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To

AU PDS/IFA

Sub: - Guidelines on vertical Integration and Monitoring of Budget

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Some of the IFAs have raised the issue regarding as to how the aspect of vertical integration will be observed when local/field IFA gives IFA coverage of units/establishments of different Directorate of same Service or different services altogether and also how involvement of IFAs in budgeting and planning would be followed.

2. The matter has been examined and the following is circulated for information and guidance of all concerned

2.1. Vertical Integration:- It has been clearly specified in the new Delegation of Financial powers, there needs to be vertical integration of IFAs at various levels of each service and ultimately with MoD (Fin) on functional matters for coordinated target achievements and a clear accountability framework vis-à-vis chain CFAs. Accordingly the local/field IFAs who are giving IFA coverage to other wings/units of the same Arm/Service or offices of different Commands e.g 26 ED, being Maintenance unit, is giving IFA coverage to various training establishments, will be under the Command & control of the respective Command IFA in chain for the administrative purposes but will be guided by the Command IFA of the such establishment of other arm/service for functional matters i.e IFA Training Command for functional guidance, to bring harmony in the information dissemination and also

for uniformity in the financial advice issues and processes in the entire chain of CFAs from unit level to MoD.

2.2. Involvement of IFA in Budgeting and Planning:- Involvement of IFAs in various facets of planning i.e Provisioning Planning, Procurement Planning, Maintenance Planning and Modernisation Planning, etc will lead to better and informed financial advice, that in turn will facilitate a comprehensive and effective decision making process. Thus the involvement of IFAs in Budget monitoring and review is crucial. This will lay a strong foundation for comprehensive budget review, which may also include interalia, liability and expenditure management and programme financing requirements and prioritization. IFAs will need to assess the committed liabilities, projects in pipeline and proposed new schemes to arrive at a comprehensive view of the utilisation of resources / allocations. Committed liabilities consist of carry over liabilities and will be based on contracts concluded upto 1st April of a financial year, for which payments have ^{not} been released till 31st March of previous year. Accordingly, Command/Service HQrs IFAs are advised to set up an institutional framework and the status of liability and expenditure management will be intimated by the Command IFAs to the concerned PIFAs positioned at Service HQrs, who will holistically review the liability and expenditure management before forwarding to SHQrs and in turn to MoD (Fin) for their consideration.

This issue with the Approval of Addl CGDA (SJ)

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