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நிதி அமைச்சு  
MINISTRY OF FINANCE

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All Secretaries to Ministries  
All Secretaries to State Ministries  
Chief Secretaries of Provincial Councils  
Heads of Departments  
Heads of Statutory Boards

### Issuance of Quarterly Warrants and Management of Commitments

The Minister of Finance, in his budget speech, has proposed to issue warrants on quarterly basis for the implementation of Budget for the year 2022. In view of that, you have already been informed by letter No. BD/CBP/01/01/02-2021 dated 24.11.2021 that all public institutions must prepare their expenditure plans on quarterly basis.

Expenditure control has been identified as a fundamental requirement to assure fiscal discipline in public financial management. For such control of expenditure, it requires to control commitments while ensuring that expenses are incurred only for the objectives identified specifically. Or else, if the expenses are accrued by and large, considering the possible impact it is expected to systematize the payments settlement procedure under proper supervision through well planned commitment control without liquidity issues. Warrants are issued on quarterly basis accordingly.

The objective of this circular is to make aware about the applicable procedures and guidelines to implement the budget in quarterly basis.

#### 01. Planning the Expenditure Under Quarterly Warrants for Incurring of Expenses.

Imprest is expected to be released only for liabilities based on results and it will not be released for budgetary provisions made for votes under annual estimates.

Activity plans and procurement plans (in compliance with Public Finance Circular 02/2020) should be prepared under each vote within the quarterly budgetary limits, enabling to start payments for the planned activities from the first quarter of the year and not exceeding the provision allocated for the year.

As the first step, provisions should be allocated to settle bills in hand (if available) which were brought forward from previous years.

Subsequently, provisions should be then allocated for the payments that may be generated in future in relation to work in progress as per the existing agreements. Necessary action should be taken to complete work within the allocations provided for ongoing activities and it is required to ensure that the projects are implemented without changing the scope or undertaking any additional works.

If there is a balance allocations after following above steps there is a space to making new commitments only up to the limit of such balance provisions but it is required to ensure that the imprest will be received for the same prior to making commitments or making any events of commitments with such balance provisions.

Recurrent expenditure such as salaries, service agreements, utility services and communication expenditure should be calculated on monthly basis in terms of the unit cost and approved prices and provisions should be planned quarterly.

Quarterly provisions should be planned in line with other supplies not showing monthly trends, development subsidies, Capital investments procurement plans based on the results of such programs.

Quarterly imprest plans derived from the annual imprest requirement should be forwarded to the Department of Treasury Operations prior to two weeks of each quarter in order to release imprest without interrupting the implementation of development projects within the approved provisions for each spending unit.

Measures should be taken to reconcile the physical and financial progress of each activity. Allocations for activities which cannot be completed during the relevant period should not be included under the quarterly basis.

Traditional methods such as monthly payment of subsidies and welfare for an equal number of beneficiaries should not be considered in this context. Imprest should be requested by analyzing the requirement on a quarterly basis and specifically determining the number of beneficiaries to be actually paid per month.

Before commencing the procurement process, provisions approximately required for the intended procurement should be made after ensuring that the required provisions are available for the same (Soft Commitment).

Subsequently, before entering in to agreement, required provisions should be allocated after reviewing the amount of provisions approximately ear-marked (Soft Commitment) for the relevant quarter in which the payments may occur (Hard Commitment). Further, commitments have to be made considering the limits allowed for each quarter and the amount of imprest released from General Treasury, while not exceeding such limits.

In relation to the procurements that exceed lump sum payments of Rs. 500 Mn from domestic funds, agreements have to be made after ensuring the possibility of receiving imprest from the

Department of Treasury Operations, upon the quarter in which the relevant payments may have to be made.

The Treasury has already taken steps to allocate provisions in relation to the budget proposals 2022 directly to the respective Ministries, Departments and Institutions. Therefore, necessary actions should be taken by relevant Ministries to expeditiously implement such budget proposals.

Special attention should be paid to plan the effective implementation of the budget proposals while maintaining a good coordination among public institutions so as to complete them within specific time periods.

Planning of the implementation of projects proposed through budget proposals on quarterly basis has to be done in accordance with the instructions already issued by the letter No. MF/NP/Gen/2020/01 dated 23.11.2021 of Secretary to the Treasury.

In this respect, development activities which can be completed within the year should only be classified and payments should be certified on the quarterly basis in accordance with the physical progress.

Advance account activities should be planned quarterly within the approved limits by considering the advances which may have to be paid during each quarter (Ex. Special Advance- First Quarter, Festival Advance – Second Quarter).

## **02. Application of Quarterly Ceilings.**

Since the Minister of Finance issues quarterly warrant based on the quarterly ceilings approved for each expenditure head, exceeding the quarterly ceilings mandated is not permitted.

Balance provisions remained at the end of each quarter will not be allowed to carry forward for the next quarter. However, requests should be made to the Department of National Budget for Treasury approval to carry forward such provisions remained due to exclusive circumstances beyond your control.

As authority for expenditure is granted on quarterly basis it should be ensured that provisions are absolutely available prior to incurring any commitment in subsequent quarters in which payments may be generated.

Further, it is emphasized not to make commitments for expenditure with the objective of receiving additional allocations in future since provision of further allocations for new programmes or projects have been prevented under Section 6(1) of the Appropriation Act.

In case of large scale development projects being implemented over several years, commitments should be made after considering the annual allocation limits while ensuring that, such commitments are made without exceeding the provisions allocated for a particular year.

### **03. Accounting and Reporting**

The warrants are issued on quarterly basis, however, making the relevant payments as per receiving of imprest, accounting and reporting to the Treasury should be done as normal.

### **04. General Guidelines**

Commitments should not be made to incur for future years on the assumption that provisions will be allocated as continuously as in the current year. Approval of the parliament is granted for expenditure estimates on annual basis and therefore, provisions are allocated under a medium-term budgetary framework only for the programmes consented by the government upon a proper approval.

Bills on any goods or services obtained from government agencies should be settled from the provisions already allocated and such payments should not be postponed or relevant provisions should not be used for other purposes.

Commitments of all the Ministries and Institutions under their purview should be closely monitored in order to regularize the management of commitment.

The Treasury imprest is released subject to the approved budget ceiling and hence, Chief Accounting Officers and Chief Accountants should make sure not to point out the non-receipt of the imprest as an excuse for the failure of settling bills due to excessive commitment made irrespective of the approved budget ceilings.

However, the Treasury frequently studies on seasonal fluctuations of revenue, government borrowing plans and expenditure patterns with the aim of further strengthening the process of commitment management. Accordingly, from the year 2022, the Treasury will take necessary action to inform the relevant institutions about the amount of imprest to be released for the forthcoming quarter for each expenditure head within the approved allocation limit prior to the commencement of each quarter.

**05.** You are hereby informed to consider this as a guide since the responsibility of planning expenditure and managing the commitment lies on you in achieving government objectives taking into account the instructions in this circular.

**06.** For any clarifications please contact the Department of National Budget (T.P. 0112 484 681) for quarterly budgetary plans, the Department of Treasury Operations (T.P. 0112 484 902) for imprest and the Department of State Accounts (T.P. 0112 484 826) for accounting and reporting.

Sgd./

S. R. Attygalle

Secretary to the Treasury

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2. Secretary to the Prime Minister
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