



UNIVERSITY GRANTS COMMISSION

Finance Circular Letter No. 03/2015

7th August 2015

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

BUDGET CALL 2016

Section 15(ii) of the Universities Act No 16 of 1978, empowers University Grants Commission (UGC) to prepare triennial budget for the Higher Education Institutions in consultation with the governing authorities of the HEIs.

As per the Corporate Plan of UGC, six strategic goals have been identified and proposed to be financed by the year 2016 budget.

- Widen participation and equitable access to higher education
- Improve quality and relevance of academic programs
- Strengthening research, innovation, entrepreneurship
- Improve physical and aesthetic environment and stakeholder satisfaction
- Improve financial management and sustainability enhanced good governance
- Increased international cooperation and competitiveness

Accordingly, Universities/HEIs are requested to prepare their annual budget estimates to address the above areas as per the guidelines given in this circular and develop Key Performance Indicators to measure the performance of the University/HEI.

1. Development/Capital Expenditure Estimates

Universities/HEIs are advised to submit their budget estimates for Capital Expenditure under the following development activities planned for 2016.

a) **Human Capital Development Projects (HCD Projects)**

The objective of “Human Capital Development Projects” is to enhance the soft skills and talents of the university community and to improve the institutional capacity in order to achieve overall objectives of the Higher Education. Further, Universities/HEIs are encouraged to increase the investment on HCD Projects and develop their own projects to address the human capital development needs of the universities/HEIs in addition to the projects listed below. (Format VIII)

	Projects	Responsibility for the preparation estimates
1	Postgraduate training of teachers (Phd, MD, Mphil & Other Masters)	UGC
2	Development of training materials to enhance the quality of English speaking & writing skills of undergraduates	UGC
3	University Certificate Test for Information Technology (UCTIT) (Development of materials for assessment program on information technology)	UGC
4	University Test of English Language (UTEL)	UGC
5	Quality Assurance and Accreditation	UGC/Universities/HEIs
6	Competency Building of academic & other staff (Staff Development)	UGC/Universities/HEIs
7	Carrier Guidance & Entrepreneurship	UGC/Universities/HEIs
8	Development of Technology & Vocational Training (BSc Degree in Technology Stream)	UGC

b) **Infrastructure Development/Improvement Projects**

	Projects	Format Reference
1	Rehabilitation and Improvement of Fixed Assets	Format IV
2	Acquisition of Fixed Assets	Format V
3	Project 1 - Ongoing construction projects (<i>construction projects for which funds allocated up to 2015</i>)	Format VI
4	Project 2 – New construction projects (<i>Include only the prioritized projects</i>)	Format VII

Rehabilitation and Improvement of Fixed Assets

Universities/HEIs are required to prepare 3 year plan to ensure the preventive maintenance of existing physical resources.

New Construction Projects

New construction projects should be included in the estimates after satisfying the following conditions.

- Projects should be approved by the Department of National Planning and Cabinet of Ministers
- Projects should be listed under the Comprehensive Medium Term Programme submitted by each University/HEI.

*UGC has observed that financial commitment of the ongoing construction projects of several universities has exceeded the average annual capital grant ceiling of the university. Therefore universities are requested not to commence **new construction** projects without obtaining concurrence of the UGC on sufficient allocation of funds.*

c) Strengthening Research

It is proposed to allocate Rs.1Bn under the strengthening of research projects. Expert committee appointed by the UGC will scrutinize the proposals and selection will be done based on the predetermined criteria of the proposals.

Project proposals should be submitted under the following categories to consider allocation of funds for the year 2016. (Format IX)

Projects
1. Nationally relevant research a) Chronic Kidney Diseases (CKD) b) Dengue
2. Scientific, Engineering and Information Technology related innovative research
3. Research into Demographic, Socio-cultural and Economic issues
4. Research relevant to industrial & Technological development and university industry linkage leading to innovative technological solutions
5. Organization of International Conferences, Symposia and Research and Publications.

The research projects more than Rs.5Mn should be submitted in ERD format (www.erd.gov.lk – project concept paper format) to the UGC in order to obtain the approval of National Planning Department.

d) University Township Project (UTP)

Funds will be allocated only for the approved ongoing township projects. (Format X)

3. Recurrent Expenditure Estimates

3.1 Personal emoluments

- 3.1.1 Salaries & Wages payable for the year 2016, should be based on the Commission Circular No. 975 dated, 13th January, 2012, 985 dated, 15th May, 2012, 03/2013 dated 7th March 2013, 03/2013-(i) dated 12th June 2013 and 03/2013-(ii) dated 27th June 2013.

- 3.1.2 Provision should be made for annual increments based on the existing salary structures.
- 3.1.3 Cost of Living Allowance (COLA), Special Salary Allowance of 20%, Additional Monthly Allowance of 20%, Monthly Compensatory Allowance (MCA), Other Allowances and Entertainment Allowance payable for 2016 should be based on Establishment Circular No. 6/2014 & 6/2014(i) dated 26th March and 21st July 2014, Commission Circular No. 973 and 999 of 04th January, 2013, Commission Circular No.02/2014 dated 8th January 2014, Commission Circular No.02/2015 dated 29th January 2015, Commission Circular No.07/2014 dated 17th July 2014 and Commission Circular No.03/2015 dated 12th February 2015.
- 3.1.4 Payment of the Academic and Research Allowance should be based on the Commission Circular No. 01/2014 dated 7th January 2014 and Establishment Circular No. 05/2014(i) & (ii) dated 28th May 2014 & 30th May 2014. (Format III)

3.2 Other Recurrent Expenses

The Recurrent Estimates should be computed based on academic & administrative activities scheduled for the year 2016. Expenditure on Contractual Services such as Security Services, Cleaning Services, Vehicle Hiring Charges, and Rent on Hostels & Other Buildings should be rationally analyzed & estimated by the Universities.

The Estimates for the other recurrent expenditure should be shown in Format III.

Universities/HEIs are requested to make provisions under the “other recurrent expenditure - employee welfare & medical assistance vote” for the **proposed Health Insurance Scheme**. Provisions should be made as 50% of the premium (50% of Rs.11,067/-) under the plan II of the insurance scheme as published by the Finance Circular Letter No.01/2015 dated 9th July 2015.

4. Internal Income

Universities are encouraged to generate 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 Format II.

5. Other Grants (Foreign and Local Grants)

External Funds receivable in 2016, from any source other than through the UGC, should be reported in Format II.

6. Funding Policy

a) Universities/Undergraduate HEIs

Recurrent and Capital Budget of the Universities/Undergraduate Institutes are financed by the UGC as approved by the National Budget Department.

b) Postgraduate Institutes

Postgraduate Institutes are expected to finance their operational budget by the generated income of the Institute. Seeds money for the construction projects may be considered based on the national contribution of the institute. If any Postgraduate institute is not in a position to generate funds to manage their operational expenditure, it is proposed to review the reasons as to why the institute is not in a position to manage their operational expenditure.

c) Open University of Sri Lanka

Funds for the OUSL are allocated to finance approximately 60% of the recurrent expenditure of their estimated budget during last three years. Capital funds for the OUSL are allocated only for the projects approved by UGC.

7. Performance Measurement

The Key Performance Indicators are given below and should be computed at the University/Faculty level and submitted as per Format-XII

Key Performance Indicators

- Number of Publications in National/International peer reviewed journals
- Number of PhD/MPhil/MD/Masters holders for the year
- Number of Patent registered during the year
- Total expenditure in relation to the graduate output (Cost per graduate output)
- Number of National/International Rewards/Recognition/Accreditation
- Student intake

8. Comparative Figures

It is essential to show Budget 2015 and actuals for the six months period ending on 30.06.2015 in the relevant columns of formats where applicable.

9. Action Plan

Universities/HEIs are requested to prepare the Annual Action Plan for the year 2016 in line with the Strategic objectives of the University/HEI as an internal management tool.

10. Procurement Plan

All estimates on procurement of goods & services should be supported by well thought-out procurement plan prepared in terms of Procurement Guidelines. No provisions should be included in the Budget unless procurement plans have been finalized.

11. Vehicle Information

All the Universities/HEIs are required to provide updated information on vehicles as at 30.06.2015 according to the format XIII.

12. General

Universities/HEIs are advised to prepare realistic estimates by taking into account the actual requirement and previous year budgetary allocations. Budget estimates should be prepared based on the Action Plan for the year 2016 and discourage additional fund requests from time to time.

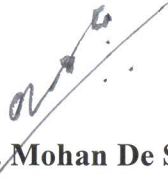
The Estimates for 2016 should reach the University Grants Commission *on or before 14th August, 2015.*

All formats 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 formats should not be changed 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 accept the Estimates submitted without the soft copies or with amended formats.

Bursars are requested to bring the contents of this circular together with National Budget Circular No. 03/2015 dated 29th July 2015, to the NOTICE of **all Deans and Heads of Departments** of their respective universities.

This circular together with all formats are available for download at www.ugc.ac.lk.

If you need any clarifications in this regard please contact the Senior Assistant Accountant/Budget & Finance on 011 – 2669652 / finance@ugc.ac.lk.



Prof. Mohan De Silva
Chairman

- Cc:
1. Secretary/Ministry of Higher Education and Research
 2. Vice-Chairman/UGC
 3. Secretary/UGC
 4. Accountant/UGC
 5. Registrars of Universities/SAR/AR/ of Institutes/Campuses
 6. Bursars of Universities/SAB/AB/ of Institutes/Campuses
 7. Engineer/IDD/UGC
 8. Snr. Asst. Accountant/UGC
 9. Internal Auditor/UGC
 10. Auditor General
 11. Govt. Audit Superintendent/UGC
 12. Govt. Audit Superintendent/Universities