



இதல், ஞார்லீக ஸ்டாபீகரண ஸஹ ஸாநீக ப்ரதீபநீதி ஸுலாஸா஁டெ  
நீதி, ஡ுருளாதார ஁றுதீப்பாடு ஡ற்றும் தேசீயக் குள்கைகள் ஁஡ைச்சு  
MINISTRY OF FINANCE, ECONOMIC STABILIZATION AND NATIONAL POLICIES

஁஡லேகலீ ஡ார்காடு, ஡ுலு஡ீ 01,  
஁ ஁஡ல

செயலக஡, குளா஡ும்பு 01,  
இலங்கை.

The Secretariat, Colombo 01,  
Sri Lanka.

஡ார்காடு } 011-2484500  
஁லுவலக஡ } 011-2484600  
Office } 011-2484700

ல஡ீஸ் }  
தொலைநகல் } 011-2449823  
Fax }

லேலீ ஁லீலீ }  
இணையதள஡ } www.treasury.gov.lk  
Website }

஁லே ஁஡ை }  
எனது இல } PED/COP/POLI/Circulars  
My No }

஁லே ஁஡ை }  
஁஡து இல }  
Your No }

஁கை }  
தீகதீ } 08.08.2022  
Date }

Public Enterprises Circular No. 04/2022

All Secretaries to Ministries

Chairmen of Commercial Corporations, Statutory Boards and Government Owned  
Companies

**Expenditure Management and Business Sustainability of Commercial Corporations,  
Statutory Boards and Government Owned Companies**

Provisions of this circular apply to the Commercial Corporations, Statutory Boards and  
Government Owned Companies and this shall be read along with the National Budget Circular  
03/2022 dated.26.04.2022.

02. Sri Lanka has been facing severe economic constraints with serious issues in the  
government fiscal operations and insufficient foreign exchange to finance essential imports and  
meet foreign debt service obligations. In this backdrop, State Owned Enterprises (SOEs) are  
expected to play a pivotal role in providing goods and services to the public while ensuring  
optimal use of scarce resources. Accordingly, SOEs should adhere and maintain proper  
financial discipline to ensure business sustainability and avoid undue pressure on the national  
economy from a broader perspective. Accordingly, the following directions are to be adhered  
with, by all the SOEs.

- 2.1. Strictly control the usage of all utility services, including fuel, electricity, water and  
communication, with proper internal controls and rigorous monitoring. Moreover, SOEs  
should take prompt action to settle its utility bills in timely manner.
- 2.2. Suspend the entering in to new rent or lease agreements for renting out or leasing out of  
new buildings. However, such existing agreements can be extended based on a proper  
need assessment and a cost benefit analysis with the approval of the Board of Directors.

- 2.3. Suspend the entering into new agreements for renting out or leasing out of vehicles. However, extension of such agreements or replacement of existing agreements shall be done based on a proper need assessment with the approval of the General Treasury.
- 2.4. Suspend the recruitments immediately and if there is any essential recruitment for maintaining business continuity, it can only be made with the special approval of the Director General of Department of Public Enterprises or Director General of Department of National Budget, as applicable.
- 2.5. Ensure that no new allowances for employees are introduced and the Board of Directors should also ensure that there is no increase in existing allowance schemes.
- 2.6. All the SOEs shall shift to electronic communication platform and reduce paper usage as much as possible.
- 2.7. Suspend all kind of sponsorships, donations, CSR expenses and non-business-related promotional expenses. Any such expenditure which is essential in nature, can only be met with the approval of relevant Minister and concurrence of the Hon. Minister of Finance.
- 2.8. Avoid all expenditure related to the ceremonial activities.
- 2.9. Suspend the expenditure on foreign travels or training programmes using domestic funds. Nonetheless, there is no restriction on foreign funded programmes.
- 2.10. Following directions are applicable for the projects and acquisition of Capital Assets by using domestic funds (Budgetary/ Internal/ Local Bank funding);
  - 2.10.1. Temporary suspend the implementation of new projects and/or acquisition of new Capital Assets of which either the procurement process has been started or has to be activated.
  - 2.10.2. Explore the possibility of suspending and making the required steps to suspend the Capital Asset acquisitions and the projects of which the agreements have already been made with the contractor, but not yet have been commenced.
  - 2.10.3. Action should be taken to halt or postpone the activities of the projects and/or acquisition of Capital Assets which have already been stopped or with less progress due to the current market conditions or other reasons, though such project and/or acquisition have already been commenced, with a proper negotiation with the contractor/supplier. Here, possible legal and financial implications shall be appropriately scrutinized.
  - 2.10.4. Any deviation from the 2.10.1 to 2.10.3 above shall be undertaken only with a special approval of the Secretary to the Treasury.
- 2.11. All the SOEs shall pay special attention to innovative approaches for producing value added products focusing on alternative arrangements to imports to save foreign exchange earnings. Further, SOEs are encouraged to use under-utilized or unused lands for agricultural purposes using in-house labour and inputs to ensure sustainable food security

in the country by collaborating with state-owned research institutions and state universities.

2.12. All the SOEs shall immediately establish a high-level Management Committee, including the Chief Executive Officer, Head of Finance, Head of Operations and Head of Human Resources to introduce effective controls over expenditure. The Committee should focus specially on the followings;

- i. Explore the avenues for enhancement of operational efficiency by reducing the wastages and inefficiencies, and reduction of overhead cost.
- ii. Innovative approaches to enhance business return and foreign currency earning, as applicable.
- iii. Proposals for productive use of human resource.
- iv. Find simple IT solutions for operational and overhead cost reduction.

The Committee should report its recommendations to the Board of Directors at the end of each month. The key initiations accepted by the Board of Directors based on such recommendations should communicate to the Secretary to the Line Ministry and the General Treasury on or before the 10<sup>th</sup> of succeeding month through e-mails.

03. The Board of Directors of the parent SOEs should also ensure that their subsidiaries adopt effective measures on expenditure control in line with the provisions of this circular. In this regard, a proper mechanism should be discussed at the Board level and introduced to the Subsidiary Policy of the parent SOE to review the progress of subsidiaries in achieving expenditure control and business sustainability.

04. The provisions of this circular are applicable until further notice. All Chief Accounting Officers, Accounting Officers, the Board of Directors, and the Senior Management of the SOEs are responsible to follow above directions strictly with immediate effect to respond to the critical economic conditions of the country at present.



**K.M. Mahinda Siriwardana**  
Secretary to the Treasury

Copies:

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