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நிதி, திட்டமிடல் அமைச்சு  
MINISTRY OF FINANCE AND PLANNING

මහ ලේකම් කාර්යාලය, කොළඹ 01.

செயலகம், கொழும்பு 01.

The Secretariat, Colombo 01.

කාර්යාලය } 2484500  
அலுவலகம் } 2484600  
Office } 2484700

ෆැක්ස් } (94)-011-2449823  
பெக்ஸ் }  
Fax }

වෙබ් අඩවිය }  
වෙබ් අඩවිය }  
Website } www.treasury.gov.lk

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**National Budget Circular No: 135**


28<sup>th</sup> March, 2007

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

**PUBLIC EXPENDITURE MANAGEMENT**

1. The 2007 Budget and the underlying macro economic framework places emphasis on the management of government expenditure within limits specified in the Budget 2007. This has been highlighted by economic council chaired by His Excellency the President. The Cabinet at its meeting held on the 21<sup>st</sup> February 2007 also, having noted the observations made by the Central Bank of Sri Lanka required line ministries to take specific steps to manage public expenditure within specific limits.
2. In keeping with the 2007 budget proposals following steps have already been taken.
  - i. The provisions for selected recurrent expenditure have been curtailed by 2 percent of the amount provided in the draft estimate.
  - ii. The provisions (budget supports) in the draft estimates for under-performing enterprises have been reduced by 5 percent.
  - iii. Enabling legislations for all revenue proposals have been enacted and revenue targets have been specified.
  - iv. Special Audit Units on procurements relating to food, pharmaceuticals and fertilizer are being setup under the supervision of the Auditor General to undertake risk based audits on such activities.
  - v. Appointments / recruitments are considered strictly in line with management circular No:28 and 28(ii) to ensure carder provisions required, budget provisions as well as recruitment procedures are in place before committing for expenditure.

3. You are requested to closely monitor these measures and take appropriate actions to ensure the intended targets and objections are realized.
4. In addition at Ministry / spending agency level you are requested to ensure the following:
  - i. All foreign funded projects are timely executed and implemented by avoiding undue delays in the completion of all required procedures inclusive of the close supervision of the tender boards in consultation with the National Procurement Agency (NPA) to ensure maximum utilization of the available foreign funds.
  - ii. Supervise the Project Directors regarding regular submission of relevant claims to funding agencies on time to avoid any delays in the realization of reimbursable foreign aid.
  - iii. Close supervision of public corporations/institutions to improve earnings, reduce borrowings from the banking institutions and pay due taxes and dividends to the government.
  - iv. Required revisions of administrative charges, levies, fees etc. are carried out regularly having regard to there service cost and benefits.
  - v. Internal systems controls and audits are adopted to curtail waste.
  - vi. Maximum utilization of available buildings, materials and employees to minimize new commitments and additional outlays.
  - vii. Completion of all on-going projects programmes prior to embark on new expenditure initiatives.

  
P B Jayasundera  
**Secretary to the Treasury**

Cc: The Auditor General