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In any correspondence on
this subject please quote No. **BPD 86/107/02**

THE REPUBLIC OF UGANDA

April 11, 2011

To: All Accounting Officers (Central and Local Government Votes)

Re: BUDGET CALL CIRCULAR: PREPARATION OF DETAILED BUDGET ESTIMATES FOR THE FINANCIAL YEAR 2011/2012

A. INTRODUCTION

- 1 The Sector Budget Framework Papers for FY 2011/12 have been consolidated into the National Budget Framework Paper (BFP) for FY 2011/12 (**attached**) and submitted to Parliament, in accordance with Section 4 of the Budget Act 2001.
- 2 Article 155 of the Constitution of the Republic of Uganda and Sections 3 and 4 of the Budget Act 2001 require the President to lay before Parliament, **by the 15th of June** of every year:
 - i. Final Estimates of Revenue and Expenditure of Government for the next Financial Year; and
 - ii. Multi-year Fiscal and Monetary programmes and plans for economic and social development.
- 3 The purpose of this Circular therefore, is to:
 - i). Forward the attached National Budget Framework Paper for the FY 2011/12 which contains the revised resource envelope, sector ceilings and budget priorities for FY 2011/12 and the medium term;
 - ii). Communicate policy and administrative guidelines for the preparation of the budget estimates for FY 2011/12; and
 - iii). Request you to finalise the preparation of detailed budget estimates for FY 2011/12 in line with the Budget Framework Paper.

B. THE BUDGET STRATEGY FOR THE FY 2011/12

Resource Envelope for FY 2011/12 and MTEF Projections

- 4 The projected budgetary Resource Envelope for FY 2011/12 is **US\$ 8,026.3bn (excluding Taxes and Arrears)** as indicated on **page 532** of the National Budget Framework Paper for FY 2011/12. Details of the expenditure allocations by institution over the medium term are reflected on **page 536** of the National Budget Framework Paper.

Mission

"To formulate sound economic policies, maximize revenue mobilization, ensure efficient allocation and accountability for public resources so as to achieve the most rapid and sustainable economic growth and development"

- 5 The exchange rates to be used against One United States Dollar over the medium term are:
- i) FY 2011/12 - Ushs 2,442;
 - ii) FY 2012/13 - Ushs 2,582.7;
 - iii) FY 2013/14 - Ushs 2,733.9;
 - iv) FY 2014/15 - Ushs 2,888.7; and
 - v) FY 2015/16 - UShs 3,052.27
- 6 In the Budget Strategy for FY2011/12, Government is focused on the following priority areas:
- i) *Infrastructure Development focusing on Transport Infrastructure and Energy;*
 - ii) *Increasing Agricultural Production and Productivity;*
 - iii) *Human Capital Development with emphasis on Education, Health and Water.*
 - iv) *Improving business competitiveness and job creation through Business Processing Outsourcing (BPO); and*
 - v) *Improving the overall effectiveness of Government with special focus on addressing corruption, inefficiency, waste and improving the delivery of Public Services.*
- 7 Due to the limited expansion in the resource envelope, the additional resources in the FY 2011/12 have **ONLY** been allocated to the Energy sector for construction of Karuma Hydropower Station and the Oil Refinery. The rest of the priority areas will be funded through efficiency savings within the available resources. Accordingly, the allocations for the rest of the sectors have been maintained at the level of the MTEF ceilings for the FY 2010/11.

C. KEY POLICY AND OPERATIONAL ISSUES

Decentralized Funds Appropriated for under Central Government Ministries

- 8 There are some funds reflected under the decentralization line (500-800) in the MTEF, but have always been appropriated under the Central Government votes, which is against the spirit of the Decentralization Policy. Such funds include, Health Training, Secondary School Development Budget, Tertiary Wage allocations and Secondary School Non-wage budget. A decision has been made to decentralize the budgeting and transfer all the funds captured under the 500 - 850 line in the MTEF. With effect from the FY 2011/12, these funds will be budgeted for and transferred directly to local governments. **The responsible sector Ministries, should urgently workout and submit the detailed IPFs for the FY 2011/12, by local government including the allocation criteria as well as the appropriate operational guidelines by 22nd April 2011.**

Direct Transfer of Funds to Schools (UPE) and Town Councils

- 9 As a measure to avert the delays in release of funds to Schools and Town Councils, which has greatly affected service delivery, **a policy decision has therefore been reached to budget and transfer all funds directly to Schools and Town Councils with effect from the FY 2011/12. As part of preparation of the budget for FY 2011/12, the Ministries of Local Government, Education and Sports and local government Accounting Officers should note the following:**
- i) That, whereas the item allocations for the various Conditional Grants will be appropriated as a block at Vote level, the sector Ministry should provide the detailed allocations by School and Town Council as well as show the allocation criteria. This is important to facilitate the computation of releases at School and Town Council level. Hence, the submission of the IPFs should provide the summary by grant and the details by School or Town council and the criteria for allocation of the funds.**
 - ii) All the Local Government Accounting Officers should submit bank account details of each school and Town Council. This information should be submitted to the responsible Ministry (i.e Ministry of Education and Sports for School and Ministry of Local Government for Town Councils) with a copy to this Ministry for confirmation and submission to the Office of Accountant General not later than 30th April 2011, to facilitate the IFMS system update for the release of funds in July 2011;**
 - iii) The Ministry of Finance, Planning and Economic Development will issue the operational guidelines for the funds transferred directly to Schools and Town Councils.**

Preparation of the Ministerial Policy Statements

- 10 Section 6(1) of the Budget Act 2001 requires every Minister to prepare and submit to Parliament, a Policy Statement on the preliminary budget estimates by the 30th June every year. **To avoid delayed completion of the Ministerial Policy Statements (MPS) for the FY 2011/12, all the relevant information should be entered directly into the OBT Version 3.2 (Update 3.0) for the necessary summary and Annexes to be generated for the document. Accounting Officers should therefore embark on preparation of this document without delay.**

Budgeting for Tax Expenditure

Value Added Tax (VAT) Exempt Areas

- 11 In line with the second Schedule, paragraph (aa) of the VAT Act 2009 (Amended), the items below were exempted from VAT. While allocating resources for the FY 2011/12, **you should therefore not budget for VAT payments under these items:**
- i) Supply of Specialized Vehicles;**
 - ii) Plant and Machinery,**

- iii) Feasibility Studies;
- iv) Engineering Designs;
- v) Consultancy Services;
- vi) Civil works related to Hydro-Electric Power, Roads and Bridges' construction;
- vii) Public Water Works;
- viii) Agriculture; and
- ix) Education and health sectors

Budgeting for Value Added Tax (VAT)

- 12 Tax expenditure under any other projects, other than those listed under para 11 above, should have the first call on sector resources in the MTEF and must be fully estimated and budgeted for by all spending agencies, within the MTEF provisions.
- 13 ***Non resource taxes:*** such as import duties where Government is obliged to pay taxes through agreements should be:
- a) Estimated into the annual and quarterly work plans for the Central Government Votes; and
 - b) Tax obligations for the Local Governments should be channeled through the responsible Sector Ministries.

Budgeting for Salaries for the FY 2011/12

- 14 The budget continues to experience massive overruns for Salaries and Pensions in form of shortfalls under some Votes and unutilized funds under other Votes. This demonstrates poor budgeting for salaries by Accounting Officers. It has been noted that the key causes for the above are:
- i) Failure by the sector Ministries responsible for local government Conditional Grants and Ministry of Public Service, to provide detailed and accurate allocation of conditional grant salaries.
 - ii) The tendency by Accounting Officers especially under local governments, to recruit additional staff beyond the funds appropriated for salaries under the respective Votes, leading to shortfalls.
 - iii) Lack of clear recruitment plans at both sector and Vote levels, leading to delayed recruitment even where funds have been provided leading to un-utilized funds at the end of the Financial Year.
- 15 As a measure to address the concerns in para 14 above:
- a) Special consideration should be made on ensuring that the budget provisions are adequate to cover the following:
 - i) All the staff in-post;

- ii) All staff who have been recruited but awaiting to access the payroll; and
- iii) Recruitment approved by the Ministry of Public Service but staff have not yet been recruited. **This must strictly be within the resources available in the respective Votes' budgets.**

b) **For the Local Governments, the Permanent Secretary/Ministry of Public Service in liaison with the Sector Ministries of Health and of Education and Sports and the Local Government Finance Commission, should submit the detailed wage allocations by Vote and Programme/Department and allocation criteria by 22nd April 2011.**

16 Sector Ministries and all Accounting Officers should note that no additional funds have been provided for recruitment of staff, in the FY 2011/12. Any recruitment must therefore be within the resources available to the respective Votes and after a written clearance by the Permanent Secretary/Ministry of Public Service. The Ministry of Public Service should ensure that this is strictly adhered to by all Accounting Officers and should only clear recruitment after confirming availability of funds. **The recruitment plan should be within the wage bill provision. Any staff recruited outside the wage bill provision for the financial year will not be accessed on the payroll.**

Budgeting for Pension and Gratuity for the FY 2011/12

17 The Budget continues to experience shortfalls on payment of Pension and Gratuity because of under estimation of the number and requirement for pension and gratuity obligations for the public service. **In this regard, the Ministry of Public Service should:**

a) **Fast track implementation of the Integrated Personnel and Payroll Management System (IPPS). We hope that the estimates submitted will be based on the IPPS; and**

b) **establish the number of those likely to access the pension payroll in the course of the financial year.**

18 **Local Governments have raised concern over lack of clarity on the current Government policy on payment of Local Government Pension and Gratuity. The Ministry of Public Service should urgently issue policy guidelines regarding the budgeting for Local Government Pensions and Gratuities before finalization of the budget estimates for the FY 2011/12.**

Implementation of the Integrated Personnel and Payroll Management System (IPPS)

- 19 One of the key Government commitments under the Public Service Reform Programme (PRSP) is to strengthen accountability and controls by improving the management of the Public Sector Workforce and enhancing Payroll and Pension Management. Whereas implementation of the IPPS was initially scheduled for January 2011, we have noted the delayed implementation of the system. **In this regard, the Ministry of Public Service should expedite the implementation and rollout of the IPPS and provide the necessary technical support to the Accounting Officers for smooth and speedy implementation of the IPPS. In case the IPPS is not operationed by 1st July 2011, then this Ministry will develop a transitional management module under the Integrated Financial Management System (IFMS) as a stop gap measure.**

Mainstreaming of Gender, Environment and HIV/AIDS in the Budget

- 20 Mainstreaming of Gender and Equity, Environment and HIV/AIDS issues is another key Government Commitment under the Millennium Development Goals (MGDs) Initiative. The Output Budgeting Tool (OBT) provides guidelines on how these key cross-cutting budget issues should be addressed while allocating the resources. You should therefore ensure that the commitments made in your sector BFPs are clearly costed and budgeted for at Vote function level with clear monitoring indicators in your workplans.

Budgeting for Donor Funding

- 21 In order to accurately and timely capture donor numbers in the budget, the Office of the Accountant General has successfully piloted the integration of donor projects in the Integrated Financial Management System (IFMS) under Public Sector Management, Education and Accountability. **In the FY 2011/12, this will be rolled out to all Central Government projects. As a result, all donor projects should be uploaded on the IFMS as you finalise the budget estimates. It should also be noted that, effective July 2011, all projects will be on a warranting system.**

D. IMPROVING EFFICIENCY OF THE BUDGET

- 22 Analysis of the budget has revealed an increasing trend where MALGs allocate more resources to the consumptive activities such as fuel, allowances, workshops and seminars, stationery and travel expenses at the expense of key service delivery programmes. **In line with the Government policy to strengthen efficiency and effectiveness in the delivery of public services, you should reduce expenditure on the aforementioned consumptive activities and allocate more resources to the key service delivery activities under your respective sectors.**
- 23 In order to strengthen Government performance, H. E. Thè President has issued a number of policy directives, of which, the following require immediate action as follows:
- i) Elimination of corruption in award and execution of contracts;

- ii) Introduction of Performance Contracts for all Senior Public Servants up to the level of Heads of Department including those in semi-autonomous agencies; and
- iii) Freezing of the purchase of vehicles and other non-essential consumptive expenditure.

Budgeting under General Supply of Goods and Services

- 24 Related to para 23 above, MALGs allocate a substantial amount of resources under Item 224002 (General Supply of Goods and Services. **Annex 1** illustrates MDAs who budgeted abnormally high against this item in the FY 2010/11. Please note that, in the OBT, this item does not provide direct relationship with outputs and activities budgeted for. **With effect from the FY 2011/12, MALGs should attach an annex to demonstrate a clear relationship between the funds budgeted for under this item and the outputs to be delivered otherwise this Ministry will reallocate the funds to other sectors.**

Preparation of Work Plans and Procurement Plans

- 25 As part of budget preparation, work plans, procurement plans and detailed estimates should be linked. The failure to link the work plans, procurement plans and the detailed budget estimates has been identified as the major cause of low absorption of resources, huge unspent balances at the end of the financial year and poor service delivery at both Central and Local Governments. **To ensure a proper linkage with the budget, the work-plans and procurement plans must be prepared and submitted concurrently with the detailed budget estimates for the FY 2011/12.** The quarterly work plans should also be realistic reflecting the timing for quarterly funding requirement and for delivery of the various outputs in every quarter. Once these are linked, performance will be easily generated under the OBT.

Supplementary Expenditures and Budgeting for Critical Activities

- 26 Assessment of the Government expenditure over the past four years has revealed a 141% growth in supplementary expenditures. This has continued to put undue pressure on the budget either in form of borrowing or budget cuts in other areas of the budget. Experience shows that Accounting Officers deliberately under provide for the critical activities while budgeting with the view of seeking Supplementary funding during budget execution. Under such circumstances, if a MALG requests for Supplementary Expenditure, funds will be reallocated within your budget to provide for the critical activities. **In preparation of your detailed estimates for the FY 2011/12, you must ensure that such activities are adequately budgeted for within the available resources.**

E. LOCAL GOVERNMENT ISSUES

Local Government Indicative Planning Figures (IPFs)

- 27 The MTEF sector conditional allocations to Local Government Grants for FY 2011/12 have been maintained at the levels of the approved estimates for the FY 2010/11 as

indicated in **Annex 9** of the National Budget Framework Paper (BFP) attached. For purposes of preparing the draft Budget Estimates for the FY 2011/12, the Local Government Accounting Officers should prepare their detailed budget estimates based on the IPFs in Annex 9 of the National BFP. **Please note that the mandate to issue IPFs lies with the Ministry of Finance, Planning and Economic Development (MoFPED). As such, while finalising budget estimates for the FY 2011/12, Local Governments should only use IPFs issued by the MoFPED.**

Unconditional Grant

- 28 Local Governments have continued to raise concern over the delayed release of the non-wage operational funds budgeted for under the Unconditional Grant. After consultations with all stakeholders, it has been agreed to separate the wage and non-wage components of the Unconditional Grant with effect from FY 2011/12. A separate budget item will, therefore, be created to cater for the salaries for staff paid under the Unconditional Grant payroll. Local Government Finance Commission in consultation with Ministry of Public Service should submit the Unconditional Grant allocations for both the urban and district local governments for the two items (Wage and Non-wage) not later than **22nd April 2011 highlighting the allocation criteria. This information will be appended as an annex to the Budget Estimates Book for FY 2011/12.**

Budgeting for Funds appropriated under Central Government votes and disbursed to Local Governments.

- 29 There are a number of Projects/Programmes under central Government Votes which, by design, have components where resources are specifically earmarked to support interventions under Local Governments. Such Projects/Programmes include but are not limited to, CAIP under MoLG; NUSAF and Luwero Rwenzori Development Programme (LRDP) under OPM, Road Fund, National Medical Stores. However, local governments are not informed of the expected funding under these programmes in time to enable them prepare the detailed budget estimates, procurement plans and annual workplans. This has been one of the causes of unspent balances at the end of the financial year due to the slippage in programming for utilization of these funds. **The responsible sector Ministries should provide the IPFs for these transfers not later than 22nd April 2011. The allocation criteria should also be clearly highlighted as it will be appended to the Budget Estimates Book for the FY 2011/12.**

F. PREPARATION OF THE DETAILED BUDGET ESTIMATES FOR THE FY 2011/12

- 30 **As indicated in the Budget Call Circular of 18th November 2010, all detailed budget estimates, detailed annual and quarterly work plans and procurement plans should have been submitted by 15th February 2011. The detailed budget estimates for the FY 2011/12 should be entered directly into the Output Budgeting Tool (OBT) database. You should thus ensure that you have the latest OBT database Version 3.2 (Update 3.0), which can be collected from Room 5.1, Fifth Floor of the Ministry of Finance, Planning and Economic Development.**

Preparation of Item Budgets by Local Governments under the LGOBT

- 31 The information captured during the preparation of the Budget Framework papers using the LGOBT automatically appears under the work plans of the respective Departments against the various outputs in a local government function. Local Governments are advised to prepare the expenditure details at item level based on classifications under Chart of Accounts to produce their detailed budget estimates for FY 2011/12. **The navigation steps to access the line item budgeting under the LGOBT are attached as Annex 2.**

G. SUBMISSION OF ESTIMATES

- 32 **Central Government Accounting Officers must ensure that their detailed budget estimates are submitted in both hard and soft copies (OBT database) to the Permanent Secretary/Secretary to the Treasury, Ministry of Finance, Planning and Economic Development, for the attention of the Director Budget not later than 7th May 2011. Details on how to generate these documents are attached as Annex 3.**
- 33 **Local Government Accounting Officers should ONLY submit soft copies of their detailed budget estimates for the FY 2011/12 to the Ministry of Finance, Planning and Economic Development for review, no later than 7th May 2011.**

Thanks for your usual co-operation.



Keith Muhakanizi

For: PERMANENT SECRETARY/SECRETARY TO THE TREASURY

- c.c. Hon. Minister of Finance, Planning and Economic Development
“ Chairperson, Parliamentary Budget Committee
“ Chairpersons, Parliamentary Sessional Committees
“ Head of Public Service and Secretary to Cabinet
“ Deputy Head of Public Service and Secretary for Administration Reform
“ Director, Parliamentary Budget Office

Annex 1: Proportion of FY2010/11 Budget allocation (exc. wages, taxes and arrears) allocated on general supply of goods and services in descending order. Allocations above 10% shown.

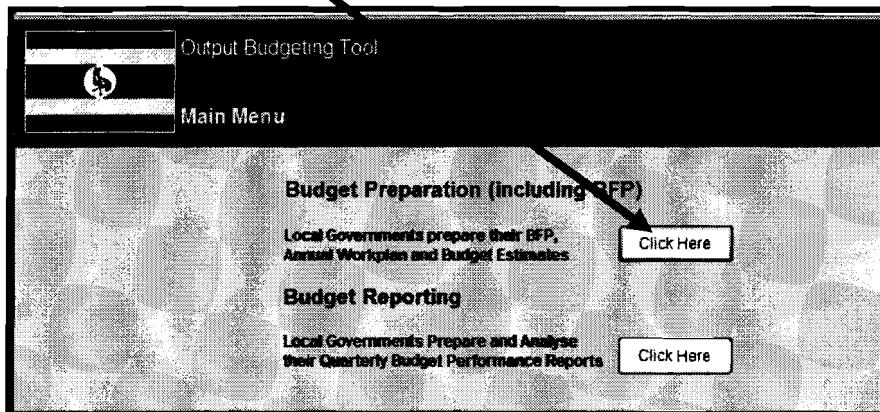
Vote	Vote Name	Item	Items Description	Budget (exc. Salaries, taxes and arrears)	Budget on General Supply of Goods and Services	% of Budget
155	Uganda Cotton Development Organisation	224002	General Supply of Goods and Services	5,700,000,000	5,585,000,000	98%
160	Uganda Coffee Development Authority	224002	General Supply of Goods and Services	877,000,000	824,000,000	94%
145	Uganda Prisons	224002	General Supply of Goods and Services	40,230,647,109	18,310,784,719	46%
010	Ministry of Agriculture, Animal & Fisheries	224002	General Supply of Goods and Services	84,687,684,829	34,343,922,614	41%
150	National Environment Management Authority	224002	General Supply of Goods and Services	8,165,134,000	3,218,684,836	39%
120	National Citizenship and Immigration Control	224002	General Supply of Goods and Services	5,240,410,404	1,951,158,061	37%
015	Ministry of Tourism, Trade and Industry	224002	General Supply of Goods and Services	22,816,769,712	7,793,178,352	34%
152	NAADS Secretariat	224002	General Supply of Goods and Services	53,374,385,415	17,376,906,158	33%
018	Ministry of Gender, Labour and Social Development	224002	General Supply of Goods and Services	22,354,736,993	6,247,269,971	28%
139	Kyambogo University	224002	General Supply of Goods and Services	7,361,018,101	1,964,658,243	27%
142	National Agricultural Research Organisation	224002	General Supply of Goods and Services	74,400,886,011	19,638,522,902	26%
110	Uganda Industrial Research Institute	224002	General Supply of Goods and Services	12,763,000,000	3,273,000,253	26%
157	National Forestry Authority	224002	General Supply of Goods and Services	15,230,178,640	3,737,752,880	25%
119	Uganda Registration Services Bureau	224002	General Supply of Goods and Services	117,732,000	28,000,238	24%
008	Ministry of Finance, Planning & Economic Dev.	224002	General Supply of Goods and Services	266,866,084,884	54,376,776,202	20%
017	Ministry of Energy and Mineral Development	224002	General Supply of Goods and Services	389,068,075,487	79,275,799,367	20%
144	Uganda Police (incl LDUs)	224002	General Supply of Goods and Services	109,245,137,605	20,424,509,716	19%
175	Moroto Referral Hospital	224002	General Supply of Goods and Services	1,055,005,717	150,001,358	14%
003	Office of the Prime Minister	224002	General Supply of Goods and Services	138,171,050,228	18,227,230,160	13%
020	Ministry of Information & Communications Tech.	224002	General Supply of Goods and Services	11,474,651,000	1,297,279,477	11%
112	Ethics and Integrity	224002	General Supply of Goods and Services	3,925,263,563	399,945,125	10%
108	National Planning Authority	224002	General Supply of Goods and Services	9,500,440,000	922,605,722	10%

ANNEX 2: STEP BY STEP PREPARATION OF LINE ITEM BUDGETS BY LOCAL GOVERNMENTS UNDER LGOBT

This Annex shows the steps that should be followed in the preparation of detailed item budgets by Local Governments under OBT to produce the detailed budget estimates for FY 2011/12. The preparation of the details under the line item budgeting is based on the information under the Budget Framework Papers which was submitted by Local Governments to the Ministry of Finance, Planning and Economic Development.

Step 1: Open the LG OBT software

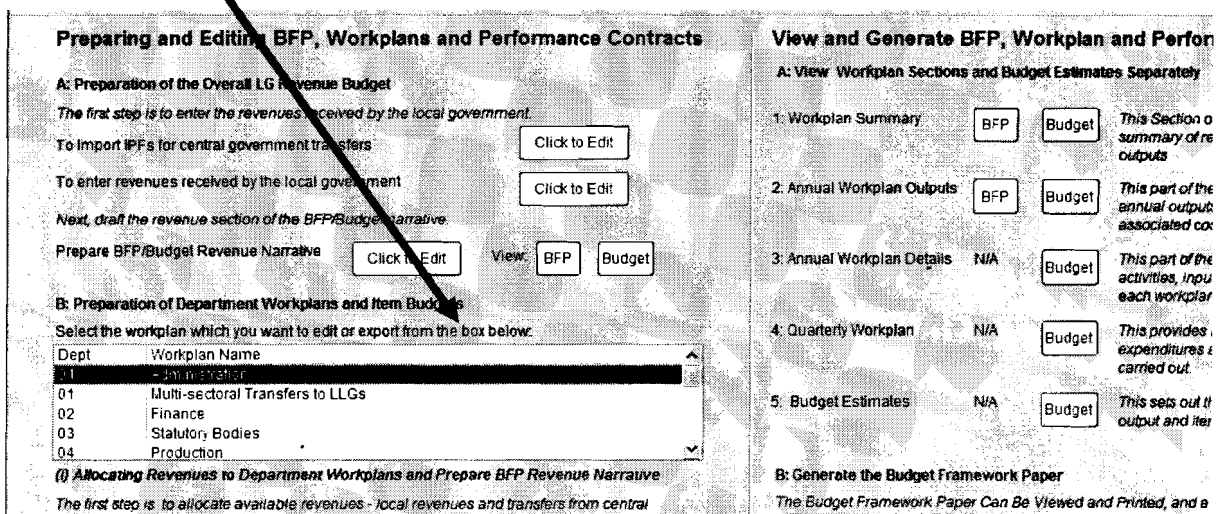
Open the OBT. Click "Budget Preparation" module of the OBT. This module is used to prepare Budget Framework Papers (BFPs), Annual Work plans (Performance Contract Form B's) and Budget Estimates.



This will lead you to the window in step 2 where you select the Department

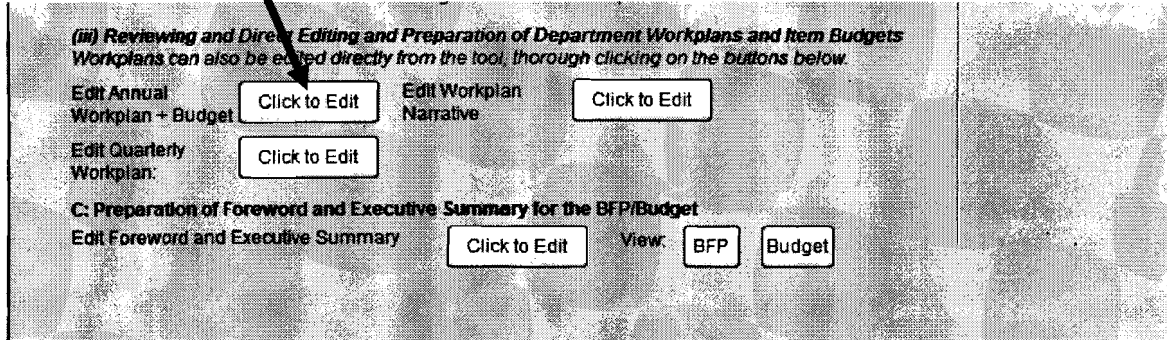
Step 2: Select the LG Department

Once opened, scroll the caser to the LG Department of your choice and click to select. For example, select Administration as shown in the window below. This will lead to step three below.



Step 3: Preparing, Editing and reviewing Departmental Work plans and Item Budgets

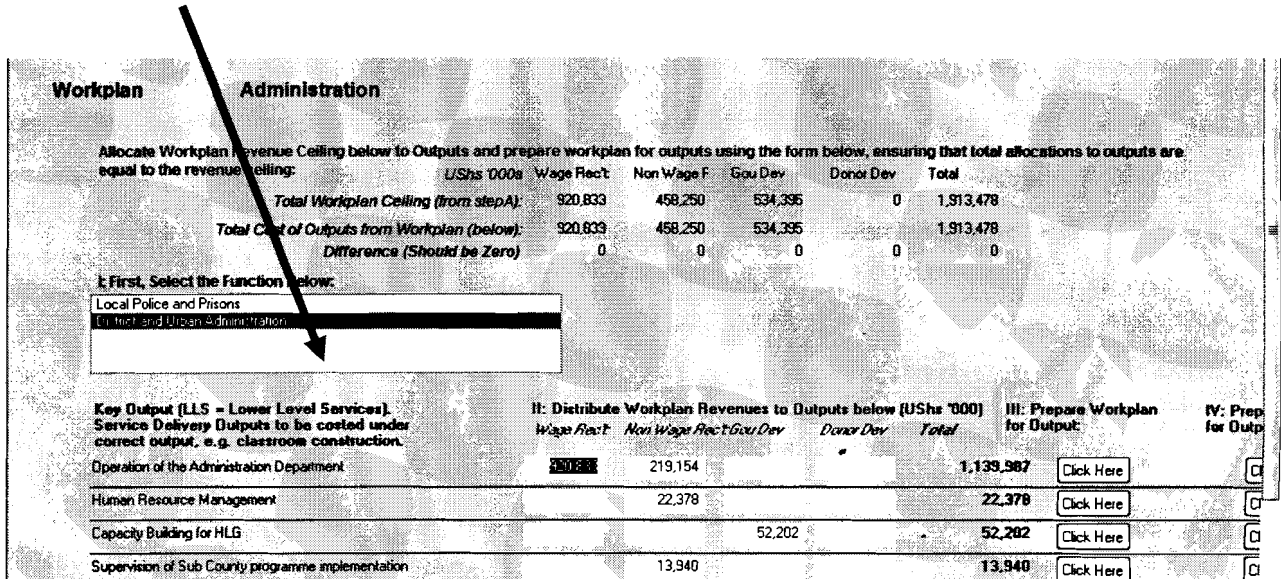
Still on the same window under step 2 above, scroll down and click the button “Edit Annual Work plan + Budget”, as shown below. This operation enables the user to edit Work plans (both annual and quarterly) and line item budgets. This will lead you to a window in step 4



***Note!** The editing of (a) Annual Work plan, (b) Line item budgeting; (c) Quarterly work plan should be in that order. For example, don't edit the line item budgeting, when you are not sure that the annual work plan is final; and don't edit the quarterly work plan before finalising the line item budgeting.

Step 4: Select the LG Function under the respective Department

Select the LG Function for which you intend to prepare the detailed line item budgets. The LG function has a group of Outputs for to be attained under that function. *For example, to revise annual planned outputs related to the Administration Services, select the District and Urban Administration Function, then the outputs under that function will emerge, as shown below.*



This will lead you to step 5 where line Item budgets will be prepare for every Output. Please provide the line item budget details for only those outputs with allocated funds.

Step 5: Allocating Item Budgets to Outputs

Still on the same window as in step 4, the column with a header (IV) is used for the preparation of the line item budgets while the column with a header (III) is used for preparation of Annual work plan

Select the output for which you intend to prepare the line item budget details. For example, the next step in annual workplan preparation is to enter the item allocations for each output for planned expenditures. This includes costing the procurement of inputs to all activities which are planned to deliver the stated outputs. This is done according to the Chart of Accounts, and the process and requirements depend on the class of output.

To allocate items budget to outputs, click step IV of the work plan section of OBT as shown

Output (LLS = Lower Level Services), service Delivery Outputs to be coded under direct output, e.g. classroom construction	II: Distribute Workplan Revenues to Outputs below (US\$ '000)				Total	III: Prepare Workplan for Output:	IV: Prepare Item Budget for Output:
	Wage Rec	Non Wage Rec	Gov Dev	Donor Dev		Click Here	Click Here
Operation of the Administration Department	920,833	219,154			1,139,987	Click Here	Click Here
Human Resource Management		22,378			22,378	Click Here	Click Here
Capacity Building for HLG			52,202		52,202	Click Here	Click Here
Supervision of Sub County programme implementation		13,940			13,940	Click Here	Click Here
Public Information Dissemination		4,802			4,802	Click Here	Click Here
Office Support services		185,976	421,200		607,176	Click Here	Click Here
Registration of Births, Deaths and Marriages					0	Click Here	Click Here
Assets and Facilities Management		10,000			10,000	Click Here	Click Here
Records Management		2,000			2,000	Click Here	Click Here

In OBT, item budgets should be produced using the correct items for all classes of outputs (*services provided, outputs funded and capital purchases*); as is shown in the figure below following the previous step

Step 6: Allocating Item Budgets to Outputs

Vote Function: 1301 District and Urban Administration

Work Plan: 1a Administration
 Output: 1:01 01 Operation of the Administration Department
 Output Class: Higher LG Services

I: Allocate funds to items under the Output for the Work Plan for 2011/12, consistent with the workplan allocation for the output.

Item	2010/11 Draft Estimates in UG Shillings			
	Wage	Non Wage	Gov Dev	Donor Dev
? 211101 General Staff Salaries	880,926,000			
? 211102 Contract Staff Salaries (Incl Casuals, Temporary)				
? 211103 Allowances		8,716,000		
? 211104 Statutory salaries		180,000,000		
? 211105 Missions staff salaries				
? 211106 Emoluments paid to former Presidents/Vice Pres				
? 212101 Social Security Contributions (NSSF)				
? 212102 Pension for General Civil Service				

II: Check consistency of total allocations with ceiling for Vote Function to key outputs from workplans and the table above:

	Wage	Non Wage	Gov Dev	Donor Dev
Total Output Allocation from Workplan:	920,833,000	219,154,000		
Total Item Allocations to Outputs (above):	920,833,000	219,154,000		
Difference (should be zero):				

NOTE: Capital Expenditure items should be entered against the appropriate Capital Expenditure

III: In this Menu, only the items re output appear. For Services Provided to employee costs, goods and Lower Local Services, items re appear. For Capital Purchases re appear.

IV: For Capital Estimates the full costs, including feasibility, design costs must be budgeted for un

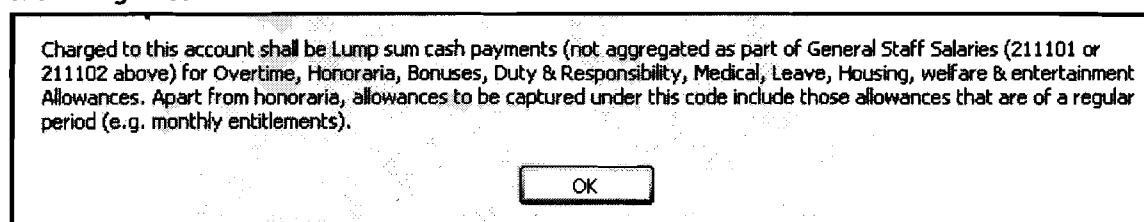
Allocations to expenditure items in step IV should be done in **TOTAL SHILLINGS**, not in 000's of shillings as is the case under allocation of resources to outputs. *E.g. enter an allocation of UGX 8,716 million against the line item 211103 of Allowances for the payment of allowances as 8,716,000.*

These allocations should equal the total cost of planned input purchase which is required to undertake activities. Allocations must also be consistent with the work plan allocation for the output, and the difference between the Total Output Allocation from Workplan and Total Item Allocations to Outputs should be Zero.

To ensure that allocations are made against the correct line, click on the “?” icon against the item number to see the Chart of Accounts definition for that line item and the list of expenditure which are budgeted for under this item.

Item	Wage	Non Wage	Gov Dev	Donor Dev
? 211101 General Staff Salaries	880,926,000			
? 211102 Contract Staff Salaries (Incl. Casuals, Temporary)				
? 211103 Allowances		8,716,000		
? 211104 Statutory salaries		180,000,000		
? 211105 Statutory staff salaries				

For instance, against the line item 211103 of Allowances, the following message shows when clicked against the item in the OBT



The following additional information should be noted when producing item budgets in the relevant section of OBT:

- i) Item budgets should be produced using the correct items for all classes of outputs (*services provided, outputs funded and capital purchases*);
- ii) For capital outputs, additional information should be provided at the line item stage including the precise geographical location and details of assets to be created (*e.g. 2 teacher house, latrine stance*);
- iii) For transfer (subvention) outputs, all beneficiary institutions should be listed with their corresponding allocation (*e.g. list all UPE primary schools receiving grant and how much each school is allocated*);
- iv) For wage items, ensure that they are itemized according to the category of salary (*e.g. CAO/TC and PHC salaries etc. have their own distinct line item in Chart of Accounts. If no distinct category exists, the wage allocation should be budgeted for under item: 211101 General Staff Salaries*); and
- v) Ensure that no more than 10% of the non-wage budget is allocated to *General Supply of Goods and Services* unless under circumstances where the items to be procured are not listed on the Chart of Accounts e.g. items like uniform, food for prisoners e.t.c.

ANNEX 3: Process of Submitting Detailed Budget Estimate Submissions for Central Government Votes

1. Two Stage Submission Process of detailed budget estimates

November 2010 Budget Call Circular (BCC) requested all MDAs to submit detailed budget estimates by 15th February 2011 as the first stage of detailed budget estimate submissions. This is later followed by a second stage of final submissions by 15th June 2011 which is integrated as part of the Ministerial Policy Statement process.

All information from the National Budget Framework Paper is consolidated in Version 3.2 (Update 3.0) of the OBT. This version also allows for completion of the two stages outlined above.

This is the **ONLY** database that should be used for the preparation of the following reports for **Stage 1**:

Report	Date Required	Location in OBT
Quarter 3 Progress Report	30 th April 2011	Budget Reporting: Report a) Consolidated report for submission to MoFPED
Vote Detailed Annual Work plans	30 th April 2011	Budget preparation: Level 1. Report III a)
Vote Quarterly Work Plans	30 th April 2011	Budget preparation: Level 1. Report III b)
Vote Detailed Budget Estimates	30 th April 2011	Budget preparation: Level 1. Report III c)
Vote Procurement Plan	30 th April 2011	Budget preparation: Level 1. Report III d)

Please note that information for the annual work plans are derived from Quarter 3 Progress Reports so this information must be completed first to avoid incomplete reports being rejected.

Following review and feedback by the MoFPED, the above reports will be resubmitted for **Stage 2** by **15th June** in addition to the following reports:

Report	Date Required	Location in OBT
Ministerial Policy Statement	30 th June 2011	Budget Preparation : IV) Vote MPS Sections Reports a) to c)
Vote Performance Contract	10 th July 2011	Budget Preparation : V) Vote Performance Contract a) and b)

2. Collection of OBT Version 3.2 (Update 3.0)

In finalising the NBFP a number of gaps and errors were corrected with the SWG secretariat and this information is now consolidated in one OBT. This is the **ONLY** database that should be used for detailed estimate preparation and can be collected in Room 5.1 from Monday 11th April 2011. MDA's that have been working on the detailed budgets following Sector BFP submission can import these sections into version 3.2 (Update 3.0).