

BILLIONS VANISH IN NEW SALARIES SCAM

BY CHRIS KIWAWULO

A new salary scam in which over sh52b is feared to have been lost in suspicious payroll management at districts has hit the Government.

The money was lost through accounting officers overpaying public servants and failing to explain or verify payments.

A total of sh6.5b in salary was overpaid to public servants, revealed a report by Auditor General, John Muwanga. The overpayments occurred mostly in Wakiso (sh2.3b), Manafwa (sh352m), Kabale (sh626m) and Tororo (sh584m) districts.

The overpayment was unearthed after Muwanga analysed payments on the Integrated Financial Management System (IFMS) and the employee records on the Integrated Personnel and Payroll System (IPPS).

Muwanga said the discovery was confirmed by various accounting officers.

Another sh14.4b was not verified from responses that different entities submitted to the Auditor General.

Muwanga said some accounting officers reasoned that the unverified figures related to salary arrears, Pay As You Earn (PAYE), transfers, suspensions, promotions and loan recoveries.

"Given the spread of the entities across the country coupled with limited audit time and resources, I could not carry out that detailed analysis on the variances totalling to sh14.4b," Muwanga noted.

Some entities failed to submit responses amounting to sh11b on the variations sent out to them, making it hard for the Auditor General to verify the variances and come up with conclusive findings.

"There is a high risk that the amounts involved may not have been genuinely expended," Muwanga observed.

In some districts, mainly Wakiso and Manafwa, Muwanga said he was unable to access records to enable him conclusively conduct investigations.

He cited failure to access back-end transactions on IFMS to establish persons responsible for transactions and payments.

The Auditor General was also unable to interview some persons responsible for handling salaries, especially in Wakiso and Rakai districts.

All these findings were contained in a special audit that Muwanga instituted in October 2015, on the Government's decentralised salary payment process during the year 2014/15.

On December 21, Muwanga wrote



Muwanga said Wakiso accounted for about half of the captured overpaid salaries

to finance minister, Matia Kasajja, informing him that the audit focused on establishing how salary variances were orchestrated.

Muwanga, however, said the audit was limited by several factors including; unverified variances due to limited time and resources to cover a wide entity spread, lack of responses by some entities as well as limited access to officials who could not be interviewed, among others.

"Following the alleged payroll fraud in Wakiso district in the financial year 2014/15, I conducted an analysis of the entire government payroll and circulated the findings on variances to the respective accounting officers to provide me with responses in respect of the variances noted," Muwanga wrote.

Wakiso district alone, Muwanga stated, accounted for almost half of the captured overpaid salaries in 2014/15 at sh2.27b. Earlier in June, the local government ministry found that some Wakiso primary school teachers and low-ranking district officials were earning more than ministry directors and permanent secretaries.

In one of the bizarre cases, Arafat Senyonga, an office attendant, whose salary scale was U8 upper and monthly net pay was sh91,050, confessed that he received sh2,122,240 for seven months, inclusive of mileage allowance among other allowances he failed to explain.

service ministry, which includes non-validated entries.

Muwanga also recommended that district staff be adequately trained so they can ably work on their respective payrolls at their stations, instead of moving to work at the public service ministry.

Accounts assistants in charge of payrolls at districts, Muwanga noted, should as well be given adequate training to reduce the number of persons involved in the payroll at the uploading point.

"There is need to urgently integrate the IPPS and IFMS so that there is a direct interface that will prevent the mismatches that are being done at the moment. There is need to increase Internet connectivity at regional centres and plans should also be devised to have districts directly linked to IPPS centres," he advised.

Muwanga added that dependency for the payment process by third parties needs to be reduced so as to minimise the risk associated with changes that are being made on the system.

The level of approval, he concluded, should be amended to include internal audit and human resource functions at levels of creation and preparation of the payroll.

Concerns raised

- ▶ Muwanga said some accounting officers reasoned that the unverified figures related to salary arrears, Pay As You Earn (PAYE), transfers, suspensions, promotions and loan recoveries.
- ▶ He also noted that in some districts, mainly Wakiso and Manafwa, he was unable to access records to enable him conclusively conduct investigations.

RECOMMENDATIONS

The Auditor General recommended the integration of the salary structure calculation module into the IPPS since the IPPS system was found to have no in-built checks of comparing salary structures with the establishment.

"There is need to streamline the approval process of the payroll changes. By introducing checks and balances on the system, it will be able to detect non-authorized changes that have been made onto the system, especially after the preliminary payroll has been sent out," Muwanga opined.

He called for a thorough clean-up of various entities' payrolls, arguing that they were still using the inherited payroll data from the public

SYSTEMS INTRODUCED

The Government introduced the decentralised payroll payment process in 2013/14 under which public entities are supposed to capture their monthly payroll details on IPPS.

Accounting officers are directly responsible for, and accountable for salary payments and ultimately the wage expenditure of their respective votes.

Public entities are therefore required to upload the IPPS details on the IFMS and generate invoices for subsequent processing of salary payments.

According to the Auditor General, this solution to clean up the payroll started with development of IPPS in 2009.

But when Muwanga reviewed IPPS in 2012, he found several flaws in the system and recommended that government improves financial information processing and reporting systems, through the Economic and Financial Management Project II by introducing IFMS.

According to the finance ministry, IFMS is a fiscal and financial management information system for government that bundles all financial management functions into one suite of applications. IPPS is supposed to interface with IFMS to ensure prompt payment of salaries and weeding out ghosts.