

No. 005/ORD/1
Government of India
Central Vigilance Commission

Satarkta Bhawan, Block 'A',
GPO Complex, INA,
New Delhi-110023
Dated 10th March, 2005

OFFICE ORDER NO. 11/3/05

To,

All the Chief Vigilance Officers

Sub: Delays in Payments to Contractors & Suppliers etc. – Reducing opportunities for corruption req.

The Commission has observed that in a large number of Government organisations and PSUs, payments to contractors/suppliers are inordinately delayed. This makes the system vulnerable to corruption, in addition to increasing the cost of procurement by the Government agencies.

2. The Commission has therefore directed that all the CVOs should undertake a review of bills received during the last six months. The review is meant to primarily determine the time taken in clearing the bills. Necessary help from the concerned Finance/Administration departments may be taken wherever required. Wherever the systems have not yet been computerised there may be practical difficulties in conducting such a review for all the bills. The organisations may fix a cut off limit for review. It is suggested that the cut off limit for bills can be Rs. 1 lakh i.e. time taken for payment of all bills above this amount should be seen. In smaller organisations the cut off limit can be lower depending on feasibility and convenience.

3. The CVO should also review whether payments are being made on “first-come-first-serve” basis or not.

4. A compliance report in this regard may be sent to the Commission by 15.4.2005 as per the following details:

Statement on delays in Bill Payments

- | | | |
|-------------------------|---|----------------------------------------------|
| 1. Name of Organisation | : | |
| 2. Cut off limit | : | Rs.1 lakh/others(in respect of small orgns.) |

: 2 :

3. Bills received during Sept.,04-Feb,05 :
(from contractors/suppliers etc.)

Total No. of Bills :
Total amount involved :

4. Out of these :

(a) Bills paid in 15 days :
No. of Bills :
Amount Involved :

(b) Bills paid in 15-30 days :
No. of Bills :
Amount Involved :

(c) Bills paid in 30-60 days :
No. of Bills :
Amount Involved :

(d) Bills paid from 60 days to 120 days :
No. of Bills :
Amount Involved :

(e) Bills paid over 120 days :
No. of Bills :
Amount Involved :

5. There are also complaints that most of the organisations take inordinately long time in releasing 5% bills amount which is normally retained as performance guarantee after it becomes due. CVO may do a similar exercise with regard to release of this payment.

6. Has any ERP system or any other computerized system been installed for accounting purposes which can monitor bill payment?

6A. If not, is there any plan to do so in near future? If so, please indicate the time frame.

Sd/-
(Balwinder Singh)
Additional Secretary