

EXECUTIVE SUMMARY

OVERVIEW

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

Compensation of Employees for the month of July 2018 was **GHS 1,626.64 million** on accrual basis as against GHS 1,619.41 million for June 2018. A breakdown of July compensation of employees is specified below:

- Wages & Salaries GHS 1,426.93 million
- Social Contributions GHS 199.70 million

Wages and Salaries is further analyzed as follows:

- Mechanized GHS 1,008.30 million
- Non-Mechanized GHS 367.26 million

Social contributions consist of:

- Pensions GHS 78.53 million
- Gratuities GHS 19.30 million
- Social security GHS 101.88 million

PAYROLL ACTIVITY

Below are the major payroll activities for July 2018;

- Payment of 3,810 New Entrants at the Ghana Education Service

VARIANCE ANALYSIS:

The budget was compared to 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 July 2018.

Table 1.0

MDA	Budget overrun for the month of July 2018 (cedis million)	% Over run
Local Government Services	7.74	124.13
Ministry Of Defence	1.33	1.89

Page 7 of the report provides further details.

PAYROLL AND GIFMIS FINANCIAL INTEGRATION

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

ELECTRONIC SALARY PAYMENT VOUCHER (ESPV)

There was discontinuation or termination of salaries of **1,022 employees** from the payroll leading to a cost saving of **GHS 1.94 million**.

STAFF STRENGTH

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

Mechanized	527,665
Subvention	155,576

STAFF MOVEMENT

The month of July 2018 registered a net increased in mechanized staff strength of **5,156** as against a net decrease of 5,173 in June 2018.

Ministry of Education registered a net increase in staff strength of 6,129. Ministry of Health also recorded a net decrease in staff strength of 5 in July. Ministry of Education had 12'383 additions and 6,254 deletions resulting in a net increase of 6,129 staff.

Ministry of Health had an addition of 1,283 staff and a deletion of 1,288 resulting in a net decrease in staff strength of 5.

Four Hundred and Seventy-Six (**476**) 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 July as compared to June 2018. This contributed to the increase in the wages & salaries thus putting a strain on the compensation budget for July 2018.

The total amount paid in July 2018 as salary arrears to employees on GOG Mechanised payroll was **GHS 51.37 million** as against GHS 32.60 million in June 2018.

Pension arrears paid for July 2018 totaled **GHS 7.02 million** as against GHS 1.02 million in June.

Refer to Appendices A and B of the Payroll Cost Information for July 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 July 2018.

2.0 SUMMARY OF PAYROLL COST FOR JULY 2018

Table 2.0

DESCRIPTION	ACTUAL	BUDGET	VARIANCE
	GHC million	GHC million	GHC million
Mechanized Payroll	1,008.30		
Non Mechanized Payroll (including Subventions)	367.26		
Total Wages and Salaries (excluding Arrears)	1,375.56	1,458.48	82.92
Arrears Payment: (Mechanized)	51.37		
Arrears Payment: (Subventions)			
Total Arrears Payment	51.37		
WAGES & SALARIES	1,426.93	1,458.48	31.54
Pensions and Gratuity	97.82	109.02	11.20
SSF Employer	101.88	104.17	2.29
COMPENSATION OF EMPLOYEES	1,626.64	1,671.67	45.03

Total Compensation of Employees for the month of July 2018 was **GHS 1,626.64 million**, as against an allotment of **1,671.67 million** resulting in a favourable variance of **GHS 45.03 million**. This is equivalent to **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 July 2018 is **GHS 1,375.56 million** as against an allotment of **GHS 1,458.48** resulting in a favourable variance of **GHS 82.92 million** representing **5.69%** of July 2018 allotment for Wages & Salaries.

The total wages and salaries including arrears is **GHS 1,426.93 million** as against an allotment of **1,458.48 million**, resulting in a favourable variance of **GHS 31.54 million**. This represents **2.16%** of wages and salaries vote for the month of July 2018.

3.0 STAFF STRENGTH

The total staff strength recorded for the month of July was **683,241** as against 680,163 in June 2018. The breakdown is indicated below;

Table 3.0

PARTICULARS	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE(B)	JULY(A)	DIFF(A-B)
MECHANIZED	517,951	523,466	532,376	528,245	527,682	522,509	527,665	5,156
SUBVENTION	132,051	67,570	138,172	138,498	82,110	157,654	155,576	(2,078)
TOTAL	650,002	591,036	670,548	666,743	609,792	680,163	683,241	3,078

3.1 Mechanized Staff Strength

Staff Strength on the mechanized payroll registered a net increase of 5,156 (from 522,509 in June 2018 to 527,665 in July 2018). The key reason for this was the mechanization of new entrants at the Ghana Education Service. There were total staff additions of 14,656 and as against a deletion of 9,500 for July 2018 on the Mechanized payroll. This resulted in a net decrease in staff strength of 5,156 for the month under review.

Total Reactivations for July was 417.

3.2 Non-Mechanized Staff Strength

There was a decrease in subvention staff strength by 2,078 compared to June 2018. The major reason for this was the nonpayment of subvention to West African Examination Council and the University of Health and Allied Sciences in July.

3.3 Pension Staff Strength

The total number of active pensioners on Government payroll was **63,413** as at July 2018.

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

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

Table 3.1

MDA	Reactivation / Addition	Deletions / Termination
Ministry of Education	12,383	6,254
Ministry of Health	1,283	1,288
Others	990	1,958
Total	14,656	9,500

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 July 2018.

4.0 OVERALL BUDGET PERFORMANCE:

Total compensation budget for the months of January to July 2018 was **GHS 11,171.41 million**; but actual compensation of employees for the same period was **GHS 11,276.65 million**. Budget variance recorded was **GHS 105.24 million** (adverse). This is **0.94%** 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 335.44 million** (Adverse). However, the variance on Social Contribution was **GHS 230.20 million** (Favourable). The total budget overruns from January to July was because of payment of unbudgeted transactions such as step increments, promotional arrears and new entrant arrears.

Compensation allotment for July 2018 was **GHS 1,671.67 million**. On the other hand, actual compensation of employees recorded was **GHS 1,626.64 million** resulting in a favourable variance of **GHS 45.03 million**. This represents **2.69%** of compensation vote for July 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 July, but actual expenditure was **GHS 199.70 million**, resulting in a favourable variance of **GHS 13.49 million**.

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

Table: 4.0

MINISTRIES	STRENGTH	BUDGETED COMPENSATION OF EMPLOYEES	GOG COMPENSATION OF EMPLOYEES	VARIANCE	% VARIANCE
OFFICE OF THE HEAD OF CIVIL SERVICE	364	680,349.06	843,066.44	(162,717.38)	(23.92)
ELECTORAL COMMISSION	1,220	2,352,544.29	2,374,405.29	(21,861.00)	(0.93)
MINISTRY OF FOREIGN AFFAIRS AND REGIONAL INTEGRATION	258	24,265,043.26	24,646,858.73	(381,815.47)	(1.57)
MINISTRY OF FINANCE	4,289	10,629,933.45	10,830,959.50	(201,026.05)	(1.89)
LOCAL GOVERNMENT SERVICES	5,236	6,236,620.90	13,977,887.60	(7,741,266.70)	(124.13)
MINISTRY OF INFORMATION	2,418	5,195,806.26	5,282,393.49	(86,587.23)	(1.67)
MINISTRY OF PARLIAMENTARY AFFAIRS	1	3,293.16	3,349.14	(55.98)	(1.70)
MINISTRY FOR INNER CITY AND ZONGO DEVELOPMENT	2	945.93	12,530.80	(11,584.87)	(1,224.71)
MINISTRY FOR SPECIAL DEVELOPMENT INITIATIVES	2	945.93	7,787.82	(6,841.89)	(723.30)
MINISTRY FOR REGIONAL RE-ORGANIZATION	1		1,347.73	(1,347.73)	
MINISTRY OF FISHERIES AND AQUACULTURE DEVELOPMENT	321	600,639.22	652,505.22	(51,866.00)	(8.64)
MINISTRY OF TRADE AND INDUSTRY	1,080	3,106,765.19	3,225,875.13	(119,109.94)	(3.83)
MINISTRY OF TOURISM, CULTURE AND CREATIVE ARTS	1,428	2,542,522.57	2,646,356	(103,832.99)	(4.08)
MINISTRY OF RAILWAYS DEVELOPMENT	36	82,236.94	88,168.95	(5,932.01)	(7.21)
MINISTRY OF AVIATION	24	72,814.82	73,171.13	(356.31)	(0.49)
MINISTRY OF TRANSPORT	134	250,532.69	291,251.38	(40,718.69)	(16.25)
MINISTRY OF EMPLOYMENT AND LABOUR RELATIONS	1,990	3,173,807.82	3,335,078.57	(161,270.75)	(5.08)
MINISTRY OF CHIEFTAINCY AND RELIGIOUS AFFAIRS	577	960,521.87	1,075,341.97	(114,820.10)	(11.95)
MINISTRY OF HEALTH	109,251	228,497,264.32	228,956,405.83	(459,141.51)	(0.20)
NATIONAL LABOUR COMMISSION	39	81,694.01	109,679.35	(27,985.34)	(34.26)
MINISTRY OF DEFENCE	26,005	70,286,235.23	71,613,987.56	(1,327,752.33)	(1.89)
COMMISSION ON HUMAN RIGHTS AND ADMINISTRATIVE JUSTICE	653	1,635,484.36	1,654,403.73	(18,919.37)	(1.16)

Local Government Service recorded an adverse variance of **GHS 7.74 million** representing **124.13%** of its allotment for July 2018. This is largely because of overruns at the Local Service Secretariat and Regional Co-ordinating Councils. However, the overruns in the above departments under the Service was caused by misalignment on the Payroll system which increased the compensation cost of LGS as compared to its budget allocation for July, 2018.

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

Table 4.1

MINISTRIES	STRENGTH	BUDGETED COMPENSATION OF EMPLOYEES	GOG COMPENSATION OF EMPLOYEES	VARIANCE	% VARIANCE
OFFICE OF GOVERNMENT MACHINERY	1,295	7,759,742.80	6,866,546.40	893,196.40	11.51
PARLIAMENT OF GHANA	723	7,779,978.58	7,770,107.55	9,871.03	0.13
AUDIT SERVICE	1,807	10,525,643.32	10,368,621.23	157,022.09	1.49
PUBLIC SERVICES COMMISSION	61	186,514.43	166,650.58	19,863.85	10.65
MINISTRY OF LOCAL GOVERNMENT AND RURAL DEVELOPMENT	1,605	2,977,840.73	2,801,670.25	176,170.48	5.92
METROPOLITAN, MUNICIPAL, DEPT & AGENCIES (MMDA)	21,649	42,000,000.00	32,908,626.23	9,091,373.77	21.65
NATIONAL DEVELOPMENT PLANNING COMMISSION	44	138,931.42	118,948.07	19,983.35	14.38
MINISTRY OF AGRICULTURE	2,004	3,816,193.56	3,784,528.25	31,665.31	0.83
MINISTRY OF LANDS AND NATURAL RESOURCES	5,351	10,099,276.44	10,077,541.09	21,735.35	0.22
MINISTRY OF ENVIRONMENT, SCIENCE, TECH. AND INNOVATION	4,453	14,686,439.99	14,629,441.12	56,998.87	0.39
MINISTRY OF ENERGY	123	249,490.86	235,811.31	13,679.55	5.48
MINISTRY OF WATER RESOURCES AND SANITATION	197	675,756.33	521,216.46	154,539.87	22.87
MINISTRY OF WORKS AND HOUSING	656	1,083,628.76	1,045,805.16	37,823.60	3.49
MINISTRY OF ROADS AND HIGHWAYS	1,761	3,532,924.13	3,249,837.34	283,086.79	8.01
MINISTRY OF COMMUNICATIONS	565	1,201,891.70	1,196,822.71	5,068.99	0.42
MINISTRY OF EDUCATION	414,998	774,530,956.46	740,770,142.95	33,760,813.51	4.36
MINISTRY OF YOUTH AND SPORTS	769	1,261,264.27	1,236,591.52	24,672.75	1.96
NATIONAL COMMISSION FOR CIVIC EDUCATION	1,390	2,977,051.45	2,922,022.53	55,028.92	1.85
MINISTRY OF GENDER, CHILDREN AND SOCIAL PROTECTION	1,033	2,036,311.16	1,909,403.44	126,907.72	6.23
MINISTRY OF JUSTICE AND ATTORNEY GENERAL'S DEPARTMENT	1,192	4,790,277.01	4,244,346.15	545,930.86	11.40
JUDICIAL SERVICE	4,936	13,944,072.83	13,854,006.27	90,066.56	0.65
MINISTRY OF INTERIOR	59,323	163,649,844.70	163,405,100.26	244,744.44	0.15
MINISTRY OF NATIONAL SECURITY	1,966	27,895,607.50	26,773,829.71	1,121,777.79	4.02

Refer to the Appendix E of the Payroll Cost Information for July 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 increase in compensation cost from GHS 1,619.41 million in June to **GHS 1,626.64 million** in July. This was because of increase in GRA salaries paid for the month under consideration. Wages and Salaries increased by **GHS 9.88 million**. On the other hand commitments on Social Contributions reduced by **GHS 2.65million**.

MINISTRY WITH INCREASE IN COST

Wages and Salaries cost for Ministry of Education increased by **2.81%**, due to an increase in compensation cost at the Ghana Education Service (GES). The increase recorded at GES was due to new entrants and arrears payments in July.

Table 5.0

MINISTRY	COST FOR JUNE	COST FOR JULY	INCREMENT	% CHANGE
	GHS 'MILLION	GHS 'MILLION	GHS 'MILLION	
MINISTRY OF EDUCATION	720.52	740.77	20.25	2.81

MINISTRIES WITH DECREASE IN COST

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

Table5.1

MINISTRY	COST FOR JUNE	COST FOR JULY	REDUCTION	% CHANGE
	GHS 'MILLION	GHS 'MILLION	GHS 'MILLION	
MINISTRY OF DEFENCE	73.21	71.61	(1.60)	(2.18)
MINISTRY OF HEALTH	233.75	228.96	(4.79)	(2.05)

Ministry of Health had a reduction in Compensation of Employees by **GHS 4.79 million**. This represents a downward change of **2.05%** from June. The key reason for this was that Ministry of Health headquarters was not paid as a result of exceeding compensation budget during July Test Payroll Run.

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)

3,776 employees on Government of Ghana (GoG) payroll registered on the E-Payslip system in July 2018. This has increased the total registered number to **620,061**.

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

6.2 E-SPV Validation

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

Region	Staff strength before validation	Unvalidated	Discontinued	Unverified	Expected staff strength after validation
	A	b	C	D	E= A- (C+D)
Ashanti	102,567	386	143	190	101,848
Brong-Ahafo	60,822	432	108	152	60,130
Central	53,167	812	89	103	52,163
Eastern	63,272	835	86	116	62,235
Greater Accra	82,332	113	166	177	81,876
Northern	50,862	445	108	164	50,145
Upper East	29,097	67	94	72	28,864
Upper west	21,623	107	73	64	21,379
Volta	49,987	484	49	84	49,370
Western	43,955	198	106	100	43,551
TOTAL	557,684	3,879	1,022	1,222	551,561

Table 6.1

1,022 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	6,814	2,763	190
Brong-Ahafo	4,336	1,746	152
Central	3,900	1,689	103
Eastern	5,128	2,086	116
Greater Accra	3,257	1,355	177
Northern	3,978	1,926	164
Upper East	2,266	877	72
Upper West	2,203	1,198	64
Volta	3,615	1,514	84
Western	2,626	888	100
TOTAL	38,123	16,042	1,222

6.3. Integration of GIFMIS with IPPD 2 Payroll System

January to March 2018 payroll figures have been costed and transferred to General Ledger as at June 2018. The outstanding periods remaining are April, May and June 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. KPMG has completed their deliverables and are 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 1,619.41 million** in June 2018 to **GHS 1,626.64 million**, in July 2018.

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