

MONTHLY SECTOR BULLETIN

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Rationale for Financial Reporting and Disclosure



Financial reporting and disclosure refers to standard practices to give members an accurate depiction of a scheme's finances, including their contributions, incomes, and expenses, as formal records that provide in-depth insights into financial information. Each of these financial KPIs is important because they demonstrate the overall 'health' of a scheme.

The URBRA Act and Regulations require Trustees of all schemes to submit, to the Authority Annual Audited Accounts within four months after the end of the reporting period. Schemes with Financial Year ending December, 2018 are expected to submit their Audited Accounts by April 30th, 2019.

The importance of financial reporting cannot be over emphasized. It is required by each and every stakeholder for multiple reasons & purposes.

The following points highlight why financial reporting and disclosure is important to the key Retirement Benefits Sector stakeholders -

- **Regulator:** Scheme information is critical for supervisory purposes. This information facilitates compliance monitoring, analysis

and identification of early warning risk indicators and assessment of financial soundness of schemes to ensure that members get the best outcomes.

- **Fiduciaries:** Scheme Trustees use audited financial statements and statutory returns to assess performance of contracted service providers. Fiduciaries of schemes that fail to comply with stipulated reporting and disclosure regulations portray failure of execution of their own fiduciary duties.
- **Scheme members:** Audited Financial Statements reassure members of scheme soundness and continued existence for the foreseeable future. Additionally, annual returns on investment are dependent on the efficiency of operations and financial performance of the scheme. Members therefore use the scheme information to establish their expected annual interest returns.

WHAT'S

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Sector Developments

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- URBRA visits selected District Local Governments

Upcoming Events

- **Trustees' Training on Investment**

Date: April 24th, 2019 @ 8:00 am

Venue: Imperial Royale Hotel

CEO's Corner

Questions from stakeholders

...URBRA protecting your savings...



URBRA WINS CORPORATE CATEGORY IN NSSF 7 HILLS HASH RUN



URBRA emerged overall winners of this year's NSSF Kampala 7 Hills Hash Run corporate category. The category involved competition from amongst the participating employers, where each institution was represented by seven (7) runners.

The Seven Hills Hash Run took place on March 17th, 2019 under the theme "Be the Champion that Public Schools need". The event was organized by NSSF with a goal of raising funds to facilitate renovation of dilapidated public schools in the country.

Participants covered a 21km route through the 7 Hills of Kampala. Competition amongst the corporate category emerged from NSSF, Britam Uganda Limited, Umeme Uganda Limited, Vision Group, Stanbic Bank Uganda Limited, Housing Finance Bank, Standard Chartered Bank, Crown Beverages, ICEA Uganda Limited and Sybyl Limited among others. Average performance results of the representatives upon completion, informed an organization's performance.

The Seven Hills Hash Run took place on March 17th, 2019 under the theme **"Be the Champion that Public Schools need"**.

The run targeted to raise over UGX 500 million towards the renovation of Kampala and upcountry schools, a target that was surpassed.



Left to right is Hajji Ibrahim Lubega Kaddunabbi - CEO IRA, Mr. Martin A. Nsubuga - Ag. CEO URBRA and Mr. Richard Byarugaba - MD NSSF Uganda, while at the pre-retirement seminar

URBRA CONDUCTS ANNUAL PRE- RETIREMENT SEMINAR

Retirement comes with several changes relating to a range of aspects including time management, financial inflows, medical cover, among others. Accepting change resulting from the end of one's active term comes with myriad of challenges to many retirees. However, not everyone who retires has difficulties with the transition, but those that have not planned on how to handle the change are at a greater risk of facing numerous challenges, including financial, mental and physical health problems.

In pursuit to prepare the yet to retire scheme members, the Authority conducts annual pre-retirement seminars. These seminars target Retirement Benefit Scheme members that are 5 years or less away from retirement.

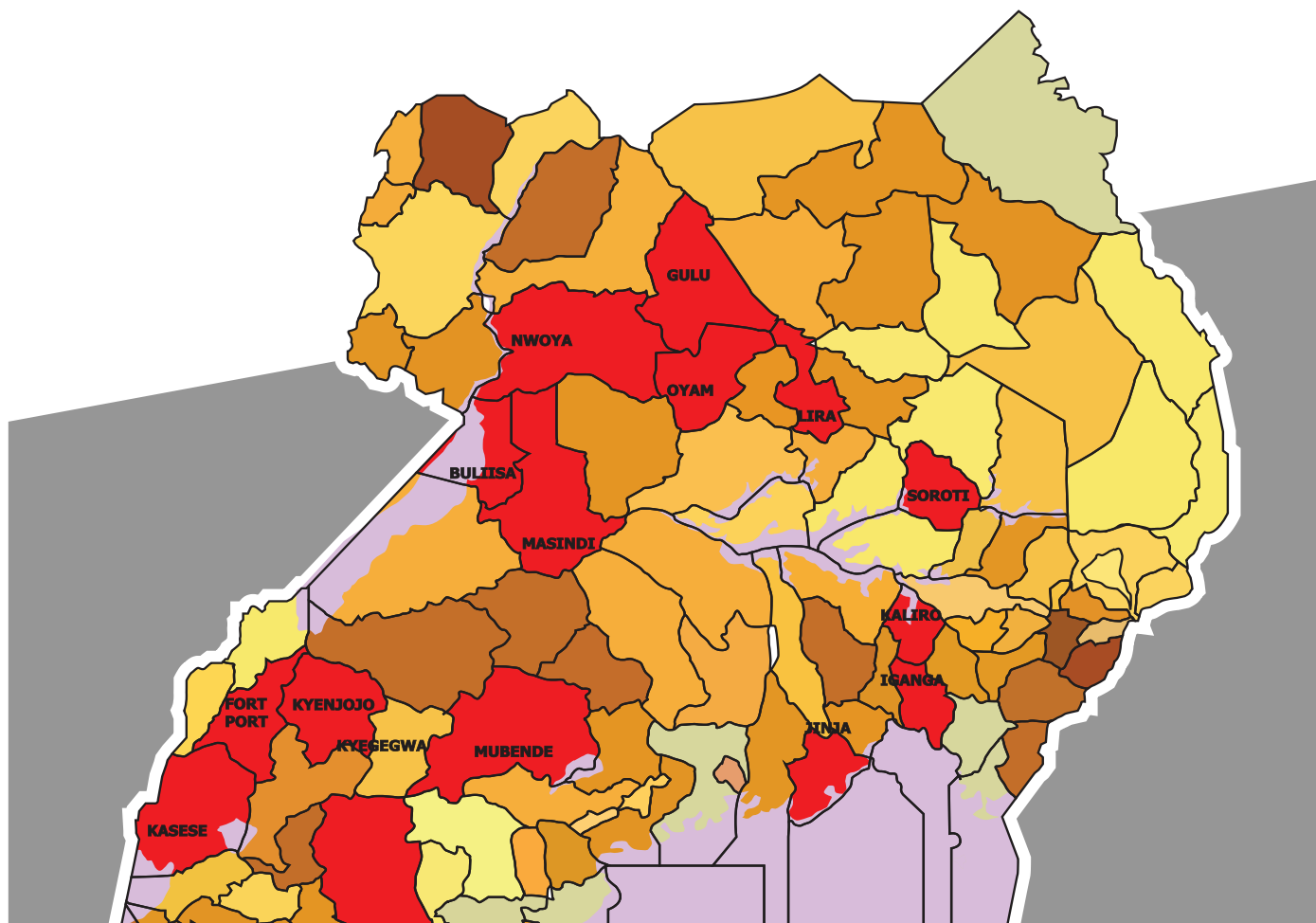
This year's pre-retirement seminar was held on Wednesday March 27th, 2019 at UMA Exhibition Hall. The Seminar



Mr. Richard Byarugaba, MD NSSF presenting to the participants on the "Role of NSSF to Retirees"

covered topical issues of statistics on the reality of old age poverty in Uganda, Retirement and Insurance, Role of NSSF to retirees, Personal Finance and Investment, Health and Retirement, Managing Deceased's Wealth, and sharing personal experience in retirement among others.

The seminar attracted over 150 participants from mainstream Public Service, Government Agencies, Private Sector Institutions and Licensed Retirement Benefit Schemes.



URBRA VISITS SELECTED DISTRICT LOCAL GOVERNMENTS

In March 2019, the Authority visited selected District Local Government Headquarters to sensitize district pension handing personnel on the mandate and functions of the Authority, facilitate liaison and create synergies between the different districts and the Authority, and share information relevant for resolution of complaints related to public service pension processing. Districts visited included Jinja, Iganga, Kaliro, Soroti, Buliisa, Masindi, Gulu, Lira, Oyam, Nwoya, Mbarara, Isingiro, Ntungamo, Kabale, Mubende, Kyegegwa, Kyenjojo, Fort Portal and Kasese.

Collaboration between the Authority and the District officials is expected to facilitate resolution of pending and future complaints.

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CEO's Corner



How does URBRA manage licensed Retirement Benefit Schemes?

URBRA is not involved in the management of schemes. The Authority however licenses, regulates and monitors the schemes and sector service providers to ensure transparent and efficient scheme management. Day to day management of schemes is done by trustees appointed by members of the schemes and licensed by URBRA. In order to ensure the efficient management of the operations of the schemes, trustees appoint service providers who include administrators, fund managers and custodian. To ensure effective governance, the Authority undertakes planned trustee and service provider trainings on best practices, an initiative that has improved capacity in the Sector.

How are savers' funds safe guarded from Government's unrestricted access and use?

The Government does not have direct access to the members' accumulated savings. All the funds kept with a Custodian who is appointed by the trustees. The Custodian cannot release any money without the instructions of the Scheme Trustees. In a nutshell, all the saved funds belong to the members and are invested prudently for the benefit of the members.



Questions from Stakeholders

Under the NSSF Voluntary Plan, can a voluntary member access their benefits whenever they wish?

No, this is not the case. The NSSF voluntary plan is a savings arrangement that targets employers with less than 5 employees (thus not mandatorily propelled to contribute), and former members of the Fund. Once voluntary members get on board and commence their contribution remittances in to the Fund, they are treated like any other members. In particular, all NSSF exit conditions (as stipulated in the NSSF Act) for claiming benefits apply to all members.

What is the motivation behind the decentralization of the Public Service Pension processing and payments?

Amongst the numerous reforms of the Public Service Pension Scheme,

decentralization of Pension Processing and Payments has been at the center stage. To date, 67 votes (including districts and Ministries) have been fully decentralized. With the full decentralization, it implies that all processes right from initiation to payment of Pension and Gratuity will be done at the decentralized administrative units. The objectives of full decentralization are to:

- Facilitate timely access to pension payroll
- Bring services closer to the people, hence reduce need to travel for pension processing
- Quickly resolve pension complaints
- Reduce middlemen, in the pension payment process





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This Monthly Publication is meant to keep stakeholders informed about the work of the Authority, best practice in Scheme governance, administration and sector developments. It also provides a Platform for the Chief Executive Officer to respond to stakeholders' questions and concerns.