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MINISTRY OF FINANCE, PLANNING AND ECONOMIC DEVELOPMENT

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எனது இல. } BD/CBP/01/01/08/2025
My No. }

ඔබේ අංකය }
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Your No. }

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திகதி } 22.03.2025
Date }

Budget Circular No.: 01/2025

All Secretaries to Ministries
Chief Secretaries of Provincial Councils
Heads of Departments/District Secretaries
Chairpersons of State Corporations/University Grant Commissions/Statutory Boards

Authorization for Incurring Expenditure and Management of Public Expenditure during the Year 2025 under the Appropriation Act No. 03 of 2025

01. Authorization for Incurring Expenditure

The Appropriation Act No. 03 of 2025 has been passed by Parliament on 21.03.2025, authorizing to incur expenditure for the financial year 2025.

The Minister in Charge of Finance has signed the relevant warrants authorizing to make withdrawals from the Consolidated Fund for the purpose of incurring government expenditure for the year 2025. Accordingly, the relevant authority should be quoted on the payment vouchers and other documents in the year 2025, as follows;

- In case of General Public Services - General Warrant No. 1 of 2025
- In case of Special Law Services - Special Law Warrant No. 1 of 2025
- In case of Advance Accounts Activities - Advance Warrant No. 1 of 2025

02. Management Responsibility on Public Expenditure

All Chief Accounting Officers shall be accountable to the Minister of Finance for ensuring the adequacy of the financial administration of the institutions under their purview. It is the responsibility of the Chief Accounting Officers, Accounting Officers as well as the Officers-in-Charge of the subject to ensure that tasks targeted through the budget and results are achieved during the year. Necessary measures should be taken to fully utilize the provisions allocated under capital development projects and welfare programmes in particular. It should be ensured that the annual targets are achieved through regular follow-up and prompt corrective actions.

However, since the Treasury is not responsible for commitments made without budgetary provisions, the relevant officers will be personally held responsible for such expenditure.

03. Management of Public Expenditure in the year 2025.

- 03.1 It is required to pay strict attention and act accordingly to the instructions on expenditure control given in the National Budget Circular No. 01/2024 which extensively outlines the provisions regarding the control of public expenditure and other valid circular instructions in operation, on expenditure controls.
- 03.2 The concurrence of the Department of Treasury Operations should be obtained before entering in to liabilities for the year 2025, regarding capital expenditure items over Rs. 500 Mn or those

with a total cost over Rs. 1,000 Mn to be paid in multiple years, in order to cushion the management of commitments.

- 03.3 When Additional Allocations are requested only in relation to an essential purpose, such requests should be forwarded to the General Treasury with the recommendation of the Chief Accounting Officer. The requests for Additional Allocations should be confined to the grounds/purposes stipulated in the preamble of the printed detailed Budget Estimates 2025.
- 03.4 When requests for transfer of provisions under Virement procedure are made, the reasons for the shortage of provisions and the accumulation of saving should be adequately and clearly stated. Such requests should be forwarded to the relevant officers of the Department of National Budget before 31.12.2025.
- 03.5 It is further emphasized that transfer of provisions under Financial Regulation 69 after 31.12.2025 can be carried out only in cases where payments have already been made in excess of the provisions. Further, such transfers will not be approved unless adequate reasons have been provided for the failure to obtain prior authority as stipulated in Financial Regulation 69.
- 03.6 When line Ministries and Departments carry out activities that come under their purview through other Ministries/Departments and District Secretariats, budgetary provisions should be transferred under Financial Regulation 208 prior to the final quarter of the relevant financial year, ensuring adequate time to complete the activities.
- 03.7 Until regulations are made to provide for capital expenditure in the budget estimates of Statutory Boards, in accordance with Section 53 of the Public Financial Management Act, No. 44 of 2024, requests for the concurrence of the Minister in Charge of Finance to incur capital expenditure by Statutory Boards, should be submitted to the General Treasury, before 07.04.2025.

04. Implementation of Budget Proposals 2025

- 04.1 It is essential to ensure that the expenditure proposals expected to be implemented through the 2025 Budget deliver the desired results to the public within the stipulated timeframe. To this end, the relevant project proposals should be prepared in accordance with the Project Submission Format as indicated in the circular No. MNPEA/02/2019 dated 10.01.2019, issued by the Department of National Planning (NPD), regarding expenditure proposals, in the first place. The same should be submitted to the NPD and necessary approvals should be obtained promptly.
- 04.2 A committee led by the Director General of the Department of Project Management and Monitoring is supposed to monitor the implementation of expenditure proposals, conduct progress reviews and follow-ups and also the coordination. The progress of the implementation of expenditure proposals will be reviewed monthly and the necessary information in this regard should be submitted to the Department of Project Management and Monitoring, in timely manner, in accordance with the instructions issued by the Department.
- 04.3 The relevant circulars/guidelines for the implementation of budget proposals pertaining to salary increase in the public sector, pension revisions, and the increase in the distress loan limit for public officers will be issued, by the Ministry of Public Administration, Provincial Councils, and Local Government, in due course.
- 04.4 The maximum expenditure limits for "Advance B Accounts" for 2025 have been determined in view of the proposed increase in the distress loan entitlement limit and requests for further increase in the maximum expenditure limits set by the Appropriation Act will not be considered. Therefore, institutions should establish an appropriate priority order to ensure that loans are granted in the year, without exceeding the existing limits.

05. Abolition of the Vote on Account and enforcement of the Appropriation Act

The Appropriation Act No. 03 of 2025 has been prepared, including the provisions allocated under each Object Code through the Vote on Account, which was approved by Parliament on 06.12.2024. Hence, the expenditure incurred by budget entities throughout the entire financial year 2025, should be in accordance with the provisions of this Act.

Accordingly, all expenditures incurred from 01.01.2025 up to the present under the Vote on Account, including expenditure under Advance Accounts Activities and Additional Allocations, should be considered as expenditure incurred under the Appropriation Act No. 03 of 2025.

Further, the Additional Allocations issued from 01.01.2025 to 21.03.2025 under Authority Numbers 01/2025 to 21/2025 will be considered as Additional Allocations granted under Section 06 (1) of the Appropriation Act No. 03 of 2025. In instances where annual expenditure limits have been determined by incorporating certain Additional Allocations during the preparation of the 2025 Annual Budget Estimates, the Department of National Budget will take necessary action to revoke the Additional Allocation letters issued previously. In such cases, the expenditure incurred using Additional Allocations will be considered as expenditure incurred through the provisions allocated in the 2025 Annual Estimates.

Furthermore, any remaining balance of provisions made through the Vote on Account approved on 06.12.2024 will no longer be valid.

06. Clarification

For any clarifications regarding this circular, please contact the relevant Officer from the Department of National Budget who is responsible for your Ministry/Department/Institution as stipulated in Annexure 01 or through the Additional Director General (0112-484681).

Sgd/.K.M. Mahinda Siriwardana
Secretary to the Treasury

Copies to:

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