



सत्यमेव जयते

भारत सरकार
Government of India Ministry of Defence
रक्षा लेखा महानियंत्रक

Controller General of Defence Accounts

उलान बटार रोड, पालम, दिल्ली छावनी-110010

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(IFA WING)

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URGENT



No. IFA/02/Charter of Financial Adviser

Dated 15.11.2018

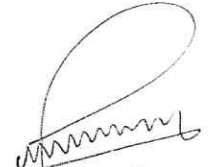
To,

All PIFAs/IFAs
(Through CGDA Website)

Sub: Revision of the Charter of Financial Adviser, 2006 – reg.

Please find enclosed a copy of MoD (Fin/GS-II) ID No. 30(2)/GS-II/18 dated 12.11.2018 and Department of Expenditure OM No. 23(3)/E-Coord/2018 dated 06th Nov 2018 on the subject cited above, It is requested that comments on the revised charter may be furnished by 16th Nov 2018, 12:00 PM, positively, through either FAX No. 011-25674779 or email cgdaifa.dad@gov.in, so that the same may be forwarded to MoD (Fin).

This issues with the approval of Sr.Jr.CGDA (Finance).


(Sumita Tiwari)
SAO (IFA)

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Government of India
Ministry of Defence
(Fin/GS-II)

Subject: Revision of the Charter of Financial Adviser, 2006-reg.

Please find enclosed a copy of Deptt. of Expenditure, Ministry of Finance OM No. 23(3)/E-Coord/2018 dated 06.11.2018 on the subject cited above. It is requested that the comments on the revised charter may be furnished by 16th November, 2018, positively, to this section, so that the same may be provided to DoE.

Mansi
(Mansi Mehta)
AFA (GS-II)

To:

1. FA (Acq)
2. Addl. FA (AK) & JS
3. Addl. FA (AN) & JS
4. Addl. FA (SM) & JS
5. Addl. FA (DP) & JS
6. Addl. FA (RK) & JS
7. All FMs
8. CGDA (for IFAs)

MoD (Fin/GS-II) ID No. 30(2)/GS-II/18, dated 12.11.2018

1148
74/11/18

North Block, New Delhi
Dated the 06th November, 2018

OFFICE MEMORANDUM

Subject: Revision of the Charter of Financial Adviser, 2006 (reg).

Department of Expenditure vide its OM dated 21.06.2018 has constituted a committee of Financial Advisers on the subject mentioned above. The Committee on 31st October, 2018 had submitted revised Charter for Financial Advisers, 2018. The revised Charter is based on extensive interaction with Financial Advisers and other stake holders. A copy of the revised Charter is enclosed.

2. It is requested that the comments on the revised Charter, if any, may kindly be provided to this Department by 22.11.2018.

[Signature]
6/11/18

(H. Atheli)
Director

Tel. No: 23092604

To: All Financial Advisers

M/S
8/11

Addl FA (AN) - JS

*Be circulated to all Addl FA / DMS / FA (reg)
and CA (to IAs) for comment by
16/11. We can circulate after that.*

8/11/18

[Signature]
12/11/18

FA (15-8)

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Copy to me

2018/11/08
8/11/18
6-355
8/11/18



सत्यमेव जयते
Government Of India

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Chapter

for

Financial Advisers

2018

Government of India

Ministry of Finance

Department of Financial Services

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1. Introduction

1. The institution of Financial Adviser (FA) occupies a unique position in the functioning of Government of India. The role of FA is such that he/she is mandated with supporting the Secretary of the administrative Ministry/Department as well as representing the Ministry of Finance. Financial Advisers are expected to advise administrative Secretaries in policy formulation with a focus on the financial implications of the policy and make recommendations in accordance with departmental goals and objectives within the overall macro-framework laid down by Ministry of Finance. Given the dual responsibility of the FA, it is necessary that the role, responsibility as well as accountability of the Financial Advisers be defined in unambiguous terms.

2. The Scheme of Integrated Financial Adviser was detailed in Office Memorandum No. 10(29)-E-Coord/73 dated 6.10.1975 (Annexure I) issued by the Department of Expenditure, Ministry of Finance. The scheme provides that the Financial Adviser would be responsible both to the administrative Ministry/Department and to Ministry of Finance. The scheme indicates the functions of the Integrated Financial Adviser along with the modalities for functioning. Ministry of Finance has over time revised the Charter for Financial Advisers and had vide OM No. 5(6)/L&C/2006 dated June 1, 2006 brought out a 'Redefined Charter for Financial Advisers'. Since then, a number of public financial management initiatives including several IT related services, have been undertaken by the Government and the current Charter has been updated accordingly.

3. The FA is expected to have a complete appreciation of the policies and priorities of the Ministry/Department. This macro view should guide the FA in taking transactional decisions on a day to day basis. While screening the expenditure proposals, the FAs should factor in the sectoral priorities/goals/objectives/outcomes without compromising the budgetary integrity.

4. An important concept in defining the Charter for Financial Advisers is that FAs must commit themselves to facilitate implementation of the approved programmes, with due financial prudence, to ensure that monies allocated are spent on time, in the prescribed manner, to achieve the intended outcomes defined in measurable and monitorable terms. Value for money is the most

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important parameter in evaluating such schemes and projects. It may be reiterated that FAs represent the Ministry of Finance in regard to all financial matters.

5. The responsibilities envisaged for Financial Advisers must be accompanied by corresponding empowerment and capacity. It would, therefore, be necessary to ensure that FAs are suitably empowered, and measures are taken for enhancing the capacity, both institutionally and individually, for meeting the emerging challenges. The organizational resources, structure and processes themselves may need to be augmented/modified, and IT enabled systems, latest financial management practices, knowledge management structures etc. put in place.

11. Role of Financial Advisers

6. The role of Financial Adviser is akin to the role of the Chief Financial Officer in a corporate structure, with specific responsibilities for ensuring fiscal prudence and sound financial management. They bring requisite financial expertise, and overall perspective of financial management of the Government, as enunciated by Ministry of Finance, in rendering professional advice to the Secretaries of the administrative Ministries/Departments on all matters with financial implications. The role of Financial Adviser is crucial for successful planning and implementation of various schemes and projects.

7. In rendering advice, the Financial Advisers are expected to accord priority to macro issues with a view to help achieving the outcomes set by the Ministries/Departments as goals for themselves. These issues could include schematic appraisal, defining and evaluating outcomes, revenue and subsidy management, fiscal resource transfer, besides maintaining and safeguarding the budgetary integrity, etc. FAs are expected to look at the sector in a holistic manner, and assist the Secretaries of the administrative Ministries/Departments in greater resource mobilization and formulation of policy and regulatory framework.

8. To enable the IFD to discharge its responsibilities effectively and efficiently, it is desirable that all officials should be posted in IFD invariably in consultation with the Financial Adviser. Further, with a view to ensuring objectivity in decision making and to avoid any conflict of interest, FAs and the officers posted in IFD should not be associated/assigned any regular administrative/executive function/responsibility of the Ministry/Department (OM No. 23(2) E.Coord/2009 dated November 3, 2011).

9. **Important duties and responsibilities of Financial Advisers are:**

9.1 Budget formulation shall be the responsibility of FAs in the Ministries/Departments. The Budget formulation process begins with the issuance of Budget Circular by Ministry of Finance in the month of September/October. This process entails the following steps:

a. collection and preparation of the following information:

- i. expenditure in previous years and preceding months of the current financial year;
 - ii. projected requirements of funds for remaining months of the current financial year with full justifications for RE from the administrative divisions;
 - iii. projected requirement of funds for the next financial year with full justification for BE from the administrative divisions;
 - iv. expenditure in previous years from the CCAs/CAs.
- b. FAs are expected to co-ordinate the entire process within the concerned Department/Ministry and submit realistic estimates of the funds required for the Revised Estimates of the current year and Budget Estimates for the next year within the MTEF ceilings;
 - c. The ceilings for both Revised Estimates for the current year and Budget Estimates for the next financial year are conveyed by the Ministry of Finance to the Ministries/Departments. FAs are expected to do scheme-wise allocations in consultation with the concerned administrative Divisions and approval of Secretary;
 - d. Detailed Demands for Grants (DDG) prepared by the Ministries/Departments should be in sync with the Demand for Grants prepared by Ministry of Finance;
 - e. Financial Advisers coordinate the meeting of the Parliamentary Standing Committee relating to discussion on DDG;
 - f. The Supplementary Demands for Grants, if required to be taken, should be sent to Ministry of Finance as per the time schedule laid by them with the approval of Secretary of the Ministry/Department.

CCAs/CAs should be actively associated with the entire process of Budget formulation right from the initial stage. In some Ministries/Departments, the Budget Division reports to the FAs through the CCAs/CAs and in some Ministries/Departments they report directly to the FAs.

9.2 Outcome Budget has become an integral part of the Budget process since 2005-06. It broadly indicates the physical dimensions of the financial budgets, as also the actual physical performance in previous year and the performance till December for the current year and the targeted physical performance for next year. Outcome Budget is prepared only for the Central

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Sector and Centrally Sponsored Schemes. Measurable outcomes need to be defined for each scheme over the medium term.

NITI Aayog has developed a dash-board for monitoring the Outcome Budget. The Central Ministries/Departments are expected to upload the scheme-wise physical and financial progress on a quarterly basis.

FAs would be responsible for:

- a. preparation of outcome budget as this is a part of the budget documents presented to Parliament;
- b. assisting the administrative Ministries/Departments in clear definition of measurable and monitorable outcomes with specified deliverables;
- c. facilitating the administrative Divisions in putting in place an appropriate appraisal, implementation, monitoring and evaluation systems.

In Ministries/Departments, where the monitoring of schemes etc. is coordinated by the Economic Advisers/other officers designated by the Secretary, FAs should invariably be associated with quarterly review of such schemes.

9.3 The Fiscal Responsibility and Budget Management Act, 2003 (FRBM), as amended from time to time, latest under the Finance Act 2018, provides a legislative framework to ensure inter-generational equity in fiscal management and impart long term macro-economic stability. It requires the Government to place a Medium Term Expenditure Framework (MTEF) by laying down the projected fiscal aggregates to meet the fiscal targets as prescribed in the FRBM Act/Rules. It also acts as an effective reference point for preparation of next Budget. The Act, enjoins the Central Government to lay the MTEF Statement before both the Houses of Parliament. It has to be laid before Parliament during the Session immediately following the Budget Session. For the preparation of the MTEF Statement, Ministries/Departments are required to asses/review their requirement over the medium term (next two financial years) in respect of expenditure commitments on major policy changes, new schemes/programs, salaries (including Grants-in-Aid for salaries), pensions, interest payments, defence expenditure, major subsidies and other commitments.

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FAs would be responsible for:

- a. preparation of MTEF Statement and other statements as per FRBM Act in consultation with the administrative divisions and submission to Ministry of Finance as per laid down time schedule;
- b. ensuring that release of funds to State Governments/other agencies is linked to the scheme-wise/project-wise utilization certificate (UC) and audited expenditure of previous years;
- c. ensuring that UCs reflect outcomes or at least the physical outputs.

9.4 Project/programme formulation, appraisal, monitoring and evaluation are vital for high quality investment decisions and timely delivery of intended outcomes. The administrative Divisions have to take the lead role in project/programme formulation, implementation and monitoring. Ministry of Finance has issued revised guidelines on formulation, appraisal and approval of public funded schemes/projects vide OM No. 24(35) PF-II/2012 dated 5.8.2016 which need to be adhered to scrupulously.

FAs have a critical role:

- a. in formulation and appraisal of SFC/EFC/CEE/DIB/PIB/CCEA notes with a view to ensuring that MOF instructions are complied with and ensuring prudence in financial management;
- b. as Member Secretary of SFC and DIB;
- c. in facilitating and ensuring that third party evaluation is carried out before recommending continuation of any on-going scheme; and
- d. in ensuring that an appropriate Monitoring and Evaluation (M&E) mechanism for impact assessment is integrated in any project proposal at the formulation stage itself. IFD representative should invariably be associated with such M&E mechanism.

9.5 Expenditure and Cash Management: FAs are responsible for expenditure management and cash management. Guidelines have been issued by Ministry of Finance to bring about greater effectiveness and efficiency in the cash management system (OM No. 15(39) B(R)/2016 dated 21.8.2017). These guidelines are intended to avert situations of temporary mismatch in cash outflows and cash inflows, and thereby prevent additional transitory borrowing through treasury bills/CMBs. It also prevents unnecessary build-up of idle cash with recipient units.

Accordingly, FAs should ensure that:

- a. Monthly/Quarterly Expenditure Plan (MEP/QEP) of Ministries/Departments are prepared and sent to Budget Division, DEA, Ministry of Finance within two weeks of passing of their Detailed Demand for Grants in Parliament;
- b. MEP/QEP are prepared with due diligence by factoring in the overall trend of expenditure, seasonality of specific expenditure item etc. as MEP/QEP forms the basis of cash forecast and preparation of indicative calendar for Government borrowings;
- c. MEP/QEP is included as annexure to the DDG;
- d. there are no deviations from the MEP/QEP and necessary approvals are obtained for each variation;
- e. expenditure in the last quarter and last month of the financial year is not more than 33% and 15% of Budget Estimates respectively as per extant instructions of MoF;
- f. each Ministry/Department indicates month-wise estimate of the non-tax revenue receipts to the Budget Division, while communicating their MEP/QEP, so that these inflows are factored in while according permission for expenditure. In case month-wise estimate is not feasible, such information should be provided on quarterly basis;
- g. adherence to the instructions regarding implementation of (Expenditure Advance Transfer (EAT) module;
- h. funds are released to autonomous bodies just in time and that there is no build up of funds with them;
- i. the releases to Autonomous Bodies (ABs) and Implementing Agencies (IA) are on monthly basis so as to avoid parking of funds and
- j. expenditure management function is closely linked to the Outcome Budget.

CCAs/CAs will support the Financial Advisers in discharge of these responsibilities.

9.6 Public Financial Management System (PFMS) and EAT Module: Government has shifted to PFMS for sanction, preparation, bill processing, payment, receipt management, DBT, fund flow management and financial reporting.

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FAs should ensure that:

- a. CCAs follow the provisions of GFR, 2017 (Rule 86) in this regard.
- b. mapping of agencies/institutions/ABs/PIAs etc. who receive grants-in-aid from Government of India by the administrative Divisions of the Ministries/Departments;
- c. sanctions issued by the administrative Divisions include the necessary conditions to comply with the instructions regarding implementation of EAT module.

9.7 **Screening of proposals:** Administrative divisions should invariably seek the concurrence of FAs for all proposals required to be referred to Ministry of Finance including proposals relating to policy matters, establishment, expenditure (both revenue and capital) and receipts (both tax and non-tax receipts).

FAs are responsible for:

- a. examining and forwarding all such proposals after due examination considering all aspects and extant rules;
- b. examining the possibility of alternative methods for funding and implementation;
- c. recording their specific views on the proposal, wherever warranted.

9.8 **Leveraging non-budgetary resources for sectoral development:** FAs should assist the administrative Ministries/Departments in evolving strategies for:

- a. optimizing private sector investment and Public-Private Partnership in the sector in terms of extant DEA instructions;
- b. formulating projects for external funding;
- c. taking innovative measures for leveraging non-budgetary resources for sectoral development; and
- d. assessing, leveraging and monitoring of IEBR for investment programmes of the Public Sector Undertakings.

9.9 **Non-Tax Revenue Receipts (NTRs)** are collected through various Ministries/Departments, autonomous bodies and implementing agencies. These comprise an important source of revenue for the Government. NTRs including various fees, should be deposited/credited to the Consolidated Fund

of India (CFI) through e-receipts on the government portal. Such non-tax revenues include:

- a. **User charges** should be so fixed that they recover the current cost of providing services with reasonable return on capital investment while fixing the rates of user charges. The rates of user charges should be linked with appropriate price indices and reviewed at least every three years. Wherever possible, user charges should be fixed through rules/executive orders and not by way of a statute,
- b. **Dividends and profits:** Dividends shall be payable by CPSUs as per guidelines issued by DIPAM. Such dividends must be paid immediately after the decision on dividend is taken in the AGM and should not be delayed;
- c. **Rents, licence fees, profit share, royalty etc.**

FAs shall with the assistance of CCA/CA:

- a. prepare the estimates of NTRs in consultation with administrative division;
- b. regularly monitor NTR receipts during the financial year;
- c. monitor periodic revision of user charges.

9.10 Tax Expenditure: The tax policy gives rise to tax preferences which include special tax rates, exemptions, deductions, rebates, deferrals and credits. Tax expenditures can also be termed as revenue foregone. Any proposal which entails tax expenditure should invariably be routed through the FA before forwarding to MOF. FAs should monitor the outcomes of tax expenditures regularly.

9.11 Monitoring of assets: It is necessary to have an appropriate mechanism to maintain a record of all assets, both physical and financial and to undertake periodic reconciliation. As regards physical assets, an Asset Register is to be maintained by all Ministries/Departments in the format laid down under the FRBM Rules, 2004 in order that appropriate disclosure about the position of assets may be made in the Budget. The Asset Register is to be prepared only in respect of assets owned by the Central Government. This exercise is to be seen as an opportunity to have proper stock-taking of departmental assets and to keep suitable explanatory remarks on the present state of the economic life of assets, their current usage, potential for better alternative use, disposal

options etc. leading to improved asset management. Instructions on the subject are available in O.M. No. F7(3)-B(D)/2003 dated 26th April, 2005.

An account of all financial assets including loans, advances and equity investment etc. by the Central Government, is maintained by CCA/CA. FAs should initiate appropriate action for building up of such records and their on-going updation.

9.12 Monitoring of Liabilities: The power of the Union Government to give guarantees emanates from and is subject to such limits as may be fixed in terms of Article 292 of the Constitution of India and the FRBM Act, 2003 and Rules framed there under. FAs should ensure that the records of guarantees are maintained in the Register of Guarantees (Form GFR 25), and reported for preparation of Finance Accounts. Further, an annual review of Guarantees should be carried out as prescribed in GFR.

FAs should also ensure that a record of the committed liabilities emanating from the borrowings undertaken with the approval of Ministry of Finance for funding schemes/programmes is maintained.

9.13 Accounts and Audit: FAs shall:

- a. exercise appropriate oversight on the overall quality and maintenance of departmental accounts by their respective CCAs/CAs;
- b. ensure timely completion of Finance and Appropriation Accounts by the CCAs;
- c. regularly review the progress of internal audit of the Department including all attached offices and autonomous/regulatory bodies by the CCAs and action taken thereon, so as to make it an important tool for public financial management;
- d. actively associate with the statutory audit of the Department/Ministry carried out by the office of the C&AG of India;
- e. convene the Standing Audit Committee (SAC) meetings regularly and ensure that response to the audit paras and the action taken thereof is submitted to the audit authorities and uploaded on the APMS Portal as per the instructions of MoF.
- f. assist the administrative Secretary to prepare for oral evidence before the Public Accounts Committee (PAC) or the Committee on Public

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Undertakings (CPUs) or sub-committees of these Parliamentary Committees

9.14 **Procurement and contracts:** Government organisations procure a wide variety of goods and services and undertake execution of works in pursuance of their duties and responsibilities. Government procurement processes have undergone significant transformation with greater integration of technology. Recent changes include introduction of Central Public Procurement Portal (CPPP), Government e-Marketplace (GeM), Preferential Market Access for micro and small enterprises, inclusion of Integrity Pact, etc. The GFR has been revised comprehensively in March, 2017. Government has also issued the Manual for Procurement of Consultancy & other services as well as Manual for Procurement of Goods in April, 2017. Rule 149 of GFR 2017 provides for the mandatory procurement of common goods and services by Ministries/Departments to be undertaken on Government e-Marketplace (GeM). FAs are required to ensure compliance of instructions relating to procurement. FAs also chair the Standing Committee for procurement through GeM and submit a monthly report thereof, to Secretary Expenditure.

9.15 **Financial Management of the Schemes/Programmes/Projects** should be periodically reviewed by the FAs from the systems point of view and appropriate action recommended for mid-course correction for making them more effective.

9.16 **Nominee Director on Boards of Public Sector Undertaking:** FAs are often Government's nominee Directors on Boards of Public Sector Undertakings (PSUs). This role assumes increasingly more important dimensions with the greater autonomy being granted to PSUs. FAs would need to bring requisite expertise to bear on all major issues considered by the PSU Boards.

9.17 **Settlement of commercial disputes between CPSEs:** DPE has vide OM No. F.No.4(1)/2013-DPE(GM)/FTS-1835 dated 22.05.2018 has put in place the Administrative Mechanism for Resolution of CPSEs Disputes (AMRCD) to resolve commercial disputes between CPSEs and between CPSEs and Government Department(s)/Organisation(s). The FAs shall be responsible for representing the issues related to the dispute in question before the appropriate committee.

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9.18 **Use of technology:** Increased use of technology as an advanced tool, especially ICT, should be encouraged across Ministries/Departments to ensure better utilization of resources, improve delivery of public services. Economy, efficiency and effectiveness of delivery mechanism should form the guiding principles. CVC has issued guidelines on improving vigilance administration by leveraging technology and increasing transparency through effective use of websites in discharge of regulatory, enforcement and other functions of Government organisations. The budgetary process as well as the financial releases is largely through electronic mode with extensive use of UBIS, PFMS, EAT module and GeM etc. FAs are expected to be completely familiar with these Application Programme Interfaces (API) and take steps to build appropriate capacity within their divisions.

9.19 **Role of FAs in Autonomous Bodies (ABs):** FAs would ensure compliance to the provisions of GFR in respect of setting up of ABs and release of Grants-in-Aid to them (Rule 229 and 230). In particular, they should ensure that:

- a. user charges are reviewed every year;
- b. peer reviews of ABs are carried out as per the provisions;
- c. MOU is signed with ABs with Administrative Ministries/Departments;
- d. the interest earned by the ABs on the grants released to them are deposited back before releasing any fresh grant.

9.20 **Foreign Visit Management System (FVMS):** Ministry of Finance has issued detailed instructions for processing of proposals relating to foreign visits of officers of the Government of India including proposals to be sent to Screening Committee of Secretaries for approval. Ministries/Departments have to prepare a Quarterly Rolling Plan (QRP) of proposed programs/visits and upload the same on the FVMS. FAs should ensure that QRPs are prepared and uploaded on the FVMS. All proposals of travel abroad, including those requiring the approval of Screening Committee are necessarily to be routed through IFD.

10. An indicative list of the items of work to be handled by Financial Advisers is also contained in Appendix II of Delegation of Financial Powers Rules, 1978 (Annexure II).

III. Involvement in Key Processes of Ministries/Departments

11. It is important that FAs are fully involved in the key processes/activities of administrative Ministries/Departments which have economic and financial dimensions. Administrative Ministries shall, therefore, invariably involve FAs in all such activities and decision making processes which would, inter alia, include the following but may not be limited to:

- a. All proposals for consideration of SFC/ECOC/CFE/PIB/Cabinet or Committees of the Cabinet and all proposals otherwise referred to Ministry of Finance;
- b. Policy/programme formulation and other major initiatives;
- c. Consultations with NITI Aayog.
- d. Preparation of Outcome Budget and evaluation of actual outcomes;
- e. Standing Audit Committee;
- f. Standing Committee on GeM;
- g. Externally Aided Projects (EAP);
- h. Strategies to encourage larger resource mobilization, including through PPP; and
- i. Regulatory mechanisms.

12. Ministry of Finance has been increasingly moving towards macro management of issues, and delegating more powers to the administrative Ministries/Departments. This delegation is reviewed periodically and is suitably enhanced as and when required. Exercise of these delegated powers, and necessary financial analysis, may require the FAs to call for relevant records/reports/files relating to various decisions, contracts etc. FAs therefore, have the right of access to all records, reports, audits, reviews, documents, papers, recommendations or other material which are available with the Ministries/Departments. The Ministries/Departments are expected to expeditiously comply with all requests for information from the FA. The FA is also expected to review and test check the sanctions accorded under delegated powers with a view to assess that the powers are being exercised as per the terms and conditions attached to the delegation, that the delegated powers do not result in build up of unfunded liabilities and that the delegation does not degenerate into abdication of authority that primarily vests with the Chief Accounting Authority of the Ministry/Department.

13. Financial Advisers would be consulted in all cases relating to the exercise of the delegated financial powers. While normally FA's advice would be expected to be adhered to, there could be instances/cases in which the administrative Secretaries feel that there are valid reasons for some modification/deviation. In such exceptional cases, Secretaries in their capacity as Chief Accounting Authority of the administrative Ministries/Departments, may overrule FA's advice by an order in writing. These instances may be reported to Secretary (Expenditure) by the FA. In terms of OM No. 1(34)/E.II(A)/2010 dated October 7, 2010, it has been stipulated that in cases where the Secretary of the Ministry/Department has overruled the concerned Financial Adviser, the corresponding clause to be added to the sanction letter should read as follows:

"This sanction issues with the approval of the Chief Accounting Authority. The advise of Internal Finance/Integrated Finance was conveyed vide Dy. No./UO No. dated".

IV. Role and Responsibilities of CCAs/CA

14. Financial Advisers in discharge of their duties relating to financial management system in general and budgeting and accounting in particular, are assisted by the Chief Controller of Accounts (CCAs)/Controller of Accounts (CAs). They are primarily responsible for financial reporting, accounts and audit, expenditure and cash management, and accountal of non-tax receipts etc. They are assisted by the PAOs in ensuring timely payments of bills/claims as per rules.

15. CCAs/CAs are expected to ensure the efficient implementation of several IT related initiatives of the Government, such as, PFMS, GcM, Bharat Kosh and DBT etc. With this evolving paradigm of financial management, CCAs/CAs need to be strengthened and empowered to effectively cope with the changed demands made on them.

16. CCAs/CAs as head of the accounts wing function under the overall superintendence and control of Financial Advisers. The role and responsibilities of CCAs/CAs have been detailed in para 1.3 of Civil Accounts Manual (Annexure III).

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V. Interaction between Ministry of Finance and Financial Advisers

17. In step with the evolving external environment, Ministry of Finance takes budgetary and accounting reforms initiatives with a view to improving financial management. Financial Advisers are the keystone for the implementation of scheme/projects and for exercising financial prudence in accordance with the extant Government guidelines and facilitating the smooth conduct of Government business. Effective communication and interaction between the Department of Expenditure and Financial Advisers is one of the critical factors in achieving key objectives of the Government.

18. Secretary (Expenditure) conducts quarterly meetings with the FAs to facilitate better two way communication and development of shared perspectives on financial issues. These interactions provide a forum to share the vision, priorities and concerns of the Government with the FAs who, in turn, get an opportunity to apprise Ministry of Finance about their activities, important developments and challenges.

19. The quarterly interactions between the FAs and Secretary (Expenditure) inter alia, cover the following areas:

- a. Implementation/compliance of decisions taken in FM's quarterly meetings;
- b. Discharge of responsibilities detailed in this charter, specifically the functions defined in para 7 above;
- c. Initiatives taken as a catalyst for policy formulation/review and systems' improvements in the concerned Ministries/Departments;
- d. Identification of points for action on emerging sectoral issues, including potential opportunities within the sector/Ministry;
- e. Major proposals / projects currently in different stages of preparation / approval by the Administrative Ministries, for the consideration of SFC/EFC/CEE/PIB/Cabinet.

20. A monthly report on the activities of the department is furnished by the FA to the Secretary Expenditure by the 15th day of the following month as per format prescribed vide DO No. 23(3)/E.Coord/2017 dated 23rd March, 2017 and OM of even number dated 20th September, 2017 (Annexure IV).

21. Structured interaction between the Ministries/Departments (including the FAs and the administrative Secretaries) with the Department of Expenditure also takes place during the RE/BE discussions in October-November every year.

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VI. Capacity Building

22. Financial Advisers are assisted by the Integrated Finance Division (IFD) consisting of Director (Finance) and Under Secretary (Finance) etc. in day to day discharge of their functions. The IFD may require strengthening in some Ministries for assisting the Financial Adviser in his redefined role. The staff / officers require specialized training for rendering better professional advice. Strengthening of IFD may include need for using information technology, setting up knowledge management structures, building requisite data bases, interaction with relevant institutions / expert bodies etc.

23. Financial Advisers should review the existing expertise, knowledge and skills structure and processes of the IFD under their respective charges, to assess / evaluate its strengths, weaknesses and potential for development. In doing so, the expertise available in the set-up of CCAs / P&AOs should be taken into account. On the basis of this analysis, FAs would formulate specific time bound Action Plans for such organizational strengthening and changes as may be required. They would also need to put in place a strategy for further development of requisite skills etc., through training of existing staff and their replacement by suitably qualified personnel, wherever necessary.

24. At the beginning of each Financial Year, FAs should also indicate to the Department of Expenditure, the training needs of their respective IFDs, areas where they want opportunities for their own capacity development, and assistance required to facilitate meeting of these needs.

25. An institutionalized system would be set up by the Department of Expenditure for:

- a) induction training for all officers joining the IFD divisions;
- b) organizing periodic workshops, seminars and training for Financial Advisers and their officers, and for helping FAs in preparation of induction material for different level of functionaries working under them and
- c) preparing a training calendar for the officers of the IFDs of all Ministries/Departments based on the need assessment and requirements projected by each FA.

26. Basic skill upgradation areas could include Government accounting, commercial accounting, project appraisal, financial analysis, corporate governance etc. Policy related and sector-specific training could include Public Private Partnership, contract management, negotiation, risk management, Mergers and Acquisitions etc.

F.No. 10(29)-E.Coord/75
Government of India
Ministry of Finance
Department of Expenditure

New Delhi, the 6th October, 1975
Office Memorandum

Subject : Scheme of Integrated Financial Adviser

Under the existing scheme of budgetary and financial control and delegation of powers to Ministries as introduced vide this Ministry's OM No. 10(3)-E.Coord/67 dated 18th October, 1968, the Ministries have an Internal Financial Adviser, who is in charge of their Budget and Accounts Section and is required to be consulted in all cases of exercise of delegated financial powers and an "associate" Financial Adviser based in the Department of Expenditure, who is required to be consulted in matters falling outside the delegated field. The 'associate' Financial Adviser is attached to a group of Ministries. In pursuance of the policy of to delegate enhanced financial powers to the administrative Ministries to match their responsibilities and to improve their competence in the field of financial management by developing appropriate internal attitudes and skills, this question whether the functions of the 'associate' Financial Adviser and the Internal Financial Adviser could, with advantage be integrated in a single official, forming part of the administrative Ministry, has been under consideration. It has been felt that Ministry in a larger measure than at present to enable him to play a more effective and constructive role in its developmental activities and should bring his financial expertise to bear in assisting the Secretary of the administrative Ministry and other senior officers in the planning, programming, budgeting, monitoring and evaluation, functions of the Ministry. A scheme of 'Integrated' Financial Adviser has accordingly been drawn up in consultation with Department of Personnel & Administrative Reforms, the salient features of which are outlined in the Annexure.

2. In the new scheme, the Financial Adviser will be responsible both to the administrative Ministry and to the Ministry of Finance. With the assistance, the administrative Ministry will be able to feely exercise the enhanced powers delegated under the Department of Expenditure OM No. F.10(13)-E.Coord/75 dated 10th April, 1975 and outside the scope of the delegations, he will function under the general guidance of the Finance Ministry. He will assist in budget formulation, scrutiny of projects and programmes for approval by the Ministry of finance and post-budget vigilance to ensure that there are neither

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considerable shortfalls in expenditure nor unforeseen excesses for which provision has not been made either in the original budget or in the revised estimates. The close association of Integrated Financial Adviser and his staff with the formulation and implementation of all proposals involving expenditure should facilitate the more effective discharge of the Financial Adviser's responsibility. It is cardinal to the working of the new scheme that the Financial Adviser should be associated with the formulation of schemes from the initial stages. The Financial Adviser will also be responsible for preparation of the Ministry's performance budget and monitoring of progress of schemes against the budget. The maintenance of an efficient accounting system is necessary for this purpose.

3. In matters involving any deviations from the budgeting and accounting procedures, consultations with the Budget Division of the Department of Economic Affairs, will continue to be obligatory. Similarly, in respect of the formulation of the Ministry's development plans, Plan Finance Division in the Department of Expenditure would have to be consulted. The Public Investment Board (PIB) and Expenditure Finance Committee (EFC) procedure would also continue to be applicable, the Integrated Financial Adviser taking on the role at present discharge by the Establishment Division and the Staff Inspection Unit of the Department of Expenditure would also not be affected by the proposed changes.

4. In the first instance, the scheme will be introduced in the following Ministries/Departments:

- i. Health & Family Planning;
- ii. Works and Housing;
- iii. External Affairs;
- iv. Education and Social Welfare;
- v. Information and Broadcasting;
- vi. Science & Technology; and
- vii. Shipping & Transport (where the scheme has already, been introduced as an experimental measure).

5. It is proposed to extend the scheme to other Ministries/Departments soon thereafter.

6. Pending further consideration of the need for formation of centralized or decentralized, single or multiple level cadre of finance and accounts and scheme for absorption of the present associate finance staff in such cadres, in the initial stage, the Financial Adviser, the officers and staff working in the

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Officers of the Central Secretariat Service will be treated as deputed to the Administrative Ministry instead of to the Finance Ministry.

- Officers of the Central Secretariat Service including Grade 7 and relevant grade below will be transferred to the Administrative Ministry.
- Members of the demeritized cadres of various grades of CSS will be transferred on loan basis from their present cadre to the cadre of the administrative Ministry on a purely temporary basis.

7. When the scheme is introduced, certain changes will be necessary in the organization structure in the administrative Ministry and in the Department of Expenditure. Creation/abolition of some posts will be involved. The details of the revised organizational structure in the administrative Ministry out of the posts and personnel to be transferred from the Department of Expenditure to the administrative Ministry alongwith the work will be communicated to the respective Ministries separately.

8. The new scheme will be introduced in the Ministries/Departments mentioned in para 4 as soon as suitable officers to man the posts of Integrated Financial Adviser become available. A separate communication will be sent to them in this respect.

9. The administrative Ministries/Departments are also requested to make necessary arrangements for housing the additional staff to be transferred from the associate Finance Divisions in the same building, as such arrangements are essential for the proper functioning of the Scheme.

Sd/-
(NNK Nair)
Joint Secretary to the Govt. of India

To,

All Ministries/Departments of the Govt. of India.

APPENDIX - 10

Items of work to be handled by In-charge Financial Officers

The Internal Financial Officer will be responsible for the following duties in addition to the Internal Financial Officer's duties:

- i. To ensure that the schedule for presentation of budget is adhered to by the Ministry and the Budget is drawn up according to the instructions issued by Finance Ministry from time to time.
- ii. To scrutinize budget proposals thoroughly, before sending them to Ministry of Finance
- iii. To see that complete departmental accounts are maintained in accordance with the requirements under the General Financial Rules. It should, in particular, be ensured that the Ministry not only maintains account of expenditure against the Grants or Appropriations directly controlled by it but also obtains figures of the expenditure incurred by the subordinate offices so that the Ministry has a complete month to month picture of the entire expenditure falling within its jurisdiction;
- iv. To watch and review the progress of expenditure against sanctioned grants through maintenance of necessary Control Registers and to issue timely warnings to Controlling Authorities where the progress of expenditure is not even.
- v. To ensure the proper maintenance of the Register of Liabilities and commitments as required under the GFRs to facilitate realistic preparation of budget estimates, watching of book debits and timely surrender of anticipated savings;
- vi. To screen the proposals for supplementary demands for grants
- vii. To formulate the foreign exchange budget for the Ministry and to process individual cases for release of foreign exchange in accordance with the instructions issued by Department of Economic Affairs from time to time;
- viii. To advise the Administrative Ministry on all matters falling within the field of delegated powers. This includes all powers other than those devolving on a Ministry in its capacity as Head of Office. It has to be ensured by I.F.A. that the sanction issued by Administrative Ministry in exercise of delegated powers clearly indicates that they issue after consultation with I.F.A.
- ix. To identify, in particular, specific savings in cases of creation of posts and to maintain a Register for this purpose.

- to - summarize proposals for delegation of powers to subordinate authorities:
- i. To keep himself closely associated with the formulation of schemes and important expenditure proposals from their initial stages;
 - ii. To associate himself with the evaluation of progress, performance in the case of projects and other continuing schemes and to see that the results of such evaluation studies are taken into account in the budget formulation;
 - xiii. To watch the settlement of audit objections, Inspection Reports, draft audit paras. etc;
 - xiv. To ensure prompt action on Audit Reports and Appropriation Accounts, Reports of Public Accounts Committee, Estimates Committee and Committee on Public Undertakings;
 - xv. To screen all expenditure proposals requiring to be referred to Finance Ministry for concurrence or comments;
 - xvi. To ensure regular and timely submission to Finance Ministry of quarterly staff statements and other reports and returns required by Finance.

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Role of CCAs/CAs as per the revised Charter of integrated finance
scheme issued by the Ministry of Finance

Principal CCAs/CCAs/CAs of the Ministries/Departments concerned are the heads of the accounting organization in the respective Ministries/Departments. Their functions can be put into the following broad categories:

Receipts, Payments and Accounts:

- Accurate and timely payments in conformity with prescribed rules and regulations;
- Timely realization of receipts;
- Timely and accurate compilation and consolidation of monthly and annual accounts;
- Ensure efficient service delivery to the Ministry/Department by the banking system;
- Adherence to prescribed accounting standards, rules and principles;
- Timely, accurate, comprehensive, relevant and useful Financial Reporting and
- In respect of the above responsibilities the CCAs/CAs shall function under the direction, superintendence and control of the Controller General of Accounts.

ii. Financial Management Systems:

The CCAs/CAs as the heads of the accounts wing shall render their professional expertise in the functioning of the financial management system, from the system point of view and making it more effective. They would also be responsible for the implementation of the financial information systems of the Controller General of Accounts.

iii. Internal Audit/Performance Audit:

The revised charter of the roles and responsibilities of the CCAs/ CAs envisage that the internal audit wing working under the control and supervision of the CCAs/CAs would move beyond the existing system of compliance /regulatory audit and would focus on:

The appraisal, monitoring and evaluation of individual schemes;

Assessment of adequacy and effectiveness of internal controls in general, and soundness of financial systems and reliability of financial and accounting reports in particular;

Identification and monitoring of risk factors (including those contained in the Outcome Budget);

Critical assessment of economy, efficiency and effectiveness of service delivery mechanism to ensure value for money; and

Providing an effective monitoring system to facilitate mid course correction.

The above revised functions shall be carried out as per the guidelines framed by the CGA from time to time.

iv. **FRBM related Tasks:**

Pr. CCAs/CCAs/CAs shall be responsible for assisting in the preparation of the disclosure statements required under the FRBM Act in respect of their Ministry/Department for incorporation in the consolidated statement compiled by the Ministry of Finance for the Government as a whole. They would also provide FAs with the requisite information and material for his input for Finance Minister's quarterly review of fiscal situation to be presented to the Parliament.

v. **Expenditure and Cash Management:**

The Pr. CCAs/CCAs/CAs will support FAs in the discharge of their responsibilities for expenditure and cash management. The expenditure management function should also be closely linked to the Outcome Budget. They would provide support to improve cash management through monitoring of monthly cash flows effectively in the context of cash expenditure /commitments, tighten the system of receipt and payment monitoring and assist in securing greater convergence of revenue inflow and expenditure outflows.

vi. **Non- Tax Receipt:**

Pr. CCAs/CCAs/CAs shall be responsible for assisting the FAs in relation to estimation and flow of non-tax revenue receipts. In the discharge of these responsibilities, the Pr. CCAs/CCAs/CAs shall hold consultations with the administrative divisions to review various non-tax revenue receipts of the Ministries/Departments, review user charges for quantification of the subsidy elements and periodical reviews, as may be required, of rent, licence fees, royalties, profit share and dividends.

vii. **Monitoring of Assets and Liabilities:**

The Pr. CCAs/CCAs/CAs would be responsible for assisting the FAs to cause appropriate action for each Ministry to have a comprehensive record of its assets and liabilities. They should take appropriate action in this regard for

initial building up of such records, their ongoing updation and also for the recording of maintenance and optimum utilization of the assets. They shall also be responsible for monitoring Government guarantees.

viii. **Accounts and Audit:**

FAs would be kept informed about the overall quality of maintenance of departmental accounts by their respective Pr.CCAs/CCAs/CAs. They would be responsible for providing necessary information to the FAs for his regular review of the progress of internal audit and action taken thereon, so as to make it an important tool for financial management.

ix. **Budget Formulation:**

The Pr.CCAs/CCAs/CAs will support the FAs towards improving budgeting and facilitating moving from 'itemized' to 'budgetary' control of expenditure. They would also support the FAs in assisting the administrative Ministries /Departments in moving towards zero based budgeting and assist in better inter se programme prioritization/allocation within the budgetary ceilings, based on the analysis of expenditure and profile of each programme /sub-programme and information on cost centers/ drivers, assessment of output outcome and performance, and status of the projects/ programmes.

x. **Outcome Budget:**

They would provide necessary support to FAs active involvement in the preparation of Outcome Budgets by the administrative Ministries in accordance with the time schedule/ guidelines laid down from time to time by Ministry of Finance. They would also assist in clear definition of measurable and monitorable outcome and set up appropriate appraisal, monitoring and evaluation system (in the context of their Internal audit/ Performance audit responsibilities of appraisal, monitoring and evaluation of individual schemes).

xi. **Performance Budget:**

They would provide necessary support to the FAs in the preparation of Performance Budget for their respective administrative Ministries. They must assist in linking the present, future and past in an integrated manner through Budget Formulation, Outcome Budget and Performance Budget.

xii. **Reporting System -Annual Finance Report and Annual Outcome and Systems Report:**

The Pr. CCAs/CCAs/CAs shall be responsible for providing necessary material in respect of Annual Finance Report, Annual Outcome and Systems Report of the FAs to the Secretary (Expenditure), through the Secretary / the Chief Accounting Authority of the administrative Ministry (structured in such

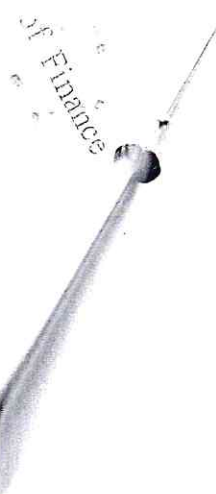
format as may be required following instructions that Ministry of Finance would issue).

- xiii. **Interaction between Ministry of Finance and the FAs:**
Pr. CCAs/CCAs/ CAs shall provide required material and assistance for the quarterly meeting of FAs with Secretary (Expenditure) and the Finance Minister.
- xiv. **Annual/ Five Year Plans:**
All units in the Ministries currently looking after the function of undertaking evaluation, preparation of Annual/Five Year Plan are, henceforth, to function under the overall supervision and control of the FA. The Pr.CCAs/CCAs/CAs shall provide appropriate support to the FAs in the discharge of these responsibilities (in the context of their various responsibilities specified above).

Detailed procedure in regard to Banking Arrangements for Pay and Accounts Offices

Under the departmentalized accounting system, the receipts and payments of each Ministry/Department of the Government of India are handled by the Reserve Bank of India or the Public/Private Sector Bank/s nominated for the particular Ministry/Department by the Reserve Bank of India on the advice of the Controller General of Accounts, in accordance with the memorandum of instructions (reproduced in Appendix '2'), and subsequent orders in this regard. Also, whenever (a) More than one bank is proposed to handle the transactions at the same station; and (b) the accredited bank is required to be changed, the proposal should be invariably referred to the Controller General of Accounts, Ministry of Finance who would process them further after necessary examination, and take suitable decision on the subject. However, in the following cases, the Pr.CCAs/CCAs/CAs of the Ministry/Department heading the accounting organization may directly approach the RBI, Department of Government and Bank Account, (Central Office), Mumbai for opening bank account:

- (i) In favour of any newly constituted PAO or the CDDO, as long as the account is to be opened in the accredited bank without any change involved in Focal Point Branch; and
- (ii) In a different branch of the accredited bank from a specified date with simultaneous closing of existing account in a branch, on account of administrative reasons like proximity of the branch etc. In such cases it should be ensured that the reference to the Reserve Bank of India, Mumbai contains full particulars of the Pay and Accounts Officer and/or cheque drawing DDO regarding the previous account number and location/address of branch bank etc.



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ANNEXURE - IV

Draft Monthly D.O. Format from Financial Advisers to Secretary Expenditure

- 1 Budget allocation and expenditure till date, with the corresponding figures for the previous years and unspent balance, if any.

Sections	Budget Estimates	Actuals up to Month	COPPY**	%age of actual to BE		Unspent Balance, if any
				Current	COPPY	
Revenue						
Capital						
Total						

**Corresponding period of the previous year.

EFC/SFC/PIB/CEE and DCNs:

- i. Number of EFC, SFC, PIB and CEE required/planned for the year 2017-18 and actual meetings held and recommendations finalized. Any outstanding issue in this regard.
- ii. Number of Cabinet Decisions required to be taken and actually taken to finalize the schemes already appraised.

Major legislative initiatives taken by Ministry/Department during the month.

EMC Recommendations:

- i. Whether database of Autonomous Bodies (A.Bs) have been updated.
- ii. ATRs on EMC Recommendations:

S.No.	Para No. of EMC report	Recommendation of EMC	Action taken*	Status** (Implemented/Ongoing/Not accepted)

*All Notifications/guidelines/orders issued for implementation of EMC recommendations may be attached with the reply.

**In the case of recommendations on which action is ongoing, timeline for implementation must be indicated.

Audit Para Monitoring:

i. Pendency in PAC paras:

S.No.	Name of the Department	No. of para pending at starting of the last month	No. of para settled during the month	No. of para pending at end of the month	Timeline for settlement of pending para

ii. Pendency in CAG paras:

S.No.	Name of the Department	No. of para pending at starting of the last month	No. of para settled during the month	No. of para pending at end of the month	Timeline for settlement of pending para

iii. Date of Standing Audit Committee Meeting;

iv. Important decisions, if any.

6. Foreign Visit Management System (FVMS)

i. Whether Quarterly Rolling Plan (QRP) has been prepared and uploaded on the portal.

ii. Whether the details of the visits undertaken have been updated on the portal.

7. Status of implementation of SIU recommendations.

8. Any suggestion by way of amendment of rules/regulations for financial management.

9. Major deviation from GFR, DFPR that FA may like to report.

10. Raising of resources by Public Enterprises.

11. Dues payable on goods and services procured through GeM as at end of last month.

12. Any items pending in Department of Expenditure.

13. Any other issues that FA may like to raise.