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In any correspondence on
this subject please quote No. HRM 155/222/02

23rd July, 2019

All Accounting Officers (Central and Local Government)

PAYMENT OF PENSION AND GRATUITY TO RETIRED STAFF

Reference is made to the Budget Execution Circular Ref: BPD 86/107/06 dated 10th July, 2019 to all Accounting Officers communicating policy and administrative guidelines to enhance timely implementation of Government Programs and activities for FY 2019/20.

In relation to the above, there are several issues related to payment of Pension and Gratuity that were noted while executing the budget for FY 2018/19 that require your urgent attention. These include among others, the following:

- i. It has been noted with concern that some retired staff are still facing difficulties in accessing their retirement benefits of Pension and Gratuity despite Government decentralizing the management of payroll to respective institutions. This has left many Pensioners discontented and dissatisfied with the system and has led to accumulation of Pension and Gratuity arrears;
- ii. It has also been noted that some votes are deliberately inflating Gratuity figures based on wrong computations which is not acceptable;
- iii. Paying of different Pension and Gratuity arrears amounts that are contrary to those cleared for payment in schedules sent to you; and
- iv. Furthermore, there are allegations that some officers are soliciting for "bribes" from Pensioners and have deliberately refused to process and /or pay out verified Pension and Gratuity arrears cleared for payment by this Ministry unless the "bribe" is paid.

As such, the following procedures should be followed in payment of Pension and Gratuity:

- a) Processing and payment of Pension and Gratuity should be based on the time of retirement, that is, the one who retires first, should access their retirement benefits first;

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- b) Remind you that the formula for calculating Gratuity is ($Gratuity = Length\ of\ Service \times \frac{1}{500} \times Annual\ Basic\ Salary$). Please note that the annual basic salary is based on the last salary scale paid to that particular retiring staff as indicated on the last payslip;
- c) Ensure that payments made to Pension and Gratuity arrears claimants correspond with the amounts in the schedules sent to you. In addition, claimants should be paid their claims on time when the funds are released; and
- d) Any officer found inflating Gratuity figures and/or receiving or asking for bribes from Pensioners will be penalized because this is against the Law and Code of Conduct under the Public Service Standing Orders.

I will follow up these matters closely with the Permanent Secretary, Ministry of Public Service to ensure that these anomalies are addressed and people are paid on time.

The purpose of this letter therefore, is to inform you as above.



Keith Muhakanjiz

PERMANENT SECRETARY/ SECRETARY TO THE TREASURY

Copy to: Rt. Hon Prime Minister
All Cabinet Ministers
All Hon. Ministers of State
Head of Public Service and Secretary to Cabinet
Deputy Head of Public Service and Deputy Secretary to Cabinet
All Hon. Members of Parliament
Auditor General
The Inspector General of Government
The Permanent Secretary, Ministry of Public Service
Accountant General