

Quarterly Performance Report of the Finance Commission

(From 01st of October 2019 to 31st of December 2019)

This Performance Report gives a brief account of the main activities performed by the Finance Commission during the period of 1st of October 2019 to 31st of December 2019.

1. Budget Allocation for the Provincial Councils 2020

The recommendations of the Finance Commission for the year 2020 were submitted to the Cabinet of Ministers. It was decided at the Cabinet meeting on 29th October 2019 i) to request the Minister of Finance to consider the recommendations at the time of preparation of budget for the year 2020 and ii) to grant approval to present the recommendations in Parliament in terms of Article 154 R (7) of the Constitutions, notifying Parliament that action will be taken to give to such recommendations, subject to the decision (i) above.

In general, the Finance Commission informs the apportionment and budget allocation to the Provincial Councils once the budget is approved by Parliament. However, in place of the normal budget a Vote on Account was passed by Parliament on 23rd October 2019 along with the recommended grants for the year 2020 and the allocated amounts under the Vote on Account for their information and necessary action.

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

The Finance Commission has recommended new supplementary budget allocations of Rs. 10 254 million to the Provincial Councils under the recurrent expenditure during the year, in addition to the initial supplementary budget allocation of Rs. 3 770 million. Accordingly, the total recommendation for supplementary budget allocations on recurrent expenditure was Rs. 14 024 million for the year 2019.

A request for supplementary budget allocations Rs. 176.4 million under the block grant was received from the North Central Provincial Council in the fourth quarter 2019. However, it was not considered by the Finance Commission as it has been included in the initial recommendations for the year 2019.

3. Review of Cadre of Provincial Councils

The assessments of cadre for the Provincial Councils are carried out jointly by the Department of Management Services (DMS) in collaboration with the National Salaries and Cadre Commission (NSCC) and the Finance Commission (FC). In this process, the Finance Commission participated in four meetings organized by the National Salaries and Cadre Commission during the period of fourth quarter and reviewed and assessed the cadre requirements of institutions under Provincial Councils.

4. The Annual Report of the Finance Commission 2018 and 2019

A comprehensive Annual Report of the Finance Commission for the year 2018 prepared and completed in three languages and electronic version of this report will be available in the official web site. At the same time the process for preparation of Annual Report of the Finance Commission for the year 2019 has been commenced. It is in progress and expected to publish by April 2020.

5. Performance Report 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 April 2019 to 30th of June 2019 (2nd Quarter) was submitted to Parliament on 28th October 2019 on receipt of the approval from the Constitutional Council. The 3rd Quarter Performance Report of the Finance Commission has already been submitted to the Constitutional Council on 27th September 2019 and it is expected to be submitted in Parliament shortly.

6. Finance Commission Database and MIS

The software developer for MIS of the recurrent expenditure “Theekshana” has submitted the final version of the Software Programme with the source code and the User Manual to the Finance Commission. Since some modifications are required to be carried out in user manual, the developer was asked to correct and re-submit. “Theekshana” and the Finance Commission staff jointly conducted few meetings to confirm compatibilities in the system with the original requirement of the Finance Commission.

In consultation with The Asia Foundation, the Finance Commission proposed for a six month maintenance agreement with “Theekshana” without any additional cost to carry out rectifications and necessary modifications. It was under consideration and signed in January 2020.

7. Finance Commission Bill

As agreed at the discussion with the Attorney General’s Department on the 11th September 2019, the revised draft of the Finance Commission Bill was submitted to the Legal Draftsman’s Department on 03rd October 2019.

The Sub-committee of the Finance Commission was of the view that adequate powers to the Commission to perform its Constitutional mandate to be included in the draft. The draft was amended at the Sub-Committee meeting of the Finance Commission held on 04th November 2019, incorporating some key provisions to the Draft Bill and sent the same to the Legal Draftsman’s Department on 05th November 2019. The main parts which are included in the Draft Bill are as follows;

- Part I : Powers of the Commission
- Part II : Finance
- Part III: Staff of the Commission
- Part IV: Conduct and Proceedings of the Commission
- Part V : General

8. Discussion on Provincial Budget 2020

A meeting was conducted by the Finance Commission with the participation of Chief Secretaries, Deputy Chief Secretaries of Planning and Deputy Chief Secretaries of Finance from all Provincial Councils to discuss on Provincial Budget for the year 2020. The Chairman along with two Commission Members, Secretary and senior staff of the Finance Commission also participated at this meeting.

The following major subjects were discussed at this meeting.

1. As Vote on Account has been approved and not passed the National Annual Budget as usual, consideration of recommended amounts in preparation of Annual Budget by Provincial Council for the year 2020.
2. Settlement of bills in hand of the year 2019 and 2020, using the allocation under the Vote on Account to the Provincial Councils.

9. Discussions with Officials of the General Treasury on Vote on Account 2020

A discussion on Vote on Account for the year 2020 was held at the Finance Commission with the participation of the Deputy Secretary to the General Treasury and senior officials of National Budget Department and the National Planning Department on 26th November 2019.

The discussions were focused on areas; allocating adequate funds to the Provincial Councils, the allocation under Vote on Account, settlement of bills in hand of 2019 and preparing the Provincial Annual Development Plan 2020.

10. Work Study

The consultant provided by the Asia Foundation continued the work study exercise. Now he is in preparation of Final Report of the Work Study and which is expected to be received by end of January 2020.

11. Audit and Management Committee Meeting

The meeting of the Audit and Management Committee of the Finance Commission for the fourth quarter was held on the 30th December 2019.

12. Preparation of Highlights of Provincial Audit Reports

The Finance Commission received the Audit Reports in respect of the Financial Year 2018 from the National Audit Office for Southern, Uva, Sabaragamuwa and Eastern Provincial Councils in fourth quarter 2019. The reports were reviewed and the highlights of the audit findings were tabled at the Commission meetings and the observations of the Commission were referred to the Provincial Governors, Chief Secretaries respectively and to the Ministry of Internal & Home Affairs and Provincial Councils & Local Government for follow up actions.

13. Human Resources Development

13.1 Capacity Building of the Staff

The following guest lecturers made presentations specialised topics for the staff of the Finance Commission during the fourth quarter 2019.

Name	Topics	Date
Dr. Bart Klem	Devolution and Provincial Councils	31 Oct. 2019
Mrs. Louise Moreira Daniels	Citizen Budget	22 Nov. 2019
Mr. Thulsi Aluvihare	Colombo Port City Project and its Implications on the Economy of Sri Lanka	27 Nov. 2019
Mr. A. G.K. M. U. Gamakumara	Psychoactive Environment	04 Dec. 2019

13.2 Human Resource Development of the Staff

The following officers have participated training programmes during this period

- **Local Trainings**

Name	Topic	Duration
Mrs. S. N. Sanjeevani	Performance Appraisal & Setting KPI's	25 Nov. 2019
Mrs. Thiloka Abeysekara	Procurement Guideline Planning and Regulations	27-29 Nov. 2019
34 No. of Officers	Training on Computer Application in Statistics	09-20 Dec. 2019
Mr. S. R. Idampitiya Ms. Nadeeka Damayanthi	Discipline Procedure	18-20 Dec. 2019

- **Foreign Trainings**

Name	Topic	Date/s
Mr. S. M. R. S. Bandara	2019 Ministerial Workshop on Development Financing and International Poverty Alleviation for Developing Countries - China	15-24 Oct. 2019

14. Recruitment and Transfers

The following officers joined the Finance Commission during the fourth quarter 2019

Name	Position	Joined Date
Mr. S. P. P. Wijesinghe	Assistant Director	12 Dec. 2019
Mr. K. P. D. Nandana	Driver	16 Dec. 2019

15. Staff Studies

In the task of fulfilling the mandatory duties, the Finance Commission continuously carries out staff studies/research work. During the quarter the following studies were conducted.

Subject of the Study	Responsible Officer
Study on Allocation of Adequate Funds from Annual Budget to meet the Needs of the Provinces	Mr. V.Mahendrarajah – Director (Research)
Study on Financial Distribution of Budgetary Allocations among Provinces by the Line Ministries	Mr. S. M. R. S. Bandara – Director (Planning)
Study on Relationship on Geographic Development Planning & Poverty	Mrs. Nimali Rathnayake – Statistical Officer

16. Facilitating to Colombo Municipal Council in Preparing Effective Annual Development Plan

On request of Western Provincial Council, a meeting was held at Finance Commission with the participation of the Secretary and Senior Officials of Finance Commission and Deputy Chief Secretary-Planning of Western Provincial Council and Municipal Commissioner and Heads of Divisions of CMC and discussed on preparation of effective and structured Annual Development Plan for CMC.

A one day workshop was arranged by Municipal Commissioner at his office and with the participation of relevant officials of CMC. Director (PRP), Director (PDP) and Asst. Director (RNA & CR) facilitated for this workshop as resource persons. A structured outline for Annual Development Plan with Component and Sub-component for all relevant sectors under purview of CMC was developed at this workshop.

17. Participation of Seminars and Meetings

The Chairman, the Secretary and few Senior Staff of the Finance Commission attended the following meetings/workshops.

- **Workshop on Components and Sub Components for Early Childhood Development Sector**

A workshop was arranged by the Finance Commission on 4th December 2019 with the participation of the Directors of Line Ministry of Education, Provincial heads of the Early Childhood Development (ECD) Sector to discuss and determine the Component and Sub Component for of the Early Childhood Development Sector. An improved version of Component and Sub Component for ECD Sector were developed for incorporation in the FC Guidelines for Preparation and implementation of Annual Development Plans and implementation.

- **Seminars and Meetings Attended**

- Mojo / A journey of self discovery inauguration - Chairman
- ART of Leading the shift “Adoptability Resilience and Transformation” - Chairman
- Workshop on Launching of Eastern Province Citizen Budget - Chairman, Secretary
- Meeting on Local Development Enhancement Sector Project - Secretary
- Workshop on Research Symposium - Secretary
- National Learning Forum on Inclusive Budgeting - Secretary
- Requesting Funds for Bills in Hand of Provincial Councils - Secretary
- Book Launch & National Seminar on Devolution - Secretary
- Ministerial Workshop on Development Financing and International Poverty Alleviation - Director(PDP)
- Provincial Budgeting 2020 - Director(PDP)
- Workshop on Gender Responsive Budgeting - 2 Directors, Asst. Director and 2 AROs
- Training on Basic Statistics & Advanced Excel - Directors, Asst Directors AROs, DOs & Graduate Trainees
- Discussion on Southern Province Ministries/ Departments Cadre - Director, AD and ARO (RNA&CR)

- Request on Recruitment of Management Assistance for Western Province – AD and ARO (RNA&CR)

18. Finance Commission Meetings

- Commission meetings were held on the following dates during the quarter.
 - 01.10.2019
 - 11.11.2019
 - 10.12.2019
- The Sub Committee of the Commission met regularly before each Commission Meeting and other special discussions.
- Co-group meetings were conducted on a weekly basis.
- Staff Meetings were held on 13th November 2019 and 24th December 2019.

19. Important Decisions taken at the Commission Meetings

- FC Recommendations 2020
- Development of Norms for the Provincial budgeting purpose
- The information on financial situation of selected municipalities in the Colombo District
- Criticisms in paper articles against the Provincial Councils system
- Effect on the Provincial finance due to abolitions of Nation Building tax
- Interim report on Work Study
- Evaluation of Independent Commission in their first three years: information gathering instrument

20. Important Decisions taken at the Core-group Meetings

- HR needs assessment for year 2020
- Rational Indicators presentation on evaluation sectors
- Finance Commission Bill
- Article on inter relationship between geography, poverty, development and planning
- Provincial capital expenditure vs. Recurrent expenditure
- Energy Audit
- Preparation of Annual Development Plan guideline 2020

21. Sector Studies and Presentation

The Finance Commission makes apportionment of funds under the government grant among the Provincial Councils and the financing arrangements for Provincial Annual Development Plan incorporating the programme of 23 sectors come under the purview of Provincial Councils. The Finance Commission carry out studies on potentials, status, performance and investment of each sector.

Assistant Research Officers Development Officers and Graduate Trainees in Finance Commission were assigned specific sectors to carry out studies and make presentation with the findings. The main objective of this practice is to enhance the skill and capacity of the staff in the Finance Commission on the relevant sectors and make use of this for decisions and directions of the Commission. Accordingly, presentations were made by the respective officers during the fourth quarter and the information and findings were useful and recognized for adopting in preparation of sector guidelines and recommendations.

22. Rationalization of Committees

With a view to streamlining the activities of the Commission and making the staff, especially the technical category more effective, the Commission decided that action should be taken with immediate effect to rationalise the committees in relation administrative and financial functions of the Commission.

23. Productivity Improvement

The Commission noted importance of improving its efficiency and image. Accordingly it was decided that this aspect should be properly studied by all the directors taking into account the potential for automation of the Commission's activities. The work in this regard is in progress.