

EXECUTIVE SUMMARY

OVERVIEW

This report gives the overall breakdown of Compensation of employees for August 2018, and ongoing payroll initiatives at the Controller and Accountant General's Department.

Compensation of Employees for the month of August 2018 was **GHS 1,641.88 million** on accrual basis as against GHS 1,626.64 million for July 2018. A breakdown of August compensation of employees is specified below:

- Wages & Salaries GHS 1,444.24 million
- Social Contributions GHS 197.63 million

Wages and Salaries is further analyzed as follows:

- Mechanized GHS 1,087.30 million
- Non-Mechanized GHS 356.95 million

Social contributions consist of:

- Pensions GHS 72.60 million
- Gratuities GHS 15.89 million
- Social security GHS 109.15 million

PAYROLL ACTIVITY

Below are the major payroll activities for August 2018;

- Mechanization of 4,707 new entrants at the Ghana Education Service and the payment of arrears.
- Mechanization of 2,400 health interns at the Ministry of Health
- Payment of promotional arrears to some staff of Ghana Audit Service

VARIANCE ANALYSIS:

The budget was compared with actual cost every month to establish either a favorable or an adverse variance. This is used to monitor budget performance of all MDAs to ensure that they spend within their budget allocation.

The following table shows MDAs who registered significant negative variances on compensation for August 2018.

Table 1.0

MDA	Budget overrun for the month of August 2018 (cedis million)	% Over run
Ministry of Foreign Affairs	0.51	2.10
Ministry Of Defence	1.30	1.85

Page 7 of the report provides further details.

PAYROLL BUDGETARY CONTROL PROCESS

In view of frequent budget overruns by most MDAs, the CAG Circular Number G 63/2018 directs that henceforth all MDAs that are expected to exceed budgetary allocation on Compensation of Employees should not be paid until adequate provision is made for additional budget from the Ministry of Finance. The Payroll Directorate after the test payroll run analysed the payroll cost and established that some MDAs were expected to overrun their payroll budget for August 2018.

In view of the overruns reported, the Controller and Accountant General's Department requested a top up budget from the Ministry of Finance for the MDAs that had negative variance during the Test Payroll Run.

PAYROLL AND GIFMIS FINANCIAL INTEGRATION

The team has successfully costed and transferred payroll transactions from January to June 2018 to the General Ledger.

ELECTRONIC SALARY PAYMENT VOUCHER (ESPV)

There was discontinuation or termination of salaries of **961** employees from the payroll leading to a cost saving of **GHS 2.27 million**.

STAFF STRENGTH

The total number of staff paid for the month is as follows

Mechanized	533,104
Subvention	152,699

STAFF MOVEMENT

The month of August 2018 registered a net increased in mechanized staff strength of **5,439** as against a net decrease of 5,156 in July 2018.

Ministry of Education registered a net increase in staff strength of 5,109. Ministry of Health also recorded a net decrease in staff strength of 443 in August. Ministry of Education had 6,121 additions and 1,012 deletions resulting in a net increase of 5,109 staff.

Ministry of Health had an addition of 358 staff and a deletion of 801 resulting in a net decrease in staff strength of 443.

Eight Hundred and Fifteen (**815**) employees retired and had to be terminated from the payroll.

A detail of movement of staff strength is provided in the transactional report on Table 3.1 of Page 6.

SALARY ARREARS

Payment of salary arrears was high in August as compared to July 2018. This contributed to the increase in the wages & salaries thus putting a strain on the compensation budget for August 2018.

The total amount paid in Aug 2018 as salary arrears to employees on GOG Mechanised payroll was **GHS 68.84 million** as against GHS 51.40 million in July 2018.

Pension arrears paid for August 2018 totaled **GHS 0.01 million** as against GHS 7.02 million in July.

Refer to Appendices A and B of the Payroll Cost Information for August 2018 for details of Compensation of Employees for the month under review.

1.0 INTRODUCTION:

Section 43, sub-section 4 of the Public Financial Management Act 2016, ACT 921 authorises the Controller and Accountant-General to submit any other reports which the Minister of Finance may require in writing. The purpose of this report is to give a summary of payroll activities for the month of July 2018 as per Section 43 (4) of the Public Financial Management Act 2016, Act 921. This report therefore looks at total compensation of employees, staff strength and updates on payroll initiatives for August 2018.

2.0 SUMMARY OF PAYROLL COST FOR AUGUST 2018

Table 2.0

DESCRIPTION	ACTUAL	BUDGET	VARIANCE
	GHC million	GHC million	GHC million
Mechanized Payroll	1,018.46		
Non Mechanized Payroll (including Subventions)	356.95		
Total Wages and Salaries (excluding Arrears)	1,375.41	1,586.07	210.66
Arrears Payment: (Mechanized)	68.84		
Arrears Payment: (Subventions)			
Total Arrears Payment	68.84		
WAGES & SALARIES	1,444.25	1,586.07	141.82
Pensions and Gratuity	88.48	109.02	20.54
SSF Employer	109.15	104.17	(4.98)
COMPENSATION OF EMPLOYEES	1,641.88	1,799.26	157.38

Total Compensation of Employees for the month of August 2018 was **GHS 1,641.88 million**, as against an allotment of **1,799.26 million** resulting in a favourable variance of **GHS 157.38 million**. This is equivalent to **8.75%** of compensation of employees vote for the month under review. The component of the compensation of employees (excluding arrears, pensions & gratuity, and SSF employer) at August 2018 is **GHS 1,375.41 million** as against an allotment of **GHS 1,586.07** resulting in a favourable variance of **GHS 210.66 million** representing **13.28%** of August 2018 allotment for Wages & Salaries.

The total wages and salaries including arrears is **GHS 1,444.25 million** as against an allotment of **1,586.07 million**, resulting in a favourable variance of **GHS 141.82 million**. This represents **8.94%** of wages and salaries vote for the month of August 2018.

3.0 STAFF STRENGTH

The total staff strength recorded for the month of August was **685,803** as against 683,241 in July 2018. The breakdown is indicated below;

Table 3.0

PARTICULARS	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY(A)	AUGUST(B)	DIFF(B-A)
MECHANIZED	517,951	523,466	532,376	528,245	527,682	522,509	527,665	533,104	5,439
SUBVENTION	132,051	67,570	138,172	138,498	82,110	157,654	155,576	152,699	(2,877)
TOTAL	650,002	591,036	670,548	666,743	609,792	680,163	683,241	685,803	2,562

3.1 Mechanized Staff Strength

Staff Strength on the mechanized payroll registered a net increase of 5,439 (from 527,665 in July 2018 to 533,104 in August 2018). The key reason for this was the mechanization of new entrants at the Ghana Education Service. There were total staff additions of 11,333 and as against a deletion of 5,894 for August 2018 on the Mechanized payroll. This resulted in a net increase in staff strength of 5,439 for the month under review.

Total Reactivations for August was **96**.

3.2 Non-Mechanized Staff Strength

There was a decrease in subvention staff strength by 2,877 compared to July 2018. The major reason for this was the nonpayment of subvention to National Service Secretariat in August.

3.3 Pension Staff Strength

The total number of active pensioners on Government payroll was **64,615** as at August 2018.

3.4 Transactional Report on Mechanized Payroll for Selected MDAs for August 2018

The table below shows the highlight of transactional report on the mechanized payroll for selected MDAs for August 2018.

Table 3.1

MDA	Reactivation /Addition	Deletions / Termination
Ministry of Education	6,121	1,012
Ministry of Health	358	801
Others	4,854	4,081
Total	11,333	5,894

The institutions in the table above registered significant movements in staff strength by way of New Entrants, Additions/Reactivations, and Terminations during the month of August 2018.

4.0 OVERALL BUDGET PERFORMANCE:

Total compensation budget for the months of January to August 2018 was **GHS 12,970.67 million**; but actual compensation of employees for the same period was **GHS 12,918.53 million**. Budget variance recorded was **GHS 52.15 million** (Favourable). This is **0.40%** of compensation budget for the period. The major cause of this adverse variance was the payment of some unbudgeted transactions like promotions and new entrants, which were huge spillovers from previous years. Wages & Salaries variance for the same period was **GHS 193.62 million** (Adverse). However, the variance on Social Contribution was **GHS 245.76 million** (Favourable). The total budget overruns from January to August was because of payment of unbudgeted transactions such as step increments, promotional arrears and new entrant arrears.

Compensation allotment for August 2018 was **GHS 1,799.26 million**. On the other hand, actual compensation of employees recorded was **GHS 1,641.88 million** resulting in a favourable variance of **GHS 157.38 million**. This represents **8.75%** of compensation vote for August 2018. The key reason for the favourable variance recorded is because Ministry of Finance issued a top up budget to MDA's who had insufficient budgetary allocation.

There was sufficient budgetary allocation to cater for Government's commitments on social contributions. An amount of **GHS 213.19 million** was budgeted for the payment of Social Contributions in August, but actual expenditure was **GHS 197.63 million**, resulting in a favourable variance of **GHS 15.56 million**.

The table below shows Ministries with negative (adverse) cost variances for August 2018.

Table: 4.0

MINISTRY	STRENGTH	BUDGETED COMPENSATION OF EMPLOYEES	GOG COMPENSATION OF EMPLOYEES	VARIANCE	% VARIANCE
PARLIAMENT OF GHANA	753	7,779,978.58	8,095,673.01	(315,694.43)	(4.06)
MINISTRY OF FOREIGN AFFAIRS AND REGIONAL INTEGRATION	259	24,265,043.26	24,773,609.75	(508,566.49)	(2.10)
MINISTRY OF DEFENCE	26,004	70,286,235.23	71,583,031.80	(1,296,796.57)	(1.85)

Parliament of Ghana recorded an adverse variance of **GHS 0.32 million** representing **4.06%** of its allotment for August 2018. This is largely because of New entrants of 30 employees which were paid. However, Defence recorded an adverse variance of GHS 1.30 million representing 1.85% of its allotment for August 2018, which was largely because the budget was not sufficient to cater for their compensation cost for August 2018. Foreign Affairs and Regional Integration also recorded an adverse variance of GHS .51 million representing 2.10 of its allotment for August 2018. This is also largely because of foreign mission compensation overrun in August 2018.

CONTROLLER AND ACCOUNTANT GENERAL'S DEPARTMENT

The table below shows MDAs with positive variances for August 2018.

Table 4.1

MINISTRY	STRENGTH	BUDGETED COMPENSATION OF EMPLOYEES	GOG COMPENSATION OF EMPLOYEES	VARIANCE	% VARIANCE
OFFICE OF GOVERNMENT MACHINERY	1,289	8,302,862.01	7,178,089.72	1,124,772.29	13.55
OFFICE OF THE HEAD OF CIVIL SERVICE	362	871,703.40	778,720.96	92,982.44	10.67
AUDIT SERVICE	1,827	10,525,643.32	10,525,643.13	0.19	0.00
PUBLIC SERVICES COMMISSION	62	203,530.94	201,085.44	2,445.50	1.20
ELECTORAL COMMISSION	1,204	4,926,099.36	2,509,129.98	2,416,969.38	49.06
MINISTRY OF FINANCE	4,287	10,841,488.97	10,706,064.80	135,424.17	1.25
MINISTRY OF LOCAL GOVERNMENT AND RURAL DEVELOPMENT	1,706	3,746,598.75	3,196,918.90	549,679.85	14.67
LOCAL GOVERNMENT SERVICES	2,185	8,280,679.03	8,048,537.50	232,141.53	2.80
METROPOLITAN, MUNICIPAL, DEPT & AGENCIES (MMDA)	25,215	42,408,269.69	40,188,226.20	2,220,043.49	5.23
NATIONAL DEVELOPMENT PLANNING COMMISSION	44	138,931.42	118,721.71	20,209.71	14.55
MINISTRY OF INFORMATION	2,379	5,608,642.98	5,141,273.38	467,369.60	8.33
MINISTRY OF AGRICULTURE	2,028	4,749,129.76	4,326,287.34	422,842.42	8.90
MINISTRY OF FISHERIES AND AQUACULTURE DEVELOPMENT	308	601,704.51	533,952.98	67,751.53	11.26
MINISTRY OF LANDS AND NATURAL RESOURCES	5,413	10,888,206.54	9,990,278.22	897,928.32	8.25
MINISTRY OF TRADE AND INDUSTRY	1,096	3,240,654.13	3,064,743.39	175,910.74	5.43
MINISTRY OF TOURISM, CULTURE AND CREATIVE ARTS	1,430	2,835,031.52	2,569,075	265,956.52	9.38
MINISTRY OF ENVIRONMENT, SCIENCE, TECH. AND INNOVATION	4,457	15,314,254.09	15,151,346.10	162,907.99	1.06
MINISTRY OF ENERGY	129	258,168.21	244,762.20	13,406.01	5.19
MINISTRY OF WATER RESOURCES AND SANITATION	235	1,050,681.23	673,060.89	377,620.34	35.94
MINISTRY OF WORKS AND HOUSING	761	1,435,261.75	1,432,311.98	2,949.77	0.21
MINISTRY OF ROADS AND HIGHWAYS	1,864	3,742,771.16	3,724,842.13	17,929.03	0.48
MINISTRY OF COMMUNICATIONS	477	1,208,447.38	931,536.50	276,910.88	22.91
MINISTRY OF RAILWAYS DEVELOPMENT	40	158,086.25	125,149.95	32,936.30	20.83
MINISTRY OF AVIATION	23	72,814.82	71,096.29	1,718.53	2.36
MINISTRY OF TRANSPORT	140	305,630.89	303,030.02	2,600.87	0.85
MINISTRY OF EDUCATION	348,080	824,592,978.42	729,398,039.49	95,194,938.93	11.54
MINISTRY OF EMPLOYMENT AND LABOUR RELATIONS	1,966	3,405,431.48	3,116,111.75	289,319.73	8.50
MINISTRY OF YOUTH AND SPORTS	760	1,445,432.70	1,298,760.89	146,671.81	10.15
NATIONAL COMMISSION FOR CIVIC EDUCATION	1,381	5,111,703.19	2,879,323.66	2,232,379.53	43.67
MINISTRY OF CHIEFTAINCY AND RELIGIOUS AFFAIRS	571	1,479,336.48	922,067.85	557,268.63	37.67
MINISTRY OF HEALTH	108,808	277,545,015.16	227,153,185.99	50,391,829.17	18.16
MINISTRY OF GENDER, CHILDREN AND SOCIAL PROTECTION	1,077	2,721,152.36	2,076,544.43	644,607.93	23.69
MINISTRY OF JUSTICE AND ATTORNEY GENERAL'S DEPARTMENT	1,185	5,263,249.56	4,762,109.70	501,139.86	9.52
COMMISSION ON HUMAN RIGHTS AND ADMINISTRATIVE JUSTICE	655	2,760,498.19	1,670,833.61	1,089,664.58	39.47
JUDICIAL SERVICE	4,953	25,323,317.60	13,516,934.17	11,806,383.43	46.62
MINISTRY OF INTERIOR	59,256	164,316,872.60	162,795,876.00	1,520,996.60	0.93
MINISTRY OF NATIONAL SECURITY	2,890	27,895,607.50	26,501,135.94	1,394,471.56	5.00

Refer to the Appendix E of the Payroll Cost Information for August 2018 for a detailed variance analysis for the month under review.

5.0 COST ANALYSIS

The Department continues to monitor cost on monthly basis to ascertain Ministries with significant increases or decreases in compensation of employees and the reasons associated with them.

The overall result shows a decrease in compensation cost from GHS **1,626.64** million in July to **GHS 1,641.88 million** in August. Wages and Salaries increased by **GHS 17.31 million**. On the other hand commitments on Social Contributions decreased by **GHS 2.07 million** because of an decrease in Social Security Contributions recorded in August 2018.

MINISTRY WITH INCREASE IN COST

Wages and Salaries cost for Metropolitan, Municipal, Dept & Agencies (MMDA) increased by **22.12%**, due to an increase in compensation cost at Administration, Agriculture and Social Welfare & Community Development. The increase recorded was due to new entrants and arrears payments in August.

Table 5.0

MINISTRY	COST FOR JULY	COST FOR AUGUST	INCREMENT	% CHANGE
	GHS 'MILLION	GHS 'MILLION	GHS 'MILLION	
METROPOLITAN, MUNICIPAL, DEPT & AGENCIES (MMDA)	32.91	40.19	7.28	22.12

MINISTRIES WITH DECREASE IN COST

The table below shows Ministries with significant reduction in wages and salaries for August 2018.

Table5.1

MINISTRY	COST FOR JULY	COST FOR AUGUST	REDUCTION	% CHANGE
	GHS 'MILLION	GHS 'MILLION	GHS 'MILLION	
LOCAL GOVERNMENT SERVICES	13.98	8.05	(5.93)	(42.42)
MINISTRY OF EDUCATION	741.07	729.40	(11.67)	(1.57)

Ministry of Local Government Services had a reduction in Compensation of Employees by **GHS 5.93 million**. This represents a downward change of **42.42%** from July. The key reason for this was that LGS Secretariat and Regional Co-ordinating Council ensured the re-alignment of the Staff to their correct management units.

Refer to the Appendix G of the Payroll Cost Information for July 2018 for a detailed cost analysis for the month under review.

6.0 PAYROLL INITIATIVES

6.1 Electronic Pay-slip (E-Pay-slip)

5,623 employees on Government of Ghana (GoG) payroll registered on the E-Payslip system in August 2018. This has increased the total registered number to **625,684**.

The table below shows the statistics of staff registered on the E-Pay-slip platform.

Table 6.0

MONTHS	TOTAL REGISTERED	CUMMULATIVE
2013/14		384,699
2015	106,284	490,983
2016	49,135	540,118
2017	50,594	590,712
Jan-18	2,564	593,276
Feb-18	6,815	600,091
Mar-18	5,275	605,366
Apr-18	3,486	608,852
May-18	1,593	610,445
June-18	5,840	616,285
July-18	3,776	620,061
August-18	5,623	625,684

6.2 E-SPV Validation

The table below shows the results from the Electronic Salary Payment Voucher (ESPV) system validation for the month of August 2018.

Table 6.1

Region	Staff strength before validation	Unvalidated	Discontinued	Unverified	Expected staff strength after validation
	A	b	C	D	E= A- (B+C+D)
Ashanti	98,376	1104	204	181	96,887
Brong-Ahafo	58,141	502	62	111	57,466
Central	50,625	155	81	69	50,320
Eastern	60,234	881	58	558	58,737
Greater Accra	79,633	160	184	184	79,105
Northern	48,297	374	98	135	47,690
Upper East	27,724	114	71	80	27,459
Upper west	20,202	21	75	51	20,055
Volta	48,403	117	44	83	48,159
Western	42,361	322	84	83	41,872
TOTAL	533,996	3,750	961	1,535	527,750

961 employees who were marked Discontinued across the regions were terminated from the system and thus were not paid. unverified staff and unvalidated were suspended and not paid.

REGIONAL BREAKDOWN OF UNVERIFIED

Table 6.2

REGION	MISSING	LOST & FOUND	UNVERIFIED (GHOST)
Ashanti	6,538	2,758	181
Brong-Ahafo	3,797	1,790	111
Central	3,708	1,607	69
Eastern	4,620	2,154	558
Greater Accra	2,989	1,409	243
Northern	3,754	1,900	135
Upper East	1,929	919	80
Upper West	1,983	1,323	51
Volta	3,547	1,571	83
Western	2,507	923	83
TOTAL	35,372	16,354	1,594

6.3. Integration of GIFMIS with IPPD 2 Payroll System

January to June 2018 payroll figures have been costed and transferred to General Ledger as at August 2018. The outstanding periods remaining are July and August 2018.

6.4 Public Financial Management Project Component

The Payroll Component has two main output namely:

- Payroll Cleaning Plan & Implementation
- Payroll & Personnel verification

The payroll cleaning contract was awarded to KPMG in November 2016 and Provision in March 2017. KPMG has completed their deliverables and was expected to Go live in June 2018.

The nationwide Audit which is a deliverable of the personnel and payroll verification is ongoing in the various regions. It started on 18th June at central region and is expected to be completed by 31st December 2018.

7.0 CONCLUSION

Compensation of Employees in general increased from **GHS 1,626.64 million** in July 2018 to **GHS 1,641.88 million**, in August 2018.

Salaries were run and dispatched to all banks in accordance with payroll timetable for the month under review.