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நிதி, திட்டமிடல் அமைச்சு
MINISTRY OF FINANCE AND PLANNING

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திகதி } 01.01.2014
Date }

National Budget Circular No. 01/2014

To All Secretaries to the Ministries/
Chief Secretaries of the Provincial Councils/District Secretaries
Heads of Departments/ Chairmen of Corporations
Statutory Boards and Government Owned Companies

Authorization for Incurring Expenditure for 2014 and Public Expenditure Management

1. Authority for Incurring Expenditure for 2014

In accordance with the provisions of the Appropriation Act No. 36 of 2013 approved by Parliament on 20th December 2013, the respective Warrants for authorizing the incurring of expenditure provided in the Budget Estimate for 2014 have been duly approved by the Hon. Minister of Finance and Planning.

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

- For General Services:- General Warrant No. 1 of 2014
- For Special Law Services: - Special Law Services Warrant No. 1 of 2014
- For Advance Account Activities:- Advance Warrant No. 1 of 2014

2. Management of Public Expenditure

The Chief Accounting Officers, Accounting Officers and Chief Accountants are responsible for managing the expenditure within the limits of provisions for Recurrent and Capital expenditure

as provided in the Budget Estimates 2014 for each institution under the Medium Term Expenditure Framework 2014-2016. In this regard, special attention should be paid for the followings.

2.1 Recurrent Expenditure

2.1.1 Salaries and Allowances

When applying imprest for the following month, reports should be submitted to the Treasury as per paragraph 4 of the Treasury Operations Circular No. 5/2010 dated 29. 10. 2010. Similarly, statutory deductions from salaries of the employees such as for Employees' Provident Fund, Employees' Trust Fund and PAYE Tax should be deducted and remitted to relevant institutions with the contribution of the employer as per the Public Enterprise Circular No. 2/2013 dated 11. 09. 2013. Overtime payments should not be made on salary payment dates.

2.1.2 Over time Payments

As large number of recruitments have made to the public service to fill the vacancies, overtime payments should be limited only to special and essential situations and payments should not be made before the end of the relevant month. The expenditure on overtime payments should be managed within the limits of the allocations for 2014 and additional allocations or approval for transfer of allocations under the Financial Regulations will not be granted for overtime payments.

2.1.3 Fuel, Electricity, Water and Transport Expenditure

The expenditure on fuel, electricity, water and transport should be managed within the limits of the annual allocation. Attention should be paid for the following matters in managing these expenditures.

- i. Fuel, electricity and water bills should be settled within a month of the receipt of bills.
- ii. Fuel allowance for the government officers should be calculated based on normal petrol and diesel prices published by the Ceylon Petroleum Corporation at the first day of the relevant month.

- iii. The officers eligible for assigned vehicle should either obtain the transportation allowance as per the Public Administration Circular No. 14/2008 dated 26. 06. 2008 or get a vehicle assigned and not should benefit from both.
- iv. The number of vehicles should be minimized in the instances where several officers participate at the same event by using a common vehicle.
- v. Prior to assigning a vehicle or provision of the fuel allowance for the officers attached on the secondment / temporary basis, a written confirmation should be obtained from the relevant officer's permanent work station that those are not provided by them. An officer should be assigned one official vehicle only, from whichever the institution.

2.1.4 Expenditure on Foreign Travel

Budgetary provisions allocated under the object code 1102 Foreign Travel should be utilized to meet expenditure related to travelling abroad for official duties other than trainings and workshops. No expenditure on training and capacity building of public officers can be incurred from this vote and all such expenditure should be met from the allocation provided under the object code 2401 in Capital Expenditure.

2.1.5 Payments to Public Officers

All payments to the employees of the Ministries/Department/State Corporations, Boards and Statutory Institutions should be in line with the relevant circulars and any payment deviating from the circulars must be made only after the prior approval of the relevant authority with the recommendation of the line Ministry with the concurrence of the Treasury.

2.1.6 Payments for Goods and Services Obtained from Government Institutions

All bills related to goods and services obtained from government institutions should be settled from the budgetary allocations already provided for such procurements and postponement of the payment of such bills or utilizing of provisions for other purposes is not permitted.

2.2 Capital Expenditure

The Chief Accounting Officers and Accounting Officers are required to pay their special attention for the following in utilizing the capital expenditure.

- 2.2.1 Budgetary provisions for capital expenditure have been provided considering the requirements for 2014 under the public investment programme within the Medium Term Expenditure Framework 2014-2016.
- 2.2.2 No payment should be made deviating from the budgetary allocations provided for 2014 under the aforementioned public investment plan.
- 2.2.3 Precising should be given for implementing foreign financing projects and programmes with a proper planning, and thereby the pressure for domestic funds should be minimized.

3. Advance Account Activities

Advance account activities should be managed within the limits approved by the Parliament and the maximum amount of a distress loan for a particular government officer should be determined as per the Public Administration circular No. 30/2008 dated 31. 12. 2008. Priority should be given to non-executive grade officers in granting such loans to enable a large number of lower grade officers to obtain these loans.

4. Implementations of Budget Proposals 2014

The Treasury has already taken necessary actions to allocate budgetary provisions for all budget proposals for 2014 directly to the relevant Ministries, Departments and Institutions. Therefore, early action should be taken to implement the budget proposals enabling completion of them within the specified timeframe while maintaining a proper coordination among government institutions.

5. Revenue Management

All Chief Accounting Officers should ensure that revenue collected from Departments, Institutions, Corporations and Boards under the purview of each Ministry are duly credited to the Consolidated Fund. In this regard, special attention should be given to the following aspects.

- 5.1 Ensure that sufficient profits/dividends are credited to the Consolidated Fund from Corporations, Boards, Statutory Boards and Companies under the purview of the Ministry to commensurate with the investments made by the Government.

- 5.2 All receipts, including proceeds from hiring out/renting out of plant, machinery and all other properties should be credited only to the official bank accounts approved by the Department of Treasury Operations.
- 5.3 Chief Accounting Officers should take all necessary steps to achieve targets of non-tax revenue by maintaining a close supervision on the preparation of revenue estimates, collection of revenue and also on revision of revenue estimates.
- 5.4 Periodical reviews on Action Plans of the Revenue Units should be made to ensure achieving the targeted revenue. If targets are to be revised based on the achievements, Chief Accounting Officers and Accounting Officers should consult the Department of Fiscal Policy with alternate proposals.

6. Management of Commitments

All Chief Accounting Officers and Accounting Officers are responsible for managing commitments within the limits approved by Parliament for the respective Ministries, Departments & Institutions.

- 6.1 The planning for next years and the Action Plan for 2014 of relevant Ministries, Departments and Institutions in line with the budgetary allocations provided under the Medium Term Expenditure Framework 2014-2016 should be revised on or before 31st January.
- 6.2 None of the Spending Units should enter into commitments exceeding the provision allocated under the Medium Term Expenditure Framework 2014 – 2016 and settlement of bills in 2014 should be strictly within the limits of approved budgetary provisions for the respective expenditure items.
- 6.3 In settlement of bills, priority should be given for the small scale suppliers as per the Budget Circular No. 162 dated 06. 09. 2013.
- 6.4 It should be ensured that sufficient budgetary provisions are available under the relevant object code prior to making a commitment as per the Financial Regulation 94 (I). The accountants should communicate frequently with National Budget Department in this regard.
- 6.5 Transfer of provisions under Financial Regulations should be limited only to essential situations and when applying for a transfer of allocations under the Financial Regulations, the remaining allocation should be calculated considering the expenditure incurred already and any commitments yet to be settled under that object code.

- 6.6 Imprest requirement of each Spending Unit should be planned on quarterly basis and submitted to the Department of Treasury Operations (TOD) two weeks prior to the commencement of the next quarter, to enable the TOD to release imprest within the approved budgetary allocation without any hindrance for the implementation of development projects.
- 6.7 The Treasury will closely supervise the commitments of Ministries, Departments and Institutions for streamlining of commitment control. In this regard, information in Annex-1 should be emailed to the Director General, Department National Budget before 25th of each month ([E-mail-dgnbd@nbd.treasury.gov.lk](mailto:dgnbd@nbd.treasury.gov.lk)). In the instances where e-mailing is not possible, a hard copy of the same should be faxed to -011-2484639. The electronic format of Annex - 1 is available in website of the Department of National Budget.
- 6.8 As Treasury imprests are released only within the limits of approved budgetary allocations, Treasury will not be responsible for settlement of bills exceeding such limits and therefore, Chief Accounting Officers and Chief Accountants in such situations should not indicate the non-receipt of Treasury imprest as a reason for non-settlement of such bills.
7. Any clarifications on this circular could be obtained from Director General, Department of National Budget (Contact No 011-2484665).

Sgd: P.B. Jayasundera
Secretary
Ministry of Finance and Planning

Copies:

01. Secretary to the President
02. Secretary to the Prime Minister
03. Secretary to the Cabinet of Ministers
04. Auditor General

Projection of Commitments and Imprest Requirement - 2014

Ministries / Department :

Expenditure Head :

Month :

Rs.Mn

Object Code	Expenditure Item *	(1) Estimates 2014	(2) Commitments and Liabilities Brought Forward from the previous year	(3) Commitments and Liabilities will be made in 2014	(4) Provisions made under the FR 208 Allocated/ Received	(5) (1)-(2)-(3) +(4) = (5) Savings	Imprest Requirement ***															
							1 st Quarter			2 nd Quarter			3 rd Quarter			4 th Quarter						
							January	February	March	April	May	June	July	August	September	October	November	December				
	Personal Emoluments - Sub total																					
1001	Salaries and Wages																					
1002	Overtime and Holiday Payments																					
1003	Other Allowances																					
	Other Recurrent - Sub total																					
1101/1102	Travelling Expenses																					
1201	Stationery and Office Requisites																					
1202	Fuel																					
1203	Diet and Uniforms																					
1204/1205	Medical and Other Supplies																					
1301	Vehicle																					
1302	Plant and Machinery																					
1303	Buildings and Structures																					
1401	Transport																					
1402	Postal and Communication																					
1403	Electricity and Water																					
1404/1405	Rents and Local Taxes and Other																					
1406	Interest payments for lease																					
	Total - Recurrent Expenditure																					
	Capital Expenditure																					
2001	Rehabilitation and Improvement of Capital Assets																					
2002	Rehabilitation and Improvement of Plant, Machinery and Equipment																					
2003	Rehabilitation and Improvement of Vehicles																					
2101	Acquisition of Vehicles																					
2102	Acquisition of Furniture and Office Equipment																					
2013	Acquisition of Plant, Machinery and Equipment																					
2104	Acquisition of Buildings and Structures																					
2105	Acquisition of Lands and Land Improvements																					
2401	Staff Training																					
	Development Projects **																					
	-																					
	-																					
	Budget Proposals																					
	-																					
	-																					
	Total - Capital Expenditure																					
	Advance Accounts / Deposit Accounts																					
	Grand Total																					

* Expenditure Items can be amended suitably.

** All the approved projects should be given separately.

*** Previous month actual expenditure should be given from February onwards.