

SECTION 7: EXPENDITURE CONTROL

7.1 Expenditure by LLGs.

All expenditures incurred by Local-level Governments are subject to annual appropriation made by Parliament through the Appropriation Act.

7.2 Warrant Authority

As soon as Parliament passes the Budget the funds are released to Local-level Governments by way of Warrant Authorities. However it should be noted that passing of the budget by itself is no express or implied authority for incurring expenditure.

The basis for expenditure by Local-level Governments is therefore the Warrant Authorities which are raised and issued by Budgets Division of the Department responsible for financial management.

7.3 Issuing of Warrant Authorities

Based on Local-level Government cash flow and subject to the availability of funds, monthly warrant authorities for all grant types will be issued to the Local-level Governments.

Warrant Authorities for each Local-level Government, once processed, are released to the Provincial Administrator.

7.4 Remittance of Cash Components of Grants (Cash for the Local-level Government)

Cash Transfers are made to the District Treasury Operating Bank Accounts by the Public Accounts Division on advice from the Budget Division of the Department of Treasury.

On receipt of cash, the District Administrator as the Provincial Administrator's appointed Section 32 officer shall, through the District Treasurer, issue CFC's to the LLG Manager. To exercise this function, Provincial Administrators must appoint District Administrators as Section 32 officers.

7.5 Financial Delegates and Cash Fund Certificate.

The Provincial Administrator as the deemed Departmental Head shall then appoint Financial Delegates (District Treasurers) who will be responsible for implementing the expenditure decisions undertaken by the Section 32 officer through Cash Fund Certificates (CFCs).

7.6 Cash Fund Certificates (CFCs).

Cash Fund Certificates (CFCs) are issued to Financial Delegates periodically and carry unique reference numbers to identify each CFC Holder, with sequential serial numbers for each CFC holder.

Cash Fund Certificates bear six distinct digit serial numbers to identify Financial Delegates. The first three digits identify the LLGs and the last three digits identify the Financial Delegate.

Cash Fund Certificates are the basis of incurring obligations on behalf of the Local-level Governments.

7.7 Commitment Control System

The Financial Delegate (District Treasurer) is responsible for maintaining a commitment control system. Council Executive Officer should also maintain a memorandum of Commitment Control Ledger manually.

The CFCs received from the Provincial Administrator will show a vote number or account number and the amount previously authorised, now authorised, and total authorisation.

As and when the CFCs are received at the Local-level Government office, the amounts shown under "now authorised" column should be checked against the cash amount transferred to the Operating Bank Account of the Local-level Government.

Any variance in the balance should be immediately brought to the attention of the Provincial or District Treasurer. If there is no variance, the amounts should be immediately recorded in the commitment control ledgers (FF20s).

A commitment control ledger is an approved finance form and is used to keep records of all commitments, payments and will show how much funds are available per item.

How to record the CFCs in the Commitment Control Ledger is explained below:

1. On the commitment control ledger at the very top where it says YEAR.... Insert the year in which the CFC has been issued should be entered.

In the box titled "card no" a numbering sequence beginning with 1 is entered and the numbering sequence is followed for every activity.

2. On the row down, where it says "DEPARTMENT" the name of the LLG should be entered.

3. Below the "DEPARTMENT", there are two lines, one for "VOTE NO" and the other for "DESCRIPTION". The vote No. is shown in the CFC under the columns "Div", "Fn", "Act" and "Item" meaning Division, Function, Activity & Item respectively. The description is shown in the Vote Index.

For example, for item 111 the description will be "salaries" and for Item 112 the description will be "wages".

4. Along the same row there is a box to enter the CFC No. This number is shown at the top right hand corner of the CFC.
5. Further to the right, is a box with (3) columns and (4) rows as shown below: (The 4 rows are for the 4 quarters in a year)

DATE	AMOUNT	PROGRESSIVE

- a) In the first column "DATE", the date of issue of the CFC should be entered. This date is shown at the top right hand corner of the CFC.
- b) In the second column "AMOUNT", the amount shown in the second column of the CFC, "Now Authorised" should be entered.
- c) The third column is to enter the progressive total of the funds received.

When entries are made in the first line for the funds received in the 1st quarter the figure entered under the "Amount" column will be the same as the figure entered under the "Progressive" column. In the second quarter the figure shown under the "Progressive" column will be the sum of the funds received in the 1st and 2nd quarters. Similarly the progressive totals will be shown as funds are received in the 3rd and the 4th quarters.

The next line below is a detailed row starting with Date, Reference ILPOC/F.F.4, Supplier, Amount and further to right ending the description with the word Remarks. There are two parts (i) Commitment and (ii) Payments (De- commitment)

- (i) **Commitment:** These details are entered when FF3 (requisition for expenditure (to raise ILPOCs) and FF4 for travel advances/rates are received at the Accounts Section for commitment of funds.

- (ii) **Payments/De-commitment):** This part is completed after the payments are done and should be updated on a monthly basis in order to determine the funds status.