



UNIVERSITY GRANTS COMMISSION

Finance Circular Letter No. 02/2017

27th July 2017

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

BUDGET CALL 2018

Section 15(ii) of the Universities Act No 16 of 1978, empowers University Grants Commission (UGC) to prepare triennial budget for the Higher Education Institutions in consultation with the governing authorities of the HEIs.

As per the Sectorial Plan of Ministry of Higher Education, four major policy areas have been identified and proposed to be financed by the year 2018 budget.

- Access to Higher Education
- Quality and relevance of higher education
- Sufficiency in Management systems
- Research, innovation and knowledge transferring

Accordingly, Universities/HEIs are requested to prepare their annual budget estimates to address the above areas as per the guidelines given in this circular and develop Key Performance Indicators to measure the performance of the University/HEI.

1. Development/Capital Expenditure Estimates

Universities/HEIs are advised to submit their budget estimates for Capital Expenditure under the following development Projects

a) Human Capital and Other Development Projects

University Grants Commission proposed eight (8) development projects to address four policy areas of “Higher Education” in the year 2018.

Therefore Higher Education Institutes are encouraged to prepare their estimates considering the objective of the following projects proposed by the UGC. Further Universities/HEIs are requested to include new project proposals of the universities/HEIs to address the government’s economic policy frameworks stated in the Budget Call -2018. (Format VIII)

	Projects	Responsibility for the preparation of estimates
1	Postgraduate training of teachers (Phd, MD, Mphil & Other Masters) and continuous professional development (CPP) for university Executive officers	UGC
2	Diversification of existing degree program in Social Sciences and Humanities to create national and regionally relevant degree programs <ul style="list-style-type: none"> • Workshops for curricular revision with the participation of International and National Experts • Establishment of IT departments/ strengthening existing Departments 	UGC/ Universities
3	Increase Access at least by 10% in the Academic year 2017/18 <ul style="list-style-type: none"> • Increase Access in Faculties of Science and Management in universities through new or existing degree program based on market needs • Increase Access in Faculties of Medicine and Engineering in universities. 	UGC/ Universities
4	Gender Equity and Equality, Sexual and Gender based violence and ragging <ul style="list-style-type: none"> • Awareness workshops in 15 Universities • Printed Material – Hand Books 	UGC
5	Quality Assurance and Accreditation <ul style="list-style-type: none"> • Strengthen the existing Quality Assurance Unit of UGC • Proposal for Establishment of independent Quality Assurance and Accreditation Institute 	UGC/ Universities/HEIs
6	Establishment of Staff Development Centre for the Higher Education to provide; <ul style="list-style-type: none"> • Pedagogical training for Academics • Training for Academic Administrators • Training for Administrative, Financial Officers and all other staff 	UGC

7	Career Guidance of the undergraduates	UGC/Universities /HEIs
8	Establishment of Management Information System	UGC

b) Infrastructure Development/Improvement Projects

	Projects	Format Reference
1	Rehabilitation and Improvement of Fixed Assets	Format IV
2	Acquisition of Fixed Assets	Format V
3	Project 1 - Ongoing construction projects <i>(construction projects for which funds allocated up to 2017)</i>	Format VI
4	Project 2 – New construction projects <i>(Include only the prioritized projects)</i>	Format VII

Rehabilitation and Improvement of Fixed Assets

Universities/HEIs are required to prepare 3 year plan to ensure the preventive maintenance of existing physical resources.

New Construction Projects

New construction projects should be included in the estimates after satisfying the following conditions.

- Projects should be approved by the Department of National Planning and Cabinet of Ministers
- Projects should be listed under the “Three Year Capital Development Plan” submitted by each University/HEI.
- Any other projects which are nationally important and requiring urgent attention could also be included in preparing estimates.

*UGC has observed that financial commitment of the ongoing construction projects of several universities has exceeded the average annual capital grant ceiling of the university. Therefore universities are requested not to commence **new construction** projects without obtaining concurrence of the UGC on sufficient allocation of funds.*

c) Strengthening Research

It is proposed to allocate Rs.1Bn under the strengthening of research projects. Research Block Grant (ReBG) is allocated to the Universities/HEIs based on the number of academic staff. The proposed ReBG will be granted to finance ongoing as well as new research projects.

Project proposals should be submitted under the following categories to consider allocation of funds for the year 2017. (Format IX)

Projects
1. Nationally relevant research a) Chronic Kidney Diseases (CKD) b) Dengue
2. Scientific, Engineering and Information Technology related innovative research
3. Research into Demographic, Socio-cultural and Economic issues
4. Research relevant to industrial & Technological development and university industry linkage leading to innovative technological solutions
5. Organization of International Conferences, Symposia and Research and Publications.

The research projects more than Rs.20Mn should be approved by the National Planning Department in order to consider allocation of funds.

2. Recurrent Expenditure Estimates

2.1 Personal emoluments

2.1.1 Universities/HEIs should calculate the salaries and wages based on the actual carder as of 30th June 2017.

2.1.2 Salaries & Wages payable for the year 2018, should be based on the Commission Circulars issued up to 30th June 2017. (Format III)

2.2 Other Recurrent Expenses

2.2.1 Fuel Cost

Fuel cost should be estimated based on the relevant circulars, the number of pool vehicles, running hours, etc. with due consideration being given to the levels of fuel consumption. A detailed estimation/calculation should be submitted as per the Annex III

2.2.2 Rent and Local Taxes

Detailed cost estimation for rent and local taxes should also be provided with justification of the requirement as per the Annex IV

2.2.3 Other Recurrent Cost

The Other Recurrent estimates should be computed based on academic & administrative activities scheduled for the year 2018. 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/HEIs.

The Estimates for the other recurrent expenditure should be given as per the Format III.

3. Internal Income

Universities/HEIs are encouraged to generate income to improve the academic environment of the universities/HEIs. Internal Income from Postgraduate Courses, Extension Projects, Interest Income, Tuition fees, Examination fees etc. should be estimated in Format II.

4. Other Grants (Foreign and Local Grants)

External Funds receivable in 2018, from any source other than through the UGC, should be reported in Format II.

5. Fund Allocation

a) Universities/Undergraduate HEIs

Recurrent and Capital Budget of the Universities/Undergraduate Institutes are financed by the UGC as approved by the National Budget Department.

b) Postgraduate Institutes

Postgraduate Institutes are expected to finance their operational budget by the generated income of the Institute. Seeds money for the construction projects may be considered based on the national contribution of the institute. If any Postgraduate institute is not in a position to generate funds to manage their operational expenditure, it is proposed to review the reasons as to why the institute is not in a position to manage their operational expenditure.

c) Open University of Sri Lanka

Funds for the OUSL are allocated to finance approximately 60% of the recurrent expenditure of their estimated budget during last three years. Capital funds for the OUSL are allocated only for the projects approved by UGC.

6. Performance Measurement

The Key Performance Indicators are given below and should be computed at the University/Faculty level and submitted as per Format-XII

Key Performance Indicators

- Number of Publications in National/International peer reviewed journals
- Number of PhD/MPhil/MD/Masters holders for the year
- Number of Patent registered during the year
- Total expenditure in relation to the graduate output (Cost per graduate output)
- Number of National/International Rewards/Recognition/Accreditation
- Student intake

7. Comparative Figures

It is essential to show Budget 2017 and actuals for the six months period ending on 30.06.2017 in the relevant columns of formats where applicable.

8. Action Plan

Universities/HEIs are requested to prepare the Annual Action Plan for the year 2018 in line with the Strategic objectives of the University/HEI as an internal management tool.

9. Procurement Plan

All estimates on procurement of goods & services should be supported by well thought-out procurement plan prepared in terms of Procurement Guidelines. No provisions should be included in the Budget unless procurement plans have been finalized.

10. Vehicle Information

All the Universities/HEIs are required to provide updated information on vehicles as at 30.06.2017 according to the format XIII.

11. General

Universities/HEIs are advised to prepare realistic estimates by taking into account the actual requirement and previous year budgetary allocations. Budget estimates should be prepared based on the Action Plan for the year 2018 and discourage additional funds requests from time to time.

The Estimates for 2018 should reach the University Grants Commission **on or before 03rd August, 2017.**

All formats should be in Excel worksheets, and a hard copy should be submitted with soft copies (either in a CD or e-mailed to budget@ugc.ac.lk). The formats should not be changed 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.

Bursars are requested to bring the contents of this circular together with National Budget Circular No. 02/2017 dated 25th July 2017, to the NOTICE of **all Deans and Heads of Departments** of their respective universities.

This circular together with all formats are available for download at www.ugc.ac.lk.

If you need any clarifications in this regard please contact the Accountant on 071-4433309 and Senior Assistant Accountant on 077-3502744 finance@ugc.ac.lk.



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