



Budget Monitoring and Accountability Unit (BMAU)

**Decentralized Payroll Management
in Uganda: A case study of initial trends
in selected central government institutions**

**BMAU Discussion Paper 2/14
November 2014**

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



THE REPUBLIC OF UGANDA

Decentralized Payroll Management in Uganda: A case study of initial trends in selected central government institutions

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ABBREVIATIONS AND ACRONYMS

CAO	Chief Administrative Officer
D/CAO	Deputy Chief Administrative Officer
D/TC	Deputy Town Clerks
DSC	District Service Commission
EAC	East African Community
EC	Electoral Commission
FY	Financial Year
HR	Human Resource
HRD	Human Resource Department
HRM	Human Resource Management
IFMS	Integrated Financial Management System
IPPS	Integrated personnel Payroll System
KCCA	Kampala Capital City Authority
LG	Local Government
LGFC	Local Government Finance Commission
MFPEd	Ministry of Finance, Planning & Economic Development
MoES	Ministry of Education and Sports
MoLG	Ministry of Local Government
MoPS	Ministry of Public Service
NPA	National Planning Authority
OP	Office of the President
OPM	Office of the Prime Minister
PFAA	Public Finance and Accountability Act, 2003
PS	Permanent Secretary
PSM	Public Sector Management
Q1	Quarter 1
Q4	Quarter 4
TC	Town Clerks
UBOS	Uganda Bureau of Statistics
UPDF	Uganda Peoples Defence Forces
UPF	Uganda Police Force

Foreword

One of the medium policy objectives of Public Sector Management is to attract, recruit, develop and retain a highly skilled, professional workforce and develop management and operational structures, systems for effective and efficient service delivery.

Payroll management in Government of Uganda has been characterized by delayed payments of salaries, persistent wage shortfalls, errors and inaccuracies in the centralized payroll which take long to get corrected and reported presence of non-existent employees on the payroll. In order to address the above challenges and improve efficiency in salary payment processing and enhance accountability for wages, the payroll was decentralized, effective 1st July 2014.

This paper shares some highlights of the performance of the wage bill since the decentralization of the payroll. Although government realized savings, there were salary fluctuations that should be checked.

I urge all stakeholders to critically reflect on the factors leading to the continued salary fluctuations and the proposed remedial actions. We need to minimize loopholes for losses through the payroll manipulation.



Patrick Ocailap

Deputy Secretary to the Treasury

EXECUTIVE SUMMARY

INTRODUCTION

The analysis of the public sector wage bill gives an overview of the wage performance of all categories of payrolls in both Central and Local Governments for the last quarter of FY 2013/14 and the first quarter of FY 2014/15. This was to compare the wage performance immediately before and after the decentralization of the payroll in July 2014. Eleven Votes in Central Government were studied to explore the reasons for the observed differences in wage payments. These included: Office of the President; Office of the Prime Minister; Ministry of Public Service; Ministry of Local Government; Ministry of Lands, Housing and Urban Development; Ministry of East African Affairs; Electoral Commission; National Planning Authority; Kampala City Capital Authority; Uganda Police Force; and Local Government Finance Commission.

METHODOLOGY

The methodology adopted for monitoring Central Government votes included review of primary and secondary data from sampled votes; reports on staffing levels from the Integrated personnel Payroll System (IPPS) data Centre in the Ministry of Public Service, as well as Integrated Financial Management System (IFMS) financial data on salary releases specifically on Q4 FY 2013/14 and Q1 FY 2014/15 from the Ministry of Finance, Planning and Economic Development (MFPED). Interviews with respective responsible officers or representatives were held.

The 11 institutions were randomly selected, except for Uganda Police Force and KCCA that were purposively picked from the Votes with massive salary savings after the decentralization of the payroll.

FINDINGS

Overall Financial Performance

Overall the decentralised payroll reforms were appreciated by all sectors monitored; in that the accounting officers are now in charge and accountable for all anomalies on the payroll; staff are paid on time and are highly motivated and errors are detected early enough and corrected. Overall government saved **Ug shs 100 billion**, in quarter one after the decentralization of the payroll. Most of the savings were made from the local governments.

(a) Central Government

Overall, prior to the decentralization of the payroll, all disbursements for wages were fully expended. However after the decentralization of the payroll, central government votes had an unspent balance of **Ug shs 14,150,501,253**.

In all votes visited, salary fluctuations were a common phenomenon before and after the decentralization of the payroll. The degree of fluctuations varied markedly between institutions. 73% of the institutions had wage surpluses before and after the decentralization of the payroll. The National Planning Authority and KCCA had a deficit; while Local Government Finance Commission used up the wage budget before the decentralization of the payroll. On the other hand, only Electoral Commission used up its wage bill after the decentralization of the payroll.

(b) Local Governments

Like the central government votes, prior to the decentralization of the payroll, all disbursements for wages were fully expended. However after the decentralization of the payroll, local governments had an unspent balance of **Ug shs 86,564,236,792**.

Reasons for variations in the payroll

Institutions gave various reasons for the salary fluctuations which included:

- Erroneous deletions of staff names on IFMS at the time of interfacing with the IPPS.
- Late payment of salaries due to systems failures usually internet outages.
- The annual salary enhancement for public officers at the beginning of each financial year, staff recruitments and promotions.
- The untimely payments of statutory fees (NSSF, local taxes etc) that were paid in the following months.
- Staff attrition (death, resignation, retirement, abscondments).

Conclusion

Both Central and Local Governments had unspent balances in Q1 FY 2014/15 to the tune of Ug shs 100,714,738,045. This could be attributed to; poor planning and budgeting and the new payroll management reforms in place where there are strict controls in the management of the payroll and the threat of disciplinary action against accounting officers in the event of mismanagement.

Most of the reasons for salary fluctuations are avoidable and should be addressed effectively.

Recommendations

In light of the causes of salary fluctuations the following interventions are proposed;

1. All Accounting Officers should be tasked to make statutory deductions with salaries.
2. The Ministry of Finance should institute a follow up mechanism to investigate salary fluctuations both at the central and local governance levels.
3. The Ministry of Public Service should on a monthly basis update staffing numbers of all categories of the payrolls in the public sector and share this information with all stakeholders in payroll management.
4. The interface between IFMS and IPPS should be hastened to support the payroll decentralization reforms.
5. The infrastructure such as Internet connectivity should be improved to avoid system failure that affects payment of salaries on time. This would partly minimize monthly salary fluctuations.

CHAPTER 1: INTRODUCTION

1.1 Background

Public Sector Management (PSM) is a key function for efficient and effective management of public service delivery in the achievement of the National development strategic objectives as well as Vision 2040 in Uganda. It entails the establishment of institutions, structures, systems and the formulation and enforcement of policies, laws, regulations, standards and procedures for effective coordination and management of public service delivery systems. The sector aims at ensuring that public services are accessible by users in a timely manner and that they are affordable and of good quality. As a government coordination mechanism, PSM ensures that public service delivery institutions are well guided, coordinated and well regulated.

One of the medium sector policy objectives is to attract, recruit, develop and retain a highly skilled, professional workforce and develop management and operational structures, systems for effective and efficient service delivery in the public sector.

Payroll management in Government of Uganda has been characterized by delayed payments of salaries, persistent wage shortfalls, errors and inaccuracies in the centralized payroll which take long to get corrected and reported presence of non-existent employees on the payroll.

In order to address the above challenges and improve efficiency in salary payment processing and enhance accountability for wages, the payroll was decentralized, effective 1st July 2014, to the respective Accounting Officers who are charged with day to day supervision of public servants. *See Annex 1 for guidelines on decentralized payroll management in the Public Sector.*

This reform is being implemented in accordance with Section 4 (1) (c) of the Public Finance and Accountability Act (PFAA), 2003. The categories of payrolls in the public sector are;

- Unconditional grant for Districts and Urban Councils
- Conditional grant for agricultural extension workers, community and primary health workers.
- Primary, Tertiary and Secondary school teachers' payrolls in District Local Governments and Urban Councils
- District Service Commission for District Service Commission Chairpersons
- Political elected leaders in Local Governments
- Ministries and Statutory bodies in Central Government
- Hardship allowance for hard-to-reach areas and hard-to-stay areas in Local Governments
- Public Universities
- Hospitals

This paper analyzes trends in the wage bill for Central and Local governments as well as 11 selected Central Government Votes for Q4 of FY 2013/4 and Q1 of 2014/5. This is to compare performance in the quarters before and immediately after the decentralization of the payroll.

1.2 Methodology

1.2.1 Sources of Information

Information was generated from secondary and primary sources.

Secondary sources

Documents reviewed included the National Budget framework papers; approved estimates for FY2013/14 and FY 2014/15, reports on staffing levels from the data centre in the Ministry of Public Service (MOPS), IPPS reports as well as the Integrated Financial Management System (IFMS) financial data on salaries.

Primary sources

Interviews were held¹ with four Permanent Secretaries, three Directors, one Undersecretary, three Commissioners, fourteen Human Resource Officers, and at least *two* staff from middle management in the various Votes. A detailed list is attached as *Annex 2*.

1.2.2: Criteria for Selection

Institutions were randomly selected, except for Uganda Police Force and KCCA that were picked from Votes with massive salary savings in Q1 FY 2014/15. The selected Votes are in **Table 1 below**.

Table 1.0: Selected Votes

Votes	Sampled Ministries/Statutory Bodies
001	Office of the President
003	Office of the Prime Minister
005	Ministry of Public Service
011	Ministry of Local Government
012	Ministry of Lands, Housing and Urban Development
021	Ministry of East African Affairs
102	Electoral Commission
108	National Planning Authority
122	Kampala Capital City Authority
144	Uganda Police Force
147	Local Government Finance Commission

Source: Compiled by Author

1.2.3: Limitations of the paper

There were basically two shortcomings;

1. Difficulty in accessing salary related information from institutions led to undue delays.
2. Local governments were not consulted to explain the variations in their wage bill. In this respect, the study was focused on only central government institutions whose explanations may widely differ from those of local governments.

¹ Interviews were held between August and September 2014

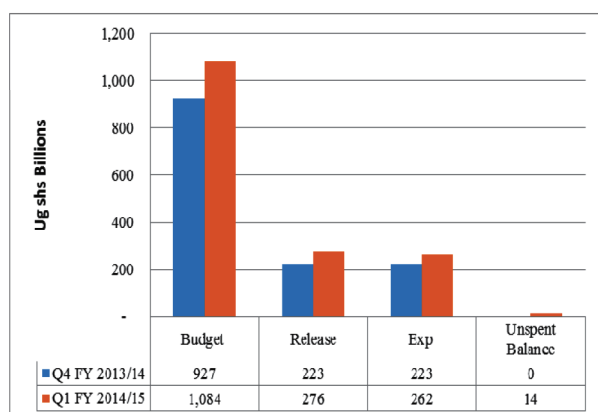
CHAPTER 2: TRENDS IN THE WAGE BILL

The paper examined trends in wage releases compared to actual payments within Central and Local Governments. Overall in Q1 FY 2014/15 there was a saving of Ug Shs 100 billion.

2.1 Central Government Votes

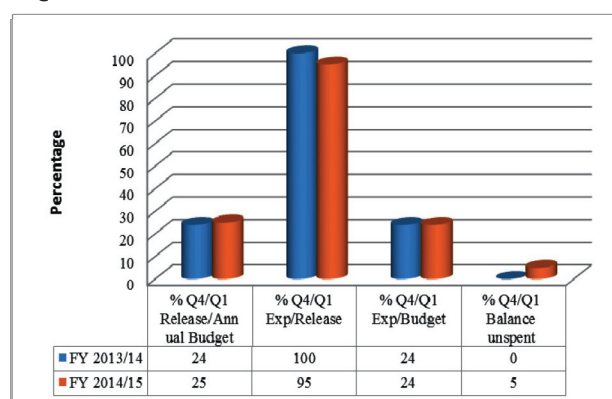
In FY 2013/14 the total approved wage budget for 70 votes in the Central Government was Ug shs 927,474,811,280 billion and Ug shs 1,084,158,554,391 trillion for 71 votes FY 2014/15. (See details in *Annex 3*). In Q4 FY 2013/14, Ug shs 223 billion was released and all spent by the Votes. However in Q1 FY2014/15 Ug shs 276 billion was released but Ug shs 14 billion (5%) was saved (Figures 2.1 and 2.2).

Figure 2.1: Financial Performance for Central Government in Ug shs Billions



Source: IFMS Data

Figure 1.2: Percentage Release/Expenditure against Annual Budget for Q4 FY 2013/14 and Q1 FY 2014/15



Source: IFMS Data

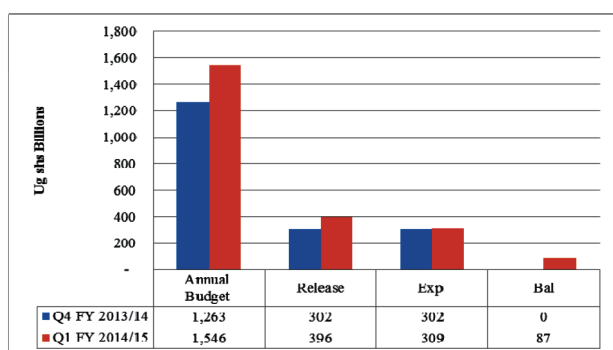
2.2 Local Government Votes

The approved budget for FY 2013/14 for salaries of 132 local governments including Municipal Councils was Ug shs 1,262,968,827,264 and Ug shs 1,545,817,323,930 for FY 2014/15 which represents 18% increase of the approved wage bill in Local Governments. The total releases and expenditures are shown in *Annex 3*.

There was an increase in the Annual wage budget in FY2014/15 compared to FY 2013/14. In Q4 FY 2013/14 a total of Ug shs 302,407,552,951 (24%) of the total approved budget was released and all spent. However in Q1 FY 2014/15, a total of Ug shs 395,634,597,231(26%) of the approved budget was released but only Ug shs 309,070,360,439 (78%) was spent. A total of Ug Shs 86,564,236,792 (21.8%) of the released fund was unspent in Q1 FY 2014/15 (Figures 2.3 and 2.4)

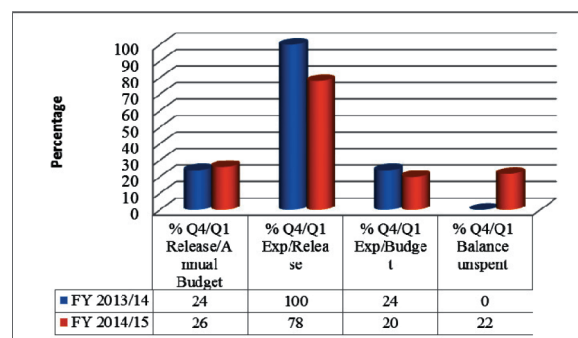
The local governments were grouped into regions (Central, Eastern, North Eastern, North, South Western, West Nile and Western) and most salary savings were made in the North, North Eastern, West and South Western regions (Figures 2.5).

Figure 2.3: Wage Releases and Expenditures Q4 FY 2013/14 and Q1 FY 2014/15



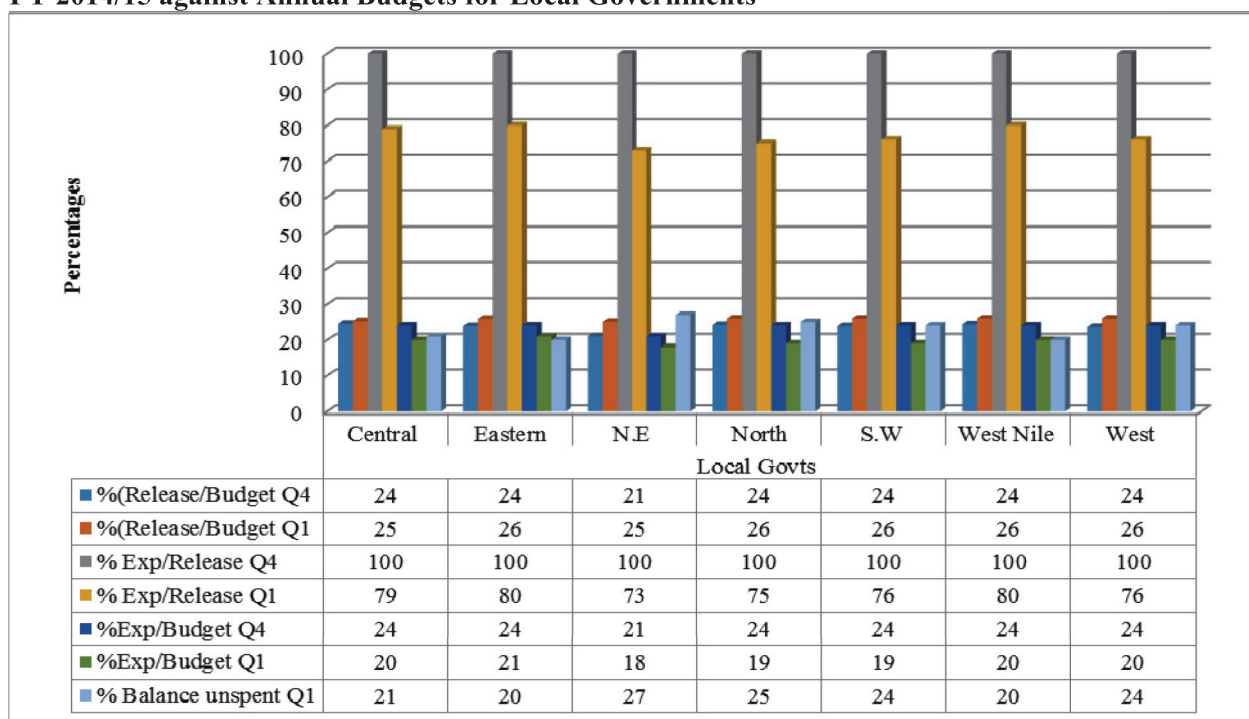
Source: IFMS Data

Figure 2.4: Percentage shares of releases and expenditures



Source: IFMS Data

Figure 2.5: Percentage Expenditure and Release Performance per region for Q4 FY 2013/14 and Q1 FY 2014/15 against Annual Budgets for Local Governments



Source: IFMS Data

2.3 Comparative Analysis for Central and Local Governments

The Local Government votes had a much bigger saving compared to the central Government votes at the end of Q1 FY 2014/15.

A total unspent balance of **Ug shs 100,714,738,045** during **Q1 FY 2014/15** is an indication that the new payroll reforms may be effective. The votes with massive (almost 40%) salary savings in Q1 FY 2014/15 are of concern. These include; Ministry of Agriculture, Animal Industry and Fisheries; Ministry of Trade and Industry, Ministry of Works and Transport; and National Citizenship.

Under Local Governments, the regions with massive salary savings include; North East, North, South West and Western particularly districts include Kisoro, Bundibugyo, Iganga, Luwero, Gulu districts, Mbarara Municipality and Muni University in Arua district.

It was noted that votes had fluctuating monthly salary payments. This study team explored reasons from the selected 11 Central government Votes.

CHAPTER 3: REASONS FOR FLUCTUATING MONTHLY SALARY PAYMENTS

This chapter presents the findings from the 11 selected institutions.

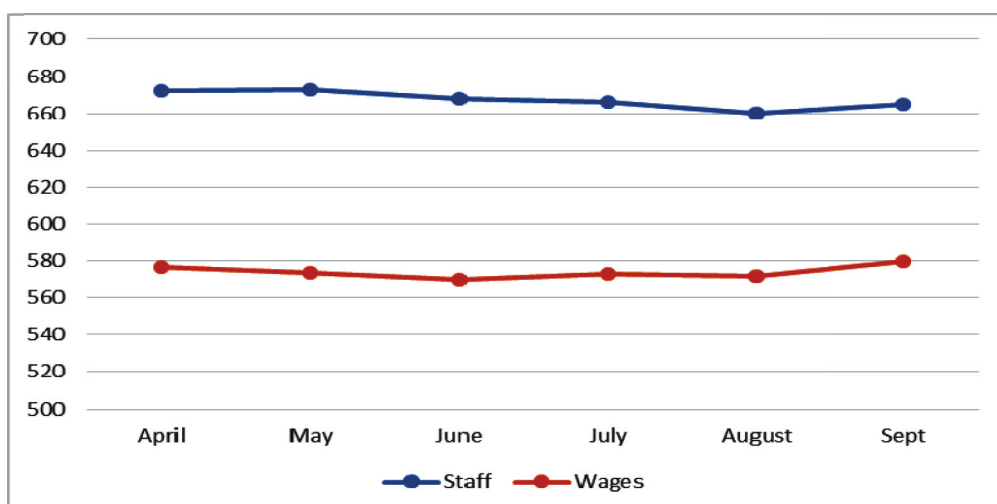
3.1: Vote 001: Office of the President

The Office of the President is supposed to; provide efficient and effective support to cabinet in the discharge of its constitutional mandate of formulating and implementing government policies; as well as ensure the welfare and security of the President and Vice President.

The total wage release for Q4 FY 2013/14 was Ug shs 2,039,240,765 billion whereas for Q1 FY 2014/15 it was Ug shs 2,573,997,393 billion. A total of Ug shs 1,721,932,988 (84.4%) billion was paid out in April, May and June, 2014 exclusive of deductions (NSSF, Tax) whereas Ug shs 1,726,542,331(67%) billion was paid out in July, August and September. The total number of staff in the Office of the President between the months of April and September fluctuated from 672 to 665 (*Annex 4*).

The monthly wage payments fluctuated in both quarters under review (Figure 3.1).

Figure 3.1: Wages (millions) and staff paid in Q4 FY 2013/14 and Q1 FY2014/15



Source: IFMS/ Presidents Office Accounts

In both quarters the Office of the President had surplus wages.

Reasons for variations in the payroll

- Salary payments reduced by 0.4% (Ug shs 2,230,880) in May and 1% (Ug Shs 3,601,881) in June. The May reduction was attributed to erroneous deletions on IFMS while the June reduction was attributed to five staff deleted from the payroll; and three who left (one staff retired, another resigned while one died).
- In the month of July 2014, salary payments increased by 1% (Ug shs 3,045,319). This was attributed to the annual salary enhancement for public officers in accordance with circular standing instruction No 2 of 2014 for FY 2014/15.
- In the month of August 2014, salary payments reduced by 0.3% (Ug shs 1,600,094) and increased by 0.01% (Ug shs 7,988,924) in September. The August reduction was attributed to salary loan payments and salaries for six staff that had been deleted.

- The September increment was due to continuous adjustment of salary enhancement for all public service staff.

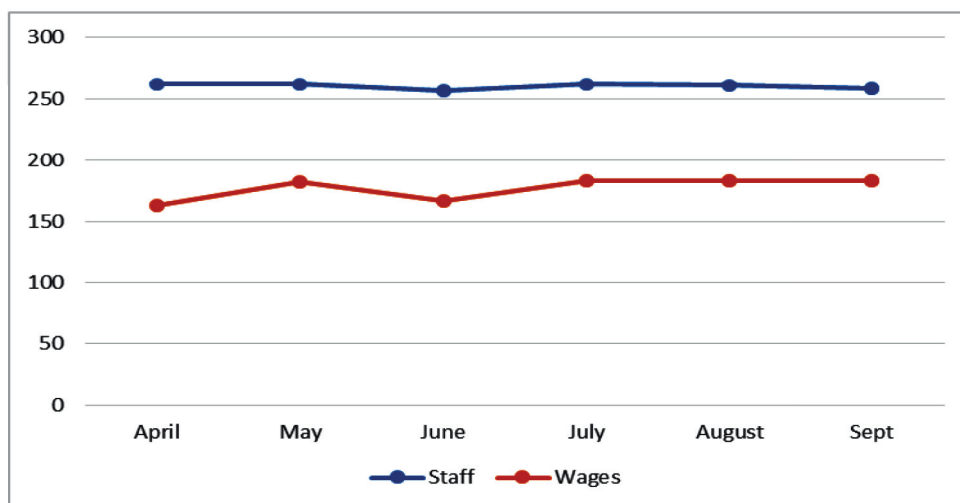
3.2: Vote 003: Office of the Prime Minister

The Office of the Prime Minister (OPM) is a Government Ministry through which the Prime Minister provides leadership of the Ministers under the Executive arm of Government as well as lead government business in Parliament.

The total wage for Q4 FY 2013/14 was Ug shs 528,813,471 whereas for Q1 FY 2014/15 it was Ug shs 613,769,048. A total of Ug shs 511,676,993 (98%) million was paid out in April, May and June, 2014 exclusive of deductions (NSSF, Tax) whereas Ug shs 549,168,096 (89%) million was paid out in July, August and September. The total number of staff in the OPM between the months of April and September fluctuated between 262- 258 (*Annex 4*).

The monthly wage payments fluctuated in both quarters under review but were more stable after the decentralization of the payroll (Figure 3.2).

Figure 3.2: Wages (millions) and staff paid in Q4 FY 2013/14 and Q1 FY2014/15



Source: IFMS/OPM Accounts

In both quarters the Office of the Prime Minister had surplus wages.

Reasons for variations in the payroll

- Salary payments increased by Ug shs 19,196,374 (12%) in May and reduced by Ug shs 15,518,796 (9%) in June. The May increment was attributed to completion of payment of salary loans by staff whereas the June decline was attributed to erroneous deletions of names on the payroll, and salary loans deductions.
- The July wage bill increment of Ug shs 16,442,288 (10%) and August increment of Ug shs 411,579 (0.2%) was attributed to the annual salary enhancement for public officers in accordance with circular standing instruction No 2 of 2014 for FY 2014/15 beginning July; and the payment of a staff that missed July salary, in August.
- The September reduction of Ug shs 817,701 (0.4%) was due to the staff reduction of 4 in August.

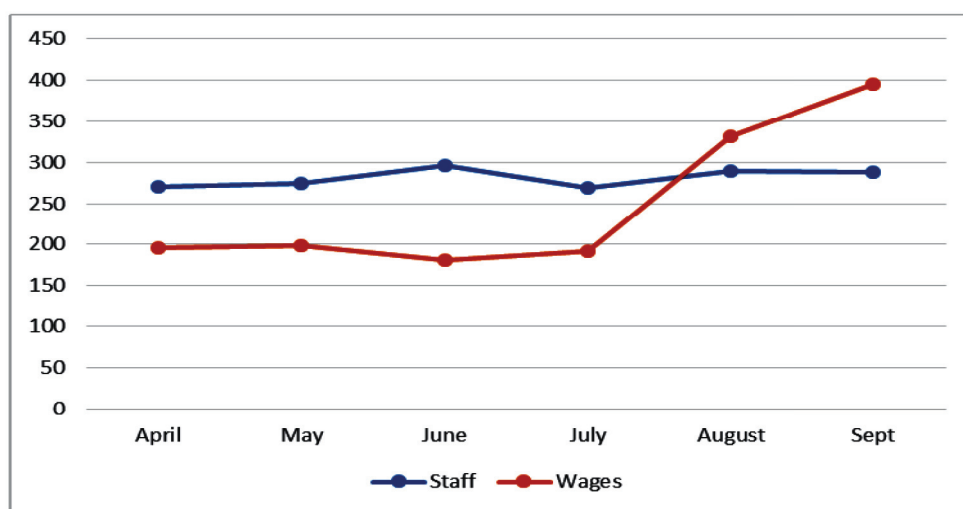
3.3: Vote 005: Ministry of Public Service

The Ministry of Public Service (MoPS) provides strategic and managerial leadership on all matters of human resource in the Uganda public service. It is geared towards facilitating an efficient and effective Public Service through enabling policies, systems and structures.

The total wage for Q4 FY 2013/14 was Ug shs 650,410,454 whereas for Q1 FY 2014/15, it was Ug shs 920,388,584. A total of Ug shs 586,223,742 (90%) million was paid out in April, May and June, 2014 exclusive of deductions (NSSF, Tax) whereas Ug shs 918,499,788 (99%) million was paid out in July, August and September. The total number of staff in the MoPS between the months of April and September fluctuated from 271 to 288 (*Annex 4*)

The monthly wage payments fluctuated in both quarters under review but were more pronounced after the decentralization of the payroll (Figure 3.3).

Figure 3.3: Wages (millions) and staff paid in Q4 FY 2013/14 and Q1 FY2014/15



Source: IFMS/ Ministry of Public Service Accounts

Reasons for variations in the payroll

- Salary payments increased by Ug shs 2,156,656 (1%) in May due to reinstatement of three staff who had been erroneously deleted and missed April salary.
- In June, salary payments reduced by 4% (Ug shs 7,201,349) due to retirement of one commissioner and corrections of salary errors.
- The July increment was attributed to salary increment of Public Servants across the board.
- The August salary payments increment was attributed to the inclusion of Civil Service College staff² in the MoPS wage bill and payment of salary arrears for the month of July.
- The September salary increment by Ug shs 64,075,647 (19%) whereas staff reduced by two was attributed to salary enhancements and payments of salary arrears.

3.4: Vote 011: Ministry of Local Government

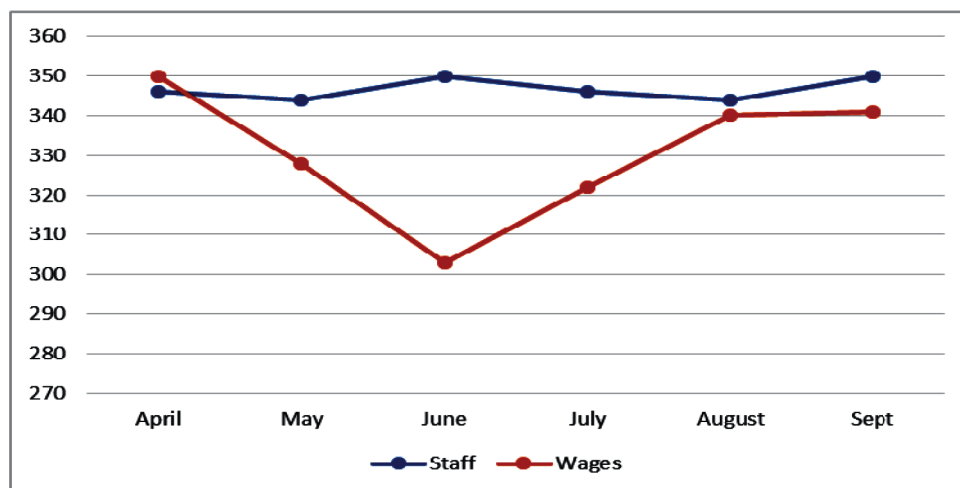
The Ministry of Local Government (MoLG) supports and supervises the operations of local governments.

². Number of staff not provided by institution

The total wage for Q4 FY 2013/14 was Ug shs 1,800,713,949 whereas for Q1 FY 2014/15, it was Ug shs 1,800,713,949. A total of Ug shs 981,945,475 (55%) was paid out in April, May and June, 2014 exclusive of deductions (NSSF, Tax) whereas Ug shs 1,002,126,223 (56%) was paid out in July, August and September. The numbers of staff fluctuated from 346 to 337 between April and September (Annex 4).

The monthly wage payments fluctuated in both quarters under review (Figure 3.4).

Figure 3.4: Wages (millions) and staff paid in Q4 FY 2013/14 and Q1 FY2014/15



Source: IFMS/ LG Accounts

In both quarters the Ministry of Local Government had surplus wages.

Reasons for variations in the payroll

- The April salary increase was attributed to payment of salary arrears while the May reduction was attributed to a decrease of staff due to retirements.
- The June salary reduction was attributed to 10 omissions of staff that appeared on the IPPS file but not on the payment files.
- The July increase of Ug shs 18,425,536 against 344 staff was attributed to the annual salary enhancement for public officers in accordance with Circular Standing instruction No 2 of 2014 for FY 2014/15 beginning July despite a 2% decrease in staff who were deleted by error and partly due to payment of salary arrears.
- The August increase of Ug shs 17,642,583 and September increase of Ug shs 1,079,506 were attributed to the continuous adjustment process of salary enhancement for 80 Chief Administrative Officers and two Directors.

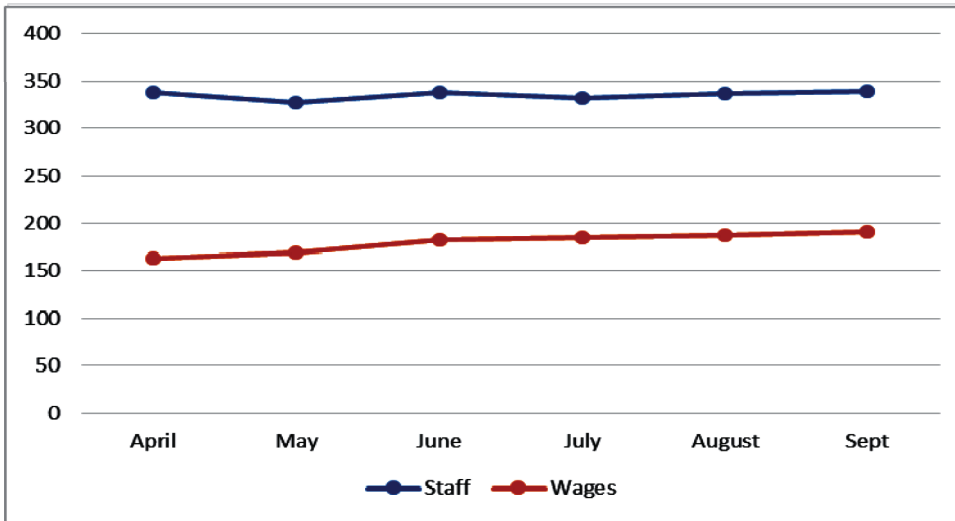
3.5: Vote 012: Ministry of Lands, Housing and Urban Development

The Ministry is responsible for providing policy direction, national standards and coordination of all matters concerning lands, housing and urban development. The Ministry is also responsible for putting in place policies and initiating laws that ensure sustainable land management and promote sustainable housing for all and foster orderly urban development in the country.

The total wage for Q4 FY 2013/14 was Ug shs 798, 894,800 whereas for Q1 FY 2014/15, it was Ug shs 841,400,000. A total of Ug shs 514,338,520 (64%) was paid out in April, May and June, 2014 exclusive of deductions (NSSF, Tax) whereas Ug shs 562,982,865 (67%) was paid out in July, August and September. The numbers of staff in the Ministry fluctuated between 338- 339 in the months of April to September (*Annex 4*).

The monthly wage payments fluctuated in both quarters under review but was more stable after the decentralization of the payroll (Figure 3.5).

Figure 3.5: Wages (millions) and staff paid in Q4 FY 2013/14 and Q1 FY2014/15



Source: IFMS/Ministry of Lands Accounts

In both quarters the Ministry of Lands had surplus wages.

Reasons for variations in the payroll

- The May increment of Ug shs 6,694,216 (4%) and June increment of Ug shs 13,241,592 (8%) was attributed to payment of salary arrears.
- The July increment of Ug shs 2,118,490 (1%) was attributed to the annual salary enhancement for public officers in accordance with circular standing instruction No 2 of 2014 for FY 2014/15.
- The August 2014 salary increment of Ug shs 2,629,054 (1%) was attributed to the payment of salary arrears to 5 staff that missed the July salary.
- The September increment of Ug shs 3,489,367 was attributed to payment of salary arrears and adjustments on salary enhancements.

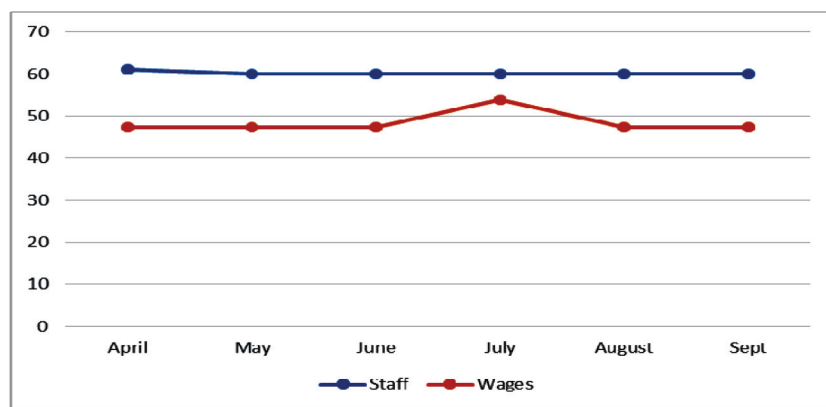
3.6: Vote 021: East African Community Affairs (EAC)

The Ministry of East African Community Affairs is responsible for coordinating the country affairs with those of the region in East Africa. The EAC is the regional intergovernmental organization of the Republics of Burundi, Kenya, Rwanda, Uganda and the United Republic of Tanzania, with its headquarters in Arusha, Tanzania.

The total wage for Q4 FY 2013/14 was Ug shs 153, 425,649 whereas for Q1 FY 2014/15, it was Ug shs 163, 773,073. A total of Ug shs 142,136,718 (93%) was paid out in April, May and June, 2014 whereas Ug shs 160,876,613 (98%) was paid out in July, August and September. The number of staff in the Ministry fluctuated between 60 and 61 in the months of April and June and remained constant from July to September (*Annex 4*).

The monthly wage payments fluctuated in all the quarters under review (Figure 3.6).

Figure 3.6: Wages (millions) and staff paid in Q4 FY 2013/14 and Q1 FY2014/15



Source: IFMS/ MEACA Accounts

In both quarters the Ministry of East African Community Affairs had surplus wages.

Reason for variations in the July payroll

- The July payment increment of 13% (Ug shs 6,165,022) was attributed to the annual salary enhancement for public officers in accordance with circular standing instruction No 2 of 2014 for FY 2014/15. What is of concern is the fact that in August and September the wage bill then registered the figures in the previous quarter before the enhancements.

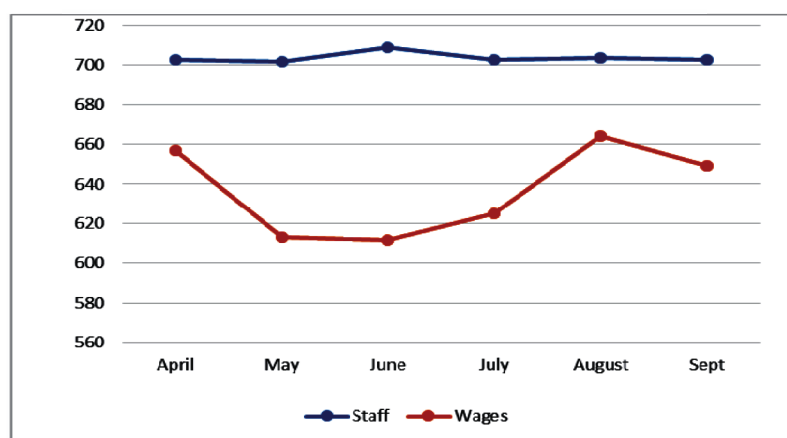
3.7: Vote 102: Electoral Commission

The Electoral Commission (EC) was set up under Article 60 of the 1995 Constitution of Uganda. The goal of the EC is to promote participatory democracy and good governance for the country's prosperity.

The total wage for Q4 FY 2013/14 was Ug shs 2,116,678,552 whereas for Q1 FY 2014/15, it was Ug shs 2,074,579,267. A total of Ug shs 1,880,986,897 (89%) was paid out in April, May and June, 2014 whereas Ug shs 1,937,676,714 (93%) was paid out in July, August and September. The total number of staff between the months of April and June fluctuated between 703 and 709 and from July to September staff fluctuated between 703 and 704 (*Annex 4*).

The monthly wage payments fluctuated in both quarters under review (Figure 3.7).

Figure 3.7: Wages (millions) and staff paid in Q4 FY 2013/14 and Q1 FY2014/15



Source: IFMS/ EC Accounts

The EC had a salary surplus in the quarter before the decentralization of the payroll but thereafter all funds were spent.

Reasons for variations in the payroll

- Salary payment reduced by Ug shs 43,807,341 (7%) in May and also by Ug shs 1,435,019 (2%) in June despite a 1% increase in staffing. This was attributed to corrections on payments of salaries for 42 staff and additional recruitments.
- In the months of July and August, there was a 2% increase of Ug shs 13,168,064 and 6% increase of Ug shs 39,147,262 respectively. The July payment increment was attributed to the annual salary enhancement for public officers in accordance with circular standing instruction No 2 of 2014 for FY 2014/15 beginning July.
- The August increase was due to corrections on tax for gross pay of 654 staff. Before August, staffs were being taxed on the basic pay by the IPSS where NSSF was calculated wrongly but was corrected.
- The reduction of Ug shs 14,431,520 in September was due to corrections on NSSF deductions for staff. Salaries normalized after taxes were implemented on allowances and medical.

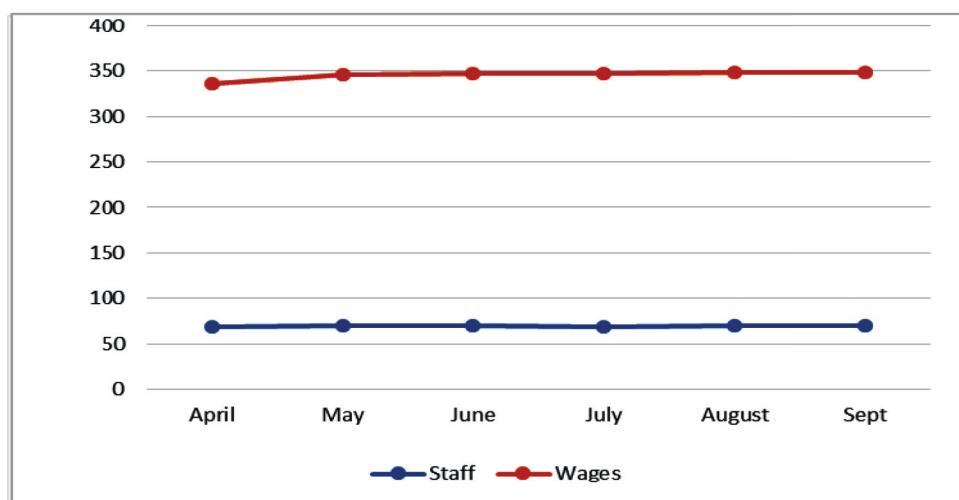
3.8: Vote 108: National Planning Authority (NPA)

The National Planning Authority was established by the NPA Act (15 of 2002) in accordance with Article 125 of the 1995 Constitution of the Republic of Uganda for the purposes of building the national capacity for visionary and long term planning.

The total wage for Q4 FY 2013/14 was Ug shs 709, 037,350 whereas for Q1 FY 2014/15 was Ug Shs 1,066,140,800. A total of Ug shs 1,029,803,050 (145%) was paid out in April, May and June, 2014 against Ug shs 709,037,350 whereas Ug shs 1,043,453,050 (98%) was paid out in July, August and September. The total number of staff between the months of April and September fluctuated between 68 and 71 (*Annex 4*).

The monthly wage payments fluctuated in both quarters under review but were more stable after the decentralization of the payroll (Figure 3.8).

Figure 3.8: Wages (millions) and staff paid in Q4 FY 2013/14 and Q1 FY2014/15



Source: IFMS/NPA Accounts

In Q4 of FY2013/14 the National Planning Authority had a salary deficit but had surplus wages after the decentralization of the payroll.

Reasons for variations in the payroll

- There was a 30% increase of salaries for staff and the Executive Board in NPA that caused a salary deficit in the 4th quarter.
- During the month of May and June, 2014; four officers and one Executive board member were recruited and these were; Manager, Human Resource Planning, 2 Assistant Research Officers, one Administrative Assistant (*Security*) and one driver for the Executive Director as indicated on the NPA payroll and the Ministerial Policy Statement 2014/5. Additionally, promotions of 13 (*thirteen*) staff were effected; Deputy Executive Director, Director /Development Planning, Head Macro Planning, Human Resource Officer, Systems Administrator , Planner, Population and Social Development Officer, Monitoring and Evaluation Officer, Senior Administrative Secretary, Assistant Administrative Secretary, Assistant Human Resource Officer, Administrative Assistant (*records*), Administrative Assistant (*reception*). Administrative Assistant (*Transport*).

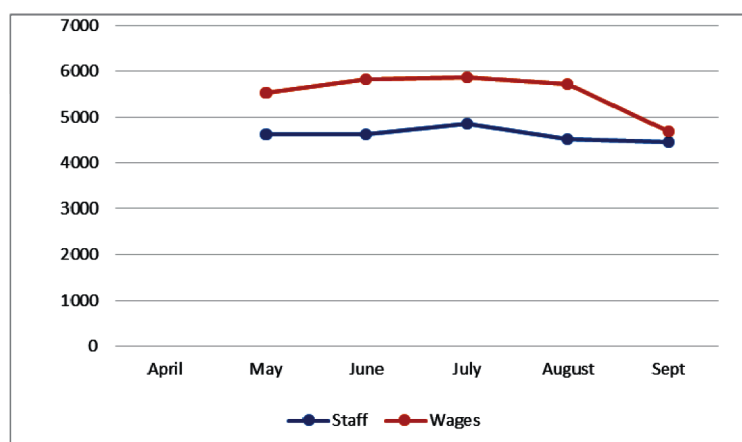
3.9: Vote 122: Kampala Capital City Authority (KCCA)

The Authority is the governing body of the Capital City and administers the City on behalf of the Central Government. It is mandated to facilitate the delivery of quality services to the people in the city in a manner that ensures value for money.

The total wage for Q4 FY 2013/14 was Ug shs 3,890,358,641 whereas for Q1 FY 2014/15, it was Ug shs 17,661,798,887. A total of Ug shs 11,349,060,543 (291%) was paid³ out in May and June, 2014 whereas a total of Ug shs 16,265,321,441(92%) was paid out in July, August and September. The total number of staff between the months of April and September ranged between 4,622 and 4,450. The authority has two types of payroll salary structures; one is for public service that includes management of teachers and health workers and the other is for the main stream staff appointed under the KCCA Act (*Annex 4*).

The monthly wage payments fluctuated in both quarters under review but were more pronounced after the decentralization of the payroll (Figure 3.9).

Figure 3.9: Wages (millions) and staff paid in Q4 FY 2013/14 and Q1 FY2014/15



Source: IFMS/KCCA Accounts

³ Information for April 2014 was not availed to the research team

Reasons for variations in the payroll

- The cause of variation between May and June was attributed to corrections on payments of salary arrears for staff that included teachers and health workers. The inadequate provision for salaries in the months of January-June 2014 caused delay in payment of salaries for some civil servants. When the funds were provided, payment was made in July 2014.
- The cause of variations between July and August was attributed to payment of residual arrears for over 200 health workers and teachers which were paid in July 2014 and the deletions of civil servants following the verification exercise undertaken by KCCA.

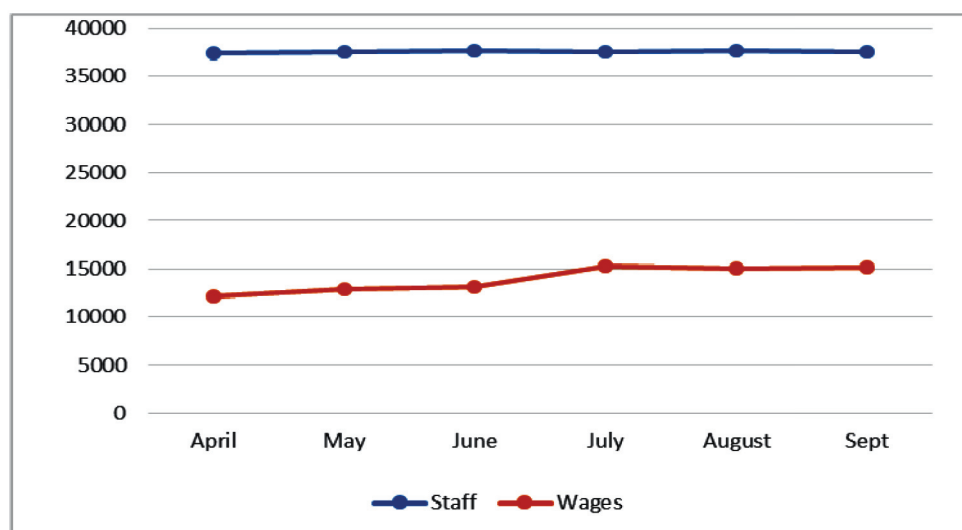
3.10: Vote 144: The Uganda Police Force

The Uganda Police Force was established to enforce law and order, discipline and allegiance of people to government with a vision of providing an enlightened and motivated police force that is efficient and accountable to the people.

The total wage for Q4 FY 2013/14 was Ug shs 42,772,884,692 whereas for Q1 FY 2014/15 was Ug shs 48,517,874,028. A total of Ug shs 38,146,545,814 (89%) was paid out in April, May and June, 2014 whereas Ug shs 45,451,771,902 (94%) was paid out in July, August and September. The total number of staff between the months of April - September fluctuated between 37,397 and 37,542 (*Annex 4*).

The monthly wage payments fluctuated in both quarters under review but were more stable after the decentralization of the payroll (Figure 3.10).

Figure 3.10: Wages (millions) and staff paid in Q4 FY 2013/14 and Q1 FY2014/15



Source: IFMS/ Uganda Police Accounts Department

In both quarters the Uganda Police Force had surplus wages.

Reasons for variations in the payroll

- Salary payment increased by 6% (Ug shs 736,179,895) in May against an increase of staff of 144 staff and also increased by Ug shs 284,490,899 (2%) for an additional 84 staff in June. The May increment was attributed to recruitments and promotions of staff and payment of salary arrears from the previous months as well as error deletions of

staff from the May payroll during the migration process from IPPS to IFMS and were re-activated.

- The July payment increment was attributed to the annual salary enhancement for public officers in accordance with circular standing instruction No 2 of 2014 for FY 2014/15 beginning July that was scale U1S got an increase of 50%, U1- U3 was 10%, U4-U6 was 13%.
- The reduction in the August payments was attributed to the overpayment of staff in Scale U7 which was corrected in August. For example an officer was paid Ug shs 380,000 instead of Ug shs 366,000.
- The September increment of Ug shs 145,421,499 (1%) was attributed to continuous adjustment process for salary enhancement of public officers.

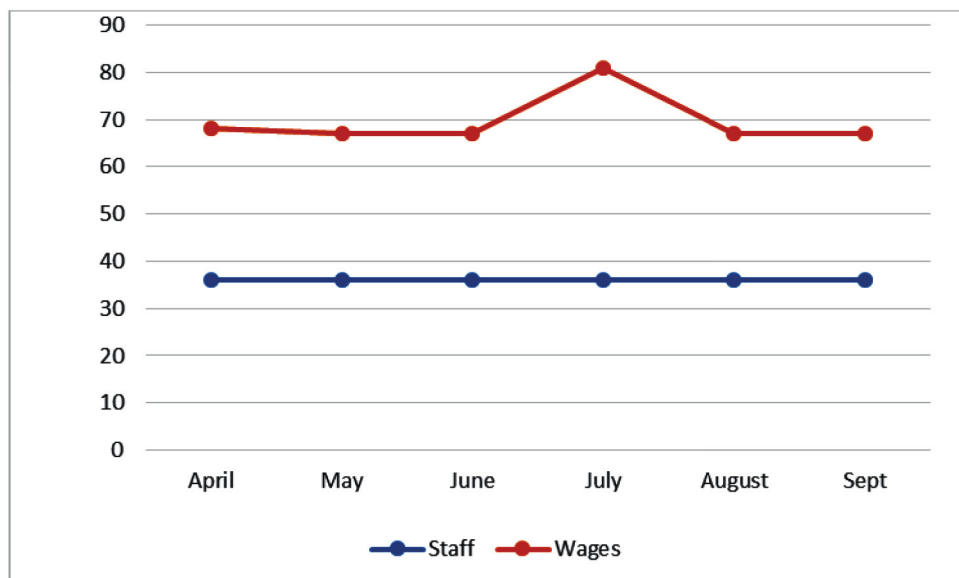
3.11: Vote 147: Local Government Finance Commission (LGFC)

The Commission was established under Article 194 (1) of the 1995 Constitution of the Republic of Uganda to provide advice to government stake holders on matters relating to transfer of grants to local governments and revenues directly collected by local governments.

The total wage for Q4 FY 2013/14 was Ug shs 229,704,600 whereas for Q1 FY 2014/15, it was Ug shs 279,704,600. A total of Ug shs 201,590,652 (88%) was paid out in April, May and June, 2014 whereas Ug shs 214,208,048 (77%) was paid out in July, August and September. The total number of staff between the months of April and September was constant at 36 (*Annex 4*).

The monthly wage payments fluctuated in both quarters under review but were more pronounced after the decentralization of the payroll (Figure 3.11).

Figure 3.11: Wages (millions) and staff paid in Q4 FY 2013/14 and Q1 FY2014/15



Source: IFMS/LGFC Accounts

The LGFC had a salary surplus in the quarter after the decentralization of the payroll but before all funds were spent.

Reasons for variations in the payroll

- In the month of May, salary errors were adjusted and the figure stabilized.
- The salary payments increased by 21% (Ug shs 13,842,296) in July. The July payment increment includes the annual salary enhancement for public officers in accordance with circular standing instruction No 2 of 2014 for FY 2014/15.

Conclusion

Generally, salary fluctuations have been the norm in many institutions. Most of the institutions visited had been having surplus funds for salary payments. This is a clear indication that salary payments are stabilizing after the decentralization of the payroll. This explains overall savings that were made on the payrolls in both central and local governments.

Recommendations

In light of the above findings the following are recommendations;

1. The Ministry of Finance should continuously follow up on institutions with high wage bill fluctuations.
2. The Ministry of Public Service should on a monthly basis update staffing numbers of all categories of the payrolls and share information with all stake holders in payroll management.
3. The interface between IFMS and IPPS should be hastened to support the payroll decentralization process.
4. The infrastructure such as Internet connectivity should be improved to avoid system failure that affects payment of salaries on time. This would partly minimize monthly salary fluctuations.

REFERENCES

Circular Standing Instruction No 2 of 2014

Circular Standing Instructions No 2 of 2010- Payment of Hardship allowance in the Public Sector
Guidelines and Procedures for Decentralized Salary reforms

Ministerial Policy Statement FY 2014/15 Kampala Capital City Authority, June 2014

Ministerial Policy Statement FY 2014/15 Ministry of East African Community Affairs, June 2014

Ministerial Policy Statement FY 2014/15 Ministry of Finance, Planning and Economic
Development, June 2014

Ministerial Policy Statement FY 2014/15 Ministry of Internal Affairs, June 2014

Ministerial Policy Statement FY 2014/15 Ministry of Lands, Housing and Urban Development,
June 2014

Ministerial Policy Statement FY 2014/15 Ministry of Local Government and Local Government
Finance Commission, June 2014

Ministerial Policy Statement FY 2014/15 Ministry of Public Service and Public Service
Commission, June 2014

Ministerial Policy Statement FY 2014/15 Office of the Prime Minister, June 2014

Ministerial Policy Statement for National Planning Authority FY 2014/15

National Development Plan 2010/11-2014/15

National Budget Framework Paper FY 2014/15- FY 2018/19

Salary structures for National Planning Authority, KCCA, Electoral Commission, and Local
Government Finance Commission

ANNEXES

Annex 1: Roles of entities in the decentralization salary payment process

Entity	Roles in decentralized salary payment process
Cabinet and then Parliament	<ul style="list-style-type: none"> • Approval of wage budgets • Appropriation of wage budgets and any supplementary allocations
Ministry of Public Service	<ul style="list-style-type: none"> • Policy guidance on government payroll/establishment • Monitoring wage bill allocations to each vote and submission of consolidated wage bill requirements • Maintaining IPPS and processing updates/changes to the payroll – entry, exit etc • Reviewing and monitoring payroll management through analysis of pay reports of MALGs.
Ministry of Finance, Planning and Economic Development	<ul style="list-style-type: none"> • Consolidation and submission of budget estimates (wage, non-wage and development) • Issuing quarterly spending limits and processing cash releases based on appropriated budget • Maintaining IFMS and processing of salary payments through Bank of Uganda for clearing using the Straight through Process (STP). • Providing support to the salary payment process including advising on bounced payments • Monitoring overall wage budget performance
Accounting Officer	<ul style="list-style-type: none"> • Submission of the respective vote’s wage bill requirements • Review of preliminary payroll from IPPS • Submission of pay changes report • Submission of requests for creation on new employees on IFMS • Creation and approval of salary payment invoices on IFMS • Resolution of unapplied payments • Reconciliation of salary bank accounts/sub TSA • Monitoring of vote’s wage budget performance
Bank of Uganda	<ul style="list-style-type: none"> • Processing salary payment instructions through the banking system and providing feedback on unapplied (bounced) payments.
Internal Auditors	<ul style="list-style-type: none"> • Regular review of the payrolls and monitoring of the associated processes and advising the Accounting Officers on issues noted requiring action
Auditor General	<ul style="list-style-type: none"> • Conducting the annual audit for all votes including audit of wage expenditure and carrying out any special audits on the payroll process

Source: Guidelines and procedures for decentralized salary payment processing, June 2014

Annex 2: List of Officials met

No	Names	Institution	Post
1	MR. PATRICK MUTABWIRE	MoLG	Director Local Government, Administration/ Acting Permanent Secretary
2	MR. ANDREW MUSOKE	MoLG	Acting Commissioner Policy and Planning
3	MR. SAMUEL EITU	MoLG	Principal Human Resource Officer
4	MR. GODWIN TUGUME	MoLG	Senior Human Resource Officer
5	MR. LAWRENCE BANYOYA	LGFC	Executive Secretary
6	MR JIM ASHABA AHEEBWA	LGFC	Director Finance & Administration
7	MR. PATRICK BARUGAHARE	MoPS	Principal Human Resource Officer
8	MRS JANE KYARIISIMA MWESIGWA	MoPS	Commissioner Human Resource Management and Development
9	MR. MICHEAL KUTANWA MUGWANYA	MoPS	Senior Human Resource Officer Finance & Administration
10	MS. NANKYA S. MUGWANYA	MoPS	Assistant Commissioner - payroll
11	MS CISSY MBABAZI	MoPS	Assistant Commissioner -Wage bill
12	MRS. JANE ASIIMWE MATTE	MoPS	Ag. Principal Personnel Officer - wage bill
13	MR.FRED MAGARCH	MoPS	Data Entrant
	MR. MWALE JESSE	MoPS	Data Entrant
14	MR. ROGERS MUHIRWA	POLICE	Under Secretary
15	MR. ELDARD MUGUME	POLICE	Assistant Commissioner Human Resource Management
16	MR. BENON OTEDE	POLICE	Accountant
17	MRS. EDITH NSAJJA MWANJE	MEACA	Permanent Secretary
18	MR BENON TWEBANZE	MEACA	Principal Human Resource Officer
19	MS. SUSAN BUSINGYE	MEACA	Human Resource Officer
20	MR. GERALD NDAWULA	UNRA	Head of Human Resource
21	MR. RASHID KAMOGA KALUUMA	UNRA	Human Resource Officer- Employee Relations
22	MRS JANE GATARE	UNRA	Human Resource Officer

No	Names	Institution	Post
23	MR.JAMES NIWAMANYA	ELECTORAL COMMISSION	Head of Human Resource
24	MR. JOHN PAUL BUSOBOZI	ELECTORAL COMMISSION	Human Resource Department
25	DR. TOM OKURUT	NEMA	Executive Director
26	MR. KASEKENDE MUJUZI	NEMA	Director Finance & Administration
27	MS. FLORENCE NAMPEERA	NEMA	Accountant
28	MR. HERBERT ATUHIRWE	OFFICE OF THE PRESIDENT	Senior Human Resource Officer
29	MS. JANET APAYI	LANDS	Principal Human Resource Officer
30	MR. HENRY GULALE	LANDS	Accountant
31	DR JOSEPH MUVAWALA	NPA	Executive Director
32	MR.GODFREY SSENYANGE	NPA	Senior Human Resource Officer
33	MR. SULA NYANZI	NPA	Accountant
34	MR. GEORGE OKELLO OPIO	KCCA	Manager Performance Management & Organisation Development
35	MRS. CHRISTINE KINTU GWATTUDE	OPM	Permanent Secretary
36	MS .ANNET MUSINGUZI	OPM	Principal Human resource Officer
37	MR. JOSEPH BANANUKA	OPM	Senior Human resource Officer

Annex 3: Wage Performance in Central and Local Governments for Q4 FY 2013/14 and Q1 FY2014/15 in Ug shs Billions

Payrolls	FY	Approved Budgets	Releases	Expenditures	% Release /Budget	% Expenditure/Release	%Expenditure/Budget
Central Government	2013/14	927,474,811,280	223,144,133,673	223,144,133,673	24	100	24
	2014/15	1,084,158,554,391	275,887,309,576	261,736,808,323	25	95	24
Local Governments	2013/14						
Central Region		283,323,003,582	69,390,107,403	69,390,107,403	24	100	24
Eastern Region		347,754,599,054	82,761,768,561	82,761,768,561	24	100	24
North Eastern Region		35,426,137,345	7,485,796,367	7,485,796,367	21	100	21
Northern Region		150,239,042,365	36,200,946,590	36,200,946,590	24	100	24
South Western Region		280,394,541,146	66,787,193,253	66,787,193,253	24	100	24
West Nile Region		95,447,852,978	23,215,440,239	23,215,440,239	24	100	24
Western Region		70,383,650,794	16,566,300,538	16,566,300,538	24	100	24
Sub Total		1,262,968,827,264	302,407,552,951	302,407,552,951	24	100	24
Local Governments	2014/15						
Central Region		355,272,285,735	89,705,826,279	71,292,843,531	25	79	20
Eastern Region		418,453,701,069	108,257,622,708	87,110,247,977	26	80	21
North Eastern Region		44,355,537,094	11,098,350,210	8,076,543,494	25	73	18
Northern Region		181,787,115,855	46,429,844,465	34,695,904,601	26	75	19
South Western Region		335,307,956,912	85,735,870,566	65,310,821,089	26	76	19
West Nile Region		122,305,803,260	31,454,368,596	25,030,447,818	26	80	20
Western Region		88,334,924,005	22,952,714,407	17,553,551,929	26	76	20
Sub Total		1,545,817,323,930	395,634,597,231	309,070,360,439	26	78	20

Source: IFMS data

ANNEX 4: Wages and staff paid in 11 selected institutions

1: Office of the President

	FY 2013/14				FY 2014/15			
		April	May	June	Quarter Release	1 July	August	Sept
Quarter 4 Release	2,039,240,765				2,573,997,393			
Staff Nos.	-	672	673	668	-	666	660	665
Payments (gross)	1,721,932,988	576,665,543	574,434,663	570,832,782	1,726,423,039	573,878,101	572,278,007	580,266,931

Source: IFMS/ Presidents Office Accounts

2. Office of the Prime Minister

	FY 2013/14				FY 2014/15			
		April	May	June	Quarter Release	1 July	August	Sept
Quarter 4 Release	528,813,471				613,769,048			
Staff Nos.	-	262	262	256		262	261	258
Payments (gross)	511,676,993	162,934,347	182,130,721	166,611,925	549,168,096	183,054,213	183,465,792	182,648,091

Source: IFMS/OPM Accounts

3. Ministry of Public Service

	FY 2013/14				FY 2014/15			
		April	May	June	Quarter Release	1 July	August	Sept
Quarter 4 Release	650,410,454				920,388,584			
Staff Nos.	-	271	274	296		269	290	288
Payments (gross)	586,223,742	196,370,593	198,527,249	191,325,900	918,499,788	191,427,071	331,498,535	395,574,182

Source: IFMS/ Ministry of Public Service Accounts

4. Ministry of Local Government

	FY 2013/14				FY 2014/15			
		April	May	June	Quarter Release	1 July	August	Sept
Quarter 4 Release	1,800,713,949				1,800,713,949			
Staff Nos.	-	346	344	350		344	332	337
Payments (gross)	981,945,475	350,048,319	328,402,175	303,494,981	1,002,126,223	321,920,517	339,563,100	340,642,606

Source: IFMS/ LG Accounts

5. Ministry of Lands, Housing and Urban Development

	FY 2013/14				FY 2014/15			
		April	May	June	Quarter Release	1 July	August	Sept
Quarter 4 wage Release	798,894,800				841,400,000			
Staff Nos.	-	338	327	338		332	337	339
Payments (gross)	514,338,520	162,690,832	169,385,048	182,626,640	562,982,865	184,745,130	187,374,184	190,863,551

Source: IFMS/Ministry of Lands Accounts

6. Ministry of EAC Affairs

	FY 2013/14				FY 2014/15			
		April	May	June	Quarter Release	1 July	August	Sept
Quarter 4 Release	153,425,649				163,773,073			
Staff Nos.	-	61	60	60		60	60	60
Payments (gross)	142,136,718	47,378,906	47,378,906	47,378,906	148,301,740	53,543,928	47,378,906	47,378,906

Source: IFMS/ EAC Accounts

7. Electoral Commission

	FY 2013/14				FY 2014/15			
		April	May	June	Quarter Release	1 July	August	Sept
Quarter 4 Release	2,116,678,552				2,074,579,267			
Staff Nos.	-	703	702	709	-	703	704	703
Payments (gross)	1,880,986,897	656,678,866	612,871,525	611,436,506	1,937,676,714	624,604,570	663,751,832	649,320,312

Source: IFMS/ EC Accounts

8. National Planning Authority

	FY 2013/14				FY 2014/15			
		April	May	June	Quarter Release	1 July	August	Sept
Quarter 4 Release	709,037,350				1,066,140,800			
Staff Nos.	-	68	69	70		70	71	71
Payments (gross)	1,029,803,050	336,821,850	345,921,850	347,059,350	1,043,453,050	347,059,350	348,196,850	348,196,850

Source: IFMS/NPA Accounts

9: Kampala Capital City Authority

	FY 2013/14				FY 2014/15			
		April	May	June	Quarter Release	1 July	August	Sept
Quarter 4 Release	3,890,358,641				17,661,798,887			
Staff Nos.	-	4,553	4,622	4,624		4,860	4,521	4,450
Payments (gross)	16,756,262,991	5,407,202,448	5,521,062,304	5,827,998,239	16,265,321,441	5,869,568,720	5,720,225,100	4,675,527,621

Source: IFMS/KCCA Accounts

10: Uganda Police Force

	FY 2013/14				FY 2014/15			
		April	May	June	Quarter Release	1 July	August	Sept
Quarter 4 Release	42,772,884,692				48,517,874,028			
Staff Nos.	-	37,397	37,501	37,585		37,552	37,580	37,542
Payments (gross)	38,146,545,814	12,129,898,375	12,866,078,270	13,150,569,169	45,451,771,902	15,243,853,625	15,031,248,389	15,176,669,888

Source: IFMS/ Uganda Police Accounts Department

11: Local Government Finance Commission

	FY 2013/14				FY 2014/15			
		April	May	June	Quarter Release	1 July	August	Sept
Quarter 4 Release	229,704,600				279,704,600			
Staff Nos.	-	36	36	36		36	36	36
Payments (gross)	201,590,652	68,013,484	66,788,584	66,788,584	214,208,048	80,630,880	66,788,584	66,788,584

Source: IFMS/LGFC Accounts

Annex 5: Breakdown of salary releases and payments for KCCA staff in Ug shs

			FY 2013/14				FY 2014/15		
Quarterly release/ Month	Quarter 4 Release	April	May	June	Quarter 1 Release	July	August	September	
Main stream Staff Nos.	-	799	801	721	-	713	742	747	
Payments	3,890,358,641	3,355,478,767	3,171,575,981	3,212,789,086	17,661,798,887	3,184,050,421	3,267,936,122	3,274,391,440	
Teachers Staff No's		3,170	1,526	1,526		1,523	1,513	1,459	
Payments		1,668,948,732	601,278,536	586,151,799		716,645,722	713,300,936	690,206,625	
Secondary Staff No's		0	1,411	1452		1,460	1,449	1,383	
Payments			1,037,109,875	1,232,392,043		1,092,947,575	1,087,421,336	1,035,176,856	
Tertiary Staff No's		0	329	363		358	259	341	
Payments			273,867,443	407,211,783		253,211,092	254,366,753	242,596,202	
Health Workers Staff No's		584	555	562		557	558	523	
Payments		382,774,949	437,230,469	389,453,528		402,508,532	397,199,953	365,269,118	
Residual Arrears									
Staff Nos.		0	0	0	0	249	0	0	
Payments		0	-	0	0	220,205,378	0	0	
Totals		5,407,202,448	5,521,062,304	5,827,998,239		5,869,568,720	5,720,225,100	5,607,640,241	

Source: KCCA Accounts

Ministry of Finance, Planning and Economic Development

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