5th July 2016

All Accounting Officers (Central and Local Governments)

FIRST QUARTER CASH LIMITS FOR WAGE, NON-WAGE RECURRENT AND DEVELOPMENT EXPENDITURE FOR JULY TO SEPTEMBER 2016 FOR FY 2016/17

1. In line with the Budget Execution Circular for FY 2016/17, this is to communicate the Expenditure Limits for Wage, Non-Wage Recurrent and Development Expenditure for the period July – September 2016 as attached in Annex 1.

2. The Expenditure Limits are based on the Government Annual Cash Plan adjusted to take into account revenue performance and absorption capacity exhibited towards the end of FY2015/16. You should ensure that all your priority expenditures are addressed within the resources advised to you in this circular.

3. The First Quarter Expenditure Limits allocation has accorded protection to Salaries, Pension and Gratuity and arrears. These have been fully provided for based on quarterly projections and submissions received from Accounting Officers. It is the responsibility of the Accounting Officers to ensure that timely payments are made accordingly. In respect to Arrears, I wish to draw you to my letter Ref. BPD 86/298/02 dated 10th June 2016 Para.3 (Sections i, ii&iii). You are requested to submit your Warrants together with the plan for settlement of arrears and any outstanding bills from last financial year showing the service provider, purpose and amount in line with Annex 9 of the Budget Execution Circular 2016/17 showing the verified arrears position. No warrant will be approved without this information. Director Budget and Accountant General should ensure compliance to this directive.

4. Effective July 2016/17, all releases including Local Governments, Missions and Universities will be effected on the Integrated Financial Management System (IFMS). A circular will soon follow clarifying on the release process
for Votes that have been using the legacy system. These include Local Governments, Missions and Universities.

5. You should avoid any delays in payment of salaries, pension and gratuity. You are advised to effect payment by 28th of every month based on the verification you have undertaken.

6. A number of Votes experienced shortfalls on wage expenditure last financial year due to unplanned recruitment, and poor estimation of wage requirements. I wish to emphasize that recruitment undertaken without a corresponding appropriation by Parliament will not be tolerated. Accounting Officers will take personal responsibility for this error of commission.

7. Rent and utilities payment should have a first call on the First Quarter allocations for non-wage recurrent of your Votes.

8. Ministries that host subventions should ensure that the allocations to the beneficiary Institutions are passed on to them intact and timely in order to enable them meet their expenditure needs.

9. In line with previous practice, release of funds to schools has been aligned with the school calendar and the relevant institutions are advised to ensure that release projections are harmonized and advice submitted in time and releases effected according to the timeframe in the guidelines.

10. The Ministries of Education and Sports, that of Health as well as Local Government Finance Commission are requested to ensure that the information on the schools, health facilities and Town Council accounts, respectively, is accurate to avoid unapplied EFTs.

11. I further wish to refer you to my letter Ref. BPD 86/150/01 in respect of submission of performance contracts for counter signature and acceptance letters. **No release will be made to any Institution where the Accounting Officer has not submitted the Performance Contract and Acceptance letter.**

12. To facilitate timely approval, you should submit a request for a single warrant by category for each of the categories; Wage, Pension and Gratuity, Non-wage Recurrent and Development Expenditure Limits. Your submissions should reach this Ministry by **Tuesday, 12th July 2016.**

13. Lastly, Accounting Officers should exercise high levels of prudence when allocating the expenditure limits to the competing needs under the Vote to ensure that priority is given to critical activities that contribute significantly to the attainment of Vote Outputs without accumulating arrears. We shall critically review your warrants to ensure conformity with this principle,
otherwise they will be rejected.

14. 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 Annex I.

Keith Muhakanizi
PERMANENT SECRETARY/SECRETARY TO THE TREASURY

Copy to: The Rt. Hon Speaker of Parliament
The Rt. Hon Prime Minister
The Hon Minister of Finance, Planning and Economic Development
All Hon Ministers and Ministers of State
Head of Public Service and Secretary to cabinet
Auditor General
Inspector General of Government
All Resident District Commissioners
All LCV Chairpersons and Mayors
Accountant General
Managing Director, National Water and Sewerage Corporation
Managing Director, Uganda Telecommunications Limited
Managing Director, Uganda Electricity Distribution Company
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Subtotal: 112.50

Note: Rates and quantities are for demonstration purposes only.