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நிதி அமைச்சு
MINISTRY OF FINANCE

මහලේකම් කාර්යාලය, කොළඹ 01,
ශ්‍රී ලංකාව.

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இலங்கை

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මගේ අංකය } PFD/PMD/Circular/2016/03
எனது இல. }
My No. }

ඔබේ අංකය }
உமது இல. }
Your No. }

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திகதி } 18 .02.2016
Date }

Public Finance Circular No : 03/2016

To:

All Secretaries to the Ministries

Chief Secretaries of Provincial Councils

Heads of the Departments /Heads of Local Government Agencies / District Secretaries

Heads of Government Corporations and Statutory Boards

Chairmen of State Owned Enterprises

Settlement of Outstanding Contract Commitments

Government institutions have spent a considerable amount of money to procure various goods, works and services for infrastructure development projects ranging from mega scale constructions to small scale constructions in the past years up to 31st of December 2014. It is reported that some of these procurements have commenced without envisioning budgetary allocations in respective Annual Budgets and some of the contracts have been awarded without following the fundamental principles such as transparency, accountability and value for money of governance articulated in the Government Procurement Guidelines - 2006. As reported there are outstanding dues and unsettled claims on those procurements from years as far back as 2011 which run into Billions of Rupees. Therefore, it is essential to review such outstanding contract commitments comprehensively paying more attention to established procurement guidelines to ensure the validity of such claims and settle them early.

02. For this purpose, as proposed in the Budget Speech - 2016, Cabinet of ministers has granted approval at its meeting held on 10.02.2016 to appoint the following committee with effect from 01.03.2016 to make recommendations in respect of outstanding contract commitments. Based on the recommendations of the committee, the responsible agencies may proceed to settle the payments, having obtained the approval of the Cabinet of Ministers as appropriate.

- | | | |
|-----|---|----------|
| i | Mr. Lalith R. De Silva
Former Secretary
Ministry of Trade, Marketing, Co-operative and Consumer Affairs | Chairman |
| ii | Mr. N. Pathmanathan
Former Secretary
Ministry of Forestry and Environment | Member |
| iii | Ms. Pushpa Wellappili
Deputy Secretary to the Treasury | Member |

03. The Department of Public Finance of the General Treasury will act as the Convener/Secretary of this committee and will facilitate the relevant activities in this regard.

04. You are requested to furnish the details in relation to the unsettled payments on procurements accumulated from 2011 and remained unsettled as at 31.12.2014 using the annexed format "A" with the observations of the Secretary of the line ministry to the Department of Public Finance in order to forward them to the Committee for review and recommendations. Based on the recommendations of the Committee, action will be taken to settle the outstanding payments.

05. Officials of Line Ministries are requested to liaise with Public Finance Department and the above Committee to ensure early settlement of these unsettled liabilities.

06. Any clarifications on any issues relating to this Circular may be obtained from the Director General of Department of Public Finance (Tel.011 2484614/ 011 2484766).



R.H.S. Samaratinga

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

SETTLEMENT OF OUTSTANDING CONTRACT COMMITMENTS

Name of the Ministry :

Procurement Entity :

1.1	Name of the Project					
1.2	Whether the project has been approved by the Cabinet of Ministers or any other relevant authority in terms of FR 72 as elaborated in NBD circular No.138 dated 04.04.2008	Yes/No	Date of approval			
1.3	Approved original Total Cost Estimate (Rs.)					
1.4	Whether the budgetary allocations have been provided in the respective annual budget estimates accordingly	Yes/No	Year	201..	201..	201....
			Amount (Rs.)			
1.5	Source of Funding	Domestic Funds		Foreign Funds (in Rupee terms)		
1.6	Total Cost Estimate as revised before commencing the work , where applicable					
2.1	Title of Procurement					
2.2	Whether an appropriate procurement method has been followed in a transparent manner in terms of Chapter 3 of Government Procurement Guidelines	Yes/No	Procurement method followed			
2.3	Whether the contract award has been recommended by the relevant authority in terms of Procurement Guidelines 2.14.1	Yes/No	Relevant Authority			
			SCAPC/CAPC/CACPC/CANC/MPC/DPC/RPC			
2.4	Approving authority of contract award (Cabinet of Ministers /Secretary to the line Ministry /Head of the Department)	Approving Authority		Date of Approval		
2.5	Whether an Engineer's Estimate is available	Yes/No	Amount (Rs.)			
2.6	Date of contract award					
2.7	Contract Value (Rs.)	Contract Sum				
		Contingency Provision				
		VAT				
		Total				
2.8	Difference between engineers' estimate and contract sum of the recommended bidder as a percentage of engineers' estimate where applicable					
2.9	Date of commencement of the contract					
2.10	Date of completion of the contract					
3	Current status of the procurement / contract					
3.1	If procurement/ contract has been fully completed as at date, provide details 3.2 to 3.5 below					

3.2	Cost of the contract as certified by the engineer/ consultant or goods receiving authority	(Rs.)
3.3	Amount settled to date	(Rs.)
3.4	Amount outstanding for settlement	(Rs.)
3.5	Reasons for outstanding payments	(Please submit in a separate sheet)
4 Payments due for ongoing contracts / incomplete procurements		
4.1	Value of work done/goods received as certified by the engineer/ consultant/ goods receiving authority	
4.2	Work done/ goods received as a percentage of total work/procurement	Physical
		Financial (Actual payment made to date)
4.3	The view of the Procuring Entity to make sure that the project/ procurement shall require, to continue as same as initial scope or shall require any scope change/ quantity reduction in keeping with the legal provisions of the respective contract agreement	
5 If contract cost variation being involved please provide following details.		
5.1	Total variation	Scope change
		Quantity variation
		Price escalation
		Time extension
		Total
5.2	Whether contract cost variation could be accommodated within the contingency provisions made available as 2.7 above	
5.3	Contract cost variation exceeding the contingency provision	(Rs.)
5.4	Whether proper approval has been obtained for the variations exceeding in the contingency provision	
6.1 Total contract cost including variation (2.7 + 5.1)		
6.1	Payments made up to date	(Rs.)
6.2	Outstanding settlement amount	(Rs.)
7.	Any other matters : (Please submit in a separate sheet)	
8.	Certification of the respective officer:	
9.	Recommendation of the Secretary to the Ministry :	