

EXECUTIVE SUMMARY

OVERVIEW

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

Compensation of Employees for the month of June 2018 was **GHS 1,619.41 million** on accrual basis as against GHS 1,570.43 million for May 2018. A breakdown of June compensation of employees is specified below:

- Wages & Salaries GHS 1,417.06 million
- Social Contributions GHS 202.35 million

Wages and Salaries is further analyzed as follows:

- Mechanized GHS 1,032.26 million
- Non-Mechanized GHS 384.80 million

Social contributions consist of:

- Pensions GHS 72.72 million
- Gratuities GHS 27.53 million
- Social security GHS 102.10 million

PAYROLL ACTIVITY

Below are the major payroll activities for June 2018;

- Mechanization of a political appointee at the Regional Coordinating Council.
- Payment of fuel allowance arrears to designated staff of ministry of health with effective date as January 2016.

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 June 2018.

Table 1.0

MDA	Budget overrun for the month of June 2018 (cedis million)	% Over run
Ministry Of Education	120.54	20.09
Ministry Of Health	18.04	8.36

Page 7 of the report provides further details.

PAYROLL AND GIFMIS FINANCIAL INTEGRATION

The team has successfully costed and posted payroll transactions from January to March 2018.

ELECTRONIC SALARY PAYMENT VOUCHER (ESPV)

There was discontinuation or termination of salaries of **747 employees** from the payroll leading to a cost saving of **GHS 1.58 million**.

STAFF STRENGTH

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

Mechanized	522,509
Subvention	157,654

STAFF MOVEMENT

The month of June 2018 registered a net decrease in mechanized staff strength of **5,173** as against a net decrease of 563 in May 2018.

Ministry of Education registered a net decrease in staff strength of 3,261. Ministry of Health also recorded a net decrease in staff strength of 877 in June. Ministry of

Education had 1,577 additions and 4,838 deletions resulting in a net decrease of 3,261 staff.

Ministry of Health had an addition of 341 staff and a deletion of 1,218 resulting in a net decrease in staff strength of 877.

Three Hundred and Thirty-Four (**334**) 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 June as compared to May 2018. This contributed to the increase in the wages & salaries thus putting a strain on the compensation budget for June 2018.

The total amount paid in June 2018 as salary arrears to employees on GOG Mechanised payroll was **GHS 32.36 million** as against GHS 30.60 million in May 2018.

Subvention arrears recorded for June was GHS **1.71 million**. This was arrears due to National Security Secretariat from January to June 2018.

Pension arrears paid for June 2018 totaled **GHS 1.02 million** as against GHS 1.47 million in May.

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

2.0 SUMMARY OF PAYROLL COST FOR JUNE 2018

Table 2.0

DESCRIPTION	ACTUAL	BUDGET	VARIANCE
	GHC million	GHC million	GHC million
Mechanized Payroll	999.90		
Non Mechanized Payroll (including Subventions)	383.09		
Total Wages and Salaries (excluding Arrears)	1,382.99	1,336.74	(46.25)
Arrears Payment: (Mechanized)	32.36		
Arrears Payment: (Subventions)	1.71		
Total Arrears Payment	34.07		
WAGES & SALARIES	1,417.06	1,336.74	(80.32)
Pensions and Gratuity	100.25	115.94	15.69
SSF Employer	102.10	120.13	18.03
COMPENSATION OF EMPLOYEES	1,619.41	1,572.81	(46.60)

Total Compensation of Employees for the month of June 2018 was **GHS 1,619.41 million**, as against a budget of **GHS 1,572.81 million** resulting in unfavourable variance of **GHS 46.60 million**. This is equivalent to **2.96%** of compensation of employees budget allocation for the month under review. The component of the compensation of employees (excluding arrears, pensions & gratuity, and SSF employer) at June 2018 is **GHS 1,382.99 million** as against a budget of **GHS 1,336.74** resulting in an adverse variance of **GHS 46.25 million** representing **3.46%** of June 2018 budget for Wages & Salaries.

The total wages and salaries including arrears is **GHS 1,417.06 million** as against a budget allocation of **GHS 1,336.74 million**, resulting in an adverse variance of **GHS 80.32 million**. This represents **6.00%** of wages and salaries budget for the month of June 2018.

3.0 STAFF STRENGTH

The total staff strength recorded for the month of June was **680,163** as against 609,792 in May 2018. The breakdown is indicated below;

Table 3.0

PARTICULARS	JANUARY	FEBRUARY	MARCH	APRIL	MAY (B)	JUNE (A)	DIFF (A-B)
MECHANISED	517,951	523,466	532,376	528,245	527,682	522,509	(5,173)
SUBVENTION	132,051	67,570	138,172	138,498	82,110	157,654	75,544
TOTAL	650,002	591,036	670,548	666,743	609,792	680,163	70,371

3.1 Mechanized Staff Strength

Staff Strength on the mechanized payroll registered a net decrease of 5,173 (from 527,682 in May 2018 to 522,509 in June 2018). There were total staff additions of 2,655 and as against a deletion of 7,828 for June 2018 on the Mechanised payroll. This resulted in a net decrease in staff strength of 5,173 for the month under review.

Reactivations for June was 417.

3.2 Non-Mechanized Staff Strength

There was an increase in subvention staff strength by 75,544 compared to May 2018. The key reason for this was the payment of subvention to National Service Secretariat and the University of Development Studies for the month under consideration. The Institutions mentioned could not receive subventions in May 2018.

3.3 Pension Staff Strength

The total number of active pensioners on Government payroll was **63,323** as at June 2018.

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

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

Table 3.1

MDA	Reactivation / Addition	Deletions / Termination
Ministry of Education	1,577	4,838
Ministry of Health	341	1,218
Others	737	1,772
Total	2,655	7,828

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 June 2018.

4.0 OVERALL BUDGET PERFORMANCE:

Total compensation budget for the months of January to June 2018 was **GHS 9,489.03 million**; but actual compensation of employees for the same period was **GHS 9,650.01 million**. Budget variance recorded was **GHS 160.98 million** (adverse). This is **1.70%** 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 377.70 million** (Adverse). However, the variance on Social Contribution was **GHS 216.71 million** (Favourable). The total budget overruns from January to June was because of payment of unbudgeted transactions such as step increments, promotional arrears and new entrant arrears.

Compensation budget for June 2018 was **GHS 1,572.81 million**. On the other hand, actual compensation of employees recorded was **GHS 1,619.41 million** resulting in an unfavourable variance of **GHS 46.60 million**. This represents **2.96%** of compensation budget for June 2018. The key reason for this was the budget overruns recorded particularly by Ghana Education Service and Ghana Health Service.

There was sufficient budgetary allocation to cater for Government's commitments on social contributions. An amount of **GHS 236.07 million** was budgeted for the payment of Social Contributions in June, but actual expenditure was **GHS 202.35 million**, resulting in a favourable variance of **GHS 33.72 million**.

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

Table: 4.0

MINISTRIES	BUDGETED COMPENSATION OF EMPLOYEES	GOG COMPENSATION OF EMPLOYEES	VARIANCE	% VARIANCE
MINISTRY OF LOCAL GOVERNMENT AND RURAL DEVELOPMENT	1,665,509.00	3,081,940.38	(1,416,431.38)	(85.04)
LOCAL GOVERNMENT SERVICES	6,339,910.00	13,246,559.19	(6,906,649.19)	(108.94)
MINISTRY OF ENERGY	219,199.00	251,766.45	(32,567.45)	(14.86)
MINISTRY OF WATER RESOURCES AND SANITATION	756,796.00	769,670.37	(12,874.37)	(1.70)
MINISTRY OF WORKS AND HOUSING	792,314.00	1,065,011.47	(272,697.47)	(34.42)
MINISTRY OF ROADS AND HIGHWAYS	3,369,898.00	3,559,708.03	(189,810.03)	(5.63)
MINISTRY OF AVIATION	64,165.00	73,307.20	(9,142.20)	(14.25)
MINISTRY OF EDUCATION	599,978,719.00	720,521,146.24	(120,542,427.24)	(20.09)
MINISTRY OF HEALTH	215,711,816.00	233,750,152.76	(18,038,336.76)	(8.36)
MINISTRY OF DEFENCE	72,618,700.00	73,212,584.67	(593,884.67)	(0.82)
COMMISSION ON HUMAN RIGHTS AND ADMINISTRATIVE JUSTICE	1,468,206.00	1,606,240.42	(138,034.42)	(9.40)

Ministry of Health recorded an adverse variance of **GHS 18.04 million** representing **8.36%** of its budget for June 2018. This is largely because of budget overruns in institutions such as Ghana Health Service and Christian Health Association of Ghana. Though staff strength reduced in Ghana Health Service, the compensation cost increased marginally by **GHS 0.49 million**. However, the institution still overrun its budget by **GHS 46.03 million**. Similarly, staff strength in Christian Health Association of Ghana (CHAG) also decreased, but the Compensation cost of the Institution also increased marginally by **GHS 0.76 million** in June. CHAG also has a budget overrun of **GHS 8.88 million** for June 2018.

Ministry of Education registered an adverse variance of **GHS 120.54 million** representing **20.09%** of its budget allocation for the month of June 2018. This was largely because of budget overruns at the Ghana Education Service. Staff Strength of GES reduced marginally and compensation cost also decreased by **GHS 11.29million**. Overall budget overruns recorded by GES was **GHS 110.69 million**.

CONTROLLER AND ACCOUNTANT GENERAL'S DEPARTMENT

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

Table 4.1

Ministeries / Departments & Agencies	BUDGETED COMPENSATION OF EMPLOYEES	GOG COMPENSATION OF EMPLOYEES	VARIANCE	% VARIANCE
OFFICE OF GOVERNMENT MACHINERY	10,061,109.00	6,757,147.59	3,303,961.41	32.84
OFFICE OF THE HEAD OF CIVIL SERVICE	741,374.00	725,445.42	15,928.58	2.15
PARLIAMENT OF GHANA	11,826,011.00	7,783,084.12	4,042,926.88	34.19
AUDIT SERVICE	18,201,405.00	10,344,010.66	7,857,394.34	43.17
PUBLIC SERVICES COMMISSION	367,052.00	203,142.98	163,909.02	44.66
ELECTORAL COMMISSION	4,033,133.50	2,436,226.62	1,596,906.88	39.59
MINISTRY OF FOREIGN AFFAIRS AND REGIONAL INTEGRATION	25,835,008.00	25,491,126.38	343,881.62	1.33
MINISTRY OF FINANCE	21,689,222.00	14,743,723.75	6,945,498.25	50.10
METROPOLITAN, MUNICIPAL, DEPT & AGENCIES (MMDA)	40,196,315.00	33,901,968.32	6,294,346.68	15.66
NATIONAL MEDIA COMMISSION	237,325.00	22,862.31	214,462.69	90.37
NATIONAL DEVELOPMENT PLANNING COMMISSION	362,431.00	124,010.28	238,420.72	65.78
MINISTRY OF INFORMATION	6,326,800.00	5,240,670.29	1,086,129.71	17.17
MINISTRY OF PARLIAMENTARY AFFAIRS	46,211.00	3,405.12	42,805.88	92.63
MINISTRY FOR BUSINESS DEVELOPMENT	29,167.00		29,167.00	100.00
MINISTRY FOR INNER CITY AND ZONGO DEVELOPMENT	29,167.00	-	29,167.00	100.00
MINISTRY FOR SPECIAL DEVELOPMENT INITIATIVES	29,167.00	978.11	28,188.89	96.65
MINISTRY FOR PLANNING	29,167.00		29,167.00	100.00
MINISTRY FOR REGIONAL RE-ORGANIZATION	29,167.00	2,032.06	27,134.94	93.03
MINISTRY FOR MONITORING AND EVALUATION	29,167.00		29,167.00	100.00
MINISTRY OF AGRICULTURE	5,087,726.00	4,426,024.08	661,701.92	13.01
MINISTRY OF FISHERIES AND AQUACULTURE DEVELOPMENT	811,934.00	501,693.64	310,240.36	38.21
MINISTRY OF LANDS AND NATURAL RESOURCES	11,401,469.00	9,801,756.50	1,599,712.50	14.03
MINISTRY OF TRADE AND INDUSTRY	3,802,135.00	3,149,961.14	652,173.86	17.15
MINISTRY OF TOURISM, CULTURE AND CREATIVE ARTS	2,786,044.00	2,602,383.28	183,660.72	6.59
MINISTRY OF ENVIRONMENT, SCIENCE, TECH. AND INNOVATION	17,647,742.00	14,953,479.88	2,694,262.12	15.27
MINISTRY OF COMMUNICATIONS	1,790,790.00	1,259,976.68	530,813.32	29.64
MINISTRY OF RAILWAYS DEVELOPMENT	416,667.00	91,650.90	325,016.10	78.00
MINISTRY OF TRANSPORT	436,030.00	249,467.54	186,562.46	42.79
MINISTRY OF EMPLOYMENT AND LABOUR RELATIONS	3,277,067.00	3,130,689.52	146,377.48	4.47
MINISTRY OF YOUTH AND SPORTS	1,404,816.00	1,177,184.82	227,631.18	16.20
NATIONAL COMMISSION FOR CIVIC EDUCATION	3,739,460.00	2,898,389.15	841,070.85	22.49
MINISTRY OF CHIEFTAINCY AND RELIGIOUS AFFAIRS	2,904,885.00	823,333.56	2,081,551.44	71.66
MINISTRY OF GENDER, CHILDREN AND SOCIAL PROTECTION	2,252,834.00	1,947,045.73	305,788.27	13.57
NATIONAL LABOUR COMMISSION	207,544.00	81,694.01	125,849.99	60.64
MINISTRY OF JUSTICE AND ATTORNEY GENERAL'S DEPARTMENT	6,488,538.00	4,680,353.79	1,808,184.21	27.87
JUDICIAL SERVICE	23,781,268.00	14,088,672.90	9,692,595.10	40.76
MINISTRY OF INTERIOR	175,754,208.00	163,589,299.83	12,164,908.17	6.92
MINISTRY OF NATIONAL SECURITY	29,660,586.67	28,685,681.73	974,904.94	3.29

Refer to the Appendix E of the Payroll Cost Information for June 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 an increase in compensation cost from GHS 1,570.43 million in May to **GHS 1,619.41 million** in June. The increase resulted from the payment of accumulated allowances to National Service Personnel and an increase in payments made under commuted gratuity for the month of June. Wages and Salaries increased by **GHS 39.91 million**, and commitments on Social Contributions also increased by **GHS 9.07 million**.

MINISTRY WITH INCREASE IN COST

Compensation cost for Ministry of Foreign Affairs and Regional Integration increased by **5.05%** due to an increase in foreign mission compensation recorded for the month under review.

Ministry of Defense recorded a rise in compensation cost by **4.16%**, also due to an increase in compensation paid to Ghana Armed Forces because of 254 new employees.

Table 5.0

MINISTRY	COST FOR MAY	COST FOR JUNE	INCREMENT	% CHANGE
	GHS 'MILLION	GHS 'MILLION	GHS 'MILLION	
MINISTRY OF FOREIGN AFFAIRS AND REGIONAL INTEGRATION	24.27	25.49	1.23	5.05
MINISTRY OF EDUCATION	690.67	720.52	29.85	4.32
MINISTRY OF HEALTH	228.50	233.75	5.25	2.30
MINISTRY OF DEFENCE	70.29	73.21	2.93	4.16

MINISTRIES WITH DECREASE IN COST

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

Table5.1

MINISTRY	COST FOR MAY	COST FOR JUNE	REDUCTION	% CHANGE
	GHS 'MILLION	GHS 'MILLION	GHS 'MILLION	
METROPOLITAN, MUNICIPAL, DEPT & AGENCIES (MMDA)	34.94	33.90	(1.04)	(2.98)

Metropolitan, Municipal, Department & Agencies (MMDAs) under Local Government Services had a reduction in Compensation of Employees by **GHS 1.04 million**. This represents a downward change of 2.98% from May. Staff strength at the MMDAs decreased by 716 employees causing the compensation cost to reduce by GHS 1.04 million.

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

6.0 PAYROLL INITIATIVES

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

5,840 employees on Government of Ghana (GoG) payroll registered on the E-Payslip system in June 2018. This has increased the total registered number to **610,285**.

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

6.2 E-SPV Validation

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

Region	Staff strength before validation	unvalidated	discontinued	unverified	Expected staff strength after validation
	A	b	C	D	E= A- (C+D)
Ashanti	102,017	1329	114	202	100,372
Brong-Ahafo	60,329	859	68	105	59,297
Central	52,935	389	87	85	52,374
Eastern	62,836	898	69	139	61,730
Greater Accra	81,847	2675	122	157	78,893
Northern	50,356	523	61	149	49,623
Upper East	28,724	668	72	65	27,919
Upper west	21,185	132	36	98	20,919
Volta	49,715	653	53	117	48,892
Western	43,815	368	65	77	43,305
TOTAL	553,759	8,494	747	1,194	543,324

Table 6.1

747 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	6,558	2,500	202
Brong-Ahafo	4,050	1,566	105
Central	3,875	1,539	85
Eastern	4,983	2,018	139
Greater Accra	2,658	1,049	157
Northern	3,677	1,767	149
Upper East	2,171	756	65
Upper West	1,996	1,100	98
Volta	3,619	1,401	117
Western	2,568	830	77
TOTAL	36,155	14,526	1,194

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 Provision 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 1,570.43 million** in May 2018 to **GHS 1,619.41 million**, in June 2018.

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