



UNIVERSITY GRANTS COMMISSION

Finance Circular Letter No. 1/2013

12th June, 2013

Vice-Chancellors of Universities,
Directors of Institutes,
Rectors of Campuses

BUDGET CALL 2014

“Sri Lanka has targeted achievement of excellence in higher education by 2020, country for excellence in higher education in the Asian subcontinent. It will be among the top countries for higher education in Asia. The Sri Lankan Universities will offer courses that are recognized by local and global employers”

Source: Sri Lanka: The Emerging Wonder of Asia, page 120

Therefore higher education policy will have to focus on; improving the quality and standards, research and innovation and create globally employable graduates to achieve the higher education policy of the Government of Sri Lanka. Accordingly universities are encouraged to develop strategies to achieve objectives of the said policy guidelines of higher education under eight capital development projects proposed by the UGC.

1. Preparation of Budget Estimates

Section 15 (ii) of the Universities Act No. 16 of 1978, empowers the University Grants Commission to prepare triennial budgets of the Higher Education Institutions (HEIs), in consultation with the governing authorities of HEIs. Accordingly you are requested to submit the Recurrent and Capital Budget Estimates of your Institution for the year 2014, as per the guidelines given in this circular.

2. Summarized Budget - 2013

Description	GOSE Funds Mn	Other Funds Mn	Total Funds Mn	% as a Respective Budget
1. Recurrent Grant	17,126	2,264.00	19,390.00	
Personal Emoluments	12,199	242.00	12,441.00	64.16 %
Other Recurrent	4,927	2,022.00	6,949.00	35.84 %
2. Capital Grant	7,365	1,156.82	8,521.82	
Rehabilitation & Improvement of Capital Assets	933	77.50	1,010.50	11.86 %
Acquisition of Fixed Assets	1,227	433.42	1,660.42	19.48 %
Infrastructure Facilities	4,046	158.30	4,204.30	49.34 %
University Township Project	184	2.00	186.00	2.18 %
KEID for Quality	388	24.02	412.02	4.83 %
Development of Students Skills	53	26.64	79.64	0.94 %
Strengthening Research	92	246.94	338.94	3.98 %
Advancement of Seven universities to the International Level	285	-	285.00	3.34 %
Other	157	188.00	345.00	4.05 %
Total	24,491	3,420.82	27,911.82	

3. Development/Capital Expenditure Estimates for 2014

a) Rehabilitation and Improvement of Fixed Assets

The objective of the rehabilitation vote is to ensure the preventive maintenance of existing infrastructure facilities in addition to the construction of new infrastructure facilities. Estimates for Rehabilitation and Improvement of Fixed Assets during the year 2014 should be computed as per Schedule II.

b) Acquisition of Fixed Assets

The objective of the acquisition of fixed assets vote is to estimate the property, plant & equipment requirement of the academic and administrative activities of the Universities.

Estimated expenditure for the acquisition of fixed assets should be computed as per Schedule III.

(A brief description of programmes which require furniture, office, laboratory & teaching equipment to be incurred on acquisition of fixed assets should be given.)

c) Development of Infrastructure facilities

In addition to 138 (Rs.27.9 billion) ongoing construction projects, 101 (Rs.24.5 billion) new construction projects approved by the Cabinet of Ministers/Department of National Planning/University Grants Commission to be implemented under Medium Term Program 2011/2020 for the development of infrastructure facilities under the Capital Budget/Development Budget 2013.

Project 1 – Estimates for ongoing construction projects (construction projects for which funds allocated up to 2013)

Estimates for this should be based on project cash flows as computed in Schedule IV. UGC will not allocate funds unless complete information is provided in Schedule IV.

Project 2 – Estimates for new construction projects

New construction projects should be included in the estimates, ONLY if they have been approved by the Department of National Planning and Cabinet of Ministers and it should be in accordance with the Comprehensive Medium Term Programme submitted by each university. Budgetary provisions should be sought only for the Project Cash Outflow during the year 2014 and not for the full TEC (Total Estimated Cost) and priority will be given for the projects which are directly connected with student recreation, accommodation and academic activities. Estimates for New construction projects should be submitted as per Schedule V.

d) Knowledge Enhancement and Institutional Development for Quality (KEID for Quality)

The objective of KEID for Quality programme is to enhance the soft skills and talents of the University community and to improve the institutional capacity in order to achieve overall objective of the Higher Education.

Universities are required to estimate funds needed for the year 2014 to continue on going projects and commence the new projects already approved by the University Council/ UGC/ Department of National Planning. Budget Estimates of 2014 should be submitted to UGC as per the format given in Schedule VI.

Following projects have been approved to be implemented under the *Knowledge Enhancement and Institutional Development for Quality (KEID for Quality)* for 2014 and universities are encouraged to develop their own strategies to achieve the objectives of each project.

	Project	Format for preparation of Estimates
1	Transforming existing degree programs to produce more employable graduates	Schedule VI – Project 1
2	Trilingual skills development of undergraduates	Schedule VI – Project 2
3	Development of sports skills	Schedule VI – Project 3
4	Postgraduate / Doctoral Projects	Schedule VI – Project 4
5	Competency Building and Capacity Enhancement	Schedule VI – Project 5
6	Information Technology Development	Schedule VI – Project 6

e) Development Student skills

Project -1 Entrepreneurship Skills Development

The objective of this project is to help undergraduates to assess their personal skills, interest and values, understand economic benefits of education and there by explore career options and learn job seeking skills in order to practice personal and family financial management.

Accordingly it is proposed to form 450 model companies in 2014 from all 15 universities. This project is coordinated by the UGC with the assistance of the universities in order to identify, improve or develop entrepreneurs skills of the undergraduate students.

Accordingly universities are requested to estimate the funds required for the projects scheduled to be implemented in 2014 and submit with the estimates as per Schedule VII.

f) Strengthening Research

As pointed out at the “strategic management plan review workshop” held on 18th & 19th May 2013 and organized by the Ministry of Higher Education, *universities are requested to increase the fund allocation for research activities up to 10% of the total university budget in order to strengthen the research.*

Following projects have been approved under the strengthening of research activities for 2014.

	Project	Format preparation of Estimates
1	International Symposium, Research & Publication	Schedule VIII – Project 1
2	Research for national development & resolving the burning social issues	Schedule VIII – Project 2

Accordingly universities are requested to estimate the funds required for research activities scheduled to be implemented under the above projects for 2014 and submit with budget estimates as per the formats given.

The research projects more than Rs.5Mn should be submitted in ERD format (www.erd.gov.lk – project concept paper format) to the UGC in order to obtain the approval of National Planning Department.

g) Advancement of Seven Universities to the International Level

The project was introduced with the objective of encourage universities to uplift their academic and administrative activities by enhancing the quality and equity.

University of Peradeniya, University of Colombo, University of Sri Jayewardenepura, University of Kelaniya, University of Moratuwa, University of Ruhuna and University of Jaffna are considered under this project.

Budget Estimates for 2014 should be submitted to UGC as per the format given in Schedule IX.

h) University Township Project (UTP)

The objective of township project is to provide/expand the infrastructure facilities of the universities and thereby integrate the community and create university towns in the tradition of great universities of the ancient world or even as several successful universities in the modern world.

As an initiation step towards the implementation of University Township Project Rs. 5 billion has been proposed for the period 2013 – 2015 and Rs. 1.5 billion has been allocated for the year 2013, to implement the University Township projects proposed by the University of Jaffna, University of Ruhuna and University of Sri Jayewardenepura. Hence above Universities are requested to submit the expenditure plan for the year 2014 and all other universities are requested to submit Township Development Proposals to be considered by the University Township Steering Committee of the MoHE/UGC.

The Budget Estimates under this project should be submitted to the UGC by the Universities/HEIs, based on the detailed project proposals and estimates should be provided as per the format given in Schedule X.

4. Recurrent Expenditure Estimates

4.1 Personal emoluments

- 4.1.1 Salaries & Wages payable for the year 2014, should be based on the Commission Circular No. 975 dated, 13th January, 2012, 985 dated, 15th May, 2012 and 03/2013 dated 7th March 2013.
- 4.1.2 Provision should be made for annual increments based on the existing salary structures.
- 4.1.3 The Cost of Living Allowance (COLA) & Special Salary Allowance of 20% payable for 2014 should be based on Commission Circular No. 999 of 04th January, 2013.
- 4.1.4 Payment of the Academic and Research Allowance should be based on the Commission Circular No. 1000 dated 8th January 2013.
- 4.1.5 Estimates for Academic staff salaries & allowances (**only for existing staff**) should be computed as per the Schedule I for Note 5.1.
- 4.1.6 Estimates for Non-Academic Staff (Administrative & Non-Administrative) salaries & allowances (**only for existing staff**) should be computed as per the Schedule I for Note 5.1.
- 4.1.7 The total of Schedule I should be transferred to item 5.1 (Personal Emoluments) in Note 5 to Annex A.
- 4.1.8 Cost of filling vacancies, of **cadre positions already approved** by the Department of Management Services, should be shown in Annex B.

4.2 Other Recurrent Expenses

The Estimates for the following items of expenditure should be shown in items 5.3 – 5.7 respectively in Note 5 to Annex A.

- Travelling
- Supplies
- Maintenance
- Contractual Services
- Other Recurrent

The Recurrent Estimates should be computed based on academic & administrative activities scheduled for the year 2014. Expenditure on Contractual Services such as Security Services, Cleaning Services, Vehicle Hiring Charges, and Rent on Hostels & Other Buildings should be rationally analyzed & estimated by the Universities. All financial officers are requested to re-visit the above expenditure incurred under contractual services which has become a heavy burden on Universities' Budget.

4.3 Internal Income

Universities are encouraged to generate Internal Income to improve the academic environment of the universities. Internal Income from Postgraduate Courses, Extension Projects, Interest Income, Tuition fees, Examination fees etc. should be estimated in Note 1 of Annex A.

4.3 Other Grants (Foreign and Local Grants)

External Funds receivable in 2014, from any source other than through the UGC, should be reported in Note 2 of Annex A.

4.4 Cost per Student

Estimated Recurrent & Capital expenditure per student should be reported in Schedule XI and it will help universities to justify their Budget Estimates for the year 2014.

4.5 Comparative Figures

It is essential to show comparative figures for the year 2012 (Actual) and 2013 (Budget) in the relevant columns of Annex A and Schedules I to XI.

05. Corporate Plan

Universities are requested to update their corporate plan for the year 2014 and projected data for the years 2015 & 2016, being in line with the corporate plan of the Universities.

06. General

The Estimates for 2014 should reach the University Grants Commission *on or before 31st July, 2013.*

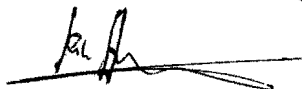
All schedules and annexes should be in Excel worksheets, and a hard copy should be submitted with soft copies (either in a CD or e-mailed to finance@ugc.ac.lk). The UGC expect that you may not change the formats of the schedules and annexes under any circumstances. Any rows or columns which are not relevant or which are left blank should be given zero value, instead of being deleted. UGC will not accept the Estimates submitted without the soft copies, or with amended formats.

Universities are requested to prepare budget estimates based on their Action Plan scheduled for the year 2014 and discouraged additional funds from time to time.

Bursars are requested to bring the contents of this circular, to the NOTICE of **all Deans and Heads of departments** of their respective universities.

This circular together with all annexes and schedules are available for download at www.ugc.ac.lk.

If you need any clarifications in this regard please contact the Accountant on 011 – 268502 / finance@ugc.ac.lk.



Prof. Kshanika Hirimburegama
Chairperson

- Cc:
1. Secretary/Ministry of Higher Education
 2. Chairperson/UGC
 3. Vice-Chairman/UGC
 4. Secretary/UGC
 5. Accountant/UGC
 6. Internal Auditor/UGC
 7. Registrars of Universities/SAR/AR/ of Institutes/Campuses
 8. Bursars of Universities/SAB/AB/ of Institutes/Campuses
 9. Engineer/IDD/UGC
 10. Snr. Asst. Accountant/UGC
 11. Auditor General
 12. Govt. Audit Superintendent/UGC
 13. Govt. Audit Superintendent/Universities