



பிரதம செயலாளர் செயலகம், வட மாகாண சபை
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 Chief Secretary's Secretariat, Northern Provincial Council



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My No:- NP/09/FRM/2009

04.03.2009

Provincial Treasury Circular No: PT/09/2009

Secretaries,
 Deputy Chief Secretaries,
 Heads of Departments,
 Northern Province.

**ASSESSMENT OF FINANCIAL NEEDS
 FOR THE FISCAL YEAR 2010**

**Guidelines for presentation of request
 for Finances for the Fiscal Year 2010**

Finance Commission has provided a Guide Line for the above and requested to comply with its instructions.

1. General

- Based on the Budget Guidelines, PFR and Provincial needs, the proposals should be Prepared.
- Secretaries and Heads of Departments should conform the steps already established in the Budget Process.
- Adequate consideration should be given to the needs arising out of the specific situation that prevails in the Northern Province. Extra Commitment already made, cost exclamation, etc should be taken into consideration in determining the recurrent cost. Particularly the cost of maintenance of Public Assets has to be considered in the light of back log of the maintenance and development during past few decades.
- Formulation of Financial Proposals should be done in a participatory manner.

2. This Provincial Council solely depends on the Grants received from the General Treasury for its functions. Hence it is the responsibility of Secretaries and Heads of Departments to justify and establish rational for the needs of the sectors so that Finance Commission will be able to recommend the required amount to the General Treasury.

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3. Revenue Estimate

Preparation of Revenue Estimate will not arise as this Provincial Council does not collect Revenue.

4. Expenditure Estimate

Expenditure Estimate has to be prepared for the following two categories:

- 4:1. Recurrent Expenditure
- 4:2. Capital Expenditure

4:1 Recurrent Expenditure

- Salaries will be based on "B" form and additional requirements for new recruits.
- No Grants shall be provided without proper authorization.
- Every effort should be made to improve the quality of recurrent cost calculations to the maximum extend possible, so that recurrent cost will be able to be attributed to the specific services.
- Every effort should be made to identify the gaps and additional needs in the quantity and quality of services and provisions made.

The Recurrent Expenditure has to be prepared under the following two categories.

- 4:1:1. Staffing and Personal Emoluments
- 4:1:2. Other Recurrent Expenditure

4:1:1. Staffing and Personal Emoluments

- 4:1:1:1. Salary of Provincial Council Staff
- 4:1:1:2. Salary and Reimbursement of Local Authority Staff



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For the above a set of Forms have been introduced by the Finance Commission. Copies of which are annexed herewith.

4:1:1:1. Salary of Provincial Council Staff

Based on the Approved Cadre this estimate should be prepared. Details of Approved Cadre have already been distributed. There will be some amendments in the Cadre. It will be obtained in due course before finalizing the Draft estimate. Until such time you are requested to collect the data of the Living Cadre in the annexed formats and be ready for finalizing same.

4:1:1:2. Salary and Reimbursement of Local Authority Staff

This Estimate has to be prepared into following three categories:

- 4:1:1:2:1. Positions approved by Management Service Dept. and salary reimbursed by the Provincial Council.
- 4:1:1:2:2. Positions approved by Local Authority and Salaries paid by the Local Authority.
- 4:1:1:2:3. Positions approved by Management Service Dept. on the basis that the Local Authority pays the salary.

4:1:2. Other Recurrent Expenditure

4:1:2:1. Maintenance Expenditure

As there are no separate formats introduced by Finance Commission, you are requested to annex a separate working sheet in respect of the allocation requested for Maintenance Expenditure of the following:-

- 4:1:2:1:1. Maintenance of Roads
- 4:1:2:1:2. Maintenance of Buildings
 - 1. Hospitals
 - 2. Schools
 - 3. Offices
- 4:1:2:1:3. Maintenance of Tanks

4:1:2:2. Transfer Expenditure

It is provided under 1501 – 1508. Hence you are requested to justify the requirements by submitting a worksheet as it is provided based on No. of beneficiaries.



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4:1:2:3. Expenditure on Supplies

It is being prepared based on No. of employees and No. of persons entitled.

4:2. Capital Expenditure

- Careful assessment of Commitments, continuation items, counterpart funding requirements and any liabilities should be clearly identified and provisions made.
- In deciding for capital Programme Socio-Economic, Lively hood, Rehabilitation and Development Needs should be clearly priotised.

This Estimate is being prepared under the following categories:

- 4:2:1. Provincial Specific Development Grant
- 4:2:2. Criteria Based Grant
- 4:2:3. Matching Grant

In determining the capital expenditure needs of the sector the Secretaries and Heads of Departments shall follow the need analysis steps that were followed last year. Initially the Five Year Development Plan of the sector be updated according to the guidelines given. In line with the **Strategic Result Areas** determined for the Provincial Administration, the respective sector shall appropriately identified their **Key Result Areas** and services to be provided under each Key Result Area and this can then be appropriately presented in the format proscribed by the Finance Commission. Also you are requested to consider the **Service Performance Plan already** prepared in this task.

4:2:1. Provincial Specific Development Grant

After assessing broader needs resources available and identifying activities that could be accommodated under any other source of funds, determine the activities that have to be carried out under PSDG. As you are already aware, the need for any new services and expansion of services should be carefully determined in deciding the activities under PSDG. Specimen format for this purpose is annexed herewith.

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4:2:2. Criteria Based Grant

It will be allocated in terms of Finance Commission Guideline FC/2/2004 dated 5th September 2003.

4:2:3. Matching Grant

This Provincial Council does not receive this grant as this Council does not collect any revenue. It is allocated against revenue collection. Hence it is not applicable to this Provincial Council.

5. Advances to Provincial Public Officers.

Since the Northern Provincial Council does not get revenue while the officers are encountering enormous difficulties, adequate provision shall be included for the payment of Advances to Provincial Public Officers for both Provincial Council and Local Government staff. This is particularly needed in order to eliminate the discrimination between the Central and Local Government staff of the Province.

Calendar for the presentation is annexed herewith.

A.Sellathurai
Deputy Chief Secretary - Finance,

Sgd:-
S.Rangarajah,
Chief Secretary.

- Copy to :
1. Hon.Governor, Northern Province.
 2. Secretary, Finance Commission, Colombo.
 3. Deputy Chief Secretary-Administration – NP
 4. Deputy Chief Secretary-Planning – NP
 5. Auditor General
 6. Provincial Director – Provincial Audit - NP

For Information pl.