

Telephone : 256 41 4707 000
: 256 41 4232 095
Fax : 256 41 4230 163
: 256 41 4343 023
: 256 41 4341 286
Email : finance@finance.go.ug
Website : www.finance.go.ug



THE REPUBLIC OF UGANDA

Ministry of Finance, Planning &
Economic Development
Plot 2-12, Apollo Kaggwa Road
P.O. Box 8147
Kampala
UGANDA

In any correspondence on
this subject please quote: No. BPD 86/268/03

22nd January 2018

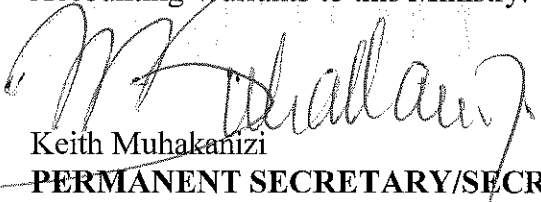
The Permanent Secretary,
Ministry of Local Government,
KAMPALA.

NON-SUBMISSION OF ACCOUNTING WARRANTS FOR THE THIRD QUARTER FY 2017/18 BY LOCAL GOVERNMENTS

Reference is made to my letter dated 4th January 2018 (**copy attached**) communicating the third quarter expenditure limits to Local Governments and requesting Accounting Officers to immediately prepare and submit five Accounting Warrants for Wage, Pension, Gratuity, Non-Wage and Development in order to ensure timely payments.

Despite the above request, I have noted that by close of business today, **thirty nine (39)** Local Government Accounting Officers have not yet submitted their Accounting Warrants for the third quarter FY 2017/18 to this Ministry (**see attached Annex 1**). Out of the 39 Local Governments, **twenty five (25)** have not yet even submitted Wage warrants (**see attached Annex 2**) implying that they will most likely not be able to pay salaries by the 28th day of this month as per the Government Policy.

The purpose of this letter, therefore, is to request you to institute disciplinary action against the Local Government Accounting Officers who have not yet submitted their respective Accounting Warrants to this Ministry.


Keith Muhakanizi

PERMANENT SECRETARY/SECRETARY TO THE TREASURY

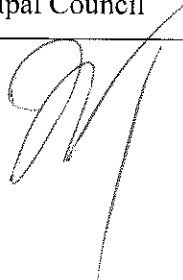
Copy to: The Rt. Hon. Prime Minister
The Hon. Minister of Finance, Planning and Economic Development
The Hon. Minister of Local Government
The Head of Public Service and Secretary to Cabinet
The Permanent Secretary, Office of the Prime Minister
The Permanent Secretary, Ministry of Public Service
The Secretary, Local Government Finance Commission
Resident District Commissioners (**See Annex 1**)
District Chairpersons and Mayors for Municipalities (**See Annex 1**)
Local Government Accounting Officers (**See Annex 1**)

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"

ANNEX 1: Local Governments that have not yet submitted their Accounting Warrants for the third quarter FY2017/18

No.	Vote	Local Government	Missing Warrant(s)
1.	503	Arua District	Non-Wage, Development, Gratuity
2.	508	Gulu District	Gratuity
3.	510	Iganga District	Non-Wage, Development
4.	512	Kabale District	Wage, Non-Wage, Development, Pension, Gratuity
5.	514	Kaberaido District	Non-Wage, Development
6.	526	Kisoro District	Wage, Non-Wage, Development, Pension, Gratuity
7.	532	Luwero District	Wage, Non-Wage, Development, Pension, Gratuity
8.	533	Masaka District	Wage, Non-Wage, Development, Pension
9.	534	Masindi District	Wage, Non-Wage, Development, Pension, Gratuity
10.	537	Mbarara District	Wage, Non-Wage, Development, Pension, Gratuity
11.	539	Moyo District	Wage, Non-Wage, Development, Pension, Gratuity
12.	541	Mubende District	Non-Wage, Development
13.	545	Nebbi District	Wage, Non-Wage, Development, Pension, Gratuity
14.	550	Rukungiri District	Wage, Non-Wage, Development, Pension, Gratuity
15.	551	Sembabule District	Wage, Non-Wage, Development, Pension, Gratuity
16.	553	Soroti District	Non-Wage, Development, Gratuity
17.	556	Yumbe District	Wage, Non-Wage, Development, Pension, Gratuity
18.	557	Butaleja District	Non-Wage, Development
19.	568	Mityana District	Development
20.	570	Amuru District	Wage, Non-Wage, Development, Pension, Gratuity
21.	575	Dokolo District	Non-Wage, Development
22.	603	Ngora District	Wage, Non-Wage, Development, Pension, Gratuity
23.	607	Kole District	Wage, Non-Wage, Development, Pension, Gratuity
24.	609	Sheema District	Wage, Non-Wage, Pension, Gratuity
25.	610	Buhweju District	Wage, Non-Wage, Development
26.	751	Arua Municipal Council	Wage, Non-Wage, Development, Pension, Gratuity
27.	753	Fort-Portal Municipal Council	Wage, Non-Wage, Development, Pension, Gratuity
28.	763	Soroti Municipal Council	Wage, Non-Wage, Development, Pension
29.	773	Iganga Municipal Council	Wage, Non-Wage, Development, Pension, Gratuity
30.	774	Masindi Municipal Council	Wage, Non-Wage, Development, Pension, Gratuity



No.	Vote	Local Government	Missing Warrant(s)
31.	779	Nansana Municipal Council	Development
32.	780	Makindye-Ssabagabo Municipal Council	Wage, Non-Wage, Development, Gratuity
33.	781	Kira Municipal Council	Wage, Non-Wage, Development, Gratuity
34.	782	Kisoro Municipal Council	Wage, Non-Wage, Development, Gratuity
35.	783	Mityana Municipal Council	Development
36.	784	Kitgum Municipal Council	Non-Wage
37.	785	Koboko Municipal Council	Development
38.	787	Kumi Municipal Council	Wage, Non-Wage, Development, Gratuity
39.	788	Lugazi Municipal Council	Non-Wage, Development

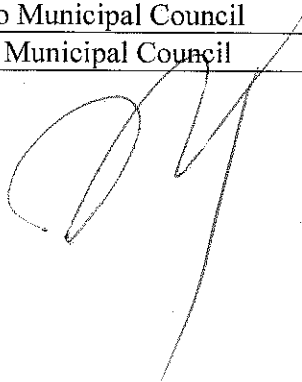


Mission

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ANNEX 2: Local Governments that have not yet submitted Accounting Warrants for Wage for the third quarter FY2017/18

No.	Vote	Local Government
1.	512	Kabale District
2.	526	Kisoro District
3.	532	Luwero District
4.	533	Masaka District
5.	534	Masindi District
6.	537	Mbarara District
7.	539	Moyo District
8.	545	Nebbi District
9.	550	Rukungiri District
10.	551	Sembabule District
11.	556	Yumbe District
12.	570	Amuru District
13.	603	Ngora District
14.	607	Kole District
15.	609	Sheema District
16.	610	Buhweju District
17.	751	Arua Municipal Council
18.	753	Fort-Portal Municipal Council
19.	763	Soroti Municipal Council
20.	773	Iganga Municipal Council
21.	774	Masindi Municipal Council
22.	780	Makindye-Ssabagabo Municipal Council
23.	781	Kira Municipal Council
24.	782	Kisoro Municipal Council
25.	787	Kumi Municipal Council



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4th January 2018

All Local Government Accounting Officers

**DETAILED ALLOCATION OF QUARTER THREE (Q3) FY 2017/18
EXPENDITURE LIMITS FOR WAGE, PENSION, GRATUITY, OTHER NON-
WAGE AND DEVELOPMENT GRANTS FOR LOCAL GOVERNMENTS**

1. Reference is made to my letter Ref: MET.50/268/01 dated 2nd January 2018 communicating the Third Quarter Expenditure Limits for Wage, Non-Wage Recurrent and Development Expenditure for the period January – March 2018;
2. The underlying assumptions for the third quarter (Q3) release FY 2017/18, for the different categories are as follows:

Development Grants

We have released the entire budget balance for all Development grants to give enough time for the implementation of your projects to avoid accumulation of unspent balances at the end of the financial year.

Education

The Non-Wage Recurrent Conditional Grant directly transferred to Education Institutions including funds for Inspection have been released under this circular in time for opening of the First Term that will start in February 2018. **The release has been made at the level of the amount released in the first quarter for Term 3 of school calendar year 2017 by Local Government Vote. The details of the funds transferred directly to the respective Education Institutions will be sent after receipt of the schedules as advised by the Ministry of Education and Sports.**

Health

- i). The release of funds for the Non –Wage Recurrent and Development grants under the Health Sector for this quarter (Q3) FY 2017/18 was maintained at the level of the amounts released in the first and second quarter expenditure limit provision for the Non-Wage grant but also adjusted to take into account supplementary funding to cater for outstanding Water and electricity bills for Bugiri and Masindi General Hospitals;
- ii). Accordingly, the funds transferred directly to the respective Health Facilities and to the General Fund Account by Vote will be effected as advised by the Ministry of Health under a separate circular.

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Wages and Salaries

The Q3 Expenditure Limits of Ushs 429,977,317,499/= have been issued based on the level of what was issued in Q1 and Q2 plus the additional cash limits issued to some votes which experienced shortfalls in Q2. However, for those votes whose release is less than their Q1, it is as a result of insufficient balances resulting from the issuance of additional Q1 and Q2 limits and thus the budget balances for those wage categories have all been released.

Pensions and Gratuity

- i). The expenditure limits for Pensions and Gratuity of UShs. 25,510,761,797/= and UShs. 14,273,154,969/= respectively has been issued to take into account additional Q2 limits issued to votes to cover shortfalls for monthly pensions;
 - ii). It was noted in FY 2016/17, that some Accounting Officers were using the budget provision for Pension and Gratuity funds to pay off Pension and Gratuity arrears accumulated before decentralisation. **You are strongly advised to stop the practice forthwith and any non-compliant Accounting Officers will be held personally responsible in line with the PFMA, 2015.**
3. As you are aware, the funds for Ex-Gratia and Councillors Allowances for Elected Political Leaders were consolidated into the Unconditional Grant budget for FY 2017/18 and provision made as an "of-which" under the schedule of IPFs communicated to you by this Ministry. Accordingly, part of the funds released in this quarter under the Unconditional grant should be utilized for payment of monthly allowances to the respective beneficiaries as follows:
- a). The District and Municipal Councilors each at UShs. 250,000;
 - b). The Municipal Speakers and District Deputy Speakers each at Ushs. 400,000; and
 - c). The Municipal Deputy Speakers each at Ushs. 300,000;
4. Given that the release for the Unconditional Grant is made at 25% of the budget provision this quarter, you should ensure that funds for payment of Ex-Gratia for LCI and LCII Chairpersons have been kept intact and the beneficiaries paid in the last quarter of this financial year.
5. It should be noted that you are responsible for effective utilization, submission of quarterly performance progress reports and accountability of the funds transferred to service delivery units;

Processing of Releases under IFMS

6. In order to ensure timely processing of payments, you should embark on the warranting process on the IFMS by preparing Accounting warrants and enter invoices on the system. In undertaking this process, **you should ensure that five (5) Accounting warrants for all categories of expenditure (Wage, Pension, Gratuity, Non-Wage and Development) are requested for at the same time to avoid delays;**
- 

7. On invoicing on the system, you will also enter details for Direct Transfers to Sub-Counties, Municipal Divisions and Town Councils, as per the Ms. Excel spreadsheet (indicated in Table 2 attached), Health Facilities and Education Institutions showing the Name of the Institution and Amounts to be paid.
8. Any Accounting Officer who requires support during the warranting process on the IFMS should write requesting for it within one week of issuance of this letter. Upon your request, I will dispatch officers to help you with the process and this will be on a needs basis. Failure to do so, you will remain accountable for any delay in processing payments.
9. The total funds released under this circular to the Districts and Municipalities amounts to US\$ 711,076,277,007/= (Uganda Shillings: Seven Hundred Eleven Billion Seventy Six Million Two Hundred Seventy Seven Thousand Seven Only). The funds will be remitted to Local Governments as follows:

i).	Wage	US\$ 429,977,317,499/=;
	<i>o/w District Unconditional Grant Wage</i>	<i>US\$ 42,245,874,384</i>
	<i>o/w Urban Unconditional Grant Wage</i>	<i>US\$ 11,978,528,084</i>
	<i>o/w Sector Conditional Grant – Agriculture</i>	<i>US\$ 9,889,106,103</i>
	<i>o/w Sector Conditional Grant – Health</i>	<i>US\$ 73,362,866,067</i>
	<i>o/w Sector Conditional Grant – Education</i>	<i>US\$ 292,500,942,861</i>
ii).	Pension	US\$ 25,510,761,797/=;
iii).	Gratuity	US\$ 14,273,154,969/=;
iv).	Non-Wage Recurrent	US\$ 120,523,439,533/=;
	<i>o/w District Unconditional Grant</i>	<i>US\$ 20,559,011,236</i>
	<i>o/w Urban Unconditional Grant</i>	<i>US\$ 7,076,153,639</i>
	<i>o/w Sector Conditional Grant – Agriculture</i>	<i>US\$ 1,633,854,364</i>
	<i>o/w Sector Conditional Grant – Education</i>	<i>US\$ 77,125,338,162</i>
	<i>o/w Sector Conditional Grant – Health</i>	<i>US\$ 10,271,582,132</i>
	<i>o/w Sector Conditional Grant – Water & Envn't</i>	<i>US\$ 1,322,500,000</i>
	<i>o/w Support Services Grant – Urban Water</i>	<i>US\$ 625,000,000</i>
	<i>o/w Sector Conditional Grant – Social Dev't</i>	<i>US\$ 1,910,000,000</i>
v).	Development	US\$ 120,791,603,210/=
	<i>o/w Sector Conditional Grant – Agriculture</i>	<i>US\$ 2,305,629,394</i>
	<i>o/w Sector Conditional Grant – Water & Envn't</i>	<i>US\$ 20,183,333,333</i>
	<i>o/w Transitional Dev't Grant – Water & Envn't</i>	<i>US\$ 1,312,500,000</i>
	<i>o/w Sector Conditional Grant – Education</i>	<i>US\$ 13,545,302,083</i>
	<i>o/w Transitional Dev't Grant – Education</i>	<i>US\$ 5,892,424,194</i>
	<i>o/w Sector Conditional Grant – Works & T/port</i>	<i>US\$ 4,545,833,333</i>
	<i>o/w Transitional Dev't Grant – Works & T/port</i>	<i>US\$ 4,970,937,227</i>
	<i>o/w Transitional Development Grant – Health</i>	<i>US\$ 4,009,166,667</i>
	<i>o/w District DDEG</i>	<i>US\$ 50,792,319,757</i>
	<i>o/w Urban DDEG</i>	<i>US\$ 8,003,132,221</i>
	<i>o/w Transitional Development Grant – PSM</i>	<i>US\$ 5,231,025,000</i>

TOTAL

US\$ 711,076,277,007/=

10. The purpose of this letter therefore is to communicate the detailed breakdown of the Q3 expenditure limits for Local Governments for Wage, Pension and Gratuity, other

Non-Wage Recurrent and Development (**attached as Table 1**) and Direct Transfers to Lower Local Governments (*Town Councils, Municipal Divisions and Sub-counties*) for Unconditional Grant and Discretionary Development Equalization Grant (**details are attached in Table 2**) in addition to the details for Wage (attached as **Annex 1**), Pension and Gratuity (attached as **Annex 2**);

11. Also attached as **Table 3** and **Table 4** is a schedule indicating the share of the Non-Wage Recurrent and Development Expenditure Limits respectively transferred to the General Fund Account and Direct Transfers for your information and use;
12. Funds to the urban water sources - Urban Water Operations and Maintenance Grant, released under Programme 07 - Item 321469 Support Services Grant; referred to in Table 1 for only those water sources which fall under the designated Town Councils by water source are attached as **Annex 3a**. Relatedly, the funds for the water sources to the Districts in which they fall under for urban centres which have not yet attained a Town Council Status are attached as **Annex 3b**;
13. Accordingly, you are advised to compile the acknowledgement receipt of funds released under this schedule and send a consolidated position to this Ministry, addressed to the Permanent Secretary and Secretary to the Treasury copied to the Accountant General, within one month;
14. You are also reminded to submit your Local Government Budget Performance Progress Report for Quarter Two of FY 2017/18 by 31st January 2018, which will be the basis for quarter four release for FY 2017/18. The Q2 limits have already been uploaded on the Programme Budgeting System (PBS);
15. This document will be posted in the budget library on the Website: <http://www.budget.go.ug>. Allocations for individual local governments can also be viewed on www.budget.go.ug/fiscal_transfers.
16. **By copy of this release circular, the Auditor General is informed. The Accountant General is hereby requested to issue Accounting Warrants up to the aggregate levels per Local Government Vote for Wage, Pension and Gratuity, other Non-Wage Recurrent and Development indicated in the Expenditure Limits schedule attached in Table 1.**


Keith Muhakanizi

PERMANENT SECRETARY/SECRETARY TO THE TREASURY

Copy to: The Rt. Hon. Prime Minister
 All Hon. Ministers and Ministers of State
 All Hon. Members of Parliament
 The Head of Public Service and Secretary to Cabinet
 The Auditor General
 The Inspector General of Government
 The Permanent Secretary, Office of the Prime Minister

The Permanent Secretary, Ministry of Public Service
The Permanent Secretary, Min. of Gender, Labour & Social Development
The Permanent Secretary, Ministry of Works and Transport
The Permanent Secretary, Ministry of Health
The Permanent Secretary, Ministry of Education and Sports
The Permanent Secretary, Ministry of Water and Environment
The Permanent Secretary, Ministry of Agric. Animal Industry & Fisheries
The Permanent Secretary, Ministry of Local Government
The Deputy Secretary to the Treasury
The Clerk to Parliament
The Accountant General
The Secretary, Local Government Finance Commission
The Director Budget
The Director, Parliamentary Budget Office
All Resident District Commissioners
All District Chairpersons and Mayors for Municipalities
The General Secretary, Uganda National Teachers Union (UNATU)