

Uganda

Provident Fund (Local Governments) Act Chapter 287

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Provident Fund (Local Governments) Act
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Provident Fund (Local Governments) Act Chapter 287

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An Act to establish a provident fund for the benefit of the employees of such local governments as may desire to become contributors thereto and to provide for the control and management thereof and for other matters incidental thereto.

1. Interpretation

In this Act, unless the context otherwise requires—

- (a) "**board**" means the Board of Management established by regulations made under section 2 in respect of a provident fund established under this Act;
- (b) "**bonus**" means a sum credited to an individual depositor's account and not contributed by the depositor;
- (c) "**contributing government**" means a local government which elects to contribute to the fund established under this Act and makes provision for its employees to become depositors in the fund;
- (d) "**contributor**" means a person who is making deposits and is receiving a bonus in a provident fund established under this Act;
- (e) "**depositor**" means a person who has any sum of money standing to his or her credit in a provident fund established under this Act;
- (f) "**Eastern Province Provident Fund**" means the fund established in the former Eastern Province for the benefit of servants of a local government within that province;
- (g) "**fund**" means the fund established under section 2;
- (h) "**local government**" means the administration of a district;
- (i) "**nonpensionable servant**" means any person who holds an established post in the service of a local government and who is not eligible under the terms and conditions of his or her service for any pension. For the purposes of this definition,

"**established post**" means a post in the fixed establishment of a local government for which specific provision is made in the annual estimates of the local government.

2. Establishment, etc. of the fund

- (1) The President may make regulations for the establishment, maintenance and management of a provident fund for nonpensionable servants in the service of local governments generally in relation to such a provident fund and, in particular, but without prejudice to the generality of the foregoing provisions, may make regulations with respect to any of the following matters—
 - (a) the establishment and management of the fund;
 - (b) the establishment, duties and functions of the Board of Management;

- (c) the qualifications and descriptions of depositors;
 - (d) the amount which contributing governments shall pay into the fund by way of bonus and the manner in which the bonus shall be paid;
 - (e) the rate at which interest on deposits and bonus shall be paid into the fund by contributing governments and credited to depositors and the manner of calculating the interest and bonus;
 - (f) the amounts which depositors shall be required to pay into the fund;
 - (g) the payment into the fund of increased contributions by both contributing governments and depositors in respect of service prior to the establishment of the fund;
 - (h) prescribing the manner in which accounts of depositors shall be opened and closed and providing for notification to individual depositors of the amounts standing to their credit in the fund;
 - (i) the procedure to be followed with regard to the disposal of amounts standing to the credit of depositors in the event of their death, termination of service, resignation or dismissal or transfer to pensionable posts;
 - (j) providing for the disposal of amounts standing to the credit of depositors who have failed to claim the amounts within a prescribed period;
 - (k) the payment of deposits in respect of previous service and of bonus on the deposits as if the deposits were deposits required to be made by the regulations;
 - (l) enabling depositors transferred to pensionable posts to elect with regard to payments of deposits, bonus or interest or any part thereof and the length of service to count for pension.
- (2) The regulations in the Schedule to this Act shall be deemed to have been made under the powers conferred by subsection (1).

3. Eastern Province Provident Fund to become part of the fund

- (1) On the establishment of the fund, the Secretary to the Treasury shall pay into the fund all monies in the Eastern Province Provident Fund, and those monies shall become part of the fund with effect from the date of payment into the fund.
- (2) Contributing governments and depositors to the Eastern Province Provident Fund shall be deemed to have been contributing governments and depositors to the fund with effect from the date they first contributed to or deposited in the Eastern Province Provident Fund.
- (3) With effect from the date on which the Eastern Province Provident Fund monies are paid into the fund, all rights and liabilities under the fund shall be regulated by this Act and of any regulations made under this Act.

4. Power of local governments to join the fund

- (1) When any local government considers that it would be in its interest and in its nonpensionable servants' interest that its nonpensionable servants should become depositors in the fund, the local government may with the approval of the board become a contributing government with effect from such date as the board shall fix.
- (2) With effect from the date that a local government becomes a contributing government, the government and its nonpensionable servants shall be bound by this Act and of any regulations made under this Act.

5. Deductions of deposits from salary

Deductions of the amounts depositors are required to deposit in the fund may be made from the salaries of depositors and shall be deemed to have been paid into the fund on the last day of the month in respect of which the salaries, from which deductions are made, are due.

6. Audit and publication of accounts of the fund

The accounts of the fund shall be audited annually by the Auditor General and shall be published in the *Gazette*.

7. Amounts in hand not assignable or liable to attachment

- (1) No deposit, bonus or interest on any such deposit or bonus shall be assignable or transferable or liable to be attached, sequestered or levied upon for or in respect of any debt or claim other than as provided for in subsection (2).
- (2) Any sum or sums due by a depositor to a contributing government may be deducted from the amount standing to his or her credit in the fund on the closure of his or her account.

Schedule (Section 2(2))

Local Governments Combined Provident Fund Regulations

1. These regulations may be cited as the Local Governments Combined Provident Fund Regulations.
2.
 - (1) There shall be established a fund to be known as the Local Governments Combined Provident Fund to which shall be transferred the assets and liabilities of the Eastern Province Provident Fund.
 - (2) The expenses of management and administration of the fund shall be paid out of the fund; except that such expenditure on management and administration as may be agreed upon by the board shall not be paid out of the fund, but shall be charged directly to all local governments participating in the proportion that the aggregate number of depositors of each local government bears to the aggregate number of all deposits at the time the expenditure is incurred.
 - (3) The monies paid into the fund shall be invested by the Secretary to the Treasury in such security or securities as he or she shall think fit or in the PostBank Uganda Limited established under the Uganda Communications Act.
3.
 - (1) The President shall appoint a Board of Management of the fund (in these regulations called "the board") which shall consist of a chairperson and at least four members, one of whom may or may not be a depositor but shall be a person who is capable of representing the interests of the depositors to the satisfaction of the President.
 - (2) The chairperson and members of the board shall hold office for such time as may be specified in their respective appointments.
 - (3) The board may regulate its own procedure, including the provisions for a quorum and the appointment of a secretary.
4.
 - (1) The board shall be responsible for the control and management of the fund in accordance with the Act and of these regulations.
 - (2) The board shall submit to the President as soon as is practicable after the 30th June in each year a full audited statement showing the working of the fund and all claims on the fund and containing full particulars of all transactions connected with the working of the fund.
5. Every nonpensionable servant of a contributing government may elect to become a depositor in the fund and to continue to be a depositor for so long as he or she is such a nonpensionable servant.

6. Every depositor whose office is specified in the First Schedule to these Regulations shall make a monthly deposit of an amount equal to 7 percent of his or her monthly salary.
7. Every depositor whose office is specified in the Second Schedule to these Regulations shall make a monthly deposit of an amount equal to 5 percent of his or her monthly salary.
8. All deposits shall be deducted by the appropriate local government from the salary of the depositor and shall be paid into the fund.
9. A sum to be called a bonus shall be paid out of the revenues of the local government concerned into the fund for the credit of the depositor at the end of each month, and this bonus shall in every case be equal to the monthly deduction made from the salary of the depositor.
10. Interest shall be credited separately on deposits and bonuses at a rate to be fixed annually by the board and shall begin to accrue in respect of each sum deposited and each bonus on the first day of the month following that on which the deposit is deemed to be made or the bonus credited and shall be added to and become part of the principal on the 31st December of each year.
11.
 - (1) Every local government shall keep proper accounts to the satisfaction of the board in relation to every depositor.
 - (2) If any local government fails to comply with any of the requirements of these Regulations relating to the keeping of the accounts of depositors, the board, with the approval of the Minister, may appoint an administrator to the staff of that local government to secure compliance with the provisions of these Regulations relating to the keeping of such accounts.
 - (3) An administrator may be appointed for such period as may be deemed expedient to ensure that proper accounts are kept by the local government.
 - (4) The expenses occasioned by the appointment of an administrator under subregulation (2) of this regulation shall be paid by and may be recovered from the local government concerned.
 - (5) Such expenses shall be deemed to include the salary of the administrator during the period for which his or her appointment as administrator continues.
 - (6) If the expenses are not paid by a local government within two months after a demand in writing has been made by the board for the payment, the local government shall be liable in addition to pay by way of penalty a sum equal to one-half of the expenses.
12.
 - (1) Any nonpensionable employee who was not a depositor to the Eastern Province Provident Fund before the 1st January, 1951, and who shall have had at least three years continuous service prior to the 1st January, 1951, and who is required or elects to become a depositor in the fund under regulation 5 of these Regulations, may increase his or her deposits under 6 or 7 by 50 percent for a period not exceeding the period of his or her service prior to the 1st January, 1951.
 - (2) For the purposes of this regulation, "service" means service in completed months not exceeding a total of five years.
 - (3) In respect of deposits made under this regulation, there shall be paid out of the revenues of the contributing governments into the fund for the credit of the depositor sums equal to the additional deposits made each month by the depositor.
13. If a depositor dies while in the service of a local government or leaves the service of a local government on the termination of his or her appointment, the amount standing to his or her credit in the fund shall, subject to the provisions of regulations 14 and 15 of these Regulations, be paid out to the depositor or his or her next of kin and his or her account shall thereupon be closed.

14. (1) If a depositor is dismissed, removed on the grounds of inefficiency or resigns or leaves the service of a local government without permission without completing the period prescribed by any contract under which he or she may be serving—
- (a) the amount of his or her deposits and interest credited on the deposits under regulation 10 of these Regulations shall be paid out of the fund to the depositor;
 - (b) any part of the bonuses credited to the depositor and interest credited as aforesaid as the board, with the prior approval of the district commissioner of the district or area in which the local government is situated, shall determine, may be so paid.
- (2) Any part of the bonuses and interest not paid as aforesaid shall be paid out of the fund to the local government concerned and credited to revenue.
15. If a contributor is transferred to a pensionable post under a local government, or if his or her post under the local government is declared pensionable he or she shall have the option of—
- (a) electing to remain as a contributor in the fund, and make deposits to the fund at the rate applicable to the salary of his or her pensionable post, in which case he or she shall forfeit all claims to pension rights;
 - (b) ceasing to be a contributor in the fund at the date of his or her transfer or of the declaration of his or her post as pensionable, in which case he or she may elect either to discontinue his or her deposits or to continue to make deposits at the rate applicable to the salary drawn in his or her nonpensionable post immediately prior to the transfer or declaration; and in either case he or she shall continue to receive interest on the amounts standing to his or her credit in the fund, but no bonus will be paid from such date, and he or she shall not be deemed to be a contributor after that date, nor shall he or she be entitled to any payment from the fund until his or her service with the local government terminates; or (c) electing to have his or her service as a contributor in the fund counted as pensionable, in which case he or she shall forthwith be returned his or her total deposits together with all interest on the deposits, and shall forgo his or her bonuses and all interest on the bonuses, which shall be paid out of the fund to the general revenue of the local government concerned.
- This option must be exercised within two months of the date of transfer or of the declaration of his or her post as pensionable, by notice in writing to the local government concerned, which shall be responsible for notifying the board without delay.
16. (1) If a depositor is transferred to a pensionable or nonpensionable post under the Uganda Government, he or she shall, if a depositor in the fund at that time, cease to make any deposits from the date of his or her transfer, and he or she shall have the option of either—
- (a) receiving forthwith the whole amount credited to his or her account up to the date of his or her transfer; or
 - (b) leaving such amount in the fund, at interest, until his or her service with the Uganda Government has terminated.
- (2) Unless the option is made within two months of his or her transfer to Uganda Government service, the amount standing to his or her credit at the date of his or her transfer will be refunded to him or her.
17. Any option exercised under regulations 15 and 16 of these Regulations shall be irrevocable, except that an option to continue making deposits after ceasing to be a contributor may be revoked at the end of any month; the deposits once discontinued may not be resumed again.

Schedules to the Regulations

First Schedule (Regulation 6)

All nonpensionable servants who are in receipt of a salary of not less than six thousand shillings a year.

Second Schedule (Regulation 7)

All nonpensionable servants who are in receipt of a salary of less than five hundred shillings a month.