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4th July 2016

All Accounting Officers (Central and Local Governments)

JOINT FIELD MONITORING REPORT ON THE DECENTRALISED SALARY, PENSION AND GRATUITY PAYMENTS FOR FY 2015/16

Effective FY 2013/14, Government took a decision to decentralize the budgeting for and payment of salaries from the Ministry of Public Service and Ministry of Finance, Planning and Economic Development to the respective Accounting Officers of Votes. This was followed by the decentralization of Pension and Gratuity budgeting and payment in FY 2014/15.

Inadequate sensitisation of a number of key stakeholders at both Central and Local Government level on the policy-shift led to delayed verification and payment of bonafide recipients of salaries, pensions and gratuity, which undermined the achievement of the full benefit of the policy.

Against this background, a joint (multi-sectoral) field monitoring exercise was conducted between 4th and 18th April 2016, followed by a second phase from 16th to 27th May 2016 to assess the progress of implementation of the decentralised pensions and salary payments policy, sensitize the key players involved in processing salaries and pensions payments, and generate recommendations for addressing the challenges in order to improve the overall Government payroll management.

This therefore is to forward to you the Report from the aforementioned field exercise, for you to note the issues raised therein and recommendations suggested. This should improve the implementation of decentralised pension, gratuity and salary payments.

Keith Muhakanizi

PERMANENT SECRETARY/ SECRETARY TO THE TREASURY

Copy to; Rt. Hon. Prime Minister
Rt. Hon. 1st Deputy Prime Minister
Rt. Hon. 2nd Deputy Prime Minister
All Hon. Ministers and Hon. Ministers of State
Head of Public Service and Secretary to Cabinet
Deputy Head of Public Service and Deputy Secretary to Cabinet

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"



REPORT

MONITORING OF THE DECENTRALISED SALARY, PENSION AND GRATUITY PAYMENTS FOR FY 2015/16

Ministry of Finance, Planning and Economic Development

MAY 2016

Part 1: INTRODUCTION

1.1 Background

1. Effective FY 2013/14, Government took a decision to decentralize the budgeting for and payment of salaries from the Ministry of Public Service and Ministry of Finance, Planning and Economic Development to the respective Accounting Officers of Votes. This was followed by the decentralization of Pension and Gratuity budgeting and payment in FY 2014/15.
2. This decision was to resolve numerous challenges under the centralized system, which among others was:
 - i) Delayed salary and pension payment;
 - ii) Persistent wage and pension/gratuity shortfall;
 - iii) Existence of 'ghosts' on the wage and pension payrolls; and
 - iv) Accumulation of salary, pension and gratuity arrears.
3. In the last two financial years of decentralised policy implementation, a number of achievements have been attained like, timely payment of employees' salaries, monthly pension and gratuity and a considerable clean-up of the payroll. Accumulation of arrears has stopped and the stock of these arrears is going down and Pensioners no longer travel long distances to Ministry of Public Service and Ministry of Finance, Planning and Economic Development following up their payments, among others.

4. However, inadequate sensitisation of a number of key stakeholders at the Centre and in Local Governments on the policy-shift has led to delayed verification and payment of bonafide pensioners, which is likely to undermine the achievement of the full benefit of the policy.
5. It is against this background, that this monitoring exercise was conducted to assess the progress of implementation of the decentralised pensions and salary payments policy, sensitize the key players involved in processing salaries and pensions payments, generate recommendations for addressing the challenges in order to improve the overall Government payroll management.

1.2 Objective of the Monitoring Exercise

6. The key objective of the exercise was to sensitise the AOs, HoDs, HROs, employees/pensioners and all other relevant stakeholders on the decentralised payment of Salaries, Pension and Gratuity.
7. Specifically, the exercise aimed at establishing reasons for alleged non-payment, under and over payments, delayed verification of pensioners' records, delayed access of pensioners on the payroll and other challenges experienced by states in implementing the decentralised policy.

1.3 Scope of the Monitoring Exercise

8. This exercise covered all government institutions with employees/pensioners on the Government payroll. The first phase of the exercise covered institutions. The first and second phase covered all local governments, Universities and Referral Hospitals outside

Kampala. The third and final phase will cover Ministries and Agencies in Kampala.

9. This monitoring exercise was conducted between 4th and 18th April 2016 and consisted of eight (8) separate teams that visited different Central and Local Government MDAs as indicated in the schedule attached in **Annex 1**. Each team comprised of 14 Technical Officers drawn from various MDAs.
10. The institutions represented were; Ministry of Finance, Planning and Economic Development(Budget and Accountant General's Office), Ministry of Public Service, Ministry of Agriculture, Animal Industry and Fisheries, Ministry of Health, Ministry of Education, Ministry of Works and Transport, Ministry of Defense, Judiciary, Uganda Police, Uganda Prisons Services and representatives from the Uganda National Teachers Union (UNATU).
11. The teams held discussions with both the political leaders of the Local Governments including the Resident District Commissioners (RDCs), L.C V Chairpersons and Members of the Executive Committees as well as technical heads such as Accounting Officers, Heads of Human Resource and other relevant Heads of Departments in addition to the respective Chairpersons of Pension Associations. The main meetings with all staff and pensioners with salary and pension related issues would follow thereafter. However, most meetings did not start at 9:00 am as programmed since most Local governments reported to Offices.

1.4 Key Improvements and outstanding challenges since the introduction of the reform

I. Budget Preparation

Salaries Payments:

- i) All Votes are able to submit detailed staff lists in the format of the Output Budgeting Tool (OBT); *Accounting Officers should also ensure updated staff-lists in the format of MoPS for Management, Policy and Planning.*
- ii) It was noted that Wage Bill provisions to pay salaries for staff on the payroll and filling of critical vacant posts was inadequate. LGs were however advised to prioritize recruitment of critical staff within the budget provisions appropriated by Parliament as provided in the PFMA 2015.
- iii) Lack of National Identification (ID) Numbers by some Public Servants, which poses a challenge during capturing information in the OBT. LGs leaders were advised to mobilize the affected staff to register for the National ID as guided by Government.
- iv) Wage shortfalls arising out of Central Government initiated recruitments of Health workers and failure by MoFPED to honor submissions on budget for ongoing/planned recruitments and cases pending reactivation during preparation and submission of BFP. It was recommended that Accounting Officers be consulted when recruiting Health workers and Secondary Teachers.
- v) Inadequate budget provision for IFMS and IPPS operational costs such as scanners, photocopying and fuel for generators
- vi) It was also raised that centralized appointment and deployment of secondary school teachers lead to budgeting and supervision challenges by AOs. MESTS were requested to consult with AOs in the deployment of secondary teachers and ensure that appropriate documentations are filed with the Accounting Officers.

Pensions and Gratuity Payments:

- i) A clear responsibility center for pension payroll management under Accounting Officer' office has been established hence reducing frequent travels of pensioners to MoPS and MoFPED; *Accounting Officers have a principal responsibility of Pensions budgeting and payroll management.*
- ii) Over 6,000 records remain un migrated on to the integrated Personnel Pay roll System (IPPS) leading to in-accurate budgeting and non-payment of pensioners

II. Budget Execution

Salaries Payments:

- i) There is timely payment of Salaries by all Votes, with staff paid by 28th of every month apart from a few cases, where there are cases of IFMS breakdown, delays in loading quarterly wage expenditure limits. *The issue of system failures of IFMS and IPPS be urgently addressed.*
- ii) It was reported that a number of Local Governments print and display salary payroll on notice boards, and for that displayed, did not last 30 days as required, due to limited space on the notice boards. *An independent Notice board is required for the Human Resource Issues at the Local Governments to ensure full display of the Payrolls.*
- iii) It was noted that few Votes were printing pay slips, though distribution to all Civil Servants on the monthly basis for some Local Governments is still a challenge like for Schools and Health Centres. *Sensitization of In-charges and Head teachers to enhance Distribution of pay slips to all staff be done.*
- iv) It was reported that most Salary Arrears have been verified and paid with exception of Individuals who delay to submit their claims. *The outstanding claims should be verified and paid as well.*
- v) There has been significant cleaning of the payrolls, where invalid/wrong records and payroll errors are identified and corrected by the Accounting Officers prior to payment. *Ensure Monthly Audit of the payroll and salary payments; Review the final payrolls before salary payments and ensure that the payrolls are error free.*

- vi) The Issuance of Deduction codes on the payroll by Ministry of Public Service instead of Accounting Officers has led in-excessive deductions beyond 50%, hence causing massive payroll deletions.
- vii) It was noted that, there is need to automate the salary payments system, such that ONLY gross salary processing/payment is done in order to minimize inaccuracies created out net salary payments.
- viii) Irregular issuance of loans by financial institutions and coding of payroll deductions by MoPs without knowledge of the Accounting Officers; it was recommended that Direct financial institutions should only issue loans after obtaining letters from the AOs, and MoPS should stopping issuing deduction codes at the Centre. This will ensure that loans are not approved beyond 50% of the employees' salaries and loans are not given to those on interdiction/ abscondment, hence minimizing over deductions and employees records deleted.
- ix) It was reported that, there are delays in implementation of an effective IPPS-IFMS interface and use of the excel template (data loader) to upload the payroll data on the IFMS has led to errors being made on the payroll system.
- x) Frequent IFMS and IPPS failure due to poor network leading to delayed processing of the payroll and salary payments still remain a challenge. It is recommended that government (MoLG) should consider contracting more than one internet service provider, to minimize system failures.
- xi) There were reported cases of non-payment of science allowance to some Science teachers and hard to reach allowance in some LGs e.g. Bundibugyo DLG.
- xii) Delays in processing of payments under the Treasury Single Account (TSA) System which affects salary payments

Pensions and Gratuity Payments:

- i) It was noted that, there was no pension pay slips printed and distributed to pensioners. *This has made it difficult for pensioners to know exactly how much is transferred to their bank accounts.*

- ii) There are still notable delays in processing pensions' files at the Local Governments and at the Ministry of Public Service. This is likely to lead to unutilized funds at the end of the financial year.
- iii) There is timely Payments of most decentralized pensioners who retired after decentralization took effect in FY 2014/15 and FY 2015/16 to date; *Accounting officers should pay pension and gratuity from the correct vote and item.*
- iv) It was not that some LGs were processing and Paying Pensions and gratuity using incomplete files on the pretext that Ministry of Public Service sent the names of Pensioners. This is prone to fraudulent payments to errors in payments to bonafide pensioners.

III. Budget Reporting

Salary Payments

- i) It was reported that all Votes received monthly bank account statements from Bank of Uganda (BoU). *Accounting Officers must ensure monthly reconciliation with BoU is done and timely.*

Pensions and Gratuity Payments:

- i) There is limited official communication and feedback mechanism on files submitted to the center/Ministry of Public Service.
- ii) The need for Payment of Pensioners from where they reside than where retired from was apparent. So many pensioners are very old and weak to travel longer distances for verification of their details.

4.0 Recommendations

- i) Need to roll out IFMS to all Local Governments;
- ii) Ministry of Public Service should support Votes to access files for decentralized pensioners to enable them verify and pay the affected pensioners
- iii) Need for regular and constant pension, gratuity and salary monitoring exercises to ascertain progress of implementation of key recommendations.

- iv) Ministry of Public Service to provide pension files that have not yet been worked on to the votes so that they take up the responsibility to process those files.
- v) Ministry of Public Service should stop issuing deduction codes at the centre in order to minimize over deductions and employees records deleted
- vi) Expeditious filling of vacant Posts and access to the payroll for new employees
- vii) Provide a refresher training for Human Resource Officers who are responsible for the decentralized pension and salary payment so as to enhance their capacity
- viii) The report on the key findings of these exercises should be shared with the Local governments and the Beneficiaries.

***Part 2:SUMMARY OF KEY FINDINGS, SALARY AND PENSION
PAYROLL ISSUES, CHALLENGES AND RECOMMENDATIONS
FOR REDRESS***

KEY CROSS-CUTTING ISSUES				
A) Salary Issues				
S/N	Issue	Recommendation	Responsible Institution	Timeline
1.	Inadequate Wage Bill provisions to pay salaries for staff on the payroll and filling of critical vacant posts	<ul style="list-style-type: none"> Government should prioritize recruitment of critical staff and provide adequate funds for salary payments and recruitment of staff. Ensure that recruitment of staff is strictly within the budget provisions appropriated by Parliament as provided in the PFMA 2015. 	AOs MoPS MoFPED	Immediate
2.	Lack of National Identification (ID) Numbers by some Public Servants, which poses a challenge during capturing information in the OBT	Mobilize the affected staff to register for the National ID as guided by Government.	AOs Staff	By the end of April 2016
3.	Centralized appointment and deployment of secondary school teachers under the centralized system leading to lack of adequate information at AO level and challenges in supervision	<ul style="list-style-type: none"> Ensure consultations with AOs in the deployment of secondary teachers. Provide appropriate documentations to the Accounting Officers. 	MoEST&S	Immediate

4.	Non-remittance of payroll deductions such as to UNATU and Medical Workers Association	AOs must ensure that all outstanding and subsequent deductions are remitted	AOs	Monthly
5.	Irregular issuance of loans by financial institutions and coding of payroll deductions by MoPs without knowledge of the Accounting Officers	Direct financial institutions should only issue loans after obtaining letters from the Accounting Officers, and MoPS should not code deductions at the centre. This will ensure that loans are not approved beyond 50% of the employees' salaries, loans are not given to those on interdiction/abscondment, no over deductions and employees records deleted	MoFPED, MoPS & MDAs	Immediate
6.	MoFPED takes long to issue supplier numbers and this makes payments for Salaries and Pensions hard.	The issuance of supplier numbers should be amended	MoPS MoFPED (AGO)	Immediate
7.	Persistent payroll changes, which are not initiated by the Accounting Officers such as disappearance of some staff names from the payroll and inclusion of unknown names on some Votes payrolls.	<ul style="list-style-type: none"> • Ensure that all payroll records are initiated by AOs • AOs should delete all the unknown records from their payrolls and inform the MoPS. • Address the system errors in the IPPS and ensure full decentralization. 	AOs MoPS	Monthly

8.	Understaffing in the Human Resource Sections in the districts for most Districts	A total of Ushs.51.0 bn has been provided in the budget FY 2016/17 for LGs to prioritize recruitment of Human Resource. The AOs should endeavor to follow up and ensure that recruitment is done.	AOs MoPS MoFPED	
9.	Frequent IFMS and IPPS failure due to poor network leading to delayed processing of the payroll and salary payments	Government should consider contracting more than one internet service provider.	MoFPED (AGO) MoLG	Immediate
10.	Delayed implementation of the IPPS-IFMS interface leading to use of the excel template(data loader) to upload the payroll data on the IFMS causing errors in the payroll system	Expedite implementation of the IPPS/IFMS Interface	MoPS MoFPED	Immediate
11.	Inadequate budget provision for IFMS and IPPS operational costs such as scanners, photocopying and fuel for generators	Increase funding for IFMS/IPPS operations.	MoFPED MoLG	
12.	Inadequate technical support to the Local Governments by both the IFMS and IPPS officers in MoPS, MoFPED and MoLG	The issue should be urgently brought to the attention of the respective Permanent Secretaries (MoPS, MoLG and MoFPED), to ensure provision of adequate and timely technical support to all Votes.	MoFPED MoPS MoLG	Immediate

13.	Lack of personal file numbers for some staff	Ensure provision of the IPPS number to the affected staff.	AOs MoPS	Monthly
14.	Wage shortfalls arising out of Central Government initiated recruitments of Health workers and failure by MoFPED to honor submissions on budget for ongoing/planned recruitments and cases pending reactivation during preparation and submission of BFP.	<ul style="list-style-type: none"> Consult the Accounting Officers when recruiting staff for Health secondary Education Consider information submitted by Accounting Officers in the OBT. 	MoH MoEST&S MoFPED	
15.	Non-remittance of payroll deductions	AOs must ensure that all outstanding and subsequent deductions are remitted.	AOs	Monthly
16.	There are cases of non-payment of science allowance to some Science teachers and also hard to reach allowance e.g Bundibugyo	Verify and rectify the claim. However, the standing orders do not provide for payment of allowances in arrears.	AOs	Immediate
17.	Delays in processing of payments under the Treasury Single Account (TSA) System which affects salary payments .	Establish the reasons for the delays in the TSA and address the system challenges	MoFPED BoU	

B) Pension Issues				
S/N	Issue	Recommendation	Responsible Institution	Timeline
18.	Failure to print and disseminate monthly Pay slips for Pensioners , this is attributed by HROs' in the Local Governments lack of awareness on the Printing of pay-slips for Pensioners which	Consider additional funding to the Local Governments to cater for this role. HROs requested to take it up and start printing these pay slips.	AOs MoPS MoFPED	
19.	Pension and Gratuity arrears for Pensioners that retired before decentralization is still a challenge.	Accounting Officers should expedite the verification process and submit the arrears records to Ministry of Finance before the end of April, 2016.	AO,s MoFPED	
20.	Delayed decentralization of some unverified records of Pensioners to their last duty station.	AOs should write to MoPS informing them of the unpaid Pensioners so that they are sent to their last duty of stations	MoPS	
21.	Some unknown Pension records have been sent to Votes which are not their retirement Votes and have remained unpaid.	Accounting Officers should identify such cases and forward them to MoPS for proper placement.	AO's MoPS MoFPED	
22.	Delayed payment of Veterans due to invalid bank accounts and delayed submission of documents	Ministry of Defence should expedite the verification process to ensure timely payment of those arrears.	MoD	

23.	Some of the pensioners' files remained in Kampala hence a challenge of accessing their payments.	Ministry of Public Service should work on Pensioners files and send them to their respective districts.	MoPS	
24.	Pensioners lack awareness/guidance on Government policies and procedures regarding pension payments;	Sensitize the Pensioners/carry out awareness especially on the overall government policy on payment of Pension AOs and the Pensioners should visit their last duty stations to check for their records.	A/Os	
25.	Lack of relevant documents vital in the verification process, Computation of Pension benefits, Access to Survivors benefits	Accounting Officers should write to MoPS for provision of Pensioners details for those that are lacking.	A/Os MoPS	
26.	Delayed access to the Pension payroll by new retirees mostly on Medical terms; and also delays in verification and clearance of Pension Files by MoPS	<ul style="list-style-type: none"> • Ensure automatic transfer of staff from the active payroll to the Pension payroll • Ensure submission of the retirement request six(6) months before retirement 	MoPS MoLG/AOs	

Annex 1: FACILITATORS

S/N	Names	Institution
GROUP 1		
1.	Mr. John Muheirwoha	MFPED - Team Leader
2.	Mr. Yakub Lubega	MoFPED
3.	Mr. Elly Ahimbisibwe	MoFPED
4.	Ms. Betty Nonswata	MoFPED
5.	Mr. Alex Omweru	Ministry of Public Service
6.	Mr. Richard Tabaro	Ministry of Health
7.	Mr. Richard Mwebaze	UNATU
8.	Maj. Abel Kamugasha	Ministry of Defence
9.	Mr. Kakura Khirome S	Ministry of Education
10.	Mr. Peninah Katutu	Education
11.	Mr. David P. Opey	Uganda Police Forces
12.	Mr. Yusuf Muhangi	MoW&T
GROUP 2		
13.	Mrs. Josephine Muwonge	Judiciary-Team Leader
14.	Mr. Andrew Niwabine	MoWT
15.	Mrs. Edith Kusasira	Ministry of Health
16.	Mr. Moses Ssonko	MoFPED
17.	Mr. Godfrey Oyo	Ministry of Public Service
18.	Maj. Michael Chotembo	Ministry of Defense
19.	Mr. Eric Draniva	Uganda Prison Services
20.	Ms. Christine Akello	Ministry of Education
21.	Mr. Brian Kanzira	MoFPED
22.	Mr. Steven Ssempijja	UNATU
23.	IP. Apollo Kabakyenga	Uganda Police Force
24.	Ms. Macklean Kwesiga	MoFPED

GROUP 3		
25.	Mr. J J. Ssonko	Judiciary -Team Leader
26.	Mr. Patrick Okwananga	Ministry of Public Service
27.	Ms. Esther Ayebare	MoFPED
28.	Mr. Louis Tugume	Ministry of Health
29.	Mr. Christopher Ogwang	Ministry of Defence
30.	Mr. Patrick Oruk	Uganda Police
31.	Ms. Dorothy Kirabo	UNATU
32.	Ms. Juliet Sserabidde	MoFPED
33.	Ms. Gladys Kizito	Ministry of Education
34.	Mr. Desire Aijuka	MoFPED
35.	Ms. Ruth Uwizeye	MoFPED
GROUP 4		
36.	Ms. Samalie Ibanda	Ministry of Public Service
37.	Ms. Solome Nambi	Uganda Prisons
38.	Mr. Moses Muluya	Uganda Police
39.	Mr. Allan Ndagije	MoFPED
40.	Mr. Richard Driliga	Ministry of Education
41.	Mr. Gunsinze Robert	UNATU
42.	Ms. Mary Nakayiza	Ministry of Defence
43.	Mr. Samuel Opio	MoFPED
44.	Ms. Phionah Natamba	MoFPED
GROUP 5		
45.	Mr. Godwin Kakama	MoFPED -Team Leader
46.	Mr. James Tweheyo	UNATU
47.	Maj. Godfrey Atusimire	Ministry of Defence
48.	Mr. Onan Kusasiira	Uganda Prisons
49.	Mr. Alex Omweru	Ministry of Public Service

50.	Mr. Fred Twesigye	Uganda Police
51.	Ms. Joan Namulondo	Ministry of Education
52.	Ms. Lydia Kobusinge	MoFPED
53.	Mr. Josephine Nakitto	MoFPED
GROUP 6		
54.	Mr. Robert Ssemwogere	Judiciary-Team Leader
55.	Mr. Leone Byereeta	MoFPED
56.	Ms. Uniah Nanjobe	Ministry of Health
57.	Mr. James Sanya	MoWT
58.	Mr. Ronald Jabo	MoFPED
59.	Mr. Robert Ssekate	MoFPED
60.	Mr. Filbert Baguma	UNATU
61.	Ms. Allen Ruhangataremwa	Ministry of Defence
62.	Ms. Charles Muhumuza	Uganda Police
63.	Mr. Anthony Nyombi	Ministry of Public Service
GROUP 7		
64.	Capt. Nathan Muzoora	Ministry of Defence
65.	Ms. Claudia Arwako	Ministry of Education
66.	Mr. Anthony Okello	Ministry of Finance
67.	Mr. Bwire Simon	Ministry of Public Service
68.	Ms. Beatrice Sekabembe	Ministry of Finance
69.	Ms. Deborah Nagawa	Ministry of Health
70.	Mr. Allen Kiiza	UNATU
71.	Mr. Edebu Julius	Uganda Police Force

GROUP 8		
72.	Ms. Dorah Aryatuha	MoPS -Team Leader
73.	Mr. Richard Ndyanabo	MoFPED
74.	Ms. Celia Bamwonjobora	Uganda Police Force
75.	Mr. Aggrey Aturwaniire	Uganda Prisons/NIRA
76.	Mr. Francis Ocen	Ministry of Education
77.	Ms. Flavia Mutabule	Ministry of Defence
78.	Mr. Agnes Wotali	Judiciary
79.	Mr. Zadock Tumuhimbise	UNATU
80.	Maj. Eddy Baingana	UPDF
81.	Mr. Arnold Bigabwa	MoFPED