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நிதி அமைச்சு
MINISTRY OF FINANCE

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எனது இல. } BD/CPB/4/1/9 - 2017
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Your No. }

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திகதி } .12.2016
Date }

National Budget Circular No. 05/2016

All Secretaries to the Ministries
Chief Secretaries of Provincial Councils
Heads of Departments
Chairmen of Corporations and Statutory Boards

Authorization of Expenditure and Public Expenditure Management - 2017 Budget

1. Authority to incur Expenditure

Hon. Minister of Finance has signed the warrants in terms of Article 150(1) of the Constitution to incur expenditure during the year 2017 in terms of Appropriation Act No 24 of 2016 which was approved by Parliament on 10.12.2016.

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

- In case of general services - General Warrant No. 1 of 2017
- In case of Special Law items - Special Law Authority No. 1 of 2017.
- In respect of Advance Account activities - Advance Warrant No. 1 of 2017

2. Management of Public Expenditure

Budget 2017 is prepared based on affordable expenditure limits established in line with the limits of Government revenue and macroeconomic targets. Therefore, Chief Accounting Officers and Accounting Officers are required to plan and manage their expenditure within the expenditure limits provided. Further, they should pay serious attention to expenditure limits throughout the year.

2.1 Quarterly Expenditure Ceilings

All Chief Accounting Officers and Accounting Officers are informed to establish quarterly expenditure ceilings for all expenditure heads and send them to the Director General of National Budget on or before 13.01.2017

2.2 Implementation of Budget Proposals

Guidelines for the implementation of Budget Proposals 2017 have already been issued separately to the respective agencies.

As the progress of the implementation of Budget Proposals 2016 has remained below the expected levels, it is advised to take appropriate actions from the beginning of January to complete procurement procedure within the first quarter of the year. Further, specific officers should be nominated to take responsibility for the completion of each activity (functions) within the given time frame. An Additional Secretary or an officer in the similar capacity should be nominated to review all the relevant Budget Proposals and to coordinate with the General Treasury and other stake holders. It is requested to send the contact details of the so identified to the Director General of National Budget on or before 10th January 2017. Secretaries of the Ministries as Chief Accounting officers are responsible for ensuring that this process is adhered.

Budgetary provisions for all Budget Proposals of 2017 are allocated under Project 240-2-2 (Supplementary Support Services and Contingent Liabilities). Action will be taken in the beginning of the next year to release these allocations to the relevant Institutions/Organizations.

2.3 Additional Allocations

No additional allocation will be provided to implement new project or expenditure item that has not been approved or identified at the time of Budget preparation. Allocations will be provided under the medium term budgetary framework from 2018-2020 for such projects/expenditure items if approval process has been followed.

2.4 Management of Commitments

In terms of financial regulations, it is required to ensure the availability of budgetary provisions before making any commitment. The General Treasury will not take any responsibility on any commitment made without budgetary provisions and relevant officials will be personally responsible for making such commitments. Further, provisions should be appropriated/ utilized to settle available commitments before making new commitments. Accordingly, unsettled commitments of year 2016 should be settled before make new commitments in 2017.

3. Requesting and Releasing of Imprest

Cash flow management of the Treasury can be made orderly, when the General Treasury is aware of the actual cash requirement of spending agencies. This depends on the accuracy of forecasting of the weekly cashflow requirement. It is intended to monitor cash flow appropriately to assure that most priority requirements are first financed when there is shortfall of cash inflows. Accordingly, all institutions are required to indicate their imprest requirement separately in the given format. Further, details of the payment requirement should be indicated separately under each capital object code.

4. Human Resource Management

Instructions have already been given to make a proper work assessment of the institutions under para 3 (b) of Budget Circular No. 2/2016 – Budget Call for 2017. However, some of the institutions have not taken this matter seriously. Your attention again is drawn to the above circular and requested to make a proper work assessment based on the role and functions of your Ministry/Department/Institution in consultation with the Department of Management Services.

5. Advance Account Activities

Advance account activities should be managed within the limits approved by Parliament.

6. Clarifications

If any clarification required on the content of this circular, do not hesitate to contact the Director General, Department of National Budget (Contact No 011-2484665).



R.H.S. Samaratunga
Secretary to the Treasury

Copies:

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