

PERFORMANCE REPORT – 2015

DEPARTMENT OF NATIONAL BUDGET

MINISTRY OF FINANCE

Vision

Socio-economic Development through an Efficient
Appropriation of Public Resources

Mission

Facilitation of the performance of the responsibility conferred on the legislature for the management of public finance, by provision and distribution of resources for efficient delivery of public services and for the achievement of the development objectives of the Government

Functions & Responsibilities

(a) Formulation of the National Budget

- Preparation of Medium Term Expenditure Framework (MTEF) over a period of 03 years
- Formulation of Annual Budget Estimates for Ministries, Departments and Statutory Agencies of the Government in consultation with the Spending Agencies and the relevant Treasury Departments to achieve the fiscal targets stipulated in the Fiscal Management (Responsibility) Act.

(b) Public Expenditure Management

- Issuance of Budget Circulars
- Enforcement of appropriate budgetary management measures to ensure that funds are used exclusively for the declared purposes within the approved limits.
- Interacting with the Spending Agencies to ensure the effectiveness of spending.
- Analysis of expenditure for monitoring of financial as well as physical progress.
- Representing the Department of National Budget at the Committee on Public Accounts (COPA).
- Preparation of Observations on related Cabinet Memoranda
- Granting approval to Procure a Vehicles for government agencies Monitored by National Budget Department under the operational leasing method.
- Participation of Staff on Boards and Committees representing General Treasury/ Department of National Budget, and
- Financial Administration of the Department

(c) Activities Related to Statutory Agencies (Non – commercial Public Institutions)

- Preparation of Budget Estimates for Statutory Agencies which are supported through the Consolidated Fund.
- Representing the Department of National Budget at the Committee on Public Enterprises (COPE).
- Making recommendations on cash releases.

(d) Advance Accounts Activities

- Determination of limits for the Commercial, Stores and Public Officers' Advance Accounts in consultation with the spending agencies and consideration of the requests for revision of limits.
- Representing the Treasury at the Committee on Public Accounts (COPA) meetings on matters related to Advance Accounts.

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1. Overview

The Department of National Budget operates under the guidance of the Ministry of Finance while functions as the focal point for the formulation of Annual Government Budget. In facilitating to the policy changes of new government, the national budget was rearranged the programmes for "100 Day Revolution", stepping up a credible rationale for reallocation of resources by focusing on a systematic review and justification for funding and performance levels of existing programmes.

Performance of the operational activities of this department is based on the broader scope of public finance management of the Ministry of Finance and overall mandate of the Department of National Budget. In the year 2015, the department carried out wide range of activities in relation to the implementation of Budget 2015 as well as preparation of Annual Budget of 2016 with the Zero Based Budgeting Approach with the Medium Term Expenditure Framework, 2016–2018, as given in Table 1.1.

Table 1.1 Summary of Performance - 2015

Function	Activity	Overall Target	Achievement
1. Implementation of Budget 2015 and Expenditure Management.	Issuance of Budget Circulars giving instructions on expenditure management	Manage public expenditure efficiently.	Issued National Budget Circular No 5/2015 in this regard
	Provision of additional funds for unforeseen expenditure and submission of Supplementary Estimates in Parliament.	Manage funds minimizing unforeseen expenditure	The additional fund requirements, especially for accommodating unforeseen incidents such as floods, draughts etc were addressed, managing the reallocation of funds within the approved expenditure ceiling, without submitting a Supplementary Estimate in Parliament.
	Authorization of transfer of funds under F.R. 66 and 69	Maintain the expenditure within the approved estimates.	As per the said Regulations, 1243 applications were authorized. Out of that, 220 applications were programme transfers and 1,023 were project transfers.

Function	Activity	Overall Target	Achievement
	Amendment to the Appropriation Act No. 41 of 2014	Accommodate the policy changes of the new Government by rearranging the budgetary provisions in line with the new Ministires established through the Extraordinary gazette Notification no 1897/15 dated 18.01.2015 The Appropriation Bill to be presented in Parliament as an urgent Bill in last week of Jan, 2015	Submitted and passed the Appropriation Bill by Parliament on 07. 02. 2015 Appropriation Act No 01 of 2015 was certified by the Hon. Speaker on 07.02.2015 Warrants were issued by the Hon.Minister of Finance on 11.02.2015
	Amend the Appropriation Act No. 41 of 2014 by the Appropriation (Amendment) Act No. 01 of 2015	Minimize accounting issues while facilitating smooth functioning of government activities by reviewing and reallocating the Budgetary Provisions to the new Ministries established through the Gazette Notifications no 1933/13 dated 21.09.2015. Present Appropriation Bill (Amendmend) to Parliament in the first week of Nov, 2015 Pass the Appropriation Bill by Parliament	Gazetted the Appropriation Bill (Amendment) for 2015 in the Gazette, dated 23. 10. 2015. Submitted the Appropriation Bill (Amendment) in Parliament on 06.11.2015 Presented the Budget to Parliament for Second Reading on 23.11.2015 Passed the Appropriation Bill (Amendment) on 26. 11. 2015 Appropriation Act (Amendment) No 15 of 2015 was certified by the Hon. Speaker on 03.12. 2015 Warrants were issued by Hon. Minister of Finance on 07.12.2015
2. Preparation of National Budget Estimate for 2016	Issuance of Budget guidelines on the preparation of the Budget Estimates.	Issue a Budget call with the guidelines of Zero Based Budgeting Approach for preparing the Budget Estimates.	Formulated the Budget for 2016 in line with the Government Development Policy Framework within MTEF 2016-2018 by using the Zero Based Budgeting Approach.

Function	Activity	Overall Target	Achievement
	Preparation of draft annual budget Estimates in consultation with spending agencies and relevant departments of the Treasury.	Ensure achieving the goals of the Government.	Conducted pre budget meetings for selected ministries and other stakeholders with the Chairmanship of Hon. Finance Minister and Hon. Minister of the relevant Ministry
	Conduct Budget discussions with relevant ministries	Meet the actual requirements and prepare a realistic budget	Conducted review meetings with the Secretary to the Treasury and the Deputy Secretaries along with relevant Departments/Agencies
	Present the Appropriation Bill for 2016 in Parliament, on time.	<p>The Appropriation Bill to be presented to Parliament in last week of Oct, 2015</p> <p>Pass the Appropriation Bill by Parliament</p> <p>Printing of detailed Estimates</p>	<p>Gazetted the Appropriation Bill for 2015 in the Gazette, dated 09. 10. 2015.</p> <p>Submitted the Appropriation Bill to Parliament on 23.10.2015</p> <p>Presented the Budget to Parliament for Second Reading on 20.11.2015</p> <p>Parliament passed the Appropriation Bill on 19. 12. 2015</p> <p>Appropriation Act No 16 of 2015 was certified by the Hon. Speaker on 19.12.2015</p> <p>Warrants were issued Hon. Minister of Finance on 21.12.2015</p> <p>Printed detailed estimates with the background information concerning all relevant spending heads.</p>

Function	Activity	Overall Target	Achievement
3. Submission of observations on Cabinet Memoranda	Submit observations and comments on Cabinet Memoranda on time with relevant analysis of government/sectoral policy and expenditure.	<ul style="list-style-type: none"> Timely submission of observations on Cabinet Memoranda 	Submitted observations for 245 Cabinet Memoranda.
4. Internal Management of the Department of National Budget.	General Administration Management of Leasing Vehicles under financial leasing	<ul style="list-style-type: none"> Ensure efficient utilization of human resources and budgetary provisions allocated to the department. 	Utilized Rs. 6,901.9 million of allocation i.e.Rs. 2,350.2 million of recurrent expenditure and Rs. 4551.7 million of capital expenditure of which Rs 2511.89 mn. have been utilised for paying the financial leasing.
	Control of Departmental Advance Account	Grant Loans/advances to all the applicants of the staff of NBD complying with the limits of the Advance Accounts	Adhering to the authorized limits; distress loans, bicycle loans, special advances and festival advances amounting to Rs. 5,275,649 have been provincial
	Capacity Building	Develop human resources through local and foreign training	09 officers were trained overseas while 5 officers were trained locally on programs related to activities of the National Budget Department
	Submission of Reports	<ul style="list-style-type: none"> Submit reports before the deadlines (a) Appropriation Account (b) Reconciliation of public officers Advance Account 	Submitted the following reports (a) Appropriation Account 2015 (b) Reconciliation of public officers Advance Account 2015
	Replying to the Audit Queries	Minimize audit queries. Attend COPA	Replied to all audit queries (12) forwarded by the Department of Auditor General

2. Review and Implementation of Budget 2015

2.1 Appropriation Act for 2015

The Appropriation Bill for the year 2015 was presented in Parliament on 26 September 2014 and was passed on 24 November 2014 as Appropriation Act No 41 of 2014. Accordingly, the total estimated expenditure of the Government, including advance account activities, for 2015 was Rs. 3,409 billion.

However, after the Presidential Election held in January 2015, Ministry portfolio had been revised and the new policy measures of the Government were introduced through the "100 Days Programme". The Appropriation Act No 41 of 2014 has been revised for accommodating these policy changes while rearranging the budgetary provisions in line with new Expenditure Heads. Accordingly, the draft bill was presented to Parliament on 29th January 2015 and was approved by Parliament on 07th February 2015 as Appropriation (Amendment) Act No 1 of 2015 with the estimated total expenditure of the government, including advance account activities, as Rs. 2,172 billion. With the intention of reducing the budget deficit, the expenditure specified in the first schedule of the Appropriation Act was adjusted from Rs. 2,172 billion to Rs. 2,101 billion while the other schedules of the Act remained unchanged.

The total expenditure of the Government as per the Appropriation (Amendment) Act No 1 of 2015 was as follows.

• Expenditure related to general services of the Government	Rs.2,101 billion
• Expenditure of the Government authorized by special laws and to be charged to the Consolidated Fund	Rs.1,237 billion
• Expenditure related to Advance Account Activities	Rs.4.0 billion

Appropriation (Amendment) Act No 1 of 2015 was further amended as Appropriation (Amendment) Act No 15 of 2015 on 25th November 2015 in order to reallocate the budgetary provisions already approved by Parliament, and to minimize the accounting issues while facilitating smooth functioning of government functions. Under this amendment, the total estimated Government expenditure and Budget Deficit of the (Appropriation Amendment) Act No. 01 of 2015 remained unchanged.

2.2 Utilization of Contingencies Fund

In terms of the Extraordinary Gazette Nos. 1909/20 issued on 06th April 2015 and 1909/54 issued on 10th April 2015, the total number of ministries were increased from 30 to 41. Due to non-availability of Expenditure Heads for those 11 ministries, as an interim measure, Rs. 5 million for each ministry was allocated as an advance from the Contingencies Fund under the Article 151(2) of the Constitution.

2.3 Performance of Budget 2015

Head-wise expenditures which were disaggregated in terms of Projects and Object Codes with sources of financing presented to Parliament in the Printed Estimates along with the Budget Speech. Once the Appropriation Bill became an Act, Minister of Finance issued warrants authorizing to incur expenditure as indicated in Printed Estimates. As per the budget estimates approved by Parliament for year 2015, provisions were allocated among 189 expenditure heads/spending units which consisted of 19 Special Spending Units, 50 Ministries and 120 Departments.

2.3.1 Appropriation (Amendment) Act No 01 of 2015

The total expenditure as per the Appropriation (Amendment) Act No. 15 of 2015, estimated for 2015 was Rs. 3,203 billion of which, Rs. 1,849 billion or 58 percent was for the expenditure authorized under Appropriation Act and Rs. 1,354 billion or 42 percent was for the expenditure under Special Law Services and the balance Rs. 4 billion for the expenditure related to Advance Account Activities. Out of the recorded total expenditure for 2015, the actual expenditure related to general services of the government, provided under first schedule of the Appropriation (Amendment) Act was Rs 1,849 billion and it has increased by Rs. 320 billion or 21 Percent in 2015 compared to 2014. This included both capital and recurrent expenditure namely, salaries and wages, welfare, operational expenses such as electricity, water, stationery fuel, diet, uniforms and the expenditure related to development programmes. The actual expenditure under Special Law Services was Rs. 1,354 billion against the estimate of Rs. 1,237 billion. Revision of pension and increase in interest payments contributed mainly to this significant hike in expenditure of special laws. The total utilization of provisions for special law services related expenditure increased by Rs. 117.5 billion (11 percent) in 2015 compared to Rs. 1,073 billion in 2014.

						Rs. Mn
Name of the Ministry/Expenditure Item	Estimated Provisions	Additional Allocation provided from TMV	Supplementary Allocation Through Special Warrant	Total Provisions (sum of (1)+(2)+(3))	Actual Expenditure	Unutilized Provisions (4)-(5)
	(1)	(2)	(3)	(4)	(5)	(6)
1 - 22 Special Spending Units	14,843	588	1	15,433	13,771	1,662
Buddha Sasana	1,517	372		1,889	1,814	75
Finance	76,187	56,482		132,669	121,002	11,667
Defence	294,177	13,967		308,144	296,787	11,357
National Policies and Economic Affairs	11,836	8,030	3	19,870	14,910	4,959
Disaster Management	4,065	40		4,105	2,845	1,260
Posts, Postal Services and	12,242	8		12,250	12,237	13

Name of the Ministry/Expenditure Item	Estimated Provisions	Additional Allocation provided from TMV	Supplementary Allocation Through Special Warrant	Total Provisions (sum of (1)+(2)+(3))	Actual Expenditure	Unutilized Provisions (4)-(5)
Muslim Religious Affairs						
Justice	9,276	42		9,318	8,000	1,318
Health, Nutrition and Indigenous Medicine	148,184	1,722		149,906	130,896	19,011
Foreign Affairs	9,783	323		10,106	8,544	1,562
Transport & Civil Aviation	79,683	10,351		90,034	68,783	21,251
Higher Education and Highways	230,629	11,540		242,169	222,136	20,033
Agriculture	52,096	17,212		69,308	67,349	1,959
Power and Renewable Energy	1,420	7,816		9,236	7,910	1,326
Women and Child Affairs	4,843	525		5,368	4,465	903
Home Affairs	43,645	2,353		45,998	41,283	4,715
Parliamentary Reforms and Mass Media	5,708	60		5,768	3,508	2,260
Housing and Construction	5,602	1,335		6,937	6,821	116
Social Empowerment and Welfare	78,273	6,226		84,500	81,308	3,192
Education	62,134	912		63,046	60,446	2,600
Public Administration and Management	160,541	16,652	12,500	189,692	182,174	7,519
Plantation Industries	16,101	179		16,280	15,016	1,264
Sports	4,048	12		4,059	3,334	725
Hill Country New Villages, Infrastructure and Community Development	1,146	-		1,146	1,057	90
Rehabilitation, Resettlement and Hindu Religious Affairs	7,025	4		7,029	2,159	4,870

Rs. Mn

Name of the Ministry/Expenditure Item	Estimated Provisions	Additional Allocation provided from TMV	Supplementary Allocation Through Special Warrant	Total Provisions (sum of (1)+(2)+(3))	Actual Expenditure	Unutilized Provisions (4)-(5)
Industry and Commerce	6,243	190		6,433	4,977	1,456
Petroleum Resources Development	360	4,484		4,844	4,744	100
Fisheries and Aquatic Resources Development	6,081	122		6,203	5,034	1,169
Lands	7,793	48		7,841	7,246	595
Rural Economic Affairs	19,358	134		19,492	12,929	6,563
Provincial Councils and Local Government	285,858	12,577		298,435	226,995	71,440
National Dialogue	725	4		729	535	193
Public Enterprise Development	1,028	179		1,207	1,190	17
Tourism Development and Christian Religious Affairs	293	25		319	211	107
Mahaweli Development and Environment	39,683	365		40,048	32,351	7,697
Sustainable Development and Wildlife	3,004	348		3,352	3,192	160
Megapolis and Western Development	18,032	176		18,208	7,615	10,594
Internal Affairs, Wayamba Development and Cultural Affairs	8,001	-		8,001	4,385	3,616
Southern Development	56	-		56	39	17
National Integration and Reconciliation	33	-		33	7	26
City Planning and	15,153	24,428		39,581	30,437	9,144

Rs. Mn

Name of the Ministry/Expenditure Item	Estimated Provisions	Additional Allocation provided from TMV	Supplementary Allocation Through Special Warrant	Total Provisions (sum of (1)+(2)+(3))	Actual Expenditure	Unutilized Provisions (4)-(5)
Water Supply						
Ports and Shipping	2,228	-		2,228	215	2,013
Foreign Employment	1,146	-		1,146	963	182
Law and Order and Prisons Reform	72,021	595		72,616	68,247	4,369
Labour and Trade Union Relations	3,292	439		3,731	3,516	215
Telecommunication and Digital Infrastructure	1,441	-		1,441	859	582
Development Strategy and International Trade	776	1		776	597	179
Science, Technology and Research	3,724	33		3,757	3,148	609
Skills Development and Vocational Training	10,692	71		10,763	8,367	2,396
Irrigation and Water Resources Management	20,341	271		20,612	22,338	(1,726)
Primary Industries	981	53		1,034	998	36
Debt Service Payment	1,265,000	-	124,907	1,389,907	1,373,593	16,314
Treasury Miscellaneous vote (TMV)	209,656	(201,296)	-	8,360	-	8,360
Grand Total	3,338,000	-	137,411	3,475,411	3,203,280	272,131

Source : Department of National Budget/Department of State Accounts

2.4 Sectoral Perspectives in 2015 Budget in the Medium Term Expenditure Framework of 2015-2017

The Budget 2015 was mainly based on the Development Policy Framework of the Government and on the strategies identified therein. The following operational scenarios were also applied in the formulation and implementation of 2015 Budget.

(a) Sectoral basis – The budgetary allocations for 2015 were made in accordance with the sectoral policy framework developed by relevant stakeholders for the development of respective sectors.

(b) Realistic assessment – The budget 2015 was based on an assessment of actual expenditure incurred under the limits provided in terms of Article 150 (2) and Article 150 (3) of the Constitution.

(c) Non-performing projects – Reformulation or phasing out of all such projects that have been carried in estimates for several years.

(d) Avoid duplication and overlapping – Proper recognition given to interdependent and overlapping activities among individual ministries. Spending agencies and the provincial councils were guided to ensure sector allocations are properly distributed among similar activities implemented under projects and programmes.

2.5 Management of 2015 Budget

2.5.1 Total Government Expenditure

The total government expenditure in 2015 was Rs. 3,203 billion of which, recurrent expenditure accounted for 52.2 percent or Rs. 1,673 billion while capital expenditure accounted for 21.3 percent or Rs. 684 billion. Public Debt Amortization in 2015 accounted 26.4 percent or 846 billion. The total expenditure has increased by 23 percent or by Rs. 601 billion in 2015 from Rs. 2,602 billion in 2014. However, the total expenditure in 2015 was lower than the original budget estimate of Rs. 3,338 billion for the year. Recurrent expenditure increased by Rs. 303 billion or 22.1 percent over the previous year.

2.5.2 Public Expenditure Management

The budgetary operations 2015 were managed within the expenditure ceilings approved by Parliament while ensuring achieving the targets of the Medium Term Expenditure Framework 2015-2017.

2.5.2.1 Transfer of Funds

As per the section 5 of the Appropriation Act. No 41 of 2014 as amended, approval has been granted to reallocate or transfer of unutilized provisions within the total expenditure limit approved by Parliament following the procedures and limitations specified in the financial regulations 65 and 66. In this process, budgetary provisions allocated for recurrent expenditure, which was unutilized or unlikely to be utilized were allowed to transfer, to recurrent or capital expenditure within the same programme; or to recurrent expenditure or capital expenditure in any other

programme within the same expenditure head. Similarly, capital expenditure, which was unutilized or unlikely to be utilized were allowed to transfer to capital expenditure within the same programme.

2.5.2.2 Supplementary Estimates

Generally the tools that have been used for prudent public expenditure management by the Treasury, the Supplementary Support Services and Contingent Liabilities Project (Treasury Miscellaneous Vote- TMV) was one of the main instruments to prevent supplementary budget to manage various unforeseen urgent requirements during the year.

The Supplementary Support Services and Contingent Liabilities Project continued to be implemented by the Treasury as a tool for the prudent management of public expenditure in 2015 in order to provide funds for unforeseen urgent requirements while preventing adhoc supplementary budget estimates. The Treasury recognized an aggregate sum for this instrument during the budget formulation process considering the historical trends in public expenditure and budget deficits and other fiscal targets such as advance provisions to enable to improve favorable fiscal environment in the country.

2.5.2.3 Status of the Supplementary Support Services and Contingent Liabilities Project in 2015

Initially, Rs. 446 billion was allocated through the Appropriation Act. No 41 of 2014 for this project. However, due to the change in ministerial portfolio after the Presidential Election, the provision for this project was increased to Rs. 457.64 billion.

When the Appropriation Act was finally amended on 03rd December 2015, facilitating the accounting issues, the total provision of this project was revised to Rs. 209.65 billion, excluding the provisions already made from this project to other relevant expenditure heads. Out of this revised provision, Rs. 201.29 billion was reallocated to relevant spending agencies as supplementary allocations on the basis of need assessments undertaken by the Department of National Budget. All supplementary allocations were provided in line with specified guidelines specified in the Budgetary Estimates for 2015.

As at the 31st December 2015, additional provisions given through the TMV were transferred to the spending heads amounting to Rs. 201.29 billion of which Rs. 63.44 billion of recurrent expenditure and Rs.137.85 billion of capital expenditure.

Table 2.5.2.3 Summary of Provisions allocated Under Clause 6 of Appropriation Act

Purpose as per the Printed Estimates	Amount Rs. Million
1. Provisions for payment of salary increase proposed in the budget speech, ratification of salary anomalies, new recruitments and other related payments and Increase in Public Sector Pensions	33,969
2. Provisions to meet additional expenditure and liabilities arising from changes underlying assumptions based in the preparation of budget estimates	42,454
3. Provisions for implementation of budget proposals	5,976
4. Provision to meet any short-fall in capital expenditure of development projects funded through external financing and related counterpart-finding requirement inclusive of payment of taxes and duties	63,397
5. Provisions for Issue of Bonds for Balance Sheet Restructuring of SOEs	55,500
Total	201,296

Source: Department of National Budget

2.5.3 Issuance of Budget Circulars

The Department has issued following circulars during the year 2015, providing guidelines required for expenditure management of the spending agencies.

Table 2.5.3: Issuance of Budget Circulars

Date	Circular No.	Title
01.01.2015	01/2015	Budget Amendment 2015 -Authorization for Incurring Expenditure for resources allocation and Accounting in line with newly established ministries
31.03.2015	02/2015	Management of Public Expenditure - financial year 2015
24.07.2015	03/2015	2016 - Budget call Guidelines and Directions for Annual Budget Estimates for 2016
02.10.2015	04/2015	Public expenditure Management -Printing of Calendars and Diaries
09.12.2015	05/2015	Revision of Budget 2015 and Accounting
29.12.2015	06/2015	Monitoring of Financial and Physical Performance of Activities financed by the National Budget
29.12.2015	07/2015	Authorization Of Expenditure of Budget 2016 and Public Expenditure Management

Source: Department of National Budget

2.6 Monitoring of Advance Accounts

Monitoring of Advance Accounts operations continued under the purview of the department during the year 2015. Out of total 197 Advance Accounts; 186 Public Officer's Advance accounts, 4 Commercial Advance Accounts, 3 Stores Advance Accounts and 4 Special Advance Accounts were operated. Rs. 20,728 million was

allocated to meet the advance account expenditure limits. Formulation of Advance Account limits were determined considering the requirements of each Ministry and Department. According the provisions of Appropriation Act, limit revisions of 06 Public officer's Advance Accounts and 06 other Advance Accounts were submitted for parliamentary approval.

3. Preparation of Budget Estimates for 2016

Budget estimates for 2016 were formulated within a Medium Term Budgetary Framework for 2016-2018 based on the government policy aimed at accelerating economic growth of the country. Accordingly, Budget 2016 expected public investment to be increased by at least 6-7 percent of GDP in the medium term in order to achieve an economic growth beyond 8 percent.

3.1 Budget Formulation Guidelines

The Budget Call 2016, regarding the guidelines and directions for preparation of Annual Budget Estimates was issued with the introduction of Zero Based budgeting approach through a comprehensive review of public expenditure. Accordingly, directions had been given to link the zero based budgeting to the budgetary process from 2016 onwards in order to avoid duplications, overlapping and carrying out efficient distribution of scarce resources.

Tentative sectoral ceilings were determined and based on those ceilings relevant Secretaries to the Ministries were invited for budget discussions to identify the limits for each ministry. The Secretaries to the Ministries were requested to ensure achieving final output/outcome associated with the key functions and activities of the ministries/ departments/ institutions when estimating the expenditure. Based on these, the ministries were requested to submit their draft estimates by September 2015 for negotiations between the Treasury and the relevant line ministry.

4. Special Activities

4.1 Budgetary Management of Non Commercial Public Enterprises

All matters relating to Public Finance and Budgetary Management of 122 Enterprises (Statutory boards) which are supported through the funds from the Consolidated Fund were carried out by the Department of National Budget during the year of 2015. The following functions with regard to these institutions were carried out by the Department of National Budget in 2014 to improve their financial and management efficiency.

- Review the performance and the progress of these Statutory Boards, by analyzing and examining the Annual Budget, Annual Action Plan, Annual Accounts and Annual Report etc.
- Revising of the requests for release of monthly cash imprest on the recurrent and the capital grants along with Department of Treasury Operation.
- Grant necessary approvals for capital expenditure exceeding Rs.500,000/- in terms of the Finance Act No. 38 of 1971.
- Assist, prepare and submit reports of the financial performance and management of Statutory Boards to the Committee on Public Enterprises (COPE), when the COPE meetings are convened by Parliament.
- Grant approval for the purchase of new vehicles required by these Enterprises and purchasing and handing over new vehicles under the Financial Leasing Method and when necessary.
- Review the Audit Examine Reports of the Auditor General and the Special Audit Quarries submitted to this Department. Coordinate with the relevant Statutory Boards on resolving these quarries and ensure that the remedial actions are taken to avoid occurrence of such audit quarries in the future.
- Submit recommendations to the Department of Management Services on the recruitment of new staff to Statutory Boards based on availability of Budgetary Provisions and actual needs of such institutions.
- Grant approval of the Department of the National Budget to travel abroad for various purposes (trainings, meetings, seminars, conference etc.)
- Advice and co-ordinate with the Statutory Boards on the other financial and management issues such as implementation of Mega Capital Projects etc.

4.2 Observations on Cabinet Memoranda

During the year 2015, the department prepared observations to 245 Cabinet Memorandums for the Hon. Minister of Finance.

4.3 Approval for the Purchase of Vehicles

4.3.1 National Budget Approval for Vehicle Procurements

In terms of the Cabinet decision of 31.01.1990, the National Budget Department grants approval for purchase of vehicles by Government Institutions. Accordingly, all ministries, departments, provincial councils, local authorities and all statutory boards, corporations and government owned companies (GOCs) whether under self-financing or otherwise, had to obtain the prior approval of this Department for any such purchase. The National Budget Department continued reviewing the requests for

procurement of vehicles by various government agencies and given approvals. During the year 2015, the Department has given approval for purchase of 254 vehicles. Number of vehicles purchased by each category stated the table below.

Table 4.3.1: Vehicles approved by the Department of National Budget by Vehicle type, in 2015.

Type of Vehicle	No. of Vehicles Approved
Vans	12
Single / Double/Crew cabs	140
Three wheelers	10
Lorries / Trucks	03
Motor cycles	47
Others (Tractors/Trailers/Water Bowsers, etc.)	42
Total	254

Source: Department of National Budget

4.3.2 Procurement of Vehicles for the Public Sector

Continuing the purchasing of vehicles for the use of government agencies on financial leasing method with approval of the Cabinet of Ministers on 30/08/2010, the government has made an attempt to manage the public expenditure efficiently. This method was applied as a part of cash flow management as the cost of vehicles could be distributed over 05 years and at the end the vehicle becomes an asset of the concerned agency.

During the year 2015, The NBD was able to release 1343 vehicles, mainly Motor cars and Double Cabs, and Vans. For this Rs. 4,547 mn has been paid only as leasing rentals of these vehicles.

The purchased vehicles have been distributed among government agencies on the basis of a need assessment conducted by the Department of National Budget in consultation with relevant agencies.

4.4 Participation of Staff on Boards and Committees

Most of the staff officers of this Department have served as Directors (Treasury Representatives) on the Boards of Directors of Statutory Boards, Public Corporations and Government owned Companies (GOCs), while some Officers have served as Members of Cabinet Appointed Tender Boards (CATBs), and Technical Evaluation Committees (TECs) representing the Secretary to the Treasury in these committees. In

addition, Staff Officers of this Department attended meetings of the Committee on Public Accounts (COPA) and the Committee on Public Enterprises (COPE) in Parliament, representing the department.

5.The Organizational Structure and Role of the Department of National Budget

The Organizational Structure and role of the National Budget Department have been constructed with a categorization under the following comprehensive sectors which represent the provisions of Line Ministries expenditure estimates.

1. Public Services
2. National Security and Law Enforcement
3. Human Resources
4. Infrastructure
5. Finance
6. Social Security
7. Environment
8. Real Economy

5.1 Staff

Numbers of Officers under the following service levels were in the Organizational structure of NBD in year 2015 as per the Public Administration Circular No. 06/2006.

Service Level	No. of Officers
Senior Level	38
Tertiary Level	04
Secondary Level	75
Primary Level	38

As at the end of the year 2015, the approved cadre and the actual cadre of the department were as follows.

Table 5.1: Cadre of the Year - 2015

Designation	Approved Cadre	Actual Cadre
Director General	01	01
Additional Director General	02	01
Director	14	11
Deputy Director } Assistant Director }	20	15

Accountant	01	00
Administrative Officer	01	01
Translator	02	01
IT Officer	01	00
Project Officer	04	00
Budget Assistant	38	28
Research Assistant	01	01
Development Assistant	09	08
Management Assistant	23	23
Driver	16	16
KKS	22	19
Total	155	125

5.2 Human Resource Development

The department was able to send its staff for the following local and foreign training programmes in 2015, in order to enhance their professional skills and working efficiency, in addition to attending various meetings in their official capacities.

5.2.1. Foreign Trainings/Seminars/ Meetings

The following staff members were given foreign trainings in different fields in the year 2015.

S. No	Name of the Officer	Designation	Programme	Country	Period
1	Ms. K.G.K. Wimalaweera	Additional Director General	48th Commission on Population & Development	New York	2015.04.13-2015.04.17
2	Ms. Y.P.Sumana	Director	Seminar on Economic Globalization & Made in China for Developing Countries	China	2015.05.21-2015.06.10
3	Mr. A.H.S.Gunawardene	Director	ADB-OECD back to back events on Disaster Risk Financing	Philippines & Malaysia	2015.09.15-2015.09.16 2015.09.17-2015.09.18
4	Ms. M. Anoma Nandani	Director	Asia Pacific Public Electronic Procurement Network Inaugural Conference	Philippines	05.10.2015-06.10.2015
5	Ms. Biyanka N. Gamage	Director	Japan IMF Macroeconomic Seminar for Asia - 2015	Japan	2015.02.21 - 2015.02.28
6	Ms. Nalani Amarathunge	Director	Seminar on Integrated Rural, Urban Development & Poverty Reduction for Asian Countries	China	2015.06.04 - 2015.06.18

S. No	Name of the Officer	Designation	Programme	Country	Period
7	Ms. Ajitha Batagoda	Director	Income Inequality & Inclusive Finance in Asia	Indonesia	11.11.2015 - 12.11.2015
8	Mr. A.G. Nishantha	Director	High level water side event, Financing for Development	Ethiopia	2015.07.15
9	Mr. K.M.Rizvi	Asst. Director	Internal Programme on Advance Management, AIT Bangkok.	Thailand	23.11.2015 - 29.11.2015

5.2.2 Local Trainings

The following staff members were given local trainings in different fields in the year 2015.

	Name	Designation	Training	Institute	Duration
1	Ms. M.M.T.P.S. Perera	Management Assistant	Programme on Government Properties	PRAG Institute	2015.02.12
2	Ms. S.D.S. Fernando	Administrative Officer	Office Management Diploma Programme	Sri Lanka Institute of Development Administration (SLIDA)	2015-2016
3	Ms. M.F.K. Nissa	Assistant Director	Public Management Masters Degree Programme	Postgraduate Institute of Management (PIM)	2015-2017
4	Mr. M. Lokubalasureiya Ms. Ranmali	Management Assistant Budget Assistant	Training on Computer Hardware	Information Technology Management Department	2015.08.10-2015.08.11
5	Ms. S. Abhayasiri Ms. M. Perera	Management Assistant	Training on Computer Hardware	Information Technology Management Department	2015.08.25-2015.08.26

5.3. Financial Administration of the Department of National Budget

Budgetary provision required for the normal operations of the Department of National Budget was shown under Head 240 in the Budget Estimates for 2015. Budgetary allocations were provided under 2 Programmes.

- | | |
|-----------------------------|---|
| (a) Programme | 01 - Operational Activities |
| Project 01 of the Programme | 01 - Budget Formulation and Policy |
| (b) Programme | 02 - Development Activities |
| Project 02 of the Programme | 02 - Supplementary Support Services and
Contingent Liabilities |

The provision related to departmental administrative expenditure on budget formulations and policies was provided by the Project No. 01 while Project 02, provided allocation for facilitating unexpected and unforeseen expenditure required by various spending agencies, expenditure related to implementation of the budget proposals announced in the year 2015 Budget Speech and for policy priorities announced in the financial year.

A sum of Rs. 216,563,628,000 had been provided for the Department of National Budget after incorporating the budget proposals and savings from identified expenditure heads to the original estimates of 2015.

The above total provision was utilized as follows:

(1)	Expenditure of Project 01 of Programme 1	Rs.	6,901,991,025
(2)	Provisions transferred to other Heads under Programme 2 Project 02	Rs.	201,296,120,217
	Total	Rs	208,198,111,242
	Balance Provision	Rs.	<u>8,365,516,758</u>

5.3.1 Advance Account Activities

Table 5.3.1: Public Officers' Advance Account for 2015

Category	Authorized Limit 2015 Rs.	Actual 2015 Rs.
Maximum Limit of Expenditure	5,500,000.00	5,275,649.00
Minimum Limit of Receipts	3,800,000.00	4,301,530.00
Maximum Limit of Debit Balances	27,000,000.00	19,874,163.26

Source: Department of National Budget

In terms of the Budget Circular No. 114 of 31.12.2003, figures of the above Table comprised only the transactions occurred under the Advance Account item No. 240-under 011, within the department. According to Circular No. 118, loan balances of officers who had been transferred out or in, were settled with Accounting Heads, under the Advance Account item No. 240-012. With regard to settlement of these loan balances, expenditure incurred was Rs.6,309,464.00 and Receipts were Rs.5,972,857.50 during the year 2015. Accordingly, the Department had complied within the authorized limits of Public Officers' Advance Account.

Table 5.3.2: Loans Given in Year 2015

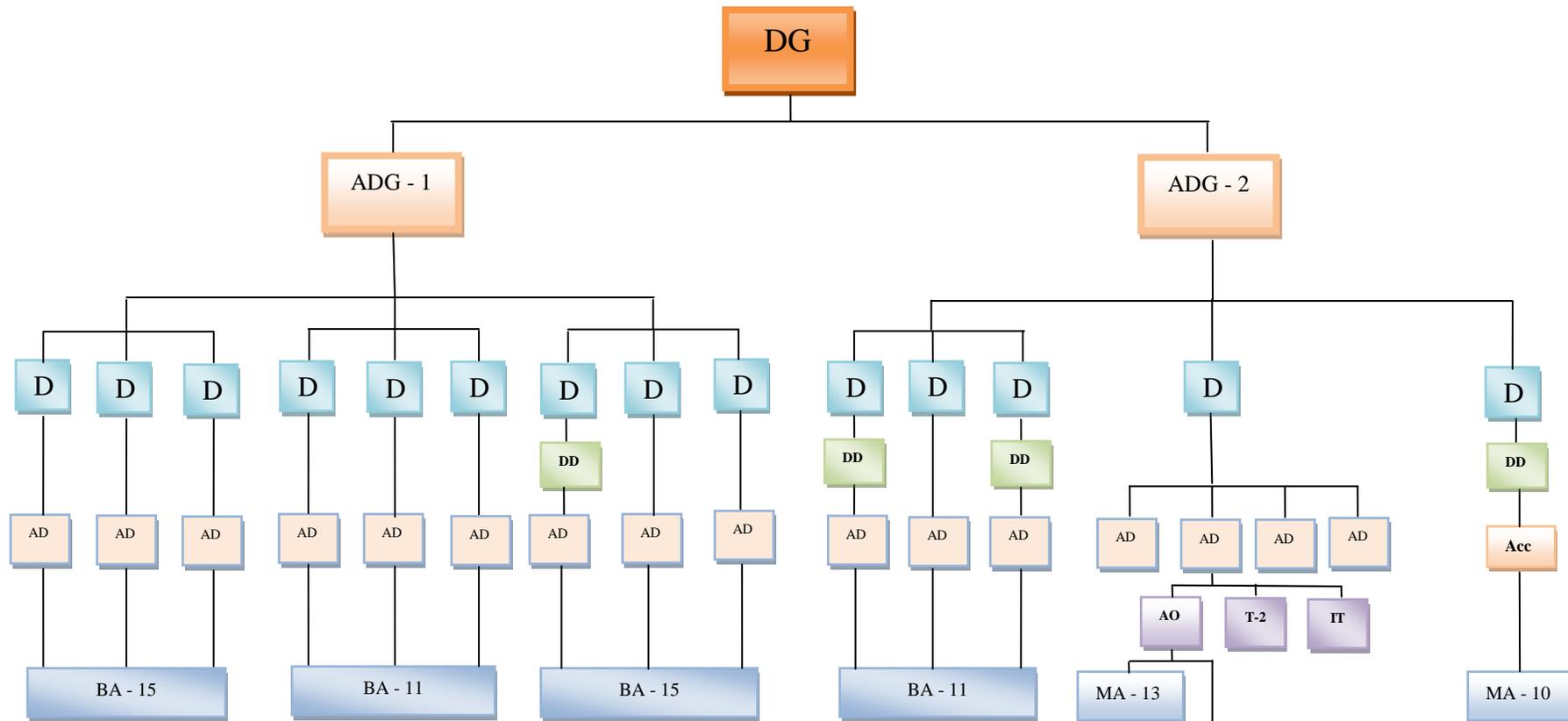
Loan/Advance	No of Loans Given	Amount (Rs.)
Festival Advance	82	820,000
Special Advance	58	232,400
Distress and Bicycle Loans	88	4,223,249
Total	228	5,275,649

Source: Department of National Budget

5.3.2 Auditor General's Queries for 2015

During the year 2015, 12 queries were referred to this Department by the Auditor General and all the queries were duly answered.

Organizational Structure of NBD (As per the approved cadre)



DG - Director General	ADG - Additional Director General	Acc - Accountant
D - Director	DD - Deputy Director	AO - Administration Officer
AD - Assistant Director	MA - Management Assistant	T - Translator
BA - Budget Assistant, Development Officer		IT - IT Officer
OES - Office Employment Service	DRI - Driver	