RUMPHI DISTRICT COUNCIL

ALL CORRESPONDENCES TO BE ADDRESSED TO
The District Commissioner
P O Box 224, Rumphi

TEL. No. 01 372 377
Tel/Fax: 01 372 215
E-mail: info@rumphidc.gov.mw

FIRST QUARTER FINANCIAL REPORT (APRIL TO JUNE 2026)

FINANCIAL YEAR 2026–2027

1.0 Introduction

Rumphi District Council is one of the Local Authorities in Malawi established under the Local Government Act (CAP 22:02) of 1998. The Council operates in a decentralized governance environment backed by the National Decentralization Policy of 1998, the Local Government Act, the Public Finance Management Act, the Malawi Constitution of 1995, and the Local Authorities Accounting and Financial Management Procedure Manuals.

Rumphi District Council is mandated by the Local Government Act (1998) to produce monthly, quarterly, and annual financial statements showing income and expenditure for the financial year.

2.0 Objectives

The main objectives of quarterly financial reporting are as follows:

1. To monitor budget implementation across all sectors.
2. To monitor local revenue collection and utilization.
3. To assess progress in the implementation of projects
4. To ensure all bank accounts held by the Council are fully reconciled.

5. To track and report all quarterly income and expenditure of the Council.

3.0 Financial Performance Summary

3.1 Government Transfers

- **Funding Mechanism:** Rumphi District Council receives funding from the Treasury through the National Local Government Finance Committee (NLGFC).
- **Transfer Types :** Transfers consist of the General Resource Fund (GRF), Sector Funds, and Constituency Development Fund (CDF).
- **Approved Annual Budget:** MK22,003,103,900.00.

3.2 General Resource Fund (GRF)

The General Resource Fund (GRF) is an unconditional allocation provided by Central Government to support operational activities (e.g., utilities and general administrative costs).

- **Approved Annual Budget :** MK124,742,289.37
- **Cumulative Receipts :** MK32,122,910.25
- **Cumulative Expenditure :** MK28,831,998.69
- **Closing Balance :** MK3,290,911.56

3.3 Sector Funds

- **Approved Annual Consolidated Sector Budget :** MK1,878,361,611.00
- **Receipts :** MK334,488,468.36 *(representing 17% of the approved annual budget)*
- **Cumulative Expenditure :** MK190,551,157.85

3.4 Constituency Development Fund (CDF)

- **Approved Annual Budget (2026/2027) :** MK20,000,000,000.00 *(allocated equally among the District's four constituencies)*.
- **Carried-Forward Balance (from previous FY) :** MK291,029,988.00
- **Status & Utilization :** A transfer of MK68,701,468.84 reported in May had not yet reflected in the account by the end of Q1. Consequently, MK63,124,064.87 from the carried-forward balance was utilized during the quarter to support preparatory activities for the new CDF cycle.

3.5 Locally Generated Revenues

In accordance with Section 44(1) of the Local Government Act and the Third Schedule, the Council collects local revenue from market fees, business licenses, service fees, and plot sales.

- **Approved Annual Budget :** MK489,000,000.00
- **Cumulative Collections :** MK92,808,314.53 *(~19% of annual budget)*

- **Cumulative Expenditure** : MK74,019,638.53
- **Closing Balance** : MK18,788,675.61
- **Revenue Drivers** : Collections were mainly driven by business licenses, market fees, and ongoing plot sales.

3.6 Other Government Transfers

- **Opening Balance** : MK52,098,311.51
- **Receipts** : MK39,549,059.17
- **Expenditure** : MK23,231,666.74
- **Closing Balance** : MK68,415,703.94

4.0 Donor Funds & Special Projects

4.1 Climate Smart Enhanced Public Works Program (CSEPWP)

- **Approved Operations Budget:** MK62,865,000.00
- **Participant/Foremen Wage Allocation** : MK643,680,000.00 *(paid directly via Mpamba)*
- **Operational Receipts & Expenditure** : Receipts of MK7,740,845.08 received in June were fully spent by quarter-end.

4.2 Social Cash Transfer Program (SCTP)

- **Approved Annual Budget** : MK1,178,421,700.00
- **Carried-Forward Opening Balance** : MK80,862,152.38
- **Expenditure** : MK80,862,152.38
- **Closing Balance** : MK311,904.88

4.3 Other Donor Projects (PRIDE, ASAP, MEPA, LIFE AR, TRADE, Home Grown, Invest in Early Years)

- **Opening Balance** : MK80,688,116.99
- **Receipts** : MK13,085,716.22
- **Expenditure** : MK55,945,824.30
- **Closing Balance** : MK37,828,008.91

4.4 GESD and RCRP

Project Stream	Total Receipts (MWK)	Expenditure for Q1 (MWK)	Balance (MWK)
GESD Project	21,272,500.00	21,272,500.00	0.00
RCRP 1 & 2 Project	220,292,537.50	41,888,314.41	178,404,223.09
TOTAL	**241,565,037.50**	**63,160,814.41**	**178,404,223.09**

- **GESD Project:**
  - Total funds received during the quarter amounted to **MWK 21,272,500.00**.
  - The entire allocation was fully utilized for new CDF preparatory activities (**100% absorption rate**).
- **RCRP 1 & 2 Combined Projects:**
  - Total funds received totaled **MWK 220,292,537.50**.
  - Total expenditure for the first quarter was **MWK 41,888,314.41** (~19% execution rate).
  - An unspent balance of **MWK 178,404,223.09** remains available for upcoming project commitments.

5.0 Key Operational Challenges

1. **Delays in By-Law Vetting:** The Ministry of Justice is taking prolonged periods to vet Council by-laws, hindering enforcement as clients request legal documentation prior to compliance.
2. **Inadequate & Aging ICT Infrastructure:** Finance personnel face shortages of modern ICT equipment, leading to system slowness and delays in processing transactions/payments.
3. **Funding Delays:** Delays in cash disbursements from Treasury have negatively impacted smooth operations across sectors.

6.0 Recommendations

1. **Accelerate By-Law Approval:** Request the Ministry of Justice to expedite the vetting of local by-laws to improve revenue collection and enforcement.
2. **Procurement of ICT Tools & Furniture:** Urgently procure modern computer hardware and ergonomic office furniture for procurement and finance staff.
3. **IFMIS Refresher Training:** Organize capacity-building refresher courses on IFMIS for all accounts and procurement personnel.
4. **Treasury Cash Flow Adherence:** Engage the Treasury/NLGFC to align funding releases with approved cash flow projections.