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THE REPUBLIC OF UGANDA

Ministry of Finance, Planning &
Economic Development
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Uganda

28th May, 2019

All Accounting Officers

CIRCULAR ON E-CASH USAGE

Reference is made to the E-cash Platform that was introduced two years ago. It was first piloted in a number of entities and eventually rolled out to all Central Government Votes and some Local Governments.

Over the last two years there has been increased use of the platform however we have noted that some votes are using E-cash platform to by-pass the IFMS which is the main payments system.

This is therefore to issue the guidelines for the operations on the E-CASH platform.

Accounting officers should ensure that guidelines are followed to ensure proper accountability of Government Resources under their control.

It is your responsibility as Accounting Officer to ensure that the funds appropriated under your vote are secured using prescribed systems.

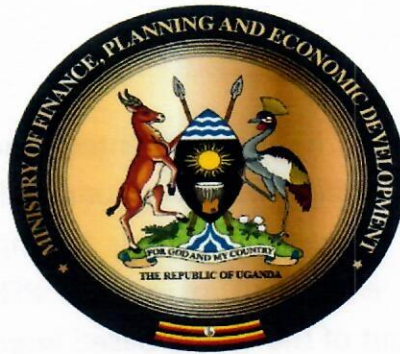
A handwritten signature in blue ink, appearing to read 'L. Semakula'.

L. Semakula
ACCOUNTANT GENERAL

Cc: The Auditor General, Office of the Auditor General
The Permanent Secretary/Secretary to the Treasury
The Ag. Internal Auditor General, MoFPED

Mission

"To formulate sound economic policies, maximize revenue mobilization, ensure efficient allocation and accountability for public resources so as to achieve the most rapid and sustainable economic growth and development"



**MINISTRY OF FINANCE, PLANNING AND ECONOMIC
DEVELOPMENT**

ACCOUNTANT GENERAL'S OFFICE

GUIDELINES FOR E_CASH

May 2019

1.0 BACKGROUND

Government of Uganda (GoU) has implemented wide-ranging Public Financial Management (PFM) reforms geared towards ensuring efficient, effective, transparent and accountable use of public resources as a basis for improved service delivery. Some of the key reforms include: enactment of a new PFM law; the Public Financial Management Act of 2015, rollout of the Oracle based Integrated Financial management System (IFMS) to Ministries, Agencies and Local Governments (MALGs), introduction of Electronic Funds Transfer (EFT), decentralization of salary and pension payment processing and implementation of Treasury Single Account (TSA).

While the above reforms have provided the foundation for improved transparency and accountability in public financial management processes, a number of challenges still remain. One of the challenges is the management of cash transactions in Government entities. Although cash transactions are susceptible to control risks such as lack of accountability, misuse of funds and incorrect recording, it is inevitable that some MALGs draw cash to undertake programs due to the nature of Government operations. While measures to mitigate some of the risks highlighted above are already in place, government intends to further strengthen the management of cash transactions by adopting more innovative and secure solutions.

It is against this background that government introduced the e-cash platform solution that enables MALGs to efficiently and securely manage their cash transactions.

2.0 OBJECTIVES

The overall objective of acquiring the e-cash platform is to ensure cash transactions are authorized, properly accounted for, documented and identifiable to specific Government activities undertaken by MALGs. The specific objectives of the e-cash platform are to;

- i) Foster efficiency and convenience in execution of cash payments to beneficiaries.
- ii) Ensure security and transparency in the entire payment process to facilitate timely delivery of funds to the intended beneficiaries.
- iii) Enable tracking of funds disbursed to entities for cash payouts on a real time basis by the Ministry of Finance, Planning and Economic Development (MoFPED).

- iv) Minimize risks associated with cash transactions without stifling operations.
- v) Provide accountability for all disbursed funds through reports generated from the E-cash platform.
- vi) Ensure that the right beneficiaries are paid the correct amount and-in time.

3.0 PROCESS OF HANDLING E-CASH

a) Setting up of users on E-cash platform

- i) An Accounting Officer intending to use E-cash will write to Accountant General submitting users and their respective roles on the system e.g. Filer, verifier, authorizer and audit
- ii) Accountant General will write to stanbic submitting users to be set up accordingly.
- iii) Stanbic will set up users and communicate to the users by mail indicating user name, one time password and web link that shows how to access the E-cash portal.
- iv) After vote confirming receipt of credentials, the support team will follow up to train users.

b) Processing of transactions through E-cash Platform

- i) Accounting officer with need to process cash transaction shall formally write to Accountant General indicating he/she has initiated E-cash transaction.
- ii) Where amount to be processed through E-cash including charges is below five million Uganda shillings (Shs 5000,000), Accounting Officers are not required to write but should ensure that right items are charged for the relevant activity.
- iii) Treasury will process the payment within two working days to the E-cash Account in stanbic.
- iv) Once the designated E-cash account is credited, Treasury will update the E-cash platform with the e-value of the amount credited to the account.

On the payout day, beneficiaries will provide the following information;

- a) Name (recognized ID e.g. national ID, driver's license, employee ID is required for proof of name)
- b) Registered Mobile money phone number
- c) Beneficiaries with mobile numbers that are not registered for mobile money, should sign an undertaking authorizing the paying Agent to remit their payment(s) to another agreed registered third party using a form illustrated in appendix 11.
- d) Beneficiaries can opt to give bank account and be paid directly to the account.
- e) The information provided and amount in Uganda shillings to be received will be captured on the E-Cash platform and processed through an approval hierarchy by the assigned officer.

The platform has an inbuilt Know Your Customer (KYC) which automatically displays the recipients' names when phone numbers are entered. The responsibility of ensuring that only bona-fide beneficiaries are paid and reconciling all the relevant records lies with the respective Accounting Officer.

- v) E-cash payment transactions to beneficiaries will be initiated on the platform either by capturing individual transactions or through a bulk upload.
- vi) The Accounting Officer will validate/approve the E-Cash transaction on the platform and send an electronic payment instruction to the E-cash Service provider to effect payment.
- vii) The beneficiaries will immediately receive a notification on receipt of the payment.
- viii) A report will be generated with all the details of beneficiaries and respective amounts paid.
- ix) Any unpaid Balance on the designated E-Cash bank account will be swept back to the MALG's and Projects Sub TSA (Source Account) within ten (10) working days from the date the requested amount was initially credited to the designated E-cash account.

The MALG's and Projects will pass accounting entries on the system (IFMS) to adjust the cash book and expenditure line item(s) for the amounts returned/Unspent.

The MALG's and Projects will prepare and keep accountability in form of activity reports in addition to reports generated on the e cash Platform.

4.0 TRANSACTIONS TO BE PROCESSED USING THE E-CASH PLATFORM

The introduction of the e-cash platform is strictly for purposes of facilitating cash payouts in Uganda Shillings. Access to the platform will be restricted to only those transactions where it is cumbersome to pay directly to the beneficiary bank accounts through an electronic funds transfer instruction generated off the Government of Uganda Integrated Financial Management System (IFMS). Generally, e-cash will be used to process the following cash payments;

- i) Facilitation allowances to participants attending workshops, seminars and trainings, who are not employees of paying vote.
- ii) One-off cash payments where it's not possible to get account details for set up on the IFMS and the amount is equal or below the threshold.

Specifically, the E-cash platform will not be used where;

- i) The payee is a supplier/vendor
- ii) The payee is an employee of the paying vote
- iii) The payee ordinarily receives regular payments from the paying vote
- iv) The amount to be paid out to an individual payee exceeds UGX 5m (Uganda Shillings Five million).
- v) Charge items in the budget do not relate to workshops and seminars, compensation and training.

Note: It's the responsibility of the Accounting officer to ensure that there are no budget mischarges and only rightful beneficiaries are paid to undertake approved activities that qualify for cash payments

5.0 THE E-CASH SOLUTION FUNCTIONALITY

The E-Cash platform is designed with the following functionality;

- A web portal (online application forms) accessible to any authorized user over the internet who has designated access credentials. The portal allows direct upload of single entry and bulk import of recipients' payment information.
- Secure Operating system that configured with multi-user authentication and a maker-checker-approver arrangement based on the agreed approval hierarchy.
- Secure and encrypted transaction processing.
- Inbuilt controls to enable secure initiation, review, and approval of cash payment transactions.
- Ability to schedule payments to be effected at a later time or date using a payment scheduling service.
- Three (3) tier approval hierarchy (Initiator- Cashier or designated officer, Checker – Head of Accounts/Finance and Approver- Accounting Officer) to achieve a complete and successful cash transaction cycle.
- Generates payment activity reports by vote, date range, beneficiary and/or any other relevant attributes.

Appendices

Appendix 1

INSTRUCTION TO PAY ALLOWANCE ON THIRD PARTY REGISTERED MOBILE MONEY PHONE NUMBER.

I.....of.....on this date.....
authorise that my allowance for.....
be paid to mobile number in the names of
.....

Signature:

Names:

Mobile Number.

In presence of:

Names:

Signature: