

	<p>कार्यालय - रक्षा लेखा नियंत्रक/Office of The CDA  नंबर 1, स्टाफ रोड, सिकंदराबाद -09  No.1, Staff Road, Secunderabad-09  Phone: 040-27843385, Fax 040-28717275</p>	
---	--	---

No. S/I/ GC/4/18-19/Committed Liabilities

Dt:14 .08.2019.

To

All Units/Formations/Establishments under the audit jurisdiction of CDA Secunderabad

Sub:- Concept paper on creating a Data Base of Committed Liabilities

Ref:- HQrs letter No. AT/Army-Stores/9504/Misc dt.26.07.2019

-x-

Committed liabilities may be defined as payments anticipated during a financial year in respect of contracts concluded in previous years. Under Defence Service Estimates, Committed Liabilities constitute a significant element in respect of the capital acquisition segment, since one project may span several financial years. In the case of Central procurement (Revenue), delivery periods stretch across financial years thereby forming a significant part of the cash outgo of any financial year (FY), and thus also materially affect committed liabilities.

2. The element of Committed Liabilities has a direct bearing on the budget allocation especially the Capital budget as it not only provides for new scheme/projects/proposals but also to contractual obligation made earlier. Committed Liabilities form a very substantial portion of the budgetary requirement of the Services and are therefore a crucial component of the planning process making the need for consolidation of this data in a reliable data base sine qua non for objective decision making in the budgetary process.

3. Since liabilities apply to Goods, Works and Services, it is to be maintained for each contract under Capital and Revenue expenditure in respect of all sanctioning authorities. This is to be maintained against each budgetary code head since budget allocation is done objection head wise.

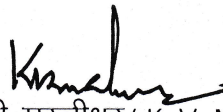
4. Purchasing authorities are mandated to provide a copy of every contract/Supply order placed by them to the paying Controller, who should audit the same before commencing payment against the Contract. Hence, this record of payment becomes the basis for the committed liabilities against the said contract. Presently, this system is not being followed – most purchasing authorities are not forwarding advance copies of Contracts/Supply Orders to the CsDA. The paying Controllers capture the details of the Contracts/Supply Orders only at the time of releasing (first) payment. Rigorous implementation of these existing provisions of DPM and other instructions are required, to ensure accurate and complete details of committed liabilities –

- i) All purchasing authorities should mandatorily provide the advance copies of all Contracts/Supply Orders and their amendments to the paying controllers.
- ii) Paying Controllers can capture the contract details in the data base being used for releasing payment on receipt of advance copy of the contract/supply order. The contract and payment master may be used to generate a contract-wise committed liabilities report, for each budget code-head and budget holder by the paying authority.
- iii) This data then can be populated in the consolidated data-base maintained at CGDA and from which consolidated MIS on committed liabilities could be generated.

5. Defence Accounts Department is developing a 'DFMS' (Defence Financial Management System) portal in consultation with all the stake holders as well as Ministry of Defence. The portal can encompass the Budget Monitoring system, the Contract/Supply Order management system, as well as the payment & accounting system, and can be used by all stake-holders for generating MIS reports required by them on a real time basis. The portal can provide information related to budget utilization, progress of expenditure as well as committed liabilities to the Ministry on a real-time basis.

6. Till the web based portal 'Defence Financial Management System' (DFMS) is developed, **all the executive authorities are hereby requested to forward all advance copies of supply orders / contracts to CsDA** as prescribed in the provisions of Defence Procurement Manual, 2009, the enable the later to complete action as stipulated in 4(ii) (iii) above.

CDA has seen. Please acknowledge receipt of this letter.

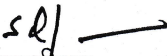
  
(के. वी. मुरलीधर/ K. V. Muralidhar)  
स.र.ले.नि.(भंडार) / ACDA (Stores)

Copy to:

1. The CGDA,  
Ulan Batar Road, Palam,  
Delhi Cantt.
2. Area Accounts Office(Army)  
Visakhapatnam

For information w.r.t. HQrs letter No. AT/Army-  
Stores/9504//Misc dt.26.07.2019.

For information and similar action together with a copy  
of HQrs letter cited above.

  
(के. वी. मुरलीधर/ K. V. Muralidhar)  
स.र.ले.नि.(भंडार) / ACDA (Stores)