

PERFORMANCE REPORT - 2014

DEPARTMENT OF NATIONAL BUDGET

MINISTRY OF FINANCE & PLANNING

Vision

Socio-economic Development through an Efficient
Appropriation of Public Resources

Mission

Facilitation of the performance of the responsibility conferred on the legislature for the management of public finance, by provision and distribution of resources for efficient delivery of public services and for the achievement of the development objectives of the Government

Functions & Responsibilities

(a) Formulation of the National Budget

- Preparation of Medium Term Expenditure Framework (MTEF) over a period of 03 years
- Formulation of annual budget estimates for Ministries, Departments and Statutory Agencies of the government in consultation with the Spending Agencies and the relevant Treasury Departments to achieve the fiscal targets stipulated in the Fiscal Management (Responsibility) Act.

(b) Public Expenditure Management

- Issuance of Budget Circulars
- Enforcement of appropriate budgetary management measures to ensure that funds are used exclusively for the declared purposes within the approved limits.
- Interacting with the Spending Agencies to ensure the effectiveness of spending.
- Analysis of expenditure for monitoring of financial as well as physical progress.
- Representing the Department of National Budget at the Committee on Public Accounts (COPA).
- Preparation of Observations on related Cabinet Memoranda
- Granting approval for Vehicle Procurements, not included in the leasing method
- Procurement of vehicles for all government agencies under the financial leasing method.
- Participation of Staff on Boards and Committees representing Treasury/ Department of National Budget, and
- Financial Administration of the Department

(c) Activities Related to Statutory Agencies (Non – commercial Public Institutions)

- Preparation of Budget Estimates for Statutory Agencies which are supported through the Consolidated Fund.
- Representing the Department of National Budget at the Committee on Public Enterprises (COPE).

(d) Advance Accounts Activities

- Determination of limits for the Commercial, Stores and Public Officer's Advance Accounts in consultation with the spending agencies and consideration of the requests for revision of limits.
- Representing the Treasury at the Committee on Public Accounts (COPA) meetings on matters related to Advance Accounts.

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1. Overview

The Department of National Budget operates under the guidance of the Ministry of Finance and Planning. The Department functions as the focal point for the formulation of Budget Estimates based on a sector wise Medium Term Expenditure Framework (MTEF) in consistence with the overall medium term macro-economic framework. The MTEF presents its financial plans towards specific targets within the context of sectorial policy strategies while paying particular attention to the management of public expenditure. This process involves a continuous consultation with the line Ministries, Departments, Statutory Agencies of the Government and the relevant Treasury Departments.

Performance of the operational activities of this department is based on the broader scope of public finance management and planning of the Ministry of Finance and Planning and overall mandate of the Department of National Budget. In the year 2014, the department carried out a wide range of activities in relation to the implementation of Budget 2014 as well as preparation of Annual Budget of 2015 within the Medium Term Expenditure Framework, 2015–2017, as given in Table 1.1.

Table 1.1 Summary of Performance – 2014

Function	Activity	Overall Target	Achievement
1. Implementation of Budget 2014 and Expenditure Management.	<ul style="list-style-type: none"> • Issuance of Budget Circulars giving instructions on expenditure management • Provision of additional funds for unforeseen expenditure and Submission of Supplementary Estimates to Parliament. • Authorization of transfer of funds under F.R. 66 and 69 	<ul style="list-style-type: none"> • Manage public expenditure efficiently. • Provide funds and minimize unforeseen expenditure • Maintain the expenditure within the approved estimates. 	<ul style="list-style-type: none"> • Issued National Budget Circular Nos. 157 & 157(i) in this regard • The additional fund requirements, especially for accommodating unforeseen incidents such as floods, draughts etc were addressed, managing the reallocation of funds within the approved expenditure ceiling, without submitting a Supplementary Estimate to Parliament. • As per the Financial Regulations, 1589 applications were authorized. Out of that, 242 applications were programme transfers and 1,347 were project transfers

Function	Activity	Overall Target	Achievement
2. Preparation of National Budget Estimate for 2015	<ul style="list-style-type: none"> • Issuance of Budget guidelines on the preparation of the Budget Estimates. • Preparation of draft annual budget estimates in consultation with spending agencies and relevant departments of the Treasury. • Conduct Budget discussions with relevant ministries 	<ul style="list-style-type: none"> • Issue individual letters to relevant line ministries with guidelines to prepare the Budget Estimates. • Ensure meeting the goals set out in the Vision for the Future; Development Policy Framework of the Government. • Meet the actual requirements and prepare a realistic budget 	<ul style="list-style-type: none"> • Formulated the Budget for 2015 in line with the Government Development Policy Framework within MTEF 2015-2017. • Conducted pre budget meetings for selected ministries and other stakeholders with the Chairmanship of HE the President. • Conducted meetings under the Chairmanship of the Hon. Minister of the relevant Ministry • Conducted review meetings with the Secretary to the Treasury and the Deputy Secretaries along with relevant Departments/ Agencies
	<ul style="list-style-type: none"> • Make necessary arrangements to present the Appropriation Bill for 2015 to Parliament, on time. 	<ul style="list-style-type: none"> • The Appropriation Bill to be presented to Parliament in first week of Oct, 2014 • Preparation of detailed Estimates. • Pass the Appropriation Bill by Parliament 	<ul style="list-style-type: none"> • Gazetted the Appropriation Bill for 2015 in the Gazette, dated 19. 09. 2014. • Printed detailed estimates with the background information concerning all relevant spending heads. • Submitted the Appropriation Bill to Parliament on 26.09.2014 • Presented the Budget to the Parliament (Second Reading) on 24.10.2014 • Parliament passed the Appropriation Bill on 24. 11. 2014 • Appropriation Act No 41 of 2014 was certified by the Hon. Speaker on 24. 11. 2014 • Warrants were issued by HE the President as the Minister of Finance on 04. 12. 2014

Function	Activity	Overall Target	Achievement
3. Submission of observations on Cabinet Memoranda	<ul style="list-style-type: none"> Submit observations and comments on Cabinet Memoranda on time with relevant analysis of government/sectoral policy and expenditure. 	<ul style="list-style-type: none"> Timely submission of observations on Cabinet Memoranda 	<ul style="list-style-type: none"> Submitted 399 observations on Cabinet Memoranda
4. Internal Management of the Department of National Budget.	<ul style="list-style-type: none"> General Administration Leasing Vehicle Management 	<ul style="list-style-type: none"> Ensure efficient utilization of human resources and budgetary provisions allocated to the department. 	<ul style="list-style-type: none"> Utilized Rs.2,613.1 million of allocation i.e. Rs.965.1 million of recurrent expenditure and Rs. 1648 million of Capital expenditure
	<ul style="list-style-type: none"> Control of Departmental Advance Account 	<ul style="list-style-type: none"> Grant Loans/advances to all the applicants of the staff of NBD complying with the limits of the Advance Accounts 	<ul style="list-style-type: none"> Adhering to the authorized limits; distress loans, bicycle loans, special advances and festival advances amounting to Rs. 3,556,270 were given.
	<ul style="list-style-type: none"> Capacity Building 	<ul style="list-style-type: none"> Develop human resources through local and foreign training 	<ul style="list-style-type: none"> 03 officers were trained overseas while 04 officers were trained locally on programmes related to activities of the NBD.
	<ul style="list-style-type: none"> Submission of Reports 	<ul style="list-style-type: none"> Submit reports before the deadlines (a) Performance Report (b) Appropriation Account (C) Reconciliation of public officers Advance Account 	<ul style="list-style-type: none"> Submitted the following Reports on time. (a) Performance Report 2013 (b) Appropriation Account 2014 (C) Reconciliation of public officers Advance Account 2014
	<ul style="list-style-type: none"> Replying to the Audit Queries 	<ul style="list-style-type: none"> Minimize audit queries. Attend COPA 	<ul style="list-style-type: none"> Replied all audit queries (07) forwarded by the Department of Auditor General.

2. Review and Implementation of Budget 2014

2.1 Appropriation Act for 2014

As per the Appropriation Act No.36 of 2013, the total estimated expenditure of the Government, including advance account activities, for 2014 was Rs. 2,603 billion and the maximum borrowing limit was Rs.1,278 billion. The total expenditure of the Government was detailed as follows.

- Expenditure related to general services of the Government Rs.1,598 billion
- Expenditure of the Government authorized by special laws and to be charged to the Consolidated Fund Rs.1,001 billion
- Expenditure related to Advance Account Activities Rs.4.0 billion

Appropriation Act No. 36 of 2013 was amended on 25th November 2014 in order to facilitate the government priorities of development. Accordingly, Rs.95 billion has been considered by increasing the approved expenditure limit of Schedule 01 from Rs.1,598 billion to Rs.1,693 billion. The expenditure under special laws was increased from Rs. 1,001 billion to Rs. 1,058 billion, specially, meeting the cost of increased debt service. Subsequently the borrowing limit of the government were amended by Rs.200 billion from Rs. 1, 278 billion to Rs. 1, 478 billion. Accordingly, the Appropriation Act (Amendment) No. 47 of 2014 which includes the above changes was approved by Parliament.

2.2. Performance of Budget 2014

Head-wise expenditures which were disaggregated in terms of Projects and by Object Codes with sources of financing presented to Parliament in the Printed Estimates along with the Budget Speech. Once the Appropriation Bill became an Act and the Minister of Finance issued warrants authorizing to incur expenditure as indicated in Printed Estimates. As per the budget estimates approved by Parliament for year 2014, provisions were allocated among 208 expenditure heads/spending units which consisted of 22 Special Spending Units, 60 Ministries and 126 Departments.

The total expenditure recorded for 2014 was Rs. 2,603 billion of which, Rs. 1,529 billion or 59 percent was for the expenditure authorized under Appropriation Act and the balance Rs. 1,073 billion or 41 percent was for the expenditure under special law services.

Out of the recorded total expenditure for 2014, the actual expenditure related to general services of the government, provided under first schedule of the Appropriation (Amendment) Act was Rs 1,529 billion and it has increased by Rs. 272 billion or 22 Percent in 2014 compared to 2013. This included both capital and recurrent expenditure namely, salaries and wages, welfare, operational expenses such as electricity, water, stationery fuel, diet, uniforms and the expenditure related to development programmes. The actual expenditure, under Special Law Services was Rs. 1,073 billion. However, the total utilization of special law provision has decreased from Rs. 82 billion or 7 percent in 2014 compared to Rs. 1,155 billion in 2013 mainly, due to measures taken to reduce the share of short term debt in total domestic debt. Actual expenditure of the Advance Account activities was Rs. 16.6 billion against the maximum expenditure limit of Rs. 18.1 billion and the total actual receipt was Rs. 15.5 billion against the minimum receipt of Rs. 14.1 billion. Accordingly, the Advance Account activities were within the approved limits.

Table 2.1 Progress of Utilization of Provisions - 2014

Name of the Ministry/Expenditure Item	Estimated Provisions	Additional Allocation provided from TMV	Total Provisions (sum of (1)+(2))	Actual Expenditure	Rs Mn
					Unutilized Provisions (3)-(4)
	(1)	(2)	(3)	(4)	(5)
Special Spending Units	18,297	163	18,461	17,181	1,280
Buddha Sasana and Religious Affairs	2,000	5	2,005	1,942	63
Finance and Planning	42,317	9,311	51,628	46,549	5,079
Defence and Urban Development	283,763	1,907	285,670	274,723	10,947
Economic Development	98,988	8,898	107,886	107,667	219
Disaster Management	4,249	297	4,546	4,310	236
Postal Services	9,986	100	10,086	9,993	93
Justice	6,307	3	6,310	5,966	344
Health	117,162	-	117,162	112,122	5,040
External Affairs	9,823	240	10,063	9,770	294
Transport	80,381	753	81,134	76,337	4,797
Petroleum Industries	163	4	168	163	5
Co-operatives and Internal Trade	1,916	79	1,995	1,774	221
Highways, Ports and Shipping	144,258	7	144,265	133,304	10,962
Agriculture	40,956	50	41,005	37,758	3,247
Power and Energy	32,300	11	32,311	24,287	8,025
Child Development and Women's Affairs	2,277	3	2,280	2,080	200
Public Administration and Home Affairs	165,559	1,199	166,758	164,575	2,183
Mass Media and Information	3,399	18	3,417	3,137	280
Construction, Engineering Services, Housing and Common Amenities	5,308	2	5,310	3,964	1,346
Social Services	4,503	-	4,503	4,418	85
Education	43,134	913	44,046	43,511	536
Labour and Labour Relations	1,741	35	1,777	1,670	107
Traditional Industries and Small Enterprise Development	1,126	5	1,131	1,117	14

Local Government and Provincial Councils	228,791	1,783	230,574	164,223	66,351
Technology and Research	3,913	4	3,917	3,656	261
National Languages and Social Integration	576	-	576	479	97
Plantation Industries	4,255	21	4,277	3,915	362
Sports	3,464	-	3,464	2,423	1,042
Indigenous Medicine	1,815	53	1,869	1,628	241
Fisheries and Aquatic Resources Development	9,338	78	9,416	8,069	1,347
Livestock and Rural Community Development	5,689	100	5,789	5,439	351
National Heritage	1,571	14	1,584	1,510	74
Parliamentary Affairs	443	8	451	428	23
Re-settlement	403	-	403	398	5
Industry and Commerce	3,217	-	3,217	2,963	254
Irrigation and Water Resources Management	49,884	237	50,120	44,942	5,178
Land and Land Development	5,937	214	6,151	6,025	125
Youth Affairs and Skills Development	10,082	-	10,082	9,043	1,039
Environment & Renewable Energy	4,272	32	4,304	3,497	807
Water Supply and Drainage	30,814	2	30,816	27,249	3,567
Higher Education	39,513	451	39,964	38,747	1,218
Public Management Reforms	240	-	240	214	25
Rehabilitation and Prison Reforms	6,853	-	6,853	6,590	263
State Resources and Enterprise Development	475	945	1,419	1,394	25
Civil Aviation	26,791	-	26,791	26,614	177
Culture and the Arts	1,914	-	1,914	1,556	358
Coconut Development and Janatha Estate Development	1,942	-	1,942	1,718	224
Wildlife Resources Conservation	1,541	28	1,569	1,344	226
Minor Export Crop Promotion	1,031	4	1,035	929	106
Productivity Promotion	804	1	804	742	63
Foreign Employment Promotion and Welfare	673	-	673	642	31

Public Relations and Public Affairs	377	-	377	335	41
Private Transport Services	769	6	775	763	12
Telecommunication and Information Technology	1,718	-	1,718	1,135	583
Sugar Industry Development	267	-	267	229	38
Investment Promotion	174	-	174	142	32
Botanical Gardens and Public Recreation	1,534	17	1,551	1,180	370
Education Services	8,524	2	8,526	8,306	221
Law and Order	53,244	241	53,485	52,611	874
Debt Service Payment	1,089,862	16,039*	1,105,901	1,082,330	23,571
Treasury Miscellaneous vote (TMV)	28,375	(28,245)	130	-	130
Grand Total	2,751,000	16,039	2,767,039	2,601,723	165,316

* Provisions were provided from Supplementary Allocation

Source : Department of National Budget/ Department of State Accounts

2.3 Sectoral Perspectives in 2014 Budget in the Medium Term Expenditure Framework of 2014-2016

The Budget 2014 was mainly based on the Development Policy Framework of the Government and on the strategies identified therein. The following operational scenarios were also applied in the formulation and implementation of 2014 Budget.

- (a) Sectoral basis – The budgetary allocations for 2014 were made in accordance with the sectoral policy framework developed by relevant stakeholders for the development of respective sectors during the medium term of 3 years.
- (b) Realistic assessment – The budget 2014 was based on an assessment of actual expenditure incurred under the limits provided in terms of Article 150 (2) and Article 150 (3) of the Constitution.
- (c) Non-performing projects – Reformulation or phasing out of all such projects that have been carried in estimates for several years.
- (d) Avoid duplication and overlapping – Proper recognition given to interdependent and overlapping activities among individual ministries. Spending agencies and the provincial councils were guided to ensure sector allocations are properly distributed among similar activities implemented under projects and programmes.

In order to facilitate this sectoral process, all Ministries, Departments, and other Spending Agencies were classified under sectors in the Budget formulation, namely Social Security, Human Resource Development, Infrastructure Development, Real Economy, Environment, Research and Technology, Public Service Delivery, Defence and Law Enforcement. Accordingly, each spending agency was categorized into said sectors, depending on the activity undertaken.

2.4 Management of 2014 Budget

2.4.1 Total Government Expenditure

The total government expenditure in 2014 was Rs. 2,602 billion of which, recurrent expenditure accounted for 52.6 percent or Rs. 1,370 billion while capital expenditure accounted for 22.9 percent or Rs. 596 billion. Public Debt Amortization in 2014 accounted 24.2 percent or 636 billion. The total expenditure has increased by 7.8 percent or Rs. 190 billion in 2014 from Rs. 2,412 billion in 2013. However, the total expenditure in 2014 was lower than the original budget estimate of Rs. 2,751 billion for the year. Recurrent expenditure increased by Rs. 116 billion or 9.2 percent over the previous year. Government contained actual recurrent expenditure at Rs. 1,370 billion slightly lower than the original budget estimate of Rs. 1,440.8 billion for 2014.

2.4.2 Public Expenditure Management

The budgetary operations 2014 were managed within the expenditure ceilings approved by Parliament while ensuring achieving the targets of the Medium Term Expenditure Framework 2014-2016.

Among the tools that have been employed for prudent public expenditure management by the Treasury, the Supplementary Support Services and Contingent Liabilities (Treasury Miscellaneous Vote- TMV) was one of the main instruments to prevent supplementary budget to manage various unforeseen urgent requirements during the year.

2.4.2.1 Supplementary Estimates

The Supplementary Support Services and Contingent Liabilities Project (Treasury Miscellaneous Vote- TMV) continued to be implemented by the Treasury as a tool for the prudent management of public expenditure in 2014 in order to provide funds for unforeseen urgent requirements while preventing adhoc supplementary budget estimates. The Treasury recognized an aggregate sum for this instrument during the budget formulation process considering the historical trends in public expenditure and budget deficits and other fiscal targets such as advance provisions to enable to improve favorable fiscal environment in the country. The provisions for supplementary support were utilized as follows;

Table 2.2: Supplementary Provisions for Capital Expenditure – 2014

Major Area	Rs. Mn
Road and Highways	7,240
Irrigation	307
Education	5,418
Dayata Kirula Regional development Programme	3,306
Urban Development	6,429
Defence	1,725
Agriculture and Livestock Development	6,823
Welfare	3,150
Local Government & Provincial Council	3,654
Construction of Office Building & Other	3,845
Rehabilitation and Acquisition	7,401
Research and Development	360
Procurement of Vehicles	1,741
Other	7,087
Total	58,486

Source: Department of National Budget

2.4.2.2 Status of the Treasury Miscellaneous Vote in 2014

The total estimate of Budgetary Support Services and Contingent Liabilities Project (Treasury Miscellaneous Vote) for 2014 was Rs.90.19 billion including the provisions of the budget proposals, of which Rs.41.30 billion was for recurrent expenditure and Rs.48.89 billion was for capital expenditure.

As at the 31st December 2014, additional provisions given through the TMV were transferred to the spending heads amounting to Rs.87.81 billion of which Rs.29.33 billion of recurrent expenditure and Rs.58.49 billion of capital expenditure.

2.4.3 Commitment Control

The Treasury issued guidelines to manage commitments which are being entered into by various spending agencies without having adequate provisions and thereby creating liabilities on the government and to ensure such commitments are included well within the budgetary provisions. As far as possible they were encouraged to operate within the Medium Term Budgetary Framework that had already been approved by Parliament. The management of commitments, and recurrent and capital expenditure, was further strengthened by issuing the National Budget Circular No. 1/2014 dated 01.01.2014 requesting all spending agencies to adhere to the annual provision limits in 2014 Budget Estimate.

Further, guidelines on commitment control has issued by the Treasury through the Budget Circular No. 03.2014 on 18.08.2014 on Guidelines for preparation of Budget Estimates for 2015. Accordingly, all Accounting Officers were advised to establish proper systems to ensure commitments are made only within the approved annual budget.

2.4.4 Issuance of Budget Circulars

The Department has issued following circulars during the year 2014, providing guidelines required for expenditure management of the spending agencies.

Table 2.3: Issuance of Budget Circulars

Date	Circular No.	Title
01.01.2014	1/2014	Authorization for Incurring Expenditure for 2014 and Public Expenditure Management
23.07.2014	2/2014	Implementation Of Budget Proposals 2014 Providing Moter Cycles Field Officers in Public Sector
18.08.2014	3/2014	Guidelines for preparation of Budget Estimates for 2015
04.12.2014	4/2014	Incure expenditure within the revised Budget Estimates for 2014
26.12.2014	152(II)	Guidelines for Provisions of relief to the Public in an Emergency Disaster situation and Restoration of Damaged Areas.
29.12.2014	152(III)	Special Circular for provision of relief to victims of prevailing Disaster situation
30.12.2014	5/2014	Authorization for Incurring Expenditure for 2015 and Public Expenditure Management

Source: Department of National Budget

2.5 Monitoring of Advance Accounts

Monitoring of Advance Accounts operations continued under the purview of the department during the year 2014. Out of total 207 Advance Accounts; 196 Public Officers' Advance Accounts, 4 Commercial Advance Accounts, 3 Stores Advance Accounts and 4 Special Advance Accounts were operated. Rs.18,105 million was allocated to meet the advance account expenditure limits. Formulation of Advance account limits were determined considering the requirements of each ministry and department. According the provisions of Appropriation Act, limit revisions of 31 Public Officers' Advance Accounts and 05 other Advance Accounts were submitted for parliamentary approval. Officers of this department attended meetings of the Committee on Public Accounts (COPA) held to examine the Auditor General's reports on Advance Accounts in 2014, in Parliament.

3. Preparation of Budget Estimates for 2015

Budget estimates for 2015 were formulated within the ten-year development framework 2006-2016. Accordingly, the Budget 2015 targeted the strategies to raise percapita income over USD 4,000 and transforming Sri Lanka to poverty free country by 2016.

3.1 Budget Formulation Guidelines

A standard Budget Circular was not issued for the preparation of Budget Estimates for the year 2015. All the Secretaries of Ministries were addressed personally giving guidelines to prepare their Estimates for 2015 by way of a personalized letter issued by the Secretary to the Treasury, which included all the specific instructions.

The department did a review on 2014 Budget and based on critical assessment, worked out a ministry-wise potential budget. By mid-August 2014 the department sent the indicative estimates for 2015 for each ministry with the detailed letter indicating the assumptions used to derive those estimates. Based on these, the ministries were requested to submit their draft estimates by September 2014 for negotiations between the Treasury and the relevant line ministry.

4. Special Activities

4.1 Budgetary Management of Non Commercial Public Enterprises

All matters relating to Public Finance and Budgetary Management of 122 Enterprises (Statutory boards) which are supported through the funds from the Consolidated Fund were carried out by the Department of National Budget during the year of 2014. The following functions with regard to these institutions were carried out by the Department of National Budget in 2014 to improve their financial and management efficiency.

- Review the performance and the progress of these Statutory Boards, by analyzing and examining the Annual Budget, Annual Action Plan, Annual Accounts and Annual Report etc.
- Revising of the requests for release of monthly cash imprest on the recurrent and the capital grants along with Department of Treasury Operation.
- Grant necessary approvals for capital expenditure exceeding Rs.500,000/- in terms of the Finance Act No. 38 of 1971.
- Assist, prepare and submit reports of the financial performance and management of Statutory Boards to the Committee on Public Enterprises (COPE), when the COPE meetings are convened by Parliament.
- Grant approval for the purchase of new vehicles required by these Enterprises and purchasing and handing over new vehicles under the Financial Leasing Method and when necessary.
- Review the Audit Examine Reports of the Auditor General and the Special Audit Quarries submitted to this Department. Coordinate with the relevant Statutory Boards on resolving these quarries and ensure that the remedial actions are taken to avoid occurrence of such audit quarries in the future.

- Submit recommendations to the Department of Management Services on the recruitment of new staff to Statutory Boards based on availability of Budgetary Provisions and actual needs of such institutions.
- Grant approval of the Department of the National Budget to travel abroad for various purposes (trainings, meetings, seminars, conference etc.)
- Advice and co-ordinate with the Statutory Boards on the other financial and management issues such as implementation of Mega Capital Projects etc.

4.2 Observations on Cabinet Memoranda

During the year 2014, the department prepared observations to 399 Cabinet Memoranda for the Hon. Minister of Finance and Planning.

4.3 Coordinating “Deyata Kirula” Development Program-2014

The Department of National Budget has been involved in coordination of Deyata Kirula National Development programme such as, organizing pre-discussions, identification of areas to implement the program, identification of ongoing and new development projects in respective areas and expedite and prioritize, preparing & submitting Cabinet Memorandum, participating in National Operational Committees & Procurement Committees and overall fund management. In addition, the National Budget Department was responsible in releasing the funds timely for the projects and programmes approved by the Cabinet ensuring their smooth implementation.

4.4 Approval for the Purchase of Vehicles

4.4.1 National Budget Approval for Vehicle Procurements

In terms of the Cabinet decision of 31.01.1990, the National Budget Department grants approval for purchase of vehicles by Government Institutions. Accordingly, all ministries, departments, provincial councils, local authorities and all statutory boards, corporations and government owned companies (GOCs) whether under self-financing or otherwise, had to obtain the prior approval of the Committee for any such purchase. The National Budget Department continued reviewing the requests for procurement of vehicles by various government agencies and given approvals. During the year 2014, the Department has given approval for purchase of 1496 vehicles. Number of vehicles purchased by each category stated the table below.

Table 4.1: Vehicles approved by the Department of National Budget by Vehicle type, in 2014.

Type of Vehicle	No. of Vehicles Approved
Motor Cars	128
Jeeps	45
Vans	78
Buses	10
Single / Double/Crew cabs	344
Three wheelers	86
Lorries / Trucks	13
Motor cycles	366
Ambulances	22
Others (Tractors/Trailers/Water Bowsers, etc.)	404
Total	1496

Source: Department of National Budget

4.4.2 Procurement of Vehicles to the Public Sector

Continuing the purchasing of vehicles for the use of government agencies on financial leasing method with approval of the Cabinet of Ministers on 30/08/2010, the government has made an attempt to manage the public expenditure efficiently. This method was applied as a part of cash flow management as the cost of vehicles could be distributed over 05 years and at the end the vehicle becomes an asset of the concerned agency.

Accordingly, the Department of National Budget has continued purchasing vehicles for government agencies by calling competitive bidding from the state leasing companies of Banks. Upto now 3,916 vehicles have been purchased, including the vehicles used for CHOGM, on leasing installments to be paid over 05 years period in equal monthly installments. During the year 2014, The NBD was able to release 324 vehicles, mainly Motor cars and Double Cabs, and Rs. 2,327 mn has been paid only for these vehicles. Out of the total leasing cost, Rs. 5,221 million has been paid during the period of 2010- 2014.

The purchased vehicles have been distributed among government agencies on the basis of a need assessment conducted by the Department of National Budget in consultation with relevant agencies.

4.5 Participation of Staff on Boards and Committees

Most of the staff officers of this Department have served as Directors (Treasury Representatives) on the Boards of Directors of Statutory Boards, Public Corporations and Government owned Companies (GOCs), while some Officers have served as Members of Cabinet Appointed Tender Boards (CATBs), and Technical Evaluation Committees (TECs) representing the

Secretary to the Treasury in these committees. In addition, Staff Officers of this Department attended meetings of the Committee on Public Accounts (COPA) and the Committee on Public Enterprises (COPE) in Parliament, representing the department.

5. The Organizational Structure and Role of the Department of National Budget

The Organizational Structure and role of the National Budget Department have been constructed with a categorization under the following comprehensive sectors which represent the provisions of Line Ministries expenditure estimates.

- 1.Public Services
- 2.National Security and Law Enforcement
- 3.Human Resources
- 4.Infrastructure
- 5.Finance
- 6.Social Security
- 7.Environment
- 8.Real Economy

5.1 Staff

Numbers of Officers under the following service levels were in the Organizational structure of NBD in year 2014 as per the Public Administration Circular No. 06/2006.

Service Level	No. of Officers
Senior Level	36
Tertiary Level	02
Secondary Level	75
Primary Level	38

As at the end of the year 2014, the approved cadre and the actual cadre of the department were as follows.

Table 5.1: Cadre of the Year - 2014

Designation	Approved Cadre	Actual Cadre
Director General	01	01
Additional Director General	06	02
Director	12	07
Deputy Director	16	14
Assistant Director		
Accountant	01	00
Administrative Officer	01	00
Translator	01	01
Project Officer	04	03
Budget Assistant	38	30
Research Assistant	01	04
Development Assistant	09	05
Management Assistant	23	18
Driver	16	12
KKS	22	14
Total	151	111

5.2 Human Resource Development

The department was able to send its staff for the following local and foreign training programmes in 2014, in order to enhance their professional skills and working efficiency, in addition to attending various meetings in their official capacities.

5.2.1 Foreign Trainings/Seminars/ Meetings

Table 5.2: Foreign Trainings/Seminars/ Meetings- 2014

Serial No	Name of the Officer	Designation	Programme/Seminar/Meeting	Country	Period
01.	Ms. G.D.C. Ekanayake	Director General	IMF/WB Spring Meeting	Washington	2014.04.11 - 2014.04.13
			Sri Lanka Investment & Business Promotional Seminar	Stockholm Sweden	2014.11.27
02.	Ms. K.G.K. Wimalaweera	Addl. Director General	70 th Session of ESCAP –Phase I	Bangkok Thailand	2014.05.23
			70 th Session of ESCAP –Phase II	Bangkok Thailand	2014.08.04 - 2014.08.08
03.	Mr. W.A.D.D.S. Wickramasinghe	Asst. Director	Workshop & Parliamentary Briefing on Sustainable Immunization Financing	Cambodia	2014.07.20 - 2014.07.23
			Regional Consultation on Multisectoral Policies for Containing Non-communicable Disease in the South –East Region	India	2014.08.18 – 2014.08.21

5.2.2 Local Trainings

The following staff members were given local training in different fields in the year 2014.

Table 5.3: Local Trainings

Serial No	Name of the Officer	Designation	Programme			Institute	Period
01	Mr. W.A.D.D.S.Wickramasinghe	Asst. Director	Postgraduate Economic	Diploma in Development	University of Colombo	2014.01.01 - 2014.12.31	
02	Ms. G.R.S.S.Thilakaratne	Asst. Director	Postgraduate Economic	Diploma in Development	University of Colombo	2014.01.01 - 2014.12.31	
03	Ms. H.N.N.S.Sirisoma	Development Officer	Postgraduate Economics	Degree in	University of Kelaniya	2014/2015 Academic year	
04	Ms. N.M.R.Wijerathne	Budget Assistant	Postgraduate Economics	Degree in	University of Kelaniya	2014/2015 Academic year	

5.3. Financial Administration of the Department of National Budget

Budgetary provision required for the normal operations of the Department of National Budget was shown under Head 240 in the Budget Estimates for 2014. Budgetary allocations were provided under 2 Programmes.

- (a) Programme 01 - Operational Activities
Project 01 of the Programme 01 - Budget Formulation and Policy
- (b) Programme 02 - Development Activities
Project 02 of the Programme 02 - Supplementary Support Services and Contingent Liabilities

The provision related to departmental administrative expenditure on budget formulations and policies was provided by the Project No. 01 while Project 02, provided allocation for facilitating unexpected and unforeseen expenditure required by various spending agencies, expenditure related to implementation of the budget proposals announced in the year 2014 Budget Speech and for policy priorities announced in the financial year.

A sum of Rs. 31,362,104,000 had been provided for the Department of National Budget after incorporating the budget proposals and savings from identified expenditure heads to the original estimates of 2014.

The above total provision was utilized as follows:

(1)	Expenditure of Project 01 of Programme 1	Rs.	2,613,129,738
(2)	Provisions transferred to other Heads under Programme 2 Project 02	Rs.	28,244,916,995
	Total	Rs	30,858,046,733
	Balance Provision	Rs.	<u>504,057,267</u>

5.3.1 Advance Account Activities

Table 5.4: Public Officers' Advance Account for 2014

Category	Authorized Limit 2014 Rs.	Actual 2014 Rs.
Maximum Limit of Expenditure	5,500,000.00	3,556,270.00
Minimum Limit of Receipts	3,500,000.00	3,942,470.75
Maximum Limit of Debit Balances	28,000,000.00	18,563,437.76

Source: Department of National Budget

In terms of the Budget Circular No. 114 of 31.12.2003, figures of the above Table comprised only the transactions occurred under the Advance Account item No. 240-under 011, within the department. According to Circular No. 118, loan balances of officers who had been transferred out or in, were settled with Accounting Heads, under the Advance Account item No. 240-012. With regard to settlement of these loan balances, expenditure incurred was Rs.3,960,114.50 and Receipts were Rs.5,978,726.00 during the year 2014. Accordingly, the Department had complied within the authorized limits of Public Officers' Advance Account.

Table 5.5: Loans Given in Year 2014

Loan/Advance	No of Loans Given	Amount (Rs.)
Festival Advance	89	441,500
Special Advance	55	137,500
Distress and Bicycle Loans	113	2,977,270
Total	257	3,556,270

Source: Department of National Budget

5.3.2 Auditor General's Queries for 2014

During the year 2014, 07 queries were referred to this Department by the Auditor General and all the queries were duly answered.