

## **Performance of the Finance Commission**

*(For the period of 01<sup>st</sup> October 2018 to 31<sup>st</sup> December 2018)*

This report covers the main activities performed by the Finance Commission during the period of 1<sup>st</sup> October 2018 to 31<sup>st</sup> December 2018.

### **01. Recommendations for 2019**

Recommendations for 2019 were submitted in three languages to H.E. the President on 28<sup>th</sup> November 2018 on apportionment of funds for Capital and Recurrent expenditure in 2019. (In line with Article 154 (J) of the 13<sup>th</sup> Amendment to the Constitution)

### **02. Revisions of Provincial Annual Development Plans - 2018**

Based on the requests made by the provinces, concurrence was granted in principle for revisions in respect of Broad Activity Areas of the Annual Development Plans 2018 and for identified projects under “Grants for Villages with Special Needs” by the Provinces.

### **03. The Annual Report of the Finance Commission - 2017**

The Annual Report for 2017 with Sinhala, Tamil and English versions have been submitted to H.E the President on the 5th December 2018.

### **04. Review of Strategic Plan of Finance Commission and Implementation**

The Strategic Plan of the Finance Commission has been reviewed and being updated.

### **05. The Activity Plan for 2019**

The Activity Plan for 2019 is being prepared based on the Strategic Plan and it will be submitted to the Commission in due course.

### **06. Preparing reports on Provincial Audit Reports**

Audit reports of the Eastern, Central and Sabaragamuwa Provinces forwarded by the Auditor General’s Department were studied and observations of the Finance Commission were sent to the Chief Secretaries, Governors of the respective Provinces with a view to improving accountability of the Provinces.

### **07. Construction of New Building for the Finance Commission**

The new Office Building Complex for Finance Commission was completed. The total construction cost of the building was Rs. 442 Mn. The staff of the Finance Commission shifted to new building on 15<sup>th</sup> August 2018. It is expected that the new building will be opened officially by H.E. the President.

## **08. Finance Commission Data Base and MIS**

The Asia Foundation (TAF) has selected “Theekshana” as the developer of the MIS/Database of the FC and they are in the process of developing the System for Recurrent Expenditure. The Software Requirement Specification (SRS) sent by the developer was screened.

In addition, the Commission had discussions with the developer and TAF to extend the project to cover Revenue and Capital aspects, pertaining to provincial development. The Commission has given its approval to proceed with “Theekshana” in the Capital & Revenue Systems. In addition to these 2 systems the Recurrent System which has already been started is being developed by “Theekshana”. The Prototype of the System is to be presented to Finance Commission shortly.

## **09. Draft Finance Commission Act**

The Finance Commission’s observations were submitted to the Legal Draftsman for their considerations and we received the bill on 18<sup>th</sup> October 2018 from the Legal Draftsman's Department. It was forwarded to the Attorney General for clearance on 26<sup>th</sup> October 2018.

## **10. Study Visits**



Doctors of the Medical Administration visited the Finance Commission on 27<sup>th</sup> November 2018 to study the role and functions of the Finance Commission. The presentation made to them dealt with among other matters Recommendation Process, Planning and Budgeting Process for the provinces, Grants provided to the Provinces, Revenue sources of the provinces, Financing for Local Government

and Cadre of the provinces.

## **11. Capacity building of the staff**

### **11.1. Training**

Some Finance Commission Officers were provided training opportunities on the following selected fields

- Labour law (shop & office Act, Gratuity, EPF, ETF etc...)
- Driver Awareness Program

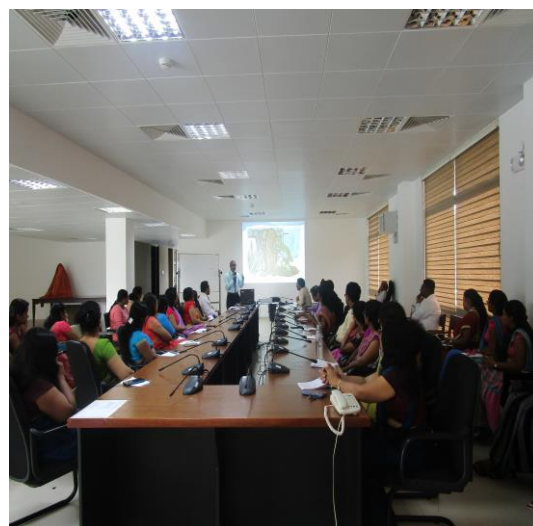
## 11.2. Guest Lectures

The following Guest Lecturers made presentations for the staff of the Finance Commission.

| No. | Name                                                                        | Topic                                   | Date                              |
|-----|-----------------------------------------------------------------------------|-----------------------------------------|-----------------------------------|
| 01  | Dr. Thamara Bogoda                                                          | Healthy Life with Ayurvedic.            | 9 <sup>th</sup> October 2018      |
| 02  | Prof. S.P. Premarathna<br>Department of Economics,<br>University of Colombo | Current Economic Issues<br>in Sri Lanka | 29 <sup>th</sup> November<br>2018 |
| 03  | Prof. Diyanath Samarasingha<br>Psychiatry Educator                          | Money and Health                        | 12 <sup>th</sup> December<br>2018 |



Lecture of Prof. Diyanath Samarasingha



Lecturer of Prof. S.P. Premarathna

## 11.3. Staff Studies

The Following Finance Commission Officers made the following presentations to the technical study of the Commission.

| Name                                          | Topic                                     |
|-----------------------------------------------|-------------------------------------------|
| • Mr. S.M.R.S. Bandara, Director              | Value for Money                           |
| • Miss. A.R. Marina, Asst. Research Officer   | Local Government                          |
| • Mr. G. Kodikara, Asst, Research Officer     | Revenue Enhancement of<br>Local Authority |
| • Mrs. R. Ranasingha, Asst. Research Officer  | Health Sector in Sri Lanka                |
| • Mrs. Nimali Rathnayaka, Statistical Officer | Housing in Sri Lanka                      |

## **12. Meeting on 2018 and 2019 Budget**



The meeting with the Chief Secretaries and the Deputy Chief Secretaries (Finance) of nine provinces was held on 05<sup>th</sup> October 2018 at the Finance Commission. Director General of Department of Treasury Operation also participated for this meeting.

The main objective of the meeting was to provide an opportunity to Chief Secretaries to discuss issues on 2018 Provincial Budget and provisions for 2019 and make necessary recommendations.

## **13. Two Day National workshop on Development of Provincial Food Technology Parks for implementing Food Value Chain Development Proposals for Achieving Balanced Regional Development.**



The Finance Commission of Sri Lanka formulates principles with objective of achieving balanced regional development and recommends allocation of funds to the provincial councils to reduce progressively socioeconomic disparities.

The core group is planning to organize a two day national workshop on development of provincial food technology parks for implementing food Value chain Development proposals for achieving Balanced regional development of Sri Lanka to obtain stakeholder's views.

The intended two day workshop is jointly organized by the presidential Secretariat, the Finance commission of Sri Lanka and the National Enterprise Development authority in collaboration with the Asia foundation.

During the Quarter, meetings were held on 9<sup>th</sup>, 19<sup>th</sup>, 29<sup>th</sup> of October and 13<sup>th</sup> of November. The work shop will be held on next year.

## **14. Meetings on Budgetary Allocation, Guidelines and Preparation of Annual Development Plan related matters in 2019**



A special meeting was organized to discuss on Budgetary Allocation, Guidelines and Preparation of Annual Development Plan related matters (Sectors, Components, and Sub Components) of the year 2019 on 16<sup>th</sup> October 2018 at the Finance Commission. The Deputy Chief Secretaries (Planning) of all Provinces participated at this Meeting.

## **15. Discussion on Socio Economic Indicators and Measuring Balance Regional Development**



A discussion organized by the Finance Commission was held with Department of Census and Statistics, Central Bank, Department of Fiscal Policies, Department of National Planning on 5<sup>th</sup> December 2018 at the Finance Commission. The main objectives of the discussion was to identify the nature of regional disparities among provinces, performing a study and to present measures, methodologies to overcome critical issues related to regional imbalances.

According to the discussion a draft TOR was prepared for proposed Operational Committee and Steering Committee and submitted to the participants on 12<sup>th</sup> December 2018 for observations and comments.

## **16. Internal Audit Committee**

The 4<sup>th</sup> meeting of the Internal Audit Committee was held on 11<sup>th</sup> December 2018 with participation of an Audit Superintendent and the Assistant Director, Department of Management Audit. Decisions of the meeting were informed to the all staff of the Finance Commission, for necessary follow up action. The Commission decided that Internal Audit, in addition to regularity aspects should deal with performance aspects as well.

The internal Audit Charter has been crammed for consideration of the Commission. The Internal Audit Programme is prepared and this will be reviewed by the Commission.

## **17. Memorandum of Understanding (MOU) between the Sri Lanka Institute of Local Governance and the Finance Commission of Sri Lanka**

The Commission expected to conduct research studies in collaboration with the Sri Lanka Institute of Local Governance.

Through this effort it is also expected to develop the capacity of the officials of the Finance Commission in the field of research. In order to proceed with this exercise, a draft MOU has been prepared and sent to the Sri Lanka Institute of Local Governance on 30<sup>th</sup> November 2018 for its further development.

## **18. Budgetary Allocations for 2019**

The Provincial Councils sought the advised of the Finance Commission on the budgetary allocations for 2019. The Finance Commission usually informs the expected grants to be transferred to the nine Provinces and revenue targets for the ensure year together with the guidelines to update the Annual Development Plan and the Budget before the

commencement of the year. However we were unable to do so in this year, in the absence of the Annual Appropriation Bill being passed by the Parliament.

As per the decision taken by the Finance commission, all Chief Secretaries were informed that the Cabinet of Ministers approved a Vote on Accounts for the 01<sup>st</sup> four months of the year 2019 and if it is approved by the Parliament, they will receive the grants for recurrent expenditure for 1<sup>st</sup> four months together with required capital funds to settle the commitments of 2018.

#### **19. Performance Report of the Finance Commission**

The Performance Report of the 3<sup>rd</sup> Quarter 2018 was submitted to the Constitutional Council on 9<sup>th</sup> November 2018.

#### **20. Performance Assessment of Senior Staff**

As per the provisions of the Code of Governance adopted by the Commission in 2017, the performance of the Chief Executive Officer (Secretary) and other Senior Management Staff (Directors Level) were evaluated by the Sub Committee of the Commission and their report was submitted to the Commission in November 2018. The Commission intends to carry out the appraisal of the Senior Management Staff on a quarterly basis in order to improve the performance of the Commission.

#### **21. Work Study**

As per the decision taken by the Finance Commission it was decided to conduct a work study to determine the requirements of staff to perform its mandated functions as a more effective and efficient manner.

The overall objective of the study is to improve the productivity of the organization by an intensive study of each operation along with utilization of human resources and technology within the Commission.

#### **22. Participation /Attendance Meetings, Seminars and Workshop**

The Chairman, The Secretary and staff of the Finance Commission attended the following Meetings / workshops

- Cadre Assessment Moratuwa MC
- Cadre Assessment Panadura UC
- Shaping Local Economy through Lessons learnt
- An experience sharing forum on local economic development in practice
- Cadre Review of Local Government
- Cadre Review of Department Industries in Western Province
- Gender Mainstreaming and Gender Responsive budgeting
- Understanding labour law for better labour relations in Sri Lanka

- Increasing of approved posts in special grade of Agriculture Instructor – Southern Province
- Implementing new positions- department of Provincial Industrial Department- Southern Province
- Public Expenditure Review for Nutrition in Sri Lanka
- Poland in the 21<sup>st</sup> Century opportunities and threats for the Central European Countries.
- Contextualizing human rights in Asia – 70<sup>th</sup> Anniversary of the UN declaration of Human Rights.
- Why a new South Asia the need for India, China, Singapore friendship.
- Sustainable Development of Middle-Income countries
- 33 Chief Secretaries Conference

### **23. Special Studies**

A number of Special studies were carried out for the support of FC activities.

These included

- Private Sector Involvement in Health Care Sector in Sri Lanka
- Private Sector Involvement of Education in Sri Lanka -2017
- Study on Financial distributions of budgetary allocations among the provinces by Line Ministries
- A further study on Provincial Councils, Provincial Statutory Bodies / Authorities and Local Authorities cadre

### **24. Financial Performance of the Finance Commission**

The Finance Commission reviewed the performance of the Finance Commission regularly on a monthly basis.

### **25. Compliance Report of the Finance Commission**

The Commission ensures that all compliances required in its functioning are met. In this regard Compliance Reports are submitted to the Commission on a monthly basis.

### **26. Audit Report on the Finance Commission**

We received the Audit Report on the Finance Commission on 27<sup>th</sup> November 2018 and responses there to were forwarded to the Auditor General Department on 29<sup>th</sup> November 2018.

## **27. Sector Studies**

The Commission's recommendations to Provinces on provincial Specific Development Grants (PSDG) are based on the sectors. In this regard the Commission has embarked on several sector studies such as health, education, irrigation, agriculture and social services etc. which are used in the making recommendations to H.E. the President, as well as in fund allocations to Provinces.

## **28. The use of Media and Regional Development**

The Commission takes in to an account the media reports published in daily national papers. In addition the Commission had initial discussion with the SLBC Sinhala National Service which identifies on a daily basis certain problems and issues pertaining to Local Government Authorities and Provincial Councils.

In addition news highlights in Daily News Papers and matters discussed in the Parliament has reported in Hanzard are being followed.

## **29. The Performance of the Commission during the Period November 2015 to 2018**

The Commission considered some allegations made against independent Commissions in the recent past. Accordingly, the Commission took a decision that a news brief released to the Media indicating the Performance of the Finance Commission during its three years period.

This news release was published in Ceylon Daily News, Financial Times and Sunday Observer.

## **30. Commission Meetings / Co –group Meetings / Staff Meetings**

- 04 Commission Meetings were held on the following days.
  - 01. 10. 2018
  - 25. 10. 2018
  - 08. 11. 2018
  - 05. 12. 2018
- The Commission Sub Committee Met regularly before each Commission Meeting
- Co-group Meetings - Weekly Co-group meetings continuously held.
- Staff meetings – 03.10.2018, 27.11.2018, 31.12.2018