

**EXECUTIVE SUMMARY**

***OVERVIEW***

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

Compensation of Employees for the month of **May 2018** was **GHS 1,570.43 million** on accrual basis as against GHS 1,667.47 million for April 2018. A breakdown of April compensation of employees is specified below:

- Wages & Salaries                      GHS     1,377.15 million
- Social Contributions                    GHS     193.28 million

Wages and Salaries is further analyzed as follows:

- Mechanized                                GHS     1,038.42 million
- Non-Mechanized                         GHS     338.73 million

Social contributions consist of:

- Pensions                                    GHS     74.37 million
- Gratuities                                 GHS     15.32 million
- Social security                            GHS     103.59 million

***PAYROLL ACTIVITY***

There was no major payroll activity for May 2018 except;

- The processing of promotional arrears for Ghana Education Service, which is pending approval for payment from CAGD Internal Audit Section.

**VARIANCE ANALYSIS:**

The budget was compared to the 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 May 2018.

**Table 1.0**

MDA	Budget overrun for the month of May 2018 (cedis million)	% Over run
Ministry Of Education	90.69	15.12
Ministry Of Health	12.79	5.93

*Page 7 of the report provides further details.*

**PAYROLL AND GIFMIS FINANCIAL INTEGRATION**

The team assigned to map payroll Management units with the Chart Of Accounts successfully completed in March 2018.

**ELECTRONIC SALARY PAYMENT VOUCHER (ESPV)**

There was discontinuation or termination of salaries of **818 employees** from the payroll leading to a cost saving of **GHS 1.71 million**.

**STAFF STRENGTH**

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

Mechanized	527,682
Subvention	82,110

**STAFF MOVEMENT**

The month of May 2018 registered a net decrease in mechanized staff strength of **563** as against a net decrease of 4,131 in April 2018.

Ministry of Education registered a net increase in staff strength of 956. Ministry of Health recorded a net decrease in staff strength of 1,408 in May. Ministry of Education had 2,999 additions and 2,043 deletions resulting in a net increase of 956 staff.

Ministry of Health had an addition of 609 staff and a deletion of 2,017 resulting in a net decrease in staff strength of 1,408.

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

**SALARY ARREARS**

Arrears payment was relatively low in May, which helped to control the wages & salaries cost in order to avoid a strain on the budget.

The total amount paid in May 2018 as salary arrears to employees on GOG Mechanised payroll was **GHS 30.60 million** as against GHS 40.36 million in April 2018.

Pension arrears paid for May 2018 totaled **GHS 1.47 million** as against GHS 26.15 million in April.

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

## 2.0 SUMMARY OF PAYROLL COST FOR MAY 2018

**Table 2.0**

DESCRIPTION	ACTUAL	BUDGET	VARIANCE
	GHC million	GHC million	GHC million
<b>Mechanized Payroll</b>	1,007.81		
<b>Non Mechanized Payroll (including Subventions)</b>	338.73		
<b>Total Wages and Salaries (excluding Arrears)</b>	<b>1,346.54</b>	<b>1,336.74</b>	<b>(9.80)</b>
<b>Outstanding /Arrears Payment: (Mechanized)</b>	30.60		
<b>Outstanding /Arrears Payment: (Subventions)</b>			
<b>Total Outstanding/ Arrears Payment</b>	<b>30.60</b>		
<b>WAGES &amp; SALARIES</b>	<b>1,377.14</b>	<b>1,336.74</b>	<b>(40.40)</b>
<b>Pensions and Gratuity</b>	<b>89.69</b>	<b>115.94</b>	<b>26.25</b>
<b>SSF Employer</b>	<b>103.59</b>	<b>120.13</b>	<b>16.54</b>
<b>COMPENSATION OF EMPLOYEES</b>	<b>1,570.42</b>	<b>1,572.81</b>	<b>2.39</b>

Total Compensation of Employees for the month of May 2018 was **GHS 1,570.42 million**, as against a budget of **GHS 1,572.81 million** resulting in favourable variance of **GHS 2.39 million**. This is equivalent to **0.15%** 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 May 2018 is **GHS 1,346.54 million** as against a budget of **GHS 1,336.74** resulting in an adverse variance of **GHS 9.80 million** representing **0.73%** of May 2018 budget for Wages & Salaries.

The total wages and salary cost including mechanized arrears is **GHS 1,377.14 million** as against a budget allocation of **GHS1,336.74 million**, resulting in an adverse variance of **GHS 40.40 million**. This represents **3.02%** of wages and salaries budget for the month of May 2018.

### 3.0 STAFF STRENGTH

The total staff strength recorded for the month of May was **609,792** as against 666,743 in April 2018. The breakdown is indicated below;

**Table 3.0**

PARTICULARS	JANUARY	FEBRUARY	MARCH	APRIL (B)	MAY (A)	DIFF (A-B)
MECHANISED	517,951	523,466	532,376	528,245	527,682	(563)
SUBVENTION	132,051	67,570	138,172	138,498	82,110	(56,388)
<b>TOTAL</b>	<b>650,002</b>	<b>591,036</b>	<b>670,548</b>	<b>666,743</b>	<b>609,792</b>	<b>(56,951)</b>

### 3.1 Mechanized Staff Strength

Staff Strength on the mechanized payroll registered a net decrease of 563 (from 528,245 in April 2018 to 527,682 in May 2018). There were total staff additions of 4,403 and as against a deletion of 4,966 for May 2018 on the Mechanised payroll. This resulted in a net decrease in staff strength of 563 for the month under review.

Reactivations for May was 171.

### 3.2 Non-Mechanized Staff Strength

There was a decrease in subvention staff strength by **56,388** compared to April 2018. The key reason for this reduction was that Institutions such as the National Service Secretariat and some Universities did not receive their subvention in May 2018.

### 3.3 Pension Staff Strength

The total number of active pensioners on Government payroll was **61,302** as at May 2018.

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

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

**Table 3.1**

MDA	Reactivation / Addition	Deletions / Termination
Ministry of Education	2,999	2,043
Ministry of Health	609	2,017
Others	795	906
<b>Total</b>	<b>4,403</b>	<b>4,966</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 May 2018.

### 4.0 OVERALL BUDGET PERFORMANCE:

Total compensation budget for the months of January to May 2018 was **GHS 7,916.23 million**; but actual compensation of employees for the same period was **GHS 8,184.44 million**. Budget variance recorded was **GHS 268.21 million** (adverse). This is **3.77%** 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 because of huge spillovers from previous years arising from the three (3) months arrears policy. Wages & Salaries variance for

the same period was **GHS 451.35 million** (Adverse). However, Social Contributions variance was **GHS 183.13 million** (Favourable).

Compensation budget for May 2018 was **GHS 1,572.81 million**. On the other hand, actual compensation of employees recorded was **GHS 1,570.43 million** resulting in a favourable variance of **GHS 2.37 million**. This represents **0.15%** of compensation budget for May 2018. The variance on Social Contributions was **GHS 42.78 million** (favourable), but the Wages & salaries variance for May 2018 was **GHS 40.41 million** (Adverse). Therefore, Social Contributions (Pensions, Gratuity and 13% Social Security Contributions) were a key reason for the favourable variance recorded in May 2018.

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

**Table: 4.0**

MINISTRY	BUDGETED COMPENSATION OF EMPLOYEES	ACTUAL COMPENSATION OF EMPLOYEES	VARIANCE	% VARIANCE
MINISTRY OF LOCAL GOVERNMENT AND RURAL DEVELOPMENT	1,665,509.00	2,977,840.73	(1,312,331.73)	(78.79)
LOCAL GOVERNMENT SERVICES	6,339,910.00	13,293,513.34	(6,953,603.34)	(109.68)
MINISTRY OF ENERGY	219,199.00	249,490.86	(30,291.86)	(13.82)
MINISTRY OF WORKS AND HOUSING	792,314.00	1,083,628.76	(291,314.76)	(36.77)
MINISTRY OF ROADS AND HIGHWAYS	3,369,898.00	3,532,924.13	(163,026.13)	(4.84)
MINISTRY OF AVIATION	64,165.00	72,814.82	(8,649.82)	(13.48)
MINISTRY OF EDUCATION	599,978,719.00	690,667,935.72	(90,689,216.72)	(15.12)
MINISTRY OF HEALTH	215,711,816.00	228,497,264.32	(12,785,448.32)	(5.93)
COMMISSION ON HUMAN RIGHTS AND ADMINISTRATIVE JUSTICE	1,468,206.00	1,635,484.36	(167,278.36)	(11.39)

Ministry of Health recorded an adverse variance of **GHS 12.79 million** representing **5.93%** of its budget for May 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 significantly in Ghana Health Service, its compensation cost increased marginally by **GHS 1.84 million**. However, the institution still overrun its budget by **GHS 45.54 million**. Staff strength in Christian Health Association of Ghana (CHAG) decreased. Compensation cost also reduced by **GHS 0.22 million** in May. However, CHAG still had a budget overrun of **GHS 8.12 million**.

Ministry of Education registered an adverse variance of **GHS 90.69 million** representing **15.12%** of its budget allocation for the month of May 2018. This was largely because of budget overrun at the Ghana Education Service. Staff Strength of GES increased, however its compensation cost reduced by **GHS 2.08 million** in May. Budget overruns recorded by GES was **GHS 121.98 million**.



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

**Table 4.1**

MINISTRY	BUDGETED COMPENSATION OF EMPLOYEES	ACTUAL COMPENSATION OF EMPLOYEES	VARIANCE	% VARIANCE
OFFICE OF GOVERNMENT MACHINERY	10,061,109.00	6,599,020.62	3,462,088.38	34.41
OFFICE OF THE HEAD OF CIVIL SERVICE	741,374.00	680,349.06	61,024.94	8.23
PARLIAMENT OF GHANA	11,826,011.00	7,779,978.58	4,046,032.42	34.21
AUDIT SERVICE	18,201,405.00	10,525,643.32	7,675,761.68	42.17
PUBLIC SERVICES COMMISSION	367,052.00	186,514.43	180,537.57	49.19
ELECTORAL COMMISSION	4,033,133.50	2,352,544.29	1,680,589.21	41.67
MINISTRY OF FOREIGN AFFAIRS AND REGIONAL INTEGRATION	25,835,008.00	24,265,043.26	1,569,964.74	6.08
MINISTRY OF FINANCE	21,689,222.00	10,629,933.45	11,059,288.55	50.99
METROPOLITAN, MUNICIPAL, DEPT & AGENCIES (MMDA)	40,196,315.00	34,943,107.56	5,253,207.44	13.07
NATIONAL MEDIA COMMISSION	237,325.00	22,862.31	214,462.69	90.37
NATIONAL DEVELOPMENT PLANNING COMMISSION	362,431.00	138,931.42	223,499.58	61.67
MINISTRY OF INFORMATION	6,326,800.00	5,195,806.26	1,130,993.74	17.88
MINISTRY OF PARLIAMENTARY AFFAIRS	46,211.00	3,293.16	42,917.84	92.87
MINISTRY FOR BUSINESS DEVELOPMENT	29,167.00		29,167.00	100.00
MINISTRY FOR INNER CITY AND ZONGO DEVELOPMENT	29,167.00	945.93	28,221.07	96.76
MINISTRY FOR SPECIAL DEVELOPMENT INITIATIVES	29,167.00	945.93	28,221.07	96.76
MINISTRY FOR PLANNING	29,167.00		29,167.00	100.00
MINISTRY FOR REGIONAL RE-ORGANIZATION	29,167.00		29,167.00	100.00
MINISTRY FOR MONITORING AND EVALUATION	29,167.00		29,167.00	100.00
MINISTRY OF AGRICULTURE	5,087,726.00	3,816,193.56	1,271,532.44	24.99
MINISTRY OF FISHERIES AND AQUACULTURE DEVELOPMENT	811,934.00	600,639.22	211,294.78	26.02
MINISTRY OF LANDS AND NATURAL RESOURCES	11,401,469.00	10,099,276.44	1,302,192.56	11.42
MINISTRY OF TRADE AND INDUSTRY	3,802,135.00	3,106,765.19	695,369.81	18.29
MINISTRY OF TOURISM, CULTURE AND CREATIVE ARTS	2,786,044.00	2,542,522.57	243,521.43	8.74
MINISTRY OF ENVIRONMENT, SCIENCE, TECH. AND INNOVATION	17,647,742.00	14,686,439.99	2,961,302.01	16.78
MINISTRY OF WATER RESOURCES AND SANITATION	756,796.00	675,756.33	81,039.67	10.71
MINISTRY OF COMMUNICATIONS	1,790,790.00	1,201,891.70	588,898.30	32.88
MINISTRY OF RAILWAYS DEVELOPMENT	416,667.00	82,236.94	334,430.06	80.26
MINISTRY OF TRANSPORT	436,030.00	250,532.69	185,497.31	42.54
MINISTRY OF EMPLOYMENT AND LABOUR RELATIONS	3,277,067.00	3,173,807.82	103,259.18	3.15
MINISTRY OF YOUTH AND SPORTS	1,404,816.00	1,261,264.27	143,551.73	10.22
NATIONAL COMMISSION FOR CIVIC EDUCATION	3,739,460.00	2,977,051.45	762,408.55	20.39
MINISTRY OF CHIEFTAINCY AND RELIGIOUS AFFAIRS	2,904,885.00	960,521.87	1,944,363.13	66.93
MINISTRY OF GENDER, CHILDREN AND SOCIAL PROTECTION	2,252,834.00	2,036,311.16	216,522.84	9.61
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	4,790,277.01	1,698,260.99	26.17
MINISTRY OF DEFENCE	72,618,700.00	70,286,235.23	2,332,464.77	3.21
JUDICIAL SERVICE	23,781,268.00	13,944,072.83	9,837,195.17	41.37
MINISTRY OF INTERIOR	175,754,208.00	163,649,844.70	12,104,363.30	6.89
MINISTRY OF NATIONAL SECURITY	29,660,586.67	27,895,607.50	1,764,979.17	5.95

***Refer to the Appendix E of the Payroll Cost Information for May 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 for them.

The overall result shows a decrease in compensation cost from GHS 1,667.47 million in April to **GHS 1,571.32 million** in May. A reduction of **GHS 96.15 million**. Wages and salaries reduced by **GHS 76.24 million**. Commitments on Social Contributions also decreased by **GHS 19.91 million**.

### **MINISTRY WITH INCREASE IN COST**

Cost of wages and salaries for Ministry of Health was **GHS 227.32 million** in April 2018, but this increased to **GHS 228.50 million** in May 2018. This is **0.52%** increment. The increment was due to an increase in compensation of employees recorded by the Ghana Health Service.

**Table 5.0**

<b>MINISTRY</b>	<b>COST FOR APRIL</b>	<b>COST FOR MAY</b>	<b>INCREMENT</b>	<b>% CHANGE</b>
MINISTRY OF HEALTH	227.32	228.50	1.17	0.52
MINISTRY OF NATIONAL SECURITY	20.35	27.90	7.55	37.08

### **MINISTRIES WITH DECREASE IN COST**

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

**Table5.1**

MINISTRY	COST FOR APRIL	COST FOR MAY	REDUCTION	% CHANGE
OFFICE OF GOVERNMENT MACHINERY	7.76	6.60	(1.16)	(14.96)
MINISTRY OF EDUCATION	774.53	690.67	(83.86)	(10.83)

Ministry of Education registered **10.83 %** reduction in compensation of employees. This was because institutions such as the National Service Secretariat and some Universities did not receive their subvention for the month of May 2018.

Compensation of employees for Office of Government Machinery was **GHS 7.76** million in April 2018, but this reduced to **GHS 6.60** million in May 2018, representing **14.96%** reduction in wages and salaries. This was because of decreases in Compensation of employees recorded for the Office of President, among others. Total staff strength for the office of the president reduced. This caused the basic salary, allowances and arrears paid to decrease. The overall net effect was the reduction in compensation of employees for the Office of Government Machinery.

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

## 6.0 PAYROLL INITIATIVES

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

**1,593** employees on Government of Ghana (GoG) payroll registered on the E-Payslip system in May 2018. This has increased the total registered number to **610,445**.

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
<b>May-18</b>	<b>1,593</b>	<b>610,445</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 May 2018.

REGION	STAFF STRENGTH BEFORE VALIDATION	UNVALIDATED	DISCONTINUED	UNVERIFIED	EXPECTED STAFF STRENGTH AFTER VALIDATION
	A	b	C	D	E= A- (C+D)
Ashanti	101,387	484	115	162	101,110
Brong-Ahafo	59,649	203	45	102	59,502
Central	52,853	273	62	75	52,716
Eastern	62,565	418	107	99	62,359
Greater Accra	81,645	153	142	199	81,304
Northern	49,865	117	94	156	49,615
Upper East	28,159	143	47	59	28,053
Upper west	20,900	16	49	63	20,788
Volta	49,625	169	65	80	49,480
Western	43,549	109	92	81	43,376
<b>TOTAL</b>	<b>550,197</b>	<b>2,085</b>	<b>818</b>	<b>1,076</b>	<b>548,303</b>

**Table 6.1**

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

### REGIONAL BREAKDOWN OF UNVERIFIED

REGION	MISSING	LOST & FOUND	UNVERIFIED (GHOST)
Ashanti	5,559	2,408	162
Brong-Ahafo	3,208	1,547	102
Central	3,661	1,544	75
Eastern	4,437	2,019	99
Greater Accra	2,567	1,097	199
Northern	3,090	1,659	156
Upper East	1,565	741	59
Upper West	1,630	1,067	63
Volta	3,405	1,442	80
Western	2,115	811	81
<b>TOTAL</b>	<b>31,237</b>	<b>14,335</b>	<b>1,076</b>

**Table 6.2**

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

Out of **56,419** management units assigned to active employees of 132 payrolls on the system, 49,253 management units have been successfully mapped to GIFMIS GL Chart of Accounts.

### 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.

There was an entry conference between CAGD and Ghana Audit service in February 2018 to discuss the payroll verification of all government employees nationwide. This is expected to be completed in December 2018.

## **7.0 CONCLUSION**

Compensation of Employees in general reduced from **GHS 1,667.47 million** in April 2018 to **GHS 1,571.32 million**, in May 2018.

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