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நிதி அமைச்சு
MINISTRY OF FINANCE

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திகதி } 26.04.2022
Date }

National Budget Circular No. 03/2022

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

Controlling Public Expenditure

Sri Lankan economy has approached a highly critical juncture. With that, the requirement of providing an efficient and productive service for the public while using the public finance in most responsible and economical manner has become a foremost priority than ever before. Enhancing the government revenue is a crucial requirement to control this challenging situation. However, as it takes certain time, public expenditure needs to be well-tightened, making it available only for the most essential services for a certain period

02. Therefore, the restrictions already introduced by several circulars such as controlling the payment of fuel and communication allowances, restrictions of water and electricity expenditure, suspending the construction and hiring buildings, stopping foreign study tours and trainings conducted using local funds, suspending the payment of various allowances made at ministry or institution level without the approval of the Cabinet of Ministers and avoiding any new commitments for various welfare/subsidy programmes and development programmes, should be thoroughly further followed by all government institutions.

03. In addition, the following methods of controlling expenditure should be followed when incurring expenditure and implementing projects using domestic funds as well.

- i. Temporary suspension of the implementation of projects, procurements of works or goods of which either the procurement process has been started or has to be started (including Budget Proposals)

- ii. Exploring the possibility and act accordingly to suspend projects, procurement of works or goods of which the agreements have been made with contractors, not yet been commenced.
- iii. Action should be taken to halt the activities or carry out selected construction/procurement activities or postpone the activities of the projects, procurements of works and goods which have been stopped or with less progress due to the lack of raw materials, current market situation or any other reason, though such projects, procurement of works and goods have been commenced.

In this respect, attention should be paid to a method by which a consensus is reached with relevant contractors and no disadvantage is brought upon the government and the contractor.

In suspending half-completed infrastructure projects, construction of the essential parts should be carried out so as to minimize the inconvenience caused to the general public who use such infrastructure and to ensure their longevity.

- iv. Temporary suspension of projects for which allocations have been made to be implemented as budget proposals but yet to be commenced or commitments to be made although the recommendations of the Department of National Planning have been obtained.
- v. Not to initiate actions for acquisition of lands or other assets in connection with the projects where specific approval for commencement have not been obtained.
- vi. Reviewing and suspending the distribution of various commodities, goods and equipment carried out using provisions allocated under capital development programmes and reviewing and suspending the concessional loans and financial assistance other than the loans provided through the banking system.
- vii. Differing the recruitments to posts to which no appointments have been made so far though the preliminary arrangements have been made for the recruitment of employees.
- viii. Discontinuing the provision of any allowance, welfare programme, development assistance or subsidy that have not been approved by the Cabinet of Ministers.
- ix. Reviewing the non-salary payments and reimbursement of bills done under the approval of Secretaries to Ministries/Heads of Departments and limiting such payments and reimbursement of bills to officers those who truly engage in work, instead of granting the same to all groups of officers in general.
- x. Suspension of loan facilities granted to staff grade officers under Public Officers Advance Accounts until the end of the year.
- xi. Minimizing the cost of stationery usage and printing, by use of electronic methods as far as possible, in order to communicate among Government institutions.
- xii. Reviewing all welfare and subsidy programs and limiting the same to the low-income people and beneficiaries who really require such benefits.

- xiii. Suspension of payment of all overtime allowances made without ensuring the actual engagement in duties / attendance and development of a mechanism that would enable to ensure that the total amount of overtime allowances received in various means shall not exceed the salary.
- xiv. Not to pay any allowances with the expectation of obtaining provisions in future, as there is no authority to incur expenditure exceeding the amount of provisions allocated.
- xv. To make sure that only one vehicle is used within the specified fuel limits in terms of the official entitlement as it has been reported that, vehicles are being used exceeding the approved entitlement in relation to official vehicle use.
- xvi. Suspension of all expenses that may be considered as unnecessary and less priority such as functions, opening ceremonies, seminars held by government institutions, and stop using public funds for the same.
- xviii. Savings of provisions that are provided to incur for specific expenditure within the year, should not be used for other expenditure prior to the end of year, as it is traditionally done. The Treasury will not consider such requests for transfers except for special circumstances.

04. All Accounting officers and Chief Accounting Officers shall make sure that all ministries, departments and institutions of the Government will follow the above provisions until the current challenging situation is resolved and shall continue to act upon the said provisions until a decision is made in future.

05. In discharging our responsibility as public servants towards the public welfare in this difficult situation, your support to establish a good, sustainable, public finance management to strengthen the macroeconomic stability and enhance quality of life of the general public through economic growth, is highly appreciated.

Sgd./ K.M. Mahinda Siriwardene
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