

No.F.1(6)Budget-II/2021-22/416  
Government of Pakistan  
Finance Division  
(Budget Wing)  
\*\*\*\*

Islamabad, the 14<sup>th</sup> March, 2022.

**NOTIFICATION**

Subject: **GUIDELINES FOR COMMITMENT CONTROL (2022).**

S.R.O.-No.425(I)/2022- In line with the powers conferred by Section 26 of PFM Act, 2019, Finance Division has approved the Guidelines on Commitment Control in consultation with Auditor General of Pakistan, which are placed below for information and compliance.

2. This issues with the approval of competent authority.



(Ayesha Javed)  
Section Officer (Budget-II)

1. All Principal Accounting Officer (PAOs)
2. Auditor General of Pakistan
3. Controller General of Pakistan
- ✓ 4. Web Master, Finance Division with the request to upload the same on Finance Division's Web-side.

**TO BE PUBLISHED IN THE GAZETTE OF PAKISTAN**

**Government of Pakistan  
Finance Division  
(Budget Wing)**

Islamabad, the 4<sup>th</sup> March, 2022

**NOTIFICATION**

**S.R.O.**                   .- In exercise of the powers conferred by *Section 26 of the Public Financial Management Act, 2019* requires that the Finance Division, in consultation with Auditor General, shall approve and issue guidelines related to annual and multi-annual commitment control systems.

*Whereas, expenditure arrears from the previous financial years are a major source of fiscal indiscipline and poor budget credibility in the Government. These arrears build up because of absence of an effective system of commitment control due to which government offices incur expenditure without matching allocations to discharge their liabilities.*

*Therefore, the guidelines are, therefore, being issued to minimize the buildup of expenditure arrears in the Government. The guidelines will help improve fiscal discipline and budget credibility in the Government.*

In exercise of the powers conferred by Section 26 of the Public Financial Management Act, 2019, the Finance Division is pleased to approve the following guidelines; -

**1) Short title, extent, application and commencement**

- a) These guidelines shall be called Commitment Control Guidelines, 2022.
- b) These guidelines shall apply to all Federal Government's Divisions, Executive Departments, Attached Departments and Subordinate Offices.
- c) Public Entities and Offices established and controlled by the Federal Government receiving grant-in-aid or public money from the Federal

Government shall also incorporate these Guidelines In their accounting and budgeting frameworks.

d) It shall come into force at once.

## **2) Definitions**

- a) **"Accounting Office"** includes Office of the Accountant General of Pakistan Revenues, its sub-offices, treasury offices, accounts department of self-accounting entities, Office of Military Accountant General and its sub-offices;
- b) **"Annual Commitment"** means an obligation to make a future payment, the funds for which are reserved against the allocated budget for that financial year; and
- c) **"Arrears"** means outstanding payment obligations that the Government has failed to discharge in a reasonable period of time.
- d) **"Commitment"** means an obligation to make a future payment, the funds for which are reserved against the allocated budget of an entity;
- e) **"Commitment Control System"** means a system of internal controls that limits commitments to a projected cash availability and approved budget allocations;
- f) **"Funds Available"** means a term used in budgetary control to describe the remaining budget allocated to an entity, after deducting outstanding commitments and actual payments;
- g) **"Multi-year Commitment"** means an obligation to make a future payment, the funds for which are reserved against the allocated budget for that financial year and forward estimates for the medium term.

## **3. Scope and Criteria for recording annual commitment**

Annual commitment shall be recorded for both recurrent and development budgets for procurement of goods, services and carrying out civil works. These commitments shall be recorded when there is a properly authorized obligation, a contract or purchase order, to make a future payment against a budget allocation with a

value of rupees one million or more; and for which (i) the amount of transaction is known; (ii) the supplier has been nominated; (iii) Relevant officer has authorized the contract for procurement of goods, services or for civil works in accordance with Financial Management and Powers of Principal Accounting Officers Regulations, 2021 and accorded approval on Annex-A; and (iv) A legal contract or purchase order has been entered with supplier.

#### **4. Responsibility for recording annual commitment**

The officer sanctioning or authorizing a contract for procurement of goods, works, services above the threshold of rupees one million shall be personally responsible for communicating the commitment to the respective accounting office within one week of approving the contract using the form at Annex-A. The concerned Accounting Office shall be responsible for recording the commitment in accordance with the provisions of Accounting Policies and Procedures Manual (APPM) within one week of receiving the request from the sanctioning officer.

The commitments will be reconciled among Accounting Office, PAO and CF&AO as an additional activity along with monthly expenditure reconciliation. The AGPR will provide to Finance Division, on a monthly basis, a summary statement showing consolidated commitments and monthly cash requirements of all Divisions, Departments and Offices. This will be in addition to financial reports required to be submitted by AGPR to Expenditure Wing, Finance Division.

Financial Accounting and Budgeting System (FABS) and RAAST Instant Payment System shall be used by the Accounting Offices for commitment control in accordance with the instructions issued by Controller General of Accounts (CGA) and State Bank of Pakistan (SBP).

#### **5. Criteria for adjustments in annual commitments**

Annual commitments shall be adjusted when:

- i. The payment is made;

- ii. All annual commitments shall lapse along with the budgetary allocation at the end of a financial year;
- iii. While preparing the revised estimate for a financial year, the Divisions, Departments and Offices shall estimate the commitments likely to lapse at the end of a financial year and add the amount required to meet such commitments in the budget estimates for the next financial year.

#### **6. Multi-year commitment recording**

Multi-year commitments shall be recorded through the budget-making process. Following steps will be followed for recording multi-year commitments in respect of goods, services and civil works:

**Step 1:** Principal Accounting Officer (PAO) shall include multi-year commitments of cost centres under his/her control in the medium-term budget estimates within the approved indicative budget ceilings. The commitments for next financial year shall also include the annual commitments carried forward from the current financial year.

**Step 2:** Expenditure Wing, Finance Division shall review the medium-term commitments provided by each PAO and shall forward the same to Budget Wing, Finance Division for incorporation in the budget documents submitted for approval by the Cabinet and the Parliament.

**Step 3:** At the start of each quarter of a financial year, PAO shall provide a quarterly payment schedule to the Expenditure Wing Finance Division to discharge commitments. Accordingly Budget Wing Finance Division shall decide quarterly fund release strategy for line Divisions, Departments and Offices.

**Step 4:** Proposal for increase in quarterly limits, if necessitated by contractual obligation of the line Divisions, Departments and Offices, will be considered by the Budget Wing Finance Division on case to case basis. Such proposals must be submitted to Finance Division at least one month before the date for discharge of payments arising from commitments.

**Step 5:** Multi-year commitments shall be adjusted, and carried forward to subsequent financial year while remaining within the indicative budget ceiling for the respective year.

**7. Review of Commitment Control Guidelines:**

Finance Division shall review implementation of the commitment control guidelines and update the guidelines as and when required.

**8. Commitment Control for Defence Services:**

Ministry of Defence may issue separate commitment control guidelines for defence services if required, with the concurrence of Finance Division.

**9. Removal of Difficulties:**

In case of any difficulty faced by the Government Offices and Public Entities in implementation of these guidelines, Budget Wing Finance Division shall issue the necessary clarification.

**Annex-A**

**Commitment Advice Form**

<b>DDO</b>	<input type="text"/>	<b>Date:</b>	<input type="text"/>
<b>DDO Reference No.:</b>	<input type="text"/>		
<b>Division/Department/Project:</b>	<input type="text"/>		
<b>Purchase Order/</b>	<input type="text"/>	<b>Date of Purchase order:</b>	<input type="text"/>
<b>Contract Number</b>	<input type="text"/>		
<b>Committed Amount: Rs:</b>	<input type="text"/>		

Rupees (in words)

**Account Code:**

Entity
Object
Fund
Function
Project

**Supplier Contractor  
Details:  
(Name & Address)**

**Details of Goods/  
Services under  
commitment:**

**Schedule of payment**

Prepared by: ----- Signature: ----- Date: -----

Approved by: ----- Signature: ----- Date: -----

**Annex-B**

**Appropriation Control REGISTER**

Document Number	Date	Detailed Object	Description	Budget Amount	Re-appropriation +	Re-appropriation -	Supplementary Budget	Final Grant	Amount Committed	Amount Paid	Funds Available Balance	Entered by	Reviewed by
		<b>Amount Paid</b>	<b>Funds Available Balance</b>	<b>Entered by</b>	<b>Reviewed by</b>								

Note: This register shall be maintained with separate leaves for every detailed object and shall be updated from the claim voucher processed, that is, in processing the claim voucher, first the availability of budget shall be ensured, and then the amount of claim shall be entered in the register by reducing the amount of budget balance.