



மூடல் கௌமீசன் சபாவ

(ஊன்஢ிசும வாவசீராவை 154 'ச' வாவசீராவ ஁வனே சீசீவலன லீ)

நிதி ஆணைக்குழு

(அரசியலமைப்பின் 154'எ ஆம் உறுப்புரையின் கீழ் தாபிக்கப்பட்டது)

Finance Commission

(Established under Article 154 R of the Constitution)

வசர 2012 சடலா வு மூடல் கௌமீசன் சபாவை

வாரீசீக காரீசசா஁ன வாரீகால சப வாரீசீக றீசுமீ

2012 ஆம் ஆண்டுக்கான வருடாந்த செயலாற்றுகை அறிக்கையும

வருடாந்த கணக்கீடும்

**Annual Performance Report and the Statement of Accounts of the
Finance Commission for 2012**

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Annual Performance Report and the Statement of Account of the Finance Commission for the Year – 2012

1. Introduction

1.1 Establishment of the Finance Commission

The 13th Amendment to the Constitution of the Democratic Socialist Republic of Sri Lanka introduced in 1987, made provisions for the establishment of provincial councils and the Finance Commission (FC). The Finance Commission was established to facilitate the process of resource transferring to the provinces, and for provincial planning.

As indicated in the 13th Amendment to the Constitution, the main responsibility of the Commission is to make recommendations to the Government and formulate principles, policies and guidelines on the apportionment of funds between the nine provinces with the objective of achieving a balanced regional development in the country.

1.2 Responsibilities of the Finance Commission

The mandate of the Finance Commission as indicated in Article 154 R (3), (4) and (5) of the Constitution are as follows;

1. 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.
2. It shall be the duty of the Commission to make recommendation to the President as to –
 - a) the principles on which such funds as 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.
 - c) The Commission shall formulate such principles with the objective of achieving balanced regional development in the country, and shall accordingly take into account the population, per capita income, the need progressively to reduce social and economic disparities and the need progressively to reduce the differences between the per capita income of each Province and the highest per capita income among the Provinces. Accordingly, the Finance Commission is to apportion such funds between the provinces.

Article 154 R (7) of the Constitution requires that “The President shall cause every recommendation made by the Finance Commission under the above article to be laid before Parliament and shall notify Parliament as to the action taken thereon”.

1.3 Core Functions of the Commission

- a. Assessment of provincial needs.
- b. Apportionment of annually granted funds between provinces.
- c. Division of total amount allocated to each province between recurrent and capital needs.
- d. Separation of capital funds between Province Specific Development Grant” (PSDG) and Criteria Based Grant” (CBG).
- e. Breakdown of PSDG between identified development sectors/agencies.
- f. Formulation of principles and guidelines with the objective of achieving a balanced regional development through proper utilization of provincial finance.

2. Strategic Direction of the Finance Commission

2.1 Vision

Balanced and equitable socio-economic development in all provinces

2.2 Mission

To formulate policies and guidelines, provide planning and planning support, apportion resources, monitor and evaluate development endeavours, coordinate national and provincial agencies and make appropriate recommendations to the government for reduction of inter and intra disparities in a fair and equitable manner in order to achieve balanced regional development in provinces

2.3 Thrust Areas

- Ensure formulation and communication of principles on allocation and apportionment of financial resources to the provinces
- Ensure fair distribution of resources between provinces
- Reduce regional disparities and promote human development
- Ensure effective utilization of resources in the provinces
- Enhance generation of revenue at provincial and local levels
- Strengthen institutional development of provincial and local institutions of governance
- Achieve effective coordination between the national level and the provinces
- Promote entrepreneurship through public private partnership (PPP)
- Develop the human and institutional capacity of the Finance Commission

3. Organization Structure and Staff Information

3.1 Structure of the Finance Commission

The Finance commission consists of five members including two Ex-officio members, namely the Governor of the Central Bank and Secretary to the Treasury. The other three members are appointed to represent the three major communities. In 2012, the members of the Finance Commission were Mr. Ariyaratne Hewage (Chairman), Mr. M. N. Junaid, Mr. C. P. E. Gunasingham, Dr. P. B. Jayasundara (Ex-officio member), and Mr. Ajith Nivard Cabraal (Ex-officio member).

3.2 The Finance Commission Secretariat

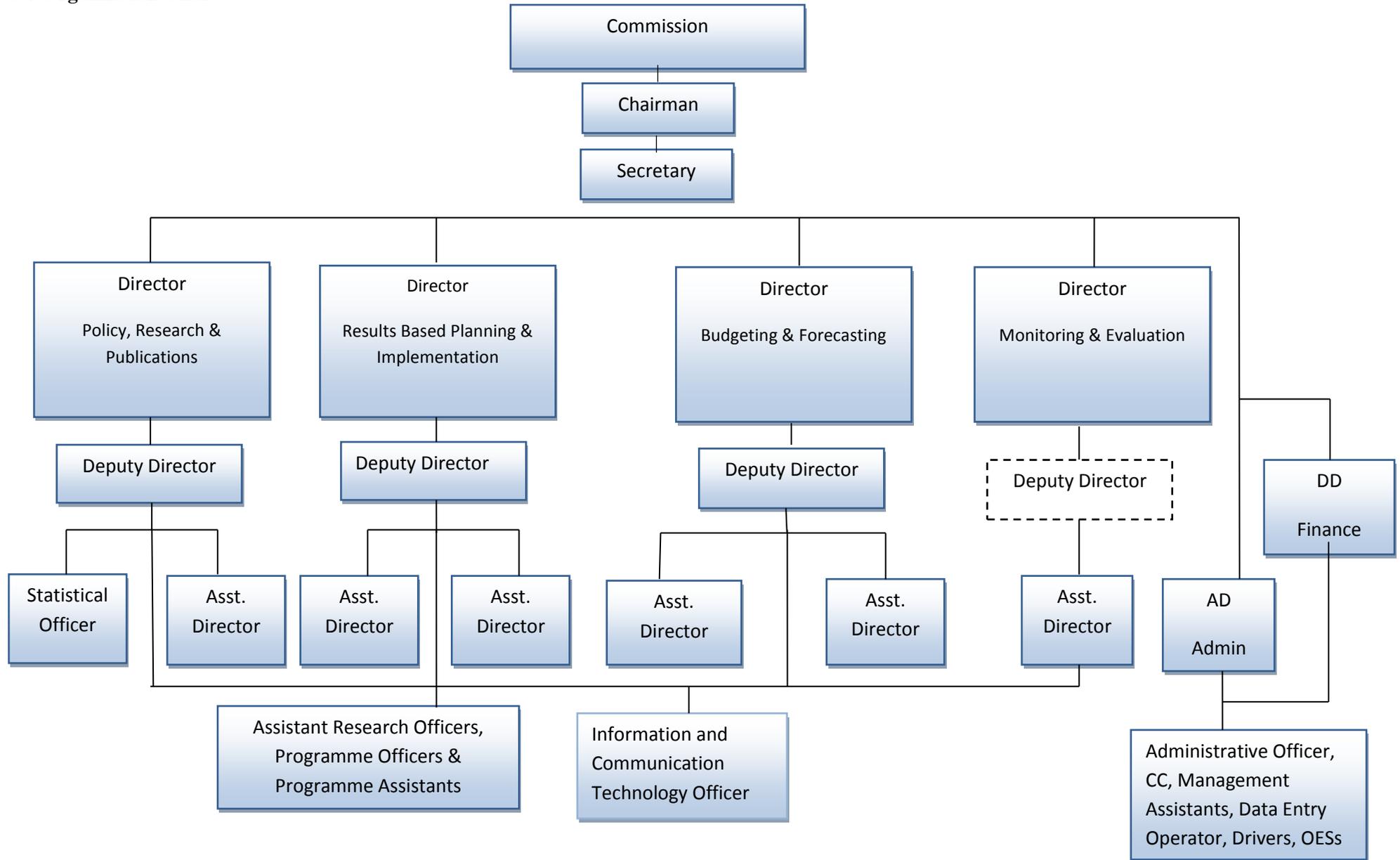
The Finance Commission Secretariat functions as an “A” Grade Department. It is headed by the Secretary as the Chief Executive Officer, supported by Directors, Deputy Directors, Internal Auditor, Assistant Directors, Administrative Officer, Assistant Research Officers, Programme Assistants, Management Assistants and minor staff.

3.3 Staff as at 31.12.2012

Designation	Service	Salary Code	Approved Cadre	Existing Cadre		
				Permanent	Casual	Contract
Secretary		SL3	01	01		
Director	SLPS/SLAS/SLACS/DEPT	SL1	04	03		
Deputy Director	SLPS/SLAS/SLACS/DEPT	SL1	04	03		
Internal Auditor	SLACS II	SL1	01	-		
Assistant Director	SLPS/SLAS/SLACS/DEPT	SL1	05	03		
Senior Level – Total			15	10		
Administrative Officer	PMAS Supra	MN7	01	-		
Statistical Officer		MN5	01	01		
Information and Communication Technology Officer	Information and Communication Technology Service/ Class II/ Grade II	MT	01	-		
Tertiary Level Total			03	01		
Budget Assistant	ASSO Officer	MN4	02	-		
Research Assistant	ASSO Officer	MN4	08	07		
Asst. Research Off.	Dept.	MN4	12	12		
Programme Asst.	Dept.	MN4	10	04		

Designation	Service	Salary Code	Approved Cadre	Existing Cadre		
				Permanent	Casual	Contract
Public Mgt. Asst.	PMAS	MN2	13	07		
Data Entry Oper.	Dept.	MN1	01	-		
Secondary Level Total			46	30		
Driver	DS	PL3	08	-	04	
KKS	KKS	PL1	05	02	02	01
Primary Level Total			13	02	06	01

3.4 Organization Chart



4. Performance of the Finance Commission – 2012

The main task of the Finance Commission is to apportion funds between the provinces ensuring balanced regional development in the country and providing guidelines and technical guidance to the provinces with the objective of utilization of such funds in effective manner. In this process, the required policy decisions are made by the Commission, presided by the Chairman. The Commission has met three times in 2012.

The Finance Commission consists of six divisions.

1. Policy, Research and Publication Division
2. Results Based Planning and Implementation Division
3. Budget and Forecast Division
4. Monitoring and Evaluation Division
5. Administration Division
6. Finance Division

Accomplishing duties relating to the responsibilities vested by the Constitution to the Finance Commission was undertaken by the Policy, Research and Publication Division, the Results Based Planning and Implementation Division and the Budget and Forecast Division. The supportive services were provided by the Administration and Finance Divisions.

4.1 Policy, Research and Publication Division

Recommendations for 2013 which contained the budgetary provisions for provinces, the way in which apportionment of funds between the provinces is made and the related policies and principles were prepared in 2012. These recommendations have been forwarded to Parliament by the H.E. the President, after obtaining the approval of the Cabinet of Ministers.

During the year concerned, the provincial authorities submitted their financial requirements on capital needs for 2013, based on the guidelines pertaining to requesting capital grants, issued by the Finance Commission. After assessing the requirements made by the provinces, the need of capital grants has been recommended to the General Treasury. The provincial capital grants provided by the General Treasury based on the recommendations of the Finance Commission were apportioned between the provinces by October, 2012. In this exercise, a statistical formula of which some variables that closely associated with the living standards of the people were taken into account has been adopted. Among these variables provincial Per Capita Income, Poverty Ratio, Child and Maternal Mortality Rates, School Enrolment Ratio, Performance of Students, Quality of the Houses and Provincial Road Network are salient. The provincial capital grants apportioned to the provinces in 2013 are as follows.

Province	<i>Rs.Mn</i>		
	Province Specific Development Grant	Development Projects	Criteria Based Grant
Western	1,266	435	370
Central	1,229	2,025	321
Southern	1,229	405	295
Northern	1,030	2,663	195
Eastern	1,000	3,915	217
North Western	1,137	730	270
North Central	1,000	1,140	230
Uva	1,144	1,452	240
Sabaragamuwa	1,145	1,620	252
Total	10,180	14,384	2,390

When allocating the PSDG among sectors/agencies the factors like past performance, institutional capacity, foreign funded projects, development priorities of the Government and resource availability have been given due consideration. The allocation of PSDG among different sectors/agencies of the provinces is shown in the Annex 1.

A compendium of guidelines to ensure the effective utilization of allocated provisions between the provinces for the benefit of the people has been issued by the Finance Commission in October, 2012. These guidelines were expected to be followed in the preparation of provincial development plans for 2013.

4.2 Results Based Planning and Implementation Division

As a practical planning tool, the ‘‘Results Based Management (RBM) Approach’’ was introduced to the provinces in 2011 by the Finance Commission. However, it has been observed that there were some difficulties in adopting this approach on sector basis. Considering this situation, the Finance Commission took measures to introduce an improved version of the RBM approach, known as ‘‘Agency Results Framework (ARF)’’. In order to make the provincial authorities aware on this new approach, a series of workshops at provincial level were organized by the Finance Commission in 2012. All provinces were directed to prepare their Medium-Term Development Plans based on the ARF since 2013.

The following basic functions were completed by this division in 2012.

- i. Grant the concurrence of the Finance Commission for Provincial Annual Development Plans of 2012.
- ii. Grant the concurrence for the revisions of the Annual Development Plans.

- iii. Contribute to preparation of the Recommendations for 2013, submitted to H.E. the President by the Commission.

Further, the following matters have been paid especial attention with the objective of ensuring productive investment of resources at provincial level.

- i. The necessity of implementation of Provincial Development Programmes in line with the Regional development initiatives, identified by the Government. This facilitates the achievement of national targets with regard to provincial development themes by 2016.
- ii. Ensuring minimum level of wellbeing of the people by implementing viable projects in the sectors of education, health and social services. This leads to reduce the socio-economic disparities among population and ensure social justice accordingly.
- iii. Preparation of rationale budget estimates taking into account the limited availability of resources. In this regard, it is necessary to incorporate development projects into the Annual Development Plans on priority basis.
- iv. Paying particular attention on promotion of tourist industry in line with the government policy. When identifying the projects and programmes, attraction of tourists for the areas where tangible and intangible cultural heritage is available should be given priority. Further, the identified projects need to be focused on generation of income and employment opportunities with the active involvement of private sector.
- v. Since the availability of public funds is limited, it is required to obtain funds from alternative sources. It is recommended to promote Public-Private Partnership (PPP) approach and ensure direct private sector involvement for commercial activities depending on the viability.

4.3 Budget and Forecast Division

The major functions of this division include recommending provincial financial needs to the General Treasury after assessing the recurrent needs of the provinces and apportionment of Block Grant between the provinces.

The Finance Commission received required amounts of recurrent needs for 2013 in accordance with the guidelines issued by the Finance Commission to the provinces. After assessing the recurrent needs submitted by the provinces, the real need has been estimated by deducting the revenue targets. The recommendation for Block Grant has been forwarded to the General Treasury for consideration.

The following table depicts the apportionment of Block Grant provided by the General Treasury between the provinces.

Rs.Mn

Province	Block Grabt
Western	8,501.76
Central	14,863.83
Southern	12,908.47
Northern	10,075.30
North Western	14,118.11
North Central	7,345.62
Uva	10,263.21
Sabaragamuwa	13,088.46
Eastern	11,635.26
Total	102,800.00

During 2012, a programme to assess the optimum cadre at provincial level has been undertaken by the Ministry of Local Government and Provincial Councils, the Salaries and Cadre Commission, the Department of Management Services and the Finance Commission. In this exercise, redundancy or personalizing of unfeasible posts merging similar types of responsibilities and assigning of wide range of duties wherever possible and creating common units have been taken into consideration. Based on the findings, a report on optimum cadre has been prepared and it was given to provinces to establish an efficient and effective human resource management system with effect from 01.01.2013.

4.4 Monitoring and Evaluation Division

It has been observed that there was no proper monitoring system to evaluate the implementation of provincial development plans. Therefore, the Finance Commission introduced a ‘Monitoring and Evaluation System’ at provincial level, based on RBM approach. Further, provinces have been directed to undertake monitoring exercises using the Results Based Monitoring and Evaluation Approach under the ARF. It was expected to undertake monitoring and evaluation at policy and implementation levels and necessary instructions have been given to relevant provincial officers at the workshops, conducted in 2012.

Further, measures have been taken to update the trilingual website of the Commission with the assistance of ICTA.

4.5 Administration Division

- i. Personnel Management including Maintenance of Personal Files and Other Documents.

Due payments were made after obtaining the approval for annual salary increments. At the request of some officers, measures have been taken to issue certificates of service. The following positions have been newly created after approvals were obtained from the Department of Management

Services. The purpose of creating new posts was to expedite the duties and responsibilities of the Commission.

Position	Approval
• Programme Officers (05 post)	Letter No. DMS/C/05/114 dated 03.04.2012
• Office Employer Service (01 post)	Letter No. DMS/C/05/114 dated 03.04.2012
• Information and Communication Technology Officer (01 post)	Letter No. DMS/C/08/114 dated 03.10.2012

ii. Settlement of Bills.

Vouchers relating to payments by the Commission were submitted to the Finance Division for payments, after obtaining the approval of the Secretary. Once the relevant cheques were finalized, the division made arrangements to send them to the persons and institutions concerned. All payments have been properly documented.

iii. Supervision of Security and Janitorial Services.

All vouchers relating to the services were examined in terms of the clauses contained in the service agreements. Subsequently, vouchers were submitted for approval and presented to the Finance Division for the arrangement of payment, once clearance was given by the Secretary.

iv. Maintenance of Office Premises and Other Assets.

The office premises, used on rental basis, were maintained by the owner himself and repaired by the Administrative Division of the Commission. The maintenance and repair of other assets, namely vehicles, computers, printing machines, photocopiers and fax machines were undertaken by this division, as per the service agreements.

v. Day to day Administration on Leave, Loans, Salary Increments etc.

Leave applications have been documented properly once they were submitted, and the leave register was updated using the reports of the finger-print machine. The documents on duty leave, short leave and official visits outstation have been properly maintained and the relevant records were stored in the computers. Further, the late attendances approved by the Secretary were documented properly, using the computer.

vi. Procurement of Goods and services.

For janitorial and security services, bidders were called from several agencies and based on the minimum quoted prices, Nipuni Cleaning Service (Pvt.) Ltd and Golden Heart (pvt) Ltd were selected for the supply of respective services. These agencies provided their services during the year, adhering to the clauses in the service agreements.

vii. Facilitation of Training and Development

During the year of 2012, the following officers were provided opportunities to participate in local training courses.

Local Training Courses

Name of the Officer/ Designation	Course
Mrs. T.M.W.Mudali - Assistant Director	<ul style="list-style-type: none"> Tamil Language Training (Programme Conducted by the Department of Official Languages) -06 months from July 2012
Mrs.U.P.Wijayahewa - Deputy Director (Finance)	<ul style="list-style-type: none"> Salaries Computer Software Training (Programme Conducted by Miloda Institute -13.01.2012-21.01.2012 Tamil Language Training (Programme Conducted by the Department of Official Languages) - 06 months from July 2012
Mr.H.K.D.Dilhani - Assistant Director (Admin.)	<ul style="list-style-type: none"> Tamil Language Training (Programme Conducted by the Department of Official Languages) - 06 months from July 2012
Mr.H.H.Priyantha – Assistant Research Officer	<ul style="list-style-type: none"> Higher Computer Training (Programme Conducted by SLIDA) - 21.05.2012-25.05.2012
Mrs.N.P.C.Priyangani – Assistant Research Officer	<ul style="list-style-type: none"> Project Management (Programme Conducted by SLIDA) - 11.06.2012-13.06.2012
Mrs.M.Chandrika Damayanthi – Assistant Research Officer	<ul style="list-style-type: none"> Project Management (Programme Conducted by SLIDA) - 11.06.2012-13.06.2012
Mr. Lakshman Illeperuma – Public Management Assistant Service I	<ul style="list-style-type: none"> Preparation of Recruitment Procedures (Programme Conducted by SLIDA) - 30.04.2012 Training for Chief Management Assistants (Programme Conducted by SLIDA) - 21.06.2012-22.06.2012
Mrs.A.P.S.P.Samarathunga – Public Management Assistant Service I	<ul style="list-style-type: none"> Preparation of Recruitment Procedures (Programme Conducted by SLIDA) - 30.04.2012 Preparation of Salary Conversions (Programme Conducted by SLIDA) - 11.07.2012 Maintenance of Personal Files (Programme Conducted by SLIDA) - 25.10.2012
Mrs.D.T.K.Perera – Public Management Assistant Service III	<ul style="list-style-type: none"> Government Audit (Programme Conducted by SLIDA) - 30.04.2012 Tamil Language Training (Programme Conducted by the Department of Official Languages) - 06 months from July 2012
Mr.D.K.D.Kannangara – Public Management Assistant Service III	<ul style="list-style-type: none"> Preparation of Salary Conversions (Programme Conducted by SLIDA) - 09.05.2012

	<ul style="list-style-type: none"> Tamil Language Training (Programme Conducted by the Department of Official Languages) - 06 months from July 2012
Ms.D.P.Jayasinghe – Public Management Assistant Service III	<ul style="list-style-type: none"> Preparation of Salary Conversions (Programme Conducted by SLIDA) - 09.05.2012 Maintenance of Personal Files (Programme Conducted by SLIDA) - 25.10.2012
Ms.M.A.F.Rifna – Public Management Assistant Service III	<ul style="list-style-type: none"> Commencing Service of Public Management Assistant Service (Programme Conducted by SLIDA) - 10.07.2012-24.07.2012 Basic Computer Training (Programme Conducted by SLIDA) -03.12.2012-07.12.2012
Mr.Eranga Nayanajith – Office Employer Service III	<ul style="list-style-type: none"> Service Enhancement of Office Employer Service Training (Programme Conducted by SLIDA) - 08.10.2012-10.10.2012

4.6 Finance Division

The Finance Division facilitates the statutory and other functions carried out by the Finance Commission. Further, the division is responsible for providing required funds for annual financial needs by maintaining a better co-ordination with the General Treasury and managing such funds in a proper manner.

In 2012, the Finance Commission was allocated Rs. 35,250,000.00 and Rs. 7,400,000.00 for recurrent and capital expenditure respectively.

The financial utilization rate of the recurrent expenditure was at high level as 99%. The Health Sector Development Project (HSDP) and the Education Sector Development Project (ESDP) which were under the Finance Commission had been ended by 2012. Since most of the equipment and furniture belong to these projects were transferred to the Finance Commission, need did not arise to procure capital assets within the year. Therefore, financial utilization of capital expenditure was at a lower level.

As per the P.A. Circular 220/2011, appropriation and all other accounts have been submitted to the Department of Public Accounts and the Department of Auditor General before due dates. The financial provisions, expenditure and financial performance of the Finance Commission for 2012 are given below.

Financial Provisions, Expenditure and Financial Performance – 2012

Rs.

Object Code	Description	Provision	Expenditure	Financial Performance
	Recurrent Provision/ Expenditure	₹.		
	Personal Emoluments	22,256,935	20,419,211.02	92%
	Other Recurrent Expenditure	15,300,000	14,320,764.08	94%
	Total	35,250,000	34,739,975.10	99%
	Capital Provision/ Expenditure			
2002	Plant, Machinery and Equipment	600,000	44,520.56	7%
2003	Vehicles	1,000,000	0.00	0%
2102	Furniture and Office Equipment	3,000,000	60,591.20	2%
2103	Plant, Machinery and Equipment	1,800,000	449,700.00	25%
2401	Training and Capacity Building	1,000,000	253,500.00	25%
	Total	7,400,000.00	808,311.76	
	Grand Total	42,650,000.00	35,548,286.86	

Advance Account Activities

Description	Maximum limit to Expenditure	Maximum limit of Receipts	Maximum limit of Debit Balance
Provision	4,000,000.00	1,200,000.00	20,000,000.00
Actual (After adjustment under the FR 505 (1))	1,752,321.78	1,349,384.00	74,514,886.00

5. General Administration

5.1 Staff for 2012

Chairman	MR.Ariyaratna Hewage
Secretary	Mr.W.H.Munasighe
Director	Mr.P.Sumanapala
Director	Mr.A.T.M.U.D.B.Tennakoon
Director	Mr.S.Batuwanthudawa (Transfer from 05.06.2012)
Director	Mr.K.P.Chandith
Deputy Director	Ms.A.P.L.D.D.N.Fernando
Deputy Director	Mr.M.L.A.Chandradasa
Assistant Director	Ms.H.K.D.Dilhani (Transfer from 05.10.2012)
Assistant Director	Ms.T.M.W.Mudali (Transfer from 01.10.2012)
Statistics officer	Mr.A.K.D.C.N.S.Karunarathna
Assistant Research Officer	Ms.T.M.C.Kumarihami
Assistant Research Officer	Ms.N.P.C.Priyangani
Assistant Research Officer	Ms.P.Indradevi
Assistant Research Officer	Ms.K.S.D.Nilanthi
Assistant Research Officer	Ms.W.W.S.Manel
Assistant Research Officer	Mr.S.K.K Gaminda
Assistant Research Officer	Ms.R.R.Ranasinghe
Assistant Research Officer	Mr.H.H.Priyantha
Assistant Research Officer	Ms.M.C.Damayanthi
Assistant Research Officer	Ms.A.R.Marina
Assistant Research Officer	Ms.S.Y.Disanayaka
Assistant Research Officer	Ms.W.P.C.R.P.Hangamporuwa
Assistant Research Officer	Ms.I.V.L.I Lilanthi
Assistant Research Officer	Ms.S.Weerathunga
Assistant Research Officer	Ms.K.D.P.D.Siriwardana
Assistant Research Officer	Mr.N.Rathnayaka
Assistant Research Officer	Mr.W.P.A.Wijayasuriya
Assistant Research Officer	Mr.M.B.M.A.H.Bandara
Assistant Research Officer	Ms.D.D.J.Kumari
Assistant Research Officer	Ms.H.G.D.K. Karunarathna
Program Assistant	Ms.P.A.S.Priyadharshani
Program Assistant	Ms.W.M.N.G.Karunarathna

Program Assistant	Ms.S.B.Samarasekera
Program Assistant	Ms.W.R.N.Perera
Management Assistant	Mr.E.A.L.Illeperuma
Management Assistant	Ms.P.Gamage
Management Assistant	Mr.D.K.D.Kannangara
Management Assistant	Ms.D.T.K.Perera
Management Assistant	Ms.D.P.Jayasinghe
Management Assistant	Ms.M.A.D. Fernando
Management Assistant	Ms.M.A.F.Rifna
Driver (Casual)	Mr.Upali Senevirathna
Driver (Casual)	Mr.M.K.R.Primal
Driver (Casual)	Mr.B.P.G.A. Dayannda
O.E.S.	Mr.T.Jayamini
O.E.S.	Mr.U.H.G.Eranga Nayanajith
O.E.S. (Contract)	Mr.A.W.Ravindra Jagath kumara
Personal Assistant to the Chairman(Contract)	Ms.C.D.Atigala
Trainee	Ms.R.A.Nishani Madukha Ranasinghe
Data Entry Operator (Trainee)	Ms.D.A.Sandya Chathurangani

5.2 Officers Transferred to the Finance Commission - 2012

Deputy Director (Finance)	Ms.U.P.Wijayahewa
Administrative Officer	Ms.W.P.S.Mangalika
Management Assistant Service I	Ms.A.P.S.P.Samarathunga

5.3 Officers Transferred from the Finance Commission - 2012

Director	Mr.S.Batuwanthudawa
Assistant Director	Ms.T.M.W.Mudali
Assistant Director	Ms.H.K.D.Dilhani

5.4 New appointments to the Finance Commission - 2012

Driver	Mr.Upali Senevirathna
Driver	Mr.M.K.R.Primal
Driver	Mr.B.P.G.A.Dayananda
Driver	Mr.Wasantha Kumara

6. Proposed Strategies to Strengthen the Performance in the Medium-Term

It is necessary to improve the knowledge and skills of the all officers of the Finance Commission in a new context, to suit the newly introduced approaches on provincial planning and budgeting. Further, internal measures need to be taken in order to improve the productivity of the staff as a whole. In a nutshell, they are as follows.

- (i) Staff Officers should be given required local and foreign trainings relating to Results Based Planning and Budgeting. Since all development plans submitted by the provinces are approved by the Finance Commission, technical knowledge of the staff officers on the RBM approach should be improved. In addition, officers should update their knowledge on government policies, priorities, circulars and guidelines etc.
- (ii) Officers in all grades should be given a training on new packages and e-mail usage, since computers are used in technical matters between the Commission and provinces. A close relationship with universities, ICTA, SLIDA is of vital importance in this regard.
- (iii) The officers of the Commission should have a good command of English as they have to closely work with the Northern and Eastern Provinces, foreign training institutions and foreign donor agencies. Special attention needs to be paid to writing, reading and comprehension. In line with the language policy of the government, a training in Tamil is also recommended.
- (iv) Since there are lapses in office management and related activities, the officers should be provided with training on office management methods and usage. A close relationship with SLIDA is essential in this regard.
- (v) With the assistance of expertise from external agencies, programmes on productivity improvement should be undertaken. In these programmes, topics like team spirit, personnel management, work ethics and better maintenance of office premises and other assets should be given prominence.

7. Audit Report

Accounts and books of the Finance Commission are supervised by the Department of Auditor General regularly. Replies were sent on audit report in 2012.

Short-comings Highlighted in the Audit Report and Measures Taken to Rectify Them

Short-comings Highlighted	Measures Taken to Rectify
Non-preparation of the Corporate Plan for 2013	As per the Ministry of Finance and Planning's Circular No. PFD/RED/01/04/2014/01 dated 17.02.2014, the necessity of the preparation of a corporate plan does not arise.
Non-tabling the Annual Performance Report before Parliament.	The Annual Performance Report of 2011 has already been submitted to Parliament with a copy to the Auditor General.
Procurement Plan and Internal Audit	During the year a large number of procurements have not been made. Therefore, the necessity does not arise for preparation of a procurement plan as per the circular. Further, since this institution is a small entity, no internal audit unit has been established.
Underutilization of Provisions	Measures have already been taken to utilize the provisions without underutilization.
Loan Balance and CC 10 Register	Loan arrears of transferred officers have already been recovered. The Administration Division has been directed to recover the arrears of officers who left the service in accordance with the legal procedures. CC 10 register has been streamlined.
Non-current assets	Measures have been taken to rectify the errors using code numbers.
Inactive and underutilized assets	Based on the property of government survey report 2013 these assets have been removed and deleted from inventory.
Non adherence to laws and regulations	The distress loan amount exceeded the limit of Rs. 250,000/- has been recovered.

Allocation - 2013
Province Specific Development Grant (PSDG)

Rs.Mn

No.	Agency	WP	CP	SP	NP	EP	NWP	NCP	Uva	Sab.	Total
1	Roads										
	1.1. Rehabilitation of Provincial Roads	365	270	240	100	60	250	156	200	215	1,856
	1.2. Estate Roads	19	28	24	-	-	3	-	29	19	122
2	Transport	24	21	21	14	22	11	10	15	16	154
3	Land	3	3	3	3	3	3	3	3	3	27
4	Education	182	177	172	197	173	180	150	190	188	1,609
5	Health (Western Medicine)	165	167	161	197	173	140	120	152	163	1,438
6	Indigenous Medicine	20	19	21	26	30	26	28	29	26	225
7	Sports	14	13	13	14	15	12	12	15	15	123
8	Local Government										
	8.1. Local Authority Roads	142	136	150	50	60	93	75	91	90	887
	8.2. Local Authority Services	25	19	20	27	20	24	20	18	22	195
	8.3. Waste Management	45	24	25	16	15	15	15	15	15	185
9	Probation and Childcare	14	11	17	16	14	18	12	13	14	129
10	Social Services	10	11	20	16	16	12	10	10	10	115
11	Housing	3	3	3	3	3	3	3	3	3	27
12	Cultural Affairs	3	3	3	4	4	3	3	4	4	31
13	Agriculture	21	40	42	60	60	48	50	50	45	416
14	Livestock	17	26	25	30	45	30	25	30	25	253
15	Inland Fisheries	5	6	10	14	15	17	12	10	9	98
16	Irrigation	14	21	31	30	40	40	90	34	21	321
17	Rural Infrastructure	14	18	22	23	16	20	23	22	17	175
18	Small Industries	10	10	12	9	9	12	9	10	10	91
19	Rural Alternative Energy	5	13	10	4	5	7	4	8	8	64
20	Co-operative Development	4	4	4	4	4	4	4	4	4	36
21	Tourism	19	26	30	26	45	20	24	25	25	240
22	Special Projects for Balanced Regional Development	105	125	115	120	123	106	105	129	138	1,066
23	Projects under Flexible Amount	18	35	35	27	30	40	37	35	40	297
Total		1,266	1,229	1,229	1,030	1,000	1,137	1,000	1,144	1,145	10,180

Note: SP Social Services 20Mn includes Rs.7Mn for Improvement of Ridiyagama Detention Home