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நிதி அமைச்சு
MINISTRY OF FINANCE

මහලේකම් කාර්යාලය, කොළඹ 01,
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මගේ අංකය }
எனது இல. } BD/MU/02/02
My No. }

ඔබේ අංකය }
உமது இல. }
Your No. }

දිනය }
திகதி } 29... December 2015
Date }

National Budget Circular No.: 06/ 2015

All Secretaries to the Ministries
Chairman, Finance Commission
Heads of Departments
Chairpersons of Corporations, Institutions and Statutory Boards

Monitoring of Financial and Physical Performance of Activities Financed by the National Budget

With the introduction of Zero-Based Budgeting (ZBB) approach from Budget 2016, each program has to justify its own existence, which requires continuous monitoring and evaluation of performance of the activities carried out under the programs financed by the National Budget. This will ensure efficient and effective utilization of scarce public resources in a manner to achieve desired outcomes. Besides, ZBB will help ensure financial discipline, accountability and transparency of the public expenditure programs.

02. Therefore, it has been decided to strengthen the monitoring mechanism associated with performance of the activities relating to recurrent and capital expenditures allocated under the National Budget. The Budget Implementation and Monitoring Unit of the Department of National Budget will periodically and systematically monitor the budgetary process in order to ensure that requirements of the ZBB approach are adhered by the line ministries and agencies.

03. This will be a continuous exercise of collecting and reporting data/statistics on, among other, the utilization of the allocated funds and physical performance against the agreed Key Performance Indicators (KPIs) and targets of the all public expenditure programs. In addition, this exercise ensures identification of deviations between planned and current performance of the line ministries / agencies. Hence, it will help to take required corrective actions without delay.

04. Accordingly, all line ministries/agencies should adhere to the following requirements of ZBB.

- (i) The Secretary of the line ministry is expected to appoint an officer at the level of Additional Secretary to “the Ministry Focal Point” (MFP) for all matters relating to the implementation of ZBB and budget monitoring. The relevant MFP of each line ministry should be held responsible for coordinating and liaising with different units of the ministry and other agencies under the purview of the ministry and to communicate with the Department of National Budget on financial and physical performance of the line ministry and other agencies within the agreed time frame for this purpose. The Secretary of the line ministry is required to inform name, designation and contact details (Mobile, Office, Residence phone Nos., Fax No. and e mail address) of the MFP, to the Director General Department of National Budget on or before 8th January 2016.
- (ii) In terms of the Budget Circular No. 3/2015, all spending agencies need to identify Key Performance Indicators (KPIs) in respect of each Project/ Sub Project level. Further, the Secretary, Ministry of National Policies and Economic Affairs issued guidelines on 14 October 2015 in which all ministries are required to formulate Action Plans as per the decision of the Cabinet of Ministers dated 22nd September 2015. This may require the Secretary of the line ministry to revisit the existing KPIs. Accordingly, the Secretary of the line ministry is required to submit a fresh list of KPIs in respect of each Project/ Sub Project of the line ministry and other agencies, to the Director General of National Budget on or before 8th January 2016.
- (iii) The Secretary of the line ministry is required to submit copies of Action Plan/s and Procurement Plan/s prepared for 2016 in respect of activities to be carried out under the Project/ Sub Project (including those associated with the budget proposals) of the line ministry/agencies to the Director General of National Budget on or before 15th January 2016.
- (iv) Each imprest requirement of the line ministry/ agency submitted to the Department of Treasury Operation should be copied to the Director General of National Budget including the first imprest request made for month of January 2016.
- (v) The Secretary of the line ministry, through MFP should submit relevant information in respect of the ministry and other agencies, to the Director General of National Budget via e- mail address - budmoni@nbd.treasury.gov.lk;
- a) as per the **Form 1** in the Annex, on or before 18th day of January 2016;
 - b) as per the **Form 2 - A, 2 - B, 3 and 4** in the Annex, for the period of first two weeks of the reporting month, on or before 18th day of same month and for the second two weeks of the reporting month, on or before 3rd day of the following month;
 - c) As per the **Form 5 and 6** in the Annex, on or before 3rd day in the months of April, July, October and January (2017) for each quarter respectively.

- (vi) Secretary of the line ministry or nominated Additional Secretary, along with the relevant officials including the official associated with MFP is required to attend at the Monthly Budget Monitoring Meeting chaired by the Secretary to the Treasury/ Deputy Secretary to the Treasury/ Director General of National Budget, held at the General Treasury, to review the financial progress against the allocated funds and physical performance on the basis of the Procurement Plan, Action Plan and KPIs agreed upon.
- (vii) Accordingly the Director General of National Budget will issue a recommendations to the Department of Treasury Operation for releasing imprest for a particular line ministry/ agency based on the performance of the ministry/ agency reported through the fortnight reporting formats and verified at the Monthly Budget Monitoring Meeting.
- (viii) The Director General of the Department of Treasury Operation may not release requested imprest if the relevant imprest has not been recommended by the Director General of National Budget.
- (ix) The Secretary of the line ministry is requested to adhere to the requirements set out in this circular.
- (x) For any clarification on the matters relating to this circular, you may contact Mr. M. K. P. Kumara, Director (Budget Monitoring) (Contact details: 011 2 484 688, 0718 320 679, Fax: 0112 432 848) or Mr. S. I. M. Rosa, Assistant Director (Budget Monitoring) (Contact details: 011 2 484 965, 0718 391 742, e mail address: budmoni@nbd.treasury.gov.lk).



R. H. S. Samaratinga

Secretary to the Treasury

- Cc: (i) Secretary to the President
(ii) Secretary to the Prime Minister
(iii) Secretary to the Cabinet of Ministers
(iv) Deputy Secretaries to the Treasury
(v) Auditor General
(vi) Director General, Department of National Budget
(vii) Director General, Department of Treasury Operation
(viii) Director General, Department of Public Enterprises

Form 1

ACTION PLAN FOR CAPITAL EXPENDITURE RELATING TO PROJECTS IN DEVELOPMENT NATURE - YEAR 2016

Ministry:		Accounting Head:	
Department²:		Accounting Head:	
Programme No³:			
Project No³:			

Reporting Period: Annual (to be submitted only at the first submission of information). **(Rs. Mn.)**

Vote particulars ³ (A)	Name of the Project ³ (B)	Activities ⁴ (C)	Sub Activities ⁴ (D)	Date of commencement (DD/MM/YYYY) (E)	Expected date of completion (DD/MM/YYYY) (F)	Total Estimated Cost (Original) ⁵ (G)	Total Estimated Cost (Revised) ⁵ (H)	Actual Cumulative Expenditure as at end 2015 ⁶ (I)	Cumulative Liabilities as at end 2015 ⁷ (J)	Balance as at end 2015 (Excludes Liabilities) ⁸ (G - I) (K)
Total										

Signature Secretary	(Digital or scanned signature)	Date:	<input style="width: 100%;" type="text"/>	Signature	(Digital or scanned signature)
				Head of the Department	<i>(only for Departments)</i>

- Notes**
- 1: "Projects in development nature" means development/ improvement related projects, specified in the Budget Estimates may be as Sub Projects/ items.
 - 2: A separate worksheet should be used for a Department and in such cases, Head of the Department should also place the signature in addition to the Secretary's signature.
 - 3: These information should be consistent with description in budget estimates.
 - 4: Activity refers to any major item under a Project while Sub Activity refers to major item under the each Activity.
 - 5: Original Total Estimated Cost (TEC) will be the amount as approved initially. Revised TEC will include duly approved -subsequent revisions . In such case, this Form 1 should be resubmitted as Form 1 (Revised).
 - 6: Cumulative expenditure includes settlement of bills, advances to other agencies, and mobilization advances excluding transfers to deposit accounts.
 - 7: As per Zero Based Budgeting approach, there will not be liabilities. However, Cumulative liabilities (if any) will include items where work has been done or services have been delivered but no payment has been made (i.e. bills in hand).
 - 8: This means the balance amount of the TEC to be spent, excluding liabilities (TEC - Actual Cumulative Expenditure)(If revised TEC is not available it is from original TEC)

Form 2 - A

FINANCIAL TARGETS AND PERFORMANCE OF CAPITAL EXPENDITURE RELATING TO PROJECTS IN DEVELOPMENT NATURE - YEAR 2016

Ministry:
 Department²:
 Programme No³:
 Project No³:

Accounting Head:
 Accounting Head:

Reporting Period: From To (DD/MM/YYYY)

Vote particulars ³	Name of the Project ³	Allocation for 2016 ⁴ (Rs. Mn.)	Financing Code	Performance	Monthly Financial Progress (Rs. Mn.)												Cumulative Expenditure up to end of the Reporting period ⁵ (Rs. Mn.)	Reasons for Variation between Target and Actual Financial Performance of Reporting period ⁵
					Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec		
				Target														
				Actual														
				Target														
				Actual														
Total				Target														
				Actual														

Signature Secretary..... (Digital or scanned signature)

Date:

Signature Head of the Department (Digital or scanned signature) *(only for Departments)*

Notes

- 1: "Projects in development nature" means development/ improvement related projects, specified in the Budget Estimates may be as Sub Projects/ items.
- 2: A separate worksheet should be used for a Department and in such cases, Head of the Department should also place the signature in addition to the Secretary's signature.
- 3: These information should be consistent with description in budget estimates.
- 4: "Allocation for the year" means the provided amount in the budget estimates and/ or through Budget Proposals. If revised, this Form is required to be resubmitted.
- 5: Cumulative Expenditure up to Reporting Period means cumulative expenditure as per the target and actual up to the Reporting period.
- 6: Liabilities if any, should also be reported here.

Form 2 - B

PHYSICAL TARGETS AND PERFORMANCE OF CAPITAL EXPENDITURE RELATING TO PROJECTS IN DEVELOPMENT NATURE - YEAR 2016

Ministry:
 Department²:
 Programme No³:
 Project No³:

Accounting Head:
 Accounting Head:

Reporting Period: From To (DD/MM/YYYY)

Vote particular s ³	Name of the Project ³	Activities ⁴	KPI or target for the year ⁵	Performance	Monthly Physical Progress [As a percentage (%)]												Cumulative Performance up to end of Reporting period ⁷	Reasons for Variation between Target and Actual Physical Performance of Reporting period
					Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec		
				Target ⁶														
				Actual														
				Target ⁶														
				Actual														
				Target ⁶														
				Actual														
				Target ⁶														
				Actual														

Signature Secretary..... (Digital or scanned signature) Date:

Signature (Digital or scanned signature) Head of the Department (only for Departments)

Notes

- 1: "Projects in development nature" means development/ improvement related projects, specified in the Budget Estimates may be as Sub Projects/ items.
- 2: A separate worksheet should be used for a Department and in such cases, Head of the Department should also place the signature in addition to the Secretary's signature.
- 3: These information should be consistent with description in budget estimates.
- 4: Activity should be in line with Form 1.
- 5: Definition for KPI and/ or targets should be provided.
- 6: Targets should be identified/ set for the whole year at the first submission of this Form as performance will be monitored against the identified/ set targets.
- 7: Cumulative performance up to Reporting period means cumulative physical performance targets and physical progress achieved up to the Reporting period.

Form 3

PERFORMANCE OF CAPITAL EXPENDITURE RELATING TO REHABILITATION & IMPROVEMENT, ACQUISITION AND CAPACITY BUILDING - YEAR 2016

Ministry:

Accounting Head:

Department²:

Accounting Head:

Programme No³:

Project No.³: *Please use separate worksheet for each project.*

Project Name³:

Reporting Period: From To (DD/MM/YYYY)

Sub Project No. (if any) ³	Object Code ³	Item ³ (if any)	Basis of/ Reasons for Allocation ⁴	Allocation for 2016 ⁵ (Rs. Mn.)	Financing Code	Expenditure Plan (Rs. Mn.)												Reasons for Variation ⁸
						Financial Performance ⁶	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	
						Target ⁷												
						Actual												
						Target ⁷												
						Actual												
						Target ⁷												
						Actual												
Total						Target ⁷												
						Actual												

Signature Secretary..... (Digital or scanned signature) Date:

Signature (Digital or scanned signature) Head of the Department (only for Departments)

Notes

- 1: "Capital Expenditure" means all the capital expenditure items (object codes) other than Sub Projects reported in Form 1, 2 A and 2 B.
- 2: A separate worksheet should be used for a Department and in such cases, Head of the Department should also place the signature in addition to the Secretary's signature.
- 3: Programme, Project, Sub Project, Object Code and Item should be consistent with description in budget estimates.
- 4: "Basis for allocation" means unit of measurement and number of units used to estimate the allocation such as number of employees, beneficiaries, hours, cost units etc.
- 5: In the case of the original allocation is revised through a supplementary estimate, transfer, additional allocation etc., Expenditure Plan should be changed accordingly, with a Note of Change.
- 6: Both Target and Actual Performances
- 7: Targets should be initially identified/ set for the year as performance will be monitored against the identified/ set targets.
- 8: Reasons for Variation should explain the difference between Target and Actual Performance of Reporting period.

Form 4

PERFORMANCE OF RECURRENT EXPENDITURE - YEAR 2016

Ministry: _____
 Department¹: _____
 Programme No²: _____
 Project No.²: _____
 Project Name²: _____
 Reporting Period: From _____ To _____ (DD/MM/YYYY)

Accounting Head: _____
 Accounting Head: _____

Please use separate worksheet for each project.

Sub Project No. (if any) ²	Object Code ²	Item ² (if any)	Basis of Reasons for Allocation ³	Allocation for 2016 ⁴ (Rs. Mn.)	Target and Actual Financial Performance ⁴	Expenditure Plan (Rs. Mn.)												Reasons for Variation ⁷
						Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	
					Target ⁶													
					Actual													
					Target ⁶													
					Actual													
					Target ⁶													
					Actual													
				Total	Target ⁶													
					Actual													

Signature _____ Date: _____
 Secretary..... (Digital or scanned signature)

Signature _____ (Digital or scanned signature)
 Head of the Department (only for Departments)

Notes

- 1: A separate worksheet should be used for a Department and in such cases, Head of the Department should also place the signature in addition to the Secretary's signature.
- 2: Programme, Project, Sub Project, Object Code and Item should be consistent with description in budget estimates.
- 3: "Basis for allocation" means unit of measurement and number of units used to estimate the allocation such as number of employees, beneficiaries, hours, cost units etc.
- 4: In the case of the original allocation is revised through a supplementary estimate, transfer, additional allocation etc., Expenditure Plan should be changed accordingly.
- 5: Both Target and Actual Performances
- 6: Targets should be initially identified/ set for the year as performance will be monitored against the identified/ set targets.
- 7: Reasons for Variation should explain the difference between Target and Actual Performance of Reporting period.

Form 5

Quarterly Information on Changes in Employment Profile

Name of Ministry/ Department/ Institution:

Please use separate worksheet for each organization.

Accounting Head:

Reporting Period: From

To

(DD/MM/YYYY)

(to be submitted only on quarterly basis).

Employment Category ¹ (A)	Changed by						Net effect to Employment Profile (C + D - E - F - G - H) (I)	No. of employees at the beginning of the Reporting Quarter (J)	No. of employees at last day of Reporting Quarter (J + I) (K)	
	New Appointments		Transfers In (D)	Transfers Out (E)	Retirement / Resignation (F)	Scheme of VRS (G)				Deaths (H)
	Reference No. of the MSD Approval for Designation (B)	No. of New Appointments (C)								
Permanent Senior Level (A) Tertiary Level (B) Secondary Level (C) Primary Level (D)										
Temporary/Casual Senior Level (A) Tertiary Level (B) Secondary Level (C) Primary Level (D)										
Consultants										
Total										

Signature

Secretary.....

Date:

(Digital or scanned signature)

Signature

Head of the Department *(only for Departments)*

(Digital or scanned signature)

Note

1: As per Public Administration Circular No. 6/2006.

Form 6

QUARTERLY COMPLIANCE REPORT

Ministry:

Ministry Accounting Head:

Reporting Period:

From		To	

(DD/MM/YYYY)

(to be submitted only on quarterly basis).

	Ministry	Department 1	Department 2	Institution 1	Institution 2
Submission Date of Action Plan to National Budget Department					
Submission Date of Procurement Plan to National Budget Department					
Submission Date of Annual/ Performance Report of 2014 to the Parliament					
Submission Date of Annual/ Performance Report of 2013 to the Parliament					
Submission Date of Annual/ Performance Report of 2012 to the Parliament					
First Audit & Management Committee Meeting	Scheduled Date				
	Held Date				
Second Audit & Management Committee Meeting	Scheduled Date				
	Held Date				
Third Audit & Management Committee Meeting	Scheduled Date				
	Held Date				
Forth Audit & Management Committee Meeting	Scheduled Date				
	Held Date				
No. of Audit paras referred to COPE or COPA by Auditor General					
Amount of outstanding Statutory Payments (Such as ETF etc.) as at end of Quarter (Rs.)					

Signature

(Digital or scanned signature)

Date:

Secretary.....