

Quarterly Performance Report of the Finance Commission

(From 01st of July 2019 to 30th of September 2019)

1. Need Assessment of the Provincial Councils (Recurrent and Capital)

The Provincial Councils submitted their recurrent and capital budget requirements under the grant from national budget for the financial year 2020, in line with guideline issued by the Finance Commission to the Provincial Councils.

The Finance Commission reviewed the recurrent needs submitted by the Provincial Councils through clarifications and the discussions with the operational level officials of provincial budget of the respective Provincial Councils. The information on cadre deployment plans and financial requirements from the key Line Ministries were collected and considered them for recurrent budget assessment. In addition, the Finance Commission organized meetings with the participation of the Provincial Officers (DCS Finance and Director Budget) and the Officers of the General Treasury and reviewed and finalized the Recurrent Needs of the Provincial Councils and presented the requirement of Block Grant for the year 2020 to the Provincial Councils.

All the Provincial Councils submitted their requirements of capital grant from national budget in line with the guideline sent by the Finance Commission and within the framework of the Medium-Term Development Plans of the respective Provincial Councils. The Finance Commission studied the capital needs submitted by the Provincial Councils and sector meetings were arranged for necessary sectors with the participation of Provincial Secretaries and Provincial Directors. Further a comprehensive discussion was held with the Deputy Chief Secretaries (Planning) of all the Provinces on capital fund requirements of sectors and finalized the amounts of needs for capital grants.

2. Recommendations to H.E. the President - 2020

Based on the budget requirements submitted by the Provincial Councils carried out by the Finance Commission on capital and recurrent needs, the Recommendations to His Excellency the President for the year 2020 were prepared and submitted to H.E. the President on 09.09.2019. The budget recommendation was to the Allocation of funds to the Provincial Councils under the government national budget 2020 on the basis principles apportioning of funds among the Provinces in a rational manner.

The Recommendation-2020 of the Finance Commission also highlighted the major issues and limitations and the important policy recommendations to overcome the major issues recognized by the Commission in achieving Balanced Regional Development in the country.

3. Supplementary Budget (Recurrent) Allocations to the Provincial Councils 2019

The request for supplementary budget allocations from the six Provincial Councils during the third quarter on recurrent expenditure items amounting Rs. 4,084 Mn were assessed carefully and the Finance Commission recommended a total Rs. 3,426 Mn to the General Treasury for supplementary allocation. At the same time, the requests for expenditure items Rs. 658 Mn from the three Provincial Councils were not considered by the Finance Commission for recommendations as most of those items were included in the initial recommendations 2019.

The Finance Commission has recommended a supplementary budget allocation to the Provincial Councils under the recurrent expenditure Rs. 10,254 Mn up to the period end of the third quarter in 2019.

4. Review of Provincial Cadre

The assessments of cadre for the Provincial Councils are carried out jointly by the Department of Management Services in collaboration with the National Salaries and Cadre Commission and the Finance Commission. In this process, the Finance Commission participated in eight meetings organized by the National Salaries and Cadre Commission during the period of third quarter to review and assess the cadre requirements of Provincial Councils by each institution under them.

5. Finance Commission Bill

The draft document on the Finance Commission Bill is under review and a discussion was held with the Attorney General's Department on this draft Bill on 11.09.2019. The Attorney General's Department arrived at an agreement in principles on the contents of the itemized points to be included into the draft Finance Commission Bill. Accordingly, the proposed points by the Attorney General's Department were incorporated into the formal textual format of a Bill and the draft has been sent to the Legal Draftsman's Department.

6. The Annual Report of the Finance Commission 2018

The Annual Report of the Finance Commission for the year 2018 and the Performance Report and Statements of Accounts of the Finance Commission were submitted in three languages to the Presidential Secretariat. The Annual Report-2018 and other documents submitted to the Cabinet of Ministers by H.E the President. They were tabled at the meeting of the Cabinet of Ministers on 06.08.2019 and the approval was granted to present them in Parliament. The Annual Report and other documents were tabled at Parliament on 17th September 2019.

7. Finance Commission Data Base and MIS

The Management Information System for need assessment of recurrent expenditure is implemented in three stages viz.; i) submission of the software requirement specification, ii) handing over the prototype and iii) deliver the final product. The first two stages in this process have already been completed by the developer and the tasks in the third stage are progressing and will be completed soon.

8. Performance Reports of the Finance Commission

The Quarterly Performance Reports of the Finance Commission are regularly submitted to the Constitutional Council and tabled in Parliament. The Performance Report of the Finance Commission for the period of 1st of January 2019 to 31st of March 2019 (1st Quarter Report) was tabled in Parliament on 04th July 2019. The 2nd Quarter Performance Report of the Finance Commission was also submitted to the Constitutional Council on 19th August 2019.

9. Institutional Analysis and Work Study of the Finance Commission

On the initiative of the Commission and support of The Asia Foundation, a Work Study is being carried out with the objective of streamlining the functions and improving effectiveness of the Commission. This study is carried out by two consultants assigned by The Asia Foundation. An interim report has been submitted by the Consultant.

10. Meeting with Hon. Governors and Chief Secretaries of the Provinces

The Commission convened a meeting to discuss allocation and imprest granted by the Government for Capital expenditure with the participation of the Hon. Governors and Chief Secretaries of all nine Provinces on 26th July 2019 at the Finance Commission. The Chairman & a Commission Member, Secretary and the Senior Staff of the Finance Commission participated in this meeting. Some Commission members could not be present due to unavoidable circumstances.

The Governors proposed and unanimously agreed that their views and expressed by them should be considered in taking up matters with the relevant authorities. There is a necessity to increase the government capital grant to the Provincial Councils to meet the capital requirements under devolved and shared responsibilities and divert to the Provinces by some of fund allocated to the respective Line Ministries.

11. Audit and Management Committee Meeting

A meeting of the Audit and Management Committee of the Finance Commission for the third quarter was held on 27th September 2019.

12. Preparation of Highlights of Provincial Audit Reports

The Finance Commission received the Audit Reports for the Financial Year 2018 of the North Western, Central and North Central Provincial Councils from the National Audit Office during the third quarter. These reports were reviewed and the highlights of the audit findings were tabled at the Commission meetings and observation of the Commission were referred to the Provincial Governors, Chief Secretaries and Ministry of Internal & Home Affairs and Provincial Councils & Local Government for follow up action.

13. Human Resources Development

13.1. Capacity Building of the staff

The Commission as a matter of policy invite guest lecturers for capacity building of the staff during the quarter. Only one guest lecture was held.

Name	Topic	Date
1. Dr. Vinya Ariyaratne	Balanced Regional Development	2019.09.19

13.2. Training of the staff

The following officers have attended training programmes during the third quarter.

- Local Trainings

Name	Topic	Date
1. Mr.S.M.R.S. Bandara	Annual Conference, on SDGs Organized by OPA Sri Lanka	2019.09.18
2. Mr.S.D.C. Chandrasiri	Government Payroll System	2019.09.04 / 2019.09.05 / 2019.09.06
3. Mrs. Thiloka Abeysekara Miss. Chandra Malani Mrs. Nimali Rathnayake	Research in Economics Conducted by CBSL	2019.07.05 - 2019.09.06 (Every Fri days Only)
4. Mrs. K.A.M. Lankani	Procurement Procedure in Government Sector	2019.07.18 - 2019.07.26

- Foreign Trainings

Name	Topic & Country	Date
1. Mr. P.R.N. Sujeewa	Seminar on China's Development Experience & Its Reforms and Openings for Policies for Sri Lanka - China	2019.09.02- 2019.10.01
2. Mrs. T.G.C.Malani Mrs. A.W.K.S.Ranasinghe	2019 Ministerial Workshop on International Development Cooperation for Developing Countries - China	2019.09.18-2019.09.24
3. Mr. V.Mahendrarajah	Cross Country Learning Workshop on Gender Responsive Budgeting – Goa, India	2019.09.11-2019.09.12

14. Recruitment and Transfers

The following officers joined the Finance Commission during the third quarter 2019.

Name	Position	Joined Date
1. Mrs. S.K. Kothalawala	Chief Accountant	2019.07.02
2. Miss. S. A. Hansani Sadamali	ICT Assistant	2019.07.01
3. Mr. D.V.U. Gunawardhane	OES Casual	2019.08.01

The following officer was released from Finance Commission on transfer

Name	Position	Transferred Date
1. Mr. Susantha Ranasinghe	Chief Accountant	2019.07.02

In addition, 15 Graduate Trainees were placed at the Finance Commission on 1st of August 2019.

15. Staff Studies

In the task of fulfilling the mandatory duties, the Finance Commission continuously carry out staff studies/research.

Responsible Officer	Subject of the Study
A Study on Balanced Regional Development Indicators (Ongoing)	Mr. S.M.R.S. Bandara- Director (Planning) Mrs. Nimali Rathnayake – Statistical Officer
Developing Rational Indicators for each Sector for Fund Apportion	Mr. S.M.R.S. Bandara- Director (Planning) Mr. V. Mahendrarajah – Director (Research) Mrs. Nimali Rathnayake – Statistical Officer
Relationship on Geographic Development Planning & Poverty	Mrs. Nimali Rathnayake -Statistical Officer
Sector Studies on Health & Education	Mrs. T. Abeysekara – Assistant Director Mrs. Indradevi – Assistant Research Officer

16. Orientation to Results Based Management for Inclusive Social Development Workshop and Consultation

UNICEF in collaboration with the Department of Project Management & Monitoring conducted a workshop on “Orientation to Result Base Management (RBM) for Inclusive Social Development” during 9-12 July 2019. The Director - Provincial Development Planning and an Assistant Research Officer participated at this workshop.

The workshop covered the modules of: Key Concept of RBM Imperative, Normative Framework to inclusion, Participation and Strategic Planning and Causality Analysis, Theory of Change, Results Framework and Measurement Framework, Inclusive Implementation, Monitoring for Results, Reporting for Results, Evaluation, Institutionalization under Results Based Management Framework and Group works.

17. Participation of Seminars and Meetings

- Thailand and Sri Lanka Partnership for Sustainability - Chairman
- European Union Enlargement: Prospects & Challenges - Chairman
- Power Rivalry in the Indian Ocean Region: Influence & Sentiment - Chairman
- “India’s Offensive Defensive Strategy: The New Normal?” - Chairman
- The Millennium Challenge Corporation Compact Land Grant to Sri Lanka - Chairman
- Role of Professionals in Sustainable National Development - Chairman
- Seminar on State Financial Management - Chairman
- Meeting on ADB Education Sector - Chairman
- Sri Lanka Government Development Strategies and their Effectiveness on Utilization of Real Estate Resources - Chairman
- Present Situation of Sri Lanka’s Energy Sector & Proposed Amendments to take over the Power of Sri Lanka’s Energy Industry Regulator - Chairman
- Independence of Police - Chairman
- New Trends in Solar Power Industry & New Trends in Furniture & Interior Industry - Chairman
- Utilization of Marine Resources - Chairman
- Workshop on Childhood Development - Chairman & Secretary
- Seminar on Role of Professionals in Sustainable National Development - Chairman & Director (PDP)
- Discussion on Administrative Matters in Provincial Councils and Local Government - Secretary & Assistant Director (PRNCA)
- Meeting on Local Government Enhancement Sector Project - Secretary
- Meeting on Local Development Support Project - Secretary
- Discussion on Guidelines for Day Care Centres - Secretary
- Conference on CS/DS - Secretary
- Meeting on Financial Inclusion - Secretary, Chief Accountant & Assistant Director (PDP)
- Meeting on Common Planning Platform - Secretary
- Workshop on National Social Protection Strategy - Secretary
- Meeting on Local Development Support Project - Secretary & a Development Officer
- Organizing Training Programmes in FC - Secretary, Statistical Officer & Development Officer
- Provincial Road Development Project - Secretary
- Secondary Town Sustainable Development - Secretary

- Discussion on Draft Evaluation Bill - Director (PRP)
- Stakeholders Meeting on Census of Population and Housing - Director (PRP)
- Conference on Gender Responsive Budgeting - Director (PRP)
- Discussion on Upgrade from Cultural Unit of NP to the Dept of Cultural Affairs in NP - Director & Assistant Director (PRNCA)
- Discussion on Allocation from Budget 19 for SGPC Road, Passenger & Transport Employees - Director & Assistant Director (PRNCA)
- Discussion on Transport Connectivity & Asset Management Project - Director & Assistant Director (PRNCA)
- Discussion on Matters of CP, WP, NWP and NCP Ministries/ Departments Cadre - Director, Assistant Director & Development Officer (PRNCA)
- 2019 Ministerial Workshop on International Development Cooperation for Developing Countries - Assistant Director (PDP) & Internal Auditor

18. Finance Commission Meetings

- Commission meetings were held on the following dates during the quarter.
 - 15.08.2019
 - 24.08.2019
- The Commission Sub Committee met regularly before each Commission Meeting.
- Co-group meetings were conducted on a weekly basis.

19. Important Decisions taken at the Commission Meetings

- Approval of the Recommendations for Provincial Capital and Recurrent Expenditure – 2020
- Application of Population Under Poverty Line instead of Poverty Head Count Ratio in the Composite Index for Capital Expenditure Distribution
- Provincial Councils should find ways and means for increasing their revenue and joint research, carried out by the Fiscal Policy Department by the support of the Finance Commission
- From 2020 Onward Revenue enhancement proposal should be called from Provincial Councils when they submit their fund request

20. Important Decisions taken at the Core-group Meetings

- Arranging Sector Meeting for Need Assessment
- Meeting with NDP on Integrated Planning System
- Quality Development of the Finance Commission
- Finalization of the HR Plan
- Develop Rational Indicators for each Sectors for Fund Allocations
- Meeting with Financial Inclusion
- Determination of Expenditure Incurred by Line Ministries on Provinces