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நிதி, திட்டமிடல் அமைச்சு
MINISTRY OF FINANCE AND PLANNING

මහලේකම් කාර්යාලය, කොළඹ 01. செயலகம், கொழும்பு 01.
☎ ශ්‍රී ලංකාව. இலங்கை

The Secretariat, Colombo 01
Sri Lanka

කාර්යාලය } 2484500
அலுவலகம் } 2484600
Office } 2484700

ෆැක්ස් }
பெக்ஸ் } (94)-11-2449823
Fax }

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

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திகதி } 28.12.2012
Date }

National Budget Circular No. 157

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

Authorization for Incurring Expenditure for 2013 and Public Expenditure Management

1. Authority for Incurring Expenditure for 2013

In accordance with the provisions of the Appropriation Act No. 23 of 2012 approved by Parliament on 08th December 2012, the respective Warrants for authorizing the incurring of expenditure provided in the Budget Estimate for 2013 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 2013
- For Special Law Services: - Special Law Services Warrant No. 1 of 2013
- For Advance Account Activities:- Advance Warrant No. 1 of 2013

2. Management of Public Expenditure

The Chief Accounting Officers/Accounting Officers are responsible for managing the expenditure within the limits of provisions for Recurrent and Capital expenditures as provided in the Budget Estimates 2013 for each institution.

2.1. Recurrent Expenditure

Special attention is drawn to the need to adhere to the annual provision limits allocated for fuel, electricity, water and transportation. In this regard, instructions and guidelines given by the Treasury circulars should be strictly followed by the Secretaries and Heads of Departments and they should ensure management of expenditures prudently.

The Treasury observes that payments in respect of overtime have been regarded as a normal routine activity. Therefore, spending agencies are strongly advised to make payments for overtime only when it is absolutely essential and under specific circumstances.

2.2. Capital Expenditure

Provisions are allocated for capital expenditure upon a detailed scrutinization of the requirement by the Treasury in consultation with the Spending Agencies. Hence, the Chief Accounting Officers/ Accounting Officers are required to pay special attention on the utilization of such Budgetary Provisions. In this regard, they have special responsibility in utilizing provisions only for each object code and sub projects for which provisions have been made and to ensure minimizing of transferring provisions during the year as per the Financial Regulations.

During the past few years, it has been observed that there was a tendency of utilizing budgetary provisions allocated for development activities for procurement of vehicles, furniture and also for upgrading office facilities which were not initially identified. Therefore, the Treasury will not permit transferring of provision for such expenditure in 2013.

In respect of Building Construction Projects, the Secretaries are accountable for compliance with the government procurement procedure as well as completion of construction activities within the specified time-frame. Due to lapses/delays in construction projects, expenditure estimates are being frequently revised leading to severe difficulties in cash flow management within the annual budgetary provisions. It is also important to carry out the construction activities in an eco-friendly manner so as to ensure efficient management of electricity, water and air conditioning and to complete all construction related activities within the approved budgetary provision.

3. Consideration of Requirement of Additional Provisions.

It is the prime responsibility of the Chief Accounting Officers/ Accounting Officers to plan the annual expenditure of their respective institutions within the budgetary provisions approved by Parliament for 2013. Accordingly, annual expenditure plan and monthly cash requirements should be submitted to the Department of National Budget and the Department of Treasury Operation in the first quarter of 2013.

Budgetary provisions have been provided in Printed Estimates 2013 under "Budgetary Support Services and Contingent Liabilities Project" for specifically mentioned activities and the Treasury will not provide additional allocations other than for those activities. Therefore, special attention of the Chief Accounting Officers/ Accounting Officers is drawn to the fact that supplementary allocations will not be considered as adequate provisions have to be maintained to meet any unexpected and urgent situations.

Requests for additional provisions for unexpected and contingency programs as well as government priority expenditure programs should be forwarded to the Department of National Budget with adequate justifications. It is the responsibility of the Chief Accounting Officers/ Accounting Officers to explore the possibilities of using unutilized allocations or allocations provided for activities which have not yet been commenced under their expenditure heads, before forwarding such requests for additional provisions.

4. 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 within the limits approved. It has been reported that the officers of lower grades of the public service have not been able to get the distress loans since priority had been given to those in higher grades of the public service. Therefore, it is reiterated that priority of granting distress loans be given to officers of lower grades of the public service.

5. Management of Limits of Releasing Imprest

There is an urgent need of having a proper mechanism for managing the imprest within the budgetary allocations for each institution in the process of Public Expenditure Management. Accordingly a mechanism to release the imprest quarterly within the agreed imprest limits will be introduced and all Spending Agencies will be notified in this regard in due course.

6. Implementation of Budget Proposals - 2013

It is the responsibility of all Spending Agencies to take necessary actions to deliver the expected benefits of the budget proposals 2013 to the general public within the financial year itself. Therefore, special attention should be paid to implement budget proposals expeditiously and effectively within the timeframe.

The Treasury will inform relevant ministries and departments on their responsibilities and the mechanism of implementation of budget proposals in future.

Attention is also drawn on the frequent delays in implementation of budget proposals as well as the decisions of the Cabinet of Ministers and therefore H.E the President has proposed through the Budget - 2013 to initiate a follow-up and progress monitoring mechanism under the supervision of the Secretary to the Cabinet of Ministers. A separate circular will be issued shortly in this regard.

7. You may contact Director General of the National Budget Department (Telephone - 011 2 484 665) for any clarification on this circular.

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

Copies

1. Secretary to the President
2. Secretary to the Prime Minister
3. Secretary to the Cabinet of Ministers
4. Auditor General