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MINISTRY OF FINANCE, ECONOMIC STABILIZATION AND NATIONAL POLICIES

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திகதி } 29.12.2023
Date }

Budget Circular No.: 05/2023

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

Authorization for Incurring Expenditure and Management of Public Expenditure in the Year 2024

01. Authority for Incurring Expenditure

The Minister in charge of the subject of Finance has signed the warrants authorizing to make withdrawals from the Consolidated Fund, enabling to incur the expenditure of the financial year 2024, subject to the limits prescribed by the Appropriation Act, No. 34 of 2023.

Accordingly, the relevant authority should be quoted on the payment vouchers and other documents in the year 2024 as follows;

- In case of General Public Services - General Warrant No. 1 of 2024
- In case of Special Law Services - Special Law Warrant No. 1 of 2024
- In case of Advance Accounts Activities - Advance Warrant No. 1 of 2024

02. Management Responsibility over Public Expenditure

All Chief Accounting Officers will be accountable to the Minister of Finance for ensuring the adequacy of the financial administration of the institutions under their purview. Further, managing of expenditure without exceeding the prescribed limits of the provisions allocated through annual budget estimates shall be the responsibility of the Chief Accounting Officers, Accounting Officers as well as the Officers-in-charge of the subject. Accordingly, all Chief Accounting Officers and Accounting Officers shall exercise their control over the institutions to incur expenditure within the approved limits for the year 2024.

As the Treasury will not be liable to commitments made without budgetary provisions, the relevant officers shall be personally liable for such expenditure.

03. Management of Public Expenditure in the year 2024

Given the fact that a primary surplus equivalent to a 0.8 percent of the Gross Domestic Product should be achieved in line with the fiscal targets envisaged for the year 2024, the public expenditure in the year 2024 should be incurred while maintaining a strong discipline in public finance and managing public expenditure in prudent manner. In this context, the instructions on expenditure control measures currently in force are further applicable and a new circular will be issued in the future, by updating all existing circular provisions towards better expenditure control.

The order of priorities mentioned below should be followed when incurring expenditure during the year 2024.

- (a) Settlement of outstanding bills, if any, since any outstanding liabilities should not be existent
- (b) Expeditious proper implementation of budget proposals
- (c) Implementation of projects under foreign financing which are in the final stage
- (d) Implementation of projects with high priority which are implemented under domestic financing
- (e) Expenditure related to new commitments for which allocations have been granted by the estimates.

04. Implementation of Expenditure Proposals

Provisions for the implementation of expenditure proposals stated in the Budget Speech - 2024 have already been allocated to the institutions to which such proposals are directly related. However, as I have already communicated by my letter No. MF/NP/Gen/2024/01 dated 14.12.2023, the institutions responsible for the implementation of such expenditure proposals shall submit Project Concept Papers, Project Proposals and Action Plans on the expenditure proposals to the Department of National Planning prior to the dates stipulated in the aforesaid letter. In case of certain expenditure proposals which need to be implemented in collaboration with several institutions, the Chief Accounting Officer of the Ministry/Institution for which provisions have been allocated, shall take action to allocate provisions for other relevant institutions, as per the Financial Regulation 208, in accordance with the decision of the Cabinet of Ministers bearing No. 23/2468/601/068 and dated 18.12.2023.

The circulars/guidelines relevant to the implementation of the budget proposals pertaining to increasing the cost of living allowance of public servants currently in service and pensioners, revision of the deduction percentage of the contribution towards Widows' and Widowers' and Orphans' Pensions (W&OP) scheme and encouraging the self-financing of Local Government Authorities will be issued by the Ministry of Public Administration, Home Affairs, Provincial Councils and Local Government in the future.

Since the Provincial Councils have been recognized as separate spending units in terms of Budget Proposals - 2024, the Departments of Public Finance, Treasury Operations and State Accounts will issue requisite instructions and guidelines relating to the appointment of Chief

Secretaries of Provincial Councils as Chief Accounting Officers pertaining to budget activities and other consequential matters.

05. Management of Commitments

It should be ensured that adequate budgetary provisions are in place in connection with every expenditure, prior to entering into any commitment. It is important to verify the availability of imprest prior to making any commitment even though provisions have been allocated, in order to prevent the difficulties encountered by the government as well as contractors/service providers due to the accumulation of unsettled liabilities.

The concurrence of the Department of Treasury Operations should be obtained before entering into commitments with respect to the capital expenditure items over Rs. 500 Mn for the year 2024 or those with a total cost over Rs. 1,000 Mn to be paid in multiple years. In this respect, the Department of Treasury Operations will maintain a waiting list and give their concurrence according to the financial situation and priorities.

06. Request for Additional Allocations

There will be no possibility to allocate supplementary provisions exceeding the already allocated provisions to the Spending Agencies since the provisions allocated for the 'Supplementary Support Services and Contingent Liabilities Project' under the Department of National Budget is limited only for the requirements in connection with the implementation of Budget Proposals. Therefore, it is emphasized that expenditure to be arisen in the year 2024 should be managed within the given allocation by prioritizing them properly.

07. Transfer of Provisions under Financial Regulations 66/69

It is emphasized that the requests for transfer of provisions under the Financial Regulation 66 should be made prior to incurring the expenditure. Requests for transfer of provisions under Financial Regulation 66 should be submitted to the relevant officers of the Department of National Budget through the Integrated Treasury Management System (ITMIS) before 31.12.2024.

It is further emphasized that the transfer of provisions under Financial Regulation 69 after 31.12.2024 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.

08. Advance Accounts Activities

Advance accounts activities should be carried out within the limits approved by Parliament for the year 2024. Since any increase in the maximum expenditure limit will not be allowed, expenditure should be reviewed from time to time and managed within the given limits.

In this respect, special attention must be paid to achieve minimum receipt limits and not to exceed maximum liability limits prescribed for the Advance Accounts activities pertaining to production, commercial and special advance accounts.

All public sector officials will be entitled to apply for distress loan facility with effective from 01.01.2024, as previously done.

09. General

When activities that come under the purview of line Ministries and Departments are executed through other Ministries/Departments or District Secretariats, allocations should accordingly be transferred under the Financial Regulations 208, prior to the final quarter of the relevant financial year, ensuring adequate time to complete the activities.

Nevertheless, if allocations are transferred strictly due to a disaster situation or an emergency situation during the final quarter of the relevant financial year under the Financial Regulations 208, action should be taken to obtain the approval of the Department of National Budget for such transfers.

It is emphasized that when submitting the requests to the General Treasury for obtaining approval for supplementary allocations and transfer of provisions under Financial Regulation 66, it should be submitted under the signature of the Chief Accounting Officer/Secretary of the Ministry. Prior to referring such requests to the General Treasury, the Chief Accounting Officer/Secretary of the Ministry should personally consider whether such approval is essentially required and the possibility of managing the relevant expenditure within the existing provisions.

In terms of provisions specified in Section 8 (2) (a) and (b) of the Finance Act, No. 38 of 1971, the requests for obtaining the concurrence of the Minister in charge of the subject of Finance by the Statutory Boards to incur capital expenditure should be forwarded to the General Treasury before 15.01.2024.

10. Clarifications

For any clarifications regarding this circular can be obtained by contacting the relevant Officer from the Department of National Budget who is responsible for your Ministry/Department/Institution as set out in annexure 01 or Additional Director General (0112-484681).

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

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