MINISTRY OF FINANCE, PLANNING AND ECONOMIC DEVELOPMENT

FINANCIAL REPORTING GUIDE

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Ministry of Finance, Planning and Economic Development

FINANCIAL REPORTING GUIDE

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June 2024

FOREWORD

The accounting and financial reporting requirements of Government of Uganda (GoU) aim to provide accurate and complete information for public accountability and transparency. This enables the various stakeholders to understand how public resources are received and utilized.

GoU Financial reporting requirements are spelt out in the Public Finance Management Act (PFMA) 2015 as amended, the Public Finance, Management Regulations (PFMR) 2016, Treasury Instructions (TIs) 2017, accounting standards and other authoritative guidance issued by the Accountant General from time to time. This Financial Reporting Guide outlines the framework that will guide Ministries, Agencies and Local Governments (MALGs), State Enterprises, Public Corporations and Companies where Government has a controlling interest in accounting for and reporting on their financial management operations. This will ensure consistency in the accounting policies and financial reports produced across government entities in the same category.

Since the issuance of the current Financial Reporting Guide in 2018, GoU has undertaken various Public Financial Management (PFM) reforms to improve transparency and accountability. One of the key reforms implemented was the adoption of the programmatic approach to planning, budgeting, budget execution and reporting on the delivery of results under the third National Development Plan (NDP III). This shift necessitated the revision of the GoU Chart of Accounts (CoA) and the upgrade of the Integrated Financial Management System (IFMS).

Other major reforms included enhancement of the Treasury Single Account (TSA) framework and recognition of Assets as part of the transition to Accrual Accounting, among others. This reporting guide addresses the changes to the reporting framework resulting from the above recently adopted reforms and is aligned with some of the new best practices.

The guide will be kept under constant review and updated regularly to take into account policy shifts, legislation revisions, and developments in accounting standards. The guide forms part of the authoritative guidance in respect of financial reporting and is intended for use by accounting staff responsible for the preparation of financial reports.

It should be clearly noted that the guide is complimentary to the legal requirements and other regulations and circulars that are issued from time to time.

In case of any need for clarifications on the guidance detailed in here, please contact the Accountant General's office.

L. Semakula
Accountant General
June 2024

LIST OF ACRONYMS

AAPG	Asset Accounting and Policies Guidelines
AGO	Accountant Generals Office
AIA	Appropriation in Aid
AIMS	Academic Information Management System
BBS	Bank of Uganda Banking System.
CoA	Chart of Accounts
DP	Development Partner
EATV	East Africa Tourism Visa
EoY	End of Year
FRTs	Financial Reporting Templates
FY	Financial Year
GoU	Government of Uganda
IFMS	Integrated Financial Management System
IFRS	International Financial Reporting Standards
IPSAS	International Public Sector Accounting Standards
IRAS	Integrated Revenue Administration System
KCCA	Kampala Capital City Authority
KPI	Key Performance Indicators
LGRC	Local Government Revenue Collections
LPO	Local Purchase Order
MALGs	Ministries, Agencies, and Local Governments
MDAs	Ministries, Departments and Agencies
MoFPED	Ministry of Finance, Planning and Economic Development
MoU	Memorandum of Understanding
NTR	Non-Tax Revenue
OGT	Other Government Transfers
PBS	Programme Budgeting System
PFMA	Public Finance Management Act
PPP	Public Private Partnerships
PRIR	Petroleum Revenue Investment Reserve
RAPEX	Rationalisation of Agencies and Public Expenditure
SCA	Service Concession Arrangements
SCE	Statement of Changes in Equity
SEs	State Enterprises
TGA	Treasury General Account
TSA	Treasury Single Account
TSSA	Treasury Single Sub Account
UCF	Uganda Consolidated Fund
URA	Uganda Revenue Authority

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1. INTRODUCTION

1.0.1 These guidelines are issued in accordance with section 46(2) for further implementation of the Public Financial Management Act 2015.

1.0.2 Over the last decade, government financial management systems and processes have undergone major changes in order to strengthen accountability and transparency. This has warranted the review of the financial reporting framework that was earlier issued in the Financial Reporting Guide in 2018.

1.0.3 The following are some of the reforms that have impacted PFM since 2018;

a) National Development Plan (NDP) III

The NDP III is the third in a series of six NDPs prepared by the National Planning Authority (NPA) to guide the nation in delivering the aspirations articulated in Uganda Vision 2040. It is based on a programme approach to planning, budgeting, implementation and results reporting. As a result, a new budgeting structure was adopted where accountability for results is tracked at the programme level instead of the sector level. This reform necessitated changes to the Government Chart of Accounts (CoA) structure and the upgrade of key PFM systems to support the implementation of NDP III

b) Revised Chart of Accounts

The Chart of Accounts (CoA) is a critical element of the PFM framework for classifying, recording and reporting information on financial plans, transactions and events. The previous GoU CoA issued in 2002 was based on the IMF's Government Statistics Manual (GFSM) of 2001 and was not in sync with some of the PFM reforms implemented by the Government. It was also not fully aligned with IMF's GFSM 2014 manual and other international accounting and reporting standards, such as the International Public Sector Accounting Standards (IPSASs). Other operational challenges that affected the Chart of Accounts included duplication and overlap of codes, the inability to handle the accrual aspects of accounting and reporting, and exhaustion of some of the preset code ranges, among others.

The CoA was updated to address the identified gaps and facilitate the smooth implementation of NDP III. The exercise to review and update was consultative in nature and culminated in the revised GoU Chart of Accounts that was issued in December 2021 and later updated in May 2022 and May 2024 to add new code requirements from MALGs.

Key changes in the revised Chart of Accounts included an increase in the number of digits from 38 to 43 and the addition of two (2) new segments, namely Programmes and Geographical Location, among other updates. The latest version of the GoU Chart of Accounts can be downloaded from the Ministry of Finance, Planning and Economic Development's website.

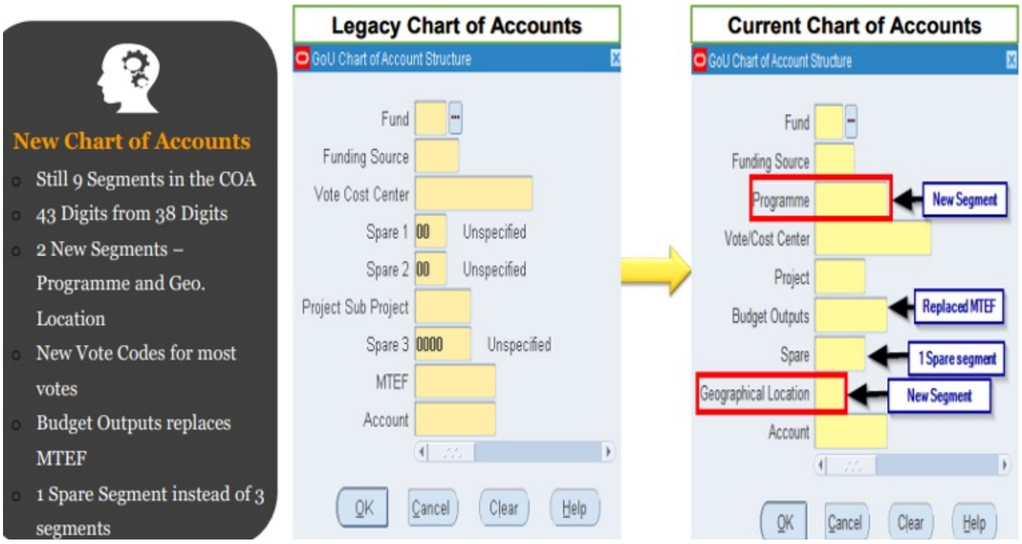


Figure 1: Revised Chart of Accounts Vs the Old Chart of Accounts

c) Public Finance Management Systems upgrade

The changes in the CoA structure necessitated reconfiguration and re-implementation of all the affected PFM systems to align classification, recording, accounting and reporting on financial plans, transactions and events in line with the programmatic approach to planning and budgeting. The upgraded PFM systems included the IFMS and the Navision system used by MALGs and Uganda's Foreign Missions abroad, respectively, for financial management operations and the PBS used by MALGs for budget preparation. These systems were successfully deployed in their respective live production environments effective FY 2022/2023.

d) Enhancement of the Treasury Single Account

Government implemented the Treasury Single Account framework in 2013. The first phase of the TSA framework adopted a hybrid approach with Treasury Single Sub Accounts (TSSAs) replacing the old expenditure accounts (Treasury General Accounts-TGAs) for Votes. All votes processed their payments from their respective TSSA's after receiving funding from either the CG TSA or the LG TSA for Central and Local Government entities, respectively. This was a transitional arrangement prior to implementation of the fully-fledged TSA framework.

As part of the IFMS upgrade, the second phase of the TSA framework was implemented effective 1st July 2022. It entailed an enhanced TSA framework comprising one (1) TSA for Uganda shillings and three (3) TSAs for the major foreign currencies (USD, EUR, and GBP) to facilitate the processing of local and foreign currency government payments.

Under the enhanced TSA implementation framework, the IFMS system was reconfigured to ensure that Government entities process their payments from one bank account. The adoption of the fully-fledged TSA framework resulted in following;-

(i) Merger of the CG TSA, LG TSA, and all TSSAs into one account [All the TSSAs, LG TSA and CG TSA were closed, and one account was opened per transactional currency]

(ii) Activation of multi-currency transaction processing on IFMS.

(iii) Centralized bank account reconciliations at the Treasury save for Project accounts, Imprest accounts and other residual bank accounts operated by votes.

(iv) No more sweeping of balances from the TSSA to CG/LG TSSAs as funds remain on the same TSA account.

(v) Accounting Officers and Heads of Accounts use IFMS sub-ledger reports to review and confirm the details of their transactions and payments. Such reports include the Payments register, Invoice register, etc

The enhanced TSA framework revolutionalised cash management in government by rationalising the bank accounts that hold GoU cash balances and centralizing the bank reconciliation processes at the Treasury under Accountant General's Office

e) Transition to Accrual Accounting

Uganda is a member of several international and regional organizations such as the WB, IMF, IFAC, UN, AU and EAC and is therefore obliged to comply with various accounting and financial reporting requirements. These include; International Public Sector Accounting Standards (IPSAS), International Financial Reporting Standards (IFRSs), Development Partner Agreements and economic integration protocols.

GoU has adopted a phased approach to accrual accounting. The templates have been revised to incorporate the major accrual accounting aspects including recognition of tangible assets.

f) Asset Management and reporting

In a bid to transition to the IPSAS accrual accounting standards, the government of Uganda has enhanced the financial management systems to support the planning, budgeting, recording the acquisition, maintenance, disposals and reporting of assets. This is intended to ensure that all assets under the entities are presented in all financial statements, with reconciliation of balances against the asset registers.

In this reporting year the main focus shall be on the fixed assets, with particular emphasis on the opening balances of the assets that had been expensed in the previous period. The values have been determined using a simplified valuation guide issued by accountant general.

g) The rationalisation of agencies and public expenditure to improve on the effectiveness and efficiency of service delivery.

1.1 Objective of the Financial Reporting Guidelines

The guide is intended to specifically;

a) Provide detailed government accounting procedures to empower users in the preparation of statutory financial statements as well as periodic management reports.

b) Summarize key reporting requirements contained in the Public Financial Management laws, regulations, instructions, circulars and accounting standards

c) Provide guidance on accounting and presentation of emerging unique transactions encountered in the course of operations.

d) Ensure uniformity and consistency in financial reporting across government

1.2 Scope of the Guide

This guide covers accounting, management and financial reporting for government Ministries, Agencies, Local Governments, Public Corporations, State Enterprises and Companies where Government has a controlling interest.

1.3 Application of the Guide

The guide shall be applied by the various entities as follows;

a) Central government

These include entities over which the Treasury has the power to govern their financial and operating policies in accordance with the legal and regulatory framework provided by the PFMA 2015. They include:

- Ministries
- Agencies
- Statutory Commissions
- Referral Hospitals
- Public Universities and Self Accounting Tertiary Institutions
- Uganda's foreign missions/embassies

b) Local Governments.

Local Governments are separate legal entities regulated by the Local Government Act, 1997 as amended. They are however, required to comply with the PFMA 2015 as amended on matters of financial management and reporting.

c) Projects.

Government projects are broadly categorized as follows;

i) Projects fully financed from GoU resources
ii) Projects funded by a combination of GoU resources and development partners
iii) Projects fully financed from external resources.

Unless otherwise stated, project transactions in all the above categories will be included in the Financial Statements of the supervising vote under either (a) or (b) above. Project will continue to meet the specific reporting requirements of the funders where applicable.

d) Public Corporations, State Enterprises and Companies where Government has a controlling interest

A Public Corporation is;
an authority established by an act of Parliament other than a Local Government, or a central Government vote which receives a contribution from public funds or the operations of which may, under the Act establishing it or any Act relating to it impose or create a liability upon public funds and any public body which in a financial year receives any income from public funds.

A state Enterprise is;

a) a body corporate established under any Act other than the Companies Act or a local government council; or
b) a company registered under the Companies Act in which the Government or a state enterprise controls the composition of the board. Or has more than 50% of the voting rights or controls more than 50% of the issued share capital.
c) For purposes of clarity, Public Corporations and State Enterprises shall be governed under their relevant establishment laws in addition to the PFMA 2015 requirements for annual financial reporting to the Accountant General. They are required to prepare annual financial reports in accordance with section 51(2) of the PFMA 2015. Additional details are provided in 2.4.2 below. For those with Vote status, full compliance with the PFMA 2015 and this Financial Reporting Guide shall apply.

2. FINANCIAL REPORTING FRAMEWORK

2.1 Reporting Period

The GoU reporting period runs from 1st July to 30th June. Sections 50(1) of the PFMA stipulates the reporting timelines while empowering the Accountant General to prescribe any other reporting timelines as may be required during the financial year.

Below is the GoU reporting cycle.

Table 1: GoU Financial reporting Cycle

2.1.1 MALGs and SEs are required to prepare and submit financial statements to the Accountant General periodically. This is to enable the Accountant General prepare periodic consolidated financial statements of government. Currently, financial statements for all MALGs and SEs should be prepared for the following periods and submitted to the Accountant General;

No	Financial Statements	Statutory Date
1	Semi- Annual	15th February
2	9 Months Financial Statements	15th May
3	Annual Financial Statements	31st August

Table 2: Statutory timelines for submission of Financial Statements

2.1.2 The periodic financial statements should be prepared in the same format as the annual financial statements using the most recent financial reporting templates prescribed by the Accountant General.

2.1.3 The comparative figures to be used in the financial reports should be as per the table below;

No	Reporting Period	Comparatives
1	Semi-annual financial Statements (31st December)	▪ Balance Sheet and Statement of Changes in Equity 30th June of previous FY ▪ Cash flow Statement 30th June of previous FY ▪ Other statements Same period of the previous FY
2	Nine Months Financial Statements [31st March]	▪ Balance Sheet and SCE 30th June of previous FY ▪ Cash flow 30th June of previous FY ▪ Other statements Same period of the previous FY
3	Annual Financial Statements [30th June]	▪ Same period of the previous FY

Table 3: Recording of comparative information

2.1.4 The key requirements for preparing complete and accurate financial statements have been covered under section 9.0 of this guide.

2.1.5 To facilitate compliance with the statutory deadlines as stipulated in 2.1.1 above, the Accountant General each year issues an annual Financial Reporting Circular that clarifies on the reporting deadlines of the financial year together with specific guidance. Administrative timelines (see 2.1.6 below) are therefore communicated to allow adequate time for review, reconciliation and correction of any identified errors in the financial statements submitted by Accounting Officers before the statutory deadline.

2.1.6 These timelines are necessary to ensure that the financial statements comply with the policy guidelines and formats as communicated by the Accountant General. The administrative timelines for submission of financial statements are as below; -

No	Financial Statements	Administrative timeline
1	Semi- Annual	30th January
2	Nine Months Financial Statements	30th April
3	Annual Financial Statements	31st July

Table 4: Administrative timelines for submission of periodic financial statements

2.1.7 In accordance with PFMA 2015 Section 52(1), the Accountant General is required to submit the annual consolidated financial statements within 3 months following the end of the financial year. It is therefore critical that Accounting Officers submit their financial statements in time to allow the Accountant General's team to review them for completeness and accuracy before consolidation. The consolidation should be completed and the annual financial statements submitted to the Auditor General before 30th September.

2.2 Reporting Currency

2.2.1 The GoU reporting currency is the Uganda Shilling (UGX).

2.2.2 All transactions in other currencies should be translated into the Ugandan Shilling following guidance provided in the accounting policy enshrined in the reporting templates.

2.3 Accounting Structure

2.3.1 The GoU chart of accounts (CoA) facilitates uniform coding, classification and reporting of transactions across government MALGs. The current COA was revised in December 2021 after a consultative process as detailed in 1.0.3 (b) above.

2.3.2 Unless otherwise advised, all MALGs and projects should use the GoU COA to code their financial transactions. Every budget holder and accountant should be conversant with the CoA to facilitate the proper recording of financial transactions.

2.3.3 All transactions should be recorded in the primary books of accounts using the CoA. The structure of a typical transaction has nine (09) segments and 43 digits in total, which gives sufficient information on the source of funding, nature of the transaction, the program, what it relates to and the geographical location as well.

2.3.4 The detailed CoA with the descriptions of the various codes was issued by the Accountant General in December 2021. The latest version can be obtained from AGO and, the MoFPED website. Below is the summary composition of the account segment structure;-

100000 – 199999	Revenues
200000 – 299999	Expenditure
300000 – 399999	Assets
400000 – 499999	Liabilities
500000 - 599999	Reserves

2.3.5 When preparing financial reports, transactions will be reported at an account item level and the above coding should be used in the Trial Balance.

2.4 Basis of Accounting

2.4.1 Modified Accrual Basis of Accounting

2.4.1.1 All MALGs use the Modified Accrual basis of accounting when preparing Financial Statements. The basis of Accounting is part of the accounting policies annexed as part of the financial reporting templates issued by the Accountant General.

2.4.1.2 Under the modified accrual basis of accounting, revenue is recognised when earned with the exception of revenue from taxes, grants and other revenues from non-exchange transactions that is recognised when received.

2.4.1.3 Revenue earned and not collected by the end of the reporting period is reported as a receivable in the statement of financial position. Expenditures are recognised when incurred i.e recognition of payables for all obligations incurred but not paid for by the end of the reporting period.

2.4.1.4 Revenue includes the gross inflows of economic benefits or service potential received and or receivable by the entity/vote. It is broadly divided into revenue from exchange transactions and revenue from non-exchange transactions.

2.4.1.5 Revenue from Exchange transactions refers to revenue received in exchange for goods or services offered of approximately equal value. Examples include rent, proceeds from the hire of goods, sale of drugs, disposal of assets, the use by others of entity assets yielding interest, royalties, etc. Under this basis of accounting, this category of revenue is recognized when earned at a point when bills/invoices are issued.

2.4.1.6 Revenue from non-exchange transactions refers to revenue received by an entity without directly giving approximately an equal value in exchange. These include taxes, grants, fines and fees (passport, visa fees, driving permits), etc., Under the modified accrual basis of accounting, all revenues from non-exchange transactions is recognized when received.

2.4.2 Accrual Basis of Accounting- Public Corporations, State Owned Enterprises and Companies where Government has a controlling interest

2.4.2.1 Under this basis of accounting, revenues are generally recognized when earned with the exception of taxes and transfers received from the central government while expenditures are recognized when incurred with the exception of pension and gratuity. Any exceptions are disclosed in the detailed policies contained in the FRTs.

2.4.2.2 The Companies where Government has controlling Interest, Public Corporations and State Enterprise should use the accrual basis of accounting. These entities should comply with the requirements of the standards as stipulated under either the International Financial Reporting Standards (IFRS) or the International Public Sector Accounting Standards (IPSAS)

2.4.2.3 The entities using either IPSAS or the IFRS standards should disclose that fact.

2.5 Accounting Policies

2.5.1 These are the specific principles, bases, conventions, rules and practices adopted and implemented by the GoU in preparing and presenting its financial statements.

2.5.2 The key accounting policies are clearly spelt out in the latest financial reporting templates that are circulated to all MALGs. These policies are reviewed periodically to ensure they are consistent with the legal requirements, recent government reporting trends and information available from government's reporting systems.

2.5.3 Accounting policies of government are determined mainly by:

a) Legal accounting framework of government
b) Adoption of International best practices through customized application of international standards such as International Public Sector Accounting Standards (IPSAS) and International Financial Reporting Standards (IFRS).

2.5.4 Full adoption of international standards is a gradual process and while it is desirable to adopt fully the standards fully, consideration has to be taken of the legal framework within which the government operates. Efforts are being undertaken by MALGs to ensure convergence towards full adoption of IPSAS.

3.0 BUDGETING

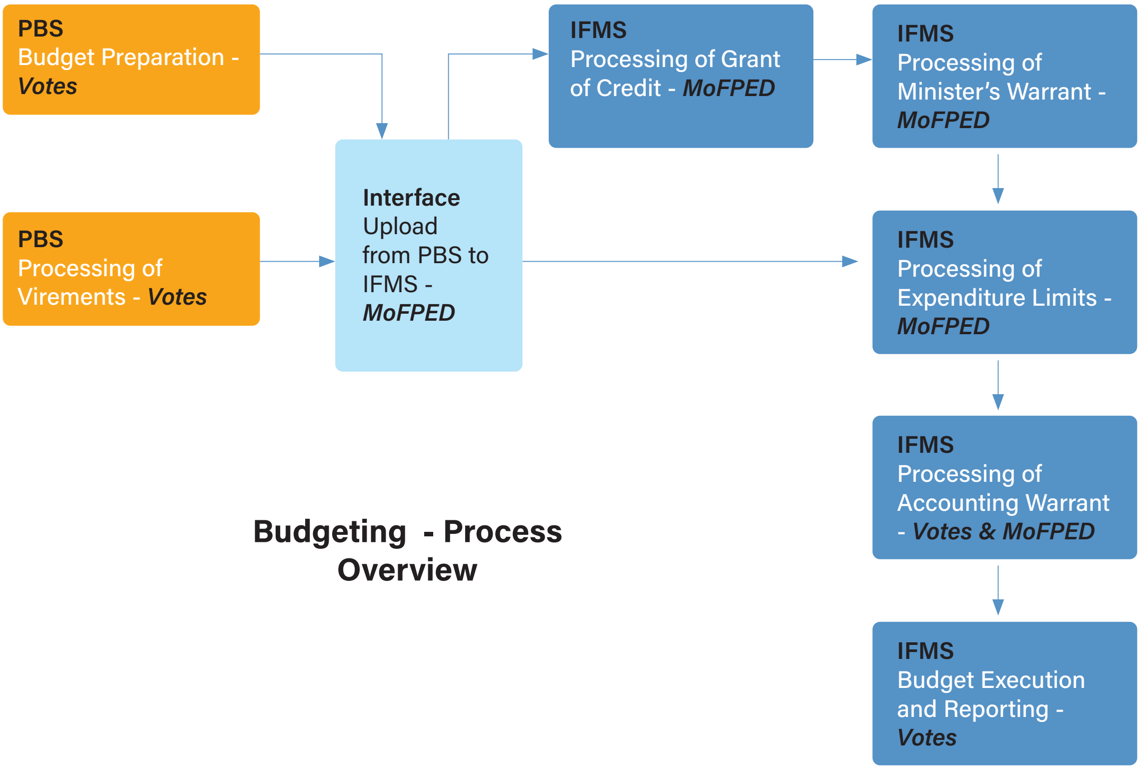


Figure 2: Budget Process Overview

3.1 Budget Preparation by Entities

This involves all votes specifying their revenue and expenditure estimates (on a cash basis) through a consultative process for the subsequent FY on the Programme Budgeting System (PBS). The system supports MALGs preparing key budget documents such as budget framework papers, ministerial policy statements and quarterly work plans. The estimates are submitted to Parliament for approval, and they in turn become the Appropriation Act for that financial year after accent by the President.

3.2 Budget Upload

The Budget Directorate through the Upload Committee at MoFPED then uploads the approved budget for the Financial Year on the Integrated Financial Management System (IFMS) through an interface with the PBS. All subsequent adjustments in form of supplementary budgets and virements are all initiated on PBS and uploaded to the IFMS through the interface.

3.3 Grant of Credit

At the beginning of the financial year, the Auditor General issues an individual Grant of Credit to each vote on IFMS as mandated by Article 154 (3) of the Constitution of the Republic of Uganda and Section 31 of the PFMA 2015 which authorizes the withdrawal of funds from the Consolidated Fund.

This Grant of Credit covers the whole Financial Year's Appropriation of the votes and includes the following;-

(a) Pension
(b) Wage
(c) Non-Wage Recurrent
(d) Development (Counterpart and External Financing)
(e) Domestic Arrears
(f) Gratuity
(g) Local Revenue Collected by Local Governments
(h) Donor Funds Received by Local Governments

Each Grant of Credit issued to the vote cannot exceed the Budget Approved (Appropriated) for the vote.

3.4 Minister's Warrant

Section 32 of the PFMA 2015 authorises the Minister of Finance to issue a Warrant to each vote. Without this authorisation, no monies can be withdrawn from the Consolidated Fund. This warrant is equivalent to and in any case cannot exceed the Grant of Credit issued by the Auditor General.

3.5 Expenditure Limit

The Secretary to Treasury issues the Government annual cash flow plan based on procurement plans, work plans and recruitment plans approved by Parliament as per *Section 15 of the PFMA Act 2015*. This annual cash flow plan informs the issuance of expenditure /cash limits on IFMS.

At the beginning of each quarter of the Financial Year, the Budget Directorate provides expenditure limit proposals based on the votes' quarterly work/cash flow plans of the votes to the cash flow committee. Upon approval by the Cash Flow Committee, the PS/ST issues the expenditure limits by the 10th day of the first month in each quarter for each vote. These are loaded on the IFMS through the IFMS-PBS interface.

The quarterly Expenditure Limits are issued on IFMS under the categories of Wage, Pension, Gratuity, Non-Wage, Development, Domestic Arrears, External Financing, OGT and locally raised revenues (by Local Governments) and others. The sum of ALL Expenditure Limits issued in the Financial Year must NOT exceed the Minister's Warrant and by extension the Grant of Credit and Approved Budget.

3.6 Expiry of Expenditure Limits & Balances Carried Forward

3.6.1 As per the *PFMA 2015*, every Appropriation expires at the end of the Financial Year (on 30th June of every year) and all unexpended balances are transferred to the UCF Account. Under the current TSA framework, there are no unspent balances returned by votes since, funding / releases are made to the votes from the TSA to the extent of invoices/obligations settled.

3.6.2 The Development Partner (DP) component of unutilized balances as at year end (30th June) are retained by the Accounting Officer (AO) in the respective bank accounts as balances to be carried forward to the next Financial Year. ***These balances should be reported as part of the annual financial statements submitted to AGO at the year end and should be included in the next year's budget for appropriation before they are utilised i.e. (re-voted/ budgeted for)***

3.7 Expenditure Limits for Direct Transfers on the IFMS

3.7.1 Direct Payments by Development Partners (DP)

Where Development Partners disburse funds directly to the end beneficiaries such as contractors, the AO will recognise this expense by using Journal Vouchers to ensure completeness in recording and reporting and avoid the risk of misusing the funds. The disbursed funds should have been part of the approved budget of the vote.

3.7.2 Local Revenue Collections and Donor Funds

i. Expenditure Limits for Local Revenue Collections are issued as and when the Local Governments remit funds to their respective Revenue Collection Accounts in Bank of Uganda or when revenues collected through IT based revenue collection systems (IRAS or ELOGREV) are remitted to the Consolidated Fund by Uganda Revenue Authority (URA).
ii. MALGs that are direct recipients of Development Partner (DP) funds should remit these funds to their Revenue Collection Account in the Bank of Uganda or Consolidated Fund for Local Governments and Central Government respectively.
iii. Expenditure Limits for DPs funds remitted directly to the revenue collection accounts or to the Consolidated Fund are issued as and when the funds are confirmed.
iv. DPs funds and any other funds received by MALGs that did not form part of the initial budget for the year, must go through the Supplementary budget process.
v. Local Governments should reconcile their collections and remittances to Consolidated Fund with expenditure limits issued and actual absorption/commitment at the end of the year.
vi. Any unspent Local revenue and DP funds must be revoted or included in the budget for the subsequent financial year before it can be utilized.

3.8 Accounting Warrant

Expenditure /Cash Limits issued by PS/ST are communicated in writing to each vote's Accounting Officer. It's the responsibility of the Accounting Officer of the vote to request for an Accounting Warrant based on Expenditure Limit issued.

3.9 Budget Adjustments

3.9.1 Virements

Section 22 of the PFMA 2015 requires that all virements (transfer of funds from one budget line item to another) should not exceed 10% of the funds allocated for an individual activity, and should be approved by the Minister.

3.9.2 Supplementary Budgets

Supplementary budget requests are processed through the PBS and then uploaded on the IFMS upon approval by the Budget Directorate.

All budget adjustments are initiated on the PBS by the respective votes and the process is completed through an upload on the IFMS

3.10 Budget upload process in Uganda Embassies/ Missions

Unlike other MALGs that use IFMS for budget execution and reporting, Uganda Embassies/missions abroad use a different system, the Microsoft Dynamics, Navision. Below are the steps that should be followed during the budget upload; -

Step 1 Confirm that the funds for the period have been received in the Mission's bank Account. Since the funding is received in a different currency, this will aid in computing the exchange rate that will be used in the budget upload.

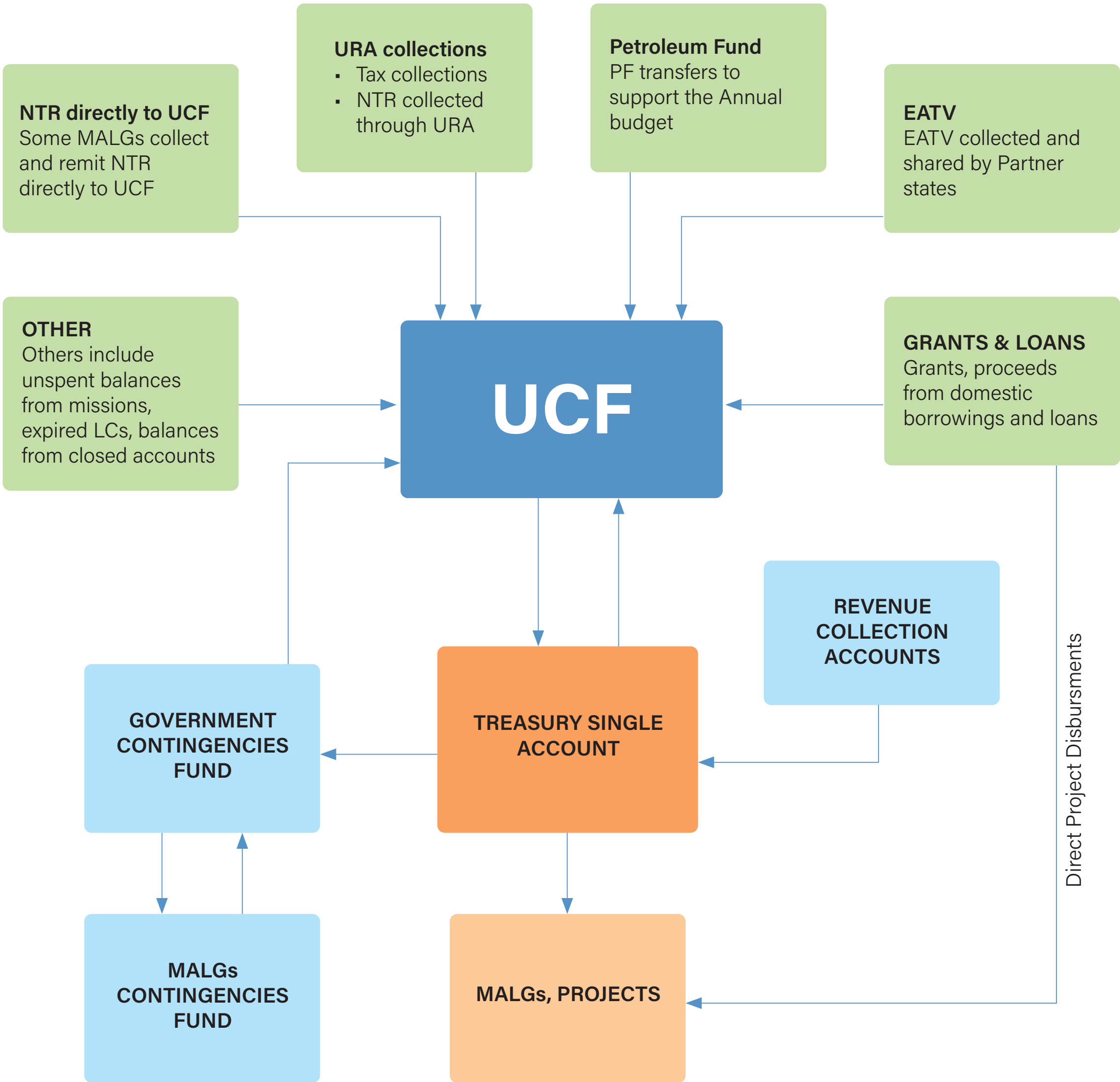
Step 2 The computed exchange rate is then used to convert the budget figures to be uploaded from UGX to the functional currency.

Step 3 Load the budget figures in the functional currency (not UGX). Run the funds availability report in UGX and ensure that the report total is exactly the same as the amount of the release in UGX as advised by budget Directorate. If different, contact NAV support for help. Note that the responsibility of loading the budget lies with the Accounting Officer of the Mission and not the Financial Attaché.

Step 4 When the budget upload is completed, receive funds (release) into the bank account through the receive revenue functionality. Immediately run the Trial Balance specifying that particular date you have receipted the release in the date filter e.g 18/07/23..18/07/23 and make sure that the amount in UGX is exactly the same as the release amount advised by budget Directorate.

Step 5 The Mission/ Embassy is now ready to start processing and committing expenditures in the system. The Financial Attaché should ensure that the relevant exchange rates are uploaded into the system on a daily basis before transactions are recorded on the system.

4.0 FINANCIAL MANAGEMENT PROCESSES AT THE TREASURY



NTR - Non Tax Revenue
EATV - East African Tourist Visa
PF - Petroleum Fund
UCF - Uganda Consolidated Fund
MALGs - Ministries, Agencies and Local Governments

Figure 3: GoU Funds flow processes

4.1 Uganda Consolidated Fund (UCF)

4.1.1 This is the fund into which all revenues or other monies raised or received for the purpose of the Government shall be paid into except revenue specified in S29 (2) b and (3) and petroleum revenues. Examples of such revenues include Taxes, Non-Tax Revenues (like Dividends, migration permits, rent and rates etc.), grants etc.

4.1.2 Revenue raised or received for the purpose of the Government doesn't include money received on deposit or money held in trust by or under the control of court, the public trustee or money held in trust by any other public officer for the purpose other than Government (PFMA S30). Examples include court bail deposits, 20% of mineral royalties, etc

4.1.3 Withdrawals from the fund are only made upon the authority of a warrant issued by the Minister after the Auditor General has issued a Grant of Credit for the same. Refer to Section 3 of this guide.

4.1.4 Taxes

Tax revenue comprise both direct and indirect taxes levied and collected by the Uganda Revenue Authority (URA) on behalf of the Government. Taxes also include part of local revenue collections (e.g business licenses, local service tax, hotel tax, etc.) collected by Kampala Capital City Authority (KCCA) and LGs. For detailed examples and breakdown of the tax heads, refer to the GoU CoA.

4.1.5 Tax Collection by URA

Upon collection, URA communicates to the Treasury through a file that is uploaded onto the IFMS. The entries below are made upon upload;

Accounting entries

> DR 352109 – Cash in Transit
> CR. Various tax heads e.g. 111102 - rental income tax
> *On upload of the revenue files (taxes) onto the IFMS*

4.1.6 Non-tax Revenue Collected by Entities through URA

A significant amount of NTR collected by entities is remitted to the UCF through the Uganda Revenue Authority. This is communicated to the Treasury through the URA monthly revenue file uploaded to the IFMS. Below are the entries; -

> DR 352109 – Cash in Transit
> CR. 133103 Transfers received by Treasury from MALGs
> *On upload of the revenue files (NTR) onto the IFMS*

4.1.8 Transfer of Taxes Collected by URA to UCF

All revenues collected by URA are ultimately transferred to the UCF Account. Upon receipt of the funds, the following entries are made at the Treasury to acknowledge receipt of funds (both Tax and NTR)

> DR 352101 – Consolidated Fund
> CR. 352109 – Cash in Transit
> *On receipt of revenue credited to the UCF*

4.1.9 Reconciliation of tax collections between URA and UCF

At the end of the reporting period reconciliation is carried between the total amounts collected and transferred to the UCF as per URA records and actual receipts on the UCF as per treasury records

Opening Balance (352109 Cash in Transit) -	xxxxx
Add; Total collections for the reporting Period	xxxxx
Total Expected Inflows	xxxxx
LESS;	
Total Transfers to UCF in the reporting period	(xxx)
URA retentions for operations	(xxx)
URA retentions for Tax refunds	(xxx)
Court Bail Deposits	(xxx)
Mineral Royalties due to entities**	(xxx)
Other direct charges as reported by URA	(xxx)
Total	(xxx)
Balance on 352109 – Cash in transit	(XXX)

***Mineral Royalties: A percentage of mineral royalties collected by URA is due to qualifying DLGs and not to the UCF account*

4.1.10 NTR Collected by Treasury

Most NTR is collected by votes and remitted to the UCF directly or through Uganda Revenue Authority. However, there is a proportion of NTR that is recognised by Treasury referred to as East Africa Tourist Visa (EATV) Fees. This NTR is as a result of the MoU signed between the Partner States under the Northern Corridor Integration Projects of Uganda, Kenya and Rwanda.

Under the MoU, an EAT Visa grants the holder access to the three EA States of Kenya, Rwanda and Uganda. The cost of the EAT Visa of USD 100 is shared among the partner states as follows;

USD 40 for the Collecting State/ Entry Point into the EA and USD 30 each for the other Partner States.

The EATV are recognised by the collecting MDAs i.e the Uganda Missions abroad and Directorate if Citizenship and Immigration Control (DCIC). Treasury only recognises the proportion shared by Rwanda and Kenya.

Recognition of EAT Visa Fees received by Treasury
DR 352107 – EATV Revenue Collection
CR. 142204 – Visa Fees

The EATV fees received on the EATV Revenue collection account are periodically transferred to the UCF account after a reconciliation is done with the EAT Partner States. Below are the entries when the transfers are made; -

DR 352101 – Uganda Consolidated Fund
CR. 352107 – EATV Revenue Collection

4.1.11 Recognition of EATV Collections by MDAs.

As indicated in 4.1.10 above, EATV fees are paid for either at entry points into the country or at the Uganda Embassies or Missions abroad. Below are the accounting entries on collection and transfer of fees to the UCF and EATV collection Account

> On Collection of EATV;
> DR: 352108 – Collection Account [USD 100]
> CR: 142204 – Visa Fees [USD 40]
> CR: 411724- Deposits received [USD 60]
> On Transfer of EAT Visa fees to UCF
> Dr :263401 Transfers to Treasury
> CR: 352108 Collection Account [USD 40]
> On Transfer of the EATV Deposit received to Treasury
> Dr: 411724- Deposits received [USD 60]
> CR:352108- Collection Account [USD 60]

4.1.12 Transfer of EATV to the Partner States
According to the MoU signed by the Partner states, EATV revenue received should be transferred / shared with other Partner States by the 15th day of the following quarter. All the collections of the EATV from the collecting MDAs are transferred to the EATV collection Account in BoU from where it is shared with the Partner States.

> DR 411724 – EATV Deposits received
> CR. 352107 – EATV Revenue Collection

4.1.13 Transfers received by Treasury from other Entities
These include remittances to the UCF from other government votes (MALGs). They include; NTR collected by votes, Grants received by votes and transferred to UCF, proceeds from domestic debt and external borrowings transferred to the UCF, loan proceeds etc. The primary recognition of revenues at MALGs is covered under section 5 of this guide. Treasury acknowledges receipt of the above monies by making the following entries; -

> DR. 352101 – Uganda Consolidated Fund Account
> CR. 133103 – Transfers received by Treasury from MALGS
>
> *Please note that the 133103 Transfers received by Treasury from MALGs (Entry made by Treasury) and the 263401 Transfers to Treasury (Entry made by MALGs) cancel out at Consolidation of GoU Financial Statements*

4.2 The Petroleum Fund

4.2.1 This Fund was established under S56 (1) PFMA 2015. It is a depository into which petroleum revenues that accrue to government are paid. Examples of petroleum revenue include signature bonus, surface rentals, royalties, proceeds from the sale of government share of production, any dividends due to government, proceeds from sale of Governments commercial interest and any other duties or fees payable to Government from contract revenues under a petroleum agreement.

4.2.2 Withdrawals from the Petroleum Fund (PF) are only made to the Uganda Consolidated Fund to support the annual budget, to the Petroleum Revenue Investment Reserve (PRIR) for investment, and to fund the approved investments under the Uganda National Oil Company (UNOC)

4.2.3 Funds to the UCF from the Petroleum Fund

The UCF receives monies from the PF under authority granted by an Appropriation Act and a warrant of the Auditor General. S58 (a) PFMA2015

> DR. 352101 – Uganda Consolidated Fund Account
> CR. 133104 – Transfers received from other Funds [PF]

4.2.4 Transfers from the Petroleum Fund to the PRIR

Transfers from the Petroleum Fund to the PRIR for investments are made in accordance with section 58(b) of the PFMA 2015.

> DR. 263406- Transfers to the PRIR
> CR. 352103 – Petroleum Fund Account

4.2.5 Inflows into the Petroleum Fund

> DR. 352103- Petroleum Fund Account
> CR. I4xxxx – Various PF revenue sources
>
> *Please note that Fund 04 [Petroleum Fund] should only be used when recording PF operations*

4.2.5 It should further be noted that the PF is separate from the UCF with its own Accounting Officer and separate books of Accounts. Separate financial statements of the PF are prepared and audited independently from the financial statements of the UCF.

The net worth of the PF is however included in the Statement of Changes in Equity (SCE) of the GoU Consolidated Financial Statements.

4.3 Treasury Single Account (TSA)

The TSA arrangement is an aggregation of all former Sub TSAs and Treasury General Accounts (expenditure accounts) into one Account. The TSA receives funding from the UCF based on approved warrants. All approved obligations of Accounting Officers are settled from this account. The management of this account including its reconciliation is done at the Treasury.

> DR. 352104- TSA Holding Account
> CR. 352101– Uganda Consolidated Fund

4.3.1 The TSA also receives funds from Revenue collection Accounts in Bank of Uganda owned by Local Governments. Revenue Collection Accounts are used by Local Government votes to receive residual local revenue collections not collected through URA, Donor Funds and Other Government Transfers (OGT). Included in OGT are transfers from Road Fund, and transfers from other Government units like Ministry of Health, Office of the Prime Minister, Ministry of Gender, etc.

> DR. 352104- TSA Holding Account
> CR. 133103 – Transfers received by Treasury from MALGs
>
> *Note that the Transfer received by Treasury from MALGs (entry in the Treasury books) cancels with the Transfers to Treasury (entry in the books of LGs) at Consolidation.*

4.3.2 Issuance of Expenditure/ Cash limits for Local revenue and OGTs
Upon transfer of funds from the revenue collection accounts to the TSA, the Accountant General's office issues an expenditure limit/ cash limit allowing the respective LGs to be able to utilize the funds. At the end of FY, AOs are expected to reconcile development partner funds and local revenue not utilized and submit to PS/ST and Accountant General for revoting.

4.4 Contingency Fund (CF)

This was established by Section 26 of the PFMA 2015 as amended and is replenished every financial year with an amount equivalent to 0.5% of the appropriated annual budget of Government of the previous FY excluding any supplementary budget. All withdrawals from the Contingencies Fund are by a warrant issued by the Minister.

4.4.1 The CF like the Petroleum Fund is separate from the UCF. It is managed by an Accounting Officer and prepares separate financial statements that are independently audited. The net worth of the CF is included as part of the SCE in the consolidated Financial Statements of Government.

4.4.2 Transfer of Funds from UCF to the Contingencies Fund
Funds are transferred from the UCF through the TSA to the Contingencies fund (CF) to cater for any contingencies.

> From the UCF to the TSA after approval of a warrant
> DR: 352104 TSA
> CR: 352101 UCF
>
> Transfer from TSA to the CF
> DR: 352102 CF
> CR: 352104 TSA

4.4.3 Disbursements out of the Contingencies Fund
Treasury Operations vote disburses the contingency funds to votes responsible for the management of the emergencies

> DR: 352149 Vote Specific CF Account
> CR: 352102 Main CF Account- Managed by TOP

4.4.4 Reporting on the Activities of the Contingencies Fund
The respective votes include the CF operations as part of their periodic financial statements that are prepared and submitted to the Accountant General and Auditor General. The Accounting officers of these votes also provide accountabilities to the Accounting Officer of the Contingencies Fund at the Treasury.

4.4.5 Financial Statements of the CF are periodically prepared and submitted to the Accountant General for Consolidation and, annually to the Auditor General for Audit by the Accounting Officer of the CF at the Treasury.

5.0 FINANCIAL MANAGEMENT PROCESSES AT MALGs

This section provides an insight into the financial management processes at the MALGs. It provides guidance on the various financial management stages including accounting treatments for financial transactions at the votes.

5.1 Funding, Payment and Reconciliation processes

5.1.1 Entry of Invoices

Upon confirmation of funds availability, invoices are updated onto the IFMS. The Accounting entries below are generated once the invoices are validated and the create accounting process run and completed.

> DR: Expenditures
> CR: 411721- Liability

5.1.2 Approval of Invoices

All uploaded invoices must go through an approval process by the authorised personnel before they are forwarded for settlement

5.1.3 Payment Processing [Invoice settlement]

Once invoices are approved by the authorised staff at MALGs, they are forwarded to the Treasury for payment. At the Treasury, Payments are assembled and EFTs generated and forwarded to Bank of Uganda for settlement. The IFMS create accounting process is run and the entries below are created at the respective MALGs.

> DR: 411721- Liability
> CR: 391001- Cash clearing

5.1.4 Bank Reconciliation

Under the TSA framework, all the payments are settled from the TSA account. Once this is done, the Treasury reconciles all these payments on the TSA. This is proceeded by running the create accounting process which generates the following accounting entries;

> DR: 391001- Cash clearing [at respective MALGs)
> CR: 352104- TSA Holding Account [Treasury]
>
> *Please note that, where bank reconciliation and accounting processes are not completed, the trial balances of the affected MALGs will not balance at this stage*

5.1.5 Creation of Release Journals

The Treasury create release Journal is an automated process at the Treasury that creates funding journals and retires the cash clearing in the books of the MALGs and the Treasury. The following entries are created once the create accounting process is completed at this stage;-

> Dr: 263101 Treasury Transfers to MALGs [Treasury books]
> Cr: 133101 Transfers Received by MALGs from Treasury [Books of MALGs]
>
> *The above entries will balance both the books of the Treasury and the respective MALGs and completes the payment and reconciliation process.*

5.1.6 Un reconciling Process

Due to various reasons, the bank may return payment(s) that have been processed and accounted for on IFMS. The implication of a reversal of a payment may be un-reconciling, voiding of the corresponding EFT for repayment or voiding and cancellation of the EFT and invoices if no repayment is expected.

5.1.7 The Reverse Release Journal

Upon un-reconciling a payment transaction, and running of Treasury create release journal is completed, the following entries are generated; -

> Dr: 133101 Transfers Received by MALGs from Treasury [Books of MALGs]
> Cr: 263101 Treasury Transfers to MALGs [Treasury books]
>
> Dr: 352104- TSA Holding Account [Treasury books]
> Cr: 391001- Cash clearing [at respective MALGs

5.1.8 Voiding for Repayment

The entries below are generated if voiding EFTs for subsequent repayment is done;

> Dr: 391001- Cash clearing [at respective MALGs]
> Cr: 411721- Liability [at respective MALGs]

5.1.9 Voiding and Cancellation of Invoices

If the EFTs are voided and the corresponding invoice(s) cancelled. The following entries are generated.

> Dr: 391001- Cash clearing [at respective MALGs]
> Cr: 411721- Liability [at respective MALGs]
>
> DR: 411721- Liability
> CR: Expenditures

In this scenario, the affected invoice(s) will not be paid or settled. A new invoice(s) will be entered on the IFMS if there is a need to reprocess this payment. See 5.1.1

5.2 Transfers Received from Other Government Units.

5.2.1 These are transfers between MALGS for purposes of undertaking crosscutting government activities. Appropriation is made in one MALG (herein referred to as the transferring MALG) while expenditure is incurred and paid for by another MALG (referred to as the receiving MALG).

The following accounting entries should be made in the books of accounts of the respective MDAs.

5.2.2 At treasury on transfer to MALG(s)

> Dr: 263101 Treasury Transfer to Ministries and Agencies
> Cr: 352104 TSA Holding Account

5.2.3 In the books of transferring MDA
On receipt at transferring MALG and disbursement to another MALG (Reflected in Appropriation Account)

> Dr: 263402-Transfers to other Govt units (263402)
> Dr: Expenditure codes/assets
> Cr: 133101-Transfers received by MALGs from Treasury

5.2.4 In the books receiving MALG
If the receiving MALG has no budget for the funds, then it will recognize a deposit, execute the activities and make accountabilities to the sending vote that has the appropriation. The funds will not be included in the statement of Appropriation. The receiving MALG will however disclose that fact in the commentary to the financial Statements.

> Dr: 352149-Bank
> CR: 411724-Deposits received

5.2.5 The disbursing vote with appropriation will then include the transactions in both the Statement of Financial performance and Appropriation and disclose its relationship with the receiving vote.

However, if the receiving MALG has a budget (A case of local Governments that have their budgets approved at Council level). Under this scenario, the receiving vote will include the funds in both the Statements of Financial Performance and Appropriation.

> Dr: Expenditure/ Asset Acquired
> Cr: 133102-Transfers received from other government units
>
> *Note: Items 133102, in the receiving MALG & 263402 for the transferring MALG will cancel out during consolidation*

5.3 Non-Tax Revenue (NTR)

5.3.1 Non-Tax Revenue is revenue that is neither tax, social contribution nor grants. Examples include interest/gains associated with ownership of shares, proceeds from the hire of assets, sale of designated goods and services, and fines/penalties. NTR is categorized as (i) one from exchange transactions and (ii) that from non-exchange transactions. The recognition of the above categories of revenue is handled under 2.4.1

5.3.2 For Votes with Collection accounts in Commercial banks
Some MALGs collect their revenues through their respective collection bank accounts from where it is transferred to the UCF Account. Examples include Uganda Embassies/ Missions abroad. For such entities, the entries below are made on collection and eventual transfer to the UCF

> On Collection
> Dr: 352108 Collection Accounts
> Cr: 14xxxx NTR source
>
> On Transfer to the UCF
> Dr:263401 - Transfers to Treasury
> CR: 352108 Collection Accounts

5.3.3 For MALGs that collect through URA
This includes all entities that collect revenue through URA and remit it to the UCF. Once the funds are received by URA through its collection platforms, it is considered a transfer to the UCF.

These entities include PUSATIs on either AIMS or ACMIS platforms, Local Governments on either IRAS or e-logrev platforms, and other MALGs whose revenue is paid directly to URA.

For NTR from exchange transactions, the entries below are generated from invoice creation, settlement and transfer to Treasury through URA;-

> On Invoicing a client
> Dr: 352806 Revenue receivable
> Cr: 14xxxx-revenue source e.g rent
>
> On Client settling the Invoice
> Dr: 263401- Transfers to Treasury
> CR: 352806 Revenue receivable

NTR from non-exchange transactions is recognised when earned as per 2.4.1. Below are the entries on collection of this category of revenue through the various URA platforms; -

> Dr: 263401- Transfers to Treasury
> Cr: 14xxxx-revenue source e.g Penalties

5.3.4 Deferred Income

These are funds received by the entity but not yet earned by the reporting period. Examples include clients that pay votes for services but the vote has not rendered the services by the end of the reporting period (30th June). A good example is a situation where University students prepay tuition for more than one academic year or FY. This category of inflow is recognised as a deposit received and will be recognised as revenue by the vote when the goods/services that were paid for are delivered/rendered.

> On receiving the funds before rendering the service
> Dr: 263401- Transfers to Treasury
> Cr: 411726- Deferred income
>
> Once the service is rendered
> Dr: 411726- Deferred income
> CR: 14XXXX- Revenue

5.3.3. Receipt of funds for onward transfer to other entities or beneficiaries

MALGs that receive funding on behalf of other entities will recognise them as deposits which will be retired upon the eventual transfer to the final beneficiaries.

> On receiving the funds
> Dr: 352149- Other holding accounts
> Cr: 411724- Deposits received
>
> On transfer of funds to the final beneficiary
> Dr: 411724- Deposits received
> CR: 352149- Other holding accounts

5.4 Investments

5.4.1 These are assets held by vote for generating income in form of dividends, interest, rentals, etc or for capital accumulation. Further information on investments including recognition and measurement is detailed in the Accounting Policies that form part of the financial reporting templates.

5.4.2 As per par 16.29.15 of the Treasury Instructions 2017, the Accountant General is required to maintain an updated register of all investments held and documentation proving ownership and existence.

5.4.3 Therefore all votes will initially recognise the investments and transfer them in the adjustment period to Accountant Generals Office in the year of acquisition, in line with 5.4.2 above. Below are the accounting entries for the recognition and transfer of investments.

> Initial recognition by MALGs
> Dr: 3XXXXX Investments
> Cr: Bank/ Transfers received by Treasury

Transfer of Investments to AGO: This is done in the adjustments period

Transferring vote
DR: 2634XX Transfers to Other Government Units
CR: Investments

Receiving vote (Treasury Operations Vote)- Adjustment period
DR: Investments
CR: 133212 Transfers received from other Government Units

The transfers to other Government units (transferring vote) and Transfers received from other Government units (TOP) will cancel out at consolidation.

6.0 TREASURY OPERATIONS

6.1 Grants / Loans Received into Holding Accounts

Proceeds from loans or grants are made either directly to the Projects (Implementing Agencies) or through the Holding Accounts managed by Treasury to the UCF.

> Grants and Loans received at the Vote through Holding Accounts
> Grants received
> Dr: 352149- Holding accounts
> Cr: 132102/132201- Grants received 132102 for Bilateral or 132201 for Multilaterals
>
> Loans received
> Dr: 352108 -Collection Accounts
> Cr. 411XXX- Loans
>
> Transfers of Grant/ Loan proceeds to Implementing Agencies/ Projects
> When Grant / Loan proceeds are transferred from the Holding / collection Account to the executing agency bank Account
> Dr: 263201- Transfers to other organizations
> Cr: 32XXXX- Holding accounts
>
> Transfers to Treasury-grant inflows
> When Grant funds are transferred from the Holding Account to the TSA or UCF
> Dr: 263401- Transfers to Treasury
> Cr: 32XXXX- Holding accounts

6.2 Direct Grants or Loan proceeds to Projects

The Grant/Loan receipts shall be considered as received when a transfer or remittance advice is received from the development partner by the receiving entity and not when cash is received in the bank account of the receiving entity. In general, the following entries shall be made;

> Grants
> Dr: 263201- Transfers to Other government Units
> Cr: 132102/132201- Grants received 132102 for Bilateral or 132201 for Multilaterals
>
> Loans
> Dr: 263201- Transfers to Other government Units
> Cr: 41XXXX- Loans

6.3 Loans and Debt service

Interest, Commissions and Related charges
Dr: 24XXXX- Interest Expense
Cr: 133101- Transfers received by MALGs from Treasury

Debt Principal repayment
External debt principal payments are made from the external budgeting code,
Dr: 352883- External Debt Arrears budgeting
Cr: 133101- Transfers received by MALGs from Treasury

De-recognition Principal External Debt
The total expenditure on the external principal budgeting code is deducted from the respective liability lines.
Dr: 411XXX- Loans
Cr: 352883- External Debt Arrears budgeting

6.4 Securities other than Shares

Inflows;
On depositing domestic debt auction proceeds onto the Consolidated Fund Account

Dr: 263401- Transfers to the Treasury
Cr: 411XXX- Securities

BoU Recapitalization
There're instances where the Treasury recapitalizes Bank of Uganda as per stipulations in the BoU Act. The recapitalization is in form of Treasury instruments (Securities) as opposed to cash. The financing costs i.e Discounts, Interest and Coupons that accrue on recapitalization instruments are treated in the same manner as for other regular securities.

Below are the accounting entries when recapitalization securities are issued to Bank of Uganda;

Dr: 3XXXXXX- Shares in public corporations/ Other entities
Cr: 411XXX- Securities

De-recognition Principal Domestic Debt
Domestic Debt Principal budgets are appropriated on the 3XXXX series code of the CoA. This expenditure has to be de-recognised at the end of the financial year and reflect it in the reduction of the attendant liability.

The total expenditure on the securities redemption budgeting code is deducted from the respective securities liability lines.

Dr: 411XXX- Securities
Cr: 352902- Securities redemption arrears budgeting

6.5 Investments

In line with Section 31(b)(ii) of the PFMA, funds may be payable from the Consolidated Fund for investments. The investments will be funded from the TSA by the responsible AO who will initially recognise the investment in the books of accounts. Subsequently, the investment will be transferred to Treasury Operations. Below are the accounting entries in the books of Treasury Operations (Vote 130)

> Dr. Shares in public corporations/ Other entities 3XXXXX
> Cr. Reserves 5XXXXX

6.6 On-let Loans:

Where the Government borrows and then lends the proceeds to an entity with the intention of the receiving entity repaying back at a specified interest rate.

On lent Disbursement
When funds are disbursed by the creditor to the implementing Agency;

> Dr: 352XXX- On-lending to State and other entities
> Cr: 413XXX- Loans

On-lent Loans: Repayment
When the on-lent entity repays back Principal to the Government;

> Dr: 352106- Bank
> Cr: 352XXX- On-lending to State and other entities

When the on-lent entity pays Interest to the Government;

> Dr: 352106- Bank
> Cr: 141XXX- Interest

7.0 ASSET MANAGEMENT AND REPORTING

7.1 Background

Government undertook reforms to improve Asset management for effective service delivery. The reforms included the development of asset policies, guidelines and frameworks as part of the five (5) year Asset Management Strategy (AMS) running from 2021-2025. The primary aim of the strategy is to address the existing data gaps related to assets and ensure that MALGs maintain comprehensive and accurate Asset Registers. The Asset Management Framework & Guidelines (AMFG), GoU Accrual Asset Accounting Policy, the revised Board of Survey Guidelines issued in May 2023 and simplified guidelines of Valuation of Government Assets without Values or cost were developed and issued to guide accounting officers on addressing the primary objective of complete Asset registers. In addition, there was significant enhancement of the Fixed Assets Module on the Integrated Financial Management system (IFMS).

By the end of financial year 30th June 2023, a pilot of the new fixed assets register was completed in five (5) entities, which included the Ministry of Defence, Uganda Police, External Security Organisation, Internal Security Organisation, and Lwengo District. Effective financial year 2023/2024, historical Asset data for the remaining Central Government and Local Government Votes was uploaded unto the IFMS. This process is expected to set a firm foundation for accrual and Asset Accounting across Government

7.2 Update of FA registers

An Asset Register is defined in Sec 3.3 of the GoU Asset Management Framework and Guidelines as a comprehensive schedule of assets that are owned or controlled by a Vote. Sec. 34 (2) of the PFMA, 2015 further states that every Vote shall use the prescribed format by the Accountant General to keep a register of the assets and an inventory of the Vote.

Asset Registers are updated through the acquisition, improvement, disposals and revaluations in the FA module in the IFMS.

7.3 Life cycle accounting for assets

Below are the detailed accounting entries from acquisition to disposal as highlighted in the table below.

Primary financial statement affected	Accounting entries	Applicable COA Codes
i) Migration of opening balances - Journal vouchers shall be raised to capture the opening balances for the asset accounts.		
Statement of Financial Position	Dr – Cost/Value of produced assets	311XXX
Statement of Financial Position	Cr – Net assets/equity	514001
ii) Acquisition of assets on the budget – accounting entries will be generated and posted automatically in the asset register and general ledger upon validating an asset related invoice.		
Statement of Financial Position	Dr – Acquisition of produced assets	312XXX
Statement of Financial Position	Cr – Bank/Creditor/Transfer received from Treasury	
iii) Enhancement of assets through major repairs - accounting entries will be generated and posted automatically in the asset register and general ledger upon validating an asset related invoice for the repairs carried out.		
Statement of Financial Position	Dr – Improvement of produced assets	313XXX
Statement of Financial Position	Cr – Bank/Creditor /Transfers received from Treasury	
iv) Mergers/Transfers of Assets -		
Statement of Financial Position	Dr – Assets acquired on Mergers/Transfers	314XXX
Statement of Financial Position	Cr – Net assets/equity	514001
v) Revaluation of Assets (increase in value)		
Statement of Financial Position	Dr – Cost/Value of produced asset	311XXX
Statement of Financial Position	Cr – Revaluation Reserve surplus	513XXX
vi) Revaluation of Assets (decrease in value)		
Statement of financial performance / Statement of Financial Position	Dr – Loss on revaluation OR Dr. Revaluation Reserve to extent of a credit balance of the asset class	2XXXXX 513XXX
Statement of Financial Position	Cr – Cost/Value of produced asset	311XXX
vii) Impairment of assets (Loss)		
Statement of financial performance	Dr – Impairment of assets (select asset category)	232XXX
Statement of Financial Position	Cr – Cost/Value of produced asset	311XXX
viii) Depreciation of assets		
Statement of financial performance	Dr – Depreciation Expense	231XXX
Statement of Financial Position	Cr – Consumption of produced assets (Accumulated Depreciation)	421XXX
ix) Disposal of assets (with a gain)		
Statement of Financial Position	Dr – Bank/Debtor	
Statement of Financial Position	Dr – Acc Depn (Consumption of fixed asset	421XXX
Statement of Financial Position	Cr – Cost/Value of Produced asset	311XXX
Statement of financial performance	Cr – Gain on disposal	282161
x) Write-off of assets		
Statement of financial performance	Dr – Extra ordinary items (losses/gains)	282181
Statement of Financial Position	Cr – Cost/Value of produced assets	311XXX

Further guidance on reporting for assets and related processes is provided for in the GoU Asset Accounting Policies and Guidelines (AAPG). issued in April 2023.

7.4 Boards of Survey

Section 34(1) and (2) of the PFMA 2015 (as amended) grants the responsibility of managing the Assets and Inventories of a vote to the Accounting Officer. Every vote shall, using the format prescribed by Accountant General, keep a register of the Assets and inventories.

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 and liabilities 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 this exercise and submit the Board of Survey report to the Accountant General, within two (2) months after the close of the financial year.

The Board of Survey exercise should focus on validating the assets to ensure that the registers uploaded unto IFMs represent a true position of Assets of vote under their control. Therefore, the asset values in the financial reports will present transactions such as disposals, donations (Non cash), losses, and impairment of assets conducted in the Board of Survey exercise.

8.0 MERGERS/ AMALGAMATION AND DEMERGERS OF GOVERNMENT ENTITIES

8.1 The occurrence of mergers and or demergers often bring about changes in the ownership structure of assets and liabilities of entities. This also affects the financial reporting of the affected entities.

8.2 An example of mergers and demergers is the ongoing Rationalisation of Agencies and Public Expenditure (RAPEX). This is expected to be achieved through merger, mainstreaming and rationalisation of Government Agencies, Commissions, and Authorities.

8.3 This reform is being done to eliminate structural ambiguities, functional duplications and overlaps, wasteful expenditures and realizing the resultant short-term and long-term savings which would be used to facilitate other critical public services.

8.4 A merger amalgamates two or more existing entities (hereafter called discontinued entities) into one entity (hereafter called merged entity). A demerger is when one entity is split into more than one entity.

8.5 Below is the guidance to be adopted by entities/ votes undergoing merger or demergers;

8.5.1 Carry out a comprehensive Board of Survey to independently ascertain the status and values of the entities' assets and liabilities before it is merged or discontinued.

8.5.2 Votes/ entities identified for merger/ demerger shall work with the Board of Survey team to prepare pre- closure financial statements for submission to the Office of the Auditor General.

8.5.3 Ensure timely implementation of the recommendations of the Board of Survey report before the merger/demerger process is completed.

8.5.4 Votes identified for merger/ demerger shall make appropriate disclosures in the financial statements on their going concern status. i.e Whether their operations will continue or cease going forward.

8.5.5 The merged entity should take over the audited balance sheet i.e all assets and liabilities of the discontinued entities.

8.6 The GoU Consolidated Financial Statements shall disclose a list of entities that are affected by the merger/ demerger in their respective categories.

9.0 PREPARATION OF FINANCIAL STATEMENTS-MALGs LEVEL

This section provides guidance on preparation of financial statements by MALGs.

9.1 Accurate preparation of financial statements at the MALG level is critical for preparation of the consolidated financial Statements. Before the reporting templates can be completed, it is extremely vital that a review of the modular KPIs is done, and an accurate Trial Balance is prepared. The following steps should be used in preparation of the final Trial Balance that is to be used for financial reporting:

Step 1 – Produce draft Trial Balance

9.2 Run the trial balance as at the end of the reporting period (30 June for annual reports). For the annual Financial Statements, the trial balance should be generated in the ADJ period i.e. including the adjustment period in which all period end adjustments will have been made.

9.3 The trial balance should comprise closing balances from all classes of accounts. That is Revenues, Expenditure, Assets, Liabilities and Reserves. The reserve balances carried in the Trial balance should be the opening balances on the Accumulated Fund from the previous financial year, unless there are prior period adjustments that would have changed the reserve balances.

9.4 Confirm that the period trial balance is balancing i.e. Total Debits are equal to Total Credits or the net off of total debits and credits is zero. Review the TB for any unusual balances and take corrective action where necessary.

Step 2 – Review Accuracy of the Account Balances

9.5 Review the account item balances as contained in the draft Trial Balance for reasonableness. Examples of checks (not exhaustive) for reasonableness of balances in Trial Balance to be undertaken include:

9.5.1 Revenue Checklist

(i) Can balances on items of revenue such as Transfers from Treasury and Non-Tax Revenue be reconciled to supporting schedules. Transfers from Treasury should be reconciled with the release schedules.

(ii) Confirm that revenue account codes have credit balances and where this is not the case, the deviation can be adequately explained. Investigate and resolve the anomaly if it exists.

9.5.2 Expenditure Balances

i) Ensure that expenditure per item is consistent with the budget for that item for the period and variances can be well explained

ii) Does expenditure on salaries tally with the summed-up payrolls for the period

iii) Are inter-government accounts having balances that are consistent with balances held by the other entity. (This has to be confirmed with the other entity). These accounts include transfers to/from the Treasury and transfers to/from other government units. Where necessary, get a confirmation certificate.

iv) Are expenditure account codes having debit balances, and where this is not the case, can the deviation be adequately explained?

v) Are there numbers posted against the system accounts? If so, investigate the occurrence and take corrective action.

9.5.3 Asset Balances

(i) Does the cashbook balance fully reconcile with bank balance? Review the bank reconciliation statement to ensure any errors are identified.

(ii) Where applicable, does the cash balance tally with the Board of Survey figure?

(iii) Are the balances on the advance accounts supported fully by the listing of outstanding advances?

(iv) Have asset purchases been fully depreciated at year-end as the accounting policy demands?

(v) Are asset account codes having debit balances and where this is not the case, the deviation can be adequately explained?

(vi) Are there numbers against the system accounts? E.g the clearing accounts. If so investigate the occurrence and take corrective action

9.5.4 Liabilities

(i) Does the balance on creditors and other liability account items tally with the schedule of domestic arrears?

(ii) Are the reported arrears reconciled to the certificate of arrears signed by the Accounting Officer, Head of Accounts and Head of Internal Audit? If not, ensure the certificate is obtained before the financial statements are finalized.

(iii) Are liabilities account codes having credit balances and where this is not the case, can the deviation be adequately explained?

9.5.5 Reserves

(i) Is the opening balance on reserves equal to the closing balance of the previous reporting period or financial year? Where this is not the case, can the difference can be fully explained using adjustments to reserves made during the year?

(ii) Ensure all adjustments to reserves are fully supported and schedules available

Step 3 – Process adjustments

9.5.6 Any errors identified in step 2 should be corrected prior to finalisation of the final trial balance.

9.5.7 Errors should be corrected by preparing and processing an adjustment journal voucher. The journal vouchers should be prepared on the approved forms and be duly approved as per guidelines. Journal vouchers should be systematically filed and kept to support any adjustments made.

Step 4 – Produce final Trial Balance

9.5.8 Prepare or run the final trial balance to be used for the preparation of financial statements. Ensure that the balances included are duly supported and can be explained fully.

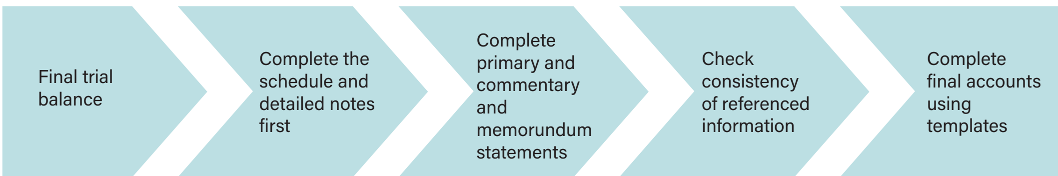
9.5.9 After producing the final Trial balance, the following additional reports can be generated from the system that aid the preparation of the final accounts:

- Statement of Financial Performance (Revenue and Expenditure Statement)
- Statement of Financial Position (Balance Sheet)
- Notes to the Accounts

9.5.10 After the final trial balance is ready, commence on completing the financial statements by populating the lates financial reporting templates (FRTs) as communicated by the Accountant General.

9.5.11 Ensure that appropriate disclosure as made in the commentary to the financial statements by both the Accounting Officer and Head of Accounts as guided in the FRTs

9.5.12 The process of completing financial reporting templates should be as illustrated below:



Always follow the above process in order to produce accurate and consistent financial statements using the provided templates. The comparative figures to be used in the annual financial statements should be the final audited and presented figures for the previous financial year

9.5.13 Financial Reporting Templates have been designed to ensure that reporting from MALGs complies with the government reporting requirements and Generally Accepted Accounting Principles that are being followed by the Government. FRTs also ensure consistent and uniform reporting across MALGs to facilitate the consolidation of government financial information.

9.5.14 The templates are developed by the Accountant General's Office and disseminated to all MALGs annually. To obtain a full understanding of the template, refer to the separate copy of the full financial reporting template. A copy may be obtained from the Accountant General's Office.

9.5.15 A description of the key features of the financial reporting template is carried below.

9.6 Content of Financial Reporting Templates – Explained

The templates to be used by MDAs incorporate the following statements:

9.6.1 Statement of Financial Performance

This is the revenue and expenditure statement for the period. It is one of the three primary statements which form the financial statements and from which other statements derive information.

The statement of financial performance summarises the broad categories of revenue and expenditure. As with the other primary statements, this statement has cross references to the notes to the financial statements. The notes contain additional breakdowns that support the amounts carried in the primary statements.

As general guidance, the Statement of Financial Performance will be prepared from the 1XXXXX and 2XXXXX account CoA code items in the Trial Balance.

Government of the Republic of Uganda
(Type here the Name of the Reporting Entity)

Statement of Financial Performance for the Financial Year Ended 30 June 2024

[Based on classification of expenditures by nature]

	Notes	Actual 30 June 2024 (Shs)	Actual 30 June 2023 (Shs)
REVENUE			
Revenue from non-Exchange transactions			
Taxes	2		
External Assistance	3		
Transfers received from Treasury- UCF	4		
Transfers received from the Contingencies Fund	5		
Transfers received from other Government Units	6		
Non-Tax revenue- non-Exchange	7		
Sub-total Revenue from Non-Exchange transactions			
Revenue from Exchange Transactions			
Non-Tax Revenue- Exchange	8		
Sub-total Revenue from exchange transactions			
Total Revenue			
EXPENSES			
Compensation of employees	9		
Goods and services consumed	10		
Depreciation expense	11		
Impairment of property, plant, and equipment	12		
Subsidies	13		
Grants and other transfers	14		
Social benefits	15		
Finance costs	16		
Bad debts expense	17		
Other expenses	18		
Total Expenses			
Foreign Exchange gains/loss	19		
Transfers to Treasury	20		
Gain/ loss on asset revaluation	31		
Surplus/ Deficit for the year			

9.6.2 Statement of Financial Position

This statement is commonly known as the balance sheet and it summarizes the assets and liabilities of the MALGs.

As with the Statement of Financial Performance, all balances in this statement are referenced to notes, and balances in the notes will be derived from the Trial Balance.

The Statement of Financial Position will be prepared from balances on the following account code items in the Trial Balance; 3XXXXX, 4XXXXX, 5XXXXX

This statement consists of Cash and cash equivalents, Receivables (Debtors in form of advances, prepayments and outstanding letters of credit), Liabilities and Reserves

Government of the Republic of Uganda
(Type here the Name of the Reporting Entity)

Statement of Financial Position as at 30 June 2024

	Notes	30 June 2024 (Shs)	30 June 2023 (Shs)
ASSETS			
Current Assets			
Cash and Cash equivalents	21		
Prepayments and advances	22		
Receivables	23		
Inventories	24		
Non-current Assets			
Prepayments and advances	22		
Receivables	23		
Investments	25		
Property, Plant and Equipment	26(a)		
Investment property	26(b)		
Intangible assets	26(c)		
Non-Produced Assets	27		
Total Assets			
LIABILITIES			
Current Liabilities			
Payables	28		
Deposits	29		
Short-term borrowings	30(a)		
Pensions	31(a)		
Non-current liabilities			
Payables	28(b)		
Long-term borrowings	30(b)		
Pensions	31(b)		
Total liabilities			
Net Assets			
REPRESENTED BY			
Reserves			

9.6.3 Statement of Changes in Equity

This statement supports the Statement of Financial position. It is an analysis of movements in the reserve balances, by category, from the previous financial year's reported position to the end of the period that is being reported upon.

Where there have been adjustments that affect prior periods, balances related to those adjustments will be reflected in this statement. Balances normally expected to be reflected as movements include the current period's operating surplus or deficit.

A typical Statement of Changes in Equity for an entity, using the FRT, is illustrated below:

Statement of Changes in Net Assets/Equity for the Financial Year ended 30 June 2024

	Notes	30 June 2024 (Shs)	30 June 2023 (Shs)
At 1 July - net assets last financial year (B/F)			
Less: Transfers to the UCF account	31		
+/- Balance sheet adjustments	31		
Revaluation reserves	31		
Add: Surplus/(deficit) for the year			
Closing net assets/ Net worth			

9.6.4 Cash flow Statement

This is a primary financial statement which by nature requires more attention than the others to complete. This is because not all balances needed to arrive at this statement are cross-referenced to notes or can be obtained directly from the Trial Balance.

This statement shows movements of actual cash (not balances) in and out of the MALG. The Accounting Standards recommend two methods of preparing this statement, the direct method and the indirect method. Government of Uganda is currently using the direct method.

Balances carried in the cash flow statement are derived out of and should be consistent with figures in the Statement of Financial Performance to the extent of cash receipts and payments, as well as with movements in closing balances carried in the Statement of Financial Position between the current period and the previous reporting period (Financial Year)

As part of the cash flow statement, a reconciliation of movement of cash during the year should be derived, and this as a matter of emphasis, should be equal to the net cash and bank balances reported in the Statement of Financial Position.

Illustrative Cash flow statement extracted from the reporting template:

Government of the Republic of Uganda
(Type here the Name of the Reporting Entity)

Cash flow Statement
For the Financial Year ended 30 June 2024
[Direct Method]

	Notes	30 June 2024 (Shs)	30 June 2023 (Shs)
CASH FLOWS FROM OPERATING ACTIVITIES			
Revenue from operating activities (see below)			
Payments			
Compensation of employees			
Goods and services consumed			
Grants and Other Transfers			
Social benefits			
Other expenses			
Foreign Exchange loss/gain			
Advances paid			
Domestic arrears paid out during the year			
Deposits paid out during the year			
Pension arrears paid during the year			
Losses of cash			
Letters of credit receivable			
Net cash inflows/(outflows) from operating activities			
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment			
Purchase of Non- Produced Assets			
Purchase of investments			
Proceeds from sale of property, plant and equipment			
Proceeds from the sale of Non-Produced Assets			
Proceeds from sale of investments			
Net cash inflows/(outflows) from investing activities			
CASH FLOWS FROM FINANCING ACTIVITIES			
Finance Costs			
Proceeds from external borrowings			
Repayments of external borrowings			
Proceeds from other domestic borrowings			
Repayments of other domestic borrowings			
Net cash flows from financing activities			
Net increase (decrease) in cash and cash equivalents			

9.6.5 Statement of Appropriation Account by NDP programmes

This statement contains the comparison of expenditure as Appropriated by Parliament (Initial budget plus any Supplementary budgets and virements) and expenditure incurred in the financial year.

The services voted should be by expenditure heads as contained in the approved budget estimates book. Expenditure is reported by programme.

Government of the Republic of Uganda
(Type here the Name of the Reporting Entity)

Statement of Appropriation for the Financial Year ended 30 June 2024
[Based on the Classification of Expenses by Programmes]

	Initial Budget (a) (Shs)	Adjustments (b) (Shs)	Revised Budget (c)=(a)+(b) (Shs)	Actual Performance (d) (Shs)	Variance: (e)=(c)-(d)	Variance Percentage [(e)/(c)]
Revenue						
Taxes						
External Assistance						
Transfers received from Treasury- UCF						
Transfers received from the Contingencies Fund						
Transfers received from other Government Units						
Non-Tax Revenue						
Total Revenue						
Expenditure by Programmes						
Agro-Industrialization						
Mineral Development						
Sustainable Petroleum Development						
Manufacturing						
Tourism Development						
Natural Resources, Env't, Climate Change, Land & Water Mgt						
Private Sector Development						
Sustainable Energy Development						
Integrated Transport Infrastructure and Services						
Sustainable Urbanisation and Housing						
Digital Transformation						
Human Capital Development						
Innovation, Technology Development and Transfer						
Public Sector Transformation						
Community Mobilization and Mindset Change						
Governance And Security						
Regional Balanced Development						
Development Plan Implementation						
Administration Of Justice						
Legislation, Oversight and Representation						
Total expenditure						
Transfers to Treasury						
Net Expenditure						

9.6.6 Statement of Appropriation Account by nature of expenditure

This statement carries information similar to the one in 9.6.5 above but the expenditure is reported by classes of expenditure as in the Chart of Accounts. Expenditure is reported by categories that go across programmes.

Government of the Republic of Uganda
(Type here the Name of the Reporting Entity)

Statement of Appropriation for the Financial Year ended 30 June 2024
[Based on the Classification of Expenses by Nature]

	Initial Budget (Shs) (a)	Adjustments (Shs) (b)	Revised Budget (Shs) (c)=(a)+(b)	Actual Performance (Shs) (d)	Variance: (e)=(c)-(d)	Variance Percentage [(e)/(c)]
Revenue						
Taxes						
External Assistance						
Transfers received from Treasury- UCF						
Transfers received from the Contingencies Fund						
Transfers received from other Government Units						
Non-Tax Revenue						
Total Revenue						
Expenditure by Nature						
Compensation of employees						
Goods and services consumed						
Grants and other transfers						
Social benefits						
Finance costs						
Other expenses						
Purchase of Property Plant and Equipment						
Purchase of Non-Produced Assets						
Domestic arrears paid						
Total expenditure						
Transfers to Treasury						
Net Expenditure						

9.6.7 Statement of Reconciliation between expenditure per Statement of Appropriation Account to total expenditure per Statement of Financial Performance

GoU follows the cash basis for budgeting and all appropriations lapse in one financial year. However, the financial reporting follows the modified accrual basis of accounting. There is therefore a need to reconcile the appropriations with the financial statements to ease interpretation by all stakeholders.

Some causes of differences in the expenditures reported between the two statements include; domestic arrears, foreign exchange translations, depreciation, accrued revenue, outstanding letters of credit etc.

An illustrative sample reconciliation statement extracted from the financial reporting template is shown below:

Government of the Republic of Uganda
(Type here the Name of the Reporting Entity)

Reconciliation between total expenditure per Appropriation Accounts and per Statement of Financial Performance

	Actual 30 June 2024 (Shs)	Actual 30 June 2023 (Shs)
Total expenditure per Appropriation Account		
Add:		
Letters of credit receivable prior year but delivered during the year		
Accrued expenditure		
Prepayments performed		
Depreciation and impairment expenses		
Less:		
Letters of credit receivable at year-end		
Domestic Arrears paid		
Non-produced assets for the period		
Purchase of PPE		
Prepayments for the period		
Total Expenditure per Statement of Financial Performance		

9.6.8 Statement of Non-Tax Revenues (NTR) collected

This statement lists NTR collected from the various activities. The total of NTR reported should be consistent with NTR reported in the Statement of Financial Performance.

Government of the Republic of Uganda

(Type here the Name of the Reporting Entity)

Statement of Revenues collected during the year

[Based on source of revenue] Memorandum Statement

Actual collected 30 June 2023 (Shs)		Actual collected 30 June 2024 (Shs)	Budget 30 June 2024 (Shs)	Variance 30 June 2024 (Shs)
Revenue from non-exchange transactions				
	Local Services Tax			
	Land fees			
	Business Licenses			
	Other tax revenues			
	Administrative fees and licenses			
	Court fines and Penalties			
	Other fines and Penalties			
	Other transfers- donations			
	Miscellaneous revenue			
	Sub-total			
Revenue from exchange transactions				
	Investment income			
	Dividends			
	Rent			
	Other property income			
	Sale of goods and services			
	Sub-total			
	Total Revenue			

9.6.9 Notes to the Accounts

This comprises the accounting policies and notes to the financial statements. Accounting policies specify principles, bases, conventions, rules and practices adopted by the Government of the Republic of Uganda in preparing and presenting the financial statements. The principal accounting policies adopted in the preparation of these financial statements are detailed in the financial reporting templates.

9.6.10 Trial Balance

The trial balance is a list of summary balances of the general ledger accounts. The sum of debit balances in the trial balance should be equal to the sum of the credit balances.

The trial balance should comprise appropriate balances from all classes of accounts i.e. Revenues, Expenditure, Assets, Liabilities and Reserves as per the latest version of COA.

It is vital that an accurate Trial Balance is prepared before the reporting template can be completed.

9.6.11 Other Memorandum Statements

Memorandum statements provide additional financial information which is not necessarily provided by the primary statements. The aim is to provide more detailed understanding of the financial operations of an entity.

(i) *Statement of Arrears of Revenue* - This statement details information on all revenues billed but remains uncollected by the end of the reporting period. The total cumulative arrears of revenue from exchange transactions should be reconciled with the accrued revenue figure in note 22 receivables.

Government of the Republic of Uganda

(Type here the Name of the Reporting Entity)

Statement of Arrears of Revenues **[Based on source of revenue per category]**

(Memorandum Statement)

	Opening balance 01 July 2023 A (Shs)	Arrears in A collected during the year B (Shs)	Amounts billed during the year C (Shs)	Actual Amounts collected for the year D (Shs)	Arrears of Revenue for the Year E (C-D) (Shs)	Cumulative Arrears of Revenue as at 30 June 2024 F A-B+E (Shs)
RECEIPTS						
Revenue from non-exchange transactions						
Local Services Tax						
Land fees						
Business Licenses						
Other tax revenues						
Administrative fees and licenses						
Court fines and Penalties						
Other fines and Penalties						
Other transfers-donations						
Miscellaneous revenue						
Sub total						
Revenue from exchange transactions						
Investment income						
Dividends						
Rent						
Other property income						
Sale of goods and services						
Sub-total						
Total Revenue						

(ii) *Statement of Contingent Liabilities*

A listing of pending issues which are likely to result in obligations of government which are probable but not yet confirmed. This statement should only include those liabilities whose probable obligation can be reasonably quantified such as specific claims.

(iii) *Statement of non-quantifiable contingent liabilities*

A listing similar to the one in (ii) but whose likely obligation cannot be easily quantified

(iv) *Statement of outstanding commitments*

This is a summarized listing of MALG's cumulative unpaid contractual obligations by the end of the reporting period.

(v) ***Statement of losses of public money and stores written off/claims abandoned***

The law requires that any losses of public money should only be written off by the authority of the Minister or Parliament. This statement should carry information on any losses approved for write-off by Parliament

(vi) ***Statement of losses of public money and stores reported –***

This a cumulative listing of losses reported but not yet approved for write-off

(vii) ***Statement of stores and other assets acquired***

Listing of physical assets acquired during the year. This information in this statement should be captured from the MALG's asset register.

(viii) ***Statement of disposal of physical assets during the year***

Listing of physical assets disposed of during the year and the proceeds from the disposal. Information in this statement should be consistent with that contained in the Board of Survey reports.

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                                   GoU Ledger                            Date: 30-APR-24 09:43:05
                      Trial Balance For All MALGs and DFPs                          Page:    1
                             Current Period: MAR-24

Currency: UGX
No specific Ledger requested
                                                                                  MAR-24
Ledger   Fund     Funding  Programm Vote/Cos Project  Budget O Spare    Geograph Account      NET BALANCE
-------- -------- -------- -------- -------- -------- -------- -------- -------- --------------------------------
Account and Account Description
133101: Transfers Received by MALGS from Treasury                                      -219,172,927,966
211102: Contract Staff Salaries                                                          1,962,130,706
211104: Employee Gratuity                                                                  163,055,116
211106: Allowances (Incl. Casuals, Temporary, sitting allowances)                          182,633,845
211107: Boards, Committees and Council Allowances                                          192,824,953
212101: Social Security Contributions                                                      154,885,943
212102: Medical expenses (Employees)                                                       150,000,000
212103: Incapacity benefits (Employees)                                                     45,000,000
221001: Advertising and Public Relations                                                    13,658,664
221007: Books, Periodicals and  Newspapers                                                  16,831,875
221008: Information and Communication Technology Supplies.                                 153,827,968
221009: Welfare and Entertainment                                                          127,510,056
221011: Printing, Stationery, Photocopying and Binding                                     141,290,681
221017: Membership dues and Subscription fees.                                              12,630,000
222001: Information and Communication Technology Services                                   63,236,377
223001: Property Management Expenses                                                        75,000,000
223004: Guard and Security services                                                         59,984,720
223005: Electricity                                                                         80,250,420
226001: Insurances                                                                          20,969,618
227001: Travel inland                                                                      325,499,816
227004: Fuel, Lubricants and Oils                                                          185,000,000
228002: Maintenance - Transport Equipment                                                  122,745,191
228003: Maintenance - Machinery and Equipment Other than Transport Equipment                13,023,325
263402: Transfer to Other Government Units                                             237,207,202,756
311121: Non-Residential Buildings - Stock                                                1,367,278,390
352807: Sundry Debtors                                                                      77,859,397
411721: Trade Creditors                                                                -24,066,087,713
511001: Revenue Reserves                                                                   324,685,862
                                                                                  -------------------------

GRAND TOTAL
                                                                                  =========================
```

a) **Detailed trial balance**; this provides general ledger balances as per the full CoA combination. It reports the ending balances as captured in the general ledger.

The detailed TB, provides for the account code and description, account combination (fund, funding source, vote cost centre, spares, spares, project, spares and the MTEF), beginning balance, period activity and the ending balance.

The beginning balance is the opening balance as carried forward from the prior period. Period activity is the net movement of transactions effected within the reporting period. The ending balance is the closing balance which is the sum of the beginning balance and the period activity. The total sum of all balances should be zero.

GoU Ledger — Detail Trial Balance — Year to date as of MAR-24 — Report Date: 30-APR-2024 09:42 — Page: 1 of 1

Currency: UGX
Fund Range: 01 to 01

Ledger: GoU Ledger
Fund: 01 Consolidated Fund

Account	Description	Account	Beginning Balance	Period Activity	Ending Balance
133101	Transfers Received b	01-002-000000-1180000000-0000-000000-000	0	-219,172,927,966	-219,172,927,966
211102	Contract Staff Salar	01-002-090400-1180100100-0000-260008-000	0	1,962,130,706	1,962,130,706
211104	Employee Gratuity	01-002-090400-1180100100-0000-260008-000	0	163,055,116	163,055,116
211106	Allowances (Incl. Ca	01-002-090400-1180100100-0000-260008-000	0	182,633,845	182,633,845
211107	Boards, Committees a	01-002-090400-1180100100-0000-260008-000	0	192,824,953	192,824,953
212101	Social Security Cont	01-002-090400-1180100100-0000-260008-000	0	154,885,943	154,885,943
212102	Medical expenses (Em	01-002-090400-1180100100-0000-260008-000	0	150,000,000	150,000,000
212103	Incapacity benefits	01-002-090400-1180100100-0000-260008-000	0	45,000,000	45,000,000
221001	Advertising and Publ	01-002-090400-1180100100-0000-260008-000	0	13,658,664	13,658,664
221007	Books, Periodicals &	01-002-090400-1180100100-0000-260008-000	0	16,831,875	16,831,875
221008	Information and Comm	01-002-090400-1180100100-0000-260008-000	0	153,827,968	153,827,968
221009	Welfare and Entertai	01-002-090400-1180100100-0000-260008-000	0	127,510,056	127,510,056
221011	Printing, Stationery	01-002-090400-1180100100-0000-260008-000	0	141,290,681	141,290,681
221017	Membership dues and	01-002-090400-1180100100-0000-260008-000	0	12,630,000	12,630,000
222001	Information and Comm	01-002-090400-1180100100-0000-260008-000	0	63,236,377	63,236,377
223001	Property Management	01-002-090400-1180100100-0000-260008-000	0	75,000,000	75,000,000
223004	Guard and Security s	01-002-090400-1180100100-0000-260008-000	0	59,984,720	59,984,720
223005	Electricity	01-002-090400-1180100100-0000-260008-000	0	80,250,420	80,250,420
226001	Insurances	01-002-090400-1180100100-0000-260008-000	0	20,969,618	20,969,618
227001	Travel inland	01-002-090400-1180100100-0000-260008-000	0	325,499,816	325,499,816
227004	Fuel, Lubricants and	01-002-090400-1180100100-0000-260008-000	0	185,000,000	185,000,000
228002	Maintenance - Transp	01-002-090400-1180100100-0000-260008-000	0	122,745,191	122,745,191
228003	Maintenance - Machin	01-002-090400-1180100100-0000-260008-000	0	13,023,325	13,023,325
263402	Transfer to Other Go	01-002-090400-1180100100-0000-260002-000	0	69,877,661,012	69,877,661,012
263402	Transfer to Other Go	01-002-090400-1180100100-0000-260006-000	0	167,329,541,744	167,329,541,744
311121	Non-Residential Buil	01-000-000000-1180000000-0000-000000-000	1,367,278,390	0	1,367,278,390
352807	Sundry Debtors	01-002-090400-1180100100-0000-260008-000	77,859,397	0	77,859,397
411721	Trade Creditors	01-002-090400-1180100100-0000-260008-000	-1,769,823,649	0	-1,769,823,649
491001	System Account - Tra	01-000-000000-1180000000-0000-000000-000	0	-22,296,264,064	-22,296,264,064
511001	Revenue Reserves	01-002-090400-1180100100-0000-260008-000	324,685,862	0	324,685,862
			0	0	0

10.0 END OF PERIOD ADJUSTMENTS

10.1 Income offset

10.1.1 Income offset is a process run on IFMS, Navision to clear off the income and expenses accounts and, transfer the balances to the retained earnings account. The process is done to move reserves from one accounting period to another

10.1.2 This is done on the income offset account (145099). The income offset amount is the net of total revenues and total expenses. It is either a surplus or deficit.

Accounting Entries;

Surplus (+)

> Dr: Income Offset Account 195099
> Cr: Revenue Reserves 511001

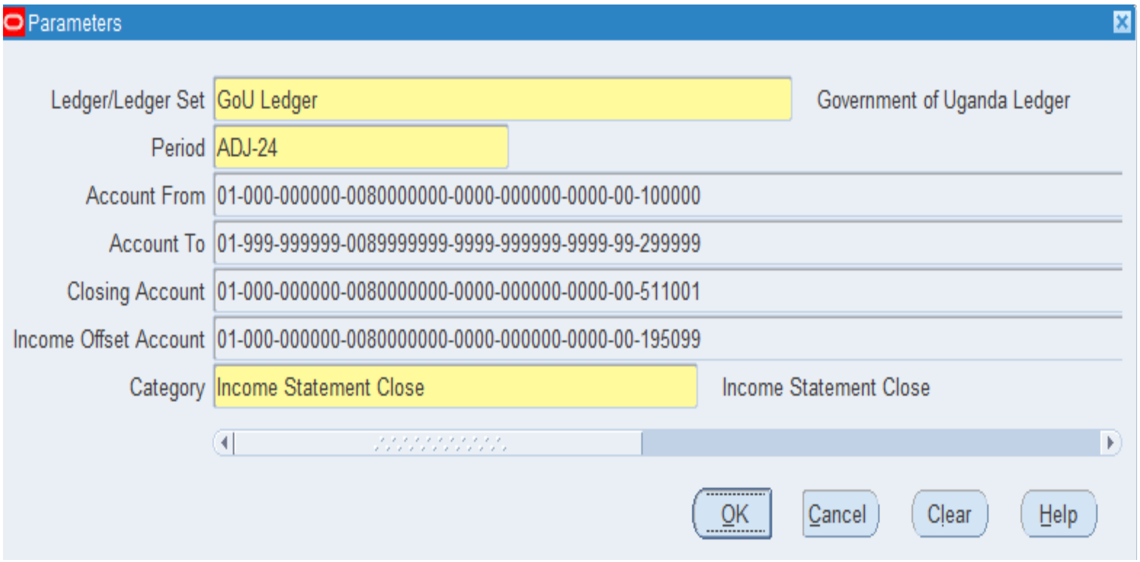
Deficit (-)

> Dr: 511001- Revenue Reserves
> Cr: 195099- Income Offset Account

The Process

Responsibility	**GoU <MALG> GL Inquiry**
Report	Close Process – Create Income Statement Closing Journals
Navigation	GoU <MALG> GL Journal Inquiry ☐ Reports ☐Standard
Description	The report must be run for each vote in the ADJ period to carry forward balances to the next year. A journal will be created.
Steps	1. Run the "Close Process- Create Income Statement Closing Journals" Program. 2. Post the Journal created by the above program.
Note	The net of income and expense accounts balances will be transferred to the income offset account. Then the income offset account is netted off with the retained earnings account. The Process should be run in the adjustment period once all items are posted to the GL. It is advised to run once though has no effect when run many times. However, if it's run more than once, the earlier ones should be posted before others are run. The CG and DFPs parameters will be as illustrated below. However, for Local Governments; The Fund is – 01 Funding source – 003 and, Funding sources for DFP e.g. 420 for basket funding.

An illustration of the Process with filled parameters for CG and DFPs. In the case of MoFPED for instance;



Select OK and submit the report. When the report is complete, a journal is created therefore, post the journal using the Journal post responsibility.

10.2 Translation of transactions and balances in foreign currency

10.2.1 Forex Gains and Losses

Foreign currency assets and liabilities held by the entity at year-end shall be translated into Uganda Shillings using the period closing rate for reporting purposes resulting into unrealized gains/losses. The unrealized gains/losses shall be recognized in the statement of financial performance

10.3.2 Missions abroad using MS Navision

The forex adjustment batch job is part of the period end processes which must be run before preparation of financial statements. It computes the unrealized forex gains/losses arising from translation of the foreign currency assets and liabilities into Uganda shillings.

The steps below should be followed when running the forex batch;

a) Update the exchange rates table with the closing rate of the reporting period.
NB. Updating of exchange rates should be done on a daily basis.

b) Under the CoA, set the revenue and expenditure account codes to no adjustment.

c) Set the assets and liabilities codes to Adjust Additional-Currency Amount as these will be adjusted and used in the computation of forex gains/Losses.

d) Following the path of General ledger>Periodic activities>Currency>Adjust Exchange Rates, choose the currency code UGX and under Options update the starting date (beginning of the reporting period), Ending date (end date of the reporting period). Posting date defaults to the ending date.

e) Adjust customer, vendor and bank accounts should be Yes.

f) Adjust G/L accounts for additional reporting currency should be Yes.

g) Click ok to run the forex batch Job.
The system will then automatically compute the gains and losses arising from individual assets and liabilities G/L balances and post them on G/L code 221018: Foreign gains and losses which will be reported under the statement of financial performance.

10.3 Domestic arrears

10.4.1 Domestic arrears arise from un settled contractual obligations from the consumption of goods and or services by the end of the financial year.

10.4.2 Domestic Arrears figures should be reconciled and verified by the Office of the Inter Auditor General. A verification certificate to that effect should be issued and attached to the financial statements. The certificate should be signed by the Accounting Officer, Head of Accounts and head of Internal Audit of the respective MALG. As earlier guided, all domestic arrears reported in the financial statements should be captured on IFMS arrear's tool. All arrears not captured will not be settled as this process has been automated.

10.4.3 At the year-end outstanding domestic arrears incurred during the year (new arrears) should be reflected under the Sundry creditor's item – 4XXXX by making the following entry

> Dr: 2XXXXX- Liability
> Cr: 4XXXXX- Arrears budgeting

However, domestic arrears are budgeted and settled under the codes 352880 to 352899. At year end, domestic arrears paid under these codes should be adjusted against the opening stock of arrears by passing the following entry;

> Dr: 4XXXXX- Liability
> Cr: 3528XX- Arrears budgeting

Prior year domestic arrears settled during the year will not be part of the Statement of Financial Performance but will be part of the Statement of Appropriation Account.

10.4.4 The movements in domestic arrears balances should be properly recorded in the Statement of Outstanding Commitments

10.4 Reconciliations

The following procedure shall be followed in carrying out bank reconciliations

i) Confirm that all cash book entries are appropriately captured and, all bank lines uploaded.
ii) Obtain payment details for all unclear transactions.
iii) Follow up on all unapplied transactions.
iv) Update the cashbook with any required adjustment such as direct debits on the bank statement.
v) Follow up with the bank on unique transactions that could have been erroneously posted.
vi) Reconcile all transactions.
vii) Print and file a monthly GL detailed report.

Refer to Treasury Instructions sec 17.20 for further detailed guidance

10.5.3 The reconciliation should be prepared within 10 days after the end of each month to allow time for review by Head of Accounts and, timely preparation of monthly financial statements.

11.0 OTHER KEY AREAS OF CONCERN

11.1 Outstanding Letters of Credit (LCs

A number of MALGs with significant purchases open Letters of Credit (LC) to facilitate the procurement of goods/services. These letters of credit are often cash covered but mature on substantive performance of the contract. This implies that on opening the LC, the expenditure is recognized.

However, not all LCs opened are delivered within the same financial year. Therefore, any outstanding letters of credit at financial year end should not be expensed but recognized as an advance. The following entries should be made in dealing with Letters of Credit.

On opening the LC

> Dr: 2XXXXX or 3XXXXX - Expenditure
> Cr: 133101- Transfers received by MALGs from Treasury

If the goods are delivered within the financial year, no further accounting entries are necessary, other than depreciation adjustment if they were charged from the 3XXXXX account codes

<u>Outstanding LC at financial year-end</u>
If there are outstanding letters of credit at financial year end, the following adjustment should be made

> Dr: 352803- LC deposit receivable
> Cr: 2XXXXX or 3XXXXX -Expenditure code charged

<u>When outstanding LC is eventually delivered</u>
In the following financial year when LC is delivered, the entry below is passed

> Dr: 2XXXXX or 3XXXXX -Expenditure code charged
> Cr: 352803- LC deposit receivable

The expenditure recognised should reported under the statement of financial performance but not in the statements of Appropriation.

11.2 Tax Refunds- Missions

Some Embassies/ Missions abroad are exempt for payment of taxes in their domiciled countries. However, goods and or services are procured tax inclusive, and tax claims made later. Below are the details of entries to record the tax receivable and its retirement.

On Purchase

> Dr: Expenditure
> Dr: 352804 Taxes receivable

Taxes Successfully claimed

> Cr: 352105 Bank
> Cr 352804 Taxes Receivable

11.3 Tax refunds-URA

Revenue collected by URA but retained to cater for tax refunds. This is netted off the tax collections.

> Dr: 1XXXXX- Revenue
> Cr: 352109- Cash in Transit

11.4 Accounting for Losses

11.4.1 Where an entity incurs a loss of cash or values of stores, the loss should be recorded in the memorandum statement of losses.

11.4.2 The process of managing the losses is guided by par 21 of the Treasury Instructions 2017

11.5 Provision for Doubtful Debts

Appropriate measures should be taken to ensure that all receivables/ are timely recovered or collected.

However, if the likelihood of non- recovery is high, MALGs should provide for the doubtful debts and letter once authorisation is received write off the debts. Below are the entries; -

Making a provision

> Dr: 221013- Bad debts expense
> Cr: 413106 -Provision for doubtful debts

On Write off of the receivable

> Dr: 413106- Provision for doubtful debts
> Cr: 352805 – Other Accounts receivables

11.6 Withholding Tax

In line with the current policy, all unpaid invoices are required to be cancelled at the end of the financial year. However, at the point of generating these invoices, corresponding withholding tax invoices were created and might have been paid prior to the cancellation of the invoices.

This will result into a debit balance on the WHT payable account code. This amount will be settled against subsequent payments to URA for WHT.

No manual entries (JVs) should be passed to cancel the debit balance on the WHT code.

12.0 PERIOD END PROCESSES

KPIs is a checklist that confirms the accuracy, timeliness and completeness of system processes. KPIs should be configured as a monthly activity to enable timely opening and closure of modular periods, and preparation and submission of period end reports.

The KPIs are categorized per module and are detailed below; -

12.1 Purchasing Checklist

a) Ensure that all Purchase Requisitions are Approved and Auto-created to Purchase Orders (Pos) by the 15th of the following month
   - o No Incomplete Purchase Requisitions
   - o No Rejected Purchase Requisitions
   - o No In Process Purchase Requisitions
   - o No Purchase Requisition with status Needs Re-approval

b) Ensure that all Purchase Orders are Approved
   - o No Incomplete Purchase Orders
   - o No Rejected Purchase Orders
   - o No In Process Purchase Orders
   - o No Purchase Orders with status Needs Re-approval

c) All Approved Purchase Orders are delivered and must be paid within the Financial Year in which there were created.
   - a) Receipting / acknowledgment of all Delivered Purchase Orders
   - b) Invoicing of all Purchase Orders acknowledged
   - d) Monthly review of the Encumbrance Detail Report to identify any overdue procurements.
   - e) All Purchase Orders delivered and paid within the Financial Year, are closed.
   - f) Ensure that all Open Purchase Orders are closed by 30th June.
   - g) Where the LPO relates to a previous financial year and it is to be canceled in the current financial year, both the cancellation date and GL dates should be entered as 30th June of the previous financial year.

12.2 Payables Checklist

a) No invoices on hold – "Run the Invoice on Hold Report" and rectify all holds daily basis.
b) Identify any un-validated invoices and have them either validated or canceled.
c) Ensure that all invoices validated are Approved by reviewing the following Invoice Approval statuses
   - ▪ Approval Required
   - ▪ Approval Initiated
   - ▪ Approval Rejected
   - ▪ Needs Re-approval

d) Ensure that all Prepayments made during the Financial Year are accounted for and retired on the system.

e) Ensure that all withholding tax invoices are validated. Note: Withholding Tax invoices are system-generated and shouldn't be tampered with or canceled

f) If the invoice or payment cancellation date (current date) is in the same financial year in which the cancellation is made, no further action will need to be taken upon cancellation of the invoice.

g) Where the invoice or payment relates to a previous financial year and it is and canceled in the current financial year, an encumbrance journal entry shall be passed by debiting the charge account.

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.

h) Ensure that all approved invoices are paid by year end.

i) All invoices and payments transactions have been transferred to the general Ledger for each day

12.3 Receivables Checklist

a) All revenues are receipted timely and reconciled monthly including revenue collected by URA on behalf of the vote. Vote should write to URA to confirm collections made on its behalf before final update of the NTR figure.

b) All receipted revenue is transferred to the general ledger and the resulting journals are posted.

c) All banked revenue is reflected on the system through the remittance process. Run the "receipts awaiting bank remittance" report and resolve any outstanding items – Report should have 'no data' as at 30th June 2017.

d) Use the "receipts awaiting bank clearance" report to identify and reconcile un-reconciled receipts in the system.

e) Run the following reports to reconfirm the period's transactions:
   - GoU Receipt Detail and Summary Report
   - Receipt Register
   - Unposted Items Report
   - GoU: Monthly NTR Returns

12.4 Cash Management checklist

a) Carry out bank reconciliations accurately for all bank accounts.

b) The following reports should be run and any figures explained to state the purpose and resolution of any exceptions.
   i. General ledger reconciliation report
      The report shows opening and closing bank balances, adjusted bank balances and the reconciliation status.
   ii. Transactions available for reconciliation report
   iii. The report should have zero entries if all transactions are reconciled.
   iv. Cash in Transit report
   v. Cleared Transaction Report
   vi. Bank Statement Summary Report
   vii. Bank Statement Detail Report

c) All Bank Statements for a financial year should be frozen by the head of accounts by validating each statement date after review of the accuracy and completeness of the bank reconciliation by the 31st July.

Caution: No final accounts shall be accepted by the Accountant General where bank reconciliation statements have unresolved differences.

The following guidelines shall be followed for every month to ensure cash management transactions are completed:

i. Inter Bank Transfers
Ensure all bank transfers have been entered for any inter- bank account transfers within the entity

ii. Monthly Reconciliation
Ensure that all bank accounts have been fully reconciled by the 15th day of the next month.

iii. Review of Bank Statement
Run the Bank Statement Summary Report to review the status of the bank statement lines and whether all bank statements lines have been reconciled.

iv. Reconciliation Report
Review the actual bank Reconciliation for any differences between the cash book and the bank balance and investigate any differences – Run the "GOU General Ledger Reconciliation Report" for every bank account held by the vote for each end of month.

v. Approval / Validation of Reconciliation
Ensure that all Bank Statements for the month is Validated/ Approved /frozen for any update by the Head of Accounts by the 15th day of the next month

12.5 Asset Management Checklist

i. Ensure that all asset related invoices are transferred from the AP interface to the FA module for posting

ii. Ensure that all Asset Invoices are posted and Asset Registers undated
   - o Review Asset with status New in the Prepare mass additions page
   - o Review Assets with status On Hold in the prepare mass additions page

iii. Review the Fixed Asset Register for non-qualifying assets and have them retired.

iv. Review and validation of Migrated asset data
Ensure that the migrated assets balances reflect the true position of the asset portfolio of the entity

v. Donations
Ensure that all asset acquired through donations have been recorded in the assets register, and those donated from the entity are disposed.

vi. Advance payment and LCs
Ensure that on retirement of advance payments and performed Letters of credit the asset acquired are recorded in the asset register and balances posted to the GL

vii. Cancelled invoices
Ensure that all cancelled invoices are appropriately updated in the asset register.

Wviii. Running Depreciation
Ensure that depreciation program is run and that the register has updated net book values per assets on the system.

ix. Disposal of assets
Ensure that all assets sold, lost, donated, and or transferred to other entities of Government, non-Government institutions or individuals are retirement from the system in appropriate period and that the correct disposal type is selected on the system

x. Revenue from disposal Assets
Ensure that all revenue from disposal of assets is recognized in the receivable modules on the respective revenue activity.

xi. Assets accounting and posting to GL
Ensure that the create accounting program has been run and the journals posted to the GL

xii. Period closure
Ensure that all period end processes in the asset module are conducted and periods closed.

12.6 General Ledger and Budgeting Checklist

The following must be performed:

i. Incomplete Dossiers: in form of Accounting Warrants or Virements for a quarter are cleared and completed
ii. In Process Dossiers for: the Quarter have been Approved, by following up on all Dossiers with status In Process.
iii. Negative Encumbrance: No negative encumbrance at any particular time.
iv. All forex payment journals for every month have been entered, posted and fully reconciled.
v. All E-Cash Sweep journals for every month have been entered and posted
vi. Ensure that all Manual Adjustment and sub-ledger Journals have been entered and posted
   - o No Unposted Journals
   - o Journals in Error
vii. Budget Analysis Report: Run B.I.G Reports (wage, non-wage recurrent and Development) and analyze the performance in line with other reports. Watch out for any excess expenditures.
viii. Analysis of Trial Balance: Run the Trial Balance at end of each month and investigate any unusual balances on any account.
ix. Ensure that the Trial Balance balances at the end of each month.

13.0 PREPARATION OF GOU CONSOLIDATED FINANCIAL STATEMENTS

Consolidated government financial statements are a direct compilation of financial statements of all the MALGs. In addition to the statements prepared by MDAs, the consolidated financial statements carry the following additional statements:

(i) Statement of Outstanding Public Debt – This statement shows the overall status of government liabilities.

(ii) Statement of Loans issued by Government

(iii) Statement of Investments held by Government

Consolidation process

13.1 The government consolidates all information from MALGs on a line-by-line basis. Therefore, it is important that information presented by MALGs is in a uniform format (template). Consolidation is 100% aggregation of MALGs information while eliminating inter-MALG transactions.

13.2 To facilitate accurate presentation, government uses a consolidation template for presentation of its financial statements and follows the process below for preparation of the consolidated financial statements:

Step 1

13.3 Obtain financial statements for all MALGs in the prescribed format (Templates). For individual votes, confirm accuracy and completeness of financial information presented. This is by checking consistency of primary statements with notes, and Trial balance.

Step 2

13.4 Check for consistency of individual MALGs information with information maintained by the Treasury. Information to be confirmed for accuracy includes Transfers to MALGs made, Transfers to and by the MALGs to Treasury (NTR and other transfers to UCF),etc

Step 3

13.5 Check and confirm proper recording and reporting of any inter-MALG transfers (that is, in the Transferring MALGs as well as the Receiving MALGs).
Look out for unusual transactions on the entities' Trial balances e.g Revenues and Liabilities with debit balances, expenditures and assets with credit balances, existence of systems accounts on the trial balance submitted, among others

Step 4

13.6 Aggregate all MALGs' financial information while eliminating inter-MALG transfers/transactions (including those with the Treasury)

Step 5

13.7 Obtain and incorporate into Consolidated Trial Balance, Treasury Transactions such as Taxes, UCF, TSA, and other Accounts managed by the Treasury.

Step 6

13.8 Complete the Consolidated Financial Statements of Government using approved reporting template.

14.0 CONCLUSION

The accurate, consistent and timely preparation of financial statements by MALGs is critical to the preparation of consolidated government financial statements. MALGS are therefore required to follow the guidance contained in this booklet to ensure proper preparation of their financial statements.

Guidance on financial reporting will be updated to take into account changes in law and/or accounting treatment as determined by developments in the accounting profession such as adoption of new accounting standards.

In case of any queries on guidance provided in this manual or if you require additional clarification on government financial reporting, please contact:

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