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நிதி அமைச்சு  
MINISTRY OF FINANCE

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திகதி } 23 .12.2020  
Date }

**National Budget Circular No: 07 /2020**

All Secretaries to the Cabinet Ministries  
Secretaries to the State Ministries  
Chief Secretaries of Provincial Councils  
Heads of Departments  
District Secretaries  
Chairmen of Corporations and Statutory Boards

**Authorization of Expenditure for 2021 and Management of Public Expenditure**

**01. Authority for incurring expenditure**

Minister of Finance has signed the warrants in terms of the provisions of Article 150(1) of the Constitution and Appropriation Act No. 07 of 2020 approved by Parliament on 10.12.2020 in order to incur the expenditure related to the financial year 2021.

Accordingly, the authority should be quoted on payment vouchers and other documents as follows.

- In case of General Services - General Warrant No 01 of 2021
- In case of Special Law Services - Special Law Warrant No. 01 of 2021
- In respect of Advance Accounts Activities - Advance Warrant No 01 of 2021

**02. Management of Public Expenditure**

The Chief Accounting Officers shall be held responsible to the Minister of Finance in ensuring the adequacy of financial administration of all institutions under him in terms of FR 127.

Further, as highlighted in the sub paragraph 05.1 of the Public Finance Circular No. 2/2020 dated 28.08.2020 and in the detailed Estimates of 2021, it is emphasized that managing recurrent and capital expenditure within the stipulated limits of the provisions allocated through annual budget estimates shall be the responsibility of the Chief Accounting Officers and the Accounting Officers.

### **03. Annual action plan 2021**

Annual Action Plan and Procurement Plan shall be prepared in line with paragraph 03 and 04 of Public Finance Circular No. 2/2020 including the manner of utilizations of budgetary provisions and due approval shall be obtained. In formulating the action plan and procurement plan, attention should be paid to organize the activities in such a manner that the purchases and payments can be made from the first quarter of the year. Plans that would make the payments in the last quarter of the year lead to liquidity difficulties. As a result, a significant amount of unpaid bills will get shifted to the following year. As the Parliamentary Committee on Public Finance has also emphasized on this unfavorable situation, plans should be set to settle the expenses under each vote particular from the month of January itself.

### **04. Budget Proposal 2021**

With regard to the implementation of the 2021 Budget Proposals, necessary instructions regarding will be informed soon to the relevant institutions on each budget proposal separately. As the government is particularly interested in the proper implementation of the budget proposals, the relevant institutions should take necessary steps at the beginning of the year itself.

### **05. Management of Commitments**

Prior to entering into new obligations in the year 2021, payments should be settled by allocating necessary provision if bills to be settled in the year 2020 are in hand. Further, it is always required to ensure availability of budgetary provisions before making any commitment.

Relevant officials are personally responsible for the commitments made while budgetary provisions are not available as the Treasury is not responsible for such liabilities.

### **06. Requests for Additional Allocations**

Given the uncertainty due to the Covid-19 pandemic and the amount of provisions to be allocated annually for the expenditures related to the natural disasters, it will be extremely difficult to provide allocations in addition to the budgetary provisions. Therefore, the expenditure incurred in the year 2021 should be managed in a well-prioritized manner.

If any request for additional allocations is made only for an essential matter, those requests should always be forwarded to the General Treasury together with the recommendation of the Chief Accounting Officers. Accordingly, additional allocation requests of State Ministries

should be submitted with the recommendation of the Secretary to the relevant Cabinet Ministry.

#### **07. FR 66 transfers**

Transfers of provisions under FR 66 and 69 among the object codes coming under recurrent expenditure shall be authorized by Secretaries to the Ministries/Chief Accounting Officers subject to the limits specified in FR 66 (4) (b), 65 (5) (b), 68 (iii) (b) and 69 (3) (a). A detailed report of such transfer of provisions shall be sent to the Department of National Budget before 31st of December of the respective financial year.

As mentioned above, except on the instances where Secretaries of Ministries/Chief Accounting Officers are authorized in terms of FR 66 (4) (b), 66 (5) (b), 68 (iii) (b) and 69 (3) (a), all requests for the transfer of provisions should be submitted to the relevant officials of Department of National Budget through ITMIS before 31st of December of respective year.

Transfer under FR 69 after 31.12.2020 can be apply only the occasions where the expenditure incurred by exceeding provisions. Those requests may not be approved under the proper justification has not been mentioned as stipulated by FR 69.

The transfers of provisions under FR 69 after 31.12.2020 can be made only in cases where payments have been made exceeding the provisions and it is also emphasized that such transfers will not be approved unless it is duly substantiated with sufficient reasons as stated in FR 69, as to why prior authorization has not been obtained.

#### **08. Advance Account Activities**

Advance Account Activities should be maintained within the ceilings approved by Parliament and expenditure should be managed within the said ceilings by time to time reviews since increasing the ceiling is not permitted.

#### **09. Clarifications**

If any clarification required on the content of this circular, please contact Ms. M. Anoma Nandani, Additional Director General, Department of National Budget ( Contact No: 011-2484681).

Sgd/S.R. Attygalle  
Secretary to the Treasury

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03. Secretary to the Cabinet of Ministries
04. Auditor General.
05. Secretary, Finance Commission