2nd October 2019

All Accounting Officers (Central Government and Local Governments)

SECOND QUARTER (OCTOBER TO DECEMBER) EXPENDITURE LIMITS FOR WAGE, NON-WAGE RECURRENT, DEVELOPMENT AND EXTERNAL FINANCING EXPENDITURE AND LOCAL REVENUE FOR FY 2019/20

1. In line with the Budget Execution Circular for FY 2019/20, this is to communicate the Expenditure Limits for Wage, Non-Wage Recurrent, Development, External Financing and Local Revenue for the period October to December 2019 as attached in Annexes 1 to 4.

2. The Expenditure Limits are based on the Government Annual Cash Plan adjusted to take into account revenue performance in the First Quarter (Q1) projected revenue collections for the Second Quarter of FY 2019/20. You should ensure that all your priority expenditures are addressed within the resources advised to you in this circular.

3. The Second Quarter Expenditure Limits have accorded protection to Salaries, Pension and Gratuity and these have been fully provided for based on quarterly projections and submissions received from Accounting Officers. The non-wage recurrent arrears for utilities, rent, retirement benefits and classified for ISO, ESO and contributions to International Organisations were released in the First Quarter. This circular therefore has prioritized the Development Budget arrears and other categories of arrears which were not released in Q1 except payment for South Sudan traders which are undergoing verification. You are requested to ensure that payment of arrears is in line with the verification done by Ernst and Young.

4. One-half (50%) of the Annual Non-Wage Recurrent Budget was released to the Universities and 50% of the Annual Budget to Missions Abroad in the First Quarter in line with the semester requirements for Universities and to minimize loss on poundage respectively.
5. With respect to External Financing, the Second Quarter allocations are based on the projected disbursements by the Development Partners. There is no separate release for Appropriation-in-Aid (AIA), as it was appropriated as part of the domestic revenue.

6. It is the responsibility of the Accounting Officers to ensure timely payments are made accordingly. You are requested to submit your warrants in line with the Budget Execution Circular for Financial Year 2019/20.

7. With effect from Financial Year 2016/17, all releases are effected on the Integrated Financial Management System (IFMS). Additional or refresher training on the use of the system for the new Votes which came on board in FY 2019/20 will be conducted based on need. Warranting for Missions Abroad is done at the Ministry of Finance level.

8. You should avoid any delays in making payments. In particular, payment of salaries, pension and gratuity should be effected by the 28th day of every month based on the verification you have undertaken.

9. During the First Quarter, a number of Votes experienced shortfalls on wage expenditure due to poor wage projection in the cash flow plan. Shortfalls on wage requiring supplementary funding are unacceptable and will continue to attract sanctions to the responsible Accounting Officers.

10. Rent and utilities payment should have a first call on the Second Quarter allocations for non-wage recurrent of your Votes. Accounting Officers are urged to ensure that their Institutions are connected to the prepayment systems to avoid accumulation of arrears.

11. To avoid diversion of funds for subventions, a separate source code was created and the limits are accessed on item 999989. Accounting Officers hosting the subventions are requested to process the funds timely in order to enable them meet their expenditure needs.

12. Release of funds to schools follows the school calendar as advised by the Ministry of Education and Sports. In this regard, the funds for Term III were released in the First Quarter. The release for Term I of the school calendar will be made in the Third Quarter.

13. To facilitate approval, you should submit single warrants covering each expenditure category of: Wage, Pension, Gratuity, Non-Wage Recurrent, Development and External Financing as well as Subventions (where this applies). Your submissions should reach this Ministry by Monday 7th October 2019. Approval of warrants will strictly follow the breakdown submitted and endorsed by the Accounting Officers.
14. Lastly, Accounting Officers should prioritise allocation of the expenditure limits to the activities that are critical to the attainment of Vote Outcomes without accumulating arrears. Any warrants that are inconsistent with this principle will be rejected.

15. By copy of this letter, the Accountant General is requested to issue **Accounting Warrants up to the levels indicated in the Expenditure Limits schedule attached in Annexes 1-4.**

Keith Muhakanzi
PERMANENT SECRETARY/SECRETARY TO THE TREASURY

Cc: The Rt. Hon Speaker of Parliament
Cc: The Rt. Hon Deputy Speaker of Parliament
Cc: The Rt. Hon Prime Minister
Cc: The Hon Minister of Finance, Planning and Economic Development
Cc: All Hon Ministers and Ministers of State
Cc: Head of Public Service and Secretary to cabinet
Cc: Auditor General
Cc: Inspector General of Government
Cc: All Resident District Commissioners
Cc: All LCV Chairpersons and Mayors
Cc: Accountant General
Cc: Managing Director, National Water and Sewerage Corporation
Cc: Managing Director, Uganda Telecommunications Limited
Cc: Managing Director, Uganda Electricity Distribution Company