

**EXECUTIVE SUMMARY**

***OVERVIEW***

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

Compensation of Employees for the month of December 2018 was **GHS 1,661.55 million** on accrual basis as against GHS 1,678.14 million for November 2018. A breakdown of December compensation of employees is specified below:

- Wages & Salaries                      GHS            1,462.40 million
- Social Contributions                    GHS            199.15 million

Wages and Salaries is further analyzed as follows:

- Mechanized                                GHS            1,159.93 million
- Non-Mechanized                         GHS            302.47 million

Social contributions consist of:

- Pensions                                    GHS            80.63 million
- Gratuities                                 GHS            11.14 million
- Social security                            GHS            107.38 million

**PAYROLL ACTIVITY**

Below are the major payroll activities for December 2018;

- Mechanisation of 678 staff at the Ministry of Health

**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 the as at December 2018.

**Table 1.0**

<b>MDA</b>	<b>Budget overrun as at December 2018 (cedis million)</b>	<b>% Over run</b>
Ministry Of Education	1,526.99	21.21
Ministry Of Health	231.67	8.95
Local Government Services	52.51	64.53

**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 December 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 September 2018 to the General Ledger.

**ELECTRONIC SALARY PAYMENT VOUCHER (ESPV)**

There was discontinuation or termination of salaries of **58** employees from the payroll leading to a cost saving of **GHS 0.13 million**.

**STAFF STRENGTH**

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

Mechanized	542,803
Subvention	141,549

**STAFF MOVEMENT**

The month of December 2018 registered a net increased in mechanized staff strength of 2,525 as against a net increase of 2,280 in November 2018.

Ministry of Education registered a net decrease in staff strength of 289. Ministry of Health also recorded a net increase in staff strength of 1,747 in December.

Ministry of Education had 4,229 additions and 3,940 deletions resulting in a net increase of 289 staff. Ministry of Health had an addition of 2,350 staff and a deletion of 603 resulting in a net increase in staff strength of 1,747.

Five Hundred and Seventy-Eight (**578**) 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 decreased in December as compared to November 2018. This decreased the strain on the compensation budget for December 2018.

The total amount paid in December 2018 as salary arrears to employees on GOG Mechanised payroll was **GHS 63.82 million** as against GHS 76.48 million in November 2018.

Pension arrears paid for December 2018 was **GHS 6.89 million**

There were no payments of Subvention arrears in December 2018.

***Refer to Appendices A and B of the Payroll Cost Information for December 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 December, 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 December 2018.

**2.0 SUMMARY OF PAYROLL COST FOR DECEMBER 2018**

**Table 2.0**

DESCRIPTION	ACTUAL	BUDGET	VARIANCE
	GHC million	GHC million	GHC million
<b>Mechanized Payroll</b>	1,096.11		
<b>Non Mechanized Payroll (including Subventions)</b>	302.47		
<b>Total Wages and Salaries (excluding Arrears)</b>	<b>1,398.58</b>	<b>1,393.89</b>	<b>(4.69)</b>
<b>Arrears Payment: (Mechanized)</b>	63.82		
<b>Arrears Payment: (Subventions)</b>			
<b>Total Arrears Payment</b>	<b>63.82</b>		
<b>WAGES &amp; SALARIES</b>	<b>1,462.40</b>	<b>1,393.89</b>	<b>(68.51)</b>
<b>Pensions and Gratuity</b>	<b>91.77</b>	<b>108.48</b>	<b>16.71</b>
<b>SSF Employer</b>	<b>107.38</b>	<b>115.45</b>	<b>8.07</b>
<b>COMPENSATION OF EMPLOYEES</b>	<b>1,661.55</b>	<b>1,617.82</b>	<b>(43.68)</b>

Total Compensation of Employees for the month of December 2018 was **GHS 1,661.55 million**, as against a budget of **GHS 1,617.82 million** resulting in an unfavourable variance of **GHS 43.68 million**. This is an overrun of **2.69%** 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 December 2018 was **GHS 1,398.58 million** as against a budget of **GHS 1,393.89** resulting in an unfavourable variance of **GHS 4.69 million**.

The total wages and salaries including arrears is **GHS 1,462.40 million** as against a budget of **1,393.40 million**, resulting in a unfavourable variance of **GHS 68.51 million**. This represents **4.91%** of wages and salaries vote for the month of December 2018.

### 3.0 STAFF STRENGTH

The total staff strength recorded for the month of December was **684,352** as against 693,619 in November 2018. The breakdown is indicated below;

**Table 3.0**

PARTICULARS	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV (A)	DEC (B)	DIFF (B-A)
MECHANIZED	517,951	523,466	532,376	528,245	527,682	522,509	527,665	533,104	538,172	537,998	540,278	542,803	2,525
SUBVENTION	132,051	67,570	138,172	138,498	82,110	157,654	155,576	152,699	157,857	157,914	153,341	141,549	(11,792)
<b>TOTAL</b>	<b>650,002</b>	<b>591,036</b>	<b>670,548</b>	<b>666,743</b>	<b>609,792</b>	<b>680,163</b>	<b>683,241</b>	<b>685,803</b>	<b>696,029</b>	<b>695,912</b>	<b>693,619</b>	<b>684,352</b>	<b>(9,267)</b>

### 3.1 Mechanized Staff Strength

Staff Strength on the mechanized payroll registered a net increase of 2,525 (from 540,278 in November 2018 to 542,803 in December 2018). The key reason for this was the mechanization of new recruits at the Ministry of Health. There were total staff additions of 7,914 and as against a deletion of 5,389 for December 2018 on the Mechanized payroll. This resulted in a net increase in staff strength of 2,525 for the month under review.

Total Reactivations for December was **50**.

### 3.2 Non-Mechanized Staff Strength

There was a decrease in subvention staff strength by 11,792 compared to November 2018. The key reason for this was that University of Ghana, University of Cape Coast, among others could not receive subvention in December 2018 thus accounting for the reduction in staff strength recorded.

### 3.3 Pension Staff Strength

The total number of active pensioners on Government payroll was **65,621** as at December 2018.

### 3.4 Transactional Report on Mechanized Payroll for Selected MDAs for December 2018

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

**Table 3.1**

<b>MDA</b>	<b>Reactivation /Addition</b>	<b>Deletions / Termination</b>
Ministry of Education	4,229	3,940
Ministry of Health	2,350	603
Others	1,335	846
<b>Total</b>	<b>7,914</b>	<b>5,389</b>

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 December 2018.

#### 4.0 OVERALL BUDGET PERFORMANCE:

##### 4.1 HIGHLIGHTS FOR 2018

Total compensation budget for the year 2018 was **GHS 19,838.36 million**. Actual compensation of employees for the same period was **GHS 19,612.04 million**. Budget variance recorded for the year 2018 was **GHS 226.32 million** (Favourable). This is **1.14%** of compensation vote for 2018.

Wages & Salaries variance for the year was **GHS 1,062.74million** (Adverse). 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.

However, the variance on Social Contribution was **GHS 288.01 million** (Favourable).

##### 4.2 HIGHLIGHTS FOR DECEMBER 2018

An amount of **GHS 1,613.82 million** was budgeted in December 2018 to be utilized on Compensation of Employees. Actual commitments on compensation of employees totaled **GHS 1,661.55 million** resulting in a unfavourable variance of **GHS 47.73 million**. Wages and Salaries variance for December 2018 amounted to **GHS 68.51 million (Adverse)**. This represented **4.91%** of compensation vote for December 2018. The key reason for the unfavourable variance recorded was the inadequate budgetary provision to the Ministries of Education and Health for the month under review.

Government's commitment on social contributions in December 2018 was **GHS 199.15 million** as against a projection of **GHS 223.93 million**. This resulted in a favourable variance of **GHS 24.78 million**.



**Table: 4.0**

**MINISTRIES WITH NEGATIVE VARIANCE AS AT DECEMBER 2018**

MINISTRIES	STRENGTH	GOG COMPENSATION OF EMPLOYEES FOR 2018	BUDGETED COMPENSATION OF EMPLOYEES FOR 2018	VARIANCE FOR THE YEAR	% VARIANCE
OFFICE OF THE HEAD OF CIVIL SERVICE	458	9,328,697.08	8,896,488.00	(432,209.08)	(4.86)
MINISTRY OF LOCAL GOVERNMENT AND RURAL DEVELOPMENT	1,671	34,040,663.39	19,986,108.00	(14,054,555.39)	(70.32)
LOCAL GOVERNMENT SERVICES	1,961	133,877,241.37	81,370,151.60	(52,507,089.77)	(64.53)
MINISTRY OF ENERGY	127	2,937,965.41	2,630,388.00	(307,577.41)	(11.69)
MINISTRY OF WATER RESOURCES AND SANITATION	253	9,483,621.68	9,081,552.00	(402,069.68)	(4.43)
MINISTRY OF WORKS AND HOUSING	733	13,735,240.87	9,507,768.00	(4,227,472.87)	(44.46)
MINISTRY OF ROADS AND HIGHWAYS	1,801	42,054,330.56	40,438,776.00	(1,615,554.56)	(4.00)
MINISTRY OF AVIATION	23	849,919.26	769,980.00	(79,939.26)	(10.38)
MINISTRY OF EDUCATION	404,627	8,726,732,462.23	7,199,744,628.00	(1,526,987,834.23)	(21.21)
MINISTRY OF HEALTH	115,734	2,820,210,909.24	2,588,541,792.00	(231,669,117.24)	(8.95)
COMMISSION ON HUMAN RIGHTS AND ADMINISTRATIVE JUSTICE	668	19,803,836.25	17,618,472.00	(2,185,364.25)	(12.40)
<b>GRAND TOTAL</b>	<b>528,056</b>	<b>11,813,054,887</b>	<b>9,978,586,104</b>	<b>(1,834,468,784)</b>	<b>(18.38)</b>

Ministry of Education recorded an adverse variance of **GHS 1,526.99 million** for the year 2018. The key reason for this was the insufficient budgetary allocation to cater for particularly new entrants (recruits) who were employed in the course of the year.

Ministry of Health registered an adverse variance of **GHS 231.70 million** in the year 2018. The major cause for this was the payment of unbudgeted transactions such step increments, promotional arrears, among others which were spill overs from previous years.

## CONTROLLER AND ACCOUNTANT GENERAL'S DEPARTMENT

The table below shows Ministries with positive variances as at December 2018.

**Table 4.1**

MINISTRIES	STRENGTH	GOG COMPENSATION OF EMPLOYEES FOR 2018	BUDGETED COMPENSATION OF EMPLOYEES FOR 2018	VARIANCE FOR THE YEAR	% VARIANCE
OFFICE OF GOVERNMENT MACHINERY	1,308	92,079,051.99	121,366,281.90	29,287,229.91	24.13
PARLIAMENT OF GHANA	752	94,036,553.27	141,912,132.00	47,875,578.73	33.74
AUDIT SERVICE	1,799	160,934,531.94	218,416,860.00	57,482,328.06	26.32
PUBLIC SERVICES COMMISSION	62	2,417,601.84	4,404,624.00	1,987,022.16	45.11
ELECTORAL COMMISSION	1,194	29,247,273.13	48,397,602.00	19,150,328.87	39.57
MINISTRY OF FOREIGN AFFAIRS AND REGIONAL INTEGRATION	279	295,637,916.11	310,020,096.00	14,382,179.89	4.64
MINISTRY OF FINANCE	4,275	281,991,154.42	362,666,341.40	80,675,186.98	22.25
METROPOLITAN, MUNICIPAL, DEPT & AGENCIES (MMDA)	26,232	459,416,164.81	482,355,780.00	22,939,615.19	4.76
NATIONAL MEDIA COMMISSION	11	416,100.28	2,847,900.00	2,431,799.72	85.39
NATIONAL DEVELOPMENT PLANNING COMMISSION	42	1,430,641.88	4,349,172.00	2,918,530.12	67.11
MINISTRY OF INFORMATION	2,362	62,281,817.51	75,921,600.00	13,639,782.49	17.97
MINISTRY OF PARLIAMENTARY AFFAIRS	2	41,674.40	554,532.00	512,857.60	92.48
MINISTRY FOR BUSINESS DEVELOPMENT	1	8,535.25	350,004.00	341,468.75	97.56
MINISTRY FOR INNER CITY AND ZONGO DEVELOPMENT	7	118,285.05	350,004.00	231,718.95	66.20
MINISTRY FOR SPECIAL DEVELOPMENT INITIATIVES	6	136,759.84	350,004.00	213,244.16	60.93
MINISTRY FOR PLANNING	3	37,915.47	350,004.00	312,088.53	89.17
MINISTRY FOR REGIONAL RE-ORGANIZATION	7	76,788.62	350,004.00	273,215.38	78.06
MINISTRY FOR MONITORING AND EVALUATION	6	59,761.75	350,004.00	290,242.25	82.93
MINISTRY OF AGRICULTURE	2,051	47,368,753.80	61,052,712.00	13,683,958.20	22.41
MINISTRY OF FISHERIES AND AQUACULTURE DEVELOPMENT	301	6,615,251.56	9,743,208.00	3,127,956.44	32.10
MINISTRY OF LANDS AND NATURAL RESOURCES	5,389	119,722,580.80	136,817,628.00	17,095,047.20	12.49
MINISTRY OF TRADE AND INDUSTRY	1,077	37,342,024.75	45,625,620.00	8,283,595.25	18.16
MINISTRY OF TOURISM, CULTURE AND CREATIVE ARTS	1,414	31,394,035.71	33,432,528.00	2,038,492.29	6.10
MINISTRY OF ENVIRONMENT, SCIENCE, TECH. AND INNOVATION	4,399	175,692,134.11	211,772,904.00	36,080,769.89	17.04
MINISTRY OF COMMUNICATIONS	484	11,315,897.33	21,489,480.00	10,173,582.67	47.34
MINISTRY OF RAILWAYS DEVELOPMENT	68	1,294,896.93	5,000,004.00	3,705,107.07	74.10
MINISTRY OF TRANSPORT	137	3,256,311.79	5,232,360.00	1,976,048.21	37.77
MINISTRY OF EMPLOYMENT AND LABOUR RELATIONS	1,955	38,926,190.53	40,364,302.56	1,438,112.03	3.56
MINISTRY OF YOUTH AND SPORTS	743	14,646,688.49	16,857,792.00	2,211,103.51	13.12
NATIONAL COMMISSION FOR CIVIC EDUCATION	1,395	35,394,649.45	44,873,520.00	9,478,870.55	21.12
MINISTRY OF CHIEFTAINCY AND RELIGIOUS AFFAIRS	571	11,320,143.07	34,858,620.00	23,538,476.93	67.53
MINISTRY OF GENDER, CHILDREN AND SOCIAL PROTECTION	1,057	23,878,092.08	27,034,008.00	3,155,915.92	11.67
NATIONAL LABOUR COMMISSION	39	1,028,951.38	2,490,528.00	1,461,576.62	58.69
MINISTRY OF JUSTICE AND ATTORNEY GENERAL'S DEPARTMENT	1,196	58,392,918.48	77,862,456.00	19,469,537.52	25.01
MINISTRY OF DEFENCE	27,004	856,043,584.48	871,424,400.00	15,380,815.52	1.77
JUDICIAL SERVICE	5,019	166,696,451.90	285,375,216.00	118,678,764.10	41.59
MINISTRY OF INTERIOR	60,362	1,964,618,200.22	2,109,050,496.00	144,432,295.78	6.85
MINISTRY OF NATIONAL SECURITY	3,287	314,550,004.95	355,927,038.10	41,377,033.15	11.63
<b>GRAND TOTAL</b>	<b>156,296</b>	<b>5,399,866,289</b>	<b>6,171,597,766</b>	<b>771,731,476.59</b>	<b>12.50</b>

***Refer to the Appendix E of the Payroll Cost Information for December 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 1,678.14 million** in November 2018 to **GHS 1,661.55 million** in December 2018. This was because of:

- i. Nonpayment of subvention to the University of Ghana, University of Cape Coast, among others.
- ii. Reduction in gratuities paid in December

Wages and Salaries decreased by **GHS 13.53**. Commitments on Social Contributions saw a reduction by **GHS 3.05 million**.

### MINISTRY WITH INCREASE IN COST

Office of The Head of Civil Service, Electoral Commission, Ministry of Agriculture, Ministry of Employment & Labour Relations, Ministry of Tourism, among others recorded marginal increases in Compensation of Employees in December 2018

**MINISTRIES WITH DECREASE IN COST**

Compensation cost of Ministry of Education decreased by **7.71%**, because of nonpayment of subvention to the University of Ghana, University of Cape Coast, among others. Ministry of Interior had a reduction of **2.80%** compared to November. This is mainly because of decreases in compensation cost recorded at Ghana Immigration Service and Ghana Prisons Service. Other Ministries including Audit Service, Metropolitan Municipal & District Assemblies (MMDAs), Ministry of Lands & Natural, among others recorded marginal decreases in compensation of employees in December 2018.

MINISTRY	COST FOR NOVEMBER	COST FOR DECEMBER	REDUCTION	% CHANGE
	GHS	GHS	GHS	
OFFICE OF GOVERNMENT MACHINERY	7.89	6.79	(1.10)	(13.99)
MINISTRY OF EDUCATION	732.52	676.03	(56.49)	(7.71)
MINISTRY OF HEALTH	256.05	249.28	(6.77)	(2.65)
MINISTRY OF INTERIOR	169.19	164.46	(4.73)	(2.80)

***Refer to the Appendix H of the Payroll Cost Information for December 2018 for a detailed cost analysis for the month under review.***

## 6.0 PAYROLL INITIATIVES

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

**2,525** employees on Government of Ghana (GoG) payroll registered on the E-Payslip system in December 2018. This has increased the total registered number to **643,889**.

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
September-18	3,896	629,580
October-18	6,978	636,558
November-18	4,806	641,364
<b>December-18</b>	<b>2,525</b>	<b>643,889</b>

### 6.2 E-SPV Validation

The table below shows the results from the Electronic Salary Payment Voucher (ESPV) system validation for the month of December 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	93330	645	16	257	92412
Brong-Ahafo	55232	1398	4	124	53706
Central	48275	320	5	121	47829
Eastern	55674	454	7	170	55043
Greater Accra	79417	61	11	149	79196
Northern	46126	91	6	185	45844
Upper East	26293	84	1	82	26126
Upper west	18184	45	2	71	18066
Volta	45127	368	1	96	44662
Western	40294	217	5	79	39993
<b>TOTAL</b>	<b>507952</b>	<b>3683</b>	<b>58</b>	<b>1334</b>	<b>502877</b>

58 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.

### **6.3. Integration of GIFMIS with IPPD 2 Payroll System**

January to September 2018 payroll figures have been costed and transferred to the General Ledger. The outstanding periods remaining are October and November 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 Pro vision in March 2017. University of Cape Coast, and University of Education, Winneba have Gone live. Work on the remaining six (6) universities is currently on going and expected to Go live when completed.

The nationwide Audit which is a deliverable of the personnel and payroll verification is ongoing in the various regions. It started on June 18 at central region and ended in December 2018.

## **7.0 CONCLUSION**

Compensation of Employees in general decreased from **GHS 1,678.14 million** in November 2018 to **GHS 1,661.55 million**, in December 2018.

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