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நிதி, திட்டமிடல் அமைச்சு

## MINISTRY OF FINANCE AND PLANNING

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The Secretariat, Colombo 01.

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திகதி } 31.12.2007  
Date }

### National Budget Circular No. 137

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

### Public Expenditure Management and Incurring Expenditure for the Year 2008

#### 1. Authorization for Incurring Expenditure for 2008

In accordance with the provisions of section 150 (1) of the Constitution and in terms of Appropriation Act No. 61 of 2007 approved by Parliament on 14<sup>th</sup> December, 2007, the Hon. Minister of Finance and Planning has signed the warrants to incur expenditure for the year 2008.

Accordingly, the authority to be quoted on payment vouchers and other documents is as follows:-

- For General Services, General Warrant No. 1 of 2008
- For Special Law Services, Special Law Services Warrant No. 1 of 2008
- For Advance Account Matters, Advance Warrant No. 01 of 2008

#### 2. Management of Public Expenditure

2.1 According to the proposals made in the budget speech, 1.5 percent of recurrent expenditure excluding personal emoluments, retirement benefits, development subsidies and interest payments on public debt and 7 percent of capital expenditure in the printed estimates for 2008 will be frozen for efficient public expenditure management. Accordingly, ministries and departments are requested to submit the revised estimates to the Department of National Budget before 18<sup>th</sup> January 2008. Failure to submit the revised estimates before the stipulated date will result in delays in releasing imprest for February 2008.

- 2.2 In identifying expected saving, projects which have not achieved their targets should be identified first excluding the projects started under 2007 Budget but not completed yet. Expected savings can be generated by delaying non priority capital projects, minimizing wastage & corruption and economizing expenditure.
- 2.3 Additional allocation and transfers of provisions under FR 66 will not be allowed for any reason for the object codes in which funds have been frozen. Therefore, action should be taken to control the expenditure within the available provisions.

### **3. Consideration of Additional Fund Requirements**

- 3.1 Since proper planning of annual expenditure programmes within the given budgetary provisions in the approved estimate 2008, has become a prime responsibility of the Chief Accounting Officers and Accounting Officers, the annual expenditure plans for 2008 and reports on monthly imprest requirements for the year, should be forwarded to the Department of National Budget and the Department of the Treasury Operations on or before 15.01.2008.
- 3.2 Attention of the Chief Accounting Officers is drawn to the fact that, additional allocations cannot be provided to the activities other than the activities specified in the project for Budgetary Assistance Services and Contingencies in the printed estimates 2008. Supplementary estimates will be considered only after adequate revenue sources are identified, since sufficient allocations need to be reserved to meet the unexpected situations.
- 3.3 Requests for additional provisions for unexpected and contingency programmes as well as government priority expenditure programmes should be forwarded following the expenditure management methodologies specified in the Box 1 of the National Budget Circular No: 136 - Budget Call – 2008 (*English Version*) dated 25.07.2007. In this regard, adequate explanations and justifications on these expenditure programmes should be submitted to the Department of National Budget along with the request. Before forwarding the requests for additional funds for these purposes, it is the responsibility of the Chief Accounting Officers / Accounting Officers to explore the possibilities of using unutilized allocations or allocations provided for activities not yet commenced under their expenditure heads.
- 3.4 In a situation where the recurrent expenditure exceeds estimated provisions, there is a tendency to decrease the capital expenditure. Therefore, steps need to be taken to control recurrent expenditure while paying special attention to the proposals which will increase recurrent expenditure.

#### **4. Public Officers' Advance Accounts**

4.1 Since, Advance Accounts need to be managed within the maximum expenditure limits indicated in the Appropriation Act approved by Parliament, the instructions given below should be followed in making payments of distress loans with effect from 1<sup>st</sup> January 2008.

- (a) Distress Loans for the year 2008 should be paid, on the basis of basic salary excluding allowances.
- (b) Priority should be given to the employees of the Minor Staff grades who apply distress loans for the first time, over the Staff Officers.
- (c) A proper waiting list should be maintained and payments should be made accordingly.
- (d) If the payments for loans cannot be made within the given maximum expenditure limits for the year 2008, for all applications already in the waiting list as at 31<sup>st</sup> December 2007 and for the applications expected to be received during the year 2008, a decision can be taken by the heads of the departments at his/her discretion to determine a maximum loan amount to entertain all the loan applications for all public servants without any discrimination, except the applications considered under Para No. 4.1 (b).
- (e) The following order of priority should be followed for making of loan advances
  - i. Festival Advance
  - ii. Special Advance
  - iii. Distress Loan
  - iv. Bicycle Loan
- (f) Requests for revision of minimum limits of receipt and maximum debit balances will be considered, if the requests are reasonable.

#### **5. Advance Accounts for Commercial activities**

The maximum expenditure limits approved by Parliament should be strictly adhered to. The minimum limits of receipts and the maximum limits of debit balances will be considered for revision, if adequate justification is furnished.

#### **6. Implementation of Budget Proposals-2008**

It is the responsibility of the Secretary of the relevant line Ministry to initiate action to implement the Budget Proposals presented for 2008 and to complete them within the stipulated timeframe. Steps have to be taken without delay to implement expenditure proposals relevant to your Ministry and action plans prepared by you for this purpose should be forwarded to the Department of National Budget with a copy to the Department of National Planning on or before 26.01.2006.

## 7. General Issues

Taking into consideration the strategies required to achieve expected objectives & targets of “ Mahinda Chinthana”, Vision for New Sri Lanka, Ten Year Horizon-Development Policy Framework 2006-2016, it is the responsibility of all Chief Accounting Officers to incur expenditure utilizing allocations approved for 2008 provided in the Medium Term Budgetary Framework, with a sound fiscal discipline. Accordingly, adhering to instructions given in this circular is considered to be a top priority. The Secretaries to the Ministries should review progress and productivity of the expenditure programmes on continuous basis, with the heads of Departments and Institutions, coming under purview of their ministries.

For any clarification, you may please contact the relevant officials of the Department of National Budget, co-ordinating your Ministries/Departments /Statutory Boards. (Schedule giving Names and Telephone Numbers of these officers is annexed herewith).

8. You may contact Mrs. Hiransa Kaluthanthri , Asst. Director of the Department of National Budget on her telephone No. 011- 2484578 to check the authenticity of this Circular.

**Sgd/- P.B. Jayasundera**  
**Secretary to the Ministry of**  
**Finance & Planning**  
**and Secretary to the Treasury**

Copy to: Auditor General

**DEPARTMENT OF NATIONAL BUDGET**  
**Contact Telephone Numbers of the Staff Officers**

Name	Designation	Contact No	Assigned Ministry
Mr.D. Abeysooriya	Director	2484673	Advance Account
Mr. Gemunu Samarasiri	Director	2484579	Ministry of Labour Relations and Manpower Ministry of Sports and Public Recreation Ministry of Foreign Employment Promotion and Welfare
Mr.Mahinda Saliya	Director	2484689	Ministry of Defence, Public Security, Law and Order Ministry of Justice and Law Reforms Ministry of Internal Administration
Mr.A.K.Senevirathne	Director	2484684	Ministry of Public Administration and Home Affairs Ministry of Local Government and Provincial Councils
Mrs.C.Wijewardena	Deputy Director	2484582	Ministry of Urban Development and Sacred Area Development Ministry of Housing and Common Amenities Ministry of Water Supply and Drainage Ministry of Construction and Engineering Services
Mrs.M.Gangatharan	Deputy Director	2484867	Ministry of Highways and Road Development
Mr.A.P.Abeysekara	Deputy Director	2484896	Ministry of Ports and Aviation Ministry of Transport Ministry of Petroleum and Petroleum Resources Development Ministry of Power and Energy
Ms.C.S.Perera	Deputy Director	2484858	Ministry of Tourism Ministry of Trade, Marketing Development, Co-operatives and Consumer Services Ministry of Enterprise Development and Investment Promotion Ministry of Export Development and International Trade
Ms.A.Munasingha	Deputy Director	2484683	Ministry of Agricultural Development and Agrarian Services Ministry of Irrigation and Water Management Ministry of Land and Land Development
Mrs.R.Abeywikrama	Deputy Director	2484895	Ministry of Health Care and Nutrition Ministry of Indigenous Medicine
Ms.G.Wimalaweera	Deputy Director	2484677	Ministry of Nation Building and Estate Infrastructure Development Ministry of Rural Industries and Self Employment Promotion
Mr.Sunil Gunawardane	Asst. Director	2484687	Ministry of Mass Media and Information Parliament Office of the Leader of the House of Parliament Office of the Chief Govt. Whip of Parliament Office of the Leader of the Opposition of Parliament The Constitutional Council Public Service Commission Judicial Service Commission National Police Commission Commission to Investigate Allegations of Bribery or Corruption Department of Elections Auditor- General Office of the Parliamentary Commissioner for Administration Office of the Finance Commission National Education Commission

Name	Designation	Contact No	Assigned Ministry
Mrs.S.M.D.Kaluthanthri	Asst. Director	2484578	Ministry of Finance and Planning His Excellency the President Office of the Prime Minister Judges of the Supreme Court Office of the Cabinet of Ministers Office of the Former President (Hon. D.B. Wijetunga) Office of the Former President (Hon.C.B.Kumaratunga)
Mr.S.D.J.Nilukshan	Asst. Director	2484564	Budget Operational System Management Unit
Mr.C.Wikramasooriya	Asst. Director	2484760	Ministry of Education Ministry of Higher Education
Mr.Wimal S.K.Liyanagama	Asst. Director	2484686	Ministry of Industrial Development Ministry of Vocational and Technical Training Ministry of Science and Technology
Mr.K.P.N.T.N.Devapriya	Asst. Director	2484679	Ministry of Fisheries and Aquatic Resources Ministry of Livestock Development Ministry of Environment and Natural Resources
Mr.P.Sivashankar	Asst. Director	2484581	Ministry of Post and Telecommunication Ministry of Yourth Affairs Ministry of Youth Empowerment and Socio Economic Development Ministry of Community Development and Social Inequity Eradication
Mr.S.P.Kiriwathuduwa	Asst. Director	2484688	Ministry of Religious Affairs and Moral Upliftment Ministry of Constitutional Affairs and National Integration Ministry of Parliamentary Affairs Ministry of Cultural Affairs Ministry of National Heritage
Mrs.M.F.K.Nisa	Asst. Director	2484580	Ministry of Plantation Industries Ministry of Public Estate Management and Development Ministry of Supplementary Plantation Crops Development
Mrs.M.A.Nandani	Asst. Director	2484685	Ministry of Disaster Management and Human Rights Ministry of Child Development and Women's Empowerment Ministry of Social Service and Social Welfare Ministry of Re-settlement and Disaster Relief Services Ministry of Foreign Affairs
Mr.U.Thilakarathne	Asst. Director	2484853	Ministry of Plan Implementation Ministry of Special Projects