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நிதி, திட்டமிடல் அமைச்சு
MINISTRY OF FINANCE AND PLANNING

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திகதி }
Date } 2011. 12. 30

Budget Circular No. 155

All Secretaries to the Ministries/Chief Secretaries of Provincial Councils/
Heads of Departments/Chairmen of Corporations, Statutory Boards and
Government Owned Companies,

**Authorization for Incurring Expenditure for 2012 and Public
Expenditure Management**

1. Authority for Incurring Expenditure for 2012

In accordance with the provisions of the Appropriation Act No. 52 of 2011, approved by Parliament on 21st December 2011, the respective Warrants for authorizing the incurring of expenditure provided in the Budget Estimates for 2012 have been duly approved by the Hon. Minister of Finance and Planning.

Accordingly, the authority should be quoted in payment vouchers and other documents as follows.

- For General Services:- General Warrant No. 1 of 2012
- For Special Law Services:- Special Law Service Warrant No. 1 of 2012
- For Advance Account Activities:- Advance Warrant No. 1 of 2012

2. Management of Public Expenditure

As proposed in the Budget Speech 2012, a compulsory saving of two percent (2%) of recurrent expenditure and nine percent (9%) of capital expenditure have to be made from the Budget Estimates 2012 which were presented along with the Appropriation Bill for 2012 with a view to encouraging effective management of expenditure. Accordingly, Ministries/Departments should take action to ensure saving budgetary provisions made for recurrent and capital expenditure giving priority to the following.

2.1 Recurrent Expenditure

While ensuring the continuity of the key activities of the institution, the Secretaries of Ministries, Heads of Departments and Chief Accountants should endeavor that 2 percent of recurrent expenditure is saved from provisions made for salaries and wages related overtime and expenditure on other goods and services.

2.2 Capital Expenditure

Savings should be made from the provisions made for capital expenditure under your ministry/department/institutions including the provisions for rehabilitation and improvement of capital assets, development projects implemented under foreign financing, and also from the allocations made for the capital expenditure of Provincial Councils.

2.3 Expected targets in savings could be achieved by identifying capital programmes which are not required to be implemented on priority basis and also by management of the capital expenditure prudently and efficiently.

2.4 Additional provisions or approval for transfers under Financial Regulations will not be granted during the year for expenditure heads identified for such savings. The Department of Treasury Operations will release funds within the expected quarterly limits and the Department of National Budget will monitor the utilization of budgetary provisions to ensure the achievement of expected targets in savings as above.

2.5 All ministries and departments should submit a revised budget estimate incorporating the proposed savings to the Department of National Budget before 16. 01. 2012 in order to facilitate coordination in this process.

3. Consideration of Requirements of Additional Provisions

3.1 It is the prime responsibility of the Chief Accounting Officers and Accounting Officers to plan the annual expenditure of their institutions within the budgetary provisions approved by Parliament for 2012. Accordingly, annual expenditure plan and monthly cash requirements have to be submitted to the Department National Budget and the Department of Treasury Operations.

3.2 Budgetary provisions have been provided in Printed Estimates 2012 under “Budgetary Support Services and Contingent Liabilities Project” for specifically mentioned activities and the Treasury will not provide additional allocations other than for those activities. Therefore, special attention of the Chief Accounting Officers’/Accounting Officers’ is drawn to the fact that supplementary allocations will not be considered as adequate provisions have to be maintained to meet any unexpected and urgent situations.

3.3 Requests for additional provisions for unexpected and contingency programmes as well as government priority expenditure programmes should be forwarded to the Department of National Budget with adequate explanations and justifications. Similarly, before forwarding such requests for additional provisions, it is the responsibility of the Chief Accounting Officer/Accounting Officer to explore the possibilities of using unutilized allocations or allocations provided for activities not yet commenced under their expenditure heads.

4. Advance Account Activities

Advance Account activities should be managed within the limits approved by Parliament. Further, the maximum distress loan amount which can be paid to a public servant should be limited within the ceiling of Rs. 250,000/- at any given time.

5. Implementation of 2012 Budget Proposals

It is the responsibility of the Secretary of the relevant line ministry to initiate action to implement the budget proposals presented for 2012 and complete them within the stipulated timeframe. Therefore, steps have to be taken to send copies of the Action Plan prepared to implement budget proposals along with specific time targets to the Department National Budget with copy to the Department of National Planning on or before 25th January 2012.

6. You may contact Mr. A. K. Seneviratne, Additional Director General (Telephone 011 2484669) or Mr. S. M. Piyatissa, Director of the Department National Budget (Telephone 011 2484688) for any further clarification on this circular.

Sgd. P. B. Jayasundera
Secretary
Ministry of Finance and Planning

- Copies:
1. Secretary to the President
 2. Secretary to the Prime Minister
 3. Secretary to the Cabinet of Ministers
 4. Auditor General