

# Handling foreign-funded Projects/Grants

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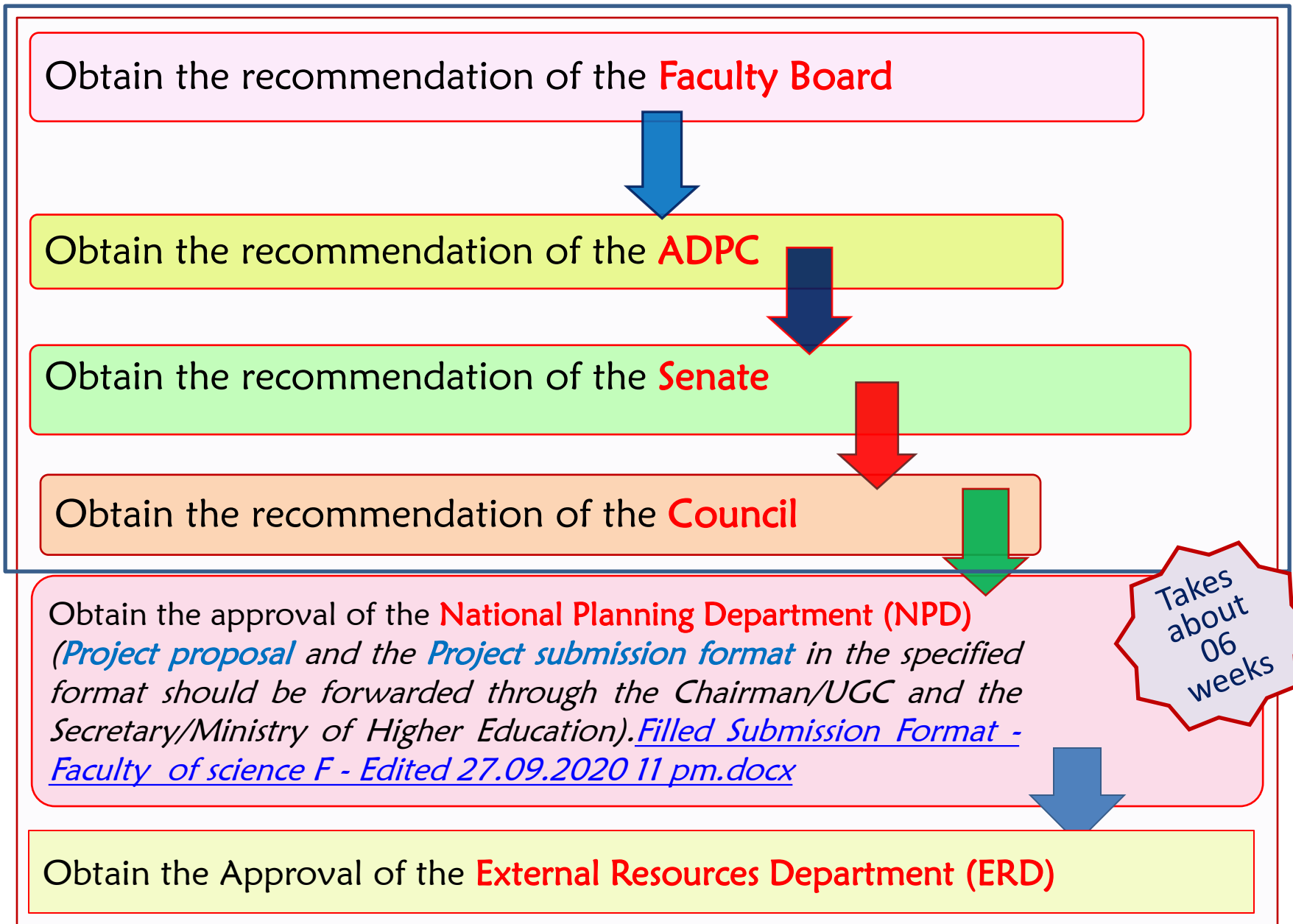
# Outline

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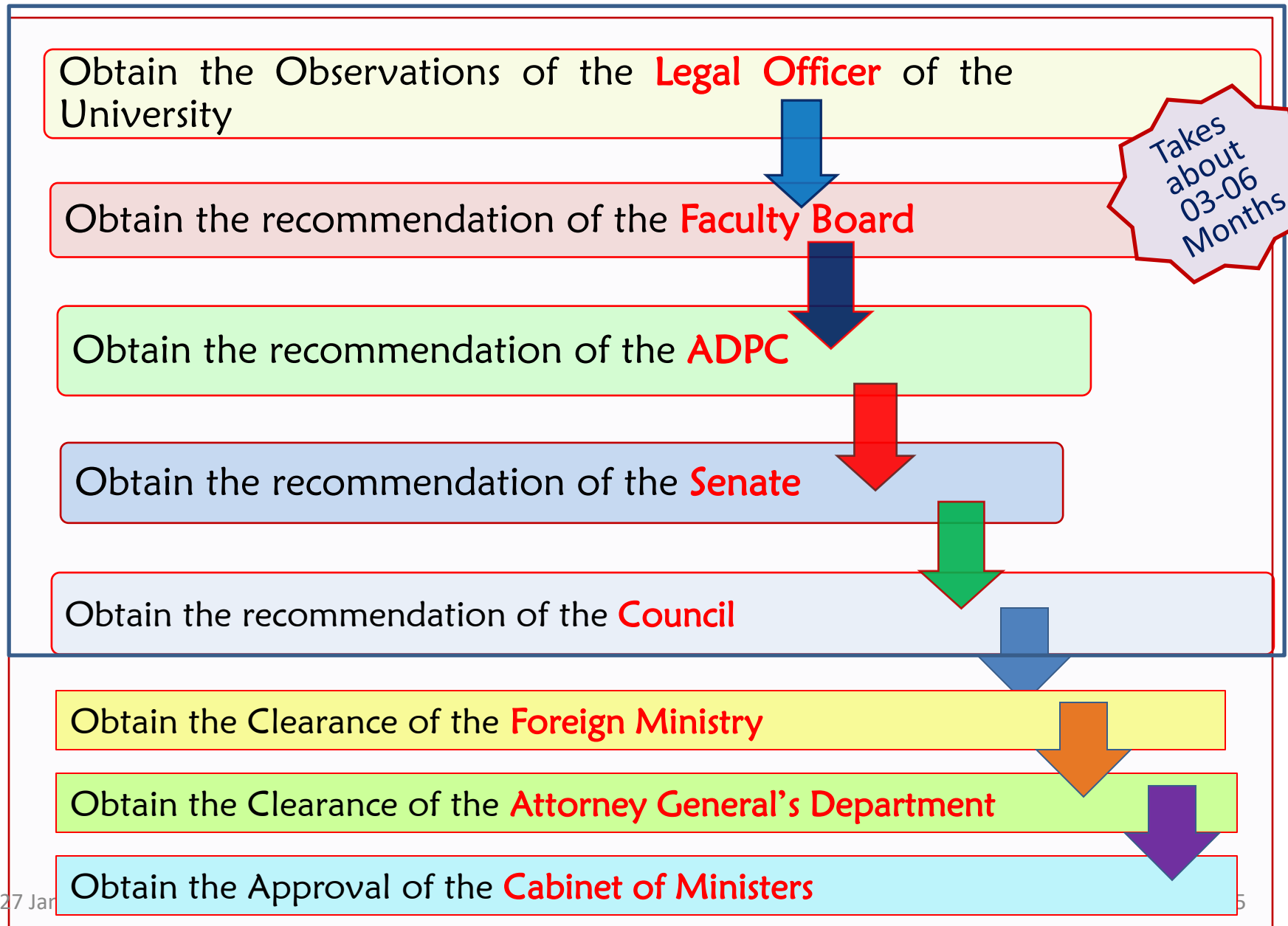
# 1. Applicable Laws, Rules and Regulations for Foreign Funded Projects and Grants

Circular No	Date	Issued By	Topic
ERD/AE/GEN/16	02.10.2020	Ministry of Finance	Streamlining the Fund Channeling Mechanism and Implementation Modalities of Grant Funded Projects.
SC&PMU/Grant/19	25.07.2019	Department of External Resources	Obtaining Foreign Gifts, Equipment and Gifts from Sri Lanka to Other Governments/Foreign Development Partners/Foreign Institutions and Inventing their Proper Accounting.
MNPEA 02/2019	10.01.2019	Department of External Resources	Guidelines for Submitting Development Project Proposals for Public Investment.
MOFP/ERD/2011/1	21.01.2011	Ministry of Finance and Planning	Streamlining the Mobilization of Foreign Resources.
30/94	20.04.1994	National Budget Department	Accounting of Foreign Grants.
MOFP/ERD/2014/1	26.06.2014	Ministry of Finance and Planning	Acceptance of Donor Assistance.
PS/SP/SB/Circular/06 /2019	19.12.2019	Presidential Secretariat	Rationalization of the Prevailing Mechanism on Engaging with Investors, Lending Agencies, Foreign Organizations and Missions.
<a href="#">Obtaining Prior Approval for Receiving Foreign Grants to Sri Lanka from Other Governments / Foreign Development Partners / Foreign Institutions (ugc.ac.lk)</a>		University Grants Commission	Guidelines on Mobilizing Foreign Funded Projects/Grants.

## 2. Procedure for obtaining the approval for the Projects



### 3. Procedure for obtaining the approval for the MoU/Agreement



## 4. Receipt and Transfer of Funds

- I. Funds can be channeled through the **Treasury or directly disbursed to the University.**  
*(However, funds should be channeled through Treasury, if External Resources Department mandates to do so. [ERD Letter.pdf](#))*
- II. Allocation should be made through the Annual Estimates. When there are no adequate budgetary provisions, provision could be made through FR 66 application procedure.
- III. The University should submit **detailed monthly expenditure reports** with clear expenditure lines and supporting documents to the Line Ministry, if funds are directly disbursed to the University.

## 5. Opening up Bank Accounts

- If the donor mandates to have a separate Bank Current Account, obtain the concurrence of the **University Grants Commission** by giving clear justifications.
- If the donor Mandates to have a separate SFCA, Make a request to **Central Bank of Sri Lanka (CBSL)** through UGC, and Ministry of Higher Education to opening up a **Special Foreign Currency Account (SFCA)** after obtaining the approval of the National Planning Department (NPD) and the External Resources Department (ERD) for the project.

## 6. Preparation and Obtaining approvals for Project Budgets

- Budget Estimates have to be prepared according to the specified format by the University as per 04/2016 Commission Circular. [Budget Format.xls](#)
- Budgets have to be prepared in SLR converting the amounts in Foreign Currencies. *(Documents should be annexed in proof of rates approved by the donor/grantor in foreign currencies).*
- Recommendation of the Finance Committee and Approval of the Council should be obtained before implementation of activities.
- Any revision of budget estimates has to be approved by the donor/grantor and recommendation of the Finance Committee and Approval of the Council should be obtained before implementation.



## 7. Procurement of Goods and Services

➤ Procurement of Goods and Services of Foreign Funded projects has to be done according to the government procurement guidelines.

➤ However, as per Section 1.3.3 of the Government Procurement Guidelines;

In the case of a Foreign Funded Project, if the Foreign Funding Agency mandates the use of Procurement Guidelines of such funding agency, such **funding agency guidelines shall prevail over these Guidelines** to the extent applicable. In the event of a conflict between these Guidelines and that of the funding agency, **the funding agency guidelines shall take precedence over these Guidelines.**

## 8. Fixed Assets purchased through Foreign Funded Projects

- Fixed Assets purchased through Foreign-funded projects/grants **shall be properly entered in separate inventory books**, if ownership of such assets are not vested to the University. However, Annual Board of Survey has to be conducted for these assets.
- On completion of the projects, if the inventory items purchased under the project are handed over to the University, items entered in separate inventory books have to be transferred to the Inventory registers of the University.

## 9. Auditing of Project/Grant Accounts

- All transactions made through the Project/Grant funds are subjected to the audit by the **Government Auditors and Internal Auditors of the University.**
- In addition, the donor may also mandate to conduct an audit on the project transactions through an external auditor.

## 10. Submission of Progress Reports

- Grantees shall submit monthly financial/physical progress reports to the Ministry and the Treasury in the specified formats.
- Final report on completion of the projects has to be submitted to the Finance Committee for recommendation and Council for approval and copies of the same should be sent to the Line Ministry.
- Any remaining balance has to be returned to the donor at the end of the Project period.

*Thank you*