



2017

PERFORMANCE REPORT



**DEPARTMENT OF NATIONAL BUDGET
MINISTRY OF FINANCE AND MASS MEDIA**

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1. Overview

The Department of National Budget operates within the legal framework established under the provisions of Parliamentary Acts and under the guidance of the Ministry of Finance and Mass Media. The Department functions as the focal point for the formulation of Annual Budget Estimates of the Government based on a sector-wise Medium Term Expenditure Framework (MTEF) in consistence with the overall medium term macro-fiscal framework. The MTEF presents its financial plans towards specific targets within the context of sectorial policy strategies while paying particular attention to the management of public expenditure. This process involves a continuous consultation with the line Ministries, Departments, Statutory Agencies of the Government and the relevant Treasury Departments.

1.1 Vision

“Socio – Economic Development through Effective Appropriation of Financial Resources”.

1.2 Mission

Estimation and Appropriation of public financial resources for effective delivery of public goods and selected services achieving development objectives of the Government.

1.3 Goals

- Ensure socio economic development of the people through efficient and effective allocation of financial resources.
- Maintain fiscal discipline.
- Ensure fiscal consolidation.
- Learning and sharing for better estimation.

1.4 Functions & Responsibilities

1.4.1 Formulation of the National Budget

- Meeting within Treasury Departments on Budget Planning Process
- Preparation of Macro Framework for the Budget
- Obtaining the Approval of the Cabinet of Ministers for the Macro Economic Framework of the Budget
- Issuance of Budget Call / Budget Letters
- Preparation of Draft Estimates in consultation with the Spending Agencies
- Budget Discussions/ Consultative Meetings with Spending Agencies, Revenue Departments and Private Sector Stakeholders
- Finalize the Revenue / Expenditure/ Financing/ Borrowing Limits (Foreign & Domestic) in consultation with other Treasury Department
- Finalization of Estimates for the Appropriation Bill
- Obtaining Legal Clearance for the Draft Appropriation Bill from the Legal Draftsman and the Attorney General
- Obtaining the Approval of the Cabinet of Ministers for the Submission of the Appropriation Bill in Parliament
- Publishing the Appropriation Bill in Government Gazette
- Presentation of the Appropriation Bill in Parliament (First Reading)
- Printing of Draft Estimates in Sinhala, Tamil and English and Submission of same to Parliament
- Consultation with the Cabinet of Ministers on Budget Proposals
- Second Reading of the Budget Speech – the detailed presentation of the Budget Proposals
- Second Reading Debate, Vote and Approval
- Proposed Amendments to the Appropriation Bill and to the Draft Estimates submitted to Parliament
- Third Reading of the Budget – Committee Stage Debate, Vote and Approval
- Authorization by Hon. Speaker for the Appropriation Act
- Preparation of Warrants and approval by Hon. Minister of Finance and Mass Media (before 31st December)
- Issuance of the Expenditure Authorization Circular to the Spending Agencies and Revenue Departments

1.4.2 Implementation of the National Budget

The following activities are conducted annually for implementation of the national budget.

- Issuance of guidelines and Circulars related to the budget implementation, including authorization.
- Enforcement of controls to ensure that funds are effectively used for the appropriate purposes within the approved limits and the fiscal discipline is prudently managed.
- Interacting with Spending Agencies to ensure operational efficiency.
- Making Recommendations to the Department of Treasury Operations to release cash for Statutory Boards.
- Drafting observations on Cabinet Memoranda relating to the allocation of financial resources.
- Representing the General Treasury at the Committee on Public Accounts, Committee on Public Finance, Committee on Public Enterprises and other parliamentary Committee meetings.
- Representing the General Treasury at the Presidential Meetings, Prime Minister's Meetings and other meetings organized by Spending Agencies.
- Reallocation of provisions under section 6 of the appropriation Act.
- Monitoring the progress of Budget Proposals implemented by respective Ministries.
- Granting approval for transfer of allocation under FR 66/69 for ensuring the smooth implementation of the annual budget.

1.4.3 Advance Account Activities

- Determination of limits for the Commercial, Stores, Public Officer's Advance Accounts and revision of the limits of these accounts based on the requests of spending agencies.

1.4.4 Monitoring the Implementation of Budgetary Provisions

- Issuing guidelines and circulars relating to budget implementation and monitoring.
- Monitor financial and physical performance of development projects including the Budget Proposals of the year, implemented by the Ministries, Departments and Statutory Boards.

1.4.5 The Summary of Performance - 2017

With regards to the above mentioned duties and responsibilities, the number of activities have been undertaken by the Department. Performance of those activities are explained in the Table 1.

Table 1 : Summary of Performance – 2017

Action	Activity	Overall Target	Output
1. Implementation of Budget 2017 and Expenditure Management.	Issuance of Budget Authorization Circulars giving instructions on expenditure management.	Manage public expenditure efficiently.	Issued National Budget Circular No 5/2016 (Authorization of Expenditure of Budget 2017 & Public Expenditure Management) in this regard.
	Provision of additional funds for unforeseen expenditure and submission of Supplementary Estimates in the Parliament.	Manage Additional fund requirements of spending agencies enabling their smooth functioning	Additional fund requirements, especially for accommodating unforeseen incidents such as floods, droughts etc were addressed, managing the reallocation of funds within the approved expenditure ceiling.
	Authorization of transfer of funds under Section 5(1) of the Appropriation Act and FR 66 and 69.	Manage expenditure within the approved estimates.	As per the said Regulations, 1,602 applications were authorized. Out of that, 218 applications were programme transfers and 1,384 were project transfers. 72 transfer applications were authorized under the provisions of FR 69.

Action	Activity	Overall Target	Output
	Amendment to the Appropriation Act No. 24 of 2016.	Amend the paragraph 2(1) (b) of the Appropriation Act (Borrowing Limits). Present the Appropriation (Amendment) Bill to Parliament Pass the Appropriation (Amendment) Bill in Parliament.	Gazetted the Appropriation (Amendment) Bill on 17.09.2017. Submitted the Appropriation (Amendment) Bill to Parliament on 11.12.2017. Second Reading held on 11.12.2017. Parliament passed the Appropriation (Amendment) Bill on 11.12.2017. Appropriation (Amendment) Act No. 32 of 2017 was certified by the Hon. Speaker on 14.12.2017.
2. Preparation and formulation of National Budget Estimate for 2018	Issuance of guidelines on the preparation of Annual Budget Estimates.	Issue a Budget call including the guidelines on preparation of Budget Estimates by June 2017.	Issued the Budget Circular on 25.07.2017.
	Preparation of draft annual budget Estimates in consultation with spending agencies and relevant Departments of the General Treasury.	Ensure achieving annual targets of economic and development goals of the Government.	Conducted pre budget meetings with all relevant stakeholders with the Chairmanship of Hon. Minister of Finance and Mass Media

Action	Activity	Overall Target	Output
	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.
	Make necessary arrangements to present the Appropriation Bill for 2018 to Parliament on time.	<p>Present the Appropriation Bill to Parliament in the third week of October, 2017.</p> <p>Pass the Appropriation Bill by Parliament.</p> <p>Prepare and print the detailed Estimates of 2018.</p>	<p>Gazetted the Appropriation Bill for 2018 on 15. 09. 2017.</p> <p>Submitted the Appropriation Bill to Parliament on 09.10.2017.</p> <p>Presented the Budget to Parliament (Second Reading) on 09.11.2017.</p> <p>Parliament passed the Appropriation Bill on 09. 12. 2017.</p> <p>Appropriation Act No 30 of 2017 was certified by the Hon. Speaker on 09.12.2017.</p> <p>Warrants were issued by the Hon. Minister of Finance and Mass Media on 13.12.2017.</p> <p>Printed detailed estimates with relevant background information, concerning all spending agencies.</p>

Action	Activity	Overall Target	Output
3. Submission of observations on Cabinet Memoranda.	Draft and submit observations and comments on Cabinet Memoranda on time based on policy analysis of government/ sectoral and expenditure management policies.	Timely submission of observations on Cabinet Memoranda.	Submitted observations for 411 Cabinet Memoranda during the year. Further, comments of the Department have been submitted to other Treasury Departments for 504 cabinet memoranda
4. Internal Management of the Department of National Budget.	Submission of Reports.	Submit reports before the deadlines (a) Expenditure review to the Annual Report of the Ministry of Finance (b) Performance Report of the Department (c) Appropriation Account (d) Reconciliation of Public Officers Advance Account.	Submitted the following reports on time. (a) Expenditure Review - 2017 (b) Performance Report to the Parliament (c) Appropriation Account 2017 (d) Reconciliation of Public officers Advance Account 2017.
	Capacity Building.	Develop human resources through local and foreign training.	30 officers were trained overseas while 84 officers were trained locally on programs related to the activities of the Department of National Budget.
	Control of the Departmental Advance Account.	Grant Loans/advances to all the applicants of the staff of NBD complying with limits of the Advance Accounts.	Distress loans, bicycle loans, special advances and festival advances amounting to Rs. 9,990,346 have been provided, while adhering to authorized limits.

Action	Activity	Overall Target	Output
	Responding to Audit Queries.	Minimize audit queries. Represent COPA, COPE and COPF meetings of Parliament.	Replied to all audit queries (07) forwarded by the Department of Auditor General.

2. Review and Implementation of Budget 2017

2.1 Appropriation Act for 2017

The Appropriation Act for the year 2017 was approved by Parliament on 10th of December 2016 and it was enacted as the Appropriation Act No 24 of 2016.

Appropriation Act included three schedules, namely, the first schedule, second schedule and the third schedule. Each schedule included the government expenditure, as given in Table 2.

Table 2 : Appropriation Act for 2017

First Schedule	Expenditure of General Services of the Government by programme	The total expenditure was Rs. 2,113 billion.
Second Schedule	Expenditure of the Government, authorized by law and to be charged on the Consolidated Fund.	Total expenditure under Special Law was Rs. 1,515 billion
Third Schedule	Expenditure related to Advance Account Activities.	Contribution from the government budget per annum was Rs.05 billion for the year

Source : Department of National Budget

Accordingly, the entire government expenditure was estimated as Rs. 3,633 billion which includes Rs. 1,947 billion for Recurrent Expenditure, Rs. 881 billion for Capital Expenditure, Rs. 800 billion for Public Debt Amortization and Rs. 5 billion for Advance Account activities. Section 2 (1) (b) of the Appropriation Act stipulated a borrowing limit of Rs. 1,579 billion, while the corresponding borrowing limit for 2016 was Rs. 1,699 billion.

2.2 Amendments to the Appropriation Act No.24 of 2016

Adverse weather condition during the year 2017 hindered economic growth of the country resulting a shortage in Government Revenue. Simultaneously additional finance was required to facilitate relief and rehabilitation works due to damages of adverse weather incidents. Pressure came from the external sector through rupee depreciation also resulted an increase in debt servicing expenditure. In this circumstances the Government take actions to increase the borrowing limit for the year 2017 by amending the Appropriation Act No. 24 of 2016 in order to maintain favorable liquidity level.

2.3 Supplementary Estimates

Minister of Highways and Higher Education has submitted a Supplementary Estimate of Rs.53 billion to Parliament to settle the bills submitted by the contractors of foreign funded projects specially, for the payment of mobilization advances and for the payment of compensation for land acquisition on road development projects. For accounting this amount, Special Warrant No.01 was issued by the Minister of Finance and Mass Media, enabling them to utilize the approved amount in the supplementary estimate.

2.4 Special Law Warrants as Supplementary Allocations

Five (5) Special Law Warrants have been issued by the Minister of Finance and Mass Media during the year 2017 in order to fulfil additional fund requirements for several purposes of the government that have been raised through the Special Law Services in the schedule 2 of the Appropriation Act.

Table : 3 Special Law Warrants as Supplementary Allocations

Authority No	Expenditure		Purpose /Objective	Amount (Rs).
	Head No.	Institution		
01	07	Judicial Service Commission	To pay allowances for the members of the Commission as per the salary revision by Public Administration circular 3/2016 of the judges who are members of the Commission.	140,000
02	249	Department of Treasury Operations	To meet the shortfall of provisions allocated on debt servicing	146,460,000,000

03	249	Department of Treasury Operations	To meet the shortfall of provisions allocated on debt servicing	32,100,530,000
04	04	Judges of the Superior Courts	To pay salary increment of the Judges of the Superior Courts as per the salary revision of the judges by Public Administration Circular No. 3/2016	2,700,000
05	249	Department of Treasury Operations	To meet the shortfall of provisions allocated on interest payments	644,215,000

Source: Department of National Budget

2.5 Performance of Budget 2017

The government total actual expenditure of Rs. 3,470 billion in year 2017 has increased by Rs. 364 billion compared to Rs 3,106 billion in 2016. This was against the estimated expenditure of Rs. 3,628 billion, which was Rs.158 billion, lower than the estimated expenditure. However, the total utilization ratio of budgetary provisions in 2017 was 96 percent and that was 12 percent higher than the performance in year 2016, that of 84 percent.

Out of the provisions authorized under the clause 2 (1) of the Appropriation Act (expenditure on supply services) only 87 percent was utilized during the year an increase from 69 percent in 2016. Concurrently, utilization of Capital Expenditure of the Government shows a clear improvement at 75 percent or Rs. 658 billion against the initial estimate of Rs 881 billion, compared to 50 percent in year 2016. Utilization of recurrent allocations stood at 91 percent or Rs. 1,947 billion.

Following the trend in last few years, the expenditure estimates under special law (Financing code 21- second schedule of the Appropriation Act) has shown an overrun of Rs 123 billion against the initial estimate of Rs. 1,515 billion. This was mainly due to the increase in debt servicing as a result of rupee depreciation, increasing LIBOR rates and overall increase in interest rates in the last 24 months domestically and globally led to an increase in both repayment and interest payment.

The total expenditure derived through the 1st schedule of the Appropriation Act shows 87 percent progress by spending Rs. 1,832 billion against the initial estimate of Rs. 2,113 billion. In the perspective of both programs, programme 1 – Operational activities and Programme 2 – Development activities illustrate an upward trend in actual expenditure compared to the last year.

Table : 4 Utilization of Budgetary Provisions 2016-2017

(Rs. Billion.)				
Expenditure Category	2016		2017	
	Budget	Expenditure	Budget	Expenditure
Appropriation Act (1st schedule)	2,507	1,719	2,113	1,832
Programme - 1	1,021	988	965	1,011
Programme - 2	1,486	731	1,148	821
Special Law Services (2nd schedule)	1,192	1,388	1,515	1,638
Advance Accounts (3rd Schedule)	5	0*	5	4
Total	3,699	3,107	3,628	3,470

Source: Department of State Accounts

* Loan recovery were greater than the budgeted amount. Advance account activities could have been managed within the limits without utilizing the funds allocated through the budget 2016.

The source of financing of government expenditure for the year 2016 and 2017 is shown in Table 5.

Table : 5 Financing Source of Government Expenditure

Financing Code	Financing Source	2016 Rs. Bn	2017 Rs. Bn
11	Domestic Funds	1,466.6	1,572.2
12	Foreign Loans	205.4	214.7
13	Foreign Grants	6.9	6.3
14	Reimbursable Foreign Loans	207	2.1
15	Reimbursable Foreign Grants	0.2	0.1
16	Counterpart Funds	0.5	0.5
17	Foreign Finance Associated Local costs	0.3	35.6
21	Special Laws	1,387.6	1,638.0
Total		3,106.5	3,469.7

Source : Department of State Accounts

Table : 6 Unutilization of Provisions

Rs Mn						
Name of the Ministry/Expenditure Item	Estimated Provisions	Additional Allocation provided from TMV	Supplementary Allocation Through Special Warrant and Parliament	Total Provisions (sum of (1)+(2)+(3))	Actual Expenditure	Unutilized Provisions (4)-(5)
	(1)	(2)	(3)	(4)	(5)	(6)
Special Spending Units	17,686	5,458	3	23,147	16,466	6,681
Buddha Sasana	1,870	1,169		3,039	2,164	875
Finance and Mass Media	38,783	32,189	179,205	71,193	58,564	12,629
Defence	284,044	13,087		297,131	278,578	18,553
National Policies and Economic Affairs	14,046	40,507		54,554	31,578	22,975
Disaster Management	4,612	12,150		16,761	12,374	4,388
Posts, Postal Services and Muslim Religious Affairs	12,550	1,044		13,595	13,509	86
Justice	10,231	1,167		11,398	10,017	1,381
Health, Nutrition and Indigenous Medicine	160,972	11,639		172,611	146,073	26,539
Foreign Affairs	9,689	1,323		11,012	9,949	1,063
Transport & Civil Aviation	51,299	21,058		72,357	52,160	20,197
Higher Education and Highways	163,405	41,823	53,000	258,228	239,461	18,767
Agriculture	21,394	40,805		62,199	54,888	7,311
Power and Renewable Energy	1,059	8,157		9,216	8,582	634
Women and Child Affairs	2,699	5,905		8,603	7,940	663
Home Affairs	44,543	12,395		56,938	40,427	16,511
Land & Parliamentary Reforms	9,135	365		9,500	7,556	1,944
Housing and Construction	3,268	4,780		8,048	8,042	5
Social Empowerment and Welfare and Kandyan Heritage	16,250	55,372		71,622	66,581	5,041
Education	76,944	35,970		112,913	81,027	31,886
Public Administration and Management	213,316	1,985		215,301	214,107	1,193
Plantation Industries	8,221	2,738		10,959	8,209	2,749
Sports	4,484	2,470		6,955	4,178	2,777
Hill Country New Villages, Infrastructure and Community Development	3,367	1,001		4,368	2,425	1,943
Prison Reforms, Rehabilitation, Resettlement and Hindu Religious Affairs	17,441	2,344		19,786	17,619	2,167
Regional Development	622	37		658	436	222

Rs Mn

Name of the Ministry/Expenditure Item	Estimated Provisions	Additional Allocation provided from TMV	Supplementary Allocation Through Special Warrant and Parliament	Total Provisions (sum of (1)+(2)+(3))	Actual Expenditure	Unutilized Provisions (4)-(5)
Development Assignment	192	144		336	260	76
Industry and Commerce	9,921	5,975		15,896	10,370	5,527
Petroleum Resources Development	312	19		331	310	20
Fisheries and Aquatic Resources Development	5,671	2,364		8,035	5,566	2,469
Rural Economic Affairs	8,330	3,206		11,536	8,796	2,740
Provincial Councils and Local Government	214,123	34,189		248,312	216,753	31,559
National Co-Existence, National Dialogue and Official Languages	677	401		1,078	771	306
Public Enterprise Development	432	9,532		9,964	1,549	8,415
Tourism Development and Christian Religious Affairs	855	504		1,359	634	725
Mahaweli Development and Environment	57,623	450		58,074	46,195	11,878
Sustainable Development and Wildlife	3,500	169		3,670	3,466	204
Megapolis and Western Development	15,806	24,429		40,234	29,972	10,263
Internal Affairs, Wayamba Development and Cultural Affairs	7,928	1,240		9,168	7,205	1,963
National Integration and Reconciliation	1,836	1,703		3,539	2,815	725
City Planning and Water Supply	22,846	11,396		34,242	27,318	6,924
Special Assignment	118	47		165	112	53
Ports and Shipping	2,363	37		2,400	620	1,780
Foreign Employment	695	59		754	727	27
Law and Order and Southern Development	68,395	8,354		76,749	71,919	4,830
Labour and Trade Union Relations	5,729	76		5,805	4,549	1,256
Telecommunication and Digital Infrastructure	2,454	15,179		17,632	1,769	15,863
Development Strategy and International Trade	955	1,081		2,036	1,122	915

Rs Mn

Name of the Ministry/Expenditure Item	Estimated Provisions	Additional Allocation provided from TMV	Supplementary Allocation Through Special Warrant and Parliament	Total Provisions (sum of (1)+(2)+(3))	Actual Expenditure	Unutilized Provisions (4)-(5)
Science, Technology and Research	4,277	1,498		5,774	3,635	2,140
Skills Development and Vocational Training	9,591	1,152		10,743	8,301	2,442
Irrigation and Water Resources Management	20,039	5,078		25,116	18,278	6,839
Primary Industries	3,161	28		3,189	1,617	1,572
Debt Service Payment	1,480,275			1,659,258	1,603,049	56,209
Treasury Miscellaneous vote (TMV)	488,078	(485,246)		2,832		2,832
Grand Total	3,628,110		232,208	3,860,318	3,470,589	389,729

Source : Department of National Budget/Department of State Accounts

2.6. Advance Account Activities

The actual expenditure of Advance Account activities was Rs.25.56 billion against the estimate of the maximum expenditure of Rs.26.04 billion. The actual total receipt was Rs.21.53 billion against the estimate of minimum receipt of Rs. 21.04 billion. Accordingly, Advance Account activities were within the approved limit of the Appropriation Act No.24 of 2016. Activities under the Advance Account included activities of commercial nature as well as advances to public servants excluding the property and vehicle loans. The total advance given to the public servants was Rs. 17.51 billion. Interest free special distress loans have been given to the public servants who were affected due to sudden floods and landslides occurred in May 2017. In order to issue such loans actions have been taken to revise the estimated maximum expenditure limits of public officers advance accounts.

From the year 2005, property loans and vehicle loans for public officers have been made through state banks. During the year, Rs.10.91 billion has been released for 8,349 government servants as property loans and government has subsidized the interest payments at a cost of Rs. 2.62 billion as loan interests.

2.7 Management of 2017 Budget

2.7.1 Transfer of Funds

Under the Virement procedure and the section 5 of the Appropriation Act, institutions are allowed to reallocate or transfer of unutilized provisions within the total expenditure limit approved by Parliament, following the said procedures specified in

Financial Regulations and printed Estimates, during the year 2017 General Treasury has granted approval for 1,601 requests for reallocation of the funds.

2.7.2 Supplementary Support Services and Contingent Liabilities

The Supplementary Support Services and Contingent Liabilities project under the Expenditure Head 240, was implemented by the Department of National Budget in year 2017 for facilitating the unforeseen urgent additional fund requirements of spending agencies.

The total provision of this project in 2017 was Rs 488 bn, including the provision for implementation of budget proposals of Rs 268 bn which has been reallocated to relevant spending agencies as supplementary allocations on the basis of need assessments undertaken by the Department of National Budget. All supplementary allocations have been provided in line with specific guidelines stipulated in printed Estimates for 2017. A summary is given in table 7.

Table : 7 Summary of Provisions allocated under the Clause 6 of the Appropriate Act

Purpose as per the Printed Estimates		Amount (Rs. Mn.)
1	Provisions for the implementation of welfare programmes	133,243
2	Provisions for the unforeseen expenditure	36,128
3	Provisions for implementation of budget proposals.	268,205
4	Provisions to meet any shortfall in capital expenditure including projects funded through external financing and related counterpart-funding requirement inclusive of payment of taxes and duties.	50,500
Total		488,076

Source: Department of National Budget

A report containing the amount of provision transferred and the reasons for such transfers, was submitted to Parliament within two months of the date of the said transfer made, in terms of clause 6(1) of the Appropriation Act. In addition, details of transfers made out of this provision were incorporated in the Government Fiscal Performance Report 2017 as per the Fiscal Management (Responsibility) Act. No. 3 of 2003 and in the Annual Report 2017. Finally, actual utilization is reported under the relevant object codes in the printed Estimates for the following year.

2.7.3 Issuance of Budget Circulars

The Department has issued circulars, providing guidelines required for expenditure management of the spending agencies. During the fiscal year of 2017, six circulars

have been issued in the areas of budget preparation and formulation, monitoring, authorization of expenditure as mentioned below.

Table : 8 Issuance of Budget Circulars

	Date	Circular No	Title
1	13.01.2017	NBD 01/2017	Monitoring the Utilizing of Budgetary Provisions.
2	25.07.2017	NBD 02/2017	Budget Call 2018- Guidelines and Direction for the Preparation of Annual Budget Estimate.
3	28.07.2017	Addendum – I NBD 02/2017	Addendum one to the Budget Call – 2018 Submission of Draft Budget Estimates
4	31.07.2017	Addendum – II NBD 02/2017	Addendum (II) to the Budget Call – 2018 Guidelines for the preparation of 2018 Budget Estimates
5	07.11.2017	Addendum NBD 02/2017	Implementation of Performance Based Budgeting System
6	27.12.2017	NBD 03/2017	Authorization of Expenditure - 2018 Budget.

Source: Department of National Budget

3. Preparation of Budget Estimates for 2018

Budget estimates for 2018 were formulated within a Medium Term Budgetary Framework for 2018-2020 based on the government policies and priorities with the objective of accelerating economic growth of the country. Accordingly, Budget 2018 expected public investment to be increased by at least 5.3 percent of GDP in the medium term with the view of achieving an economic growth beyond 6 percent.

3.1 Budget Formulation Guidelines

The Budget Call 2018, including the guidelines and directions for preparation of Annual Budget Estimates was issued as the National Budget Circular No. 02/2017. Accordingly, directions have been given to formulate the 2018 budget in line with the Government Economic Policy Framework. Meanwhile, the boarder perspective of the budget preparation was focused on achieving the Sustainable Development Goals by 2030.

Further, the 2018 budget was formulated based on the Performance Based Budgeting approach, which will be improved through utilizing the experience of implementing the zero based budgeting approach in the preceding years.

4. Special Activities

4.1 Management of Budgetary Provisions of Public Institutions

The Department of National Budget is responsible for the matters related to 117 public institutions (statutory boards, authorities, commissions, universities etc.) of which the allocations are provided under the Budget Estimates. Accordingly, the following actions/ activities were carried out by the Department during the year;

- Grant concurrence of the Hon Minister of Finance for capital expenditure exceeding Rs. 500,000 in terms of the section 2(b) of the Finance Act No. 38 of 1971.
- Recommend the monthly cash imprest requests of recurrent and capital grants in coordination with the Department of Treasury Operations.
- Review the performance and progress of those institutions by analyzing and examining the Annual Budgets, Annual Action Plans, Annual Accounts and the Annual Reports.
- Provide additional allocations for their requests after detail scrutiny
- Assist, prepare and submit reports of the financial performance and management of public institutions to the Committee on Public Enterprises, when its meetings are convened by Parliament.
- Grant approval for the purchase of new vehicles to these institutions under the Operational Leasing Method.
- Review Audit Reports of the Auditor General and the Special Audit Queries submitted to this Department. Coordinate with the relevant institutions for resolving these queries and ensure that remedial actions are taken to avoid occurrence of such audit queries in the future.
- Submit recommendations to the Department of Management Services on the recruitment of new staff to Statutory Boards based on the availability of Budgetary Provisions and actual needs of such institutions.
- Grant approval for officers of those institutions to travel abroad using domestic funds for various purposes (trainings, meetings, seminars, conference etc.)
- Advice and co-ordinate with the institutions on the financial and management issues such as, implementation of Mega Capital Projects.

4.2 Cabinet Memoranda

During the year 2017, the Department has prepared observations for the signature of Hon. Minister of Finance and Mass Media for 411 Cabinet Memoranda. Further, 9 Cabinet Memoranda have been submitted with the signature of Hon. Minister of Finance to obtain approval of the Cabinet of Ministers on various matters.

4.3 Participation of Staff in Boards and Committees

Staff officers of the Department have served in the Board of Directors/ Councils of Higher Education Institutions, Statutory Boards, Public Corporations and Government Owned Companies as Treasury Representatives and have served as Members of Cabinet Appointed Tender Boards (CATBs), and Technical Evaluation Committees (TECs) representing the Secretary to the Treasury. In addition, Staff Officers of the Department attended the meetings of the Committee on Public Accounts, Committee on Public Finance and the Committee on Public Enterprises in Parliament, representing the Department. Further, the officers have attended the meetings conducted by the Ministries to provide their inputs / views / observations relating to the relevant matters.

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

The Organizational Structure and role of the Department of National Budget have been constructed in line with the relevant line Ministries as per the structure of the Budget Estimates.

5.1 Staff

As per the Public Administration Circular No. 06/2006, following number of Officers, under the each service level were in the organizational structure of the Department of National Budget in 2017.

Service Level	No. of Officers
Senior Level	40
Tertiary Level	04
Secondary Level	75
Primary Level	42

As at the end of 2017, the approved cadre and the actual cadre of the Department were as shown in Table 9.

Table : 9 Cadre of the Year 2017 Department of National Budget

Designation	Service	Grade/ Class	Salary Group	Approved Cadre	Existing Cadre	Vacancies
				Permanent	Permanent	
Senior Level						
Director General	SLAS	Special	SL-3	1	1	0
Addl. Director General	SLAS	Special	SL-3	2	0	2
Addl. Director General	SLPS	Special	SL-3	1	1	0
Director	SLAS	I	SL-1	9	9	0
Director	SLPS	I	SL-1	5	5	0
Director	SLAcc.S	I	SL-1	1	1	0
Deputy Director/Asst. Director	SLAS	II/III	SL-1	15	8	07
Deputy Director	SLAcc.S	II	SL-1	1	1	0
Deputy Director/ Asst. Director	SLPS	II / III	SL-1	4	3	1
Accountant	SLAcc.S	III	SL-1	1	1	0
Sub Total				40	30	10
Tertiary Level						
Administrative Officer	PMAS	Supra	MN-7	1	0	1
Translator	TS		MN-6	2	2	0
IT Officer	IT		MN-6	1	1	0
Sub Total				4	3	1
Secondary Level						
Management Asst.	PMAS	I/II/III	MN-2	23	23	0
Budget Assistant			MN-4	1	1	0
Development Officer	DO s		MN-4	51	40	11
Sub Total				75	64	11
Primary Level						
Drivers	DS	I/II"A"/ II"B"	PL-3	23	18	5
K.K.S	O.E.S	I/II/III	PL-1	19	19	0
Sub Total				42	37	05
GRAND TOTAL				161	134	27

5.2 Human Resource Development

The Department was able to send its staff for the following local and foreign training programmes in 2017, 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 exposure in different fields in the year 2017.

Table : 10 Foreign Training Summary for year 2017

Foreign Training Summary for year – 2017					
	Name of the Officer	Designation	Programme	Country	Period
1	Mr. K.D.S. Ruwanchandra	Director General	Annual Consultation of ADB HQ - vest of Sri Lankan Delegation	Philippines	08.03.2017 - 11.03.2017
			FreeBalance Steering committee meeting	USA	12.03.2017 - 18.03.2017
			IMF Fiscal Forum	USA	22.04.2017 - 23.04.2017
			Global Platform for Disaster Risk Reduction	Mexico	22.05.2017 - 26.05.2017
			Implementing the Agenda 2030 for Sustainable Development	Philippines	02.10.2017 - 04.10.2017
2	Ms. K.G.K. Wimalaweera	Addl. Director General	LNG Study Tour	Pakistan	23.04.2017 - 28.04.2017
			1st Session of the Committee on Macroeconomic Policy, Poverty Reduction and Financing for Development	Thailand	06.12.2017- 08.12.2017
3	Mr. H.P. Jayananda	Additional Director General	Public Sector Leadership and Decision Making	Singapore	23-27 January 2017
			4th High Level Dialogue in Financing for Development in Asia and the Pacific	Bangkok	28-29 April 2017
4	Ms. D.S.A.M.Costa	Director	Strategic Human Resource Management	Singapore	13.02.2017 - 17.02.2017
5	Ms. Y.P.Sumana	Director	Strategic Human Resource Management	Singapore	13.02.2017 - 17.02.2017
			Government Finance Statistics and Public Sector Debt Statistics	India	18.09.2017 - 22.09.2017
6	Mr. H.A. Vijitha P. Hapangama	Director	Financial Programming and Policies	India	19.06.2017 - 30.06.2017

Foreign Training Summary for year – 2017					
	Name of the Officer	Designation	Programme	Country	Period
			Second Country Study Visit	Malaysia	21.10.2017-27.10.2017
7	Ms. M. Anoma Nandani	Director	High- Level Dialogue on Regional Economic Corporation	Thailand	20.04.2017 - 21.04.2017
			Public Financial Management	India	05.06.2017 - 09.06.2017
			02nd Ministerial Conference on Regional Economic Cooperation and Integration in Asia and the Pacific	Thailand	20.12.2017-24.12.2017
			Public Investment Management	India	04.12.2017-08.12.2017
8	Ms. Biyanka N. Gamage	Director	Strengthen public policy making process	Australia	20.03.2017 - 24.03.2017
			72nd Commission of the Economic and Social Commission for Assis the Pacific	Bangkok	15.05.2017 - 19.05.2017
			2017 Annual Meetings of the Board of Governors of the IMF & The World Bank Group	Washington	10.10.2017-14.10.2017
9	Mr. A.V. Janadara	Director	Strengthen public policy making process	Australia	20.03.2017 - 24.03.2017
			Zero Based Budgeting Method for Sri Lanka	China	23.05.2017 - 12.06.2017
10	Ms. Nalani Amarathunge	Director	Public Sector Leadership and Decision Making	Singapore	23.01.2017 - 27.01.2017
			2017 Seminar on Experience Exchange in Management of Social Security for B&R	China	25.07.2017 - 07.08.2017
11	Ms. Ajitha Batagoda	Director	Strengthen public policy making process	Australia	20.03.2017 - 24.03.2017
			Regional Technical Workshop on Enhancing National Capacity for Results Based Budgeting (RBB) to Achieve Better Education Results in Asia Pacific	Thailand	09.10.2017 - 12.10.2017
12	Mr. A.G. Nishantha	Director	FreeBalance Steering committee meeting	USA	12.03.2017 - 18.03.2017
13	Ms. Tharanga Liyanage	Director	SWITCH - Asia Training Workshop on measuring and reporting projects	Thailand	15.05.2017 - 17.05.2017
14	Mr. K.P.D.P. Karunanayake	Accountant	Strategic Human Resource Management	Singapore	13.02.2017 - 17.02.2017
			Second Country Study Tour Partial fulfillment of DIPPCA Course	United Kingdom	14.12.2017-24.12.2017
15	Mr. R.A.T.A. Ranaweera	Deputy Director	Negotiation and Conflict Resolution	Singapore	20.02.2017 - 24.02.2017

Foreign Training Summary for year – 2017					
	Name of the Officer	Designation	Programme	Country	Period
			Second country visit of Master of Public Management(MPM)	China	18.05.2017 - 29.05.2017
16	Ms. Samantha Meethalawa	Director	Public Sector Leadership and Decision Making	Singapore	23.01.2017 - 27.01.2017
			Fiscal Risk Seminar	Thailand	28.11.2017 - 01.12.2017
17	Mr. S.I.M. Rosa	Director	Public Sector Leadership and Decision Making	Singapore	23.01.2017 - 27.01.2017
18	Ms. Jeewanthi Senanayake	Director	Budgeting and Budgetary Control in Agricultural Sector Management	India	01.07.2017 - 31.08.2017
19	Mr. J.M. Herath Banda	Director	Public Investment Management	India	04.12.2017- 08.12.2017
20	Mr. J. Jayasundera	Director	Public Investment Management	India	04.12.2017- 08.12.2018
21	Mr. C. Jayasuriya	Director	Negotiation and Conflict Resolution	Singapore	20.02.2017- 24.02.2017
22	Ms. M.A.M. Arifa	Director	Health Sector Training programme	Thailand	06.03.2017 – 10.03.2017
23	Ms. W.A.N. Thushari	Assistant Director	Health Sector Training programme	Thailand	06.03.2017 - 10.03.2017
			Seminar on Fiscal Analysis & Forecasting	India	20.03.2017 - 31.03.2017
24	Ms. Lakmali Samarasekara	Assistant Director	Public Governance & Administration	Singapore	23.02.2017 - 27.02.2017
			Financial Development & Financial Inclusion	India	11.12.2017 - 15.12.2017
25	Ms. Chathurika Ranaweera	Assistant Director	Strategic Human Resource Management	Singapore	13.02.2017 - 17.02.2017
			Micro Economic Management for Effective Governance and Sustainable Inclusive Economic Growth	Australia	18.11.2017- 17.12.2017
26	Ms. H.L.J.K. Amarasekara	Assistant Director	Health Sector Training programme	Thailand	06.03.2017 - 10.03.2017
27	Mr. K.M. Rizvi	Asst. Director	Ausaid Masters Programme	Australia	2017 - 2018
28	Ms. W.P. Sewwandi	Asst. Director	Public Sector Leadership and Decision Making	Singapore	23.01.2017- 27.01.2017
29	Ms. Niluka Jayasena	Asst. Director	Human Resource Development Scholarships	Japan	13.08.2017 to 2019 July

Foreign Training Summary for year – 2017					
	Name of the Officer	Designation	Programme	Country	Period
30	Mr. H.M.C.K. Herath	Asst. Director	Health Sector Training programme	Thailand	06.03.2017 - 10.03.2017
			Master's Degree programme	USA	03.08.2017- 06.06.2018

5.2.2 Local Trainings

The following staff members were given local trainings in different fields in the year 2017.

Table : 11 Local Training Summary for year 2017

	Name	Designation	Training	Duration	Institute
1	Staff Officers, Budget Assistants Development Officers		Gender Responsive Budgeting	16.06.2017 17.06.2017 18.06.2017 19.06.2017 22.06.2017 23.06.2017	USAID
2	All staff	Capacity Building Programme		23.02.2017 25.02.2017	Jaffna
3	Mr. R.A.T.A. Ranaweera	Deputy Director	Diploma in Public Procurement and Contract Administration	06 months	MILODA
4	Mr. Indika Rosa	Director			
5	Ms. Samantha Meethalawa	Director			
6	Ms. Jeewathie Senanayake	Director			
7	Ms. J. Amarasekara	Assistant Director			
8	Ms. JANusha Samanmalee	Development Officer	Diploma in English for Non-Executive Officers	06 months	MILODA
9	Ms. Nirosha Shyamalee	Development Officer			
10	Mr. S.I.M. Rosa	Director	Cadre management	21.12.2017	MILODA
11	Ms. N. Premarathne	IT Officer			
12	Ms. S.G Priyadarshani	Management Assistant			

	Name	Designation	Training	Duration	Institute
13	Ms. W.G. Kumuduni	Management Assistant			
14	Mr. S.I.M. Rosa	Assistant Director	Asset Management	22.12.2017 23.12.2017	MILODA
15	Ms. N. Premarathne	IT Officer			
16	Ms. S. Abheysiri	Management Assistant			
17	Ms. S. Maduwanthi	Management Assistant			
18	Mr. S.I.M. Rosa	Assistant Director	Internal Audit Management	26.12.2017	MILODA
19	Ms. N. Premarathne	IT Officer			
20	Ms. W.G. Kumudini	Management Assistant			
21	Ms. C.P. Pitigalaarachchi	Management Assistant			
22	Mr. S.K.M.P. Kumara	Development Officer	IT Fundamental Training	03 days	ITMIS
23	Ms. A.K. Subasinghe	Budget Assistant			
24	Ms. H.P.K. Ishara Pathirana	Development Officer			
25	Ms. Krishani Palihawadane	Development Officer			
26	Ms. R.A.C.V. Karunajeewa	Development Officer			
27	Mr. P.G. Gamini Jayasooriya	Development Officer			
28	Ms. K. Subashini Kulasinghe	Budget Assistant			
29	Mr. H.H. Priyantha	Budget Assistant			
30	Ms. H.N. Nirosha Shyamalee	Development Officer			
31	Ms. A.D. Ranmali	Development Officer			
32	Ms. S.G.K. Seneviratne	Development Officer			
33	Ms. J.K. Kalpani dilhara	Development Officer			
34	Ms. Arani Vipooshan	Tra. Development Officer			
35	Ms. Lanka Palihawadane	Research Assistant			

	Name	Designation	Training	Duration	Institute
36	Mrs. R. Kuhabalan	Management Assistant	IT Fundamental Training	03 days	ITMIS
37	Ms. W.M.C. Weerasinghe	Development Officer			
38	Ms. M.U. Shehari	Development Officer			
39	Mr. B.W.J. Bandara	Budget Assistant			
40	Ms. M.A.D. Kumari	Budget Assistant			
41	Ms. L.L.N. Priyanthi	Management Assistant			
42	Ms. Wasantha Kumari	Management Assistant			
43	Ms. D.U.V. Suranji	Translator			
44	Ms. C.P. Dasanayake	Management Assistant			
45	Ms. W.R.M.H.S. Bandara	Management Assistant			
46	Ms. W.D.S.D. Abaysiri	Management Assistant			
47	Mr. M.P. Sumith Fernando	Management Assistant			
48	Ms. C.N.K. Jayaratne	Management Assistant			
49	Ms. K.M.S. Maduwanthi	Management Assistant			
50	Ms. W.C. Kumudini	Management Assistant			
51	Mr. A.M.U.S.K. Abeykoon	Development Officer			
52	Mr. P.G.G. Jayasooriya	Development Officer			
53	Ms. W.M.C. Weerasinghe	Development Officer	Microsoft Excel Advanced Analysis Tools	16.03.2017 & 31.03.2017	Adams Skills Development Centre
54	M.U. Shehari	Development Officer			
55	Ms. S.N. Meethalawa	Director	Workshop on ADB Financial Products for Sovereign Borrowers	30.08.2017	ADB
56	Mr. K.P.D.P. Karunanayake	Director			
57	Ms. W.A.N. Thushari	Assistant Director			
58	Ms. W.C. Kumudini	Management Assistant	E – Payroll system	21.09.2017	Department of Information Technology Management
59	Ms. C.P. Pitigalaarachchi	Management Assistant			

	Name	Designation	Training	Duration	Institute
60	Ms. S.G. Priyadarshani	Management Assistant			
61	Ms. S.A.C.D. Subasinghe	Management Assistant			
62	Ms. S.D.N.S. Jayasena	Assistant Director	Capacity Building Programme	15.05.2017 to September (45 DAYS)	SLIDA
63	Ms. W.P. Sewwandi	Assistant Director		03.04.2017 to September (45 DAYS)	SLIDA
64	Mr. M.J.M. Ifham	Assistant Director		30.01.2017 to 22.06.2018 (45 DAYS)	SLIDA
65	Ms. N. Amarathunge	Director	Engendering the National Budget Call : Development of KPIs	04.07.2017	Ministry of Women and Child Affairs
66	Mr. S.I.M. Rosa	Director	Information and Communication Technology Survey of Public Service Managers	03 day	Ministry of Telecommunication and Digital Infrastructure
67	Ms. Chathurika Ranaweera	Assistant Director			
68	Ms. Y.P. Sumanawathie	Director			
69	Ms. Jeevanthie Senanayake	Director	Modernization of Agriculture and Industry : Challenges for Sri Lanka	27.10.2017 – 28.10.2017	Sri Lanka Economic Association

5.3. Financial Administration of the Department of National Budget

The budgetary provision required for normal operations of the Department of National Budget was detailed under Head 240 in the Budget Estimates for 2017. 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 Department administrative expenditure on budget formulations and policies was provided by the Project No. 01 while Project 02, included provisions for facilitating unexpected and unforeseen expenditure required by various spending agencies, budget proposals announced for the year 2017 Budget

Speech and for policy priorities announced in the financial year. Rs. 494,818,897,000 has been provided under the Expenditure Head of the Department of National Budget for the year 2017.

Table : 12 Utilization of the provision under the Expenditure head of the Department

		Rs.
(1)	Expenditure of Project 01 of Programme 1	5,815,022,446
(2)	Provisions transferred to other Heads under Programme 2, Project 02	485,246,250,034
	Total	491,061,272,480
	Balance Provision	3,757,624,52

5.3.1.: Public Officers' Advance Account for 2017

In terms of the Budget Circular No. 114 of 31.12.2003, figures of the above Table comprised only of transactions occurred under the Advance Account item No. 240-011, within the Department. According to Circular No. 118, loan balances of officers who had been transferred out or in, were settled within the Accounting Heads, under the Advance Account item No. 240-012. With regard to settlement of these loan balances, expenditure incurred was Rs.3,839,221.21 and Receipts were Rs.4,733,916.00 during the year 2017. Accordingly, the Department had complied within the authorized limits of Public Officers' Advance Account.

Table : 13 Public Officers' Advance Account for 2017

Category	Authorized Limit 2017 Rs.	Actual 2017 Rs.
Maximum Limit of Expenditure	10,000,000.00	9,993,432.60
Minimum Limit of Receipts	5,000,000.00	5,431,659.05
Maximum Limit of Debit Balances	33,000,000.00	25,811,816.81

Source: Department of National Budget

Table : 14 Loans Given in Year 2017

Loan/Advance	No of Loans Given	Amount (Rs.)
Festival Advance	89	890,000
Special Advance	41	164,000
Distress , Bicycle and other Loans	111	8,936,346
Total	241	9,990,346

Source: Department of National Budget

5.3.2 Auditor General's Queries for 2017

During the year 2017, seven (07) queries were referred to this Department by the Auditor, all of which were duly answered.

5.4 Organizational Structure of NBD (As per the approved cadre)

