



UNIVERSITY GRANTS COMMISSION

Finance Circular Letter No. 09/2016

10th December 2016

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

Annual Allocation 2017

HEAD No. 214 – University Grants Commission (UGC)

The Budget Estimates 2017 have been prepared in consultation with the Universities/HEIs to achieve eight strategic goals of the UGC. The Parliament of Sri Lanka on 10th December 2016 has approved the Annual allocation for the year 2017 as recommended by the National Budget Department under the Head No 214 University Grants Commission.

Summary of Annual Allocation – 2017 (Rs. Million)

| Category/Object Title | Revised Budget 2016 | Actual Expenditure up to 31 st October 2016 | Approved Budget 2017 |
|---------------------------|---------------------|--|----------------------|
| Recurrent Grants | 28,981 | 25,207 | 28,358 |
| Capital Grants | 20,932 | 9,123 | 10,500 |
| Total Govt. grants | 49,913 | 34,330 | 38,858 |

The University wise allocation - 2017 is given in Recurrent Grants (Annex -1) and Capital Grants (Annex-II)

Universities/HEIs are requested to submit their Annual Budget with the Summary Action Plan and Master Procurement Plan in line with the following eight strategic goals of the UGC as per the specimen given in Formats I – IX

Key performance indicators (KPIs) should be developed by the Universities/HEIs to ensure effective and efficient utilization of funds.

- Widen participation and equitable access to higher education
- Improve quality and relevance of academic programs
- Strengthening research, innovation, entrepreneurship
- Increased role of HEIs as strategic partners in socio economic development and peace & reconciliation
- Increased international cooperation and competitiveness
- Improved physical and aesthetic environment and stakeholder satisfaction
- Improved financial management and sustainability
- Enhanced good governance

1. Capital Block Grant (CBG)

CBG has been allocated to the Universities/HEIs considering the progress of utilization of funds and Three Year Financial plan on construction projects.

Accordingly universities/HEIs are requested to allocate funds for capital projects within the approved allocation under the following categories.

a) Construction Projects

Only for on-going construction projects and projects approved by the Cabinet of Minister and listed in “Three Year Financial Plan” on construction projects. New projects **should not be** financed during the year without the concurrence of the UGC.

b) Rehabilitation and Improvement of Fixed Assets

c) Acquisition Fixed Asset

d) Human Capital Development projects and On-going Township projects (UTP)

e) Research and Development

Postgraduate/Doctoral project are financed by the UGC/NCAS and Universities/HEIs may not allocate funds from their CBG for this purpose.

2. Continuation of Budget Proposals 2016

Funds will be allocated by the UGC for the continuation of following projects commenced in 2016 under the budget proposals 2016 in addition to the CBG allocated to the respective universities.

- a) Establishment of Technology Faculties in Universities – Rs.600Mn
- b) Establishment of Engineering Faculty – University of Jaffna – Rs.50Mn
- c) Establishment of Engineering Faculty – University of Sri Jayawardenapura – Rs.50Mn
- d) Accommodation facilities to faculty staff of the universities – Rs.150Mn

- e) Infrastructure facilities for introducing new courses – Faculty of Medicine (Phase I), Wayamba University of Sri Lanka – Rs.150Mn
- f) Encourage accreditation with professional bodies of international repute – Rs.50Mn

New projects will not be financed by the UGC under the allocations referred in point no.02 (a) to (f) as given above.

3. Budget Proposals - 2017

As per the budget speech delivered by the Hon. Minister of Finance funds have been proposed to be allocated to execute some of the budget proposals.

UGC will issue circular instructions for the implementation of proposed budget proposals during the month of January 2017.

4. Recurrent Expenditure Block Grant (RBG)

Recurrent Expenditure Block Grant for the year 2017 has been allocated by the NBD based on the estimates submitted by the Universities/HEIs and the funding formula adopted by the UGC as given below.

$$\text{RECURRENT GRANTS} = \text{Modified Cost per Student (MCPS)} \times \text{Student Enrolment (SE)}$$

Modified Cost per Student (MCPS) is computed considering following policy factors;

- Annual salary increments on actual cadre
- Inflation on other recurrent cost
- Capacity expansion on other recurrent cost
- Policy factor - (Funding Ratio)

5. Funding for Student Bursaries and Mahapola – Treasury Contribution

Funds for the payment of Mahapola-treasury contribution and students Bursaries will be released by the Treasury on request.

If you need further clarification in this regard please contact Mr. M P Bandara - Senior Assistant Accountant/Payments on 011-2694299.

6. Funds for Postgraduate Institutes

Postgraduate institutes are advised to finance their budget by the generated income. Seeds money for construction projects may be considered based on the contribution to the national development. RBG for the Postgraduate Institute are considered and allocated only to finance their permanent cadre positions as approved by the UGC.

7. Master Procurement Plan

Universities/HEIs should prepare master procurement plan for 2017 and sub-procurement plans as per the formats given in this circular. (MPP-2017, PP-2017/I, PP-2017/II, PP-2017/III and PP-2017/IV)

8. Annual Action Plan

Universities/HEIs are required to prepare a summary action plan for the planned activities for the year 2017.

9. General Guidelines

- a) In terms of section 8 (2) (b) of the Finance Act. No. 38 of 1971 the approval of the Hon Minister in charge of the subject of finance and the concurrence of the Line Minister should be obtained before incurring capital expenditure in excess of Rs.500,000/-. Therefore Universities/HEIS are requested submit their capital expenditure program to the UGC in order to obtain approval of the Hon. Minister of Finance in this regard.
- b) Please e-mail (finance@ugc.ac.lk) a **soft copy of the Budget, Summary Action Plan and Master Procurement Plan** for each development project for the year 2017, in formats I to IX on or before 20th December 2016.
- c) You are requested to submit hard copy of the Budget with the action plan for each capital project on or before 20th December 2016 with a copy to the Director General, Department of National Budget, General Treasury.
- d) Do not change the standard formats by the Universities/HEIs for whatever reason.
- e) This Circular together with all annexes is available for down load at www.ugc.ac.lk
- f) If you need any clarification in this regard please contact *Accountant /UGC on 011-2685021 or e-mail:-finance@ugc.ac.lk. or Senior Assistant Accountant/Budget & Finance on 011-2669652.*


Prof. Mohan De Silva
Chairman

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