



UNIVERSITY GRANTS COMMISSION

Finance Circular Letter No. 3/2010

20th July 2010

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

ANNUAL ALLOCATION -2010

1. According to the National Budget Circular No 149 dated 15th July 2010, National Budget Department of the Ministry of Finance approved the Budget Estimates for the year 2010 for the Universities and Higher Educational Institutions under the Head No.214 – University Grants Commission.

2. The summary of the Budget Estimates are given below as approved by the National Budget Department

(a) Summary of the Recurrent Budget - 2010

	<u>Rs. 000</u>
Personal Emoluments	8,250,500
Other Recurrent	4,113,198
	<u>12,363,698</u>
Less: Internal Income	955,698
Recurrent Grants requested from General Treasury	<u>11,408,000</u>

(b) Summary of the Capital Budget -2010

	<u>Rs. 000</u>
Rehabilitation and Improvement of Assets	543,000
Acquisition of Fixed Assets	757,000
Construction Projects	2,000,000
Quality & Innovation Grants & Other	200,000
Capital Grants requested from General Treasury	<u>3,500,000</u>

3. **Budget Estimates - 2010**

According to the Vote on Account-2010 funds approved for the first four months of the year and in terms of the section 150(3) of the constitution funds authorized for the period from 1st May to 9th July 2010 shall be considered as funds allocated under the Appropriation Act No.7th of 2010.

Universities and Higher Educational Institutes are requested to submit their Program Budget for the year 2010 accordingly.

4. **Allocation of Recurrent Grants**

(i) **Personal Emoluments**

- (a) Allocations of salaries & wages, provident fund, pensions fund, ETF, allowances and overtime among the Universities / Higher Educational Institutions have been based on actual expenditure of the first four months of year 2010 with a 3% mark up for annual salary increments.
- (b) Allocations for the provision of gratuity have been based on gratuity payments estimated by the Universities/Higher Educational Institutions.
- (c) Allocations have **not** been made for the new cadre positions for the year 2010.

(ii) **Other Recurrent**

- (a) Funds for the Travelling, Supplies, Maintenance, Contractual Services and Other Recurrent expenditure of the Universities/HEIs are allocated based on Average Cost Per Students of last three year plus Budget Estimates for the year 2010 submitted by the Universities/Higher Educational Institutions.

(iii) **Mahapola and Bursary Grants**

Funds for the payment of Bursary / Mahapola- Treasury component have been allocated to the UGC on the basis of estimated Mahapola /Bursary recipients plus exiting scholarship installment.

5. **Allocation of Capital Grants**

Allocation of Capital Block Grant has been based on following key criteria as approved by the University Grants Commission.

- (a) Action plan prepared by the UGC to achieve the objectives of the Corporate Plan.
- (b) Faculty strength of the Universities/HEIs.
- (c) Allocation approved for the year 2010 by the National Budget Department.
- (d) Special requests made by the Universities/HEIs approved by the UGC.
- (e) Priorities of the construction projects submitted by the Universities/HEIs.

(i) Rehabilitation and Improvement of Assets

The General Treasury has provided approximately 26.35% of the requirements for rehabilitation and improvement of assets.

(ii) Acquisition of Fixed Assets

The General Treasury has provided approximately 29.11% of the requirement for acquisition of fixed assets.

(iii) Construction Projects

The General Treasury has provided approximately 27.4% of the requirement for Construction Projects.

A block grant is provided to all Universities/HEIs, so that funds may be distributed internally considering the needs of the approved projects.

(iv) Quality and Innovation Grants (QIG)

In recent decades demand for public funds are typically intense as government has to provide better school education health care, transportation and agriculture, in addition to investment in Higher Education. Hence the need for introducing innovative financing mechanism to finance the Universities/HEIs is emphasized by the funding agencies such as General Treasury.

Hence UGC has decided to promote performance based funding for the allocation of Capital Grants. Accordingly Rs.100.00 million has been allocated by the UGC under a special Quality and Innovation Grant (QIG) for further allocation based on proposals submitted by the Universities/Higher Educational Institutions.


6. The funds allocated to your Universities / Institution for the year 2010 is given in the Annex.
7. The above allocation authorizes expenditure only on programmes, project, and expenditure items which have been already sanctioned by the Treasury and has approved the inclusion of provision in the Estimates of year 2010.
8. In terms the 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/-

Accordingly you are required to submit a letter of request for the approval of capital expenditure in excess of Rs.500,000/- scheduled for the next six months of year 2010 with your Budget.

9. Please e-mail (finance@ugc.ac.lk) a **soft copy of the Budget** for the year 2010, in formats A, B and C on or before 28th July 2010.

You are requested to submit hard copy of the Budget on or before 30th July 2010 with a copy to the Director General, Department of National Budget, General Treasury.

10. Please note that the standard formats should not be changed by the Universities/HEIs for whatever reason.
11. This Circular together with all annexes are available for down load at www.ugc.ac.lk



Prof. S.V.D.G. Samaranayake
Chairman

- 1 Secretary/MOHE
- 2 Chairman/UGC
- 3 Vice-Chairman/UGC
- 4 Secretary/UGC
- 5 Chief Internal Auditor/UGC
- 6 Accountant/UGC
- 7 Engineer/UGC
- 8 Registrars of Universities
- 9 Bursars of Universities
- 10 SAR/AR of Institutes/Campuses
- 11 SAB/AB Institutes/Campuses
- 12 Snr. Asst. Accountant/UGC
- 13 Auditor General