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நிதி, பொருளாதார உறுதிப்பாடு மற்றும் தேசியக் கொள்கைகள் அமைச்சு
MINISTRY OF FINANCE, ECONOMIC STABILIZATION AND NATIONAL POLICIES

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திகதி } 10.01.2024
Date }

National Budget Circular No.: 01/2024

All Secretaries to the Ministries,
Chief Secretaries of the Provincial Councils,
Heads of Departments/ District Secretaries,
Heads of State Corporations, University Grants Commission and
Statutory Boards and State Owned Enterprises,

Control of Government Expenditure

Given the increase in government expenditure and limited government revenue in the context of challenging economic situation in the country at present, the fiscal space has been severely constrained. Since reducing expenditure has been identified as a priority in short term plans in the process of stabilizing the economy, it is required to incur government expenditure frugally, to strictly adhere to the Regulations and Circulars on minimizing expenditure and to adopt expenditure control measures suitable to the nature of institutions.

For the ease of implementation, this Circular is issued by integrating the provisions of the Circulars issued by the General Treasury from time to time, with the objective of controlling the expenditure. In parallel, the National Budget Circulars No. 04/2015, 04/2019, 03/2022, 08/2022 and 02/2023 will be repealed with effective from the date of issuance of this circular and it is required to comply with the following instructions.

1. Incurring of Essential Expenditure

1.1 Utilization of provisions allocated for salaries and wages, medical supplies, contractual rents and assessment taxes of local authorities, retirement benefits, interest payments on public debt, welfare benefit payments approved by the Cabinet of Ministers and statutory or contractual commitments shall be optimized and it shall be the responsibility of the Chief Accounting Officers/Accounting Officers to incur other expenditure in frugal manner with due control.

2. Salaries, Allowances and Travelling Expenses

2.1 Incurring expenditure and entering into commitments in respect of overtime allowances, holiday payments, other allowances and travelling expenses should be made only within the limits of provisions allocated. Provision of allocations through additional allocation or through transfers under F.R. 66 will not be made for such expenditure titles, except for exceptional situations. Further, without obtaining proper policy approvals, no allowance should be paid based on provisions of internal circulars, issued at various Ministerial/Departmental/Institutional levels.

2.2 Overtime payments should not be paid without getting confirmation on the attendance or actual engagement to the duty, and the aggregate of the overtime payments should not exceed the basic salary.

2.3 Meetings, workshops, conferences, and training sessions should be conducted through online methods whenever possible and the officers should only be convened on instances when the officer concerned is required to be present in person.

2.4 Action should be taken, to obtain the services of relevant field officers who have been appointed at provincial/district/divisional or village level whenever possible for field visits and to minimize the expenditure incurring for other officers in respect of such duties.

2.5 Calculation of fuel allowances should be based on the prices published by the Ceylon Petroleum Corporation for Lanka Petrol 92 Octane and Lanka Auto diesel.

2.6 The public funds should not be spent on transport facilities in relation to reporting to work and return from normal official duties except for the entitlements to railway and bus season tickets at concessionary rates and entitlements to transport facilities through Public Administration/ Public Enterprises Circulars.

2.7 The instructions of Public Administration Circular No. 02/2017 dated 17.02.2017 should be strictly followed in reimbursement of paid tickets for travelling by expressways.

3. Office Requisites and Utility Services Expenditure

3.1 Action should be taken to use appropriate expenditure control measures to minimize expenditure pertaining to electricity, water, telephone services, fuel and other contractual services. Purchasing of stationary and other office requisites should be subjected to a strict control and only the annual actual requirement should be procured.

3.2 Unnecessary stationary stocks should not be kept when procuring stationary. It is the responsibility of every officer to take appropriate action in order to minimize the wastage in using the stationary. Further, diaries, note books, almanacs, calendars, invitations and greeting cards should not be printed using public funds.

3.3 High cost printing materials should not be used to print official file covers, official envelopes and letterheads and action should be taken to minimize such costs. Electronic communication methods should be adopted as much as possible.

3.4 Stern action should be taken to control fuel expenses. Further, action should be taken to exercise a strict supervision in respect of the costs associated when deploying pool vehicles for official duties.

4. Control and Maintenance of Vehicles

4.1 Assigning vehicles should be managed within the vehicle fleet available in the pool of vehicles, when vehicles are assigned to officials who are entitled for official vehicles. Further, officers should always be encouraged to obtain the transport allowance, whenever possible, in terms of the relevant Public Administration/ Public Enterprises Circulars.

4.2 Only one vehicle should be assigned for officials, in terms of the entitlements of a vehicle. Officials who are entitled to official vehicles/officials who receive travelling allowance instead of an official vehicle, should not use pool vehicles at any time. The Chief Accounting Officer/ Accounting Officer should be responsible for the due implementation of the provisions of Public Administration Circular No. 05/2016 dated 09.03.2016, in this regard.

4.3 All heads of government institutions should ensure that misuse or misappropriation of government vehicles is not taken place. In the event of confirmation of such instances, relevant officials should take disciplinary action in that regard.

4.4 Vehicles should not be obtained on monthly rental basis or operational lease basis, without the prior approval of the Treasury.

4.5 Purchasing of vehicles for government institutions has been suspended. However, the Treasury will consider the procuring of essential utility vehicles/land vehicles for public services and development activities, as and when required.

5. Local Training Programmes

5.1 When providing local training opportunities under expenditure pertaining to staff trainings, such training opportunities should only be provided in connection with the compulsory training activities that should be fulfilled by the relevant officers, in terms of the provisions of Service Minutes, Schemes of Recruitment and Circulars. The officers should only be referred to domestic government institutions established exclusively for the purpose of conducting such training activities.

5.2 Hotel venues should not be used by incurring excessive expenditure for conducting training workshops even such events are funded under foreign financing sources. Conference venues belong to government institutions shall be used for such training workshops.

5.3 The expenditure from the Consolidated Fund should not be incurred for the conferences, workshops and outbound training programmes that collectively target officers, which do not come under aforementioned categories.

6. Foreign Travel Expenses

6.1 Public officials should not to participate in foreign studies/trainings/discussions/conferences/tours unless the total expenses are borne by the foreign sponsoring agency.

Especially, public officials should not take part in foreign tours for which expenses are borne by the funds available in the projects implemented under foreign loan financing.

6.2 Releasing foreign exchange and consequential expenses with respect to the foreign studies/training/discussions/conferences/tours for which the full cost is borne by the Sponsoring Agency and channeled to government officials through the Ministry of Foreign Affairs or Department of External Resources or, provided to the government officials under agreements/conventions entered in accordance with the proper approval of the Ministry of Foreign Affairs or Department of External Resources, should be carried out, in terms of the letter No. MF/06/23/50/2023 dated 20.03.2023, issued by the Secretary to the Ministry of Finance, Economic Stabilization and National Policies.

7. Construction and Renting of Buildings

7.1 Construction of any new building should not be commenced except the constructions planned under the projects implemented through foreign financing or constructions that are carried out in accordance with the policy decisions taken by the Cabinet of Ministers.

7.2 Priority should be given to complete buildings and constructions, up to a satisfactory level which have already been commenced but not yet completed,

7.3 New constructions should not be undertaken, using the provisions allocated for the expenditure title "building and structures", under the expenditure category of "rehabilitation and improvement of capital assets".

7.4 Buildings should not be rented for government requirements, without the prior approval of the Treasury.

7.5 Underutilized government buildings should be optimally utilized.

8. Welfare Expenses

8.1 The welfare and subsidy programmes should be reviewed again and ensured that the benefits under such programmes are received by the absolutely deserved targeted beneficiaries.

8.2 Except the welfare programmes/subsidies or development assistance programmes for which allocations have been provided after receiving the approval of the Cabinet of Ministers under object codes 1501, 1504 and 2202, welfare programmes or subsidy programs utilizing the allocations provided under other object codes should not be implemented by taking decisions at institutional level.

8.3 Various commodities, goods, financial assistances and equipment should not be distributed utilizing the provisions allocated under Capital Development Programmes. Concessionary loans or financial assistances provided by the other government institutions should be suspended except the concessionary loans and financial assistance provided by the government institutions through the banking system.

9. Implementation of Projects

Following methods of expenditure control should be followed when projects are implemented using domestic funds.

9.1 Other activities in respect of the ongoing projects should not be commenced without allocating provisions for the settlement of bills in hands or bills to be settled during the year.

9.2 Action should be taken to select projects that stimulate economic growth on priority basis. In terms of National Budget Circular 03/2023, new projects/programmes prior to their implementation together with the recommendation of the Department of National Planning, should be submitted to the National Development Committee constituted for systematic evaluation of new development projects/programmes, for approval.

9.3 Essential components of the partly completed infrastructure projects should be completed in a manner that minimizes the inconveniences caused to the general public who use such infrastructure facilities and ensures long term existence of such infrastructure facilities.

9.4 Acquisition of lands or other assets, in respect of projects for which specific approvals have not been obtained for the commencement and specific allocation for financing such projects are not available, should not be commenced.

9.5 In order to reconsider the implementation of programmes/projects of which project work has not yet been commenced though Project Management Units/Project Offices have already been established or programmes/projects of which implementation is not certain due to uncertainty of finance facilities, action should be taken to obtain the approval of either the Department of National Planning or the Cabinet of Ministers as appropriate, in terms of the total estimated cost.

9.6 Prior to incurring expenditure on Block Allocations or Budget Proposals, action should be taken in terms of the Circular No. MNPEA 02/2019 and dated 10.01.2019.

10. Advance Accounts Activities

10.1 Advance Accounts activities should be carried out within the limits approved by Parliament for the year. Since any upward revision in the maximum expenditure limits will not be permitted, expenditure should be managed within the given limits, without making revisions from time to time.

10.2 When issuing distress loans under Advance Accounts Activities for the officials eligible as per sub-section 10.2 of Chapter XXIV of the Establishment Code, provisions of the Public Administration Circular No. 30/2008 dated 31.12.2008 should be applied and the maximum ceiling of Rs. 250,000 for all the officials mentioned thereof shall be further valid.

11. Expenditure Control of State Enterprises and Statutory Boards for which allocations have been provided through the Budget Estimates

11.1 Expenditure should not be incurred for the activities deviating from the objectives specified in the legal documents, pertaining to the establishment of the Institution.

11.2 The government entities for which allocations are provided by the General Treasury should manage their expenditure within the allocated limits. Imprest will be released only within the allocation limits and action should be taken to obtain prior approvals required in respect of capital expenditure.

11.3 In the event of non-utilization of the released cash for the envisaged activities during the year or when there is cash balance after the completion of relevant activities, institutions

mentioned in the above 11.2, such cash balances should be transferred before the expiration of the financial year to the Department of Treasury Operations, in order to surcharge the relevant votes.

11.4 Action should be taken by the Institutions such as State Enterprises, Statutory Institutions/Promotional Institutions, Research Institutions, and Statutory and Non-statutory Funds to credit the Consolidated Fund, all the receipts collected for which they do not have authority to retain such receipts in terms of the authority granted under the establishment of such Institutions.

11.5 Proper approvals should be obtained in compliance with the due procedure when receiving foreign financing. Action should be taken by the relevant institutions to obtain budgetary provisions for incurring expenses prior to implementation of projects under foreign financing.

11.6 Programmes such as insurance schemes, concessionary loan schemes and reimbursement of medical bills, should not be implemented using public funds without proper approvals.

11.7 Allowances should not be paid for all categories of annual leave (including the medical leave) which have not been used, except it has been made an entitlement by a policy decision.

11.8 Priority should be given to settle all the statutory commitments, including Employees' Provident Fund (EPF) and Employees' Trust Fund (ETF).

11.9 Expeditious action should be taken pursuant to the policy decisions which have already been made to restructure or closure of loss making State Enterprises. Immediate necessary action should be taken to the amalgamation of Institutions which carry out activities of similar nature, strengthening of corporate good governance and ensuring financial viability of State Enterprises.

11.10 The salaries in respect of individual Institutions should not be determined deviating from the general policy on salaries. Moreover, salaries should not further be determined based on collective agreements. The directives given by the Department of Public Enterprises should be followed in this regard.

11.11 Relevant instructions for expenditure control of State Enterprises monitored by the Department of Public Enterprises will be issued in due course.

12. General Instructions

12.1 Commitments should not be made for incurring expenditure exceeding the provisions appropriated under annual estimates and any commitment should not be made anticipating provisions in the future. The Chief Accounting Officer/Accounting Officer shall be personally accountable for the commitments made exceeding the provisions.

12.2 All commitments should be reported to the Treasury through Integrated Treasury Management Information System (ITMIS) and New CIGAS Accounts Information System, in terms of the relevant Circular provisions.

12.3 Except for the National Ceremonies which have specifically been mentioned and provisions have been allocated in estimates, public funds should not be utilized for other ceremonies, get together functions, exhibitions, gatherings, opening ceremonies and conferences etc.

12.4 Action should be taken to identify requirements in advance, to avoid emergency procurements and to implement the procurement activities in accordance with the approved procurement plans, in a manner that minimizes delays.

12.5 Action should not be taken to make new recruitments even to fill the essential vacancies, without the formal approval of the Department of Management Services.

12.6 The government entities of commercial nature for which allocations are not provided by the Treasury should take every necessary action to settle their expenses and should not make any requests for allocations from the Treasury, considering revenue deficiencies.

12.7 Action should be taken in the Audit and Management Committee Meetings of all Ministries, Departments and all State Institutions to ensure that provisions of this circular and frugal expenditure management methods are implemented.

13. The transfer of provisions under F.R. 66 will only be considered on instances if it is essentially required and all the requests in this regard should be submitted to the Treasury. F.R. 66 applications which require imprest should be submitted before 30th November of the relevant financial year. Expected savings of budgetary allocations provided for subsidies and welfare expenditure, medical supplies and maintenance of medical equipment will not be allowed to be transferred to other votes.

14. The provisions of this Circular should be implemented in a manner that does not make any hindrance towards the maintenance of services by agreements which have already been entered into with private/state institutions with proper approvals for the maintenance activities that cannot be postponed, urgent and essential. Further, the provisions of this Circular is not an impediment for taking actions as per the provisions of Circulars that will be issued by the Treasury for the implementation of budget proposals.

15. Since creating a strengthened fiscal discipline is a must, you are kindly requested to draw your personal attention to the aforementioned provisions.

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

Copies:

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