



**MINISTRY OF FINANCE
PLANNING AND ECONOMIC DEVELOPMENT**

**END OF FINANCIAL YEAR 2020/2021 PROCEDURES FOR VOTES USING THE ORACLE
BASED INTEGRATED FINANCIAL MANAGEMENT SYSTEM (IFMS)**

**ISSUED BY:
THE ACCOUNTANT GENERAL**

MAY 2021

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1.0 INTRODUCTION

1.1 Purpose of the Procedures

The purpose of these procedures is to provide guidance on the processes to be followed by all Ministries, Agencies, Local Governments, and Donor Funded Projects using the Oracle based Integrated Financial Management System (IFMS) to ensure that appropriate end of financial year activities are undertaken in line with the PFMA 2015. Specifically, the procedures will achieve the following objectives;

- i) Ensuring smooth closure of the financial year **2020/21**.
- ii) Preparation and timely submission of financial statements for **FY 2020/2021 by each Vote**
- iii) Timely preparation of GoU Consolidated Financial Statements for **FY 2020/21**.
- iv) Timely preparation and submission of the Board of Survey reports (cash, stores and Asset Registers) by each Vote and thereafter preparation of the consolidated report.
- v) Seamless opening and transition to the next financial year (**FY 2021/22**).
- vi) Ensuring that all payments are effected to avoid creation of domestic arrears where funds have been released in line with payments security controls between Bank of Uganda and this Ministry (**T+2 arrangement**).

1.2 Issuance of the Procedures

These end of year procedures are issued in accordance with Section 46 (1&2) of the PFMA 2015, which empowers the Accountant General to issue general instructions, guidelines and procedures to Accounting Officers, which are consistent with the Act and any regulations made under the Act.

Section 46 (6) of the PFMA 2015 (as amended), requires the Accountant General to issue guidelines on accounting standards to be used in the preparation of financial statements of votes and Section 34(4) also requires Accountant General after close of business on the last working day of each financial year, or before start of the business on the 1st day of the financial year, appoint a Board of Surveys team for each vote, to survey the assets of the vote, for the preceding financial year.

2.0 CLOSURE OF THE FINANCIAL YEAR 2020/21

2.1 Expiry of Budget Appropriations

In accordance with S17 (1) of the Public Finance Management Act 2015 (PFMA 2015) as amended, appropriation of public funds by Parliament for the financial year

2020/2021 shall automatically expire at the end of the financial year i.e. **30th June 2021**. All warrants including expenditure limits that have been issued under the above appropriation shall lapse and cease to have any effect, effective **1st July 2021**. This means that any unexpended balances under any warrants/expenditure limits issued for **FY 2020/21** will not be available for commitments in the new financial year and any unspent funds must be refunded to the Consolidated Fund.

2.2 Donor Funded Projects – Bank Balances

Donor Funded Projects (DFPs) with unspent balances on their bank account by close of business on **30th June 2021** are required;

- i) To obtain an appropriation (supplementary) to regularise utilization of the unspent donor component balances in the **F/Y 2021/22** in line with PFMA 2015 Act
- ii) Accounting Officers are required to submit request for supplementary budget together with a schedule of reconciled project bank account balances as at **30th June 2021** to Permanent Secretary/Secretary the Treasury by **31st August 2021**, with a copy to Accountant General **only if the projected disbursement for the FY 2021/22** exceed the appropriation provision for the financial year.
- iii) The above project balances should also be disclosed in the financial statements for Financial Year **2020/21**.

For avoidance of doubt, Government of Uganda (GoU) counterpart fund balances for any project and subventions shall lapse/cease to be applied after 30th June 2021.

2.3 Budgets and Dossier Processing

During the current financial year (**FY2020/21**), votes were provided with different categories of expenditure limits to prepare warrants. These limits will not be available for use in the next financial year (**FY2021/2022**). The votes should therefore; Ensure that all expenditure limits have been fully warranted for.

- i) Ensure that all incomplete Dossiers Warrants are deleted.
- ii) Ensure that all Dossiers with status "In process "are either rejected or approved.
- iii) Ensure that all rejected Warrants are deleted.
- iv) All balances of unwarranted expenditure limits issued will be reversed in the **ADJ-21** Period

Summary of Action by Dossier Type is shown below;

| Doc. Type | Status | Action Required | Relevant Inquiry or Reports |
|---------------------|---------------|-----------------------------|------------------------------------|
| Accounting Warrants | Incomplete | Delete/ Submit for Approval | i) GoU Warrant Status Report |
| | In process | Reject/Approve | |
| | Rejected | Delete | ii) On-line Inquiry by status |
| Virements | Incomplete | Delete/ Submit for Approval | i) On-line Inquiry by status |
| | In process | Reject/Approve | |
| | Rejected | Delete | |

2.4 Purchasing – Requisitions and Purchase Orders

In the IFMS purchasing module, all purchasing activities must be completed before the purchasing period is closed. No purchase requisitions (PRs) or Purchase Orders (POs) will be carried forward to the next financial year **(FY 2021/22)**.

All transactions related to PRs, POs, Receipts, and commitments/encumbrances must be completed before **25th June 2021**, to facilitate payment of suppliers before **30th June 2021**. To close the Purchasing module period, the following guidelines shall be followed:

- a) Ensure that all Requisitions and Purchase Orders are closed (approved, delivered/received and matched) so that no encumbrances/ commitments remain outstanding by close of business **25th June 2021**.

| Doc. Type | Status | Action Required | Relevant Reports or Information |
|----------------------|---------------------|------------------------|----------------------------------------|
| Purchase Requisition | Approved | Auto-create | i) Encumbrance Detail Report |
| | In process | POs/Cancel | |
| | Incomplete/Reserved | Complete/Reject/Delete | ii) On-line Inquiry |
| Purchase Order | Approved | Receipt/ Invoice/Match | i) Open Purchase Orders Report |
| | In process | Complete/Reject | ii) On-line Inquiry |
| | Incomplete | Delete | iii) Encumbrance details report |

The following reports should also be run off the IFMS on a daily basis between **1st** and **25th of June 2021** to confirm that there are no carry-overs into the new financial year (**FY 2021/2022**);

| No | Control | Relevant IFMS Reports |
|----|------------------------------------------------|------------------------------------------------------------------------|
| 1. | No Outstanding Encumbrances and Obligations | i) Funds available Analysis Report ii) Encumbrances Detailed Report |
| 2. | Identify and eliminate Un-invoiced Receipts | i) Un-invoiced receipts report |
| 3. | Complete receipt of all pending Receipts | i) Expected receipts report |
| 4. | Close all Purchase Orders | i) Open Purchase Report |
| 5. | Review all Purchasing Activities during the FY | ii) Purchasing activity Register iii) Requisition Activity Register |

- b) All approved Purchase Orders (POs) should be fully delivered by the end of the financial year and suppliers must be notified that any POs that are not delivered by the close of the financial year shall be cancelled. All POs that will be delivered after closure of the financial year shall be included and form part of the domestic arrears upon reconciliation with unspent warrants/ returned funds to UCF. To allow for delivery by **25th June 2021**, issuance of POs should preferably be closed by **Monday 21st June 2021**. From **12th June 2021**, the Heads of Accounts and Procurement should run the "Open Purchase Orders Report" on a daily basis to ensure that all Purchase Orders are cleared and processed by **25th June 2021**.
- c) **Close all Purchasing Workflow Notifications:** Notifications may either require action e.g. notify approver, approval required, or are notifications for information only e.g. notify requestor that requisition has been approved. **Users should close all notifications and respond to those that require action.**

Perform Year-end Encumbrance Processing: As per section 17 (1) of the PFMA 2015, any outstanding encumbrances/unspent or committed funds must be settled or cancelled before the last period of the **FY 2020/2021** is closed.

Run the Encumbrance Detail Report to review the accounts encumbered. In case this report contains any outstanding items, they should be cancelled if they can't be processed by close of day **25th June 2021**. To this effect, any Requisitions and Purchase Orders that remain open at the end of the financial year should be

cancelled. **Users should ensure that the cancellation GL date is changed to the creation date i.e. same financial year (FY 2020/2021) when cancelling Requisitions and Purchase Orders.**

d) The financial year **2020/21** purchasing periods will be closed at close of business **30th June 2021.**

2.5 Fixed Assets and Board of Surveys

Section 34(1) and (2) of the PFMA 2015 (as amended) states that "An Accounting Officer shall be responsible for the management of the Assets and Inventories of a vote". Every vote shall, using the format prescribed by Accountant General, keep a register of the Assets and inventories of the vote.

Section 34 (4) of the same Act, mandates the Accountant General to appoint a Board of Survey for each vote, after the close of business on the last working day of each financial year or before the start of business on the first day of the financial year, to survey the assets of the vote, for the preceding financial year. In accordance with Regulation 37 (3) of the Public Finance Management Regulations (2016), a Board of Survey Team shall conduct the survey within **two (2)** months after the close of a financial year and shall submit a report of the survey to the Accountant General with a copy to Auditor General within **two (2)** months after close of the financial year.

All votes that are currently using the IFMS Fixed Assets module should ensure that the following steps are undertaken to update the fixed assets registers and General ledger for purposes of reporting;

- a) All Non-current assets purchased during the financial year **2020/21** should be fully updated on the system.
- b) IFMS fixed assets periods for the **FY 2020/2021** should be closed by **30th June 2021.**
- c) All invoices tagged to assets from the Payables module should be transferred to the system fixed assets interface table for review.
- d) All qualifying invoices should be posted to the fixed assets register and all non-qualifying invoices deleted from the interface table.
- e) Ensure that asset registers on IFMS are updated to reflect information on asset disposals, transfers/relocations during financial year **2020/21.**
- f) All IFMS votes are expected to print the updated Fixed Asset register off the system.

- g) Accounting Officers should ensure that Board of Surveys are completed in a timely manner and reports submitted together with Financial Statements to Accountant General with a copy to the Auditor General by **31st August 2021**.
- h) Available cash should be reconciled with Bank balances and report prepared for board of survey.
- i) Accounting Officers should report on the actions taken arising from previous FY board of Survey recommendations.

2.6 Accounts Payable (AP) and Payment Processing

At year-end, all accounts payable activities must be reconciled and closed off in accordance with the PFMA, 2015 (as amended). The following activities must be completed:

- a) Complete all data entry transactions for the **FY 2020/2021** by **23rd June 2021**.
- b) Validate/approve all invoices/payments and ensure a notification is sent to responsible officer at Treasury (Accountant General's Office).
- c) Run and review any invoices in the "Holds report".
- d) Create Accounting (i.e. run Create Accounting) to update GL balances in preparation for financial reporting
- e) Transfer all transactions to General Ledger (GL) i.e. run Payables Transfer to the General ledger process.
- f) Reconcile AP activity for **FY 2020/2021**.

As a general rule, the following IFMS control checks must be performed (on A/C Segment 415001);

*AP TB as at **1st Jul-2020** (Closing TB for the **FY19/20**)*

Plus (+)

Total of all posted Invoices for the system GL period **JUL-21** to **JUN-21**

Minus (-)

Total of posted payments for the system GL period **JUL-21** to **JUN-21**

Equals (=)

*AP TB as at **30th June, 2021** = NIL*

If this is not the case, check and review the following which could be the reason for the mis-match and run the process again;

- Pending Invoice validation/on-hold Invoices still exist.
- Invoices of previous financial year paid in the current financial year
- Invoices of the current financial year validated and not paid
- Invoices with Approval Status Rejected, Initiated, Stopped, Required and not cancelled.
- Manual Journal entries in the GL not balancing.

| Doc. Type | Status | Action Required | Relevant Reports or Information |
|-------------|------------------------------|---------------------------------------|-------------------------------------------------------|
| AP Invoices | Never Validated | Validate or Cancel | Unaccounted for Transactions Report Online Inquiry |
| | Needs Revalidation | Correct the hold & Validate Cancel | |
| | Validated and Initiated | Follow up the approval or Cancel | Online Inquiry |
| | Validated and Rejected | Resubmit for Approval or Cancel | |
| | Validated and Stopped | Resubmit for Approval or Cancel | |
| | Validated, Approved & Unpaid | Follow up the payment or Cancel | Unaccounted for Transactions Report Online Inquiry |

2.6.1 EFT Payments

- Accounting Officers are advised not to forward any notifications for processing any EFT payment instructions in respect of **FY 2020/21** transactions after **25th June 2021**.
- There are instances where EFT instructions are returned unpaid for a number of reasons. Often it is because of mismatch between IFMS suppliers' bank information and actual bank account details at commercial bank. Such payment instructions are cancelled at the Treasury (Accountant General's Office) and votes are advised accordingly. The bounced payments are cancelled together with respective invoices and this reverses the transactions.

- iii) Votes are therefore required to reprocess such transactions if the reason for “un-applying” the payment has been resolved **25th June 2021** (deadline for sending notifications to Treasury for payment processing).
- iv) Payments unapplied after year end will be voided and invoices cancelled in the **FY2020/21**. The voided payments can be recognized as domestic arrears **in line with paragraph 2.14 of this guideline**.

CAUTION: *Cancellation/voiding of payments on IFMS across financial years affects the reported financial position and care should be exercised to ensure that system financial information remains consistent with submitted accounts or necessary prior year adjustment.*

2.6.2 Invoices

- i) Ensure that all invoices including the salary payment invoices are approved and paid by **25th June 2021** to allow for the **T+2** control before funds are transferred to beneficiary accounts . Treasury shall not process any payments against the budget of **FY2020/21** beyond the **25th of June 2021**. This means that all approved invoices should be submitted to the Treasury by the close of business on **25th June 2021**. The “GoU approved invoices” report should be run daily from **1st June 2021** to establish any invoices that may still be outstanding and take appropriate action.
- ii) Ensure that all approved invoices and payments are posted to the General Ledger (GL). Confirm by running a final “create accounting” and “Payables Transfer to General Ledger process” and generate an “unaccounted transactions” report as at **30th June 2021** to ensure that all transactions are accounted for.
- iii) All invoices on hold should be investigated and cleared by the end of the financial year. The “Invoices on Hold” report should be regularly generated to identify such invoices. All invoices on hold should be cancelled by **30th June 2021**.
- iv) Run and check the “Funds Available Analysis” report on the funding budget (Accounting warrants) to ensure that there are no items with excess expenditure. Where such items are identified, they should be investigated and appropriate steps taken to resolve any error that creates excess expenditure before the close of the financial year.

2.6.3 Prepayments/Advances

- i) Ensure that any advances or prepayments made during the financial year are fully accounted for /retired by the **30th June 2021**. A "prepayments status and or GoU Advances Status" report should be generated and reviewed to confirm that all prepayments are cleared.
- ii) The payables period for financial year **2020/21** shall be closed by close of business on **31st July 2021**.
- iii) Run Accounts payable trial balance as at **30th June 2021** to ensure that all invoices are cleared and therefore no liabilities remain outstanding.
- iv) Payables transactions should be reconciled to the General Ledger balances by running the "Accounts Payables Trial Balance" Report and reconciling the total accounts payable liabilities in the report with the General Ledger Creditors Control Accounts (**415001**) for the Financial Year **2020/21**. Any differences should be investigated and resolved prior to submission of draft final accounts.

2.7 Accounts Receivable

- a) Ensure that all revenues collected and posted unto the system (IFMS) including those collected by Uganda Revenue Authority (URA) are appropriately reconciled.
- b) Ensure that all receipted revenue is transferred to the General Ledger and the resulting journals are posted. Run the "Unposted items report" to review and resolve cases of any un-posted Revenues/Receipts.
- c) Ensure that all banked revenue is reflected on the system through the remittance process. Run the "Receipts Awaiting Bank Remittance" report and resolve any outstanding items (This Report should have 'no data' as at **30th June 2021**).
- d) Reconcile the non-tax revenue figures collected by Uganda Revenue Authority against returns/statements submitted by the URA.
- e) Use the "receipts awaiting bank clearance" report to identify un-reconciled receipts in the system.
- f) Run the following reports to reconfirm the period's transactions;
 - GoU: Receipt Detail and Summary Report
 - Receipt Register
 - GoU: Monthly NTR Returns
 - Unposted Items Report

- g) Accounts Receivable periods of **FY2020/21** will be closed by close of business on **31st July 2021**.

2.8 Cash Management

Bank statements will be availed by Bank of Uganda (BoU) on the **1st July 2021** to facilitate reconciliations. Votes are required to;

- a) Ensure that bank reconciliations for **FY2020/21** are undertaken regularly and accurately. The following IFMS reports should be run as at **30th June 2021** and reviewed to ensure accuracy;
- General Ledger Reconciliation report
 - Transactions Available for Reconciliation report
 - Cash in Transit Report
 - Cleared Transactions Report
 - Bank Statement Summary Report
- b) All Bank statements line marked "External" or "Error" should be critically reviewed to ensure correctness of treatment.
- c) Use the "GL Reconciliation Report with details" parameter to verify the accuracy of the bank reconciliations. Unexplained differences between the sub ledger cash book balance and the bank statement should be investigated. All bank reconciliations including the investigations of the outstanding items should be concluded by **15th July 2021** and appended to the Cash Board of Survey report.
- d) Annual financial statements and Board of Survey reports submitted by Accounting Officers to Accountant General where bank reconciliation statements have an unexplained difference **shall NOT be accepted**.

2.9 General Ledger (GL) and Reporting

Section 51(1) of the PFMA 2015 (as amended) requires the Accounting Officer of a vote and a Local Government to submit financial statements to the Auditor General and Accountant General within **two (2)** months after the close of each financial year.

In addition, Section 52 (1) and Schedule 5 of the same PFMA 2015 (as amended) also requires the Accountant General to prepare and submit Government consolidated Financial Statements of Government to the Auditor General and the Minister responsible for Finance at the end of every financial year within a period of **three (3)** months.

On the IFMS, GL accounting period will be closed after all the GL-Level accounting transactions have been completed and all sub-ledger modules have been closed.

- a) Ensure that all actual journals are posted in the General Ledger by latest **31st of July_2021** before the Accountant General's Office closes the General Ledger for the **FY 2020/21**. This means that no entries will be posted to the General Ledger after this date and hence no adjustments to IFMS financial statements will be made after this date
- b) Pass manual GL-level Journals in the **ADJ-21** period to transfer the balances on accounts **321605** (Domestic arrears – Budgeting), **321607** (Domestic arrears – utilities), **321608** (Pension Arrears) to account **415002** (Sundry Creditors). This will ensure that the payments made to settle the domestic arrears during the financial year are appropriately posted to the liability account.
- c) Before posting journal entries, it is important to verify that the respective domestic arrears were properly accrued on the liability account **415002**. Journal entries to transfer expenditure balances on the domestic arrears budget accounts to the liability account shall only be effected at the end of year as a financial year-end adjustment. All manual Journals should be entered in **ADJ-21** Period not **JUN-21** paying special attention to double entry.
- d) Pass manual GL-level journal entries to depreciate the fixed assets acquired during the financial year at 100% (fully expensed in **FY2020/2021**). These adjustments should be made in the adjustment period (**ADJ-21**). It is important to note that journals to depreciate the fixed assets shall only be passed at the end of the financial year as indicated in this paragraph. Municipal councils should use the applicable depreciation rates.
- e) Pass manual GL journals to recognize any prepayments made during the financial year and for any letter of credit that may not have performed as at end of financial year in **ADJ-21**.
- f) Votes should ensure all manual journals entered on the IFMS are posted before submitting financial statements. ***Votes with unposted journals will have their financial statements rejected by Accountant General.***
- g) Run and review the following reports before closing the financial year (Both at the Treasury and the Ministry sites).
 - i) Trial balance (Actual) – Ensure that no balances appear under any systems accounts in the Trial Balance as this reflects incompleteness of financial records.
 - ii) GoU Balance Sheet

- iii) GoU Statement of Financial Performance
 - iv) GoU Appropriation Account
 - v) GoU General Ledger Reconciliation Report
 - vi) Notes to the financial statements.
- h) The above IFMS financial statements will form the basis for compiling and submitting the final accounts (for the financial year **2020/21**) using the revised reporting templates issued by the Accountant General.
- i) The use of the revised Microsoft word financial reporting template shall only apply in the preparation and submission of the Annual financial year statements for end of **FY2020/21**. All IFMS Votes are required to have submitted "draft" final accounts to the Treasury by close of business on **30th July 2021** for review and discussion on completeness. Further guidance on the preparation of financial statements will be provided for in the updated financial reporting guide of 2021.
- j) The financial year **2020/21** will be closed by running the "Close Process: Create Income Statement Close Process" program to net off revenue and expenses balances to the revenue reserve account. This will be done after the Audit of **FY 2020/2021** is completed.
- k) **Manual Journals;** All manual journals should be duly supported, updated and posted by **15th July 2021**. These include forex journals, depreciation journals, payables journals, LC recognition journals, bank charges among others. The Accounting officer takes full responsibility for the accuracy of all the journals.
- l) **Submission of Financial Statements;** to ensure timely review and consolidation of financial reports, all votes are expected to submit their draft financial statements by **30th July, 2021**. The financial statements should be in the revised financial reporting template issued by the Accountant General in 2021. Financial Statements in earlier versions of the template will not be accepted

2.10 Treatment of Local Revenue, donor funds and OGT.

Effective **July 2019**, there were adjustments aimed at streamlining budgeting and releasing of funds for local governments with respect to local revenue, donor funds and OGT. All local revenue budgets started to be appropriated by Parliament while OGT and Donor funds continued to be appropriated by Local Government councils.

During the **FY2020/21** Local Governments were issued expenditure limits for local revenue based on approved budgets for 1st quarter while subsequent quarter expenditure limits were based on remittances to revenue accounts in Bank of Uganda. Expenditure limits for donor funds and OGT continued to be issued by

Accountant Generals office based on the remittances made to the revenue accounts and LG TSA.

As a result of the above reform, variances will occur such as under recovery, over performance of local revenue, under absorption for both OGT and donor funds with respect to funds remitted to LG TSA. This is therefore to guide as follows;

- i) Votes should reconcile all remittances made to the treasury single holding account against expenditure limits issued, warranted and absorbed during the financial year to establish the balance **due to or from** the consolidated fund as at 30th June 2021 with respect to local revenue and donor funds. **The reconciliation shall be submitted to the Accountant General by 31st of July 2021 to facilitate the process of availing funds in FY2021/22 and recovery for those with outstanding advance for the FY2020/21.**
- ii) Votes that will not have fully recovered all the expenditure limit issued with respect to Local revenue for **FY2020/21** by **30th June 2021**, i.e. with an outstanding advance. The outstanding advance shall take 1st call on the local revenue expenditure warrant issued in the **FY2021/2022**. The respective votes shall be expected to recognize the outstanding advance in the financial statements by recognizing a payable to Treasury that will be settled by remitting funds to the consolidated fund account.
- iii) For those votes that will have remitted over and above the advanced Local revenue, the excess funds will be availed in **FY 2021/22** upon finalization and submission of reconciliations.

Any unexpended funds lying in the LG-TSA arising out of the central government releases including **OGT** which are not **donor funds**, shall be returned to the Consolidated Fund since their appropriation will have expired.

Reconciliation Template

| No | Category | Total Amount Remitted to LRCA | Total Cash Limit issued | Total Warrant | Total Actual Amount spent | Total Balance Available |
|----|---------------|-------------------------------|-------------------------|---------------|---------------------------|-------------------------|
| 1. | Local Revenue | | | | | |
| 2. | OGT | | | | | |
| 3. | Donor funds | | | | | |
| | Total | | | | | |

After reconciliation, relevant accounting entries should be passed to make adjustments of any balances outstanding on account Transfers Received from Treasury (133209) to separate Local revenue and Donor funds since these are already recognised under the respective revenue heads.

2.11 Treatment of Un-expended Balances at Year-end

In accordance with Section 17(2) of the Public Finance Management Act 2015 (as amended), the unexpended balance at the end of the financial year **(FY 2020/2021)** shall be repaid into the Consolidated Fund.

2.12 E-Cash Transfers and Payments

E-cash transfer payments from Accounting Officers shall stop by **25th June 2021** and any balances shall be swept back to the TSA holding Account by the **28th of June 2021** **irrespective of whether the funds were held for 10 days or less**

2.13 Letters of Credit (LCs)

Accountant General shall stop processing funds for opening of letters of credit to Bank of Uganda by the **15th of June 2021** to allow Bank of Uganda time to review and process submitted LCs. All funds transferred to Bank of Uganda without sufficient documentation will be swept to the UCF on **30th June 2021**.

2.14 Domestic Arrears

Government of Uganda runs a cash budget, therefore any arrears to be recognised should be those incurred within appropriation. Internal Audit should review the arrears before they are recognized in the financial statements. Domestic arrears should be reported in three categories;

- a) Arrears incurred within appropriation for which cash limits were insufficient.
- b) Arrears which are commitments with agreements but were not provided with adequate budget in the MTEF, these include utilities, rent, taxes and commitments based on international agreements.
- c) Arrears that are considered direct charges on the Consolidated Fund e.g. statutory expenditures, court awards and interest payments.
- d) Domestic arrears arising out of contracts that have not been completed by Y/E shall be recognized to the extent of the unspent warrants/ returned funds

Note: For the above category of arrears to be recognized in the Financial Statements, an arrears certificate signed by the Accounting Officer, Head

of Accounts and Head of Internal Audit should be prepared and annexed to the Financial Statements. Accountant General will reject financial statements that have arrears that are not supported by the certificate of Arrears.

2.15 Updating IFMS Master Data and Setups

Master data information set-ups for IFMS will continue being updated at the Treasury in order to ensure appropriate security, maintenance and update of supplier bank accounts information on IFMS. Accounting Officers are expected to continue submitting formally any required master data updates to Accountant General's office for processing through the **E-registration portal** for all suppliers except pension and foreign suppliers without Tax Identification Numbers (TINs). In addition, **Accounting Officers should regularly review their respective supplier databases on the IFMS and inform Accountant General of any changes for update on the system.**

3.0 ROLE OF INTERNAL AUDIT

3.1 Review of Financial Statements

Financial statements generated at each vote shall be reviewed by Internal Audit for completeness and accuracy before submission to the Accountant General and Auditor General. As part of the end of year procedures the internal audit function at the various votes shall;

- a) Carry out a quality assurance review on the relevant financial reports generated from IFMS by their respective votes to ensure their accuracy, reliability and completeness.
- b) Monitor the Board of Survey exercise to ensure that it is completed on time to inform accurate asset registers and preparation of financial statements.
- c) Verify the reliability, accuracy and integrity of the master data captured/loaded into the IFMS.

3.2 Review of Domestic Arrears

On the basis of the guidelines for reporting arrears, Internal Audit shall, verify vote arrears and issue a certificate confirming the domestic arrears position as at **30th June, 2021**. This certificate will be endorsed by the Head Internal Audit, Head of Accounts/Finance and the Accounting Officer and annexed to the Financial Statements.

The Accountant General **WILL NOT** accept Financial Statements of a vote if the arrears /payables reported differ from those in the **certificate issued by Internal Audit**.

4.0 Enforcement of the End of Year Procedures

The end of year procedures provides a detailed guideline to be followed by entities to ensure completeness of transaction processing and promote accuracy of financial report and system health. It has been noted that some votes do not comply with these procedures and a number of incomplete transactions remain on the IFMS.

To enforce compliance with these procedures, no payment will be effected in the FY **2021/22** for votes with the following issues unresolved.

- i) Incomplete, Rejected and In process Warrants
- ii) Incomplete Purchasing Transactions (Encumbrances, Open purchase Orders etc.)
- iii) Pending Accounts Payables transactions (Invoices on hold, rejected invoices, unpaid invoices etc.)
- iv) Incomplete Bank Reconciliations by **15th July 2021**
- v) Incomplete receipting of Non Tax and Local Revenues
- vi) General Ledger Exceptions i.e. GL Accounts with unusual balances

A certificate of clearance shall be prepared by vote and submitted for review at Treasury as pre requisite to commence transacting in the **FY2021/22**. A Clearance Certificate is attached (**Appendix1**)

5.0 COMMENCEMENT OF FY 2021/202

5.1 IFMS Budgets and Warrants

Execution of the budget for the FY **2021/22** will be done in accordance with the PFMA 2015 (as amended). A few highlights to note include;

- i) Financial year **2021/2022** budgets for votes were prepared using the Program Budgeting system (PBS) in line with the budget call circular. The budgets will be downloaded from PBS and seamlessly uploaded unto the IFMS by the Directorate of Budget with support from Treasury to commence budget execution.
- ii) To prepare for the budget execution process for the **FY 2021/22**, the Treasury shall ensure that the following IFMS tasks are completed;
 - a) The budget/Encumbrance year **2021/22** is opened for all Ledgers for the various types of budgets: Initial budget, Supplementary budget, Approved Budget and funding budget by **29th June 2021**.

- b) Create new dossier numbering to be used by votes during the new financial year **2020/21** by **29th June 2021**.
- c) Appropriation for the **FY2021/22** will be uploaded into IFMS by **1st July 2021**.
- iii) At the beginning of the new financial year **2021/22**, the budget execution process will be initiated upon obtaining the appropriation by Parliament. The Appropriation shall immediately be transferred by Budget Directorate to the General Ledger Module of the IFMS to pave way for the issuance of the Auditor General's grant of credit.
- iv) Following the Auditor General's grant of credit, the Minister of Finance will issue a general warrant that shall be addressed to the Accountant General to be entered on the IFMS.
- v) Once the Minister's warrant has been created on the system, quarterly Cash Limits based on the Cash Flow Plan will be issued by the Secretary to the Treasury and there after uploaded unto the IFMS paving way for the sites to prepare and submit requests for Accounting Warrants for the quarter (Q1).
- vi) The Cash Flow plan approved with the budget will form the basis for quarterly spending limits. (Currently referred to as "Cash Limits").
- vii) Accounting Officers shall commit Government based on the appropriation by Parliament.

6.0 INQUIRIES ON THE PROCEDURES

For any inquiries or clarifications on these procedures, please contact Accountant General's Office. The contact details are outlined below;

- i) **Telephone: 041-4707305 E-mail: servicedesk@finance.go.ug**

END OF YEAR CLEARANCE CERTIFICATE

| Vote Name: | e.g. Ministry of Finance, Planning Economic Development | | |
|---------------------|----------------------------------------------------------------|--------------------------------------------|---------------|
| Date: | 1st July 2020 | | |
| Prepared By: | XXX/Head of Accounts | | |
| S.No | EoY Area | Issue | Status |
| 1 | Dossiers | Incomplete Accounting Warrants & Virements | |
| | | Rejected Accounting Warrants & Virements | |
| | | In Process Accounting Warrants & Virements | |
| 2 | Purchasing | Incomplete PR & PO | |
| | | Rejected PR & PO | |
| | | Encumbrance Details - Requisitions | |
| | | Encumbrance Details – Purchase Orders | |
| | | PO's not delivered (Expected Receipts) | |
| | | PO's not Invoiced (Uninvoiced Receipts) | |
| | | Open Purchase Orders | |
| 3 | Account Payable | Never Validated Invoices | |
| | | Rejected Invoices | |
| | | Invoices Initiated and Not Approved | |
| | | Unpaid Invoices | |
| | | Unaccounted for AP Transactions | |
| 4 | Account Receivables | Unapplied Receipts | |
| | | Receipting of NTR & Local Revenue | |

| | | | |
|---|-----------------|----------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------|
| | | Unposted Items | |
| 5 | Cash Management | Transactions Available for Reconciliation for all Bank Accounts | |
| | | Bank Statement transactions marked "External" and "Error" | |
| | | Unexplained Reconciliation difference for all Bank Accounts (General Ledger Reconciliation Report) | Some votes have more than 1 bank account. All bank accounts should be reconciled |
| 6 | General Ledger | Unposted Journals | |
| | | Journals in Error | |
| | | Budget Lines with Over Negative Encumbrance | |
| | | Budget Lines with Over Expenditure | |
| | | Processing of EoY Adjustment Journals | |
| | | Trial Balance Exceptions | |

This certificate is to confirm that the vote has complied with the end of year guidelines provided for the Financial Year 2020/21 and is allowed to commence transacting in the Financial Year 2021/22