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MINISTRY OF FINANCE, ECONOMIC STABILIZATION AND NATIONAL POLICIES

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எனது இல } BD/CBP/01/01/05/2022
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ඔබේ අංකය }
உமது இல }
Your No }

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திகதி } 27.01.2023
Date }

National Budget Circular: 01/2023

Secretaries to Ministries
Chief Secretaries of Provincial Councils
Heads of Departments/ District Secretaries
Heads of State Corporations, Statutory Boards and Government owned Companies

Curtailement of Recurrent Provisions Appropriated for the Year 2023 by 6 Percent and Public Expenditure Management

With the aim of mitigating the adverse implications arising out of the difficulties in collecting the estimated gross government revenue for the year 2023, the Cabinet of Ministers has decided to cut down a minimum 6 percent of the recurrent provisions allocated by the budget 2023, in order to incur government expenditure in a more frugal manner and to minimize the non-essential expenditure as much as possible. Accordingly, the Chief Accounting Officers and Accounting Officers of all Expenditure Heads should adhere to the following measures.

02. All Ministries and Departments

(a) All Chief Accounting Officers and Accounting Officers should take action to cut down at least 6 percent of total recurrent expenditure in the Budget Estimates 2023, except for the provisions allocated for the following object codes.

Object	Object Code
(i) Salaries and Wages	1001
(ii) Medical Supplies	1204
(iii) Rents and Local Taxes	1404
(iv) Retirement benefits	1502
(v) Interest payments for domestic debt	1601
(vi) Interest payments for foreign debt	1602
(vii) Discounts on Treasury Bills and Treasury Bonds	1603
(viii) Mandatory welfare benefit payments (as per 2(c)vi) and statutory or contractual commitments	

(b) The revised expenditure estimates containing the measures identified for minimizing expenditure, should be submitted to the relevant Staff Officer-in-Charge of the subject, in the

Department of National Budget, via e-mail with a covering letter, before 28.02.2023, using the format given in annex 1.

(c) It is required to strictly adhere to rules and regulations and to adopt strategic actions based on the nature of each institution, in order to minimize the expenditure. In general, all the institutions should follow the following actions.

- i. Actions should be taken to minimize the institutional recurrent operational expenditure as much as possible, by introducing measures such as Business Process Reengineering, Optimum Inventory Management, use of Information Communication Technology, Digitalization and On-line Service Delivery using available resources. .
- ii. Action should be taken to apply appropriate measures in order to control expenditure on electricity, water, telecommunication, fuel and other contractual services and to carry out audits on utilization of such services. Further, action should be taken to strictly control the purchasing of office requisites.
- iii. It is essential to strictly control the expenditure associated with overtime payments since it is required to cut down at least 6 percent of the provisions allocated to object codes No. 1002 - overtime and holiday pay and 1003 - other allowances. Therefore, the officers authorizing such payments must ensure that, there is a genuine service requirement for overtime and holiday duties and the employee is actually engaged in the service, within the period of service required to be entitled to the respective payment. Further, allowances paid under internal instructions issued at ministerial or institutional level, without a proper authority should be discontinued.
- iv. When adequate vehicles are available in the pool, vehicles should not be procured on rental basis to be assigned to officials who are entitled to official vehicles, in order to control the expenditure on object codes No. 1202 - fuel, 1401 - transport, 1408 - lease rental for vehicles procured under operational leasing. It is the responsibility of Chief Accounting Officers and Accounting Officers to ensure that only one official vehicle is used within the approved fuel limits by officers who are entitled to an official vehicle. It should further be ensured that pool vehicles are not provided in any case to the officers who are entitled to official vehicles/ monthly transport allowance in lieu of an official vehicle.
- v. Measures should also be taken to restrict the use of pool vehicles only for the most required activities, in a well-planned manner and to limit the incidence of transportation requirements by using online methods as much as possible to conduct meetings/conferences/discussions. Further, action should be taken to minimize the expenditure incurred for transportation by line ministries/departments in connection with official/service requirements that can be easily covered through zonal/regional/sub-offices.
- vi. Envisaged cut down of provisions under this circular shall not be applicable for;
 - The provision of relief to those who are affected by the adverse economic situation
 - Relief payments for Samurdhi beneficiaries, senior citizens, kidney patients and differently-abled persons
 - Nutritional food package for expectant mothers, morning breakfast for school children and nutritional supplement to children suffering from acute malnutrition
 - Thripasha programme and welfare programmes for school children including school nutrition programme

However, action should be taken to save the provisions of welfare programmes under Object Code No. 1501 through the adoption of measures indicated in 2c(i) above and enhancing "the targeting efficiency" of beneficiaries.

vii. Though the object code No. 1204 - medical supplies is exempted from the calculations of expenditure savings, special attention should be paid to prudent inventory management, proper storing of medicines, optimal use of Integrated Medical Supply Information System and minimizing delays in procurements so as to avoid unnecessary emergency purchases, when incurring expenditure under medical supplies.

viii. The current limits imposed by the National Budget Circular 03/2022 on loan facilities provided to Staff Officers under Advance Accounts shall further remain in effect.

3. Provincial Councils

Guidelines on curtailing provisions under the object code No. 1507 - grants to provincial councils will be issued by the Finance Commission.

4. Statutory Institutions partly or fully financed through the Government Budget

(a) These statutory institutions should take action to save at least 6 percent from the balance provisions that remain after deducting salaries and wages from the provisions allocated under object code No. 1503 and the provisions allocated under object code No. 1509. In this context, the provisions from 2(a) to (c) above and 6 below should be followed. Accordingly, the revised expenditure estimates should be submitted to the Department of National Budget before 28.02.2023, along with the approval of the Board of Directors. (Annex 1 could be amended as appropriate and used for this purpose)

(b) The fees charged or revenue collected on behalf of the Government by these statutory institutions except for the institutions that have been statutorily authorized to retain the revenue collected, should be immediately transferred to the Consolidated Fund. The imprest required by these institutions will be provided by the Treasury based on the requirement, subject to the annual estimated limits. Further, the funds provided to those institutions by the Treasury, should not be kept as deposits or investments.

5. Statutory Institutions which are not financed through the Government Budget

As per the cabinet decision no. 23/0100/604/007 dated 16.01.2023, Department of Public Enterprises will separately issue necessary instructions to freeze 6 percent of recurrent expenditure of State Banks, Corporations, Statutory Boards, Government Companies and other State Owned Enterprises, in order to minimize expenditure.

6. General Instructions

(a). Public officers should not be allowed to participate in foreign studies/training programmes/discussions/conferences/tours by incurring expenditure through government funds when the cost is not fully covered by the donor agencies.

(b). Only the incidental allowance under the Ministry of Finance Circular No. 01/2015/01 dated 15.05.2015 could be paid for foreign studies/training programmes/discussions/conferences/tours of which full cost is borne by the Donor Agency and channeled down to public officers through the Ministry of Foreign Affairs or the Department of External Resources, or provided to

public officers under agreements/ conventions entered into with a proper approval of the Ministry of Foreign Affairs or the Department of External Resources, or provided to a specific institution under agreements/ conventions entered into by Sri Lanka.

(c). Expenditure on local staff training should only be incurred and training opportunities only be given, in connection with trainings or qualifications that have to be mandatorily completed by respective officers, as per the provisions of service minutes, schemes of recruitments and circulars. Officers should only be referred to local institutions which have been exclusively established for conducting such trainings. Government funds should not be utilized for trainings such as conferences, workshops and outbound trainings conducted for groups of officers, which do not fall under the above referred training category.

(d). After curtailing provisions as above mentioned, action should be taken to prioritize the expenditure requirements so as to enable the incurring of expenditure in an economical manner, without exceeding the revised limits of provisions.

(e). Action should be taken at Audit and Management Committee Meetings of ministries, departments and all public institutions to ensure that the provisions of this circular and frugal expenditure management methods are implemented and proper instructions are given when and where necessary.

7. It is emphasized in view of the highly restricted fiscal space that the Chief Accounting Officers and Accounting Officers should make personal effort in ensuring that provisions of the National Budget Circulars No. 03/2022, 08/2022 and 09/2022 as well as the instructions of the Circular Letter No. PS/SB/Circular/10/2022 dated 15.08.2022 issued by the Secretary to the President and the provisions of this circular are strictly adhered to.

Sgd./K.M. Mahinda Siriwardana
Secretary to the Treasury

Copies to:

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

Details of Expenditure Savings in 2023

Expenditure Head :

Programme :

Project :

Object Code	2023 Estimates (Rs. Mn)	Proposed Savings (Rs. Mn)	Revised Estimates (Rs. Mn)	Steps Expected/New Measures Introduced for Saving
				Ex: 1. Optimum Inventory Management 2. Online Service Delivery 3. Business Process Re-engineering
Total				

Date:

Signature of Chief Accounting Officer / Accounting Officer