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**AGO/288/305/22**



Ministry of Finance, Planning &  
Economic Development,  
P.O. Box 8147  
**Kampala, Uganda**

28<sup>th</sup> April, 2022

All Accounting Officers

(IFMS Tier 1 Votes and Hybrid Sites)

### **CIRCULAR ON YEAR-END PROCEDURE FOR FY 2021/22**

Reference is made to Section 17(1) of the Public Finance Management Act 2015 as amended, with respect to end of FY2021-22, appropriation of public funds by Parliament for the Financial Year **2021/22** shall automatically expire at the end of the financial year i.e. **30<sup>th</sup> June 2022**.

Furthermore this year is exceptional as GOU is currently undertaking IFMS re-implementation as part of the NDP III Financial Systems Alignment. Therefore, the close of the Financial Year will be slightly earlier than the usual to allow enough time for completion of system changeover processes by **1<sup>st</sup> of July 2022**.

Accordingly this is to guide you on the closing procedures as follow;

1. Effective 1<sup>st</sup> July 2022, all donor funded projects will be transacting through IFMS, Accounting Officers are therefore required to submit Master data to Accountant General for set up by **10<sup>th</sup> May 2022**.
2. Issuance of expenditure limits and processing of accounting warrants expected to be completed by **31<sup>st</sup> of May 2022**
3. All accounting warrants including expenditure limits issued but not expended shall expire by **30<sup>th</sup> June 2022**.
4. Remitting of funds to the letters of credit account in Bank of Uganda will stop by **31<sup>st</sup> May 2022**, Accounting Officers are advised to prepare and submit Letters of Credit documentation in time.
5. Sending of payments notifications on IFMS will stop on **24<sup>th</sup> June 2022** to allow reviewing of payment requests, forwarding payments to Bank of Uganda and handling of unapplied transactions.

6. Accounting Officers should ensure that salary (including deductions), pension and gratuity are fully processed by **24<sup>th</sup> June 2022**.
7. IFMS will be availed throughout all weekends from **1<sup>st</sup> June 2022** to **25<sup>th</sup> June 2022** facilitate Accounting officers to process all transactions including exceptions by the **24<sup>th</sup> June 2022**.
8. All Hybrid votes and subventions must reconcile and transfer unspent funds as at **30<sup>th</sup> June 2022** to the consolidated fund by **15<sup>th</sup> July 2022**.
9. The financial statements for the Financial Year **2021/22** and Board of Survey reports should be submitted to the Accountant General and Auditor General by **31<sup>st</sup> August 2022**.

Attached is a detailed technical guideline for effective closure of Financial Year **2021/22**. For further guidance liaise with Accountant General's Office on Telephone: 041-4707305/7063 and on E-mail: [servicedesk@finance.go.ug](mailto:servicedesk@finance.go.ug) , [servicedesk@ifms.go.ug](mailto:servicedesk@ifms.go.ug) / [tsc@finance.go.ug](mailto:tsc@finance.go.ug).



Ramathan Ggoobi

**PERMANENT SECRETARY / SECRETARY TO THE TREASURY**

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The Auditor General, Office of the Auditor General  
The Permanent Secretary Ministry of Local Government  
The Deputy Governor, Bank of Uganda  
The Accountant General, Office of the Accountant General  
The Internal Auditor General, MoFPED





**MINISTRY OF FINANCE  
PLANNING AND ECONOMIC DEVELOPMENT**

**END OF FINANCIAL YEAR 2021/2022 PROCEDURES FOR VOTES USING THE ORACLE  
BASED INTEGRATED FINANCIAL MANAGEMENT SYSTEM (IFMS)**

**ISSUED BY THE ACCOUNTANT GENERAL**

**APRIL 2022**

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## 1.0 INTRODUCTION

The end of the financial year **2021-2022** and the opening of the new financial **2022-23** is unique because of implementation of NDP III which has necessitated changes in the Public financial management systems hence IFMS and PBS re-implementation, the revised chart of accounts, training and change management, and data migration e.tc. It's not business as usual and Accounting Officers are requested to pay particular attention to these procedures to avoid budget execution delays at the start of the **FY2022-23**.

### 1.1 Purpose of the Procedures

The purpose of these procedures is to provide guidance on the processes that should be followed by all Ministries, Agencies, Local Governments, and Donor-Funded Projects using the Oracle-based Integrated Financial Management System (IFMS) to ensure smooth closure of the current financial year (**FY2021/2022**) and opening of the subsequent financial year (**FY2022/2023**).

The procedures are aligned to support the implementation of the IFMS upgrade to enable a seamless transition to full programme planning based budgeting, accounting, and reporting as envisioned under the NDP III, with effect from **1<sup>st</sup> July 2022**.

Specifically, the procedures will achieve the following;

- i) Ensuring smooth closure of the financial year **2021/2022**.
- ii) Preparation and timely submission of financial statements for **FY 2021/2022** by Accounting Officers.
- iii) Timely preparation of GoU Consolidated Financial Statements for **FY 2021/2022**.
- iv) Timely preparation and submission of the Board of Survey reports (Cash, Stores and Asset Registers).
- v) Ensuring that all payments are effected to avoid creation of domestic arrears where funds have been released bearing in mind payments security controls between Bank of Uganda and this Ministry.
- vi) Supporting the IFMS upgrade to enable a seamless transition to programme planning based budgeting, accounting, and reporting as envisaged under NDP III in the **FY 2022/2023**.

### 1.2 Issuance of the Procedures

These procedures are issued under section 46 (1&2) of "The PFMA 2015" (as amended), which empowers the Accountant General to provide general instructions, guidelines and procedures to Accounting Officers which are consistent with the Act and any regulations made under the Act.

In addition, Section 46 (6) requires the Accountant General to issue guidelines on accounting standards to be used by Votes in the preparation of financial statements. Furthermore, Section 34(4) empowers the Accountant General to appoint a Board of Surveys team for each Vote, to survey the assets of the Vote, for the preceding financial year.

## **2.0 Closure of Financial year 2021/2022**

### **2.1 Expiry of Budget Appropriations**

In accordance with S17 (1) of the Public Finance Management Act 2015 (PFMA 2015) as amended, appropriation of public funds by Parliament for the financial year **2021/2022** shall automatically expire at the end of the financial year i.e. **30<sup>th</sup> June 2022**. All warrants including expenditure limits that have been issued under the above appropriation shall lapse and cease to have any effect, effective **1<sup>st</sup> July 2022**. This means that any unexpended balances under any warrants/expenditure limits issued for **FY 2021/2022** will not be available for commitments in the new financial year and any unspent funds that maybe held on any bank account outside the TSA bank accounts frame work shall be refunded to the Consolidated Fund.

### **2.2 Donor Funded Projects – Bank Balances**

Donor Funded Projects (DFPs) with unspent balances by close of business on **30<sup>th</sup> June 2022** should note the following;

- i) Effective **FY2022/2023**, all DFPs will be required to process financial transactions through the IFMS. Accounting Officers should therefore ensure that master data pertaining to the operations of their respective DFPs such as IFMS users and beneficiary bank accounts details are submitted to Accountant General's office for set up on IFMS by **10<sup>th</sup> of May 2022**.
- ii) Accounting Officers should ensure that all projected disbursements (including expected rollovers for **FY2021-22**) are included in the appropriation for financial year **2022-2023**.
- iii) Any unspent balances rolled over should be disclosed in the financial statements for Financial Year **2021/2022**.

**For avoidance of doubt, Government of Uganda (GoU) counterpart funds / balances for any project and subventions shall lapse/cease to be applied by 30<sup>th</sup> June 2022.**

### **2.3 NDP III Implementation and Public financial management systems alignment.**

The Government of Uganda (GoU) started the implementation of NDP III effective **FY2021-22**. In order to fully support NDP III operationalization, government has upgraded public financial management systems to fully support **NDP III** programmatic planning approach to budgeting, accounting and reporting.

The following has been undertaken;

- i) Re-implementation and upgrade of the IFMS (integrated Financial Management Systems, PBS (Program based budgeting System) and the Navision System for Missions Abroad.
- ii) A revised Chart of Accounts aligned to **NDP III** programmes was issued.
- iii) ICT infrastructure has been upgraded.
- iv) Training of Users of PFM systems and Change Management undertaken.

The re-implementation of systems in the **FY2021/2022** will have implications on the closure and opening of the **FY2022/2023** as follows;

- i) Early closure of IFMS system to allow smooth system change over
- ii) Data validation and migration from legacy to the New environment
- iii) Early preparation and submission of financial statements to allow time for migration of balances.
- iv) Effective **1<sup>st</sup> July 2022**, government will change over to the new system however the legacy system will continue to be accessible for reporting , audit for the **FY 2021-2022** and thereafter data will be archived and only accessible when need arises.
- v) The CoA has changed from **38** digits to **43** digits, some of the vote codes have also changed and additional segments added. Therefore users should note the change and use appropriate codes in the **FY2022/2023**. A copy of the revised COA can be obtained from Accountant General's Office or downloaded from the website (<https://www.finance.go.ug>).
- vi) Effective **FY2022/2023** donor funded projects will be subsumed within the vote setups as opposed to having separate setup. This implies that DFPs will be setup under the respective votes and assigned separate responsibilities.
- vii) Treasury is also enhancing TSA implementation and this will include among others amalgamating LG TSA and CG TSA and elimination of the Sub-TSAs.
- viii) A separate circular will be issued by Treasury on the detailed changeover strategy and support arrangements.

## **2.4 Rationalization of Agencies and Public Expenditure (RAPEX)**

Cabinet meeting of 22nd February, 2021 took a decision on merging and consolidating Government Agencies, Commissions, Authorities and Public Expenditure to facilitate efficient and effective service delivery. To this regard, the Boards of the Survey for the **FY2021-2022** will ensure a comprehensive verification is carried out to ascertain the completeness of all Assets and Liabilities of the affected entities. Affected Votes/entities must therefore prepare and update asset reports accordingly to ensure smooth transition. Votes that have been earmarked for merger into other entities should ensure they disclose that fact in the annual financial statements as a going concern matter.



## 2.5 Budgets and Dossier Processing

In the current financial year (**FY2021/2022**), votes were provided with different categories of expenditure limits to prepare warrants. These limits will expire come **30<sup>th</sup> June 2022**. The votes should therefore ensure that the following actions are undertaken by **24<sup>th</sup> June 2022**;

- i) All expenditure limits have been fully warranted for and closed
- ii) All incomplete Dossiers Warrants are deleted.
- iii) All Dossiers with status "In process "are either rejected or approved.
- iv) All rejected Warrants are deleted or completed.
- v) All balances of unwarranted expenditure limits issued, are reversed in the **ADJ-22** Period in the IFMS.

**Summary of Action by Dossier Type is shown below;**

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

## 2.6 IFMS Purchasing module– Requisitions and Purchase Orders

All purchasing activities must be completed before the purchasing period is closed. No Purchase Requisitions (PRs) or Purchase Orders (POs) will be carried forward to the next financial year (**FY2022/2023**).

All transactions related to PRs, POs, Receipts, and commitments/encumbrances must be completed before **17<sup>th</sup> June 2022**, to facilitate payment of suppliers before **24<sup>th</sup> June 2022**. To close the Purchasing module periods, the following guidelines shall be followed:

- a) Ensure that all Requisitions and Purchase Orders are closed (approved, delivered/received and matched) so that no encumbrances/commitments remain outstanding by close of business on **17<sup>th</sup> June 2022**.

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

The following reports should also be run off the IFMS on a daily basis from **1<sup>st</sup> June 2022** to confirm that there are no carry-overs into the new financial year (**FY 2022/2023**);

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

- b) All approved Purchase Orders (POs) should be fully delivered by the end of the financial year and suppliers must be notified that any POs that remain undelivered by the **24<sup>th</sup> June 2022** shall be cancelled. All POs that will be delivered after closure of the financial year shall form part of the domestic arrears stock. To allow for delivery by **24<sup>th</sup> June 2022**, issuance of POs should preferably be closed by **Friday 17<sup>th</sup> June 2022**. From **1<sup>st</sup> June 2022**, the Heads of Accounts and Procurement should run the "Open Purchase Orders Report" on a daily basis to ensure that all Purchase Orders are cleared and processed by **17<sup>th</sup> June 2022**.
- c) **Close all Purchasing Workflow Notifications:** Notifications may either require action e.g. notify approver, approval required, or are notifications for information only e.g. notify requestor that requisition has been approved. **Users should respond to all notifications that require action.**

- d) **Perform Year-end Encumbrance Processing:** Any outstanding encumbrances/unspent or committed funds must be settled or cancelled before the last period of the **FY 2021/2022** is closed.

Users should run the Encumbrance Detail Report to review encumbered accounts. In case this report contains any outstanding exceptions, they should be cancelled if they can't be processed/finalised by close of day on **24th June 2022**.

**Users should ensure that the cancellation GL date is changed to be the same as the creation date so that the initial and reversal transactions are reflected in the same financial year (FY 2021/2022) when cancelling Requisitions and Purchase Orders.**

- e) Purchasing periods for the financial year **2021/2022** will be closed on **30<sup>th</sup> June 2022**.

## **2.7 Fixed Assets and Board of Surveys**

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

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

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

- a) All Non-current assets purchased during the financial year **2021/2022** should be fully updated on the system.
- b) Run mass additions create to extract all the invoices charged on asset codes :
  - Put "On hold" all un qualifying invoices for further review
  - Put on "Delete" all cancelled invoices
  - Put on "Post" all qualifying invoices
  - Run and review the mass Additions status report to identify invoices that may not have been posted.
- c) Post mass additions for the system to generate assets numbers. The accountant should add additional information regarding these assets e.g. location, Reg. number, user etc.



- d) Review if there are any assets acquired on expenses codes (2 series account), so that they can be entered manually in the registers. The same manual treatment should be applied for donations.
- e) Retire disposed of assets from the system by querying the particular asset on FA manual entry on the assets workbench or mass retirement through mass transactions.
- f) Ensure that asset registers are updated to reflect information on asset disposals, transfers/relocations during financial year **2021/2022**.
- g) IFMS fixed assets periods for the FY 2021/2022 should be closed by **30th June 2022**.
- h) All IFMS votes **are expected to print the updated Fixed Asset register off the system**, after all system processes have been completed.
- i) Ensure that assets without values are valued accordingly in line with guidelines that were issued by the Accountant General's Office.
- j) Accounting Officers should ensure that Board of Surveys are completed in time and reports submitted together with Financial Statements to Accountant General with a copy to the Auditor General by **31st August 2022**.
- k) Available cash should be reconciled with Bank balances and reconciliation report prepared for Board of Survey.
- l) Accounting Officers should report on the actions taken arising from previous financial year Board of Survey recommendations.
- m) All votes that have not yet uploaded fixed assets registers unto the IFMS are expected to expedite the cleanup of the Fixed Asset registers and submit the relevant asset data to Accountant Generals Office by **31st May 2022** for review and upload unto the IFMS.

## **2.8 Accounts Payable (AP) and Payment Processing**

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

- a) Complete all data entry transactions for the **FY 2021/2022 by 24<sup>th</sup> June 2022**.
- b) Validate/approve all invoices/payments and ensure a notification is sent to responsible payment officers at Treasury (Accountant General's Office) to complete the transactions
- c) Run the Invoice on Holds report, review all the invoices listed in the report and take appropriate corrective action
- d) Create Accounting (i.e. run Create Accounting) to update the General Ledger (GL) balances in preparation for financial reporting.
- e) Transfer all transactions to the GL i.e. run Payables Transfer to the General Ledger process.
- f) Reconcile AP activity for **FY 2021/2022**.

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

*AP TB as at **1<sup>st</sup> Jul-2021** (Closing TB for the **FY2020/2021**)*

**Plus (+)**

Total of all posted Invoices for the system GL period **JUL-22** to **JUN-22**

**Minus (-)**

Total of posted payments for the system GL period **JUL-22** to **JUN-22**

**Equals (=)**

*AP TB as at **30<sup>th</sup> June, 2022** = NIL*

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

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

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

### 2.8.1 EFT Payments

- Accounting Officers are advised to note that the deadline for forwarding notifications to Accountant General's office to process EFT payment instructions in respect of **FY 2021/2022** transactions is **24<sup>th</sup> June 2022**.

- ii) Accounting Officers should process all payments early enough to allow time for reprocessing exceptions that might be unapplied because of mismatch of the bank account information.
- iii) Payments unapplied after year end will be voided and invoices cancelled in the **FY2021/2022**. The voided payments should be recognized as domestic arrears **in line with paragraph 2.14 of this guideline**. Votes should ensure all unapplied payments are unreconciled to enable cancellations and reconciliations be done on time.

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

### **2.8.2 Invoices**

- i) Ensure that all invoices including the salary payment invoices are approved by **24th June 2021** to allow adequate payment processing. The "GoU approved invoices" report should be run daily from **1<sup>st</sup> June 2022** to establish any invoices that may still be outstanding and take appropriate action.
- ii) Ensure that all approved invoices and payments are posted to the General Ledger (GL). Confirm by running a final "Create Accounting" and "Payables Transfer to General Ledger process" and generate an "unaccounted transactions" report as at **25<sup>th</sup> June 2022** to ensure that all transactions are accounted for.
- iii) All invoices on hold should be investigated and cleared by the end of the financial year. The "Invoices on Hold" report should be regularly generated to identify such invoices. All invoices on hold should be cleared or cancelled by **24<sup>th</sup> June 2022**.
- iv) Run and check the "**Funds Available Analysis**" report on the funding budget (Accounting Warrants) and ensure that there are no items with excess expenditure. Where such items are identified, they should be investigated and appropriate steps taken to resolve any errors that are creating excess expenditure before the close of the financial year.
- v) The payables period for financial year **2021/2022** shall be closed a month after year end i.e by close of business on **31<sup>st</sup> July 2022**.

### **2.8.3 Prepayments/Advances**

- i) Ensure that any advances or prepayments made during the financial year are fully accounted for /retired by the **30<sup>th</sup> June 2022**. A "prepayments status and or GoU Advances Status" report should be generated and reviewed to confirm that all prepayments are cleared.



## 2.9 Accounts Receivable

- a) Ensure that all revenues collected and posted into the system (IFMS) including those collected by Uganda Revenue Authority (URA) are appropriately reconciled.
- b) Ensure that all receipted revenue is transferred to the General Ledger and the resulting journals are posted. Run the "Unposted items report" to review and resolve cases of any un-posted Revenues/Receipts.
- c) Ensure that all banked revenue is reflected on the system through the remittance process. Run the "Receipts Awaiting Bank Remittance" report and resolve any outstanding items (This Report should have 'no data' as at **30<sup>th</sup> June 2022**).
- d) Reconcile the non-tax revenue figures collected by Uganda Revenue Authority (URA) against returns/statements submitted by URA.
- e) Reconcile all revenues transferred to the Treasury with actual receipts on the UCF as per schedule maintained by the Treasury
- f) Use the "Receipts awaiting bank clearance" report to identify un-reconciled receipts in the system.
- g) Run the following reports to reconfirm the period's transactions;
  - GoU: Receipt Detail and Summary Report
  - Receipt Register
  - GoU: Monthly NTR Returns
  - Unposted Items Report
- h) Accounts Receivable periods of **FY2021/2022** will be closed a month after year end by **31st July 2022**.

## 2.10 Cash Management

Bank statements are availed by Bank of Uganda (BoU) on daily basis to facilitate reconciliations, and Votes are required to;

- a) Ensure that bank reconciliations for **FY2021/2022** are undertaken daily and accurately. The following IFMS reports should be run **on a daily** basis and reviewed to ensure accuracy;
  - General Ledger Reconciliation report
  - Transactions Available for Reconciliation report
  - Cash in Transit Report
  - Cleared Transactions Report
  - Bank Statement Summary Report

- b) All Bank statements lines marked "External" or "Error" should be critically reviewed to ensure correctness of treatment.
- c) Use the "GL Reconciliation Report with details" parameter to verify the accuracy of the bank reconciliations. Unexplained differences between the sub ledger cash book balance and the bank statement should be investigated. All bank reconciliations including the investigations of the outstanding items should be concluded by **15<sup>th</sup> July 2022** and appended to the Cash Board of Survey report.
- d) Annual financial statements and Board of Survey reports submitted by Accounting Officers to Accountant General where bank reconciliation statements have an unexplained difference shall **NOT** be accepted.

## 2.11 General Ledger (GL) and Reporting

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

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

- a) Ensure that all journals (actuals) are posted in the General Ledger before submitting final accounts to Accountant General's Office and in any case not later **31<sup>st</sup> July 2022**
- b) Pass manual GL-level Journals in the **ADJ-22** period to transfer the balances on accounts **321605** (Domestic arrears – Budgeting), **321607** (Domestic arrears – utilities), **321608** (Pension Arrears) to account **415002** (Sundry Creditors). This will ensure that the payments made to settle domestic arrears during the financial year are appropriately posted to the liability account.
- c) Before posting journal entries, it is important to verify and ensure that the respective domestic arrears were properly accrued on the liability account **415002**. Journal entries to transfer expenditure balances on the domestic arrears budget accounts to the liability account shall only be effected at the end of year as a financial year-end adjustment. All manual Journals should be entered in **ADJ-22** Period not **JUN-22** paying special attention to double entry. Errors of omission and/ or commission corrected using JVs might be done in **Jun-22**.
- d) Pass manual GL-level journal entries to depreciate the fixed assets acquired during the financial year at 100% (fully expensed in **FY2021/2022**). These adjustments should be made in the adjustment period (**ADJ-22**). It is important to note that journals to depreciate the fixed assets shall only be passed at the end of the financial year as

indicated in this paragraph. Municipal Councils should use the applicable depreciation rates.

- e) Pass manual GL journals to recognize any prepayments made during the financial year and for any letter(s) of credit that may not have performed as at end of financial year in **ADJ-22**.
- f) Votes should ensure that all manual journals entered on the IFMS are posted before submitting financial statements to Accountant General's Offices. Financial Statements for ***Votes with unposted journals on the system will be rejected.***
- g) Run and review the following reports before closing the financial year (both at the Treasury and the Vote/entity level).
  - i) Trial balance (Actual) – Ensure that no balances appear under any systems accounts in the Trial Balance as this reflects incompleteness of financial records.
  - ii) GoU Balance Sheet
  - iii) GoU Statement of Financial Performance
  - iv) GoU Appropriation Account
  - v) GoU General Ledger Reconciliation Report
  - vi) Notes to the financial statements.
- h) The above IFMS financial statements will form the basis for compiling and submitting the final accounts (for the financial year **2021/2022**) using the revised reporting templates issued by the Accountant General.
- i) The use of the revised Microsoft word financial reporting template shall only apply in the preparation and submission of the Annual financial year statements for end of **FY2021/2022**. All IFMS Votes are required to have submitted **"final accounts"** to the Accountant General by close of business on **31<sup>st</sup> August 2022** for review. Further guidance on the preparation of financial statements will be provided for in the updated Financial Reporting Guide of **2022**.
- j) The financial year **2021/2022** will be closed by running the "Close Process: Create Income Statement Close Process" program to net off revenue and expenses balances to the revenue reserve account. This will be done after the Audit of **FY 2021/2022** is completed.
- k) **Submission of Financial Statements**; to ensure timely review and consolidation of financial reports, all votes are expected to submit their draft financial statements by **29<sup>th</sup> July, 2022**. The financial statements should be submitted using the revised financial reporting template for **FY 2021/2022** issued by the Accountant General.



## 2.12 Local Revenue, Donor Funds and (OGT) Other Inter governmental Transfers.

In the **FY2021/2022**, Local Governments received expenditure limits for local revenue and OGT based on the remittances made to Treasury Single Account at Bank of Uganda and Uganda consolidated Fund (for those whose collection is managed by the Uganda Revenue Authority). Accounting Officers are required to reconcile and submit performance for the above three categories of revenues during the **FY202/2022** as per table 1 below by the **31<sup>st</sup> August 2022**. Any unexpended funds lying in the LG-TSA arising out of the central government releases including **OGT** which are not **Donor funds**, shall be returned to the Consolidated Fund since their appropriation will have expired in line with section 17(1) of the PFMA 2015 as amended.

**Table 1: Reconciliation Template**

No	Category	Total Remittance to Revenue Collection Account	Total Cash Limit issued	Total Warrant	Total Actual Amount spent	Total Balance Available
1.	Local Revenue					
2.	OGT					
3.	Donor funds					
	<b>Total</b>					

## 2.13 E-Cash Transfers and Payments

E-cash transfer payments from Accounting Officers shall stop by **17<sup>th</sup> June 2022** and any balances shall be swept back to the TSA holding Account by the **27<sup>th</sup> of June 2022** **irrespective of whether the funds were held for 10 days or less.**

## 2.14 Letters of Credit (LCs)

Accountant General shall stop processing funds for opening of Letters of Credit (LCs) in Bank of Uganda by the **31<sup>st</sup> May 2022** to allow Bank of Uganda time to review and process submitted LCs documentation. All funds transferred to Bank of Uganda without required documents will be swept to the UCF on **30<sup>th</sup> June 2022**.

## 2.15 Domestic Arrears

Government of Uganda runs a cash budget, therefore any arrears to be recognised should be those incurred within appropriation. Arrears are contractual obligations that are both unpaid and passed the due dates for payments. They are mainly caused by inadequate funds to finance the entities budgets and failure to comply with existing policies and regulations regarding public financial management. .

Domestic arrears should be categorised as follows;

- a) Arrears incurred within appropriation for which cash limits were insufficient.
- b) Arrears which are commitments with agreements but were not provided with adequate budget in the MTEF, these include utilities, rent, taxes and commitments based on international agreements.
- c) Arrears that are considered direct charges on the Consolidated Fund e.g. statutory expenditures, court awards and interest payments.
- d) The IFMS has been enhanced to enable capturing detailed listing of the invoices that form arrears stock after verification by Internal Audit. All votes should ensure that IFMS is updated with arrears to be reported in the financial statements.

**Note: For the above category of arrears to be recognized in the Financial Statements, an arrears certificate signed by the Accounting Officer, Head of Accounts and Head of Internal Audit should be annexed to the Financial Statements in addition to "The Domestic arrears report" from IFMS. Accountant General will reject financial statements that have arrears that are not supported by the certificate of Arrears.**

## 2.16 Updating IFMS Master Data and Setups

All Supplier information submitted after **24<sup>th</sup> June 2022** will be uploaded unto the new upgraded IFMS environment since payments will have been closed on the legacy environment. **Accounting Officers should review their respective supplier data migrated unto IFMS before commencing transactions for FY2022-23 and inform Accountant General of any changes for update on the system.**

## 3.0 Role of Internal Audit

### 3.1 Review of Financial Statements

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

- a) Carry out a quality assurance review on the relevant financial reports generated from IFMS by their respective votes to ensure their accuracy, reliability and completeness.
- b) Monitor the Board of Survey exercise to ensure that it is completed on time to inform accurate asset registers and preparation of financial statements.
- c) Verify the reliability, accuracy and integrity of the master data captured/loaded into the IFMS.
- d) Review the state/condition of the assets and make a statement thereof opinion as required by section 12(g) of the PFMA 2015 on re-appointment of Accounting Officers.

#### **4.0 Enforcement of the End of Year Procedures**

The end of financial year procedures provide a detailed guidelines to be followed by entities to ensure transaction processing completeness and accuracy of financial reports. It has been **noted that some votes do not comply with these procedures** leading to generation of inaccurate financial reports from IFMS.

To enforce compliance with these procedures in the closure of **FY 2021/2022**, processing of payments for the **FY2022/2023** will be suspended for votes in default of these guidelines.

#### **5.0 Commencement of FY 2022/2023**

##### **5.1 IFMS Budgets and Warrants**

Budget execution for the financial year **2022/2023** will be undertaken in accordance with the PFMA 2015 (as amended). A few highlights to note include;

- i) Vote budgets for financial year **2022/2023** were prepared using the Program Budgeting system (PBS) in line with the budget call circular. The approved budgets will be downloaded from PBS and seamlessly uploaded unto the IFMS by the Directorate of Budget with support from Treasury to commence budget execution. The budgets will be uploaded by the close of business **30<sup>th</sup> June 2022** to enable commencement of budget execution **1<sup>st</sup> July 2022**.
- ii) To prepare for the budget execution process for the **FY2022/2023**, the Treasury shall ensure that the following IFMS tasks are completed;
  - a) The budget/Encumbrance year **2022/2023** will be opened for all Ledgers for the various budgets types: Initial budget, Supplementary budget, Approved Budget and funding budget by **29<sup>th</sup> June 2022**.
  - b) Create new dossier numbering to be used by votes during the new financial year **2022/2023** by **29<sup>th</sup> June 2022**.
  - c) Appropriation for the **FY2022/2023** will be uploaded into IFMS by **1<sup>st</sup> July 2022**.

- iii) At the beginning of the new financial year **2022/2023**, the budget execution process will be initiated upon obtaining His Excellency the President's consent to the appropriation by Parliament. The Appropriation shall immediately be transferred by Budget Directorate to the General Ledger Module of the IFMS to pave way for the issuance of the Auditor General's grant of credit.
- iv) Following the Auditor General's grant of credit, the Minister of Finance will issue a general warrant that shall be addressed to the Accountant General to be entered on the IFMS.
- v) Once the Minister's warrant has been created on the system, quarterly Cash Limits based on the Cash Flow Plan will be issued by the Secretary to the Treasury and thereafter uploaded onto the IFMS paving way for the Votes/entities to prepare and submit requests for Accounting Warrants for the quarter (**Q1**).
- vi) The Cash Flow plan approved with the budget will form the basis for quarterly spending limits. (Currently referred to as "Cash Limits").
- vii) Accounting Officers shall commit Government based on the appropriation by Parliament.

## **6.0 PFM Support Arrangements**

In order to support the smooth closure of the **FY2021/2022**, IFMS re-implementation roll out and opening of **FY2022/2023**, Treasury has already commenced on training of users as nominated by Accounting Officers. The three super users per vote will be expected to support their respective votes and will escalate issues to the support team at Treasury.

In addition to the above the Service desk support team will continue to respond to issues escalated by votes.

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

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

**ii) Telephone 041-4347063 E-Mail: [servicedesk@ifms.go.ug](mailto:servicedesk@ifms.go.ug)/[tsc@finance.go.ug](mailto:tsc@finance.go.ug)**



### Summary of Key activity Highlight for Accounting Officers to Note.

	Key activity	Timelines
1	Accounting Officers submitting all donor funded projects to Accountant Generals office for set up on the New environment	10 <sup>th</sup> May 2022
2	Issuance of expenditure limits and preparation of Accounting warrants should stop by	31 <sup>st</sup> May 2022
3	Preparation and approval of Local Purchase orders unto IFMS should stop by	17 <sup>th</sup> June 2022
4	Approval of all payments and sending notification to Treasury to stop by	24 <sup>th</sup> June 2022
5	Testing and Final upload of Approved Budget for FY2022-2023 to be completed by	15 <sup>th</sup> June 2022
6	Cleaning of the IFMS system and preparation of clearance certificate to be completed by	31 <sup>st</sup> July 2022
7	Submission of Financial statements for FY2021-2022 to Accountant Generals Office	31 <sup>st</sup> of August 2022
8	Submission of Board of Survey Reports for FY2021-2022	31 <sup>st</sup> of August 2022

## END OF YEAR CLEARANCE CERTIFICATE

<b>Vote Name:</b>	<b>e.g. Ministry of Finance, Planning Economic Development</b>		
<b>Date:</b>	<b>1<sup>st</sup> July 2022</b>		
<b>Prepared By:</b>	<b>XXX/Head of Accounts</b>		
<b>S.No</b>	<b>EoY Area</b>	<b>Issue</b>	<b>Status</b>
1	Dossiers	Incomplete Accounting Warrants & Virements	
		Rejected Accounting Warrants & Virements	
		In Process Accounting Warrants & Virements	
2	Purchasing	Incomplete PR & PO	
		Rejected PR & PO	
		Encumbrance Details - Requisitions	
		Encumbrance Details – Purchase Orders	
		PO's not delivered (Expected Receipts)	
		PO's not Invoiced (Uninvoiced Receipts)	
		Open Purchase Orders	
3	Account Payable	Never Validated Invoices	
		Rejected Invoices	
		Invoices Initiated and Not Approved	
		Unpaid Invoices	
		Unaccounted for AP Transactions	
4	Account Receivables	Unapplied Receipts	
		Receipting of NTR & Local Revenue	

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

**This certificate is to confirm that the vote has complied with the end of year guidelines provided for the Financial Year 21/22 and is allowed to commence transacting in the Financial Year 21/23**

