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## நிதி, திட்டமிடல் அமைச்சு

### MINISTRY OF FINANCE AND PLANNING

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Public Finance Circular No.01/2014

All Secretaries of Ministries  
Chief Secretaries of Provincial Councils  
Heads of Departments  
District Secretaries  
Heads of Local Government Institutions  
Heads of State owned Enterprises and Statutory Institutions

#### **Corporate Plan and Annual Action Plan of Government Ministries, Departments, Public Enterprises and Statutory Institutions**

In line with National Policies and Strategies in “Mahinda Chinthana – Vision for the Future”, Government Economic Development Framework, Treasury officials in consultation with Hon. Ministers, Secretaries of Ministries, Heads of Departments and Public Enterprises, Parliamentary approval is obtained for detailed budget estimates for development programmes under subjects and functions assigned to each ministry. Ministerial and departmental plans are included in these annual estimates approved by the Parliament.

**02.** As the Government ministries and departments are not performing commercial activities on profit basis, they are not required to prepare Corporate Plans separately as they are bound to operate within the annual estimates in the medium-term budgetary framework approved by the Parliament. Since Government policies, programmes as well as visions and missions of the institutions are included in the annual estimates, the programmes used in annual budget preparations should be implemented according to the approved estimates.

**03.** Accordingly, the Heads of all the Ministries, Departments, and District Secretaries should prepare an Annual Action Plan to implement annual estimates for the specific financial year within the medium-term budgetary framework. Annual Action Plan should include the following information.

- a) Updated Organizational Structure, approved cadre and actual cadre for the year
- b) Activity Plan prepared according to the priorities based on the annual budget, Activity Time Line and anticipated output/outcome
- c) Action Plan for collection of revenue by revenue departments under each revenue head indicated in budget estimates
- d) Imprest Requirement Plan for annual activities
- e) Annual Procurement Plan for major development programmes (other than operational, building and vehicle maintenance and rehabilitation work)
- f) Internal Audit plan

**04.** Regulatory, promotional, educational, development and research institutions incorporated under Acts passed by the Parliament should carry out their duties in accordance with the objectives of relevant Act. Since profit earning is not their prime objective, the requirement of preparation of Corporate Plan is not arisen though they are required to prepare an Annual Action Plan including activities to accomplish the objectives specified in the Act with a long term vision. The following facts should be incorporated in this Action Plan.

- (1) Updated Organizational Structure, approved cadre and details of present cadre of the institute for the year
- (2) Budget for the year (Government's contribution, earnings and total expenditure of the institution)
- (3) Activity plan prepared based on priorities of annual budget for the year, Activity Time Line and anticipated output/ outcome of those activities
- (4) Procurement Plan for major procurements
- (5) Imprest Requirement Plan for the annual activities of the enterprises implemented on budgetary provisions provided by the General Treasury
- (6) Internal Audit Plan

**05. State owned Business Enterprises**

1) It is the whole responsibility of the Board of Directors to drive the organization to accomplish the set target/ objectives according to the Corporate Plan prepared for minimum three year period to manage affairs with a short term and long term vision. When preparing this Corporate Plan the following facts should also be considered and the Corporate Plan should be forwarded to the Secretary of the relevant ministry for approval with the approval of Board of Directors.

- a) Identifying the development activities carried out on behalf of Government and commercial activities separately, and evaluating strengths and weaknesses of the enterprise to accomplish the set objectives to suitably update and carry forward the plan continually
- b) Proper evaluation of opportunities and threats in business environment

- c) Identification of the appropriate strategies for the achievement of business objectives
- d) Establishment of the targets to be timely achieved and the responsibility for accomplishing those targets to be delegated rationally up to the operating level

2) Moreover an Action Plan incorporating commercial activities to be implemented in next financial year should be prepared based on such Corporate Plan and the following facts should be included in that plan.

- a) Annual Budget Estimate (inclusive of revenue, operating expenses, development expenses, statement of financial position, cash flow statement)
- b) Annual Procurement Plan including major procurements, proposed main investments & capacity expansions
- c) Human Resource Development Plan
- d) Plan for loan repayment(As appropriate)
- e) Internal Audit plan

05. Accordingly, the letter No.PF/R/2/2/3/5 (4) dated 10<sup>th</sup> March 2010 issued by Director General of Public Finance on preparation of Corporate Plan and Public Enterprises Circular No. PFD 47 dated 18<sup>th</sup> December 2007 are hereby revoked and the relevant plans should be prepared and submitted in accordance with the instructions specified in this circular from 2014.

**06.** This circular is issued with effect from 01<sup>st</sup> March 2014.

Sgd.: P.B. Jayasundera  
Secretary to the Treasury

Copy: Auditor General