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MINISTRY OF FINANCE, ECONOMIC STABILIZATION AND NATIONAL POLICIES

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திகதி } 27.12.2022
Date }

Budget Circular No. : 09/2022

All Secretaries to Ministries,
Chief Secretaries of Provincial Councils,
Heads of Departments/ District Secretaries,
Heads of State Corporations and Statutory Boards,

Authorization for Incurring Expenditure and Management of Public Expenditure in the Year 2023

01. Authorization for Incurring Expenditure

The Appropriation Act No. 43 of 2022 has been passed in Parliament on 08.12.2022 and the Minister in charge of Finance has signed the warrants in terms of the provisions of Article 150(1) of the Constitution, authorizing to make withdrawals from the Consolidated Fund, enabling to incur the expenditure of the year 2023 within the limits stipulated by the said Act.

Accordingly, the relevant authority should be quoted on the payment vouchers and other documents in the year 2023 as follows;

- In case of General Public Services - General Warrant No. 1 of 2023
- In case of Special Law Services - Special Law Warrant No. 1 of 2023
- In case of Advance Accounts Activities - Advance Warrant No. 1 of 2023

02. Management Responsibility over Public Expenditure

All Chief Accounting Officers, in terms of Finance Regulation 127 will be accountable to the Minister of Finance for ensuring the adequacy of the financial administration of the institutions under their purview. Similarly, as highlighted in sub-section 05.1 of paragraph 05 of the Public Finance Circular No. 02/2020 dated 28th August, 2020 and the preamble of the detailed budget estimates 2023, it is strongly emphasized that managing of expenditure within the stipulated limits of the provisions allocated through annual budget estimates shall be the responsibility of Chief Accounting Officers, Accounting Officers as well as the Officers-in-charge of the subject.

03. Management of Public Expenditure in the year 2023.

Public expenditure in the year 2023 should be incurred more prudently than ever before, due to the current economic crisis. In that respect, it is emphasized that the **instructions** already given on public expenditure control by the National Budget Circular No. 03/2022 and the suspension of expenditure incurred by government institutions for various events by the National Budget Circular No. 08/2022 as well as the provisions of the circular No. PS/SB/Circular/10/2022 dated 15.08.2022 issued by the Secretary to the President, **should further be strictly adhered to.**

The order of priorities mentioned below should be followed when incurring expenditure during the year.

- (a) Settlement of bills in hand/liabilities
- (b) Maintaining the essential activities
- (c) Completion of nearly completed works
- (d) Ensuring the safety of partially completed works and making temporary measures to avoid inconvenience caused to the public.
- (e) Expenditure related to new commitments

04. Management of Commitments

Overdue bills pertaining to the year 2022, if any, should be settled prior to entering in to new commitments in the year 2023. It should be ensured that adequate budgetary provisions are in place in connection with every expenditure, prior to entering in to any commitment. It is important to verify the availability of imprest prior to making any commitment even though provisions have been allocated, in order to prevent the difficulties encountered by the government as well as contractors/service providers due to the accumulation of unsettled liabilities.

Accordingly, the concurrence of the Department of Treasury Operations should be obtained before entering in to commitments, regarding the capital expenditure items over Rs. 500 Mn for the year 2023 or those with a total cost over Rs. 1,000 Mn to be paid in multiple years. In this respect, the Department of Treasury Operations will maintain a waiting list and give the concurrence according to the financial situation and priorities. .

As the Treasury will not be liable to commitments made without budgetary provisions, the relevant officers will be personally liable for such expenditure.

05. Grant of Allocations to District Secretariats (F.R. 208)

When activities that come under the purview of line ministries, are executed through District Secretariats, allocations should be transferred accordingly, before the final quarter of the relevant year, ensuring adequate time to complete the activity.

06. Request for Additional Allocations

As it is extremely difficult to grant additional allocations exceeding the provisions allocated for expenditure units due to the highly restricted fiscal space at present, the expenditure arising in the year 2023 should be well-prioritized and managed within the allocated provisions. In case

of requesting additional allocation for an absolutely essential purpose, such requests should be forwarded to the Treasury with the recommendation of the Chief Accounting Officer at all times. Nevertheless, the requests for additional allocation should be confined to the purposes stipulated from i to xii in 3.1 of the preamble of the budget estimates.

07. Request for allocations by Public Enterprises

Government Institutions of commercial nature which are not financed annually from the National Budget, should take all possible measures to recover their expenditure and should not request for additional allocations from the Treasury considering the revenue deficit.

08. Transfers made under F.R. 66

Requests for transfer of provisions under Financial Regulations 66 should be submitted to the relevant officers of the Department of National Budget through the Integrated Treasury Management System (ITMIS) before 31st December in the year 2023.

It is further emphasized that, the transfer of provisions under Financial Regulation 69 after 31.12.2023 can be carried out only in cases where payments have already been made in excess of the provisions and that, such transfers will not be approved unless adequate reasons have been provided for the failure to obtain prior authority as stipulated in Financial Regulation 69.

09. Advance Accounts Activities

Advance accounts activities should be maintained within the limits approved by the Parliament and since increase in the maximum expenditure limit will not be allowed, expenditure should be reviewed from time to time and managed within the same limits.

10. Clarification

For any clarification regarding this circular, please contact the relevant Officer from the Department of National Budget who is responsible for your Ministry/Department/Institution.

Sgd./K.M. Mahinda Siriwardana
Secretary to the Treasury

Copies to:

1. Secretary to the President
2. Secretary to the Prime Minister
3. Secretary to the Cabinet of Ministers
4. Auditor General
5. Secretary, Finance Commission