



**Charter  
For  
Financial Advisers**

**Government of India  
Ministry of Finance  
Department of Expenditure**

**2023**

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Government of India (भारतसरकार)  
Ministry of Finance (वित्तमंत्रालय)  
Department of Expenditure (व्ययविभाग)  
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North Block, New Delhi  
Dated the 13<sup>th</sup> June, 2023

OFFICE MEMORANDUM

**Subject: Charter for Financial Advisers - reg.**

The Scheme of Integrated Financial Adviser was introduced by this Department's O.M. No. 10(29)-E-Coord/73 dated 6<sup>th</sup> October, 1975, whereby delegated powers of Administrative Ministries were greatly enhanced and it was provided that the Financial Adviser would be responsible both to the Administrative Ministry and to the Department of Expenditure, Ministry of Finance.

2. The Department of Expenditure has over time, redefined the Scheme of Financial Advisers vide O.M. No. 5(6)/L&C/2006 dated 1<sup>st</sup> June, 2006 and brought out a 'Redefined Charter for Financial Advisers' with the objective to keep pace with the changes in the way the Government worked.

3. Since then, the Government has undertaken a significant number of reforms, projects, schemes, public financial management initiatives, etc. To enable better, faster and more efficient decision taking, the Financial Advisers system has now been updated. The new 'Charter for Financial Advisers' is annexed hereto.

4. With the changes to the Financial Adviser System, this Department's O.M. No. 1(34)/E.II(A)/2010 dated 7<sup>th</sup> October, 2010 and O.M. No. 1(34)/E.II(A)/2010 dated 2<sup>nd</sup> May, 2011 stand cancelled.

5. This comes into force with immediate effect. Some of the new features may, however, require a transition time to be fully implemented.

  
(T. V. Somanathan)  
Finance Secretary & Secretary (Expenditure)

To

1. All Secretaries to the Government of India (As per list enclosed).
2. All Financial Advisers in Ministries/ Departments of Government of India (As per list enclosed)

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## I. Introduction

1. Under Article 77 of the Constitution, the manner in which business is transacted in the Government of India is governed by rules issued by the President. Rule 4(2) of The Government of India (Transaction of Business) Rules 1961 provides that “ unless the case is fully covered by powers to sanction expenditure or to appropriate or re-appropriate funds, conferred by any general or special orders made by the Ministry of Finance, **no department shall, without the previous concurrence of the Ministry of Finance, issue any orders** which may- (a) involve any abandonment of revenue or involve any expenditure for which no provision has been made in the appropriation act; (b) involve any grant of land or assignment of revenue or concession, grant, lease or licence of mineral or forest rights or a right to water power or any easement or privilege in respect of such concession; (c) relate to the number or grade of posts, or to the strength of a service, or to the pay or allowances of Government servants or to any other conditions of their service having financial implications; or (d) otherwise have a financial bearing whether involving expenditure or not.....”.

2. This Rule is based on the need for a degree of independent and dispassionate scrutiny in financial matters, so that public expenditure remains within available resources and that due care and propriety are exercised in the collection and use of public funds.

3. In the initial decades after Independence, all matters involving significant financial implications were decided after consulting the Ministry of Finance. With the increase in the range and depth of government activities, this created difficulties. The *Report of the Study team on Machinery of Government of India and its Procedures of Work (1968)* stated as follows: “The study shows, in brief, that the Ministry of Finance has to handle a great deal of work in a rushed fashion, that much of this work is of relatively low importance, and that too much of it is left undone. These facts suggest the desirability of delegating some of the responsibility to the administrative ministries so that the Finance Ministry is left with tasks which are (a) the most important and (b) manageable.”

4. Thus, while conceptually the function of financial control is (and continues to be) assigned to the Ministry of Finance under Rule 4(2) of The Government of India (Transaction of Business) Rules 1961, for the purpose of more efficient transaction of Government business and to obviate the need to refer a very large number of decisions to the Ministry of Finance, the institution of Financial Adviser was created by general orders issued by the Ministry of Finance in October 1968. Initially, there was an ‘Internal’ Financial Adviser within the Ministry reporting to the Secretary of the Department whose role extended only to certain limited financial decisions which were delegated to Ministries; matters beyond these limited delegated powers continued to be referred to an Associate Financial Adviser who was an officer of the Department of Expenditure.

5. In 1975, delegated powers of administrative ministries were greatly enhanced such that a majority of financial decisions could be decided without reference to the Department of Expenditure. The scheme of Integrated Financial Adviser was first introduced in Office Memorandum No. 10(29)-E-Coord/73 dated 6.10.1975 (**Appendix I**) issued by the Department of Expenditure, Ministry of Finance. The scheme provided that the Integrated Financial Adviser (hereinafter called ‘Financial Adviser’ for short) would be reporting *both* to the administrative Ministry/Department and to Department of Expenditure. Subsequently, the delegation of financial powers was codified and issued in the form of the Delegation of Financial Powers Rules 1978, as amended from time to time and as modified by Government decisions thereunder.

6. The institution of Financial Adviser (FA) thus occupies a unique position in the functioning of Government of India. **The Financial Adviser has the simultaneous responsibility of advising the Secretary of the Department as well as representing the Ministry of Finance.**

7. Given the dual responsibility of the Financial Adviser, it is necessary that the role and responsibilities of the Financial Advisers be defined as clearly as possible. The Department of Expenditure 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'. With the passage of time, a need has arisen to revise the Charter to reflect evolving needs and the lessons from experience.

8. This Charter sets out the role and responsibilities of the Financial Advisers in the Ministries/ Departments of the Government of India and is a general order of the Ministry of Finance within the meaning of Rule 4(2) of the Government of India (Transaction of Business) Rules, 1961.

9. In this Charter, the term "delegated powers" means the financial powers which can be exercised by Departments of the Central Government **without referral to / concurrence of the Ministry of Finance**, under the Delegation of Financial Powers Rules 1978 and/ or other rules, orders and instructions of the Ministry of Finance.

10. Except to the extent specifically permitted by the Delegation of Financial Powers Rules, 1978 or other specific orders of Department of Expenditure (see para 20), re-delegation of delegated powers (i.e., further delegation of a delegated power to an authority lower than the one to whom it is delegated in the Rules or orders of the Department of Expenditure) requires the approval of the Department of Expenditure under the principle "*delegatus non potest delegare*" (one to whom a power is delegated, cannot himself further delegate that power).

11. In this Charter, the term 'Department' will generally be used, but includes Ministries, Departments, Secretariats and Offices specified in the First Schedule to the Government of India (Allocation of Business) Rules, 1961 wherever the context so requires. The term CCA (Chief Controller of Accounts) will also include Principal Chief Controller of Accounts (PCCA) and Controller of Accounts (CA) who are heads of the accounting wing in Departments, wherever the context so requires. Ministry of Finance means Department of Expenditure except where the specific context requires otherwise.

12. The Delegation of Financial Powers Rules do not apply to the Railways, Telecommunications, Atomic Energy, Space and Defence Ministries. Instead, there are separate rules for these Ministries. However, the basic principle enshrined in Rule 4(2) of The Government of India (Transaction of Business) Rules, 1961 applies equally to them also, and matters beyond their delegated financial authority require concurrence of Ministry of Finance.

## **II. Role and responsibilities of Financial Advisers**

13. The primary duty of the Financial Adviser is to advise the Department to which he is attached on matters which have a financial implication, with a view to adhering to the law, General Financial Rules, and other rules, orders, instructions and guidelines on financial matters issued by the Ministry of Finance. Some of these rules, orders etc. deal with matters of financial propriety (i.e., what is proper / improper in dealing with public funds) while others deal with financial prudence (i.e. efficiency, value for money etc. in the use of public funds).

14. Subject to this primary duty, it is the duty of Financial Advisers to tender advice and act in a manner which supports the Department in achieving the outcomes set by the Department for itself.

15. Exercise of all delegated powers requires consultation of the Financial Adviser, except to the extent specifically provided in this Charter or in any other general or specific order of delegation issued by, or with the concurrence of, Ministry of Finance.

16. The Financial Adviser shall report both to the Secretary of the Department(s) to which he is attached and to the Secretary Expenditure. In the event of any divergence between the instructions of the Secretary Expenditure and the Secretary of the Department on any specific matter, he shall act in accordance with the instructions of the Secretary Expenditure. His annual performance assessment shall be co-written separately by the Secretary of the Department in which he is posted and the Secretary Expenditure.

17. Where a Financial Adviser is given the charge of more than one Department (i.e., in addition to the Department in which he is posted) for more than 90 days in a financial year, in writing his performance assessment, the Secretary Expenditure shall take into account his performance in those additional charges; for this purpose, Secretaries of those Departments may *suo motu* give their views to the Secretary Expenditure and /or their views may be sought.

18. **Key responsibilities of Financial Advisers are:**

### **18.1 Budget formulation and coordination of the Budget process:**

The process begins with the issuance of the Budget Circular by the Budget Division of Ministry of Finance in the month of September/October. It may be noted that on matters relating to expenditure budgeting, the Budget Division, Ministry of Finance operates under the functional control of the Secretary Expenditure even though the Budget Division is administratively under the Department of Economic Affairs. Demi-official correspondence on expenditure budget matters should therefore be addressed to the Secretary Expenditure. Some of the important steps involved are 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 justification for Revised Estimates (RE) from the administrative divisions;
- iii. projected requirement of funds for the next financial year with full justification for Budget Estimates (BE) from the administrative divisions.



Financial Advisers are responsible to co-ordinate the entire process within the concerned Department, and submit realistic estimates of the funds required for the Revised Estimates of the current year and Budget Estimates for the next year. After the ceilings for both Revised Estimates for the current year and Budget Estimates for the next financial year are conveyed by the Budget Division to the Departments, Financial Advisers are expected to do scheme-wise allocations in consultation with the concerned administrative divisions and with the approval of the Secretary of the Department.

Detailed Demands for Grants (DDG) prepared by the Departments should be in conformity with the Demand for Grants prepared by Ministry of Finance.

Financial Advisers are responsible for coordination of the meeting of the Parliamentary Standing Committee relating to discussion on DDG.

The Supplementary Demands for Grants, if required to be taken, should be sent to Budget Division, Ministry of Finance as per the time schedule laid out by them with the approval of Secretary of the Department.

### **18.2 Medium Term Expenditure Framework (MTEF):**

Financial Advisers are responsible for preparation of inputs for the MTEF Statement and other statements as per FRBM Act, in consultation with the administrative divisions, and submission thereof to Ministry of Finance as per prescribed time schedule.

### **18.3 Project/scheme appraisal, monitoring and evaluation:**

Proper formulation, appraisal, monitoring and evaluation of schemes and projects are vital for high quality cost estimate decisions and timely delivery of intended outcomes. The administrative divisions of Departments take the lead role in project/scheme formulation, implementation and monitoring. Department of Expenditure issues guidelines on formulation, appraisal and approval of public funded schemes/projects which need to be adhered to.

Financial Advisers have an important role:

- a. in appraisal of Standing Finance Committee (SFC)/Expenditure Finance Committee (EFC)/ Committee of Establishment Expenditure (CEE) / Project Investment Board (PIB)/ Delegated Investment Board (DIB)/Cabinet and its Committee proposals with a view to ensuring that Ministry of Finance instructions are complied with and ensuring financial propriety and prudence;
- b. as Member Secretary of SFC and DIB.

### **18.4 Expenditure and Cash Management:**

Financial Advisers are responsible for adherence to expenditure management and cash management guidelines of the Ministry of Finance. Guidelines are issued periodically by Ministry of Finance, some from the Budget Division and some from Department of Expenditure, to bring about greater effectiveness and efficiency in the cash management and /or fund release system. These guidelines are intended to minimise mismatch between cash outflows and cash inflows, optimise the cost of borrowing and prevent unnecessary build-up of idle cash. Accordingly, Financial Advisers should ensure that:

- a. Monthly/Quarterly Expenditure Plan (MEP/QEP) are prepared and sent to Budget Division, Ministry of Finance within two weeks of passing of the Detailed Demand for Grants in Parliament or as otherwise prescribed;

- b. MEP/QEP are prepared with due diligence by factoring in the overall trend of expenditure, seasonality of specific expenditure items etc. as MEP/QEP form the basis of cash forecast and preparation of indicative calendar for Government borrowings;
- c. MEP/QEP are included as annexure to the DDG;
- d. there are no deviations from the MEP/QEP without due approvals;
- e. there are no deviations from the guidelines of the Department of Expenditure regarding release of funds under Centrally Sponsored/Central Sector/ Other schemes and other types of expenditure without due approvals;
- f. expenditure in the last quarter and last month of the financial year is not more than percentage prescribed as per instructions of Ministry of Finance;
- g. timing of the non-tax revenue receipts is indicated to the Budget Division, while communicating their MEP/QEP, so that these inflows are factored in while according permission for expenditure.

#### **18.5 Public Financial Management System (PFMS):**

The PFMS is the electronic system for sanction, bill preparation and processing, payment, receipt management, Direct Benefit Transfer (DBT), fund flow management and financial reporting.

Financial Advisers with the assistance of CCAs (who should act as nodal officers for PFMS) should ensure that guidelines/ instructions issued on PFMS are followed /implemented and resolve issues relating to efficient running of PFMS.

#### **18.6 Screening of proposals to be referred to Ministry of Finance:**

Administrative divisions should invariably seek the concurrence of Financial Advisers 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).

Financial Advisers are responsible for:

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



### **18.7 Non-Tax Revenues (NTRs):**

NTRs are collected through various Departments, Autonomous Bodies (ABs) and Implementing Agencies (IA). 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 user charges, dividends, rents, licence fees, profit share, royalty etc.

**User charges** should, as far as possible, be so fixed that they recover the current cost of providing services with reasonable return on capital investment. The rates of user charges should be reviewed at least every three years and preferably linked with appropriate price indices. Wherever possible, user charges should be fixed through rules/executive orders and not by way of statute so that there is flexibility in revision.

**Dividends** payable by Central Public Sector Enterprises (CPSEs) should be as per guidelines issued by Department of Investment & Public Asset Management (DIPAM).

Financial Advisers shall with the assistance of CCA:

- a. prepare the estimates of NTRs in consultation with administrative divisions;
- b. regularly monitor NTR receipts during the financial year;
- c. periodically review user charges;
- d. monitor repayment to the Government of outstanding loans, due interest and guarantee fees;
- e. monitor the accounts in which cash is deposited (e.g. Central Nodal Agency (CNA)/Single Nodal Agency (SNA) accounts) and the remittance of interest thereon to the Consolidated Fund of India.

**18.8 Tax Expenditure:** 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 forgone. Any proposal which entails tax expenditure should be routed through the Financial Adviser before being forwarded to Ministry of Finance. As far as possible, Financial Advisers should monitor the outcomes of tax expenditure.

**18.9 Monitoring of assets:** Financial Advisers should exercise necessary supervision so that instructions of Ministry of Finance are followed by Departments with regard to monitoring of assets.

For proper asset management, 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 Departments in the format laid down under the FRBM Rules, 2004 or other instructions. The Asset Register is to be prepared only in respect of assets owned by the Central Government. This requires proper stock-taking of departmental assets with 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.

An account of all financial assets including loans, advances and equity investment etc. by the

Central Government, is maintained by the CCA. Financial Advisers should supervise the building up of such records and their ongoing upkeep.

**18.10 Monitoring of Liabilities:** Department of Economic Affairs (DEA) being the Nodal Department for monitoring guarantees issues policies /guidelines regarding the same. Financial Advisers should ensure compliance to these policies/guidelines and are required to supervise the process of examining the guarantee proposals, monitoring their execution, maintenance of guarantee records and periodic reviews of the existing guarantees.

**18.11 Accounts and Audit:** Financial Advisers shall

- a. exercise appropriate oversight on the overall quality and maintenance of departmental accounts by their respective CCAs;
- b. ensure timely completion of Finance and Appropriation Accounts by the CCAs;
- c. vet the Annual Internal Audit Plan of the Department prepared by CCAs before submission to Secretary of the Department for approval;
- 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 Audit para management system (APMS) Portal as per the instructions of MoF;
- f. assist the Secretary of the Department to prepare for oral evidence before the Public Accounts Committee (PAC) or the Committee on Public Undertakings (CoPU) or sub-committees of these Parliamentary Committees.

**18.12 Financial Management of Schemes/Programmes/Projects:** Financial Advisers are responsible for ensuring that guidelines/instructions regarding control of expenditure and prevention of 'parking of funds' are duly followed and implemented in the Department. They shall ensure that funds are not released in contravention of such guidelines and should see that funds are only released when actually needed for the intended purpose. Funds should not be released for the sake of 'showing financial progress' as such release would be against the Government's financial interest by increasing borrowing costs unnecessarily. Expenditure on schemes/ projects should be periodically reviewed by the Financial Advisers from the systems point of view and appropriate action recommended for mid-course correction for making them more effective. For new schemes/projects, Financial Advisers should also ensure that in-principle approval of Department of Expenditure (as per extant orders) is taken, and sharing pattern and classification of schemes/projects are as per guidelines.

**18.13 Nominee Director on Boards of Public Sector Undertaking:** Financial Advisers are often Government's nominee Directors on Boards of Public Sector Undertakings (PSUs). Financial Advisers should particularly pay attention to matters involving financial implication for the Government of India.

**18.14 Settlement of commercial disputes between (CPSEs):** Department of Public Enterprises 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). Financial Advisers are responsible for representing the issues

related to the dispute in question before the appropriate committee. In handling such matters, Financial Advisers should bear in mind the desirability of amicable settlement of such disputes outside courts and hence promote reasonable and fair settlement terms rather than merely advocate the position of the CPSE.

**18.15 Monitoring of Budget Announcements:** Financial Advisers do not have a direct role in implementation of the Budget Announcements; however, they are responsible for monitoring and periodically reporting progress of implementation of Budget Announcements.

**18.16 Role of Financial Advisers in respect of Autonomous Bodies (ABs):** Financial Advisers should ensure compliance with the provisions of GFRs 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 three years;
- b. peer reviews of ABs are carried out as per the provisions;
- c. MOU is signed by the ABs with administrative Ministries/Departments;
- d. the interest earned by the ABs on the grants released to them are deposited back before releasing any further grant;
- e. applicable guidelines/instructions regarding Treasury Single Accounts (TSAs), etc. are diligently followed in ABs.

**18.17 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. Departments have to prepare a Quarterly Rolling Plan (QRP) of proposed programs/visits and upload the same on the FVMS. Financial Advisers 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 Integrated Finance Department (IFD).

**18.18 Assistance in Outcome Budget:** The Outcome Budget broadly indicates the physical/quality 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. 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. Administrative /Coordination Divisions of the Departments are responsible for preparation of Outcome Budget.

Financial Advisers are responsible for:

- a. assisting the administrative Departments in clear definition of measurable and monitorable outcomes with specified deliverables;
- b. facilitating the administrative divisions in putting in place an appropriate appraisal, implementation, monitoring and evaluation systems.

**19. Procurement and contracts:** Government organisations procure goods and services and undertake execution of works in pursuance of their duties and responsibilities. Procurement is an administrative process which invariably has financial implications.

The first step in procurement is the decision to procure something – goods, services or works, etc. This step involves a formal decision to procure something along with the exact or approximate expenditure to be incurred. In essence, the authority with the power to do so has to accord administrative sanction to incur expenditure on a specific procurement. In different contexts/organisations, this decision may also be called “administrative approval”, “administrative approval and expenditure sanction”, “acceptance of necessity”, “approval/acceptance of requirement”, etc. In this Charter, this step is called administrative sanction. **Administrative sanction is undoubtedly a decision with a financial bearing and hence invariably requires consultation of the Financial Adviser** (unless validly re-delegated within permissible limits as per para 20 or otherwise permitted by Department of Expenditure through specific orders).

Subsequent steps in procurement may have some financial bearing but also non-financial elements. Hence the appropriate level of involvement of the Financial Adviser in subsequent stages of procurement may possibly differ, based on the value and complexity of procurement, and the administrative expertise and capability to handle it, which vary widely between Departments. The procedure appropriate for each Department will depend *inter alia* on the frequency of tendering, the availability of qualified technical / financial staff to handle procurement etc. The extent of involvement of the Financial Adviser and the IFD in procurement matters may be based on one of the following procedures:

**Normal Procedure :** Under this procedure, the concurrence of the Financial Adviser/ IFD shall be required on all procurement matters, except for matters where re-delegation has been done within the limits permissible under the rules/ general orders/ general instructions of Department of Expenditure (see para 20 below). (For instance, Departments have been authorised, in consultation with their Financial Adviser, to decide the financial limits up to which they wish to delegate certain powers to their Heads of Department for incurring Contingent & Miscellaneous expenditure as given in Schedule V and VI of DFPRs; for this purpose they are permitted to lay down that consultation with Financial Adviser would not be required by Head of Department for exercising these powers.) Unless a special procedure is approved by the Secretary of the Department with concurrence of Department of Expenditure, this procedure shall be followed.

**Special Procedure:** The Secretary of the Department may, with the prior concurrence of Secretary Expenditure, decide on a different level of involvement of the Financial Adviser /IFD specific to the Department. The procedure will lay out the types/ classes of cases where the Financial Adviser / IFD’s consultation would be required which may be in terms of threshold financial limits, stages in procurement or types of procurement and contracts viz. consultancy, goods and works contracts etc. or any permutation thereof. The format for sending a request for Special Procedure to Department of Expenditure is at **Annexure I**.

If a Special Procedure is adopted, it shall be reviewed once in three years or whenever there is a change in incumbency in the post of Secretary of the Department, whichever is earlier.

In all procedures, payments under approved contracts shall not require IFD consultation except in cases where the payments are in relaxation/variation to approved contract conditions.

Financial Advisers are expected to chair the Standing Committee for procurement through



Government e Marketplace (GeM).

## **20. Re-delegation of Powers:**

Under Rule 13 of the Delegation of Financial Powers Rules (DFPR) and the Schedules thereunder, and orders of Department of Expenditure, certain powers have been given to Departments and to Heads of Department to decide the financial limits up to which they wish to further delegate powers for incurring certain types of expenditure. Such cases of re-delegation of powers may be **either** *with* a requirement to consult with Financial Adviser in individual cases while exercising the re-delegated power **or** *without* a requirement to consult the Financial Adviser in individual cases while exercising the re-delegated power.

All orders of re-delegation of powers require consultation of the Financial Adviser on both these points, viz. the extent of re-delegation and whether or not consultation of the Financial Adviser in individual cases will be required.

Delegation of Financial Adviser's powers to a subordinate officer within the IFD (other than in the circumstances of re-delegation referred to above) shall require a specific order of delegation with the concurrence of both the Secretary of the Department and the Secretary Expenditure.

## **21. Positive and Negative Lists:**

For purposes of clarity, a list of matters which shall not be decided without consultation of the Financial Adviser ('positive list') is given in **Annex II** likewise, a list of matters which shall not be referred to the Financial Adviser ('negative list') is given in **Annex III** It may be noted that there will be matters which fall in neither list. On such matters, consultation of Financial Adviser is necessary if the matter has a financial bearing.

## **22. Charter to be communicated to incoming Secretary of the Department along with extant delegations:**

For the smooth functioning of the Integrated Financial Adviser system, it is desirable that Secretaries also understand the principles set out in this Charter and their own financial powers and duties. Financial Advisers shall, immediately on the assumption of office of a new Secretary of the Department, submit to him a note attaching copies of the following:

- i. This Charter;
- ii. Extant re-delegations issued to subordinate authorities in consultation with Financial Adviser;
- iii. Extant re-delegations of Financial Adviser's powers to other officers of IFD with concurrence of Secretary of the Department and Department of Expenditure;
- iv. Extant position on procurement procedure viz. normal or special;
- v. Any special delegations by Department of Expenditure pertinent to the Department;
- vi. Any other relevant orders/ instructions.

In the Monthly Report immediately following the assumption of charge of a new Secretary of the Department, the Financial Adviser shall make specific mention of the submission of such Note.



**23. Perusal of documents and Certificate after taking charge:**

When first taking charge of any Department, Financial Advisers shall peruse the following:

- i. This Charter;
- ii. Extant re-delegations issued to subordinate authorities in consultation with Financial Adviser;
- iii. Extant re-delegations of Financial Adviser's powers to other officers of IFD with concurrence of Secretary of the Department and Department of Expenditure;
- iv. Extant position on procurement procedure viz. normal or special;
- v. Any special delegations by Department of Expenditure pertinent to the Department;
- vi. Any other relevant orders/ instructions;
- vii. Any matters recently raised by the outgoing Financial Adviser with Department of Expenditure;
- viii. Copy of the Monthly Report to Department of Expenditure for the last three months.

A certificate in the format in **Annexure IV** shall be provided by the Financial Adviser to the Department of Expenditure within 7 days of taking charge.

### **III. Manner of functioning of the Financial Advisers**

**24.** If a proposal is beyond the delegated powers, it should be referred to the Department of Expenditure with the views of the Financial Adviser (and of the Secretary if he differs with the Financial Adviser). When tendering advice, Financial Advisers are required to distinguish between the following categories of advice:

**Financial Compliance/Propriety (FC):** Such comments or remarks are those related to compliance with law, rules, orders, binding instructions / guidelines etc. As far as possible, specific rules, orders, etc. should be quoted.

**Financial Opinion (FO):** Such comments or remarks are those which relate to the opinion of the Financial Adviser /IFD on financial prudence, but do not involve non-compliance with rules etc.

**Administrative or Non-financial (NF):** Such comments or remarks relate to the opinion of the Financial Adviser /IFD on administrative or non-financial aspects of a matter referred to them. Comments on administrative matters are optional.

The distinction shall be clearly indicated in the final note sent on any matter, using the above abbreviations as prefix or suffix to the paragraph numbering.

In some cases, the distinction between 'financial compliance/ propriety' and 'financial opinion/ prudence' may be unclear. For instance, some of the rules or instructions themselves involve discretion. In such cases, the categorisation is to be decided on best-of-judgement, taking all relevant considerations into account including materiality, importance etc.

If no indication is made, and unless the contrary is obvious, the administrative Department is entitled to take the comments as Non-Financial.

Where the Financial Adviser / IFD fails to indicate the category specifically / where Secretary of the Department or other officer of the Department feels that there is doubt as to the category, the administrative Department may, if it so desires, seek a clarification and specific indication, which shall be immediately given by the Financial Adviser. The decision of the Financial Adviser on the categorization shall be final.

**25.** The Secretary of the Department is the Chief Accounting Authority under Rule 70 of General Financial Rules (GFR) 2017 (see **Appendix 2**). He is therefore entitled to over-rule the Financial Adviser on any matter falling within the delegated powers, including matters coming under categories FC and FO, provided that he shall record in writing his reasons for doing so. The Secretary of the Department does not have the authority to over-rule the Financial Adviser on matters which, in the opinion of the Financial Adviser, fall outside the delegated powers. The opinion of the Financial Adviser on whether or not a matter falls within/outside the delegated powers shall be final.

**26.** No authority other than the Chief Accounting Authority is empowered to over-rule the Financial Adviser. In the unlikely event that on a matter involving financial implications (where the Chief Accounting Authority concurs with the Financial Adviser) a different view is taken by a higher authority, the Chief Accounting Authority should seek the concurrence of the Ministry of Finance (Department of Expenditure) before implementing the decision. The Financial Adviser

shall also bring this to the notice of Secretary Expenditure as and when he is made aware of this.

27. Advice tendered under the category of Financial Compliance or Financial Opinion must be complied with by the Department unless it has been over-ruled by the Chief Accounting Authority (Secretary of the Department). Advice on administrative/ non-financial matters may be treated as constructive suggestions to be accepted/not accepted at the discretion of the Department, without requiring specific over-ruling of the Secretary of the Department.

28. To preserve objectivity in financial scrutiny of proposals, Financial Advisers should not be assigned or associated with any regular administrative/executive function or responsibility of the Department.

29. There are certain timeless canons (standards) of financial propriety which find place in the General Financial Rules and can provide Financial Advisers with a general common sense guide to financial decisions, beyond specific rules and instructions:-

- i. Every officer is expected to exercise the same vigilance in respect of expenditure incurred from public moneys as a person of ordinary prudence would exercise in respect of his own money;
- ii. Expenditure should not *prima facie* be more than the occasion demands;
- iii. No authority should exercise the powers of sanctioning expenditure to pass an order which will be directly or indirectly to his own advantage;
- iv. Expenditure from public moneys should not be incurred for the benefit of a particular person or a section of the people, unless:
  - a. a claim for the amount could be enforced in a court of law; or
  - b. the expenditure is in pursuance of a recognised policy or custom.

30. Financial Advisers are expected to quickly acquire and then maintain a good understanding of the major schemes/ projects/ CPSEs/ ABs under their respective Departments. For proper appreciation of the affairs of the Ministry, they should undertake field visits of important schemes/ CPSEs etc. at the earliest after taking charge.

31. Administrative Departments should involve Financial Advisers in the following activities and decision making processes:

- a. All proposals for consideration of SFC/EFC/CEE/PIB/Cabinet or Committees of the Cabinet and all proposals otherwise referred to Ministry of Finance; it should be ensured that proposals are not split to avoid appraisal by Department of Expenditure;
- b. Policy/programme formulation/other major initiatives with financial implications;
- c. Standing Audit Committee;
- d. Standing Committee on GeM;
- e. Externally Aided Projects (EAP);
- f. Strategies to encourage larger resource mobilization, including through PPP and asset monetisation;
- g. Monitoring of NPS contributions by ABs, etc.

32. The scheme of Integrated Financial Adviser is based on the delegation of powers by the Ministry of Finance to the Financial Advisers. Exercise of these delegated powers may require the Financial Adviser to call for relevant records/reports/files relating to various decisions, contracts etc. Financial Advisers have the right of access to all records, reports, audits, reviews, documents, papers, recommendations or other material which are available with the Departments. The Departments are expected to expeditiously comply with all requests for information from the Financial Adviser.

33. The Financial Adviser is expected to review and test check the sanctions accorded under any re-delegated powers (i.e. sanctions which do not require concurrence of the Financial Adviser) with a view to assess that the powers are being exercised as per the terms and conditions attached to the delegation, that the exercise of re-delegated powers do not result in build-up of unfunded liabilities and that the re-delegation does not degenerate into abdication of authority that primarily vests with the Chief Accounting Authority of the Department.

34. If the Financial Adviser does not concur with a proposal but the overall purpose or objective is in public interest, he should, as far as possible, endeavour to give constructive advice/suggestions on how the objective proposed by the Department can be achieved by alternative methods, or at a lower cost, or with greater value for money etc. In other words, when a bona fide proposal is being disagreed with, suggestions to solve the problem should be offered constructively as far as possible. (This does not apply to proposals involving individual benefits to staff which should be dealt with as per rules.)

35. It is a canon of financial propriety that expenditure from public monies should not be incurred for the benefit of a particular person or section of the people unless it is a claim that could be enforced in a court of law or is in pursuance of a recognised policy or custom. However, in matters not involving public expenditure/ loss of revenue, the mere fact that a proposal may result in some benefit to a particular person or section of people is not, by itself, a reason to object to it, so long as it is lawful, not against public interest, and does not adversely affect the exchequer. Presence of private interest does not necessarily mean absence of public interest, as there are situations where public and private interest may both be served by a decision.

36. It is preferable that proposals are submitted to Financial Advisers by Divisions of Departments *before* taking approval of Secretary of the Department. However, if a file is referred to the Financial Adviser *after* approval of the Secretary of the Department, such approval of the Secretary of the Department will be treated only as preliminary/ tentative/ in-principle approval subject to further remarks of the Financial Adviser; such approval by Secretary of the Department given before consultation of the Financial Adviser *shall not in any way bind the Financial Adviser or restrain or restrict the Financial Adviser from giving his views, even if contrary to those of the Secretary of the Department*. However, the right of the Secretary of the Department to overrule the Financial Advisers as per para 25 will remain, but to be exercised only after Financial Adviser has tendered advice and not before.

37. **Promptness:** Concurrence of the Financial Adviser is a vital step in many matters in any Department and the efficiency and effectiveness of the Department or a scheme may often be linked to the efficiency of the IFD and Financial Adviser. Apart from delay or inefficiency in achieving departmental objectives, avoidable delays in decision making often lead to increase in cost. Hence it shall be the duty of the Financial Adviser to ensure that he and the IFD under his control function with all due promptness in the matters referred to them. Towards this objective,

the Financial Advisers shall:

- a) Fix a norm for initial action on any reference: The initial action may be a final disposal or raising of queries; unless otherwise fixed, the norm shall be 5 working days.
- b) Fix a norm for final opinion on any reference: Such norm shall exclude the time taken by the other Divisions in responding to queries; unless otherwise fixed, the norm shall be 15 working days.
- c) Fix a norm for percentage of cases which shall be disposed of within the norms set: Unless otherwise fixed, the norm shall be 90%.

Financial Advisers should endeavour to prepare check-lists for other Divisions to ensure that routine queries are avoided and IFD examination/concurrence is speeded up.

38. The norms fixed shall be intimated to the Department of Expenditure and adherence thereto should be measured and reported in the Monthly Report to the Department of Expenditure. Justification of a norm other than 5 working days/ 15 working days/ 90% may be based on volume of work, level of staffing or complexity of cases. The Department of Expenditure may fix a different norm if it feels the norm is either excessively loose or tight.

39. The norms referred to are norms, not minima. In cases of urgency, the Financial Adviser should strive to expedite the response to meet the needs of the situation without compromising on quality.

40. It is desirable for Financial Advisers to hold meetings, as frequently as necessary, with the Divisions of the Department to identify and solve any problems perceived or encountered by them.



#### **IV. Role and Responsibilities of Chief Controllers of Accounts (CCAs)**

**41.** 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). They are primarily responsible for financial reporting, accounts and internal audit. They are assisted by the Pay & Accounts Officers (PAOs) in ensuring timely payments of bills/claims as per rules. The role and responsibilities of CCAs have been detailed in para 1.3 of the Civil Accounts Manual.

**42.** Pr.CCAs/CCAs/CAs as head of the accounts wing in the Department shall function under the overall superintendence and control of Financial Advisers. This *inter-alia* means that Pr.CCAs/CCAs/CAs shall report to the Financial Adviser on administrative matters, file processing, APAR, etc. and other matters required to be processed through the concerned Financial Adviser.

**43.** CCAs shall be actively associated with the process of Budget formulation. Budget related files shall be submitted to the Financial Adviser through the Pr.CCA/CCA/CA. The Budget section should ordinarily function under the control of the CCA; exceptions require concurrence of Department of Expenditure based on valid justification (e.g. volume of work involved or special circumstances).

**44.** CCAs are expected to act as nodal officers for PFMS, *inter alia* in resolving issues relating to its smooth and efficient running.

## **V. Interaction between Ministry of Finance and Financial Advisers**

- 45.** A monthly report (also known as “Monthly D.O.”) on the activities of the Ministry/Department in prescribed format is to be furnished by the Financial Adviser to the Secretary Expenditure by the 15<sup>th</sup> day of the following month, under cover of Demi-official letter. The format for the Monthly Report is provided as **Annexure V**.
- 46.** In the unlikely event of any instance of the delegated powers being exceeded, the Financial Adviser shall promptly bring it to the notice of the Secretary Expenditure with full details of how it occurred, the financial implications and suggested corrective measures.
- 47.** Periodic meetings are held by Secretary Expenditure with the Financial Advisers 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 Ministry of Finance with the Financial Advisers who, in turn, get an opportunity to apprise Ministry of Finance about their activities, important developments and challenges. The Financial Adviser may bring to the notice of the Department of Expenditure any cases of undue delay in receiving responses from the Department of Expenditure.
- 48.** The Financial Adviser is a direct subordinate of the Secretary Expenditure. As such, at his sole discretion, he is entitled to communicate directly on any matter with the Secretary Expenditure or any other officer of Department of Expenditure if he feels it appropriate, to raise or highlight any issue, without necessarily going through the Secretary of the Department or keeping him informed.
- 49.** Without prejudice to the generality of the foregoing, in particular, the Financial Adviser shall communicate directly to the Secretary Expenditure the gist of any important matter where he is over-ruled if it relates to issues under the FO or FC category. This may be through a separate communication or by inclusion in the monthly report.

## **VI. Working of IFD Wing**

**50.** Financial Advisers are assisted by the Integrated Finance Division (IFD) in the day-to-day discharge of their functions. To enable the IFD to discharge its responsibilities effectively and efficiently, Departments are expected to ensure reasonable levels of manning of IFD posts, and posting of all officials should be done in consultation with the Financial Adviser. If vacancy levels are high, then the norms for promptness referred to in para 37 may have to be modified with consequences for efficiency of the Department.

**51.** For efficiency and promptness in IFD functioning, the Financial Adviser should ensure adherence to the following:

- i. IFDs should review proposals submitted in totality and, as far as possible, raise queries at one go instead of sets of piecemeal queries one after another.
- ii. There may be situations where further queries might be necessitated (e.g. when the reply provided by a Programme Division lacks clarity or the reply brings new facts to light). If further queries are needed under such circumstances, they should be sent only with the approval of the Financial Adviser, who should check whether the queries are indeed unavoidable.
- iii. It shall be the duty of the Financial Adviser to supervise the IFD in such a manner as to prevent unnecessary or irrelevant queries (for example, queries on purely administrative matters not having any financial implications) and raising of queries in stages wherever avoidable.
- iv. Once a proposal is cleared by IFD, questions should not be raised on the same proposal by IFD unless some rule violation or material facts previously unknown come to notice; in such cases, the new issues shall be raised only with the approval of the Financial Adviser.
- v. The number of levels of examination in IFD should not exceed 4 (four) including the initial proposer and Financial Adviser. Financial Advisers should look into the structure of the IFDs and rationalize the IFD hierarchy under their charge accordingly.

Programme Divisions are expected to reply to IFD queries without undue delay; the IFD and Financial Adviser are not responsible for consequences arising from delay by the Programme Divisions in responding to queries.

**52.** Financial Advisers are expected to review the existing knowledge, 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 / PAOs should be taken into account. On the basis of this analysis, Financial Advisers should take steps for such organizational strengthening and changes as may be required. They should also identify training needs and take steps to arrange training as necessary.

**53. Submission of information to new Financial Adviser:** As soon as a new Financial Adviser takes charge in a Department, the senior-most officer of the IFD is responsible for submitting to the Financial Adviser the information mentioned in para 23.

**54. Office Inspections by Department of Expenditure:**

The Department of Expenditure will periodically conduct office inspections of the IFD, to assess compliance with this Charter. A suitable inspection questionnaire, covering all relevant points in the Charter, will be sent in advance. The inspection will be under the overall supervision of the officer in-charge of the Personnel Division of Department of Expenditure and the Report prepared after discussion with the Financial Adviser will be submitted to Secretary Expenditure.

**55.** Illustrative examples have been given in **Annexure VI** to help in understanding this Charter.

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**ANNEXURE-I**  
**(see para 19)**

In pursuance of para 19 of the Charter of Financial Advisers regarding procurement procedure to be adopted in Ministry/Department of \_\_\_\_, this Department hereby requests the adoption of a special procedure as detailed below:-

1. Details of specialized finance technical personnel to handle procurement matters (Pl give details of such personnel e.g. numbers, expertise and spread).

2. Volume of procurement in the last three years:

	FY 1	FY 2	FY 3
Total value of procurement (Rs.)			
Total no of procurement			
Value of procurement (each procurement above Rs. 10 crore)			
Number of procurement (each procurement above Rs. 10 crore)			
Value of procurement (each procurement above between Rs. 25 lakhs and Rs. 10 crore)			
Number of procurement (each procurement between Rs. 25 lakhs and Rs. 10 crore)			

3. **Proposed Special Procedure:**

Stages	Items requiring IFD Concurrence		
	Works Contract	Goods Contract	Services/Consultancy
Requirement	All	All	All
RFP/Tender document/Contract Award of Contract	(x1)	(x2)	(x3)

{X1, X2, X3 can be financial threshold, or "all" (in case all cases are to be included); format can be modified as desired and is only indicative}

4. Any other remarks/justification.

5. The Financial Adviser has concurred with this proposal\*/ has been consulted and has given the following remarks:\* (score out what is not applicable)

6. Response to the Financial Adviser's remarks (if he has not fully concurred).



7. This issues with approval of Secretary, Ministry/Department of \_\_\_\_.

(Name)

(Addl Secretary/Joint Secretary in charge of Admin)

Ministry/Department of \_\_\_\_

**Positive List: Items which must be referred to the Financial Adviser**

1. Matters related to formulation/approval of Budget/Revised Estimates, etc.
2. Proposals where Financial Adviser's concurrence is specifically mandated under Government Rules (GFR, etc.) / manuals/ Policy /Guidelines / Procedures / Directions, etc.
3. All EFC/SFC/PIB/DIB proposals.
4. Cabinet Notes having financial implications.
5. Externally Aided Projects.
6. Government Guarantees.
7. Non-Tax Revenue (NTR), Loans & Advances.
8. Litigation with financial implications.
9. Training with financial implications beyond re-delegated powers.
10. Hiring of Consultants/YPs etc.
11. Grant-in-Aid proposals and release of funds to State/UTs/IAs.
12. All proposals to be moved to nodal Ministries/Department viz. DoE, DEA, DoR, DIPAM and DoP&T (having financial implications only).
13. Response to C&AG audit paras and responses to C&AG Reports (ATNs, etc.).
14. Matters relating to delegation of financial powers including re-delegation to subordinate authorities.
15. Vetting of MoUs/Agreements with financial implications.
16. Proposals for any addition to pay and allowances.
17. Acceptance of court awards on matters concerning pay, allowances or pensions of Government servants/ staff of Autonomous Bodies which could act as a precedent for other staff/ Departments/ Bodies (these must invariably be referred to Department of Expenditure).

**Negative List: Items which should not be referred to Financial Adviser**

1. Establishment matters (excluding those resulting from implementation of Court / Tribunal orders)
  - Pay Fixation
  - Modified Assured Career Progression Scheme (MACP)
  - Recruitment Rules
  - Transfer Policy
  - Disciplinary matters
  - Pension Related Payments
2. Administrative decisions not having financial implications.
3. Proposals under already re-delegated financial limits which do not require IFD consultation in terms of the order of re-delegation.
4. Payment to vendors/personnel/consultants, etc. as per approved contracts.

**Certificate for documents to be submitted to Financial Adviser on first taking charge of Department ( Refer para 23)**

The following documents were submitted to me in pursuance of para 23 of Charter of Financial Advisers for the Ministry/Department of \_\_\_\_\_ :

1. Copy of the Charter of Financial Advisers;
2. Re-delegations issued to subordinate authorities in consultation with Financial Adviser;
3. Re-delegations of Financial Adviser's powers to other officers of IFD with concurrence of Secretary of the Department and Department of Expenditure;
4. Procurement procedure currently in practice as per para 19 of the Charter of Financial Advisers (Normal or Special) / copy of letter sent to Department of Expenditure and concurrence received in case of Special;
5. Any special delegations issued by Department of Expenditure specific to the Department;
6. List of matters referred/raised by the outgoing Financial Adviser with Department of Expenditure in the last three months or still awaiting response;
7. Copy of the Monthly DO to Department of Expenditure for the last three months;
8. Any other relevant orders/ instructions.

I have read all the documents.

(Name)  
(Designation)  
Ministry/Department of \_\_\_\_\_

**ANNEXURE-V**  
**(see para 45)**

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

1. 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

- i. Date of Standing Audit Committee Meeting;
- ii. Important decisions, if any.

2. Deviation from GFR, DFPR etc. that Financial Adviser may like to report.

3. References sent by the Department pending in Department of Expenditure (DoE) for over 30 days:-

S. No.	Date on which sent to DoE	Brief of subject	Division of DoE to which it is sent

4. (a) Norms fixed for disposal (see para 37).

(b) No. of cases falling outside the norm during the previous month.

5. Gist of all cases pending in IFD for more than 45 days.

6. Dues payable on goods and services procured through GeM as on the last day of reporting month:-

S. No.	Ministry/ Department	Organization	Due < 10 days	Due 10-30 days	Due 30-60 days	Due > 60 days	Total amount due

7. Any other suggestions/ issues that Financial Adviser may like to raise.

**Examples of different types of matters / their categorisation**

1. Under the GFRs, all interest/ other earnings against grants-in-aid or advances should be mandatorily remitted to the Consolidated Fund of India. A proposal for allowing an Autonomous Body under a Ministry to retain the interest has been received. The Financial Adviser objects to this proposal. The remarks of the Financial Adviser would fall under the category 'FC' as it is clearly an issue of financial compliance.
2. A proposal is received for spending Rs. 40 lakh on a function to be held by a Ministry, which is within the extant delegated powers. The Financial Adviser feels it is not justified. GFRs provide that expenditure should not be more than the occasion demands. This case could either be treated as a matter of financial compliance (FC) or of financial opinion (FO) depending on whether the Financial Adviser feels it is 'improper' (e.g. too lavish /extravagant and hence 'more than the occasion demands') or merely imprudent (e.g. too much already spent this year on similar functions/ not much value to be gained).
3. A proposal is received for spending Rs. 40 lakh on a function to be held by a Ministry, which is within the extant delegated powers. The Financial Adviser has no objection to the expenditure as such since there is good justification but points out that there is inadequate budget provision to meet the expenditure. The Financial Adviser's remarks would fall under the FC category. He also cannot be over-ruled because this would be beyond the delegated powers. The matter would need to be referred to Department of Expenditure (DoE) in case it is to be proceeded with.
4. An information technology project is proposed for Rs. 500 crores. The proposal is not contrary to any specific rule or instruction. The Financial Adviser feels the scope is too large and a modified pilot project can be implemented with modifications of scope at a cost of Rs. 200 crore. The remarks of the Financial Adviser would fall under category FO.
5. A proposal is received to promote a particular breed of fish in the Fisheries Ministry with an expenditure of Rs. 50 crores. The Financial Adviser has previously worked in the fisheries sector in a State and feels strongly from his experience and knowledge that this is not the correct approach and instead, several other varieties should be promoted. He also feels the cost is excessive. His advice on the financial part of the proposal (cost being excessive) would fall under the FC/FO categories as appropriate, while his negative view on the technical aspects/ variety of fish should be classified as NF.



6. A Department proposes to release funds to a State under a Centrally Sponsored Scheme to 'improve financial progress' even though the prescribed percentage of past releases has not yet been spent and /or Utilization Certificates have not been received. The power to relax these guidelines is vested in DoE. The Financial Adviser objects as this is not a proper ground for relaxation (his remarks would fall under FC category). He also cannot be over-ruled because the matter is outside the delegated powers. The matter has to necessarily be referred to DoE even if the Secretary of the Department wants to over-rule him; the reference to Department of Expenditure should give the Financial Adviser's opinion and Secretary of the Department's grounds for differing.
  
7. A Department proposes to release funds to a State under a Centrally Sponsored Scheme due to certain special circumstances, even though the prescribed percentage of past releases has not yet been spent and /or Utilization Certificates have not been received. The power to relax these guidelines is vested in DoE. The Financial Adviser supports the proposal as he is satisfied with the justification (his remarks would be under FC category). Nevertheless, as the matter is outside the delegated powers, it has to necessarily be referred to DoE along with the Financial Adviser's opinion.

**F.No. 10(29)-E.Coord/73**  
**Government of India**  
**Ministry of Finance**  
**Department of Expenditure**

New Delhi, the 6<sup>th</sup> 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 18<sup>th</sup>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 Department 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 freely exercise the enhanced powers delegated under the Department of Expenditure OM No.F.10(13)-E.Coord/75 dated 10<sup>th</sup>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 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 associate Finance Divisions in the Department of Expenditure will be transferred to the administrative Ministries as follows according to requirements:-

- Officers of services other than the Central Secretariat Service will be treated as on deputation to the administrative Ministry instead of to the Finance Ministry.
- Officers of the Central Secretariat Service including Grade I and selection grade will be treated as transferred to the administrative Ministry.
- Members of the decentralized 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 along with 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.

**EXTRACT OF RULE 70 OF GFR**

**Rule 70: Duties and Responsibilities of the Chief Accounting Authority:-** The Secretary of a Ministry/Department who is the Chief Accounting Authority of the Ministry/Department shall:-

- (i) be responsible and accountable for financial management of his Ministry or Department;
- (ii) ensure that the public funds appropriated to the Ministry or Department are used for the purpose for which they were meant;
- (iii) be responsible for the effective, efficient, economical and transparent use of the resources of the Ministry or Department in achieving the stated project objectives of that Ministry or Department , whilst complying with performance standards;
- (iv) appear before the Committee on Public Accounts and any other Parliamentary Committee for examination;
- (v) review and monitor regularly the performance of the programmes and projects assigned to his Ministry to determine whether stated objectives are achieved;
- (vi) be responsible for preparation of expenditure and other statements relating to his Ministry or Department as required by regulations guidelines or directives issued by Ministry of Finance;
- (vii) shall ensure that his Ministry or Department maintains full and proper records of financial transactions and adopts systems and procedures that shall at all times afford internal controls;
- (viii) shall ensure that his Ministry or Department follows the Government procurement procedure for execution of works, as well as for procurement of services and supplies, and implements it in a fair, equitable, transparent, competitive and cost-effective manner;
- (ix) Shall take effective and appropriate steps to ensure his Ministry or Department :-
  - a) collects all moneys due to the Government and
  - b) avoids unauthorized, irregular and wasteful expenditure.