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MINISTRY OF FINANCE, PLANNING AND ECONOMIC DEVELOPMENT

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 திகதி } 19.12.2025
 Date }

Budget Circular No. : 09/2025

All Secretaries to Ministries
 Chief Secretaries of Provincial Councils
 Heads of Departments/ District Secretaries
 Heads of State Corporations/ University Grant Commission/ Statutory Boards

Authorization for Incurring Expenditure and Management of Public Expenditure during the Year 2026 under the Appropriation Act No. 23 of 2025

01. Authorization for Incurring Expenditure

The Appropriation Act No. 23 of 2025 had been passed by Parliament on 05.12.2025, authorizing to incur expenditure for the financial year 2026.

The Minister in charge of Finance has signed the relevant warrants authorizing to make withdrawals from the Consolidated Fund for the purpose of incurring government expenditure for the year 2026. Accordingly, the relevant authority should be quoted on the payment vouchers and other documents in the year 2026, as follows;

- | | | |
|---|---|-----------------------------------|
| a) In case of General Public Services | - | General Warrant No. 1 of 2026 |
| b) In case of Special Law Services | - | Special Law Warrant No. 1 of 2026 |
| c) In case of Advance Accounts Activities | - | Advance Warrant No. 1 of 2026 |

02. Management Responsibility on Public Expenditure

- 02.1 The 2026 Budget has been formulated with the core strategy of achieving sustainable and inclusive economic growth, targeting growth exceeding 7 percent over several years, and ensuring that the benefits are fairly distributed across all regions, communities and social groups throughout the country.
- 02.2 It is a responsibility of the Chief Accounting Officers/ Accounting Officers as well as the Officers-in-charge of the subject to ensure that the targets and results anticipated through the budget are achieved during the year. Necessary measures should be taken to fully utilize the provisions allocated under capital development projects and welfare programmes in particular. It should be ensured that the annual targets are achieved through regular follow-up and prompt corrective actions.
- 02.3 All Chief Accounting Officers shall be accountable to the Minister of Finance for ensuring the adequacy of the financial administration of the institutions under their purview. In this regard, due attention should be paid to the provisions on expenditure management stipulated in the Public Financial Management Act No. 44 of 2024, as well as the Appropriation Act No. 23 of 2025, pertaining to the financial year 2026.

03. Management of Public Expenditure in the year 2026.

- 03.1 The provisions that have already been allocated to Ministries, Departments and Institutions for maintenance and rehabilitation activities should be prioritized for the rehabilitation and maintenance of essential infrastructure facilities such as tanks, canals, water supply schemes, roads, bridges, railways, hospitals, dispensaries, schools, and buildings providing public services at the rural/district level, which are damaged due to the disaster situation, in order to quickly restore the lives/livelihoods of the people.
- 03.2 Provisions, required for further continuation of works in 2026 that were carried out in 2025, by transferring provisions from one Expenditure Head to another, should be provided on a priority basis through the Expenditure Head where such provisions had been allocated, so that such works can be completed as planned.
- 03.3 In order to resolve contract management issues that have arisen in relation to development activities, constructions, rehabilitation activities, etc., due to disaster impacts, the Head of Institution should appoint a committee with appropriate expertise at the institutional level and act in accordance with the recommendations of that committee. The relevant payments should be made in accordance with the terms and conditions of the contract agreement and committee recommendations.
- 03.4 Necessary provisions for the year 2026 for restoring public life disrupted by the emergency disaster situation and rebuilding destroyed infrastructure will be separately provided by the Treasury.
- 03.5 The instructions on expenditure control given in the National Budget Circular No. 01/2024 which extensively outlines the provisions regarding the control of public expenditure and instructions on the same stipulated in other circulars currently in force, shall further continue to remain valid.
- 03.6 As the Treasury has no liability for commitments entered into which are not included in the estimates or without obtaining budget provisions, relevant officers shall be personally liable for such expenditures.
- 03.7 In cases where additional allocations are requested only for an essential matter, such requests should be referred to the Department of National Budget with the recommendation of the Chief Accounting Officer. Requests for additional allocations should be confined only to the grounds/purposes stipulated in the preamble of the printed Detailed Budget Estimates 2026.
- 03.8 Transfers of provisions under the Virement procedure will be considered only in cases where it is absolutely necessary.
- 03.9 In preparing estimates for Provincial Councils, since budgets have been prepared taking into account the recommendations of the Finance Commission as well as the revenue sources of Provincial Councils, attention should be paid to the optimal utilization of Provincial Council funds when requesting provisions from the Treasury for their expenditure.
- 03.10 When line Ministries and Departments carry out work within their purview through other Ministries/ Departments and District Secretariats, the transfer of budgetary provisions under FR 208 should be done before the last quarter of the relevant financial year, so that sufficient time is available to complete that activity.

04. Implementation of Budget Proposals and Development Programmes related to Year 2026

- 04.1 As the budget for the year 2026 has now been passed, the preliminary activities and plans necessary for the rapid implementation of capital projects of Spending Agencies can be commenced now.
- 04.2 Since, implementation, monitoring, progress reviewing and follow-ups related to the programmes proposed in the budget will be coordinated by the Department of Project Management and Monitoring, the necessary

information in this regard should be submitted to the Department of Project Management and Monitoring in a timely manner, in due formats and in accordance with the instructions issued by the Department.

- 04.3 If there are potential impediments to meet annual targets in implementing capital programmes and budget proposals, they should be promptly reported to the Department of Project Management and Monitoring for necessary assistance from the Public Investment and Evaluation Committee.
- 04.4 To ensure effective coordination with the Treasury, Chief Accounting Officers are requested to nominate an executive-level officer responsible for each key development programme and budget proposal, and to inform the Department of Project Management and Monitoring by 15-01-2026.

05. Advance Accounts Activities

- 05.1 The maximum expenditure limits of the “Advance B Accounts” for 2026 have been determined, taking into account the increased festival advance payments and the increase in the distress loan limit, as per the budget proposals.
- 05.2 Accordingly, the Advance Accounts activities in the year 2026 should be managed within the limits specified in the Appropriation Act and the Budget Estimates. Requests for further increasing the maximum expenditure limits stipulated in the Appropriation Act will not be considered. Therefore, an appropriate priority order should be prepared by the agencies without exceeding the existing limits while ensuring that the loans can be disbursed within the same year.

06. Incurring of Expenditure by Public Institutions

- 06.1 In accordance with section 59 (3) of the Public Financial Management Act, No. 44 of 2024, requests for the concurrence of the Minister of Finance to incur capital expenditure by Statutory Bodies shall be submitted to the Treasury as currently practiced, before incurring such capital expenditure, until regulations are made to provide for capital expenditure in the budget estimates of Statutory Boards.
- 06.2 As approval for capital expenditure is not considered for amendments from time to time during the year, only capital programs prepared in accordance with the established objective of the institution should be submitted for obtaining the above concurrence.
- 06.3 Monthly requirements of imprests for salaries, day-to-day operational expenditure and recurrent expenditure arising from duly approved commitments of Public Institutions should be submitted directly to the Department of Treasury Operations using the prescribed formats, with recommendations of the Chief Accounting/ Accounting Officers. Copies of the same should be forwarded to the Department of National Budget or the Department of Public Enterprises, as the case may be.
- 06.4 Even the institutions, for which allocations are provided through annual budget estimates, the imprests for such provisions should be requested only when the funds generated by those institutions are insufficient to meet their operational expenditure. The funds or revenue of State-Owned Enterprises must be credited to the Consolidated Fund unless it is explicitly permitted by statutory provisions to retain them as deposits.

07. Expenditure Incurred through Funds of Public Institutions

- 07.1 In incurring expenditure through statutory funds, action should be taken subject to the rules specified in Public Finance Circular No. 01/2025 and Circular Letter No. I/2025 (Funds) dated 11.04.2025.
- 07.2 As the maintenance of non-statutory funds in Public Institutions has been restricted by the Public Financial Management Act No. 44 of 2024, prompt action should be taken by adhering to the recommendations already made by the Department of Public Finance regarding the future activities in connection with those funds.

- 07.3 It is expected that statutory funds be utilized to undertake the necessary activities that promote the relevant sector in compliance with the objectives for which they were established, rather than merely investing in government securities or similar instruments.

08. Clarification

For any clarifications regarding this circular, please contact the relevant Officer from the Department of National Budget who is responsible for your Ministry/ Department/ Institution as stipulated in Annexure 01 or directly from Treasury Departments as applicable.

Sgd/ Dr. Harshana Suriyapperuma
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

List of Officers in Charge of Operations in Budget Estimates of Ministry/Sector — 2026

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