

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. ISS. 112/256/01

27th January 2017

All Local Government Accounting Officers

QUARTER THREE (Q3) FY 2016/17 EXPENDITURE LIMITS FOR GRANTS UNDER EDUCATION AND HEALTH SECTORS TO LOCAL GOVERNMENTS

1. Reference is made to my letter of even reference dated 6th January 2017 communicating the Third Quarter Expenditure Limits for FY 2016/17, in which the Non-Wage Recurrent and Development Expenditure limits for Education and Health Sectors were not included because we had not received from Ministry of Education and Sports and Ministry of Health the confirmed allocations to Educational Institutions and Health Facilities respectively.
2. We have now received third quarter release advice from the Permanent Secretaries of the Ministries of Health and that of Education and Sports as per their letters Ref: FIN/304/012 dated 13th January, 2017 and Ref: EPD 192/335/01 dated 17th January 2017 respectively advising on the release of funds to Local Governments including details of direct transfers to Health Facilities and Education Institutions. The following specific issues should be noted for the respective sectors:

HEALTH

- i. The release of funds for the Non -Wage Recurrent grants under the Health Sector for the third quarter (Q3) FY 2016/17 amounts to Ushs. 12,231,026,613/= (**Twelve billion, two hundred thirty one million, twenty six thousand, six hundred thirteen shillings only**) as reflected under **Annex 1** comprising of the following categories:
 - Transfers to the District General Fund Account of Ushs. 1,352,625,258/=
 - Direct Transfers to Health Facilities amounting to (Ushs. 9,991,718,951/=)
 - Withheld Direct Transfers in Q1 and Q2 which underwent investigations by Ministry of Health for eligibility to receive the PHC grant that have now been cleared of UShs. 886,682,405/=
- ii. As indicated in the attached letter by the Permanent Secretary, Ministry of Health ref. FIN/340/08 dated 27th December, 2016, out of the 196 health facilities whose PHC releases were suspended in Q1 and Q2; 39 Health facilities have been cleared for payment, 102 health facilities were found not to meet the eligibility criteria to access PHC funds and therefore their budgets have been reallocated to public health facilities in the respective Local Governments, while

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"

55 health facilities are still undergoing verification and their releases are still withheld. For further details, you are advised to directly contact the Permanent Secretary, Ministry of Health.

- iii. In the first and second quarters FY 2016/17, out of the total expenditure limit provision of **Ushs. 11,462,767,215** for the Health Sector Non-Wage Conditional Grant, **Ushs. 10,901,003,007** was released in both Q1 and Q2 implying that there was a balance of **Ushs. 561,764,208** against the expenditure limit that remained unreleased for each of the two quarters. These were funds meant for the 196 Health Facilities that were under investigation by the sector and should be accessed by the cleared health facilities mentioned in para (i) above. A separate letter issuing the additional expenditure limit to cater for the unwarranted funds has been issued.
- iv. The entire budget balance for health Development Grants of **Ushs. 3,166,666,667/= (Three billion, one hundred sixty six million, six hundred sixty six thousand, six hundred sixty seven shillings only)** has been released in line with the provision in the Third quarter FY 2016/17 expenditure limits issued by PS/ST and the detailed breakdown by Vote is attached as **Annex 2**.
- v. The Health Facilities to receive the Third Quarter direct releases are contained under **Annex 3**.

EDUCATION

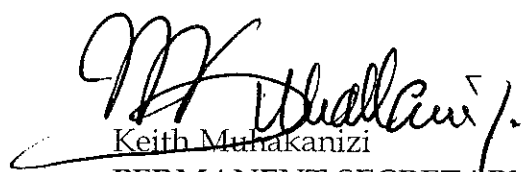
- i. In line with the Government Policy of releasing funds to schools at least two weeks to the start of the term (in this case Term 1 of school calendar year 2017 due in the first week of February 2017), I have released the Non-Wage Recurrent Conditional Grant to Education Institutions in all Local Governments including funds for inspection amounting to **Ushs. 75,603,600,683/= (Seventy five billion, six hundred three million, six hundred thousand, six hundred eighty three shillings only)** as reflected in **Annex 4** based on the advice of the Ministry of Education and Sports in their letter Ref: EPD 192/335/01 dated 17th January 2017 save for Apac MC and Kotido MC under UPE; and the Municipalities of Kitgum, Mubende, Apac, Bugiri and Kotido under USE given that these will require revision of their annual budget allocations.
- ii. The release for the Development grants under the Education Sector was based on the annual and quarterly work plans and cash flow projections submitted under the approved budget estimates for FY 2016/17 and confirmed by the Ministry of Education and Sports vide Ref: EPD 141/298/07 dated 20th July 2016. The entire budget balance (33%) for Education Development Grants of **Ushs. 15,642,480,794/= (Fifteen billion, six hundred forty two million, four hundred eighty thousand, seven hundred ninety four shillings only)** for Consolidated Development Grant and Secondary Development per Local Government Vote as reflected in **Annex 4** has been released in line with the provision in the Third quarter FY 2016/17 expenditure limits issued by PS/ST; and



- iii. The detailed expenditure limits for the Development grant component to be transferred directly to the beneficiary Local Governments for Secondary School Construction is attached as Annex 5.

PROCESSING OF RELEASES UNDER IFMS

3. As you are aware, effective FY 2016/17 as per our policy guidance, all releases including those hitherto under the legacy system have been processed on the IFMS;
4. Just like it was done for the other grants in this quarter during the training in which you input your warrants on the IFMS from 9th to 19th January 2017 at seven (7) IFMS Regional Centres of Gulu, Masaka, Bushenyi, Mbarara, Arua, Mbale and Jinja, you will also prepare and initiate your warrants on the IFMS for the above releases.
5. **On invoicing on the system, the Accounting Officers will also enter details for Direct Transfers to Education Institutions and Health Facilities, as per the Ms. Excel spreadsheet (as indicated in Annexes 5 and 3 attached) as provided by the Ministries of Educations and Sports and that of Health respectively.**
6. Regarding the fourteen (14) Local Government votes on IFMS Tier I, guidance will be provided by the Accountant General on the process of warranting the funds and approval on the system for this quarter just like it was in the first and second quarter.
7. The purpose of this letter therefore is to communicate the detailed breakdown of the Q3 expenditure limits for grants under Education and Health sector to Local Governments for Non-Wage recurrent and Development and Direct Transfers to Education Institutions and Health Facilities as provided by the Ministries of Educations and Sports and that of Health respectively.
8. 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;
9. This document will be posted in the budget library on the Website: <http://www.budget.go.ug>.
10. 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 Non-Wage and Development as indicated in annexes 1, 2 and 4.**



Keith Muhakanizi

PERMANENT SECRETARY/SECRETARY TO THE TREASURY

Copy to: The Hon. Minister of Finance, Planning and Economic Development
The First Lady and Hon. Minister of Education and Sports
The Hon. Minister of Local Government
The Hon. Minister of Health
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
The Deputy Secretary to the Treasury