Annual Performance Report - 2022

of the

Finance Commission

Expenditure Head No. 011

Finance Commission
No.03, Sarana Mawatha, Rajagiriya

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Chapter - 01: Institutional Profile/Executive Summary

1.1. Introduction

Background

Along with the establishment of the Provincial Councils by the 13th Amendment to the Constitution of the Democratic Socialist Republic of Sri Lanka which was promulgated in 1987, the Finance Commission was also brought into being to support the functioning of the Provincial Councils. In line with Articles 154A- 154Q of the Constitution relating to the establishment of the Provincial Councils, the Provincial Councils Act No. 42 of 1987 was enacted to create a broader governance framework for proper functioning of those entities.

Provincial Councils are responsible for service delivery pertaining to devolved subjects referred to in the List I of the Ninth Schedule to the Constitution as well as shared responsibilities on subjects referred to in List III (Concurrent List) of the same Schedule. Since their own revenue is now very meager, the largest chunk of resources needed for the service delivery of Provincial Councils are met from the funds allocated by the National Budget based on the recommendations of the Finance Commission.

Mandate of the Finance Commission

Article 154 R of the Constitution of the Democratic Socialist Republic of Sri Lanka provides the provisions for the establishment of the Finance Commission and spells out its functions. The mandate of the Finance Commission as specified in Articles 154 R (3), (4) and (5) of the Constitution is as follows.

> **Article 154 R (3)** The Government shall, on the recommendation of, and in consultation with, the Commission, allocate from the Annual Budget, such funds as are adequate for the purpose of meeting the needs of the Provinces.
>
> **Article 154 R (4)** It shall be the duty of the Commission to make recommendations to the President as to;
>
> a) the principles on which such funds are granted, annually by the Government for the use of Provinces should be apportioned between the various Provinces; and
>
> b) any other matter referred to the Commission by the President relating to Provincial finance.
>
> **Article 154 R (5)** The Commission shall formulate such principles with the objective of achieving balanced regional development in the country, and shall accordingly take into account-
>
> a) the population of each Province;
>
> b) the per capita income of each Province;
>
> c) the need, progressively, to reduce social and economic disparities; and
>
> d) the need, progressively, to reduce the differences between the per capita income of each Province and the highest per capita income among the Provinces.

The Recommendations are made by the Finance Commission adhering to the Constitutional requirements. Upon the receipt of the Recommendations of the Finance Commission, the Hon. President submits those to the Cabinet of Ministers seeking approval to table the same in Parliament. Thereafter, as required under Article 154 R (7) of the Constitution the Hon. President causes those Recommendations to be laid before Parliament.

Members of the Finance Commission were as follows during the period of from 1st of January to 31st of December 2022.

I.	Mr. Sumith Abeysinghe	- Chairman
II.	Dr. P. Nandalal Weerasinghe	- Ex officio Member and Governor of the Central Bank of Sri Lanka
III.	Mr. K.M. Mahinda Siriwardane	- Ex officio Member and Secretary to the Ministry of Finance
IV.	Mr. Sinnathamby Samithamby	- Member
V.	Mr. Razik Zarook, PC	- Member

1.2. Vision, Mission, Objectives of the Institution

The Finance Commission has formulated its Strategic Plan and updated it for the period from 2021 to 2024 and the Vision, Mission, Thrust Areas and Objectives have been recognised and defined clearly in the Strategic Plan.

Vision:

A prosperous Sri Lanka with balanced regional development

Mission:

Assess the needs and make recommendations with the principles on apportionment of funds for Provinces to achieve balanced regional development in the country

Objectives of the Commission

- To make recommendation to provide adequate funds available from the General Treasury for the purpose of meeting the needs of the Provinces
- To make recommendations for fair distribution of financial resources among the Provinces aiming balanced regional development
- To fulfill the mandate given to the Commission by the Constitution

1.3. Key Functions

In terms of the Constitutional mandate, the key function of the Finance Commission is to make recommendations to the Government on allocation of adequate funds from the annual national budget to meet the needs of the Provinces and to recommend the principles to the Hon. President as to how such funds should be apportioned between the nine Provinces, with the objective of achieving balanced regional development in the country.

In this process, the Finance Commission;

I. provides Guidelines to the Provincial Councils on the preparation and submission of their needs of resources annually.
II. assesses the capital and recurrent needs of the Provincial Councils on a rational basis after detailed discussions with Provincial Authorities.
III. makes recommendations for allocation of capital and recurrent funds required by the Provincial Councils from the National Budget and the apportionment of such funds between the Provinces.
IV. issues Guidelines to the Provincial Councils on Preparation of annual provincial development plans for the funds allocated by the National Budget.
V. assists the Provincial Councils in formulating their Annual Development Plans to ensure the efficiency and effectiveness of use of funds.

1.4. Main Divisions of the Institution

1.4.1 The Finance Commission has been structured with the following functional and supportive divisions according to the mandatory functions of the Commission and for its operations.

- Provincial Development Planning Division
- Recurrent Needs and Cadre Assessment Division
- Policy, Studies and Reporting Division
- Provincial Revenue Division
- Administration Division
- Accounts Division
- Internal Audit Division

1.4.2. Functions of the Divisions in Finance Commission

The specific functions performed by each division of the Finance Commission are given below.

a. Provincial Development Planning Division

1. Assessment of Provincial capital needs for the inclusion in the recommendations of the Finance Commission
2. Issuing guidelines for preparation of Provincial Annual Development Plans
3. Review the Provincial Annual Development Plans and granting concurrence for implementation

b. Provincial Recurrent Needs & Cadre Assessment Division

1. Assessment of recurrent needs of individual Provincial Councils, Local Government Institutions and Provincial Authorities and apportionment of grants among provinces
2. Recommendation of supplementary allocations as and when requirement of Provinces.
3. Liaison with Department of Management Services (DMS) and National Pay Commission in determining Provincial cadre

c. Policy, Studies and Reporting Division

1. Carrying out the studies and identifying the fund allocation and apportionment principles
2. Assisting the Chairman and the members of the Commission in the formulation of recommendation to the Hon. President
3. Preparation and submission of Annual Performance Reports of the Finance Commission to Parliament

d. **Provincial Revenue Division**

1. Assessment of provincial revenue and setting revenue targets
2. Studies of local government revenue
3. Submission of provincial revenue information to stakeholders

e. Administration Division

1. Attending to administrative matters of the Finance Commission
2. Leave, insurance, over time & other payments, transport, personal file matters and maintenance of assets.
3. Training and Human Resource Development

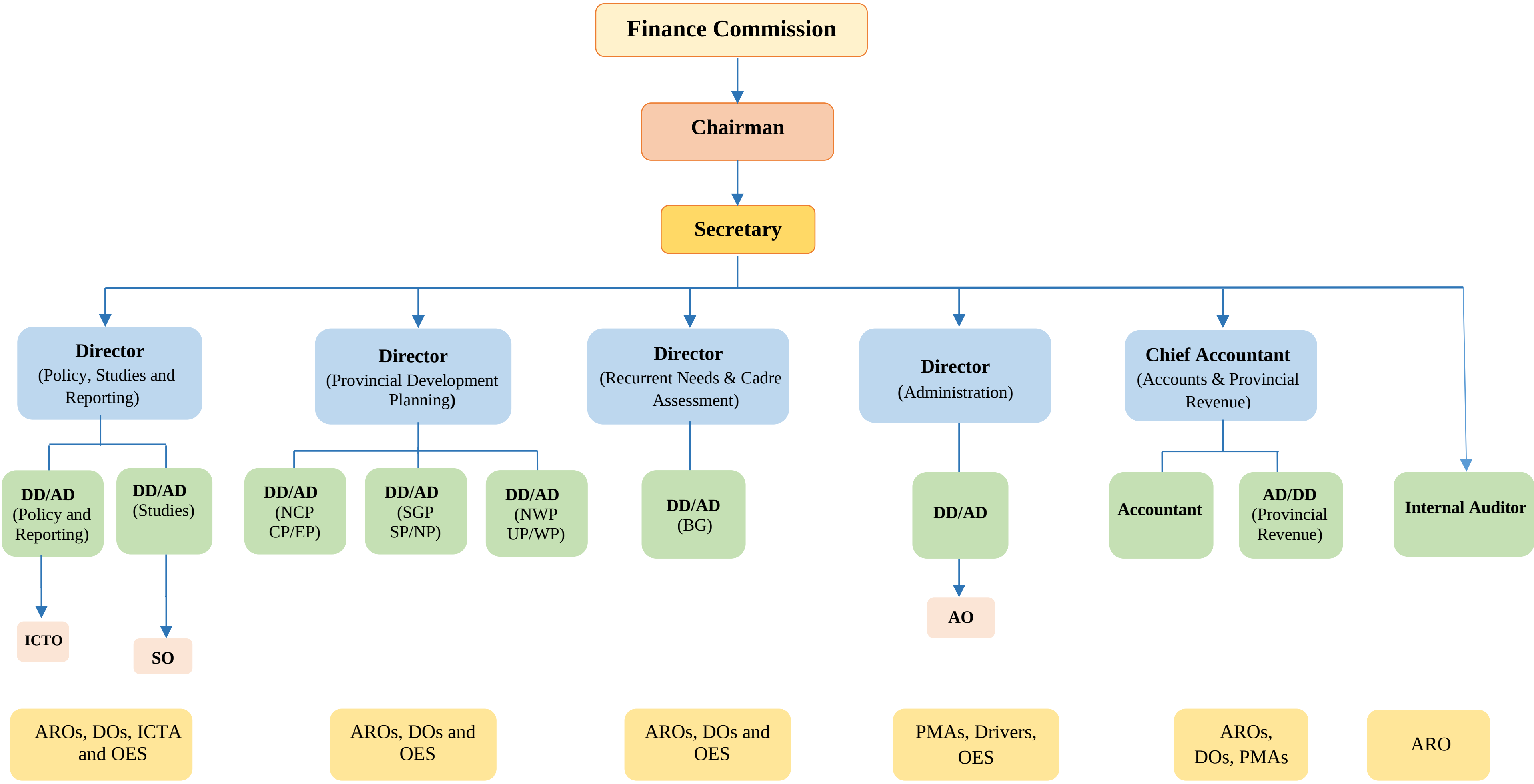
f. Accounts Division

1. Reporting & preparation of Financial Statements
2. Financial Control and maintain information
3. Implement and coordinate procurement activities (goods, works and services)

g. Internal Audit Division

1. Preparation of the annual internal audit plan
2. Evaluation of the internal control system for the managing the resources efficiently and effectively in order to achieve the expected objectives of the Finance Commission and providing guidelines for the enhancement of the efficiency of such control systems
3. Assessing the compliance of functional and operational activities of the Commission with respect to policies, procedures, circulars and regulations etc. and making recommendations for corrections and improvements.

1.5. Organizational Chart



DD/AD - Deputy Director/Assistant Director
AO - Administrative Officer
ICTO - Information Technology & Communication Officer
SO - Statistical Officer

ARO - Assistant Research Officer
DO - Development Officer
PMAS - Public Management Assistant Service
OES - Office Employee Service

1.6. Institutions/Funds coming under the Finance Commission

No institution/fund comes under the Finance Commission. It is one of the independent Commissions listed under Article 41 of the Constitution.

1.7. Details of the Foreign Funded Projects (if any):

No foreign funded project is implemented under the Finance Commission

a) Name of the Project
b) Donor Agency
c) Estimated Cost of the Project – Rs. Mn.
d) Project Duration

Not Applicable

Chapter - 02: Progress and the Future Outlook

2.1 Progress

The Finance Commission performed the following major activities successfully during the year 2022 in line with the mandatory functions within the timeframe of the Action Plan-2022.

2.1.1 Matters pertaining to the Commission Meetings

Dates and matters discussed/ decisions taken at the Commission Meetings held in 2022 are shown in the following table.

Date	Matters discussed	Decision taken and remarks
28.01.2022	Guidelines for the Assessment of Annual Provincial Capital Needs -2023	The Commission granted the approval to the Guidelines
	Guidelines for the Assessment of Annual Provincial Recurrent Needs – 2023	The Commission granted the approval to the Guidelines
	Bills in hand of the Provincial Councils (PSDG and CBG) - 2021	The Commission decided to send the information on bills in hand as at 31st of Dec. 2021 to the General Treasury for consideration of additional allocations. And also it was decided to inform the Provincial Councils to give the priority to settle the bills in hand with the imprest receive.
09.06.2022	Reviewing Provincial Annual Development Plans -2022 for granting concurrence	The Commission appreciated the exercise of preparing well-structured ADPs of the Provincial Councils and the process of receiving ADPs
	Supplementary Allocation of Provincial Recurrent Needs for the year 2022	The Commission approved the recommended supplementary allocations for the Provincial Councils up to the date for the year 2022
	Recommended financial provisions for the Provincial Councils -2022	The Commission agreed with the recommendation made to the Treasury to refrain from deducting the limited allocation provided to the Provincial Councils under PSDG, CBG and BG in the National Budget 2022 in the event of making downward revisions to the National Budget for the year 2022
	Need assessment process of the Provincial Councils	A comprehensive note on the Process of Provincial Capital and Recurrent Need Assessment was submitted for the information of the Commission.
04.08.2022	Recommendation of Provincial Recurrent and Capital Needs for the year 2023	The Commission agreed to submit these recommended amounts to the Treasury with some minor amendments in respect of maintenance expenditure based on the request made by some Provincial Councils.
	Information of government schools by the size of student population	This information was submitted to the Commission for its perusal.

15.11.2022	Provision of funds to the Provincial Councils for the year 2023	The Commission approved the figures of each Province
	Supplementary allocation of provincial recurrent needs for the year 2022	The Commission granted the approval for the supplementary allocations
19.12.2022	Guidelines for • Preparation of Annual Development Plan-2023 • Preparation and implementation of Maintenance Plan-2023 • School Nutrition Programme-2023	The Commission decided to send the guidelines to Chief Secretaries for necessary action.

2.1.2. Matters Pertaining to the Capital Budget

i. Issuing Guidelines on Provincial Capital Need Assessment

The Finance Commission under its Constitutional mandate assesses the financial needs of the Provincial Councils annually in order to make recommendations to the Hon. President. Accordingly, Guidelines were prepared and sent to the Provincial Councils on 28th January 2022 for Capital Need Assessments for the year 2023.

ii. Reviewing Provincial Annual Development Plans - 2022

In line with the guidelines of the Finance Commission, Annual Development Plans (ADPs) of year 2022 of all nine Provinces were submitted by the Provincial Councils for concurrence of the Finance Commission. The ADPs were studied by the Commission and subsequently, review meetings were held on scheduled dates through Zoom technology with all nine Provincial Councils. The Chairman, some members of the Finance Commission, the Secretary along with other relevant officers of the Finance Commission, relevant officers of the Department of National Planning and Department of National Budget, Chief Secretaries, Secretaries to the Provincial Ministries, Heads of Provincial Departments along with relevant responsible officers and Hon. Governor of the North Central Province also participated in the review meetings. Consequently, the concurrence was granted in principle in respect of Broad Activity Areas of the ADPs for the year 2022 subject to amendments to the ADPs mutually agreed upon with the Provincial Authorities (which was conveyed in writing).

The schedule of annual review meetings conducted is shown below.

Dates on which the meeting held	Province
04.03.2022	Central
07.03.2022	Southern
07.03.2022	Western
08.03.2022	Eastern
09.03.2022	Uva
14.03.2022	Northern
15.03.2022	Sabaragamuwa
16.03.2022	North Western
21.03.2022	North Central

iii. Assessment of Provincial Capital Needs submitted by the Provincial Councils for the year 2023

Capital Needs Assessment of the Provincial Councils for the ensuing year is a prerequisite of the preparation of Recommendations to the Hon. President. Hence, the financial needs received as per the Guidelines issued by the Finance Commission were reviewed paying due attention on possible duplications of projects.

iv. Informing the allocated Capital Grants to the Provincial Councils for the year 2023

Pursuant to the Parliament’s approval of the appropriation bill for the year 2023, the Provincial Councils were informed the allocated capital grants for the year 2023 (PSDG - Rs. 16.9 bn, CBG - Rs. 3 bn and Foreign Assisted Projects - Rs. 17.1 bn) under the National Budget.

v. Guidelines for the preparation of the Annual Development Plans (ADP) - 2023

The Guidelines for the preparation of the Annual Development Plans (ADPs) for the year 2023 with relevant formats were prepared and sent to nine Provincial Councils on 21st December 2022. These Guidelines will assist in the preparation of ADP for the utilization of funds allocated for the year 2023. ADPs are to be prepared in line with the Medium–Term Development Plans prepared by the Provincial Councils under the National Policy Framework and development priorities of Provinces.

vi. Guidelines for the preparation of the Maintenance Activity Plan - 2023

Providing separate allocation of Rs. 9 billion for Maintenance Activities of Provincial Councils from the National Budget was first introduced in the year 2022 and it was continued with an allocation of Rs. 15 billion to the year 2023. Guidelines were prepared and sent by the Finance Commission to the Provincial Councils for preparation and implementation of the Maintenance Activity Plan for the year 2023. Maintenance of assets directly links with the development of the province, and this allocation is to be used for maintenance activities which are directly beneficial to the public especially in view of the constraints in the Capital Grants.

2.1.3. Matters Pertaining to the Recurrent Budget

The recurrent needs of the Provinces are assessed basically on the requests made by the Provincial Councils. The progress of the main activities carried out by the Provincial Recurrent Needs and Cadre Assessment Division in year 2022 are as follows.

i. Issued the Recurrent Budget Guidelines for the year 2023

The process commenced with the issuance of Guidelines on Recurrent Needs Assessment to the Provincial Councils on 28 January 2022.

These guidelines were issued in accordance with the 13th Amendments to the Constitution and the provisions of the Provincial Councils Act, No.42 of 1987. These guidelines are mainly based on assessing the Personal Emoluments, Other Recurrent Expenditure, Transfer of Local Authorities, and in estimating Revenue Estimates of the Provinces. Further to that, a set of relevant formats were also sent which should be filled by the Provincial Councils, in presenting their request for grants.

ii. Assessment of Provincial Recurrent Needs for 2023

According to the calendar annexed to the guidelines, Provincial Councils sent their requirements in duly completed formats to the Finance Commission. Consequently, Provincial Recurrent Needs for the Year 2023 were assessed in consultation with provincial authorities. For this purpose, several meetings with provincial officers including Chief Secretaries, Deputy Chief Secretaries, Secretaries of the Provincial Ministries and Directors of Budget were held. The officials representing the Department of National Budget, Department of Management Services and Department of National Planning also participated in the meetings (Due to the pandemic situation all the meetings with Provinces were conducted through the Zoom technology).

The schedule of Annual Budget Discussions conducted on Recurrent Needs is shown below,

Dates on which discussions held	Province
16.06.2022	Western
17.06.2022	Southern
20.06.2022	Eastern
21.06.2022	Central
22.06.2022	Uva
23.06.2022	Sabaragamuwa
28.06.2022	Northern
29.06.2022	North Central
30.06.2022	North Western

iii. Informing Recommendations on Recurrent Needs of the Provinces to the General Treasury

After having discussions with Provincial Authorities, the Provincial Recurrent Needs were finalized and obtained the approval of the Finance Commission before sending to the General Treasury in order to prepare the National Budget 2023. The Recommended Financial Provisions for Provincial Councils were informed to the Treasury on 10.08.2022. as Rs. 450,123 Mn (including Revenue Transfer, contingency fund & request for Advance B account.).

iv. Informing the Allocated amounts to the Provinces

Pursuant to the approval of the Appropriation Bill for the year 2023, the Finance Commission informed the Provincial Councils the provincial amounts of Recurrent Budget on 22.11.2022. The Total Allocated Recurrent amount was Rs. 410, 297 Mn for the year 2023 under the National Budget.

v. Supplementary Recommendations for year 2022

Request made by the Provincial Councils for supplementary allocations arisen mainly due to the attachment of cadre by the Line Ministries and new recruitments after the budget allocation were recommended to the General Treasury based on the provincial requests. The recommended amounts are as follows.

(Rs. '000)

Date	Supplementary Recommendation for filling vacancies	Supplementary Recommendation for Line Ministry Attachment	New Recommendation	Total Recommendation
2022.03.19		51,319		51,319
2022.05.18		112,156	24,737,640	24,849,796
2022.11.14	340	661,927		662,267
2022.11.22			2,784,289	2,784,289
Total	**340**	**825,402**	**27,521,929**	**28,347,671**

vi. Assessment of Provincial Revenue for 2023

The form E issued with the Recurrent Guidelines for the year 2023 was completed by the Provincial Councils and submitted to the Finance Commission. Then the provincial revenue targets presented by the PCs were analyzed and revenue targets were assessed by the FC for 2023.

To assess Provincial Recurrent Needs for the year 2023, annual budget discussion meetings with provincial officers including Chief Secretaries, Deputy Chief Secretaries, Secretaries of the Provincial Ministries and Director of Budget were held. Provincial revenue targets submitted by the Provincial Councils were reviewed and finalized at these meetings. The Finance Commission assessed the provincial revenue for 2023 based on agreed provincial revenue targets and government revenue transfers estimated by the Department of Fiscal Policy.

Block Grant for each Provincial Council for the upcoming year is calculated by deducting the provincial revenue from the recurrent need of the Province.

2.1.4. Submission of the Annual Performance Report - 2021 to Parliament

Annual Performance Report of the Finance Commission for the year 2021 was submitted on 16th of June 2022 to Parliament through the Presidential Secretariat and the Prime Minister Office as per the format introduced by the Department of Public Finance. This report includes an overview of the Organization, overall performance of the organization with respect to its key functions, financial progress and the compliance report.

2.1.5. Matters pertaining to the Recommendations Submitted to the Hon. President

i. Making Annual Recommendations of the Commission to the Hon. President for the year 2023

In terms of Article 154R of the Constitution, the Finance Commission made its recommendations which are to be submitted to the Hon. President on allocation of funds from the Annual National Budget to meet the needs of the Provinces and apportionment of such funds among nine Provinces with the objective of achieving balanced regional development in the country. Accordingly, after much deliberation, the recommendations for the financial year 2023 were prepared in three languages and submitted to the Hon. President on 07th of October 2022.

In the backdrop of the unprecedented fiscal crisis faced by the Government, the Finance Commission also has put forward certain proposals for improving the efficiency of resource allocation and utilization at provincial levels in its recommendations. Since the Commission observed that the bulk of the recommendations made by the Commission in the past, even those ones which could be implemented without incurring an additional expenditure had not been implemented, some of salient recommendations previously made were also reiterated in that report. Further, the capital and recurrent funds required for the year 2023 and apportionment of such funds between the provinces are included in this report.

A summary of the proposals made by the Finance Commission in its Recommendation for the year 2023 which was submitted to the Hon. President are given below.

01st Proposal

The first proposal is on providing more resources to the Provincial Councils within the existing resource envelop. The Finance Commission has requested the authorities to refrain from providing allocations to the Line Ministries for devolved subjects (stipulated in the List 1 of the 9th Schedule to the Constitution) and to allocate those resources to the Provincial Councils. This fact had been stated in the report submitted by the Commission in the last year too, highlighting the inappropriateness of allocating funds for the Line Ministries on the devolved subjects since the Line Ministries in many instances do not have their own mechanism to implement such projects/activities at the Provincial level whereas the Provincial Councils have a comprehensive governance framework which has been evolved over the years.

02nd Proposal

It has been proposed to establish a powerful independent entity to be in charged with overall resource allocation and prioritization of projects in order to avoid duplication and overlapping of activities and also to ensure that funds are diverted to the most deserving areas/sectors, with the view of achieving expected balanced regional development which was emphatically mentioned in Article 154R (5) of the Constitution.

03rd Proposal

The Finance Commission stated that the undertaking of the cadre review proposed in the revised Budget for this year is a long overdue. In order to restructure the entire public service including the Provincial Public Service, the Commission strongly recommended that the proposed cadre review should be a comprehensive one covering entire spectrum of the public service instead of focusing on primary grades of public service.

04th Proposal

The Finance Commission appreciated the timely decision taken by the Government to restrict the setting up of project offices for implementation of donor funded projects. The Commission observed that it is essential to convince the donor agencies on the availability of Provincial administrative structure which could be used in implementing projects. The Finance Commission proposed that a firm policy decision be taken by the Government in this regard so that the Department of External Resources can convince the donor agencies of the availability of implementation mechanism at Provincial Level, when negotiating for assistance for various projects.

05th Proposal

In the previous year, it was proposed by the Finance Commission that the Provincial Councils be made Special Spending Agencies in the Appropriation Act and thereby the Chief Secretaries be designated as Chief Accounting Officers. The Commission has re-iterated the importance of implementing this proposal in this year’ s recommendations too.

06th Proposal

The 06th Proposal highlights the need to revisit the policy of locating new hospitals and health care institutions and expanding the similar existing institutions to suit the present context. It is observed that this is a timely need.

07th Proposal

In the event of the Government is continuing the present practice of setting off the Provincial Revenue against the government grants the Commission proposed that setting off the revenue against Capital allocations is more appropriate than setting off it against the recurrent expenditure of the Provinces. As an alternative, the Commission has recommended that the Provincial Councils be allowed to utilize 40% of their revenue to meet the huge gap in the Advance Account "B".

08th Proposal

The Commission has stated in this proposal that the most effective way of avoiding duplication of activities between the Provincial Councils and the Line Ministries is to refrain from including the devolved subjects under the purview of Line Ministries in the order issued under Article 44 (1) of the Constitution.

09th, 10th and 11th Proposals

Proposals nos. 9,10 and 11 are on the importance of having constant dialogue between the Line Ministries and the Provincial Councils in order to utilize capital allocations more efficiently and effectively.

12th Proposal

The 12th Proposal which was on the Provincial revenue, contains two components.

- Expanding the revenue sources devolved to the Provincial Councils and relaxation of limitations imposed by Parliament on those sources to be considered at the future Constitutional amendments
- the necessity of revising rates of the revenue imposed under various Parliamentary legislations and collected by the Provincial Councils in keeping with changing situations. This has to be done by revising those rates by the respective Ministers of the Cabinet under the provisions of relevant legislations.

ii. Submission of the Recommendations – 2023 to Parliament

A Cabinet Memorandum on Recommendations-2023 of the Finance Commission was submitted to the Cabinet of Ministers by the Hon. President on 25th October 2022 seeking the approval for implementation of recommendation and to table those in Parliament. The approval of Cabinet of Ministers to table the same in Parliament was granted on 31st of October 2022. Accordingly, the recommendations were tabled in Parliament on 23rd of November 2022.

2.1.6 Conducting quarterly Audit and Management Committee Meeting

As per the terms of Circular No. 01/2019 and dated 12/01/2019 of the Management Audit Department, four audit and management committee meetings have been held for each quarter of 2022 on the following dates.

- First quarter - 23.03.2022
- Second quarter - 29.06.2022
- Third quarter - 28.09.2022
- Fourth quarter - 30.12.2022

2.2 Noteworthy Events

i. The Recommendation of the Finance Commission for the year 2023 was submitted to the Hon. President and it was approved by the Cabinet of Ministers and tabled in Parliament.

ii. The Annual Action Plan of the Finance Commission was developed and implemented successfully in line with the Strategic Plan (2021-2024) of the Finance Commission for the accomplishment of necessary tasks.

iii. Guidelines for the School Nutritional Food Programme – 2023

Budgetary allocation of Rs. 16.6 billion was made to the nine Provincial Councils for the School Nutritional Food Programme -2023. Accordingly, a meeting was arranged on 15th December 2022 with the participation of the officers from the Presidential Secretariat, Prime Minister's Office, Ministry of Education, Ministry of Health, Department of National Budget, and Department of National Planning to discuss on efficient and effective implementation of the programme. Based on the information shared at that meeting and suggestions of the participants, a set of Guidelines was prepared and sent to the PCs on 21st December 2022 for the efficient implementation of the School Nutritional Food Programme – 2023 as agreed at the meeting.

iv. Progress Review Meetings on Maintenance Activity Plan – 2022

For the year 2022, Rs. 9 billion was allocated by the National Budget for maintenance activities of Provincial Councils. Accordingly, a series of meetings were held with Provincial Councils from 31st August to 06th October 2022 with the participation of the Departments of National Budget, and National Planning to review progress of the Maintenance Activity Plan – 2022.

v. Involvement of the Finance Commission in certain reform initiatives

a) Quite parallel to the recommendation no.2 of the Commission which was submitted to the Hon. President on 07th October 2022, the Sub Committee of the National Council on Identifying the Priorities in Formulation of Short, Medium & Long Term National Policies has initiated preliminary work of setting up of a high powered national entity for policy planning. The Chairman of the Finance Commission together with the Secretary actively involved in the drafting of the Terms of Reference of the proposed entity and the relevant concept paper taken place on;
   - 14/12/2022 at Presidential Secretariat
   - 13/01/2023 at Temple Trees
   - 07/02/2023 at Committee Room No. 02 of Parliament

b) The Chairman participated in the discussions held at Sri Lanka Institute of Development Administration on the proposed "schools of Governance" in November 2022.

2.3 Challenges and Future Outlook

Sri Lanka has currently faced a challenge of achieving a sustained accelerated economic development in the course of next few years to overcome the existing financial crisis. A long-term strategic plan which utilizes the available limited resources optimally for a consistent growth in the economy is required to attain the desired economic and social development in the country. Hence, the government funds have to be invested in rationally prioritized development interventions that would contribute to expand the economy by generating more employment opportunities especially in the industry and services sectors.

In this context, the Finance Commission also has an important role to identify the most feasible development interventions at the provincial level by analyzing the social and economic statuses of Provinces when resources are allocated. The Commission accordingly observes a high level of poverty throughout the country and poverty level is expected to be above 25% in 2023 due to the contraction in the economy (according to the World Bank). Poorer households are hardest hit owing to food inflation, job losses, limited fertilizer supply and drop in foreign remittances.

Poor nutrition among school children in poor households has been a critical issue and this has led to a high rate of drop out of students from schools and poor performance in the school (according to the UNICEF). The Commission has observed this situation and instructed the Chief Secretaries to intervene in the school nutrition food programme integrating all relevant sectors that can contribute to add value to the programme. Accordingly, annual plans of health, agriculture, animal production, inland fisheries sectors are prepared by the Provincial Councils to assist the programme.

Chapter - 03: Overall Financial Performance for the Year ended 31st December 2022

3.1. Statement of Financial Performance

ACA -F

Statement of Financial Performance
for the period ended 31st December 2022

Budget 2022 Rs.		Note	Actual 2022 Rs.	Restated 2021 Rs.	
-	**Revenue Receipts**		-	-	
-	Income Tax	1	-	-	ACA-1
-	Taxes on Domestic Goods & Services	2	-	-	
-	Taxes on International Trade	3	-	-	
-	Non Tax Revenue & Others	4	-	-	
-	**Total Revenue Receipts (A)**		-	-	
-	**Non Revenue Receipts**				
-	Treasury Imprests		86,556,000	82,912,000	ACA-3
-	Deposits		56,350	111,280	ACA-4
-	Advance Accounts		3,163,586	3,147,581	ACA-5
-	Other Main Ledger Receipts		-	-	
-	**Total Non Revenue Receipts (B)**		**89,775,936**	86,170,861	
	Total Revenue Receipts & Non Revenue Receipts C = (A)+(B)		**89,775,936**	86,170,861	
	Remittance to the Treasury (D)		**30,763**	3,087	
-	**Net Revenue Receipts & Non Revenue Receipts E = (C)-(D)**		**89,745,172**	86,167,774	
	Less: Expenditure				
-	**Recurrent Expenditure**				
62,000,000	Wages, Salaries & Other Employment Benefits	5	55,244,066	50,811,429	ACA-2(ii)
34,826,000	Other Goods & Services	6	28,509,393	25,767,969	
1,000,000	Subsidies, Grants and Transfers	7	764,634	707,312	
-	Interest Payments	8	-	-	
-	Other Recurrent Expenditure	9	-	-	
97,826,000	**Total Recurrent Expenditure (F)**		**84,518,093**	77,286,710	
	Capital Expenditure				
250,000	Rehabilitation & Improvement of Capital Assets	10	199,868	460,928	ACA-2(ii)
2,500,000	Acquisition of Capital Assets	11	2,420,941	6,750,874	
-	Capital Transfers	12	-	-	
-	Acquisition of Financial Assets	13	-	-	
300,000	Capacity Building	14	206,000	29,092	
-	Other Capital Expenditure	15	-	-	
3,050,000	**Total Capital Expenditure (G)**		**2,826,809**	7,240,894	
	Deposit Payments		65,855	801,775	ACA-4
	Advance Payments		2,998,826	3,123,765	ACA-5
	Other Main Ledger Payments		-	-	
	Total Main Ledger Expenditure (H)		**3,064,681**	**3,925,540**	
	Total Expenditure I = (F+G+H)		90,409,583	88,453,144	
	Balance as at 31st December J = (E-I)		**(664,410)**	**(2,285,370)**	
	Balance as per the Imprest Reconciliation Statement		664,410	2,285,370	ACA-7
	Imprest Balance as at 31st December		-	-	ACA-3
			-	-	

3.2. Statement of Financial Position

ACA-P

Statement of Financial Position
As at 31st December 2022

	Note	Actual 2022 Rs	Actual 2021 Rs
Non Financial Assets			
Property, Plant & Equipment	ACA-6	800,202,910	801,008,673
Financial Assets			
Advance Accounts	ACA-5/5(a)	9,510,110	9,674,870
Cash & Cash Equivalents	ACA-3	-	-
Total Assets		**809,713,021**	**810,683,542**
Net Assets / Equity			
Net Worth to Treasury		9,510,110	9,665,365
Property, Plant & Equipment Reserve		800,202,910	801,008,673
Rent and Work Advance Reserve	ACA-5(b)	-	-
Current Liabilities			
Deposits Accounts	ACA-4	-	9,505
Unsettled Imprest Balance	ACA-3	-	-
Total Liabilities		**809,713,021**	**810,683,542**

Detail Accounting Statements in ACA format Nos. 2 to 7 presented in pages from ..01.... to.29.. and Notes to accounts presented in pages from .30.. to ..31.... form an integral part of these Financial Statements. The Financial Statements have been prepared in complying with the Generally Accepted Accounting Principles whereas most appropriate Accounting Policies are used as disclosed in the Notes to the Financial Statements and hereby certify that figures in these Finacial Statements, Notes to accounts and other relevant accounts were reconciled with the Treasury Books of Accounts and found in agreement.
We hereby certify that an effective internal control system for the financial control exists in the Reporting Entity and carried out periodic reviews to monitor the effectiveness of internal control system for the financial control and accordingly make alterations as required for such systems to be effectively carried out.

Chief Accounting Officer	Accounting Officer	Chief Financial Officer/ Chief Accountant/ Director (Finance)/ Commissioner (Finance)
Name :	Name :	Name :
Designation :	Designation :	Date : 17/02/2023
Date : 20/02/2023	Date :	

A. T. M. U. D. B. Tennakoon
Secretary
Finance Commission

Sandya Kumudini Kothalawala
Chief Accountant
Finance Commission
No. 03, Sarana Mawatha, Rajagiriya

3.3. Statement of Cash Flows

ACA-C

Statement of Cash Flows
for the Period ended 31st December 2022

	Actual	
	2022 Rs.	Restated 2021 Rs.
Cash Flows from Operating Activities		
Total Tax Receipts	-	-
Fees, Fines, Penalties and Licenses	-	-
Profit	-	-
Non Revenue Receipts	2,689,562	2,727,369
Revenue Collected on behalf of Other Revenue Heads	-	-
Imprest Received	86,556,000	82,912,000
Recoveries from Advance	2,717,026	2,633,356
Deposit Received	56,350	111,280
Total Cash generated from Operations (A)	**92,018,937**	**88,384,004**
Less - Cash disbursed for:		
Personal Emoluments & Operating Payments	83,893,999	76,243,756
Subsidies & Transfer Payments	764,634	707,312
Expenditure incurred on behalf of Other Heads	2,100,265	835,092
Imprest Settlement to Treasury	30,763	3,087
Advance Payments	2,638,882	2,593,510
Deposit Payments	65,855	801,775
Total Cash disbursed for Operations (B)	**89,494,398**	**81,184,532**
NET CASH FLOW FROM OPERATING ACTIVITIES(C)=(A)-(B)	**2,524,539**	**7,199,472**
Cash Flows from Investing Activities		
Interest	-	-
Dividends	-	-
Divestiture Proceeds & Sale of Physical Assets	96,270	12,330
Recoveries from On Lending	-	-
Total Cash generated from Investing Activities (D)	**96,270**	**12,330**
Less - Cash disbursed for:		
Purchase or Construction of Physical Assets & Acquisition of Other Investment	2,620,809	7,211,802
Total Cash disbursed for Investing Activities (E)	**2,620,809**	**7,211,802**
NET CASH FLOW FROM INVESTING ACTIVITIES(F)=(D)-(E)	**(2,524,539)**	**(7,199,472)**
NET CASH FLOWS FROM OPERATING & INVESTMENT ACTIVITIES (G)=(C) + (F)	-	-
Cash Flows from Fianacing Activities		
Local Borrowings	-	-
Foreign Borrowings	-	-
Grants Received	-	-
Total Cash generated from Financing Activities (H)	-	-
Less - Cash disbursed for:		
Repayment of Local Borrowings	-	-
Repayment of Foreign Borrowings	-	-
Total Cash disbursed for Financing Activities (I)	-	-
NET CASH FLOW FROM FINANCING ACTIVITIES (J)=(H)-(I)	-	-
Net Movement in Cash (K) = (G) + (J)	-	-
Opening Cash Balance as at 01st January	-	-
Closing Cash Balance as at 31st December	-	-

3

3.4. Notes to the Financial Statements

Basis of Reporting

1) Reporting Period

The reporting period for these Financial Statements is from 01st January to 31st December 2022.

2) Basis of Measurement

The Financial Statements have been prepared on historical cost modified by the revaluation of certain assets and accounted on a modified cash basis, unless otherwise specified.

The figures of the Financial Statements are presented in Sri Lankan rupees rounded to the nearest rupee.

3) Recognition of Revenue

Exchange and non exchange revenues are recognised on the cash receipts during the accounting period irrespective of relevant revenue period.

4) Recognition and Measurement of Property, Plant and Equipment (PP&E)

An item of Property, Plant and Equipment is recognized when it is probable that future economic benefit associated with the assets will flow to the entity and the cost of the assets can be reliably measured.

PP&E are measured at a cost and revaluation model is applied when cost model is not applicable.

5) Property, Plant and Equipment Reserve

This reserve account is the corresponding account of Property Plant and Equipment.

6) Cash and Cash Equivalents

Cash & cash equivalents include local currency notes and coins in hand as at 31st December 2022.

7) Changes in Formats of Financial Statements & Adjustment of Comparative Figures

Relevant adjustments have been made to the comparative figures for the year 2021 in line with the changes made in the financial statements for the year 2022.

3.5. Performance of the Revenue Collection

Revenue Code	Description of the Revenue Code	Revenue Estimate		Collected Revenue	
		Original	Final	Amount (RS.)	As % of final revenue estimate
2002.02.99	Interest Income	-	-	351,145.28	-
2003.99.00	Other Income	-	-	150,017.50	-
2004.01.00	W & OP Fund	-	-	2,284,668.79	-

3.6. Performance of the Utilization of Allocations

Type of Allocation	Allocation		Actual Expenditure	Allocation utilization as a% of Final Allocation
	Original	Final		
Recurrent	97,826,000	97,826,000	84,518,093	86%
Capital	3,050,000	3,050,000	2,826,809	93%

3.7. In terms of F.R. 208 grant of allocations for expenditure to this Department/District Secretariat/Provincial Council as an agent of the other Ministries/ Departments

Serial No.	Allocation revised from which ministry/department	Purpose of the allocation	Allocation		Actual Expenditure	Allocation utilization as a% of Final Allocation
			Original	Final		
-	N/A	N/A	N/A	N/A	N/A	N/A

3.8. Performance of the Reporting of Non-Financial Assets

Assets Code	Code Description	Balance as per board of survey report as at 31/12/2022	Balance as per financial position report as at 31/12/2022	Yet to be accounted	Reporting progress as %
9151	Building and Structure	449,009,540.27	449,009,540.27	-	-
9152	Machinery and equipment Land	83,203,369.87	83,203,369.87	-	-
9153	Land	258,000,000.00	258,000,000.00	-	-
9154	Intangible Assets	-	-	-	-
9155	Biological Assets	-	-	-	-
9160	Work in Progress	-	-	-	-
9180	Lease Assets	9,990,000.00	9,990,000.00	-	-

3.9. Auditor General's Report

ජාතික විගණන කාර්යාලය
தேசிய கணக்காய்வு அலுவலகம்
NATIONAL AUDIT OFFICE

මගේ අංකය / எனது இல. / My No. PIC/B/FC/2/22/17 | ඔබේ අංකය / உமது இல. / Your No. | දිනය / திகதி / Date 2023 මැයි 11 දින.

ලේකම්,

මුදල් කොමිෂන් සභාව.

ශීර්ෂ 011 - මුදල් කොමිෂන් සභාවේ 2022 දෙසැම්බර් 31 දිනෙන් අවසන් වර්ෂය සඳහා වූ මූල්‍ය ප්‍රකාශන පිළිබඳව 2018 අංක 19 දරන ජාතික විගණන පනතේ 11(1) වගන්තිය ප්‍රකාරව විගණකාධිපති සම්පිණ්ඩන වාර්තාව.

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1. මූල්‍ය ප්‍රකාශන

1.1 තත්ත්වාගණනය කළ මතය

ශීර්ෂය 011- මුදල් කොමිෂන් සභාවේ 2022 දෙසැම්බර් 31 දිනට මූල්‍ය තත්ත්වය පිළිබඳ ප්‍රකාශය, එදිනෙන් අවසන් වර්ෂය සඳහා වූ මූල්‍ය කාර්යසාධන ප්‍රකාශය හා මුදල් ප්‍රවාහ ප්‍රකාශවලින් සමන්විත 2022 දෙසැම්බර් 31 දිනෙන් අවසන් වර්ෂය සඳහා වූ මූල්‍ය ප්‍රකාශන 2018 අංක 19 දරන ජාතික විගණන පනතේ විධිවිධාන සමඟ සංයෝජිතව කියවිය යුතු ශ්‍රී ලංකා ප්‍රජාතාන්ත්‍රික සමාජවාදී ජනරජයේ ආණ්ඩුක්‍රම ව්‍යවස්ථාවේ 154(1) ව්‍යවස්ථාවේ ඇතුළත් විධිවිධාන ප්‍රකාර මාගේ විධානය යටතේ විගණනය කරන ලදී. 2018 අංක 19 දරන ජාතික විගණන පනතේ 11(1) වගන්තිය ප්‍රකාරව මුදල් කොමිෂන් සභාව වෙත ඉදිරිපත් කරනු ලබන මෙම මූල්‍ය ප්‍රකාශන පිළිබඳව මාගේ අදහස් දැක්වීම් හා නිරීක්ෂණයන් මෙම වාර්තාවේ සඳහන් වේ. 2018 අංක 19 දරන ජාතික විගණන පනතේ 11(2) වගන්තිය ප්‍රකාරව ප්‍රධාන ගණන්දීමේ නිලධාරී වෙත වාර්ෂික විස්තරාත්මක කළමනාකරණ විගණන වාර්තාව යථා කාලයේදී නිකුත් කරනු ලැබේ. ශ්‍රී ලංකා ප්‍රජාතාන්ත්‍රික සමාජවාදී ජනරජයේ ආණ්ඩුක්‍රම ව්‍යවස්ථාවේ 154(6) ව්‍යවස්ථාව සමඟ සංයෝජිතව කියවිය යුතු 2018 අංක 19 දරන ජාතික විගණන පනතේ 10 වගන්තිය ප්‍රකාරව ඉදිරිපත් කළ යුතු විගණකාධිපති වාර්තාව යථා කාලයේ දී පාර්ලිමේන්තුව වෙත ඉදිරිපත් කරනු ලැබේ.

අංක 306/72, පොල්දූව පාර, බත්තරමුල්ල, ශ්‍රී ලංකාව   இல. 306/72, பொல்தூவ வீதி, பத்தரமுல்லை, இலங்கை.   No. 306/72, Polduwa Road, Battaramulla, Sri Lanka.
+94 11 2 88 70 28 - 34   +94 11 2 88 72 23   ag@auditorgeneral.gov.lk   www.naosl.gov.lk

මෙම වාර්තාවේ 1.6 ඡේදයේ දක්වා ඇති කරුණුවලින් වන බලපෑම හැර, මූල්‍ය ප්‍රකාශනවලින් 2022 දෙසැම්බර් 31 දිනට මුදල් කොමිෂන් සභාවේ මූල්‍ය තත්ත්වය සහ එදිනෙන් අවසන් වර්ෂය සඳහා එහි මූල්‍ය කාර්යසාධනය හා මුදල් ප්‍රවාහය පොදුවේ පිළිගත් ගිණුම්කරණ මූලධර්මවලට අනුකූලව සත්‍ය හා සාධාරණ තත්ත්වයක් පිළිබිඹු කරන බව මා දරන්නා වූ මතය වේ.

1.2 තත්ත්වාගණනය කළ මතය සඳහා පදනම

මෙම වාර්තාවේ 1.6 ඡේදයේ දක්වා ඇති කරුණු මත පදනම්ව මාගේ මතය තත්ත්වාගණනය කරනු ලැබේ. ශ්‍රී ලංකා විගණන ප්‍රමිතිවලට (ශ්‍රී.ලං.වි.ප්‍ර) අනුකූලව මා විගණනය සිදු කරන ලදී. මූල්‍ය ප්‍රකාශන සම්බන්ධයෙන් මාගේ වගකීම, විගණකගේ වගකීම යන වගන්තියේ තවදුරටත් විස්තර කර ඇත. මාගේ මතය සඳහා පදනමක් සැපයීම උදෙසා මා විසින් ලබා ගෙන ඇති විගණන සාක්ෂි ප්‍රමාණවත් සහ උචිත බව මාගේ විශ්වාසයයි.

1.3 මූල්‍ය ප්‍රකාශන සම්බන්ධයෙන් ප්‍රධාන ගණන්දීමේ නිලධාරීගේ වගකීම

පොදුවේ පිළිගත් ගිණුම්කරණ මූලධර්මවලට අනුකූලව හා 2018 අංක 19 දරන ජාතික විගණන පනතේ 38 වගන්තියේ සඳහන් විධිවිධානවලට අනුකූලව සත්‍ය හා සාධාරණ තත්ත්වයක් පිළිඹිබු කෙරෙන පරිදි මූල්‍ය ප්‍රකාශන පිළියෙල කිරීම හා වංචා සහ වැරදි හේතුවෙන් ඇති විය හැකි ප්‍රමාණාත්මක සාවද්‍ය ප්‍රකාශනයන්ගෙන් තොරව මූල්‍ය ප්‍රකාශන පිළියෙල කිරීමට හැකි වනු පිණිස අවශ්‍යවන අභ්‍යන්තර පාලනය තීරණය කිරීම ප්‍රධාන ගණන්දීමේ නිලධාරීගේ වගකීම වේ.

2018 අංක 19 දරන ජාතික විගණන පනතේ 16(1) වගන්තිය ප්‍රකාරව කොමිෂන් සභාව විසින් වාර්ෂික හා කාලීන මූල්‍ය ප්‍රකාශන පිළියෙල කිරීමට හැකිවන පරිදි ස්වකීය ආදායම්, වියදම්, වත්කම් හා බැරකම් පිළිබඳ නිසි පරිදි පොත්පත් හා වාර්තා පවත්වා ගෙන යා යුතුය.

ජාතික විගණන පනතේ 38(1)(ඇ) උප වගන්තිය ප්‍රකාරව කොමිෂන් සභාවේ මූල්‍ය පාලනය සඳහා සඵලදායි අභ්‍යන්තර පාලන පද්ධතියක් සකස් කර පවත්වා ගෙන යනු ලබන බවට ප්‍රධාන ගණන්දීමේ නිලධාරී සහතික විය යුතු අතර එම පද්ධතියේ සඵලදායිත්වය පිළිබඳව කලින් කල සමාලෝචනයක් සිදු කර ඒ අනුව පද්ධතිය ඵලදායි ලෙස කරගෙන යාමට අවශ්‍ය වෙනස්කම් සිදු කරනු ලැබිය යුතුය.

1.4 මූල්‍ය ප්‍රකාශන විගණනය පිළිබඳ විගණකගේ වගකීම

සමස්ථයක් ලෙස මූල්‍ය ප්‍රකාශන, වංචා හා වැරදි හේතුවෙන් ඇතිවන ප්‍රමාණාත්මක සාවද්‍ය ප්‍රකාශයන්ගෙන් තොර බවට සාධාරණ තහවුරුවක් ලබාදීම සහ මාගේ මතය ඇතුළත් විගණන වාර්තාව නිකුත් කිරීම මාගේ අරමුණ වේ. සාධාරණ සහතිකවීම උසස් මට්ටමේ සහතිකවීමක් වන නමුත්, ශ්‍රී ලංකා විගණන ප්‍රමිති ප්‍රකාරව විගණනය සිදු කිරීමේදී එය සැම විටම ප්‍රමාණාත්මක සාවද්‍ය ප්‍රකාශයන් අනාවරණය කර ගන්නා බවට වන තහවුරු කිරීමක් නොවනු ඇත. වංචා සහ වැරදි තනි හෝ සාමූහික ලෙස බලපෑම නිසා ප්‍රමාණාත්මක සාවද්‍ය ප්‍රකාශනයන් ඇති විය හැකි අතර, එහි ප්‍රමාණාත්මක භාවය මෙම මූල්‍ය ප්‍රකාශන පදනම් කර ගනිමින් පරිශීලකයන් විසින් ගනු ලබන ආර්ථික තීරණ කෙරෙහි වන බලපෑම මත රඳා පවතී.

ශ්‍රී ලංකා විගණන ප්‍රමිති ප්‍රකාරව විගණනයේ කොටසක් ලෙස මා විසින් විගණනයේදී වෘත්තීය විනිශ්චය සහ වෘත්තීය සැකමුසුබවින් යුතුව ක්‍රියා කරන ලදී. මා විසින් තවදුරටත්,

- ප්‍රකාශ කරන ලද විගණන මතයට පදනමක් සපයා ගැනීමේදී වංචා හෝ වැරදි හේතුවෙන් මූල්‍ය ප්‍රකාශනවල ඇති විය හැකි ප්‍රමාණාත්මක සාවද්‍ය ප්‍රකාශයන් ඇතිවීමේ අවදානම් හඳුනාගැනීම හා තක්සේරු කිරීම සඳහා අවස්ථාචෝචිතව උචිත විගණන පරිපාටි සැලැසුම් කර ක්‍රියාත්මක කරන ලදී. වරදවා දැක්වීම් හේතුවෙන් සිදුවන ප්‍රමාණාත්මක සාවද්‍ය ප්‍රකාශයන්ගෙන් සිදුවන බලපෑමට වඩා වංචාවකින් සිදුවන්නා වූ බලපෑම ප්‍රබල වන්නේ ඒවා දුස්සන්ධානයෙන්, ව්‍යාජ ලේඛන සැකසීමෙන්, චේතනාන්විත මඟහැරීමෙන්, වරදවා දැක්වීමෙන් හෝ අභ්‍යන්තර පාලනයන් මඟ හැරීමෙන් වැනි හේතු නිසා වන බැවිනි.
- අභ්‍යන්තර පාලනයේ සඵලදායිත්වය පිළිබඳව මතයක් ප්‍රකාශ කිරීමේ අදහසින් නොවුවද, අවස්ථාචෝචිතව උචිත විගණන පරිපාටි සැලසුම් කිරීම පිණිස අභ්‍යන්තර පාලනය පිළිබඳව අවබෝධයක් ලබා ගන්නා ලදී.
- හෙළිදරව් කිරීම් ඇතුළත් මූල්‍ය ප්‍රකාශනවල ව්‍යුහය සහ අන්තර්ගතය සඳහා පාදක වු ගනුදෙනු හා සිද්ධීන් උචිත හා සාධාරණ අයුරින් මූල්‍ය ප්‍රකාශනවල ඇතුළත් බව ඇගැයීම.
- මූල්‍ය ප්‍රකාශනවල ව්‍යුහය හා අන්තර්ගතය සඳහා පාදක වු ගනුදෙනු හා සිද්ධීන් උචිත හා සාධාරණව ඇතුළත් වී ඇති බව සහ හෙළිදරව් කිරීම් ඇතුළත් මූල්‍ය ප්‍රකාශනවල සමස්ථ ඉදිරිපත් කිරීම අගයන ලදී.

මාගේ විගණනය තුළදී හඳුනාගත් වැදගත් විගණන සොයාගැනීම්, ප්‍රධාන අභ්‍යන්තර පාලන දුර්වලතා හා අනෙකුත් කරුණු පිළිබඳව ප්‍රධාන ගණන්දීමේ නිලධාරී දැනුවත් කරමි.

1.5 වෙනත් නෛතික අවශ්‍යතා පිළිබඳ වාර්තාව

2018 අංක 19 දරන ජාතික විගණන පනතේ 6 (1) (ඈ) වගන්තිය ප්‍රකාරව පහත සඳහන් කරුණු මා ප්‍රකාශ කරමි.

(අ) මූල්‍ය ප්‍රකාශන ඉකුත් වර්ෂය සමඟ අනුරූප වන බවට,

(ආ) ඉකුත් වර්ෂයට අදාළ මූල්‍ය ප්‍රකාශන පිළිබඳව මා විසින් කර තිබුණු නිර්දේශ ක්‍රියාත්මක කර තිබුණි.

1.6 මූල්‍ය ප්‍රකාශන පිළිබඳ අදහස් දැක්වීම

1.6.1 අග්‍රිම සැසඳුම් ප්‍රකාශයේ ශේෂය

පහත සඳහන් නිරීක්ෂණයන් කරනු ලැබේ.

(අ) අනෙකුත් ආදායම් ශීර්ෂ වෙනුවෙන් කොමිෂන් සභාව විසින් රු.2,785,832 ක්වූ ආදායම් එකතු කර තිබුණද අග්‍රිම සැසඳුම් ප්‍රකාශයේ එය වෙනත් ආයතන විසින් කොමිෂන් සභාව වෙනුවෙන් එකතු කරන ලද ආදායමක් ලෙස දක්වා තිබුණි.

(ආ) අග්‍රිම සැසඳුම් ප්‍රකාශයේ එකතු කිරීම් ලෙස දැක්විය යුතු කොමිෂන් සභාව විසින් අනෙකුත් වැය ශීර්ෂ වෙනුවෙන් වැයකර තිබූ රු. 2,100,265 ක් සහ අනෙකුත් වැය ශීර්ෂ විසින් රජයේ නිලධාරීන්ට අත්තිකාරම් “බී” ගිණුමට බැරකර තිබූ රු. 446,560 ක් අග්‍රිම සැසඳුම් ප්‍රකාශයේ අඩුකර දක්වා තිබුණි.

(ඇ) අග්‍රිම සැසඳුම් ප්‍රකාශයේ අඩු කිරීම් ලෙස දැක්විය යුතු වෙනත් ආයතන විසින් කොමිෂන් සභාව වෙනුවෙන් වැයකර තිබූ රු. 65,460 ක් සහ වෙනත් ආයතන විසින් රජයේ නිලධාරීන්ට අත්තිකාරම් “බී” ගිණුමට හර කර තිබූ රු. 359,944 ක් එකතු කර දක්වා තිබුණි.

(ඈ) ඉහත නිරීක්ෂණ අනුව 2022 දෙසැම්බර් 31 දිනට අග්‍රිම සැසඳුම් ප්‍රකාශයේ ශේෂය රු.664,410 ක සෘණ අගයක් වුවත් එය රු.664,410 ක ධන ශේෂයක් ලෙස නිරූපනය විය. එම නිසා මූල්‍ය කාර්යසාධන ප්‍රකාශයේ රු.664,410 ක්වූ සෘණ ශේෂයට අග්‍රිම සැසඳුම් ප්‍රකාශයේ ශේෂය සමාන වී නොතිබුණි.

1.6.2 මූල්‍ය නොවන වත්කම්

භාණ්ඩාගාර මුද්‍රිත සටහන් අනුව සමාලෝචිත වර්ෂයේ දෙසැම්බර් 31 දිනට දේපළ පිරියත හා උපකරණ වටිනාකම රු.800,142,912 ක් වුවද මූල්‍ය තත්ත්වය පිළිබඳ ප්‍රකාශයේ එම වටිනාකම රු.800,202,910 ක් ලෙස දක්වා තිබීමෙන් සමාලෝචිත වර්ෂය අවසානයට මූල්‍ය නොවන වත්කම් ශේෂය රු.60,000 කින් වැඩියෙන් දැක්විණි.

2. මූල්‍ය සමාලෝචනය

2.1 නීති, රීති හා රෙගුලාසිවලට අනුකූල නොවීම

2022 දෙසැම්බර් 13 දිනැති අංක 2022/05 දරන රාජ්‍ය ගිණුම් මාර්ගෝපදේශය අනුව,

(අ) ඒසීඒ 2(i), 2(ii), 2(iii) ආකෘතීන්හි අදාල වැය විෂයයන් පමණක් ඇතුළත් කළ යුතු බව සඳහන් කර තිබුණද පිළියෙල කර තිබුණු මූල්‍ය ප්‍රකාශනයේ ඒසීඒ 2(i) ආකෘතියේ කිසිදු තොරතුරක් නොතිබූ වැය විෂයයන්ද ඇතුළත් කර තිබුණි.

(ආ) ඒසීඒ 4 හි තැන්පතු ගිණුම් දැක්වීමේදී අදාළ තැන්පතු අංක පමණක් ඇතුළත් කළ යුතු වුවද කොමිෂන් සභාවට අදාළ නොවන තැන්පතු අංකද එහි ඇතුළත් කර තිබුණි.

2 මෙහෙයුම් සමාලෝචනය

2.1 කාර්යසාධනය

2.1.1 කාර්යභාරයන් ඉටු නොකිරීම

2018 වර්ෂයේ ආරම්භ කර තිබූ කොමිෂන් සභා පනත සකස් කිරීමේ කටයුතු 2022 වර්ෂය අවසන් වන විටත් නිම කර නොතිබුණි.

3. මානව සම්පත් කළමනාකරණය

3.1 කාර්ය මණ්ඩල පුරප්පාඩු

සමාලෝචිත වර්ෂයේ කොමිෂන් සභාවේ ජ්‍යෙෂ්ඨ මට්ටමේ පුරප්පාඩු 02 ක්, තෘතියිය මට්ටමේ පුරප්පාඩු 02 ක්, ද්විතියික මට්ටමේ පුරප්පාඩු 05 ක් හා ප්‍රාථමික මට්ටමේ පුරප්පාඩු 03 ක් පැවති අතර එම පුරප්පාඩු පිරවීමට කොමිෂන් සභාව අපොහොසත් වී තිබුණි.

H.S.S.P

එච්.එස්.එස්.පෙරේරා
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Chapter - 04: Performance Indicators

4.1. Performance Indicators of the Institute (Based on the Action Plan)

Specific Indicators	Actual output as a percentage (%) of the expected output		
	100%- 90%	**75%-89%**	**50%- 74%**
Issued Need Assessment Guidelines on Capital & Recurrent expenditure.	√		
Assessed Provincial Capital & Recurrent expenditure needs for 2022.	√		
Submitted Recommendation 2022 to the Hon. President.	√		
Issued Guidelines for Provincial Development Planning.	√		
Reviewed Provincial Development Plans and Granted concurrence.	√		
Managed the financial matters & Administration of the office.	√		
Submitted Annual Performance Report 2021 to Parliament.	√		

Chapter - 05: Performance of the achieving Sustainable Development Goals

5.1. Indicate the Identified Respective Sustainable Developments Goals

Goal / Objective	Targets	Indicators of the achievement	Progress of the Achievement to date		
			0%-49%	50%-74%	75%- 100%
Not applicable					

Note: The Provincial Councils were established to devolve the power with the objective of achieving balanced regional development in the country and this endeavor is facilitated by the Finance Commission through the assessment of capital, recurrent needs of the Provinces and making recommendation on apportionment of funds among Provinces and guiding the Provincial Councils in preparation of their Annual Development Plans.

Guidelines for preparation of Annual Development Plan focus on a number of factors with current importance of socio-economic development of the country. SDGs have also been given a high priority in Annual Development Plan preparation as Sri Lanka has also endorsed the agenda 2030 on Sustainable Development. Therefore, SDGs are incorporated into Provincial Development Plans by formulating projects within the dimension of SDG framework to achieve the goals and targets of SDGs.

According to the guideline, the SDG targets and indicators to each project in the Annual Development Plan should be indicated in the Form-III to ensure that the Annual Development Plan is aligning with achieving SDGs.

Provincial Councils implement programmes with 23 sectors which come under devolved and concurrent subjects that are directly or indirectly related to SDGs. The following sectors are common for all the Provincial Councils and incorporated in the annual programme, considering specific requirements of the Provinces. Additional sectors could be incorporated according to the needs of the particular Province with proper justifications.

* Education
* Western Medicine
* Indigenous Medicine
* Sports
* Probation and Childcare
* Social Services
* Cultural and Religious Affairs
* Co-operative Development
* Early Childhood Development
* Provincial Roads
* Estate Infrastructure
* Transport
* Housing
* Rural Electrification
* Local Government
    - *Local Authority Roads*
    - *Community Water Supply*
    - *Waste Management*
    - *Others Services*
* Land Development
* Irrigation
* Agriculture
* Livestock
* Inland Fisheries
* Small Industries
* Tourism
* Rural Development

Accordingly, the Finance Commission does not implement any development activities directly itself. However, it plays a significant role by guiding the Provincial Councils in assessment of needs and making recommendations on apportionment of funds which are allocated to Provincial Council from the National Budget.

5.2. Briefly explain the achievements and challenges of the Sustainable Development Goals

Sustainable Development Goals cover a broad spectrum of social, economic and environmental aspects and most of them belong to subjects devolved to the Provincial Councils. Therefore, the Provincial Councils have a significant role in achieving SDGs through their development interventions. However, as the country is currently struggling to find funds for development nature activities, provincial organizations do not receive recommended allocations from the treasury for the implementation of their Annual Development Plans. Provincial Annual Development Plans are always prepared adhering to the achievement of SDGs as higher priority is given to targets of SDGs in formulations of such plans. However, due to lack of funds most of the projects have to be given up without implementation that may affect the achievement of a particular SDG.

However, the Finance Commission always makes sure that the allocated funds are utilized in an effective, accountable and transparent manner so as all the groups in the society are inclusive in the development process as indicated in the SDG 16. For that, Annual Development Plans of all nine Provincial Councils are scrutinized by the Commission and be ensured that allocated provisions are distributed among different sectors in a justifiable manner before granting the concurrence for implementation of the plans.

Chapter 06: Human Resource Profile

6.1. Cadre Management

Category	Approved Cadre	Existing Cadre (as per the date of 31.12.2022)	Vacancies / (Excess)
Senior	17	15	02
Tertiary	05	03	02
Secondary	46	38	08
Primary (including MDTF)*	18	15	03

***MDTF- Multipurpose Development Taskforce**

6.2. Briefly state how the shortage or excess in human resources has been affected to the performance of the institute.

The existing staff of the Finance Commission has to work extra hours to accomplish its functional and operational activities. However, the quality of the output may be affected due to high workloads for the available staff. At the same time, meeting deadlines of the action plan is sometimes a challenge due to capacity of the officers is limited.

6.3. Human Resource Development

Name of the Program	No. of staff trained	Duration of the program	Total Investment Rs.		Nature of the Program (Abroad/Local)	Output/Knowledge Gained
			Local	Foreign		
Government financial regulations	02	02 days	14 000.00		Local	Knowledge of public financial regulations
Government salary system	01	03 days	15 000.00		Local	Knowledge of use of methods properly in the preparation of salary codes for the public sector and in the preparation of salaries in accordance with the relevant procedures
Preparation of procurement plan	01	02 days	8 500.00		Local	Knowledge related to preparation of procurement plan of public sector
Tamil language training	02	100 hrs	free		Local	Written and spoken knowledge of Tamil language
Proficiency in official languages	30	150 hrs	112 500.00		Local	Written and spoken knowledge of Tamil language
Tamil language course	01	200 hrs	15 000.00		Local	Written and spoken knowledge of Tamil language
Operation of diesel generators	02	1 day	20 000.00		Local	Knowledge of diesel generator operation
Process of preparation of salary of public officials	01	01 day	5 000.00		Local	Knowledge on process of preparation of salaries in public sector
Attitudinal improvement in public service	All office staff	5 hrs	5000.00		Local	Improving attitudes of the staff for a better public service delivery
How to prevent diabetes	All office staff	2 hrs	2000.00		Local	Knowledge on prevention of diabetes

Chapter - 07: Compliance Report

No.	Applicable Requirement	Compliance Status (Complied/Not Complied)	Brief explanation for Non Compliance	Corrective actions proposed to avoid non-compliance in future
01	**The following Financial statements/accounts have been submitted on due date**			
1.1	Annual financial statements	Complied		
1.2	Advance to public officers account	Complied		
1.3	Trading and Manufacturing Advance Accounts (Commercial Advance Accounts)	Complied		
1.4	Stores Advance Accounts	Complied		
1.5	Special Advance Accounts	Complied		
1.6	Others	None		
02	**Maintenance of books and registers (FR445)/**			
2.1	Fixed assets register has been maintained and updated in terms of Public Administration Circular 267/2018	Complied		
2.2	Personal emoluments register/ Personal emoluments cards have been maintained and updated	Complied		
2.3	Register of Audit queries has been maintained and update	Complied		
2.4	Register of Internal Audit reports has been maintained and update	Complied		
2.5	All the monthly account summaries (CIGAS) are prepared and submitted to the Treasury on due date	Complied		
2.6	Register for cheques and money orders has been maintained and updated	Complied		
2.7	Inventory register has been maintained and update	Complied		

No.	Applicable Requirement	Compliance Status (Complied/Not Complied)	Brief explanation for Non Compliance	Corrective actions proposed to avoid non-compliance in future
2.8	Stocks Register has been maintained and update	Complied		
2.9	Register of Losses has been maintained and update	Complied		
2.10	Commitment Register has been maintained and update	Complied		
2.11	Register of Counterfoil Books (GA – N20) has been maintained and update	Complied		
03	**Delegation of functions for financial control (FR 135)**			
3.1	The financial authority has been delegated within the institute	Complied		
3.2	The delegation of financial authority has been communicated within the institute	Complied		
3.3	The authority has been delegated in such manner so as to pass each transaction through two or more officers	Complied		
3.4	The controls have been adhered to by the Accountants in terms of State Account Circular 171/2004 dated 11.05.2014 in using the Government Payroll Software Package	Complied		
04	**Preparation of Annual Plans**			
4.1	The annual action plan has been prepared	Complied		
4.2	The annual procurement plan has been prepared	Complied		
4.3	The annual Internal Audit plan has been prepared	Complied		
4.4	The annual estimate has been prepared and submitted to the NBD on due date	Complied		
4.5	The annual cash flow has been submitted to the Treasury Operations Department on time	Complied		

No.	Applicable Requirement	Compliance Status (Complied/Not Complied)	Brief explanation for Non Compliance	Corrective actions proposed to avoid non-compliance in future
05	**Audit queries**			
5.1	All the audit queries have been replied within the specified given time by the Auditor General	Complied		
06	**Internal Audit**			
6.1	The internal audit plan has been prepared at the beginning of the year after consulting the Auditor General in terms of Financial Regulation 134(2)) DMA/1-2019	Complied		
6.2	All the internal audit reports has been replied within one month	Complied		
6.3	Copies of all the internal audit reports have been submitted to the Management Audit Department in terms of Sub-section 40(4) of the National Audit Act No. 19 of 2018	Complied		
6.4	All the copies of internal audit reports has been submitted to the Auditor General in terms of Financial Regulation 134(3)	Complied		
07	**Audit and Management Committee**			
7.1	Minimum 04 meetings of the Audit and Management Committee has been held during the year as per the DMA Circular 1-2019	Complied		
08	**Asset Management**			
8.1	The information about purchases of assets and disposals was submitted to the Comptroller General's Office in terms of Paragraph 07 of the Asset Management Circular No. 01/2017	Complied		
8.2	A suitable liaison officer was appointed to coordinate the implementation of the provisions of the circular and the details of the nominated officer was sent to the Comptroller General's Office in terms of Paragraph 13 of the aforesaid circular	Complied		
8.3	The boards of survey was conducted and the relevant reports submitted to the Auditor General on due date in terms of Public Finance Circular No. 05/2016	Complied		
8.4	The excesses and deficits that were disclosed through the board of survey and other relating recommendations, actions were carried out during the period specified in the circular	Complied		
8.5	The disposal of condemn articles had been carried out in terms of FR 772	Complied		

No.	Applicable Requirement	Compliance Status (Complied/Not Complied)	Brief explanation for Non Compliance	Corrective actions proposed to avoid non-compliance in future
09	**Vehicle Management**			
9.1	The daily running charts and monthly summaries of the pool vehicles had been prepared and submitted to the Auditor General on due date	Complied		
9.2	The condemned vehicles had been disposed of within a period of less than 6 months after condemning	Complied		
9.3	The vehicle logbooks had been maintained and updated	Complied		
9.4	The action has been taken in terms of F.R. 103, 104, 109 and 110 with regard to every vehicle accident	Complied		
9.5	The fuel consumption of vehicles has been re-tested in terms of the provisions of Paragraph 3.1 of the Public Administration Circular No. 30/2016 of 29.12.2016	Complied		
9.6	The absolute ownership of the leased vehicle log books has been transferred after the lease term	Complied		
10	**Management of Bank Accounts**			
10.1	The bank reconciliation statements had been prepared, got certified and made ready for audit by the due date	Complied		
10.2	The dormant accounts that had existed in the year under review or since previous years settled	Complied		
10.3	The action had been taken in terms of Financial Regulations regarding balances that had been disclosed through bank reconciliation statements and for which adjustments had to be made, and had those balances been settled within one month	Complied		
11	**Utilization of Provisions**			
11.1	The provisions allocated had been spent without exceeding the limit	Complied		
11.2	The liabilities not exceeding the provisions that remained at the end of the year as per the FR 94(1)	Complied		
12	**Advances to Public Officers Account**			
12.1	The limits had been complied with	Complied		

No.	Applicable Requirement	Compliance Status (Complied/Not Complied)	Brief explanation for Non Compliance	Corrective actions proposed to avoid non-compliance in future
12.2	A time analysis had been carried out on the loans in arrears	Complied		
12.3	The loan balances in arrears for over one year had been settled	Complied		
13	**General Deposit Account**			
13.1	The action had been taken as per F.R.571 in relation to disposal of lapsed deposits	Complied		
13.2	The control register for general deposits had been updated and maintained	Complied		
14	**Imprest Account**			
14.1	The balance in the cash book at the end of the year under review remitted to TOD	Complied		
14.2	The ad-hoc sub imprests issued as per F.R. 371 settled within one month from the completion of the task	Complied		
14.3	The ad-hoc sub imprests had not been issued exceeding the limit approved as per F.R. 371	Complied		
14.4	The balance of the imprest account had been reconciled with the Treasury books monthly	Complied		
15	**Revenue Account**			
15.1	The refunds from the revenue had been made in terms of the regulations	Complied		
15.2	The revenue collection had been directly credited to the revenue account without credited to the deposit account	Complied		
15.3	Returns of arrears of revenue forward to the Auditor General in terms of FR 176	Complied		
16	**Human Resource Management**			
16.1	The staff had been paid within the approved cadre	Complied		
16.2	All members of the staff have been issued a duty list in writing	Complied		

No.	Applicable Requirement	Compliance Status (Complied/Not Complied)	Brief explanation for Non Compliance	Corrective actions proposed to avoid non-compliance in future
16.3	All reports have been submitted to MSD in terms of their circular no.04/2017 dated 20.09.2017	Complied		
17	**Provision of information to the public**			
17.1	An information officer has been appointed and a proper register of information is maintained and updated in terms of Right To Information Act and Regulation	Complied		
17.2	Information about the institution to the public have been provided by Website or alternative measures and has it been facilitated to appreciate / allegation to public against the public authority by this website or alternative measures	Complied		
17.3	Bi- Annual and Annual reports have been submitted as per section 08 and 10 of the RTI Act	Complied		
18	**Implementing citizens charter**			
18.1	A citizens charter/ Citizens client's charter has been formulated and implemented by the Institution in terms of the circular number 05/2008 and 05/2018(1) of Ministry of Public Administration and Management	Complied		
18.2	A methodology has been devised by the Institution in order to monitor and assess the formulation and the implementation of Citizens Charter / Citizens client's charter as per paragraph 2.3 of the circular	Complied		
19	**Preparation of the Human Resource Plan**			
19.1	A human resource plan has been prepared in terms of the format in Annexure 02 of Public Administration Circular No.02/2018 dated 24.01.2018.	Complied		
19.2	A minimum training opportunity of not less than 12 hours per year for each member of the staff has been ensured in the aforesaid Human Resource Plan	Complied		
19.3	Annual performance agreements have been signed for the entire staff based on the format in Annexure 01 of the aforesaid Circular	Complied		
19.4	A senior officer was appointed and assigned the responsibility of preparing the human resource development plan, organizing capacity building programs and conducting skill development programs as per paragraph No.6.5 of the aforesaid Circular	Complied		

No.	Applicable Requirement	Compliance Status (Complied/Not Complied)	Brief explanation for Non Compliance	Corrective actions proposed to avoid non-compliance in future
20	**Responses Audit Paras**			
20.1	The shortcomings pointed out in the audit paragraphs issued by the Auditor General for the previous years have been rectified	Complied		

END