

Performance of the Finance Commission
(From 01st of July 2017 to 30th of September 2017)

1. The Need Assessment - 2018

Meetings were conducted with the relevant provincial officials to review the financial needs submitted by the Provinces on Capital and Recurrent budgets. At those meetings, each province and the Finance Commission arrived to common agreements on assessed needs.

Accordingly, budgetary requirements for the Provinces in 2018 were informed to the National Budget, Department of the Ministry of Finance.

2. Recommendations for 2018

- Recommendations for 2018 was prepared in three languages and submitted to the President's Office on apportionment of funds for Capital and Recurrent expenditure in 2018.
- The General Treasury make a decision on bulk allocation for the provinces, based on the recommendations of the Finance Commission.

3. Revisions of Provincial Annual Development Plans -2017

Based on the requests made by the provinces, concurrence was granted in principle for revisions up to broad activity areas of the Annual Development Plans 2017.

4. The Annual Report of the Finance Commission 2016

The Annual Report for 2016 was prepared and English, Sinhala and Tamil versions have been printed and they are to be submitted to H.E. the President and the Parliament.

5. Preparing reports on Provincial Audit Reports

Audit reports of the Uva and North Western Provinces forwarded by the Auditor General's Department were studied and highlights were sent to the Chief Secretaries, Governors and the Auditor General.

6. Capacity building of the officers

Training

- The relevant Finance Commission Officers were provided training opportunities on the following selected fields
 - ✓ Library Management
 - ✓ Payroll
 - ✓ Preparation of Bid documents
 - ✓ File management & General Office Administration
 - ✓ Microsoft Excel- Advanced Analysis Tools
 - ✓ Integrated Treasury Management Information System (ITMIS)

Workshop on the Training of Trainers (ToT) for Public Private Partnership (PPP)

- The workshop was conducted by the USAID and Department of Public Finance of Ministry of Finance from 28th- 31st August, 2017 at the Hilton Colombo Residences. The Chairman and two Officers of the Finance Commission participated at this workshop. This training was an effort in order to establish sustainability of the on-going capacity building efforts in PPP.

UNDP partnership for Capacity Development of Provincial planning System

- The Initial discussions were held on UNDP partnership for Capacity Development of Provincial planning System. Accordingly, the UNDP prepared a TOR to assist the Finance Commission with expertise on preparation of planning Guidelines to provinces for 2018 and the Finance Commission accepted the TOR.

7. Discussion with JICA

- A discussion was held with JICA to identify possible JICA assistance for capacity development of the officers of the Finance Commission. For the meeting Mr. Sakano Taichi, Senior Advisor, Industrial Development and Public Policy Department of JICA and Mr. Honda Shurichiro, Strategic Planning Advisor, Department of National Planning (JICA) were also participated.

8. Guest Lecturers

- Lowa University's Adjunct Professor and former Assistant Governor for Economic and Price Stability, Central Bank of Sri Lanka, Dr H.N.Thenuwara made a presentation on **Public Economic Policy and Public Finance**. In this presentation key areas such as where policy is needed, steps of policy Design and Implementation, Policy Acceptance and Economic Functions of the Government were covered.



- Mr. Sarah Muthugala PPP and Procurement Advisor of USAID made a presentation on Public-Private Partnership (PPP) with focus on need of PPP, Recent Private investment in Sri Lanka, Differences of traditional finance and PPP variants and Fundamentals of PPPS.

9. Study Visits

- Cadets of Sri Lanka Administrative Service and 6 Government of Nepal officials visited the Finance Commission to study the role and functions of the Finance Commission related to fiscal decentralization of power in Sri Lanka. The areas, presented for them are Recommendation Process, Planning and Budgeting Process for the provinces, Grants provided to the Provinces, Revenue sources of the provinces, Financing for Local Government, Cadre of the provinces.



- The Officials of Finance Commission visited Dehiwala - Mt. Lavinia Municipal Council to study their Role, Functions and Issues. In the study, key function such as Organization Structure, Revenue Sources, Cadre Management, Budgetary Process, Development projects, Library Management, Waste Management, Pre-school Education and Welfare Activities, Savings and Investments were covered.



10. Construction of New Building for the Finance Commission

Construction work of the Administration Building of the Finance Commission (FC) is in progress. Three progress review meetings at the Finance Commission and another three technical meetings at the site were held with participation of Project Consultancy Unit (Faculty of Architecture, University of Moratuwa) and the contractor. Expenditure as at 30th September is Rs. 107 mn. out of approved amount of Rs. 300mn. It was noted that the programme is behind

schedule about 115 days. On account of this long delay the Commission has requested the consultant to organize the weekly progress review meetings.



11. Finance Commission Data Base and MIS

The Finance Commission Data Base and MIS is crucial in functioning of the Commission. In this regard The Asia Foundation (TAF) has agreed to support the Commission. Accordingly we had discussions with the Information and Communication Technology Agency (ICTA) in order that Data Base and MIS could be developed in a comprehensive manner.

12. Draft Finance Commission Act

The Act was formulated and submitted to H.E. the President on 09.11.2016. The Presidential Secretariat has sent some observations on the draft. As there had been delay in finalizing the Draft Finance Commission Act. We sought an appointment with the Addl. Secretary (legal) and this was granted on 18th July 2017. However, the Commission did not agree on the main matters submission made by the Addl. Secretary (Legal) of the President's Office and we have forwarded our comments on 12th September 2017 for consideration and awaiting results.

13. Establishing and operationalizing of the Audit Committee.

Management and Audit Committee was established. The 2nd meeting was held with participation of an Audit Superintendent and the Director, Department of Management Audit. Decision of the meeting were informed to the all staff of the Finance Commission, for necessary follow up actions.

14. Preparation of guideline for planning and monitoring in collaboration with National Planning Department. (NPD)

With the objective of introducing an integrated planning mechanism at national and sub national levels a draft of concept paper and planning formats along with components and subcomponents for each sector were prepared and discussed with senior Officers of the NPD. It is to be further developed collaboratively and discussed with the other relevant institutions.

15. Discussion on the ongoing development programmes and future development plans in the North Western Province (NWP) and field visit on 17th and 18th August 2017.

This discussion was held with the participation of Chief Minister, Hon. Ministers, the Chief Secretary and the Secretaries to the Provincial Ministries and Deputy Chief Secretaries of the North Western Province with the Chairman, Secretary and Officers of the Finance Commission to review progress of development programmes, cadre uses and policy matters to be considered at national levels.

After that, the Officials of the Finance Commission attended to a field visit to Galgamuwa Base hospital, Ambanpola agriculture and livestock farms, Wariyapola pre-school and Pradeshiya Sabha, Kuliypitiya children's home under the Provincial Department of Probation and Child Care and Kobeygane water scheme on 17th and 18th August 2017 to review their ongoing projects. Special Emphasize has been given to observe the issues related to some Projects.



Galgamuwa Base Hospital



Garbage Disposal Centers – Galgamuwa and Wariyapola

16. Meeting on discuss the matters related to Probation and Child Care Sector

The meeting with the Commissioners of the Provincial Departments of Probation and Child Care and the Secretaries of the Provincial Ministries of Probation and Child Care was held on 15th September 2017 at the Finance Commission.

The main objective of the meeting was to provide an opportunity to Provincial representatives to discuss the issues relating to provincial level and make necessary recommendations.

17. Follow up on Workshop on Improvement of Development Process through Optimum Coordination between National and Provincial Level.

To follow-up the decisions and recommendations made at the workshop held on 15th June 2015, the Commission prepared a checklist based on the identified issues and recommendations. The check list along with an activity plan was submitted to the Presidential Secretariat. Consequently, the Secretary to the President convened a meeting on 15th September 2017 to discuss the progress of the recommendations made at the workshop. Senior officers of relevant ministries and other relevant institutions participated at the meeting. Based on the request made by the President's Office, the Finance Commission has reviewed progress in this regard.

18. Performance Reports of the Finance Commission

Performance Report of the 2nd Quarter 2017 was submitted to the Parliament.

19. Special Studies

A number of Special Studies were carried out in support of FC activities.

These include:

- Study on some Municipal Councils
- Utilization of the Capital Funds
- Study on Fiscal Imbalances in the MCs
- Definition of the Balanced Regional Development

20. Commission Meetings / Co-group Meetings / Staff Meetings

Following Finance Commission Meetings were held.

- **Commission Meetings** - 07th July 2017, 03rd August 2017 (Special Meeting), 19th August 2017 and 30th September 2017

In order to facilitate decision making and follow up action the Sub Committee was established. The Sub Committee meets regularly before each Commission Meeting.

- **Co-group Meetings** - Weekly Co-group Meetings held.
- **Staff Meetings** - 13th July 2017, 21st July 2017, 26th July 2017 & 07th September 2017.