



UNIVERSITY GRANTS COMMISSION

Finance Circular Letter No. 05/2017

04th December 2017

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

Annual Allocation 2018

HEAD No. 214 – University Grants Commission (UGC)

The Budget Estimates - 2018 have been prepared in consultation with the Universities/HEIs to achieve eight strategic goals of the UGC and submitted to the Department of National Budget (NBD).

Accordingly NBD recommended the Capital Block Grant (CBG) and Recurrent Block Grant (RBG) for the year 2018 and tabled in Parliament of Sri Lanka with the National Budget 2018.

Summary of Annual Allocation – 2018 (Rs. million)

Category/Object title	Revised Budget 2017	Actual Expenditure up to 31 st October 2017	Estimates submitted by the UGC for 2018	Estimates approved NBD for 2018
Recurrent Grants	30,612.9	24,486.7	39,102.9	30,825.0
Capital Grants	11,540.0	7,950.0	40,394.5	13,500.0
Total	42,152.9	32,436.7	79,497.4	44,325.0

The University wise allocation - 2018 is given in Annex-I (*Recurrent Grants*) and Annex-II (*Capital Grants*).

1. Performance Based Budgeting (PBB)

The Department of National Budget is taking steps to practice performance based budgeting with effect from 2018. At the inception of introducing PBB, it is required to shift from resource based documentation of input, process and output to performance based documentation of output, outcomes and impacts. However, it is proposed to document the organizational output at the initial step of this process as it can be easily recognized by every organization. In the second step, it is required that all universities/HEIs to create Key Performance Indicators (KPIs) in relation to the outcome.

Accordingly, Universities/HEIs are expected to furnish following details by 15th December 2017 to the National Budget Department with a copy to UGC. The requested details should be submitted as specimen given in **Format-A**.

- a) Mission
- b) Key functions
- c) Outputs against the Budget Estimates
- d) Outcome and impact of the organization if they can be recognized

2. Preparation of Annual Budget

Universities/HEIs are requested to prepare their annual budget in line with the eight strategic goals of the UGC. The specimen guidelines for the preparation of budget estimates are given in Formats I – X of this circular.

Eight Strategic Goals

- 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

3. 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. The universities/HEIs are requested to allocate funds for capital projects within the annual budget approved by the Council of the universities/Board of Management of the HEIs.

a) Construction Projects

Universities/HEIs are requested to allocate funds for the on-going construction projects on priority basis before the commencement of new projects. New construction projects should not be commenced during 2018 without sufficient allocations are provided in annual budget.

b) Other Development Projects

Universities/HEIs are requested to allocate funds for the Rehabilitation and Improvements of Fixed Assets, Acquisition of Fixed Assets, Human Capital Development and Research and Development projects on priority basis and provide sufficient allocations in annual budget.

c) Postgraduate/Doctoral programs

Postgraduate/Doctoral programs of university staff are financed by the UGC/NCAS and Universities/HEIs may not allocate funds from their CBG for this purpose. Postgraduate programs conducted by the universities/HEIs are supposed to finance through the generated income from postgraduate programs.

4. Continuation of Budget Proposal 2016/2017

UGC allocate funds only for the continuation of the projects implemented by budget proposals 2016/2017. Release of funds during the year will be considered by the UGC based on the performance of respective projects.

- a) Establishment of Technology Faculties of the universities – Rs.1700Mn
- b) Establishment of Engineering Faculty –University of Jaffna Rs.50Mn
- c) Accommodation facilities to Faculty staff of the universities –Rs.80Mn
- d) Establishment of Faculty of Medicine – Wayamba University of Sri Lanka –Rs.400Mn
- e) Establishment of Faculty of Technology – University of Sri Jayewardenepura – Rs.500Mn
- f) Encourage accreditation with professional bodies of international repute – Rs.20Mn

The allocation for the establishment of Technology Faculties will be informed during third week of December 2017. In addition, universities are requested to allocate funds for the technology stream projects from the CBG.

New projects will not be financed by the UGC under the allocations referred in point No.04 (a) to (f) as given above.

5. Asian Development Bank Funded Projects

The Technology Faculties of Rajarata University of Sri Lanka, Sabaragamuwa University of Sri Lanka and Kelaniya University are proposed to finance by the Asian Development Bank. The respective universities are advised to communicate with Director Planning – MoHE through UGC in respect of the implementation of projects.

6. Recurrent Expenditure Block Grant (RBG)

Recurrent Expenditure Block Grant for the year 2018 has been allocated by the NBD based on the estimates submitted by the Universities/HEIs. The recurrent budget estimates submitted by the UGC is based on the funding formula 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)

7. Funding for Student Bursaries and Mahapola – Treasury Contribution

The Treasury, on request will release funds for the payment of Mahapola-treasury contribution and students Bursaries. Universities/HEIs are requested to submit reimbursement request to the UGC on monthly basis as directed by the existing circulars.

If further clarifications are required in this regard, please contact Senior Assistant Accountant-UGC on 011-2123485

8. Funds for Postgraduate Institutes

Postgraduate institutes are advised to finance their budget by the generated income. Capital Funds are allocated based on Medium Term Programm recommended by the Capital Projects Monitoring Committee and approved by the UGC.

RBG for the Postgraduate Institutes are considered and allocated only to finance their permanent cadre positions as approved by the UGC.

However Postgraduate Institutes are supposed to be self-financed in three year time and requested to prepare a strategic plan accordingly.

9. The Master Procurement Plan

Master Procurement Plan (MPP-2018/I and MPP-2018/II) should be prepared by universities/HEIs as per the specimen Formats given in this circular and should be submitted with the annual budget.

10. The Detailed Procurement Plan

The Detailed Procurement Plans should be prepared as per the Formats given in this circular. (DPP-2018/I, DPP-2018/II, DPP-2018/III and DPP-2018/IV) and should be reviewed by the universities/HEIs at their progress review meetings. The Detailed Procurement Plan should not be submitted to the UGC with the annual budget.

11. Annual Action Plan

Universities/HEIs are required to prepare the Action Plan for year 2018 as per the Public Finance Circular No.01/2014 dated 17th February 2014.

12. 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 to 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 prepared as per Format-1 to 10 with the Format-A and Master Procurement Plan** for each development project for the year 2018 on or before 15th December 2017.
- c) You are requested to submit hard copy of the budget on or before 20th December 2017 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 further clarifications are required in this regard please contact *Accountant /UGC on 011-2685021 or e-mail:-finance@ugc.ac.lk. or Senior Assistant Accountant/Budget & Finance on 011-2123490.*



Prof. Mohan De Silva
Chairman

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

ALLOCATION 2018
HEAD - 214 UNIVERSITY GRANTS COMMISSION
SUMMARY - RECURRENT GRANT

	University/Institute	Rs. '000
1	University of Peradeniya	4,760,000
2	University of Colombo	2,850,000
3	University of Sri Jayewardenepura	2,926,000
4	University of Kelaniya	2,750,000
5	University of Moratuwa	2,100,000
6	University of Jaffna / Vavuniya Campus	2,350,000
7	University of Ruhuna	2,524,000
8	The Open University of Sri Lanka	1,200,000
9	Eastern University, Sri Lanka	1,120,000
10	South Eastern University of Sri Lanka	950,000
11	Rajarata University of Sri Lanka	1,350,000
12	Sabaragamuwa University of Sri Lanka	1,120,000
13	Wayamba University of Sri Lanka	980,000
14	Uva Wellassa University	600,000
15	University of the Visual & Performing Arts	790,000
16	Trincomalee Campus	250,000
17	Postgraduate Institute of Medicine	120,000
18	Postgraduate Institute of Agriculture	60,000
19	Postgraduate Institute of Archaeology	75,000
20	Postgraduate Institute of Science	15,000
21	Postgraduate Institute of Pali & Buddhist Studies	45,000
22	Postgraduate Institute of Management	-
23	Postgraduate Institute of English	30,000
24	Postgraduate Institute of Humanities & Social Sciences	30,000
25	Institute of Indigenous Medicine	320,000
26	Institute of Human Resource Advancement	40,000
27	University of Colombo School of Computing	180,000
28	Gampaha Wickramarachchi Ayurveda Institute	257,000
29	Institute of Technology University of Moratuwa	210,000
30	National Institute of Library and Information Science	18,000
31	Institute of Bio-Chemistry, Molecular Biology and Bio Technology	70,000
32	Swamy Vipulananda Institute of Aesthetic Studies	155,000
33	The National Centre for Advanced Studies in Humanities & Social Sciences	20,000
34	Institute of Agro-Technology and Rural Sciences	30,000
35	University Grants Commission	530,000
	TOTAL	30,825,000

ALLOCATION 2018
HEAD - 214 UNIVERSITY GRANTS COMMISSION
SUMMARY - CAPITAL GRANT

	University/Institute	Rs. '000
1	University of Peradeniya	1,000,000
2	University of Colombo	1,100,000
3	University of Sri Jayewardenepura	900,000
4	University of Kelaniya	900,000
5	University of Moratuwa	800,000
6	University of Jaffna / Vavuniya Campus	800,000
7	University of Ruhuna	500,000
8	Open University of Sri Lanka	100,000
9	Eastern University, Sri Lanka	400,000
10	South Eastern University of Sri Lanka	300,000
11	Rajarata University of Sri Lanka	600,000
12	Sabaragamuwa University of Sri Lanka	450,000
13	Wayamba University of Sri Lanka	400,000
14	Uva Wellassa University	400,000
15	University of the Visual & Performing Arts	400,000
16	Trincomalee Campus	300,000
17	Postgraduate Institute of Medicine	250,000
18	Postgraduate Institute of Agriculture	10,000
19	Postgraduate Institute of Archaeology	15,000
20	Postgraduate Institute of Science	60,000
21	Postgraduate Institute of Pali & Buddhist Studies	100,000
22	Postgraduate Institute of Management	-
23	Postgraduate Institute of English	5,000
24	Postgraduate Institute of Humanities & Social Sciences	10,000
25	Institute of Indigenous Medicine	50,000
26	Institute of Human Resource Advancement	5,000
27	University of Colombo School of Computing	85,000
28	Gampaha Wickramarachchi Ayurveda Institute	130,000
29	Institute of Technology University of Moratuwa	8,000
30	National Institute of Library and Information Science	2,000
31	Institute of Bio-Chemistry, Molecular Biology and Bio Technology	15,000
32	Swamy Vipulananda Institute of Aesthetic Studies	45,000
33	The National Centre for Advanced Studies in Humanities & Social Sciences	85,000
34	Institute of Agro-Technology and Rural Sciences	75,000
35	University Grants Commission	450,000
	Establishment of Technology Faculty of the Universities	1,700,000
	Establishment of Engineering Faculty in University of Jaffna	50,000
	Accommodation facilities to Faculty Staff of the Universities	80,000
	Infrastructure facilities for introducing of new courses (Faculty of Medicine - WUSL (Phase I)	400,000
	Encourage accreditation with Professional bodies of International repute	20,000
	Establishment of Technology Faculty in the University of Sri Jayewardenepura	500,000
	TOTAL	13,500,000