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அரசு கணக்குகள் திணைக்களம்
Department of State Accounts

මගේ අංකය
எனது இல.
My No.

SA/MAA/GRG/01

ඔබේ අංකය
உமது இல.
Your No.

දිනය
திகதி
Date } 08.07.2022

Guideline No. 02/2022
Utilization and accounting of
Gifts / Donations received under F.R.170 (2)

Guidelines on accounting for Gifts / Grants made by local institutions/individuals to the Government of Sri Lanka

The provisions of State Accounts Circular No. 30/94 are applicable to the accounting of foreign aid received by the Government of Sri Lanka. The Treasury has observed that gifts/grants made by local private institutions and individuals are not accounted for in a proper manner. The procedure to be followed with regard to locally received gifts /grants is described under F.R 170 (2) and the guidelines for utilizing and accounting for locally received gifts /grants are outlined below.

1. Gifts / Grants Received in Cash

1.1. Gifts / Grants Received by Ministries/Departments in Cash Without Indicating a Specific Purpose

The following procedure should be applied in this regard.

1.1.1. Up to one million Rupees -

Relevant Ministry / Department should credit to the Revenue Code 3001.02.00 which is specifically assigned for the local grants. Thereafter the details stated in para 1.1.3 should send to the Department of Treasury Operations without any delay.

1.1.2. More than one million Rupees -

Relevant amounts of gifts/grants should be remitted to the Department of Treasury Operations by cheque/bank draft enabling the credit made to the account of the Deputy Secretary to the Treasury by the relevant Ministry / Department.

The accounting entries for the relevant entity are;

(a) Receipt of Gift/Grant

Debit:- Cash Book	xxxx
Credit:- Deposit Account- Temporary Retained Payable to Third Parties (6000-0-0-013-0-xxx-0)	xxxx

(b) Remittance of Money Received to the Treasury

Debit:- Deposit Account- Temporary Retained Payable to Third Parties (6000-0-0-013-0-xxx-0)	xxxx
Credit:- Cash Book	xxxx

After forwarding the relevant credit notices to the Department of Treasury Operations, the Department of Treasury Operations will credit the relevant amount to the Local Grant Revenue Code.

1.1.3. The following details of gift/grant amounts credited/to be credited to Government revenue under 1.1 above should be reported to the Department of Treasury Operations without delay.

- i. Name and address of the donor
- ii. The amount of gift/grant
- iii. If credited to Government Revenue the date of credit
- iv. Details of remittances over Rs. 1 million made to the Treasury (date, cheque number and amount)

1.1.4. Gifts/Grants Received by Statutory Institutions Without Indicating a Specific Purpose

In case of a gift/grant received by a statutory body (as defined in Part II of the Finance Act No. 38 of 1971), that institution should remit the money to the relevant Line Ministry and the relevant Ministry should follow the procedure stated in para 1.1.1 or 1.1.2 above depending on the amount of money received.

1.2. Money Received as a Gift /Grant Requesting to Use for a Specific Purpose

1.2.1. Gifts/Grants should not be accepted for matters that interfere with national security, breach of public order, or interfere with inter-ethnic reconciliation or adversely affect international relations.



1.2.2. Budget provisions required for the implementation of the intended function should be obtained from the Department of National Budget, under relevant Expenditure Object Code and Financing Code No. (11). Necessary imprest should be obtained from the Department of Treasury Operations under the relevant Expenditure Head.

1.2.3. **Cash Gifts/Grants up to Rs. 01 Million Received by the Ministries / Departments for a Specific Purpose**

- (i) The relevant Ministry / Department should credit to the Deposit Account 6000-0-0-019-0-xxx-0 maintained for this purpose (Deposit Account Number should be obtained from the Department of States Accounts on the recommendation of the Department of Treasury Operations) and the Expenditure incurred should be credited to the object code specially allocated for the purpose under Financing code (11). (A separate expenditure object code and provisions should be obtained from the Department of National Budget for this purpose)

The accounting entries for the relevant entity are;

(a) Receipt of Cash Gift/Grant

Debit:- Cash Book	xxxx	
Credit:- 6000-0-0-019-0-xxx-0 - Local Grant Deposit Account		xxxx

(b) Incurring Expenditure

Debit:- Head-Programme-Project-Object Code -Item – Financing Code	xxxx	
Credit:- Cash Book		xxxx

- (ii) Two journal entries mentioned below as (a) and (b) signed by the Chief Financial Officer / Chief Accountant should be submitted to the Department of Treasury Operations in order to account for the value of the grant income with regard to the expenditure incurred.

(a) Debit:- 6000-0-0-019-0-xxx-0 - Local Grant xxxx
Deposit Account

Credit:- 9212 - Local Grants Account xxxx

Description:-

[Accounting for the amount spent out of the money received as a grant for (Project Name) from (Donor).]



(b) Debit - 9212 - Local Grants Account xxxx
Credit- 3001.02.00 - Local Grant Revenue Account xxxx

Description:-

[Crediting the money utilized out of the money received as a grant for (Project Name) from (Donor) to the Government revenue.]

1.2.4. **Cash Gifts/Grants over Rs. 01 Million Received by the Ministries / Departments for a Specific Purpose**

Cheques or bank drafts should be remitted to the Department of Treasury Operations in order to credit to deposit account (Local Grant Deposit Account) 6000-0-0-019-0-xxx-0.

The accounting entries of the Ministry/Department are;

(a) Receipt of Gift/Grant Money

Debit: - Cash Book xxxx
Credit:- Deposit Account - Temporary xxxx
Retained Payable to Third Parties
(6000-0-0-013-0-xxx-0)

(b) Remittance of Received Money to the Treasury

Debit - Deposit Account - Temporary xxxx
Retained Payable to Third Parties
(6000-0-0-013-0-xxx-0)
Credit - Cash Book xxxx

In order to carry out the relevant task, adequate annual provisions should be obtained by the Ministry/Department under the relevant Expenditure Object code and the imprest should be obtained from the Department of Treasury Operations as stated in 1.2.2 above.

After debiting the relevant expenditure under the specific expenditure Object Code, the Department of Treasury Operations will account the grant revenue as per 1.2.3 (ii) (a), (b) above and the quarterly reports should be sent to the Department of Treasury Operations via the format attached as Annexure 01.



- 1.2.7. If any balance is left from a grant up to Rs. 01 million received by a Ministry/Department for a specific purpose after completing the purpose, such amount should be returned to the donor after inquiring him or should be credited to the Government Revenue. Balance money which should be credited to the Government Revenue with the consent of the donor should be remitted to the Department of Treasury Operations via a cheque/bank draft along with a covering letter, debiting 6000-0-0-019-0-xxx-0 deposit account. The Department of Treasury Operations will take action to credit such amount to Local Grant Revenue account. If the donor is requesting, the balance money left from a grant up to Rs.01 million received by a Ministry/ Department for a specific purpose should be returned to the donor via a cheque debiting the relevant deposit account.
- 1.2.8. If a balance is left after completing the task from a grant over Rs. 01 million received by a Ministry/ Department and Statutory Institutions for a specific purpose, such amount should be returned to the donor or credited to the grant revenue code 3001.02.00 after inquiring the donor.
- 1.2.9. If it is not possible to commence the relevant work within 02 years after the grant is given to the Government, the reasons should be communicated in writing to the donor. If the relevant work is not performed or cannot be performed, the relevant amount should be refunded to the donor or credited to the government revenue. A request should be made to the Department of Treasury Operations along with the request letter from the donor and the Department of Treasury Operations will make arrangements to issue a cheque to the donor or to credit revenue code 3001.02.00.

2. Grants in a Form Other than Cash

(Ex. Materials, Machinery, Equipment and Property, etc.)

Below mentioned procedure should be followed in this regard.


- 2.1. Grants in a form other than cash received by a Ministry / Department
- 2.1.1. When materials, machinery, equipment, property are donated by local institutions or the public for direct use in any specific or non-specific project, the value of the grant should be determined by the relevant Ministry / Department based on information in the relevant documents or based on assessed value of the items. Budgetary allocations should be obtained with regard to such grant value in the Budget Estimates under Financing Code 11 and should be accounted under the relevant Expenditure Head. (The accounting procedure is outlined in 2.1.4.)
- 2.1.2. Details of materials, machinery, equipment, property should be immediately recorded in the inventory or any other document maintained by the Ministry / Department for this purpose and the relevant documents should be updated and



2.2. Grants in the form of Materials, Machinery, Equipment, Property Received to the Statutory Bodies

With regard to Grants in the form of materials, machinery, equipment, property received to the statutory bodies, procedure outlined from 2.1.1 to 2.1.3 should be followed as applicable for the respective entity. Budget allocations should be made by the relevant Ministry for accounting as the relevant grant value needs to be reflected in the Government Financial Statements. After confirming the grant amount by the relevant institute to the Ministry, Ministry should forward the information stated in above 2.1.4 along with the consent for debiting the relevant Expenditure Object Code and Annexure 02 to the Department of Treasury Operations in order to make the accounting entries.

3. Provisions of this Guideline are applicable with effect from 01.08.2022.


W.A. Samantha Upananda
Director General

Copy:

01. Auditor General

Director General- Treasury Operations

Statement of Expenditure incurred from Allocations on Local Grants for the Quarter ended on

Details on Estimated Allocations						Additional allocations or allocations obtained from FR 66 Rs.	Treasury Reference		Expenditure Debited Rs.		Name of the Grant Account
Expenditure Head	Programme	Project	Object code	Finance Code	Allocations Rs.		Number	Date			

Date:

Chief Accounting Officer/ Chief Accountant
Name of the Ministry/Department:

Director General- Treasury Operations

Statement of Value to be credited to the Treasury Grant Account for Local Grants Received in the form of Materials, Machinery, Equipment and Property for the Quarter ended on

Details on Estimated Allocations						Amount to be debited to allocations and credited to grant account Rs.	Details on items received
Expenditure Head	Programme	Project	Object code	Finance Code	Allocations Rs.		

I hereby certify that the materials, machinery, equipment and property received during the above quarter are included in the inventory / fixed asset records maintained in the office.

Date:

Chief Accounting Officer/ Chief Accountant
Name of the Ministry/Department: