



# **FINANCE DEPARTMENT PRESENTATION AT THE BUDGET CONFERENCE FOR FY 2020/21**

**BY**

**Angwech Veronica  
Finance officer  
Ngora District**

**ON 14<sup>TH</sup> October 2019**



# Presentation outline

- ❖ Introduction
- ❖ Staffing position
- ❖ Budget structure
- ❖ Budget performance
- ❖ Achievements
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- ❖ Outlook for the future
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# INTRODUCTION

Finance department is a service department to other councils departments. The specific functions of the department include:

- COORDINATING THE PREPARATION OF COUNCIL BUDGET
- COLLECTING COUNCIL REVENUES
- REVENUE ASSESSMENT
- REVENUE MOBILIZATION
- MAKING PAYMENTS
- CASH FLOW MANAGEMENT
- BUDGET IMPLEMENTATION
- BOOK KEEPING
- FINANCIAL REPORTING
- ASSET MANAGEMENT
- CUSTODY OF FINANCIAL DOCUMENTS, STATIONERY AND ACCOUNTING RECORDS
- FACILITATING INTERNAL AND STATUTORY EXTERNAL AUDITS.



## **I.I STAFFING POSITION:**

The department approved structure is 28 staff out of which 17 are currently in place representing 60% staffing level as summarized in the table below there is therefore a need to fill the existing gaps to boost the performance levels of the sector.

| S/N                              | Category/Designation           | Approved Structure | Filled    | Vacant    | Remarks                 |
|----------------------------------|--------------------------------|--------------------|-----------|-----------|-------------------------|
| 1.                               | Chief Finance Officer          | 1                  | 1         | -         | Substantially appointed |
| 2.                               | Senior Accountant              | 1                  | 1         | -         | Substantially appointed |
| 3.                               | Senior Finance Officer Revenue | 1                  | -         | 1         |                         |
| 4                                | District Accountant            | 1                  | 1         | -         | Substantially appointed |
| 5.                               | Finance Officer(Revenue)       | 1                  | 1         | -         | Substantially appointed |
| 6.                               | Senior Accounts Assistant      | 5                  | 2         | 3         |                         |
| 7                                | Accounts Assistants            | 7                  | 4         | 3         | Substantially appointed |
| 8                                | Secretary/Stenographer         | 1                  | 1         | -         | Substantially appointed |
| 9                                | Driver                         | 1                  | 1         | -         |                         |
| 10                               | Office Attendant               | 1                  | 1         | -         |                         |
| <b>A</b>                         | <b>Total</b>                   | <b>20</b>          | <b>13</b> | <b>7</b>  |                         |
| <b>Sub County Administration</b> |                                |                    |           |           |                         |
| 1.                               | Senior Accounts Assistants     | 4                  | 1         | 3         |                         |
| 2.                               | Accounts Assistants            | 4                  | 3         | 1         | Dully appointed         |
| <b>B</b>                         | <b>Total</b>                   | <b>8</b>           | <b>4</b>  | <b>4</b>  |                         |
| <b>A+B</b>                       | <b>Total</b>                   | <b>28</b>          | <b>17</b> | <b>11</b> |                         |



# **District budget for FY 2015/16, 2016/17, 2017/18, 2018/19 & 2019/20**

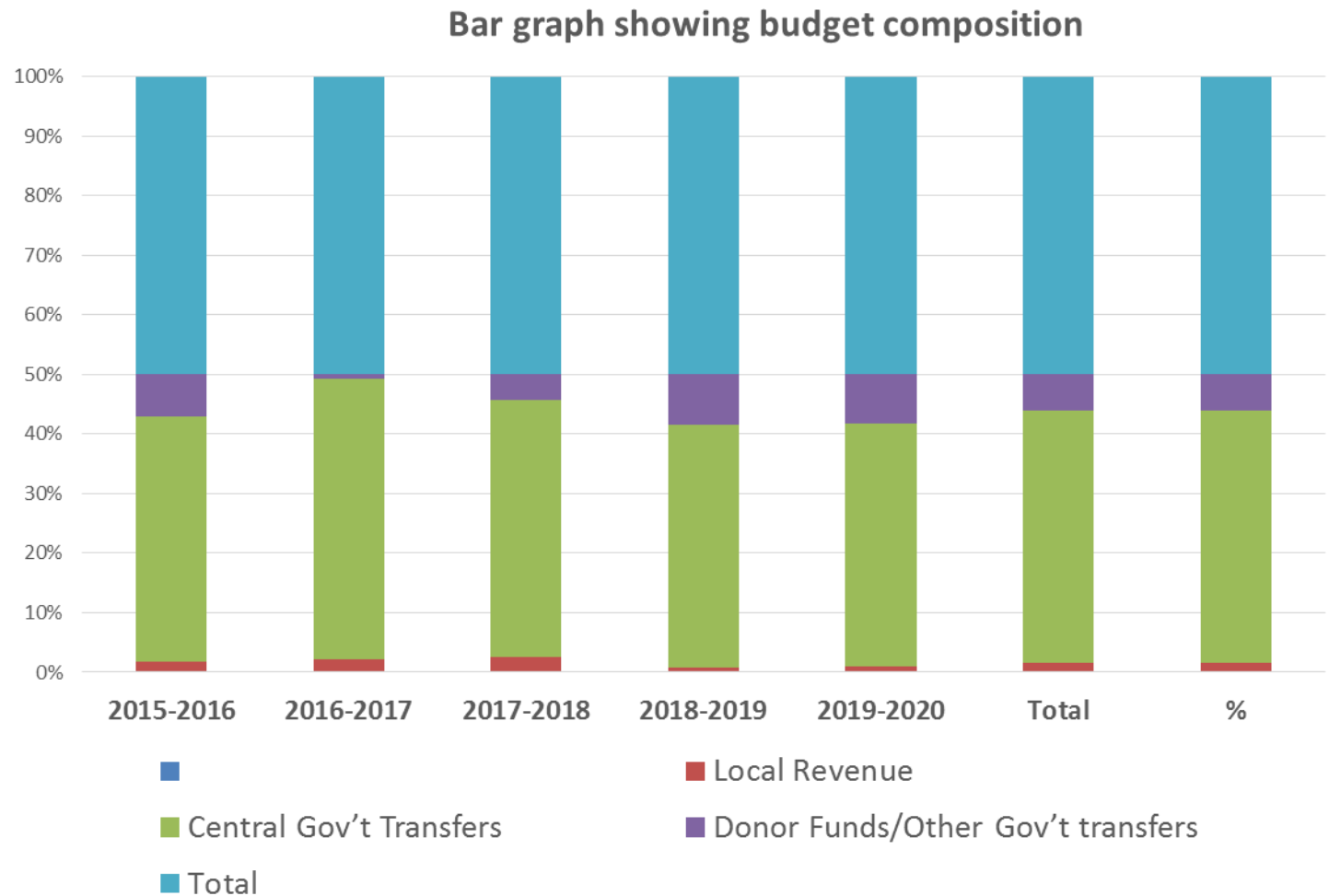
Analysis (Table 1.2) below provides the composition of the District budget for the above stated financial years as approved by the District Council:

Table 1.2

## Composition of the Budget

| Category                          | 2015-2016<br>“000” | 2016-2017<br>“000” | 2017-2018<br>“000” | 2018-2019<br>“000” | 2019-2020<br>“000” | Total<br>“000” | %    |
|-----------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|----------------|------|
| Local Revenue                     | 569,528            | 631,074            | 779,639            | 255,285            | 435,037            | 2,670,563      | 3%   |
| Central Gov't Transfers           | 13,013,154         | 13,380,718         | 13,296,323         | 14,963,723         | 17,071,004         | 71,724,922     | 85%  |
| Donor Funds/Other Gov't transfers | 2,237,744          | 195,455            | 1,300,993          | 3,098,631          | 3,426,589          | 10,259,412     | 12%  |
| Total                             | 15,820,425         | 14,207,247         | 15,376,955         | 18,317,639         | 20,933,039         | 84,655,305     | 100% |

# Bar Graph Showing District Budget for FY 2015/16, 2016/17, 2017/18, 2018/2019 & 2019/20







# Budget composition con't

As indicated from the above table 1.2 and the graph Central government grants finances the highest percentage of our budgets i.e.85%, Local revenue, Donors & other government transfers contribute 3% and 12% of our resource envelope respectively in the stated period above therefore, there is a need for us to reverse this trend to increase our local revenue base if we have to gain discretionary powers in resource allocations.

## BUDGET PERFORMANCE IN THE FY 2015/16,2016/17,2017/2018,2018/2019,2019/20

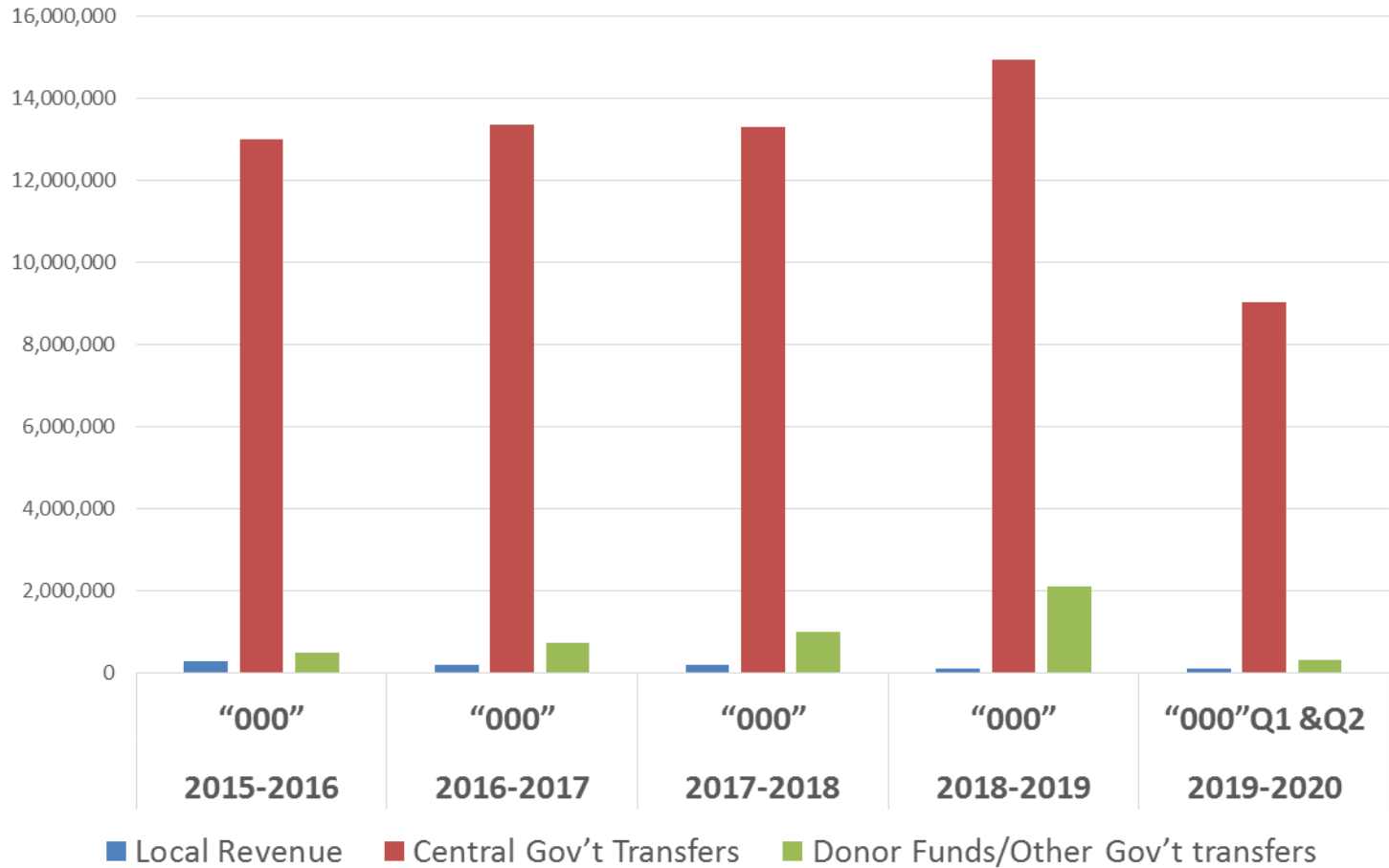
In the period the overall budget performance are as summarized below:

**Table 1.3 Performance of Revenue Budget.**

| Category                          | 2015-2016<br>“000” | 2016-2017<br>“000” | 2017-2018<br>“000” | 2018-2019<br>“000” | 2019-2020<br>“000” Q1<br>& Q2 | Total<br>“000” | %    |
|-----------------------------------|--------------------|--------------------|--------------------|--------------------|-------------------------------|----------------|------|
| Local Revenue                     | 271,931            | 201,000            | 193,231            | 100,720            | 108,722                       | 875,604        | 1.2% |
| Central Gov't Transfers           | 13,013,154         | 13,380,718         | 13,296,323         | 14,963,723         | 8,626,465                     | 63,280,383     | 92%  |
| Donor Funds/Other Gov't transfers | 500,744            | 720,455            | 1,000,993          | 2,098,631          | 366,000                       | 4,626,823      | 6.8% |
| Total                             |                    |                    |                    |                    |                               |                |      |

## Chart showing District actual receipts FY 2015-16 to 2019/20

Bar graph showing the Actual revenue receipts.



The critical analysis of budget performance in the FY 2019/20 is as shown in the table below

| Category                          | Budget         | Actual Receipts (july-14 th October) | %age |
|-----------------------------------|----------------|--------------------------------------|------|
| Local Revenue                     | 435,037,000    | 108,722,000                          | 25   |
| Central Gov't Transfers           | 17,071,413,000 | <b>8,626,465,711</b>                 | 51   |
| Donor Funds/Other Gov't transfers | 3,426,589,000  | 366,000,000                          | 10.7 |
| Total overall                     | 20,933,039,000 | 9,101,187,000                        | 44%  |



# Critical analysis of budget performance in the FY 2019/20

## Con't

The table above analyses the performance of various sources of revenue in FY 2019/20 up to 11<sup>th</sup> October, 2019 which indicates that 25% of the budgeted local revenue has been realized, 51% and 11% of Central government transfers and Donor funds respectively have been realized, overall we have realized 44% of our revenue.



## **I.4 REVIEW OF REVENUE BY SOURCE FY 2019/20:**

A deeper analysis of the budget performance of individual revenue items making up our resource envelope is as below:

### **LOCAL REVENUE**

This has been sub-divided in two sections i.e. Taxes and Property incomes and their contributions to the revenues realized are as below:

**Table 1.4****Sub-Division of Local Revenue:**

| S/N | Detail of Local Revenue | Budget             | Actual to October 2019 | Percentage performance |
|-----|-------------------------|--------------------|------------------------|------------------------|
| 1   | Taxes                   | 412,508,000        | 102,002,500            | 24.7%                  |
| 2   | Property Income         | 22,529,000         | 6,719,500              | 29%                    |
|     | <b>Totals</b>           | <b>435,037,000</b> | <b>108,722,000</b>     | <b>25%</b>             |

From the above analysis much of our local revenue is from taxes which has contributed 24.7% of our budget and overall we have realized 25% of our budgeted local revenue in FY 2019/20.

### **Central Government Grants.**

- This has been divided into Conditional and Unconditional grants as analyzed in the table below:

Summary of performance of Grants by Nature:

| <b>S/N</b> | <b>Detail of Central Government Transfers</b> | <b>Budget</b>  | <b>Actual up to October 2019</b> | <b>%age Perform<br/>ance</b> |
|------------|---|----------------|----------------------------------|------------------------------|
| 1          | Conditional Grants                            | 14,700,904,000 | <b>7,441,211,211</b>             | 51                           |
| 2          | Unconditional Grants                          | 2,370,509,000  | 1,185,254,500                    | 50                           |
|            | <b>Total</b>                                  | 17,071,413,000 | <b>8,626,465,711</b>             | 51%                          |



## **REVIEW OF REVENUE BY SOURCE FY 2019/20: CON'T**

### **Information to note**

From the above table, the district so far has realized 51% of its Conditional grants and 50% of the unconditional grants; overall we have realized 51% of central government transfers.

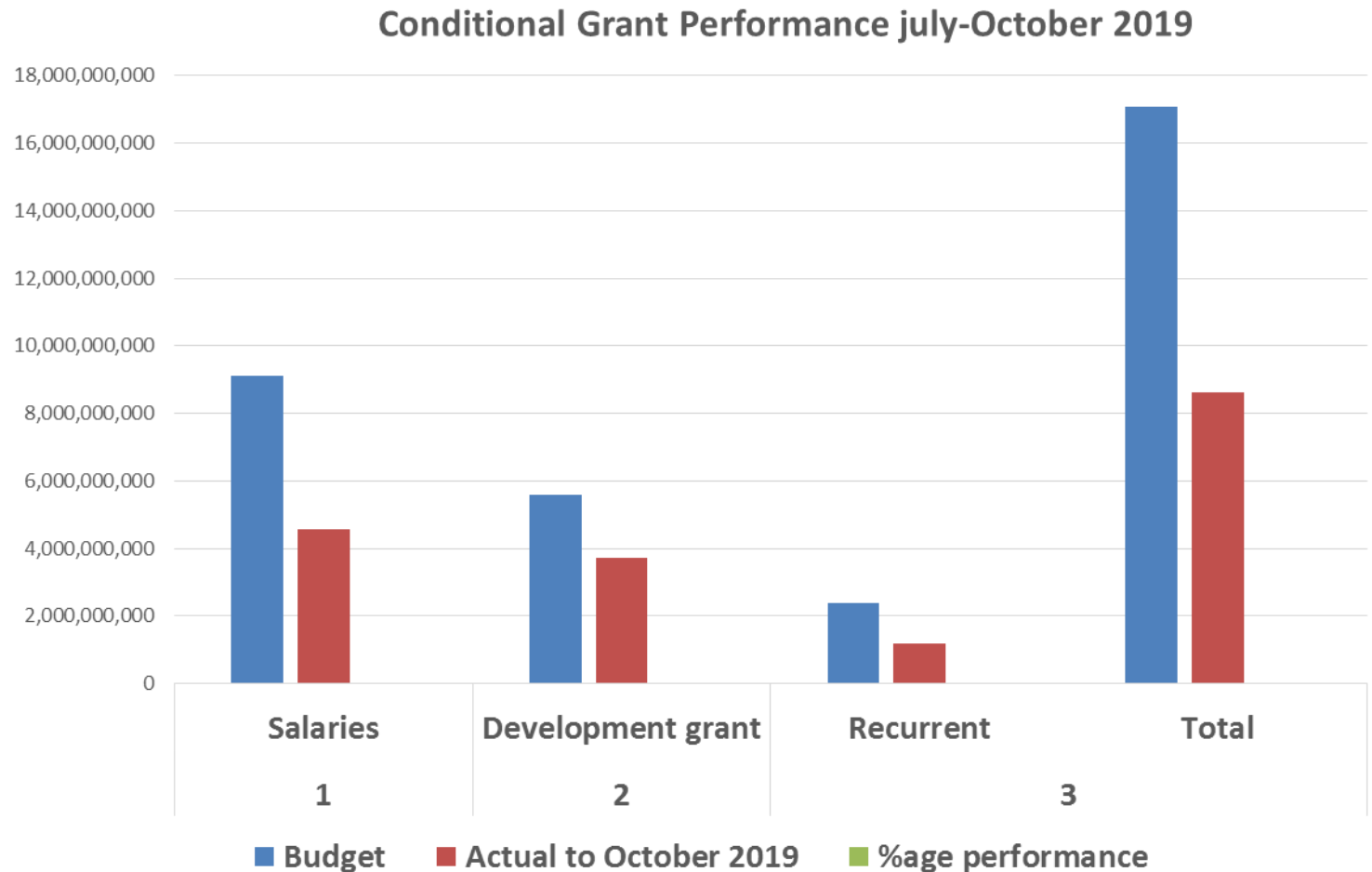
### **Conditional Grants:**

From the table below 52% cater for payment of salaries to staffs under conditional payroll who include teachers, Health workers and staff in production department, 75% represent development grants realized and 50% of the realized revenue is recurrent grant:

**Table 1.6 Performances of Grants by Function:**

| <b>S/N</b> | <b>Conditional Grant Allocations</b> | <b>Budget</b>  | <b>Actual to October 2019</b> | <b>%age performance</b> |
|------------|--------------------------------------|----------------|-------------------------------|-------------------------|
| 1          | Salaries                             | 9,128,362,652  | 4,564,181,326                 | 52                      |
| 2          | Development grant                    | 5,572,541,348  | 3,715,027,565                 | 75                      |
| 3          | Recurrent                            | 2,370,509,000  | 1,185,254,500                 | 50                      |
|            | <b>Total</b>                         | 17,071,413,000 | <b>8,626,465,711</b>          | 51%                     |

# Chart showing Conditional Grant performance FY 2019/20





# Donor Funds/Other gov't transfers

An in depth analysis of donor funding as indicated in table below shows that the district so far has realized 11% of donor & other government transfer funds which is only from MoH i.e immunization fund (polio and rubella) NUSAF3, VODP and TASO (U)

**Table 1.8 Performance of Donor funds by Category:**

| <b>S/n<br/>o</b> | <b>Donor</b>   | <b>Budget</b>        | <b>Actual</b>      | <b>%percent<br/>age</b> |
|------------------|--|----------------------|--------------------|-------------------------|
| 1                | TASO (U)   | 322,000,000          | 32,255,000         | 10%                     |
| 2                | UNDP   | 72,000,000           | 0                  | 0                       |
| 3                | UNICEF   | 30,000,000           | 0                  | 0                       |
| 4                | Global Fund for<br>HIV,TB & malaria                            | 100,000,000          | 0                  | 0                       |
| 5                | World Heath<br>Organisation<br>(WHO) Rubella<br>,Polio Vaccine | 520,330,000          | 83,250,000         | 16%                     |
| 6                | GAVI   | 100,000,000          | 0                  | 0                       |
|                  | <b>TOTAL</b>   | <b>1,144,330,000</b> | <b>115,505,000</b> | <b>10%</b>              |

**Table 1.9 Performance of other government transfers by Category:**

| <b>S/<br/>No</b> | <b>Grant</b>                                    | <b>Budget</b>        | <b>Actual<br/>receipt<br/>up to oct</b> | <b>%tage<br/>perform<br/>ance</b> |
|------------------|---|----------------------|---|-----------------------------------|
| 1                | NUSAF3  | 1,171,654,000        | 20,011,000                              | 1.7%                              |
| 2                | Support to PLE (UNEB)                           | 12,000,000           | 0                                       | 0                                 |
| 3                | URF   | 493,167,000          | 123,291,750                             | 25%                               |
| 4                | VODP  | 32,178,000           | 29,255,000                              | 91%                               |
| 5                | YLP   | 268,004,000          | 0                                       | 0%                                |
| 6                | Micro projects under<br>Rwenzori devt programme | 288,000,000          | 0                                       | 0%                                |
|                  | <b>TOTAL</b>                                    | <b>2,265,003,000</b> | <b>172,557,750</b>                      | <b>7.6%</b>                       |

# Achievements

The department so far has registered the following achievements:

- Successfully coordinated the preparation of the 5-year development plan, approved by council from FY 2016 to 2020
- Prepared annual financial statements for the preceding years and submitted to Accountant General.
- Supported and coordinated internal and external audit processes and responded to audit queries there in.
- Supported and coordinated responses to matters raised by various oversight institutions.
- Supported and coordinated through budget desk the preparation of budgets and work plans.
- Supported and coordinated the production of financial and physical accountability reports
- Updated Local revenue data base System with the help of Uganda Finance Commission
- Carried out support supervision of LLGs on financial management.
- Supported and coordinated the internal Mock assessments.
- Supported capacity building of primary school head teachers on financial management.
- Supported capacity building of finance staff for CPA course.

# Challenges

While the Department realized a number of achievements as mentioned above, a number of challenges were encountered as below:



# Challenges cont'

- Low participation by the public in planning and budgeting for their councils.
- Negative Public attitude towards tax payments.(Tax is non quid-proquo)
- Poor Coordination on revenue collection amongst departments.(Production, finance, community and administration)
- Limited tax base due to high levels of poverty.
- Ever changing Financial reforms(IFMS,PBS,IPPS,E- cash, E- procurement)
- High expectation of revenue by the various sectors at the district.



## Challenges cont'

- Delays in award of contracts which affects the absorption levels of funds received.
- Low capacity of service providers.
- Limited wage bill that can not meet the salary wage requirement for 12 months.
- Limited involment of development partners in funding the district

## Out look for the Future

The department is planning to undertake the following in the next FY with a view to improved performance hence consolidating gains towards achieving the district mission

- ♣ Enforcement of compliance with the LGFAR by all staff, through regular monitoring and supervisions.
- ♣ Compliance checks to ensure achievement of performance targets
- ♣ Regular follow up of audit recommendations.
- ♣ Sensitization of all stakeholders especially the potential taxpayers, and the general public.
- ♣ Lobby for recruitment of additional staff at least to 75% coverage.

## Projected Budget composition for FY 2020-2021

| Category                          | Budget for FY 2019/20 | Projected Budget 2020/2021 |
|-----------------------------------|-----------------------|----------------------------|
| Local Revenue                     | 435,037,000           | 435,037,000                |
| Central Gov't Transfers           | 17,071,413,000        | 17,071,413,000             |
| Donor Funds/Other gov't transfers | 3,426,589,000         | 3,426,589,000              |
| Total                             | 20,9330,039           | 20,9330,039                |



# Budget projections cont'

The MTEF allocations for the FY 2020/21 have been maintained at the level of FY2019/20

## **NB**

Any resources required to implement the additional sector priorities should be realized through allocations efficiency by reducing expenditure on non-core activities and re directing the resources to the core and frontline service delivery activities under the respective sectors.



# Think tank

❖ How do we improve on our local revenue base so as to reduce the dependency syndrome on central government transfers?

# Tax Quotes

- ❑ For patriots paying taxes gives a feeling of responsibility of being part of the fabric of our Country, District of contributing to the common good Joyce Marcel, 2006.
- ❑ In this world nothing can be said to be certain except death and taxes Benjamin Franklin, letter to Jean Baptiste Le Roy Nov. 13, 1789.



**Thank you for listening**