policy letters have also been issued to clarify and amplify the provisions contained in the regulating documents and Government orders issued from time to time. However, certain pertinent issues which have come to the notice of this HQs and merit attention of the executives, are given in the subsequent paragraphs.

2. **Delegation of Works.** Post issue of policy on Functional Role of GE(Maint), a large No of works are being delegated to the GEs by the CWE. The purpose of restricting the powers of GEs for tender action was to reduce his tendering load thus giving him more time to focus on ground execution of work. However, with large No of delegations, the purpose gets defeated. Consequently, E-in-C's Branch had to issue a policy on delegated works (No 15/2016), circulated vide E2W(PPC) letter No A/95533/DWP/Pol/E2W(PPC) dt 23 Nov 2016. It is emphasised that **delegation should be done with due justification**. In addition, it has been brought out that the **responsibility of delegating authority does not reduce after delegation**. Therefore, there is a need to monitor delegated works at CEs Zone/ Command on two accounts:-

- (a) Delegated works are completed as per sanction and on time.
- (b) Delegation is done as an exception and not as a rule.

3. **E-Procurement.** Consequent on implementation of e-tendering in MES, the policies/ guidelines pertaining to e-procurement needs to be clearly understood by the executives. Cases have come to notice wherein based on **incorrect interpretation of the SOP on e-Procurement**, certain executives have sought clarification to exercise powers in excess of those given in Table B, which is a serious violation. **Powers of MES executives are restricted to those specified in the Table B of**

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RMES as approved by MoD and promulgated to all MES formations vide E2W(PPC) letter No A/97508/Rev RMES/Pol/E2W(PPC) dt 05 Jan 15.

4. **Direct Purchase Provisions.** A case has come to light wherein procurement of stores had been made by a GE far in excess of his delegated powers of Rs 3 Lakhs through supply orders with vendors for items whose rate contract had expired with DGS&D. The provisions in Para 4(a)(ii) and Para 5(a)(i) of Table B have been incorrectly interpreted by the GE while carrying out the procurements. In this regard following is clarified:-

(a) **Para 5(a)(i) of Table B** of RMES empowers GE for **Direct Purchase of items upto the limit of Rs 3 Lakhs only**. Supply orders are to be placed based on competitive bidding against normal requirement. The powers for CsWE for Direct Purchase of items is Rs 6 Lakhs only.

(b) **Para 4(a)(ii) of Table B** of RMES empowers GE for **purchase of items not on Rate contracts upto Full Powers**, but GE in this case cannot place indent to registered enlisted suppliers directly. **Indent needs to be placed on DGS&D Form No 81 even if item is not available on Rate contract. DGS&D in turn would procure and provide the requisite items** as per indent placed by GE on DGS&D.

5. **Funds for Outsourcing.** SOP for outsourcing of services in MES have been issued by E-in-C's Branch Policy Letter No 06/2014 circulated vide E2W(PPC) letter No A/37696/12-139/Pol/E2W(PPC) dt 28 May 14. However, queries are being raised by CE Zones on the funds for outsourcing, stating that same is not possible due to limited availability of funds under Maintenance head. **The funds for outsourcing should be calculated separately and the projection for the same has to be over and above the authorized maintenance requirement.** The code heads for outsourcing are given as under:-

S No	Outsourcing	Code Head
(a)	Maintenance and Upkeep of Married/ OTM Accommodation	Sub Head 'B' (460/01, 460/02) Maintenance of Buildings & Communication
(b)	Security of Logistic Installations in Non-Sensitive Areas	Misc & Contingent Expenditure (As per Schedule 4 of Delegation of Financial Powers 2006)
(c)	Conservancy & Housekeeping Service for MES Offices and Installations	Misc Sub Head 'B' Maintenance of Buildings and Communication(464/00)

Note :- Equivalent code Hs for Navy and Airforce to be utilised

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6. **MFAI.** An overall review of quarterly MFAs reports and returns submitted by HQ CE Commands reveals that majority of financial irregularities in respect of works matter are primarily on account of issues covered as under:-

(a) **Inadequate Planning Leading to Time and Cost Overrun.** There are large number of instructions existing in DWP 2007, RMES 1968 etc which govern the processing and execution of various works. The requirement for deliberate planning of works both at Pre and Post Adm Approval stage needs no emphasis. The same has to be ensured through interaction with the users, site visits by planning teams and detailed analysis of available infrastructure as well as the local working conditions. The issue if not addressed in right earnest abinito, leads to time and cost overrun. Change management through quick decision making, if required in a colligate manner, has to be ensured by the CEAs. All these issues have been covered in the E-in-C's Branch policy No 11/2015 circulated vide E2W(PPC) letter No A/37696/OSDPL/Pol/E2W(PPC) dt 26 May 2015.

(b) **Escalation Clause in Contracts.** The provisions to cater for escalation are governed by Para 29(g) and Para 58(b) of DWP 2007. It should be ensured that escalation clause is included only in the contracts with completion period of more than two years.

(c) **Unutilized Stores Leading to Deterioration/ Obselence.** A large No of stores are held unutilised with the Div Stock/ Sub Divisions. These can be avoided by placing supply orders based on firm demand and maximum/ minimum limit fixed by CsWE for GE and CE Zone for GE(I), who are equally responsible if these demands are not monitored properly. The quantity of items procured should not be more than three months requirement at any time. Functioning of E3 section should be as per E-in-C's Branch Policy Letter No 19/2014 circulated vide E2W(PPC) letter No A/37696/OSDPL/Pol/E2W(PPC) dt 08 Sep 14.

(d) **Long Outstanding Recoveries from Contractors.** Condition 67 of IAFW 2249 governs recoveries from contractors for cancelled/ Risk & Cost works and procedure to be followed in such cases is very clear and specific. The essence of this Condition is covered vide E-in-C's Branch policy No 18/2014 circulated vide E2W(PPC) letter No A/37696/OSDPL/Pol/E2W(PPC) dt 29 Aug 2014. Condition 67 of IAFW 2249 and this policy needs to be strictly adhered to avoid delay in effecting recoveries from the defaulting contractors.

(e) **Non Recovery of Licence Fee.** Licence Fee is recoverable from private parties/ individuals periodically. The procedure for the recovery of Licence Fee is clearly enumerated in Paras 692 to 695 of RMES to be strictly adhered. There is also a requirement to review the rates through BOO convened by the Stn HQs on a regular basis.

(f) **Non Production of Auditable Documents.** This aspect is completely avoidable and the need to keep all documents updated and ready for scrutiny needs no emphasis. This aspect should be checked by CE Zones, CsWE during

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their periodic visits to GE. At times the documents are misplaced/ not tracable, which is a serious lapse and should be dealt firmly. All auditable documents need to be kept in safe custody of office bearer or person entrusted upon by the office bearer.

7. Apart from issues highlighted above a concerted effort to resolve already raised financial irregularities/ audit observations should be made by respective CE Commands. There is also a requirement of monthly/ quarterly review of pending cases at CE Zone/ Command level respectively to settle the observations at the earliest. CEs Command are requested to issue suitable instructions to CE Zones to check the above aspects during their visits to lower formations and to ensure that due emphasis is given to clearance of pending cases in a progressive manner.

8. It is once again reiterated that above issues need to be addressed seriously at all levels ensuring personal indulgence of the stake holders on the subject.

9. This letter be put up to the Chief Engineer for perusal.



(KK Repswal)
Brig
DDGW (PPC & Est)
For E-in-C

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