



**2018**

# PERFORMANCE REPORT



**DEPARTMENT OF NATIONAL BUDGET**

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## 1. Overview

The Department of National Budget operates within the legal framework established under the provisions of Parliamentary Acts and under the guidance of the Ministry of Finance and Mass Media. The Department functions as the focal point for the formulation of Annual Budget Estimates of the Government based on a sector-wise Medium Term Expenditure Framework (MTEF) in consistence with the overall medium term macro-fiscal framework. The MTEF presents its financial plans towards specific targets within the context of sectorial policy strategies while paying particular attention to the management of public expenditure. This process involves a continuous consultation with the line Ministries, Departments, Statutory Agencies of the Government and the relevant Treasury Departments.

### 1.1 Vision

“Socio – Economic Development through Effective Appropriation of Financial Resources”.

### 1.2 Mission

Estimation and Appropriation of public financial resources for effective delivery of public goods and selected services achieving development objectives of the Government.

### 1.3 Goals

- Maintain fiscal discipline.
- Ensure fiscal consolidation.
- Learning and sharing for better estimation.

## 1.4 Functions & Responsibilities

### 1.4.1 Formulation of the National Budget

- Meeting within Treasury Departments on Budget Planning Process
- Preparation of Macro Framework for the Budget
- Obtaining the Approval of the Cabinet of Ministers for the Macro Economic Framework of the Budget
- Issuance of Budget Call
- Preparation of Draft Estimates in consultation with the Spending Agencies
- Budget Discussions/ Consultative Meetings with Spending Agencies, Revenue Departments and Private Sector Stakeholders
- Finalize the Revenue / Expenditure/ Financing/ Borrowing Limits (Foreign & Domestic) in consultation with other Treasury Department
- Finalization of Estimates for the Appropriation Bill
- Obtaining Legal Clearance for the Draft Appropriation Bill from the Legal Draftsman and the Attorney General
- Obtaining the Approval of the Cabinet of Ministers for the Submission of the Appropriation Bill in Parliament
- Publishing the Appropriation Bill in Government Gazette
- Presentation of the Appropriation Bill in Parliament (First Reading)
- Printing of Draft Estimates in Sinhala, Tamil and English and Submission of same to Parliament
- Participate Second Reading Debate of the Appropriation Bill
- Submit the committee stage Amendments to the Appropriation Bill and to the Draft Estimates to Parliament
- Participate Third Reading of the Budget – Committee Stage Debate
- Preparation of Warrants and approval by Hon. Minister of Finance and Mass Media
- Issuance of the Expenditure Authorization Circular to the Spending Agencies and Revenue Departments

### **1.4.2 Implementation of the National Budget of the current year 2018**

The following activities are conducted annually for implementation of the national budget.

- Issuance of guidelines and Circulars related to the budget implementation, including authorization.
- Enforcement of controls to ensure that funds are effectively used for the appropriate purposes within the approved limits and the fiscal discipline is prudently managed.
- Interacting with Spending Agencies to ensure operational efficiency.
- Making Recommendations to the Department of Treasury Operations to release cash for Statutory Boards.
- Drafting observations on Cabinet Memoranda relating to the allocation of financial resources.
- Representing the General Treasury at the Committee on Public Accounts, Committee on Public Finance, Committee on Public Enterprises and other parliamentary Committee meetings.
- Representing the General Treasury at the Presidential Meetings, Prime Minister's Meetings and other meetings organized by Spending Agencies.
- Reallocation of provisions under section 6 of the appropriation Act.
- Monitoring the progress of Budget Proposals implemented by respective Ministries.
- Granting approval for transfer of allocation under FR 66/69 for ensuring the smooth implementation of the annual budget.

### **1.4.3 Advance Account Activities**

- Determination of limits for the Commercial, Stores, Public Officer's Advance Accounts and revision of the limits of these accounts based on the requests of spending agencies.

### **1.4.4 Monitoring the Implementation of National Budget**

- Issuing guidelines and circulars relating to budget implementation and monitoring.
- Monitor financial and physical performance of development projects including the Budget Proposals of the year, implemented by the Ministries, Departments and Statutory Boards.

### **1.4.5. Facilitation of Foreign Development Partners**

Facilitation of Foreign Development Partners such as IMF, World Bank, ADB etc.

### 1.4.6 The Summary of Performance - 2018

With regards to the above mentioned duties and responsibilities, the number of activities have been undertaken by the Department. Performance of those activities are explained in the Table 1.

**Table 1: Summary of Performance – 2018**

Action	Activity	Overall Target	Output
1. Implementation of Budget 2018 and Expenditure Management.	Issuance of Budget Authorization Circulars giving instructions on expenditure management.	Manage public expenditure efficiently.	Issued National Budget Circular No3/2017 dated 27.12.2017 (Authorization of Expenditure of Budget 2018 & Public Expenditure Management) in this regard.
	Reallocation of provisions under section 6 of the appropriation Act	Manage Additional fund requirements of spending agencies enabling their smooth functioning	312.97 bn Worth 687 number of Additional fund requirements, especially for accommodating unforeseen incidents such as floods, droughts etc. were addressed, managing the reallocation of funds within the approved expenditure ceiling.
	Submission of Supplementary reports on issuance of supplementary allocations to parliament once in two months	Adhering the provisions of Appropriation Act	08 reports were submitted covering all the supplementary allocations granted. (Some reports could not be submitted to Parliament in due dates due to issues occurred in late 2018.

Action	Activity	Overall Target	Output
	Authorization of transfer of funds under Section 5(1) of the Appropriation Act and FR 66 and 69.	Manage expenditure within the approved estimates.	As per the said Regulations, 1,764 applications were authorized. Out of that, 266 applications were programme transfers and 1,498 were project transfers. 50 transfer applications were authorized under the provisions of FR 69.
2. Preparation and formulation of National Budget Estimate for 2019	Issuance of (Budget Call) guidelines on the preparation of Annual Budget Estimates.	Formulate the annual Budget following the guidelines by all spending agencies.	Issued the Budget Circular on 17.07.2018.
	Preparation of draft annual budget Estimates in consultation with spending agencies and relevant Departments of the General Treasury.	Ensure achieving annual targets of economic and development goals of the Government.	Conducted pre budget meetings with all relevant stakeholders with the Chairmanship of Hon. Minister of Finance and Mass Media
	Conduct Budget discussions with relevant Ministries.	Meet the actual requirements and prepare a realistic budget.	Conducted review meetings with the Secretary to the Treasury and the Deputy Secretaries along with relevant Departments/Agencies.



Action	Activity	Overall Target	Output
	<p>Make necessary arrangements to present the Appropriation Bill for 2019 in Parliament on time.</p>	<p>Present the Appropriation Bill in Parliament in the third week of October, 2018.</p> <p>Pass the Appropriation Bill by Parliament.</p>	<p>Gazetted the Appropriation Bill for 2019 on 21. 09. 2018.</p> <p>Submitted the Appropriation Bill to Parliament on 09.10.2018.</p> <p>But this bill was no become an act due to the issues occurred in late 2018 in Parliament. So we take necessary action to submit a Vote On Account for the first 4 months expenditure of 2019 on 21.12.2018 and that was approved by Parliament on the same date.</p>
<p>3. Submission of observations on Cabinet Memoranda.</p>	<p>Draft and submit observations and comments on Cabinet Memoranda on time based on policy analysis of government/ sectoral and expenditure management policies.</p>	<p>Timely submission of observations on Cabinet Memoranda.</p>	<p>Submitted observations for 462 Cabinet Memoranda during the year.</p> <p>Further, comments of the Department have been submitted to other Treasury Departments for 1,619 cabinet memoranda</p>

Action	Activity	Overall Target	Output
4. Internal Management of the Department of National Budget.	Submission of Reports.	Submit reports before the deadlines  (a) Expenditure review to the Annual Report of the Ministry of Finance and Mass Media (b) Performance Report of the Department (c) Appropriation Account (d) Reconciliation of Public Officers Advance Account.	Submitted the following reports on time.  (a) Expenditure Review - 2018 (b) Performance Report to the Parliament (c) Appropriation Account 2018 (d) Reconciliation of Public officers Advance Account 2018.
	Capacity Building.	Develop human resources through local and foreign training.	16 officers were trained overseas while 71 officers were trained locally on programs related to the activities of the Department of National Budget.
	Control of the Departmental Advance Account.	Grant Loans/advances to all the applicants of the staff of NBD complying with limits of the Advance Accounts.	Distress loans, bicycle loans, special advances and festival advances amounting to Rs. 9,933,467.38 have been provided, while adhering to authorized limits.
	Responding to Audit Queries.	Minimize audit queries.  Represent COPA, COPE and COPF meetings of Parliament.	Replied to all audit queries (18) forwarded by the Department of Auditor General.
5. Facilitation of Foreign Development Partners (IMF, World Bank, ADB etc.)	Participation of discussion with Development Partners when and where necessary	Provide required information's for the Development partners	Better co-integrate with Development partners

## 2. Review and Implementation of Budget 2018

### 2.1 Appropriation Act for 2018

The Appropriation Act for the year 2018 was approved by Parliament on 09<sup>th</sup> of December 2018 and it was enacted as the Appropriation Act No 30 of 2017.

Appropriation Act included three schedules, namely, the first schedule, second schedule and the third schedule. Each schedule included the government expenditure, as given in Table 2.

**Table 2: Appropriation Act for 2018**

First Schedule	Expenditure of General Services of the Government by programme	The total expenditure was Rs. 2,143 billion.
Second Schedule	Expenditure of the Government, authorized by law and to be charged on the Consolidated Fund.	Total expenditure under Special Law was Rs. 2,005 billion
Third Schedule	Expenditure related to Advance Account Activities.	Contribution from the government budget per annum was Rs.06 billion for the year

Source : Department of National Budget

Accordingly, the entire government expenditure was estimated as Rs. 4,154 billion which includes Rs. 2,164 billion for Recurrent Expenditure, Rs. 834 billion for Capital Expenditure, Rs. 1,150 billion for Public Debt Amortization and Rs. 6 billion for Advance Account activities. Section 2 (1) (b) of the Appropriation Act stipulated a borrowing limit of Rs. 1,894 billion, while the corresponding borrowing limit for 2017 was Rs. 1,579 billion.

### 2.2 Supplementary Estimates

Minister of Highways and Road Development has submitted a Supplementary Estimate of Rs.30 billion to Parliament for the settlement of bills submitted by the contractors of foreign funded projects, for the payment of mobilization advances and for the repayment of loan instalment to the local loans. In order to account this amount, Special Warrant No.01 was issued by the Minister of Finance and Economic Affairs, enabling the Minister of Highways and Road Development to utilize the approved amount in the supplementary estimate.

### 2.3 Special Law Warrants as Supplementary Allocations

Eight (8) Special Law Warrants have been issued by the Minister of Finance and Mass Media during the year 2018 in order to fulfil additional fund requirements for several purposes of the government that have been raised through the Special Law Services in the schedule 2 of the Appropriation Act.

**Table: 3 Special Law Warrants as Supplementary Allocations**

Authority No	Expenditure		Purpose /Objective	Amount (Rs).
	Head No.	Institution		
01	4	Judges of the Superior Courts	Salary revision of the Judges by MSD Circular No. 2/2018	9,500,000
02	7	Judicial Service Commission	Salary revision of the independent commission members as per the letter of Secretary to the President's No. PS/ACC/CCU/01/02 dated 16.08.2018	826,000
03	6	Public Service Commission	Salary revision of the independent commission members as per the letter of Secretary to the President's No. PS/ACC/CCU/01/02 dated 16.08.2018	1,085,000
04	20	Election Commission	Salary revision of the independent commission members as per the letter of Secretary to the President's No. PS/ACC/CCU/01/02 dated 16.08.2018	455,000
05	10	Commission to Investigate Allegations of Bribery or Corruption	Salary revision of the independent commission members as per the letter of Secretary to the President's No. PS/ACC/CCU/01/02 dated 16.08.2018	720,000
06	239	Department of External Resources	Contribution fee for Asian Infrastructure Investment Bank 2015 to 2019 as per the AIB Circular 7/2016	191,200,000

Authority No	Expenditure		Purpose /Objective	Amount (Rs).
	Head No.	Institution		
07	8	National Police Commission	Salary revision of the independent commission members as per the letter of Secretary to the President's No. PS/ACC/CCU/01/02 dated 16.08.2018	835,000
08	249	Department of Treasury Operations	To meet the shortfall of provisions allocated on debt servicing	119,779,150,000

Source : Department of National Budget

## 2.4 Performance of Budget 2018

The government total actual expenditure of Rs. 3,971 billion in year 2018 has increased by Rs. 501 billion compared to Rs 3,470 billion in 2017. This was against the estimated expenditure of Rs. 4,148 billion, which was Rs.177 billion, lower than the estimated expenditure. However, the total utilization ratio of budgetary provisions in 2018 was 96 percent and that was equal with the performance in year 2017, that of 96 percent.

Out of the provisions authorized under the clause 2 (1) of the Appropriation Act (expenditure on supply services) only 86 percent was utilized during the year a decrease from 87 percent in 2017. Concurrently, utilization of Capital Expenditure of the Government shows a clear improvement at 75 percent or Rs. 625 billion against the initial estimate of Rs. 834 billion, compared to 75 percent in year 2017. Utilization of recurrent allocations stood at 97 percent or Rs. 2,164 billion.

Following the trend in last few years, the expenditure estimates under special law (Financing code 21- second schedule of the Appropriation Act) has shown an overrun of Rs. 118 billion against the initial estimate of Rs. 2,005 billion. This was mainly due to the increase in debt servicing as a result of rupee depreciation, increasing LIBOR rates and overall increase in interest rates in the last 24 months domestically and globally led to an increase in both repayment and interest payment.

The total expenditure derived through the 1<sup>st</sup> schedule of the Appropriation Act shows 86 percent progress by spending Rs. 1,848 billion against the initial estimate of Rs. 2,143 billion. In the perspective of both programs, programme 1 – Operational activities and Programme 2 – Development activities illustrate an upward trend in actual expenditure compared to the last year.

**Table: 4 Utilization of Budgetary Provisions 2017 - 2018**

(Rs. Billion)				
Expenditure Category	2017		2018	
	Budget	Expenditure	Budget	Expenditure
<b>Appropriation Act (1<sup>st</sup> schedule)</b>	<b>2,113</b>	<b>1,832</b>	<b>2,143</b>	<b>1,848</b>
Programme – 1	965	1,011	1,087	1,052
Programme – 2	1,148	821	1,056	796
<b>Special Law Services (2<sup>nd</sup> schedule)</b>	<b>1,515</b>	<b>1,638</b>	<b>2,005</b>	<b>2,123</b>
<b>Advance Accounts (3<sup>rd</sup> Schedule)</b>	<b>5</b>	<b>4</b>	<b>6</b>	<b>4</b>
<b>Total</b>	<b>3,628</b>	<b>3,470</b>	<b>4,148</b>	<b>3,971</b>

Source: Department of State Accounts

The source of financing of government expenditure for the year 2017 and 2018 is shown in Table 5.

**Table: 5 Financing Source of Government Expenditure**

Financing Code	Financing Source	2017 Rs. Bn	2018 Rs. Bn
11	Domestic Funds	1,572.2	<b>1,617.0</b>
12	Foreign Loans	214.7	180.1
13	Foreign Grants	6.3	<b>9.0</b>
14	Reimbursable Foreign Loans	2.1	<b>3.8</b>
15	Reimbursable Foreign Grants	<b>0.1</b>	<b>0.1</b>
16	Counterpart Funds	0.5	<b>0.1</b>
17	Foreign Finance Associated Local costs	35.6	31.9
18	Foreign financing related domestic co-financing	-	5.7
21	Special Laws	<b>1,638.0</b>	<b>2,122.9</b>
<b>Total</b>		<b>3,469.7</b>	<b>3,970.6</b>

Source : Department of State Accounts

**Table: 6 Utilization of Provisions**

Rs Mn

Name of the Ministry/Expenditure Item	Estimated Provisions	Additional Allocation provided from TMV	Supplementary Allocation Through Special Warrant and Parliament	Total Provisions (sum of (1)+(2)+(3))	Actual Expenditure	Unutilized Provisions (4)-(5)
	(1)	(2)	(3)	(4)	(5)	(6)
Special Spending Units	25,472	1,464	13	26,949	19,780	7,169
Buddha Sasana	1,463	1,262		2,725	2,324	402
Finance and Mass Media	63,092	9,919		73,012	46,266	26,746
Defence	290,711	7,921		298,633	282,747	15,886

Rs Mn

Name of the Ministry/Expenditure Item	Estimated Provisions	Additional Allocation provided from TMV	Supplementary Allocation Through Special Warrant and Parliament	Total Provisions (sum of (1)+(2)+(3))	Actual Expenditure	Unutilized Provisions (4)-(5)
National Policies and Economic Affairs	29,178	27,054	191	56,423	27,443	28,980
Disaster Management	5,811	6,812		12,623	11,277	1,346
Posts, Postal Service and Muslim Religious Affairs	13,531	182		13,713	13,601	111
Justice	11,150	2,258		13,408	11,821	1,587
Health, Nutrition and Indigenous Medicine	178,400	8,433		186,833	169,016	17,817
Foreign Affairs	10,779	2,050		12,829	12,436	393
Transport & Civil Aviation	42,137	14,721		56,857	52,157	4,701
Higher Education and Highways	182,757	55,954	30,000	268,711	228,554	40,157
Agriculture	23,790	34,907		58,697	49,145	9,553
Power and Renewable Energy	838	337		1,175	993	182
Women and Child Affairs	3,009	5,930		8,939	8,340	599
Home Affairs	44,100	7,926		52,026	46,378	5,648
Land and Parliamentary Reforms	9,097	59		9,157	8,272	885
Housing and Construction	11,248	894		12,141	10,238	1,904
Social Empowerment and Welfare and Kandyan Heritage	18,579	52,095		70,674	67,294	3,380
Education	102,880	3,699		106,579	77,451	29,128
Public Administration and Management	233,864	144		234,008	229,875	4,133



Rs Mn

Name of the Ministry/Expenditure Item	Estimated Provisions	Additional Allocation provided from TMV	Supplementary Allocation Through Special Warrant and Parliament	Total Provisions (sum of (1)+(2)+(3))	Actual Expenditure	Unutilized Provisions (4)-(5)
Plantation Industries	8,645	458		9,103	7,064	2,039
Sports	5,425	3,026		8,451	3,766	4,685
Hill Country New Villages, Infrastructure and Community Development	3,748	5		3,753	2,575	1,178
Prison Reforms, Rehabilitation, Resettlement and Hindu Religious Affairs	11,426	3,656		15,081	12,385	2,696
Regional Development	973	5		978	756	221
Development Assignment	1,292	18		1,311	366	945
Industry and Commerce	9,081	3,570		12,651	6,422	6,229
Petroleum Resources Development	309	19		328	277	51
Fisheries and Aquatic Resources Development	7,758	2,571		10,329	5,621	4,708
Rural Economic Affairs	7,239	741		7,980	5,338	2,642
Provincial Councils and Local Government	218,217	11,691		229,909	215,518	14,391
National Co-existence, Dialogue and Official Languages	763	296		1,059	893	166
Public Enterprise Development	5,572	701		6,274	1,088	5,185
Tourism Development and Christian Religious Affairs	1,024	512		1,536	674	862

Rs Mn

Name of the Ministry/Expenditure Item	Estimated Provisions	Additional Allocation provided from TMV	Supplementary Allocation Through Special Warrant and Parliament	Total Provisions (sum of (1)+(2)+(3))	Actual Expenditure	Unutilized Provisions (4)-(5)
Mahaweli Development and Environment	45,611	1,868		47,479	40,884	6,595
Sustainable Development and Wild Life	4,779	255		5,034	3,699	1,335
Megapolis and Western Development	51,109	10,370		61,479	32,332	29,147
Internal Affairs, Wayamba Development and Cultural Affairs	8,545	1,209		9,754	7,041	2,713
National Integration and Reconciliation	2,770	4,883		7,653	2,985	4,668
City Planning and Water Supply	27,862	7,521		35,383	32,701	2,682
Special Assignment	105	4		109	31	78
Ports and Shipping	2,548	1,356		3,904	1,547	2,357
Foreign Employment	686	-		686	567	119
Law and Order and Southern Development	82,899	756		83,655	76,193	7,462
Labour and Trade Union Relations and sabaragamuwa Development	5,231	23		5,254	4,088	1,166
Telecommunication and Digital Infrastructure	2,270	3,520		5,790	3,525	2,265
Development Strategies and International Trade	2,097	4,253		6,350	2,202	4,148
Science, Technology & Research	5,643	1,054		6,697	4,945	1,753

Rs Mn

Name of the Ministry/Expenditure Item	Estimated Provisions	Additional Allocation provided from TMV	Supplementary Allocation Through Special Warrant and Parliament	Total Provisions (sum of (1)+(2)+(3))	Actual Expenditure	Unutilized Provisions (4)-(5)
Skills Development and Vocational Training	10,882	331		11,213	9,751	1,462
Irrigation and Water Resources Management	24,631	3,942		28,573	18,933	9,640
Primary Industries	3,511	166		3,677	2,513	1,165
<b>Debt Service Payment</b>	<b>1,970,000</b>	<b>170</b>	<b>119,779</b>	<b>2,089,949</b>	<b>2,088,551</b>	<b>1,398</b>
<b>Treasury Miscellaneous vote (TMV)</b>	<b>313,307</b>	<b>(312,973)</b>		<b>334</b>		<b>334</b>
<b>Grand Total</b>	<b>4,147,845</b>		<b>149,984</b>	<b>4,297,829</b>	<b>3,970,636</b>	<b>327,193</b>

Source : Department of National Budget/Department of State Accounts

## 2.5. Advance Account Activities

Actual expenditure of the Advance Account activities was Rs.25.79 billion against the estimate of maximum expenditure of Rs. 27.63 billion. The actual total receipt was Rs. 21.93 billion against the estimate of minimum receipt of Rs.21.63 billion. Accordingly, the Advance Account activities were within the approved limits of Appropriation Act, No.30 of 2017. Activities under the Advance Account included activities of commercial nature as well as advances to public servants excluding the property loan.

## 2.6 Management of 2018 Budget

### 2.6.1 Transfer of Funds (Virement procedure)

Under the Virement procedure and the section 5 of the Appropriation Act, institutions are allowed to reallocate or transfer of unutilized provisions within the total expenditure limit approved by Parliament, following the said procedures specified in Financial Regulations and printed Estimates. During the year 2018 General Treasury has granted approval for 1,764 of such requests for transfer of the funds under FR 66 and 69.

### 2.6.2 Supplementary Support Services and Contingent Liabilities

The Supplementary Support Services and Contingent Liabilities project under the Expenditure Head 240, was implemented by the Department of National Budget in year 2018 for facilitating the unforeseen, unexpected or urgent additional fund requirements of spending agencies.

The total allocation provided under this project in 2018 was Rs. 313 billion including Rs. 95 billion of Budget Proposals and 130 billion for the implementation of welfare programmes. During the year those allocations were distributed among the Spending Agencies in line with the specific guide lines stipulated in printed Estimates 2018. Summary of the actual allocation granted is given in table 7.

**Table: 7 Summary of actual provisions allocated under the clause 6 of the Appropriate Act**

Purpose as per the Printed Estimates		Amount (Rs. bn.)
1	Provisions for the implementation of welfare programmes	101
2	Provisions for the unforeseen expenditure	99
3	Provisions for implementation of budget proposals.	62
4	Provisions to meet any shortfall in capital expenditure including projects funded through external financing and related counterpart-funding requirement inclusive of payment of taxes and duties.	51
<b>Total</b>		<b>313</b>

*Source: Department of National Budget*

A report containing the amount of provision transferred and the reasons for such transfers, was submitted to Parliament within two months of the date of the said transfer made, in terms of clause 6(1) of the Appropriation Act. In addition, details of transfers made out of this provision were incorporated in the Government Fiscal Performance Report 2018 as per the Fiscal Management (Responsibility) Act. No. 3 of 2003 and in the Annual Report 2018. Finally, actual utilization is reported under the relevant object codes in the printed Estimates for the following year.

### 2.6.3 Issuance of Budget Circulars

The Department has issued circulars, providing guidelines required for expenditure management of the spending agencies. During the fiscal year of 2018, five circulars have been issued in the areas of budget preparation and formulation, monitoring, authorization of expenditure as mentioned below.

**Table : 8 Issuance of Budget Circulars**

	Date	Circular No.	Title
1	04.04.2018	NBD 01/2018	Settlement of Outstanding Liabilities Relating to the Financial Year 2017.
2	01.06.2018	NBD 02/2018	Establishment of a Multi – Purpose Database, incorporating details of all the Ongoing Development Projects at Divisional Secretariat Level.
3	16.07.2018	NBD 03/2018	Procurement of Motor Vehicles for Government Agencies
4	17.07.2018	NBD 04/2018	Budget Call – 2019 Guidelines for the Preparations of Annual Budget Estimates
5	27.12.2018	NBD 05/2018	Authorization of Expenditure – Vote on Account 2019 Budget

*Source: Department of National Budget*

### 3. Preparation of Budget Estimates for 2018

Budget estimates for 2018 were formulated within a Medium Term Budgetary Framework for 2018-2020 based on the government policies and priorities with the objective of accelerating economic growth of the country. Accordingly, Budget 2018 expected public investment to be increased by at least 5.3 percent of GDP in the medium term with the view of achieving an economic growth beyond 6 percent.

#### 3.1 Budget Formulation Guidelines

The Budget Call 2018, including the guidelines and directions for preparation of Annual Budget Estimates was issued as the National Budget Circular No. 02/2017. Accordingly, directions have been given to formulate the 2018 budget in line with the Government Economic Policy Framework. Meanwhile, the broader perspective of the budget preparation was focused on achieving the Sustainable Development Goals by 2030.

Further, the 2018 budget was formulated based on the Performance Based Budgeting approach, which will be improved through utilizing the experience of implementing the zero based budgeting approach in the preceding years.

### 4. Special Activities

#### 4.1 Management of Budgetary Provisions of Public Institutions

The Department of National Budget is responsible for the supervision of 117 public institutions (statutory boards, authorities, commissions, universities etc.) of which the allocations are provided under the Budget Estimates. Accordingly, the following actions/activities were carried out by the Department during the year;

- Grant concurrence of the Hon Minister of Finance for capital expenditure exceeding Rs. 500,000 in terms of the section 2(b) of the Finance Act No. 38 of 1971.
- Recommend the monthly cash imprest requests of recurrent and capital grants to the Department of Treasury Operations for cash releases
- Review the performance and progress of those institutions by analyzing and examining the Annual Budgets, Annual Action Plans, Annual Accounts and the Annual Reports.

- Submit observations on the Cabinet Memoranda submitted by them.
- Provide additional allocations for their requests after detail scrutiny
- Assist, prepare and submit reports of the financial performance and management of public institutions to the Committee on Public Enterprises, when its meetings are convened by Parliament.
- Grant approval for the purchase of new vehicles to these institutions.
- Review Audit Reports of the Auditor General and the Special Audit Queries submitted to this Department. Coordinate with the relevant institutions for resolving these queries and ensure that remedial actions are taken to avoid occurrence of such audit queries in the future.
- Submit recommendations to the Department of Management Services on the recruitment of new staff to Statutory Boards based on the availability of Budgetary Provisions and actual needs of such institutions.
- Grant approval for officers of those institutions to travel abroad using domestic funds for various purposes (trainings, meetings, seminars, conference etc.)
- Advice and co-ordinate with the institutions on the financial and management issues such as, implementation of Mega Capital Projects.

#### 4.2 Cabinet Memoranda

During the year 2018, the Department has prepared observations for the signature of Hon. Minister of Finance for 462 Cabinet Memoranda submitted by the line Ministries. Further, 16 Cabinet Memoranda have been submitted with the signature of Hon. Minister of Finance to obtain approval of the Cabinet of Ministers for the below matters.

**Table : 9 Cabinet Memoranda submitted by Department of National Budget**

	Date	Cabinet Memo. No.	Subject
1	2018.01.15	MF/NB/01/CM/2018/008	Payment of outstanding Dues from Government Institutions to state Development and Construction
2	2018.01.29	MF/NB/02/CM/2018/018	Settlement of outstanding liabilities relating to financial year 2017
3	2018.03.16	MF/NB/12/CM/2018/052	Settlement of outstanding liabilities relating to financial year 2017
4	2018.03.24	MF/NB/04/CM/2018/053	Revision of limits of Advance Accounts used for Advances to Public Officers - 2017
5	2018.03.26	MF/NB/03/CM/2018/041	Procurement of Vehicles for Government Agencies

	Date	Cabinet Memo. No.	Subject
6	2018.04.02	MF/NB/03/CM/2018/051	Report on the Actual Expenditure and Revenue collection at the end of fourth quarter of the Financial year - 2017
7	2018.05.16	MF/NB/CM/2018/93	Providing relief to the beach seine (model) fishers of kalametiya who are adversely affected
8	2018.05.21	MF/NB/07/CM/2018/103	Expediting the payment for 2017 – flood affected households
9	2018.06.04	MF/NB/CM/2018/72	Controlling fish prices during the festive season through the Ceylon fisheries corporation
10	2018.07.09	MF/NB/CM/2018/72	Amendment to the appropriation act no 30 of 2017 in line with the new Cabinet reshuffle and new development priorities
11	2018.07.17	MF/NB/07/CM/2018/105	Report on the actual expenditure revenue collection and physical progress at the first quarter of the financial year 2018
12	2018.09.14	BD/CBP/4/1/4/2019	Appropriation bill for the financial year 2019
13	2018.09.17	MF/NB/12/CM/2018/198	Matara Nilwala Eliya Development Project : 2018-2020
14	2018.09.30	MF/NB/13/CM/2018/2017(217)	Amendment to the appropriation act no 30 of 2017 in line with the new Cabinet reshuffle
15	2018.11.19	MF/NB/14/CM/2018/251	Preparation of budget for year 2019
16	2018.11.24	MF/NB/15/CM/2018/259	Vote on account – 2019

*Source: Department of National Budget*

### 4.3 Participation of Staff in Boards and Committees

The staff officers of the Department have served in the Board of Directors/ Councils of Statutory Boards, Public Corporations, Government Owned Companies, Higher Education Institutions as Treasury Representatives and have served as Members of Cabinet Appointed Tender Boards (CATBs), and Technical Evaluation Committees (TECs) representing the Secretary to the Treasury. In addition, the staff officers of the Department attended the meetings of the Committee on Public Accounts (COPA), Committee on Public Finance (COPF) and the Committee on Public Enterprises in Parliament (COPE), representing the Department



in such meetings. During the year, officials have attended COPA - , COPF - and COPE - meetings representing the Department. Further, the officers have attended the meetings conducted by the line Ministries to provide their inputs / views / observations relating to the relevant matters.

## 5. Organizational Structure and Role of the Department of National Budget

The Organizational Structure and role of the Department of National Budget have been constructed in line with the relevant line Ministries as per the structure of the Budget Estimates.

### 5.1 Staff

As per the Public Administration Circular No. 06/2006, following number of Officers, under the each service level were in the organizational structure of the Department of National Budget in 2018.

Service Level	No. of Officers
Senior Level	38
Tertiary Level	04
Secondary Level	68
Primary Level	38

As at the end of 2018, the approved cadre and the actual cadre of the Department were as shown in Table 10.

Table : 10 Cadre of the Year 2017 Department of National Budget

Designation	Service	Grade/ Class	Salary Group	Approved Cadre	Existing Cadre	Vacancies
				Permanent	Permanent	
<b>Senior Level</b>						
Director General	SLAS	Special	SL-3	1	1	0
Addl. Director General	SLAS	Special	SL-3	2	0	2
Addl. Director General	SLPS	Special	SL-3	2	0	2
Director	SLAS	I	SL-1	9	8	1
Director	SLPS	I	SL-1	5	5	0
Director	SLAcc.S	I	SL-1	2	2	0
Deputy Director/Asst. Director	SLAS	II/III	SL-1	11	10	1
Deputy Director	SLAcc.S	II	SL-1	1	0	1
Deputy Director/ Asst.	SLPS	II / III	SL-1	4	3	1
Accountant	SLAcc.S	III	SL-1	1	0	1
Sub Total				<b>38</b>	<b>29</b>	<b>9</b>
<b>Tertiary Level</b>						
Administrative Officer	PMAS	Supra	MN-7	1	0	1
Translator	TS	I/II/III	MN-6	2	2	0
IT Officer	IT	I/II/III	MN-6	1	1	0
Sub Total				<b>4</b>	<b>3</b>	<b>1</b>
<b>Secondary Level</b>						
Management Asst.	PMAS	I/II/III	MN-2	23	22	1
Development Officer	DOS	I/II/III	MN-4	45	38	7
Sub Total				<b>68</b>	<b>60</b>	<b>8</b>
<b>Primary Level</b>						
Drivers	DS	I/II/III	PL-3	19	17	2
K.K.S	O.E.S	I/II/III	PL-1	19	19	0
Sub Total				<b>38</b>	<b>36</b>	<b>2</b>
<b>GRAND TOTAL</b>				<b>148</b>	<b>128</b>	<b>20</b>

## 5.2 Human Resource Development

The Department was able to send its staff for the following local and foreign training programmes in 2018, in order to enhance their professional skills and working efficiency, in addition to attending various meetings in their official capacities.

### 5.2.1 Foreign Trainings / Seminars / Meetings

The following staff members were given foreign exposure in different fields in the year 2018.

**Table : 11 Foreign Trainings and workshop Summary for year 2018**

Foreign Trainings and workshop Summary for year - 2018					
	Name of the Officer	Designation	Programme	Country	Period
1	Mr. A.K. Seneviratna	Director General	NEDA's Training Course on "Public Debt Management and Economic Issues"	Thailand	07.05.2018 - 12.05.2018
2	Ms. Y.P.Sumana	Director	Training programme on Strengthening Budget Institutions	Singapore	23.07.2018- 27.07.2018
			Capacity building Programme for SLPS Officers	Malaysia	07.10.2018 - 13.10.2018
3	Ms. M. Anoma Nandani	Director	Workshop on Implementing Sustainable E- Government Solutions	Singapore	26.02.2018 - 02.03.2018
4	Ms. Biyanka N. Gamage	Director	Workshop on Implementing Sustainable E- Government Solutions	Singapore	26.02.2018 - 02.03.2018
5	Mr. A.V. Janadara	Director	Technical Workshop on Municipal Public Finance for Asia- Pacific Cities"	Bangkok	08.11.2018 - 09.11.2018
6	Ms. T.D.P. Liyanage	Director	Workshop on Gender Budgeting	India	26.03.2018 - 28.03.2018
			2018 Ministerial Workshop on Global Economic Governance for Developing Countries	China	06.06.2018 - 12.06.2018
7	Ms. Samantha Meethalawa	Director	Workshop on Gender Budgeting	India	26.03.2018- 28.03.2018

Foreign Trainings and workshop Summary for year - 2018					
	Name of the Officer	Designation	Programme	Country	Period
8	Mr. S.I.M. Rosa	Director	Training on Financing Infrastructure in Development Countries	Japan	12.04.2018
			Training on Public Administration and E- Government for Sri Lanka	China	06.11.2018-26.11.2018
9	Mr. J. Jayasundera	Director	Capacity building Programme for SLAS Class I Officers	Malaysia	03.09.2018-09.09.2018
10	Ms. D.A.S. Dahanayake	Assistant Director	2018 Seminar on South – South Corporation for Developing Countries	China	10.07.2018-30.07.2018
11	Mr. M.J.M. Ifham	Assistant Director	Workshop on Line of Credit Guidelines and Procedures do the officials of the Government of Sri Lanka	India	12.01.2018-13.01.2018
			Training Course on Fiscal Analysis and Forecasting	India	30.04.2018-04.05.2018
12	Ms. L.K.N.U. Premarathne	ICT Officer	Workshop on Implementing Sustainable E- Government Solutions	Singapore	26.02.2018 - 02.03.2018

**Table : 12 Foreign Seminars and Conference Summary for year 2018**

Foreign Seminars and Conference Summary for year - 2018					
	Name of the Officer	Designation	Programme	Country	Period
1	Mr. A.K. Seneviratna	Director General	IMF Fiscal Forum - Corruption & Public Sector Governance	Washington DC	16.04.2018 - 25.04.2018
2	Ms. K.G.K. Wimalaweera	Additional Director General	FreeBalance Steering Committee Meeting	USA	14.03.2018-18.03.2018
3	Mr. A.V. Janadara	Director	2018 CICA Finance Forum	China	07.12.2018 - 08.12.2018
4	Ms. Ajitha Batagoda	Director	WHO Global Dialogue on partnerships for sustainable Financing of Non-communicable Disease Preventions and Control	Denmark	09.04.2018 - 11.04.2018
			Tokyo Fiscal Forum 2018 on Strengthening Fiscal Management in Asia	Japan	04.06.2018 - 05.06.2018

Foreign Seminars and Conference Summary for year - 2018					
	Name of the Officer	Designation	Programme	Country	Period
5	Mr. K.P.D.P. Karunanayake	Accountant	2018 Seminar on the Management of Free Trade Zone for Sri Lanka	China	18.04.2018-08.05.2018
6	Ms. Jeewanthi Senanayake	Director	2018 Seminar on Bank and Monetary Management for Development Countries	China	04.07.2018 - 24.07.2018

### 5.2.2 Local Trainings

The following staff members were given local trainings in different fields in the year 2018.

**Table : 12 Local Training Summary for year 2018**

Local Training Summary for year – 2018					
	Name	Designation	Training	Duration	Institute
1	All Staff	Directors Assistant Directors Development Officers Management Assistants Office Assistants Drivers	Capacity Building Programme	23.02.2018 25.02.2018	Jaffna
2	Ms. Y.P. Sumanawathie	Director	Essence of Public Procurement Management	29.10.2018 - 31.10.2018	Miloda
3	Ms. W.A.N. Thushari	Asst. Director			
4	Ms. K.N. Malika Perera	Management Assistant	Preparation of Financial Statements	19.09.2018 - 21.09.2018	Miloda
5	Mr. K.P.D.P. Karunanayake	Accountant	Government Auditing Standards and answering audit queries	15.01.2018 - 18.01.2018	Miloda
6	Ms. T.D.P. Liyanage	Director	Diploma in Public Procurement and Contract Administration	From September 2018	Miloda
7	Ms. S.A.L. Samarasekara	Assistant Director			
8	Ms. W.A.N. Thushari	Assistant Director			
9	Ms. Y.P. Sumanawathie	Director	Bid evaluation in Public Sector	From September 2018	Miloda
10	Mr. W.A.D.D.S. Wickramasinghe	Assistant Director			

Local Training Summary for year – 2018					
	Name	Designation	Training	Duration	Institute
11	Mr. K.P.D.P. Karunanayake	Accountant	Internal Auditing Practice in Public Procurement	From September 2018	Miloda
12	Mr. W.A.D.D.S. Wickramasinghe	Assistant Director	Preparation of Bid Documents and Tender Procedures	November 19,20,21	Miloda
13	Mr. W.A.D.D.S. Wickramasinghe	Assistant Director	Board of Survey and Losses & Write-offs	November 28,29	Miloda
14	Ms. N.R.W.N. Kumari	Assistant Director	Diploma in English for Professionals	During the year 2018	Miloda
15	Mr. R.A.T.A. Ranaweera	Deputy Director	Forecasting, Budgeting & Financial Management	05.04.2018 - 06.04.2018	Centre for Banking Studies
16	Ms. Y.P. Sumanawathie	Director	Speechcraft Training with the Toastmasters International for Class I Officers of the All Island Services		SLIDA
17	Mr. R.A.T.A. Ranaweera	Deputy Director			
18	Mr. J. Jayasundera	Director	Public – Private Partnerships Workshop on the PPP Fiscal Risk Assessment Model	02.10.2018 - 03.10.2018	National Agency for Public Private Partnerships
19	Ms. M.A. Nandani	Director			
20	Ms. Anoma Nandani	Director	Supporting Delivery of Strategic Knowledge Solutions Workshop on Input – Output Economic Analysis: Part I - Fundamentals	07.05.2018 - 11.05.2018	Ministry of Finance and Mass media
21	Ms. Jeevanthie Senanayake	Director			
22	Mr. W.A.D.D.S. Wickramasinghe	Assistant Director			
23	Mr. K.P.D.P. Karunanayake	Accountant			
24	Mr. J. Jayasundera,	Director	Workshop for strategic project preparations for officials of the Government of Sri Lanka	14.09.2018	Department of National Planning
25	Ms. N. Amarathunge,	Director		21.09.2018	
26	Ms. S. Meethalawa,	Director		28.09.2018	

### Local Training Summary for year – 2018

	Name	Designation	Training	Duration	Institute
27	Mr. A.V. Janadara -	Director	Workshop for Treasury Representatives	20.10.2018	Department of Public Enterprises
28	Ms. Samantha Meethalawa	Director			
29	Ms. Ajitha Batagoda	Director			
30	Ms. Biyanka N Gamage	Director		20.10.2018	Department of Public Enterprises
31	Mr. S.I.M. Rosa	Director			
32	Mr. R.A.T.A. Ranaweera	Director			

### 5.3. Financial Administration of the Department of National Budget

The budgetary provision required for normal operations of the Department of National Budget was detailed under Head 240 in the Budget Estimates for 2018. Budgetary allocations were provided under 2 Programmes.

- |     |                             |  |
|-----|-----------------------------|--|
| (a) | Programme                   | 01 - Operational Activities                                    |
|     | Project 01 of the Programme | 01 - Budget Formulation and Policy                             |
| (b) | Programme                   | 02 - Development Activities                                    |
|     | Project 02 of the Programme | 02 - Supplementary Support Services and Contingent Liabilities |

The provision related to Department administrative expenditure on budget formulations and policies was provided by the Project No. 01 while Project 02, included provisions for facilitating unexpected and unforeseen expenditure required by various spending agencies, budget proposals announced for the year 2018 Budget Speech and for policy priorities announced in the financial year. Rs. 320,059,877,000 has been provided under the Expenditure Head of the Department of National Budget for the year 2018.

**Table: 14 Utilization of the provision under the Expenditure head of the Department**

		Rs.
(1)	Expenditure of Project 01 of Programme 1	6,244,464,582
(2)	Provisions transferred to other Heads under Programme 2, Project 02	312,973,327,854
	<b>Total</b>	<b>319,217,792,436</b>
	<b>Balance Provision</b>	<b>842,084,564</b>

**5.3.1. Public Officers' Advance Account for 2018**

In terms of the Budget Circular No. 114 of 31.12.2003, figures of the below Table comprised only of transactions occurred under the Advance Account item No. 240- 011, within the Department. According to Circular No. 118, loan balances of officers who had been transferred out or in, were settled within the Accounting Heads, under the Advance Account item No. 240-012. With regard to settlement of these loan balances, expenditure incurred was Rs.1, 878,292.00 and Receipts were Rs.3, 340,642.04 during the year 2018. Accordingly, the Department had complied within the authorized limits of Public Officers' Advance Account.

**Table : 15 Public Officers' Advance Account for 2018**

Category	Authorized Limit	Actual
	2018	2018
	Rs.	Rs.
Maximum Limit of Expenditure	11,000,000.00	9,933,467.38
Minimum Limit of Receipts	5,000,000.00	6,305,885.94
Maximum Limit of Debit Balances	35,000,000.00	28,544,703.46

Source: Department of National Budget



**Table: 16 Loans Given in Year 2018**

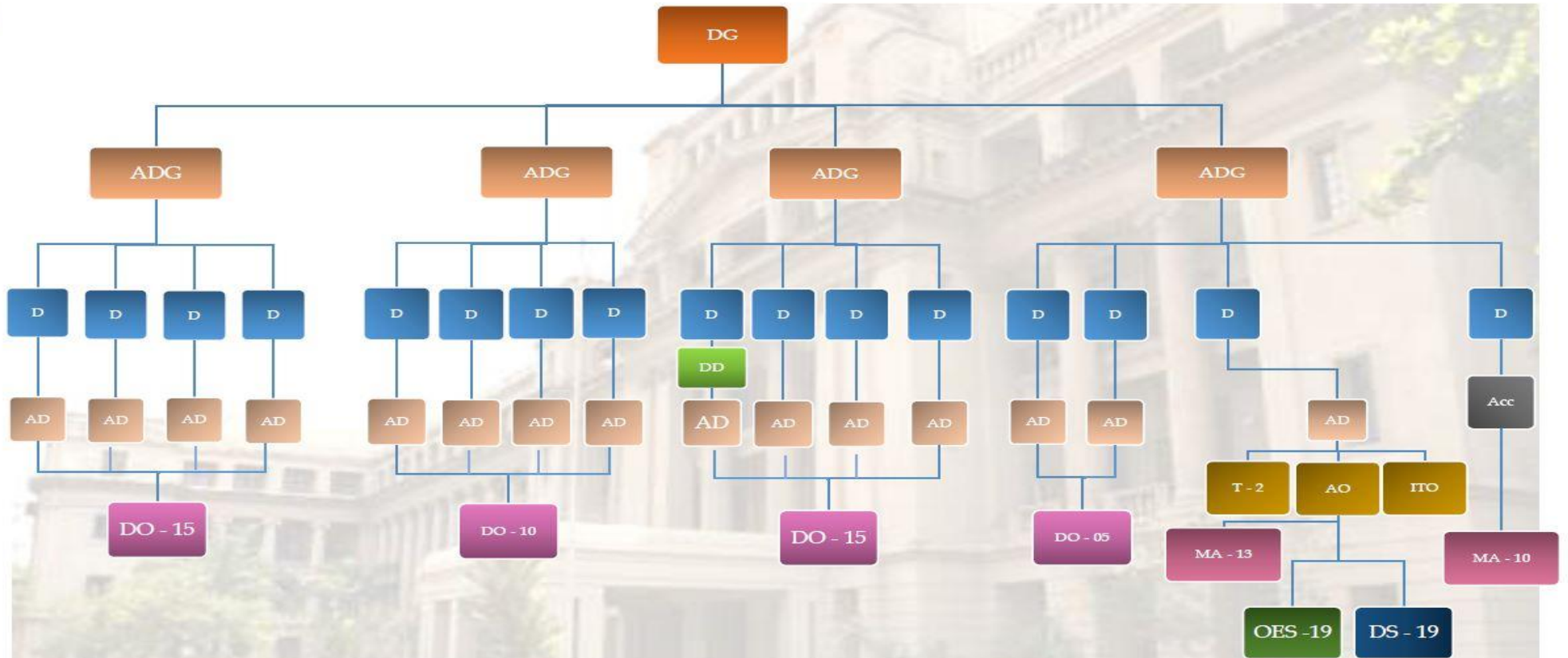
<b>Loan/Advance</b>	<b>No of Loans Given</b>	<b>Amount (Rs.)</b>
Festival Advance	91	910,000
Special Advance	43	172,000
Distress , Bicycle and other Loans	136	8,851,467.38
<b>Total</b>	<b>270</b>	<b>9,933,467.38</b>

*Source: Department of National Budget*

### 5.3.2 Auditor General's Queries for 2018

During the year 2018, seven (18) queries were referred to this Department by the Auditor, all of which were duly answered.

### 5.4 Organizational Structure of National Budget Department (As per the approved cadre)



- |                                      |  |                                    |
|--------------------------------------|--|------------------------------------|
| <b>DG</b> - Director General         | <b>ADG</b> - Additional Director General | <b>ACC</b> - Accountant            |
| <b>D</b> - Director                  | <b>DD</b> - Deputy Director              | <b>AO</b> - Administrative Officer |
| <b>AD</b> - Assistant Director       | <b>MA</b> - Management Assistant         | <b>T</b> - Translator              |
| <b>IT</b> - IT Officer               | <b>DO</b> - Development Officer          |                                    |
| <b>OES</b> - Office Employee Service | <b>DS</b> - Driver Service               |                                    |