

Public Enterprises Circular No. PED /20

My No. PED/General
Department of Public Enterprises
19 December, 2000

Chairman University Grants Commission
Vice Chancellor
University of

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PERFORMANCE REVIEW OF UNIVERSITIES

1. The Government is introducing several reform measures designed to improve the management of public enterprises. Developing and tracking performance and productivity is of utmost priority. It is therefore imperative that the University Grants Commission (UGC) and the universities strengthen their information systems for efficient and effective management of their funds as well as to justify realistic allocation of funds from the General Treasury.

2. The universities also should make use of the scarce resources to achieve the maximum output. The universities are currently facing grave difficulties in managing their operations within allocations provided in the budget estimates, as the resource allocation needs are not determined on an analytical basis.

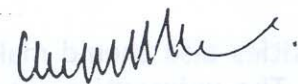
3. In order to develop realistic estimates, particularly for recurrent expenditure, it is important that the University Grants Commission and the universities identify proper project performance indicators for allocating limited resources. This would also help the General Treasury in making a realistic allocation of funds needed by the universities.

4. In this regard, Annexure 1 contains useful indicators that should be used to measure performance and to ascertain the resource needs of the institution. Those indicators would highlight efficiencies and allow for a needs-based allocation to the different universities. An approach based on common indicators would also lead to a more equitable distribution of limited resources and better financial discipline. Much of the information in Annexure 1 should be already available to the universities since it is needed for the efficient and effective management of a university

also help to ascertain comparison of costs with parallel universities and highlight both efficiencies and areas that need rectification. The use of performance indicators and comparisons of costs and results will ultimately result in ascertaining the real costs of the activities where excess expenditures are being incurred, as well as the identity of under-funded activities. Norms for different activities also could be evolved and this would make performance evaluations easier. Ultimately, efficient and effective control of finances will lead to better financial discipline.

6. Given the outlook for funds in the coming years, the universities and institutes under the Ministry of Tertiary Education and Training should explore ways and means of generating their own revenue to reduce the burden on the National Budget and as well as to finance the research programmes and other activities for which the government funding is inadequate. In this regard, the universities and institutes are advised to identify the areas where the generation of additional income is possible and to suggest any changes in the statutes, rules, and/or regulations necessary for this purpose.

7. You are therefore advised to take immediate action in this regard and submit the required details by February 27, 2004. If you have any questions about these requirements, please contact the Department of Public Enterprises.



J. Charitha Ratwatte
Secretary to the Treasury

Copy to: Auditor General
Secretary,
Ministry of Tertiary Education & Training.

