



Finance Circular Letter No. 4/2010

19th August, 2010

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

BUDGET ESTIMATES FOR 2011

Section 15(ii) of the Universities Act No. 16 of 1978, empowers the University Grants Commission to prepare triennial budgets of the Higher Educational Institutions (HEIs), in consultation with the governing authorities of HEIs. Accordingly you are requested to submit the Recurrent and Development Budget of your Institution for the year 2011, as per the guide lines given in this circular.

1. Quality and Innovation Grants (QIG)

The future direction of Sri Lankan higher education should be forged through an integrated policy framework based on the four foundation principles of sustainability, quality, equity and diversity. The Reforms in Higher Education Financing should encourage individual universities to better capitalize on their particular strengths and should recognize role of the new universities and campuses.

Hence UGC decided to introduce QIG scheme to achieve the objectives of above basic principles in Higher Education Financing.

- a) QIG to improve the Language Skills, Information Technology Skills and Soft Skills of first year students
- b) QIG to introduce separate modules in industrial training for all degree programs in Humanities and Social Sciences.
- c) QIG to encourage Eco-Friendly environment in universities

Universities are requested to submit budget estimates (draft) for QIG projects for the consideration of the Commission as per the Annex - H. University's QIG budget proposal will be help full for the UGC to negotiate block grants for QIG with National Budget Department.

2. Recurrent Estimates

a. Personal emoluments

- 2.1.1 Salaries & Wages payable for the year 2011, should be based on the Commission Circular No. 879 of 11th August, 2006.
- 2.1.2 Provision should be made for annual increments based on the existing salary structures.
- 2.1.3 The Cost of Living Allowance payable for 2011 should be based on Establishment Circular Letter No. 02/2009 of 19th January, 2009 and 01/2010 of 04th January, 2010.
- 2.1.4 Payment of the Academic Allowance should be based on 25% of the salaries, in terms of Department of Management Services Letter UGC/D/1/UGC/S&A of 7.8.2006.
- 2.1.5 Estimates for Academic staff salaries & allowances **for existing staff only** and should be computed as per the Schedule 1 – (a). Total of the Schedule 1 – (a) should be transferred to Schedule 1.
- 2.1.6 Estimates for Non-Academic Staff (Administrative & Non-Administrative) salaries & allowances **for existing staff only** and should be computed as per Schedule 2 – (a). Total of the Schedule 2 – (a) should be transferred to Schedule 2.
- 2.1.7 The totals of Schedules 1 and 2 should be transferred to item 1 (Personal Emoluments) in Annex A.
- 2.1.8 Cost of filling vacancies, of **cadre positions already approved** by the Department of Management Services, should be shown in Schedule 3. The total of Schedule 3 should be transferred to item 2 (Filling of Vacancies) in Annex A.

b. Other Expenses

The Estimates for the following items of expenditure should be shown in items 3 - 7 respectively in Annex A.

- Travelling
- Supplies
- Maintenance
- Contractual Services
- Other Recurrent Expenses

The Recurrent Estimates should be computed based on academic & administrative activities scheduled for the year 2011. Expenditure on Contractual Services such as Security Services, Clearing Services, Vehicle Hiring Charges, and Rent on Hostels & Other Buildings should be rationally analyzed & estimated by the Universities. All financial officers are requested to re-visit the above expenditure incurred under contractual services which has become a heavy burden on Universities' Budget.

3. Internal Income

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

4. External Funds

External Funds receivable in 2011, from any source other than through the UGC, should be reported in Annex C.

5. Comparative Figures

It is essential to show comparative figures for the year 2009 and 2010 in the relevant columns of Annexes A, B and Schedules 1 and 2.

6. Development Budget

a. Rehabilitation & Improvements

Estimates for Rehabilitation & Improvements to capital assets during the year 2011, should be computed as per the annexes D – I, D – II, D – III & D - IV (Please indicate all Rehabilitation & Improvements projects valued more than Rs. 500,000/- separately under each Faculty). Total of D – I to D – IV should be transferred to Annex D.

The Commission will not be in a position to allocate funds for rehabilitation & improvements of assets, unless the detail estimates are given as per annexes D – I, D – II, D – III & D – IV of this circular.

b. Acquisition of Fixed Assets

Estimated expenditure for Acquisition of Fixed Assets should be computed as per Annex E – I, E – II, E – III & E – IV. Total of E – I to E – IV should be transferred to Annex E.

It is essential to give a brief description of the programmes which require furniture, office, laboratory & teaching equipments, in order to justify the expenditure to be incurred on Acquisition of Fixed Assets.

c. Estimates for Continuation Construction Projects

Construction projects for which funds have been allocated up to 2010 are considered as continuation projects. Estimates for the continuation projects should be based on project cash flow and computed in Annex F. UGC will not be able to allocate funds for the continuation projects, unless complete information is provided in the Annex F.

d. Estimates for New Construction Projects

New construction projects should be included in the estimates, ONLY if they have been approved by the Department of National Planning and Cabinet of Ministers. Budgetary provisions should be sought only for the Project Cash Outflow during the year 2011, and not for the full TEC (Total Estimated Cost) and priority will be given for the projects which are directly connected with National priorities. Estimates for New construction projects should be shown in Annex G.

6. Corporate Plan

Universities are requested to update their corporate plan for the year 2011 and projected data for year 2012 & 2013 should not be deviated from the Corporate Plan of the Universities.

7. General

The Estimates for 2011 should reach the University Grants Commission *on or before 01st September, 2010.*

All schedules and annexes should be in Excel worksheets, and a hard copy should be submitted with soft copies (either in a CD or e-mailed to finance@ugc.ac.lk). The UGC expect that you may not change the formats of the schedules and annexes 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 be accepting the Estimates submitted without the soft copies, or with amended formats.

Universities are requested to prepare budget estimates based on their Action Plan scheduled for the year 2011 and discouraged additional funds from time to time.

Registrars / Bursar are requested to bring the contents of this circular, to the notice of all Deans and Heads of Department of their respective Universities.

This circular together with all annexes and schedules are available for download at www.ugc.ac.lk.



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

- Cc:
1. Chairman/UGC
 2. Vice-Chairman/UGC
 3. Secretary/UGC
 4. Chief Internal Auditor/UGC
 5. Accountant/UGC
 6. Registrars of Universities
 7. Bursars of Universities
 8. SAR/AR/ of Institutes/Campuses
 9. SAB/AB/ of Institutes/Campuses

10. Engineer/IDD/UGC
11. Snr. Asst. Accountant/UGC
12. Snr. Asst. Secretary/Supplies & Administration/UGC
13. Auditor General
14. Govt. Audit Superintendent/UGC
15. Govt. Audit Superintendent/Universities