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In any correspondence on  
this subject please quote no. **PMD 80/80/01**

25<sup>th</sup> September 2018

All Responsible Officers  
Ministries, Departments, Agencies and Local Governments

## **GUIDANCE ON THE MANAGEMENT OF THE PAYROLL, PENSION AND GRATUITY UNDER THE INTEGRATED PERSONNEL AND PAYROLL SYSTEM (IPPS)**

Reference is made to the letter Ref: AGO/005/131/01 dated 19<sup>th</sup> September 2018 from the Permanent Secretary/Secretary to the Treasury addressed to me and copied to all Accounting Officers among others on full decentralization of the payroll.

This Ministry appreciates the acknowledgement by the Permanent Secretary/Secretary to the Treasury of the positive progress made in reducing irregularities in payroll management through a decentralized system.

However, the letter alluded to certain concerns allegedly being raised by Ministries, Departments, Agencies and Local Governments pointing out some weaknesses in the management of payroll, pension and gratuity. This Ministry has, within its mandate, already undertaken various initiatives and interventions geared at strengthening salary, pension and gratuity management in the Public Service, among other human resource functions. I therefore, wish to guide the service as follows:

### **1. Full decentralization of pension and gratuity processing and payment**

Section 2 of the Pensions Act Cap 286 confers upon this Ministry the responsibility of a Pensions Authority. Pursuant to Section 24 of this Act, the Ministry of Public Service delegated some powers of pension and gratuity payments enshrined in Section 3 of the same Act to the Responsible Officers of Ministries, Departments and Local Governments in order to improve service deliver, promote transparency and accountability.

Learning from previous experiences, full decentralization of pension will be implemented a phased manner with the involvement of end users in Ministries, Departments and Local Governments. The Ministry is following a planned road map to achieve full decentralization. So far, full decentralization of pension and gratuity processing has been successfully piloted in Ministry of Defence and Veteran Affairs. Next phase targets Uganda Police Force and Uganda Prisons Service scheduled to

*Mission: To provide human resource policies, management systems and structures that facilitate efficient and effective public service performance for national development and improved quality of life in Uganda*

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commence this financial year. Full decentralization for the rest of the Ministries, Departments and Local Governments has been planned for 1<sup>st</sup> July 2019 and not 1<sup>st</sup> January 2019 since this is not in the Ministry of Public Service's plan for FY 2018/19.

In the meantime, the Pension business process has been reviewed from the current seven (7) steps to five (5) due to take effect in October 2018. The steps include creating a retirement request, approval of the retirement request, assessment, auditing and final authorization. Responsible Officers are reminded to always initiate retirement requests six months prior to the retirement date to ensure that benefits are processed and paid on the due date;

Furthermore, it has been agreed that verification of retired teachers' registration certificates by the Ministry of Education and Sports before processing of retirement benefits will be eliminated with effect from October 2018. Ministry of Education and Sports has been engaged to make arrangements of verifying serving Teachers' registration certificates before retirement. Service Commissions should verify the certificates of new entrants during recruitment.

No more requirement for provision of Pension Form NS.7 which contains bank details except in cases of death gratuity and where the pensioner wishes to change the bank account in IPPS.

## **2. Salary, pension and gratuity processing through Integrated Personnel and Payroll System (IPPS)**

Section 7 of the Public Service Act, 2008 mandates the Ministry of Public Service to have authority for the overall management and administration of the Public Service including monitoring of Public Sector wage performance, allocation and utilization. In accordance with Section A-a (9 and 15c) of the Uganda Public Service Standing Orders, this Ministry on behalf of Government, plays an oversight responsibility to regulate the size of the Public Service through establishment control and monitor salary and pension expenditure through IPPS.

Responsible Officers must therefore process salary, pension and gratuity through IPPS to conform to the controls and checks fitted in IPPS taking into account the approved organizational and pay structures to avoid making irregular payments outside the existing Public Service framework.

The inconsistencies in numbers and amounts that breed discrepancies between payroll records processed on IPPS and the eventual payments on IFMS are occasioned by Responsible Officers who by-pass IPPS and use a data loader to feed payroll payment information directly into IFMS. This practice is highly discouraged and all Votes should desist from it.





Attention of the Permanent Secretary/ Secretary to the Treasury is drawn to the fact that salary, pension and gratuity management entails more than just the final payment of the benefits which comes at the tail end of the process. The process includes a number of inherent HR processes which involve several administrative and management actions that cannot be negated. In line with the provisions of the Public Service Act, 2008, this Ministry remains available to provide guidance on Human Resource Management matters.

### **3. Training Human Resource Officers in calculation of gratuity and pensions**

This idea is in sync with this Ministry's priority areas of continuous training, capacity development and skills improvement of Public Officers. As annotated earlier on the plan for full decentralization of pension and gratuity, this Ministry will provide refresher hands-on-training on technical and functional aspects of IPPS to capacitate the users beforehand.

### **4. Implementation of the Integrated Human Capital Management System.**

In 2016, Government decided to integrate ICT systems in Ministries, Departments and Agencies in order to achieve seamless data exchange within Government. After a study by National Information Technology Authority – Uganda (NITA-U) of the existing systems, it was decided that IPPS be upgraded to a Human Capital Management platform that seamlessly integrates with other systems. Therefore, HCM is not a new system. It is an upgrade of the IPPS.

The Integrated Human Capital Management will automate all human resource business processes end-to-end and enable seamless integration with other Government ICT systems. Prominent among the HR functions to be automated is the transfer from the salary to pension payroll upon retirement of a Public Officer. Since the automated HR modules in the HCM will be integrated, with forward and backward linkages, it is regressive to re-scope the requirements to avoid slipping back to the undesirable past experiences in managing the Public Service.

The Ministry also continues to undertake other interventions to improve the accuracy and timeliness of payroll and pension payments, thus;

1. Biometric validation of all serving Public Officers and pensioners and matching their biometrics data with National Identification Register to ultimately eliminate ghosts on the payroll;
2. Online access of electronic copies of pension files by MDAs and LGs on Electronic Document Management System through IPPS to verify records before payments by Accounting Officers;





3. Continuous technical and functional support for implementation of IPPS at Votes and IPPS Regional Centres. Call-in clients are supported at the IPPS Help Desk, a component of Service Uganda Centre;
4. Provision of appropriate organizational structures to facilitate the MDAs and LGs' to implement their mandates.

The purpose of this letter therefore, is to provide guidance to Responsible Officers on the management of the payroll, pension, gratuity and other related human resource matters in the wake of the communication from the Permanent Secretary/Secretary to the Treasury about the subject.

  
Catherine Bitarakwiire Musingwiire (Mrs.)  
**PERMANENT SECRETARY**

**Copy to:** The Rt. Hon. Prime Minister  
Office of the Prime Minister  
**KAMPALA**

The Hon. Minister of Public Service  
Ministry of Public Service  
**KAMPALA**

The Hon. Minister of Finance, Planning and Economic Development  
Ministry of Finance, Planning and Economic Development  
**KAMPALA**

The Hon. Attorney General  
Attorney General's Chamber  
**KAMPALA**

The Head of Public Service and Secretary to Cabinet  
Office of the President  
**KAMPALA**

The Permanent Secretary and Secretary to Treasury  
Ministry of Finance, Planning and Economic Development  
**KAMPALA**

The Solicitor General  
Ministry of Justice and Constitutional Affairs  
**KAMPALA**