

BDA/965/1/456  
Department of National Budget  
General Treasury .  
Colombo 01.  
31 01.2005

All Secretaries of Ministries  
Chief Secretaries of Provincial Councils,  
Heads of Departments,  
Chairmen of Corporations, Statutory Boards.

### Planning, Managing and Monitoring of Expenditure in the 2005 Budget

This Circular is issued in addition to the instructions given in the National Budget Circular No. 119 of 31.12.2004.

#### 1. Establishment of Budget Steering Committees

Each Ministry is requested to establish a Budget Steering Committee chaired by the Secretary for the purpose of Planning, Managing and Monitoring of Expenditure in the 2005 Budget and to accomplish budgetary expectations of the Medium Term Budgetary Framework ( MTBF) of 2005 – 2007. The Budgets of all the Spending Agencies under each Ministry should fall within the purview of this Steering Committee. This Committee should comprise of senior officers such as Project Directors, Chief Accountant, Director Planning, who are responsible for the Budgets of each Ministry including representatives from the Treasury.

#### 2. Expenditure Plan

All Spending Agencies should have prepared their annual Work Plans / Action Plans for 2005 in accordance with the instructions given by previous Treasury Circulars. You should submit these Work Plans/ Action Plans to the National Budget Department by 28<sup>th</sup> February 2005.

#### 3. Expenditure Management

Transfers under FR 66-69 etc. will not be entertained and Ministries are requested not to submit Cabinet Memoranda requesting approvals for Supplementary Estimates without prior concurrence of the National Budget Department.

#### 4. Preparation of Medium Term Budgetary Framework: 2006-2008

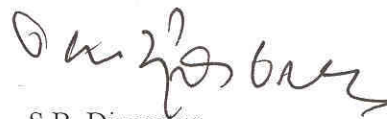
Formulation of the Medium Term Budgetary Framework (MTBF) and the annual capital budget has now become the responsibility of the Department of National Budget. Ministries advised to submit new projects, if any, to the Department of National Budget and obtain necessary recommendations and approvals, before the end of June, 2005 so that these projects can be considered for inclusion in the 2006 Budget and in the Medium Term Budgetary Framework. 2006-2008.

#### 5. Monitoring of Major Projects and Programmes

As a new initiative to commence financial monitoring, two forms titled "**Financial Plan for Foreign Funded Projects - 2005 (Form FFP)**" and "**Financial Plan for Domestic Funded Capital Projects - 2005 (Form DFCP)**", are annexed to this Circular. The relevant project details have been partly

completed by the National Budget Department. The respective Spending Agencies are required to complete Quarterly Target Columns etc and return same to this Department before 28<sup>th</sup> February, 2005. Thereafter, Spending Agencies are required to submit their respective actual expenditure figures in Forms FFP & DFPC to National Budget Department at the end of each respective quarter. **The imprest release for the subsequent quarter will be based on the successful achievements of the action plan targets during the previous quarter.** Please contact the respective Officer of the National Budget Department handling your Spending Agency for any clarification necessary.

The completed forms of the National Budget Circular No.110 should not be submitted to this Department until further notice.



S.B. Divaratne

Deputy Secretary to the Treasury.

- Copies to:
1. Secretary to the Cabinet of Ministers
  2. Auditor General
  3. Director General - State Accounts
  4. Director General - External Resources
  5. Director General - Treasury Operations
  6. Secretary, Committee on Public Accounts