

EXECUTIVE SUMMARY

OVERVIEW

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

Compensation of Employees for the month of November 2018 was **GHS 1,678.14 million** on accrual basis as against GHS 1,678.91 million for October 2018. A breakdown of November compensation of employees is specified below:

- Wages & Salaries GHS 1,475.93 million
- Social Contributions GHS 202.21 million

Wages and Salaries is further analyzed as follows:

- Mechanized GHS 1,107.04 million
- Non-Mechanized GHS 368.89 million

Social contributions consist of:

- Pensions GHS 73.54 million
- Gratuities GHS 26.56 million
- Social security GHS 102.11 million

PAYROLL ACTIVITY

Below are the major payroll activities for November 2018;

- Mechanisation of 1,098 staff at the Ministry of Health and the payment of arrears to Health Interns
- Mechanisation of 689 Recruits of Ghana Prison Service
- Payment of salary increment and arrears to 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 November 2018.

Table 1.0

MDA	Budget overrun for the month of November 2018 (cedis million)	% Over run
Ministry Of Education	852.53	710.37
Ministry Of Health	56.20	28.12

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 November 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 **1,446** employees from the payroll leading to a cost saving of **GHS 3.66 million**.

STAFF STRENGTH

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

Mechanized	540,278
Subvention	153,341

STAFF MOVEMENT

The month of November 2018 registered a net increased in mechanized staff strength of 2,280 as against a net decrease of 174 in October 2018.

Ministry of Education registered a net decrease in staff strength of 1,529. Ministry of Health also recorded a net increase in staff strength of 2,217 in November, largely because of the mechanization of new entrants recorded in the month. Ministry of Education had 4,043 additions and 5,572 deletions resulting in a net increase of 1,529 staff.

Ministry of Health had an addition of 3,008 staff and a deletion of 791 resulting in a net increase in staff strength of 2,217.

Eight Hundred and Twenty Five (**825**) 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 increased in November as compared to October 2018. This increased the strain on the compensation budget for November 2018.

The total amount paid in November 2018 as salary arrears to employees on GOG Mechanised payroll was **GHS 76.48 million** as against GHS 42.02 million in October 2018.

There were no payments of Pension and Subvention arrears in November 2018.

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

2.0 SUMMARY OF PAYROLL COST FOR NOVEMBER 2018

Table 2.0

DESCRIPTION	ACTUAL	BUDGET	VARIANCE
	GHC million	GHC million	GHC million
Mechanized Payroll	1,030.57		
Non Mechanized Payroll (including Subventions)	368.89		
Total Wages and Salaries (excluding Arrears)	1,399.46	660.31	(739.15)
Arrears Payment: (Mechanized)	76.48		
Arrears Payment: (Subventions)			
Total Arrears Payment	76.48		
WAGES & SALARIES	1,475.94	660.31	(815.63)
Pensions and Gratuity	100.10	249.37	149.27
SSF Employer	102.11	204.12	(102.01)
COMPENSATION OF EMPLOYEES	1,678.15	1,113.81	(564.34)

Total Compensation of Employees for the month of November 2018 was **GHS 1,678.15 million**, as against an allotment of **1,113.81 million** resulting in an unfavourable variance of **GHS 564.34 million**. This is an overrun of **50.67%** 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 November 2018 was **GHS 1,399.46 million** as against an allotment of **GHS 660.31** resulting in an unfavourable variance of **GHS 739.15 million**.

The total wages and salaries including arrears is **GHS 1,475.94 million** as against an allotment of **660.31 million**, resulting in a unfavourable variance of **GHS 815.63 million**. This represents **123.52%** of wages and salaries vote for the month of November 2018.

3.0 STAFF STRENGTH

The total staff strength recorded for the month of November was **693,619** as against 695,912 in October 2018. The breakdown is indicated below;

Table 3.0

PARTICULARS	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT (A)	NOV (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	2,280
SUBVENTION	132,051	67,570	138,172	138,498	82,110	157,654	155,576	152,699	157,857	157,914	153,341	(4,573)
TOTAL	650,002	591,036	670,548	666,743	609,792	680,163	683,241	685,803	696,029	695,912	693,619	(2,293)

3.1 Mechanized Staff Strength

Staff Strength on the mechanized payroll registered a net increase of 2,280 (from 537,998 in October 2018 to 540,278 in November 2018). The key reason for this was the mechanization of new entrants at the Ministry of Health and Ghana Prisons Service. There were total staff additions of 9,765 and as against a deletion of 7,485 for November 2018 on the Mechanized payroll. This resulted in a net increase in staff strength of 2,280 for the month under review.

Total Reactivations for November was **84**.

3.2 Non-Mechanized Staff Strength

There was a decrease in subvention staff strength by 4,573 compared to October 2018. The key reason for this was that University of Ghana could not receive subvention in November 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 **65,575** as at November 2018.

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

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

Table 3.1

MDA	Reactivation /Addition	Deletions / Termination
Ministry of Education	4,043	5,572
Ministry of Health	3,008	791
Others	5,722	1,122
Total	9,765	7,485

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 November 2018.

4.0 OVERALL BUDGET PERFORMANCE:

Total compensation budget for the months of January to November 2018 was **GHS 17,393.42 million**. Actual compensation of employees for the same period was **GHS 17,950.49 million**. Budget variance recorded was **GHS 557.07 million** (Adverse). This is **3.20%** of compensation budget for the period. Wages & Salaries variance for the same period was **GHS 953.86 million** (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 396.79 million** (Favourable).

An amount of **GHS 1,113.81 million** was allotted in November 2018 to be utilized on Compensation of Employees. Actual commitments on compensation of employees totaled **GHS 1,678.14 million** resulting in a unfavourable variance of **GHS 564.33 million**. Wages and Salaries variance for November 2018 amounted to **GHS 815.12 million**. This represented **123.52%** of compensation vote for November 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 November 2018 was **GHS 202.21 million** as against a projection of **GHS 453.50 million**. This resulted in a favourable variance of **GHS 251.29 million**.

Table: 4.0

MINISTRY	BUDGET SAVINGS/(OVERRUN) FROM JAN-NOV	GOG COMPENSATION OF EMPLOYEES FOR NOVEMBER	VARIANCE	% VARIANCE
OFFICE OF GOVERNMENT MACHINERY	7,422,263.74	7,891,771.00	(469,507.26)	(6.33)
MINISTRY OF FOREIGN AFFAIRS AND REGIONAL INTEGRATION	16,684,656.55	24,806,232.73	(8,121,576.18)	(48.68)
MINISTRY OF LOCAL GOVERNMENT AND RURAL DEVELOPMENT	(9,487,700.24)	2,988,559.44	(12,476,259.68)	131.50
METROPOLITAN, MUNICIPAL, DEPT & AGENCIES (MMDA)	(6,738,853.23)	42,631,230.26	(49,370,083.49)	732.62
MINISTRY OF ENERGY	45,924.62	228,356.09	(182,431.47)	(397.24)
MINISTRY OF WORKS AND HOUSING	(2,379,635.14)	1,136,707.85	(3,516,342.99)	147.77
MINISTRY OF ROADS AND HIGHWAYS	3,142,621.62	3,385,118.02	(242,496.40)	(7.72)
MINISTRY OF AVIATION	65,397.83	71,481.40	(6,083.57)	(9.30)
MINISTRY OF EDUCATION	(120,011,611.97)	732,519,117.28	(852,530,729.25)	710.37
MINISTRY OF EMPLOYMENT AND LABOUR RELATIONS	3,030,254.30	3,213,178.93	(182,924.63)	(6.04)
MINISTRY OF HEALTH	199,852,649.89	256,054,306.28	(56,201,656.39)	(28.12)
MINISTRY OF INTERIOR	109,899,907.35	169,194,832.36	(59,294,925.01)	(53.95)
MINISTRY OF NATIONAL SECURITY	23,927,485.82	29,305,691.69	(5,378,205.87)	(22.48)

Ministry of Education recorded an adverse variance of **GHS 852.53 million**. No budgetary allocation was made to Ministry of Education in November because it exhausted its budgetary allocation for the year in October 2018.

Ministry of Local Government & Rural Development also exhausted its 2018 budgetary allocation in October, this accounted for the overrun of **GHS 12.48 million** recorded in November, as there was no top-up budgetary allocation from the Ministry of Finance to cover the compensation cost for November 2018.

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

Table 4.1

MINISTRY	BUDGET SAVINGS/(OVERRUN) FROM JAN-NOV	GOG COMPENSATION OF EMPLOYEES FOR NOVEMBER	VARIANCE	% VARIANCE
OFFICE OF THE HEAD OF CIVIL SERVICE	1,143,957.55	799,225.40	344,732.15	30.14
PARLIAMENT OF GHANA	17,106,898.62	7,830,362.24	9,276,536.38	54.23
AUDIT SERVICE	33,723,118.80	27,292,245.56	6,430,873.24	19.07
PUBLIC SERVICES COMMISSION	690,959.01	165,517.16	525,441.85	76.05
ELECTORAL COMMISSION	9,719,844.63	2,432,323.08	7,287,521.55	74.98
MINISTRY OF FINANCE	64,282,688.16	10,585,677.26	53,697,010.90	83.53
LOCAL GOVERNMENT SERVICES	63,164,348.87	6,715,077.62	56,449,271.25	89.37
NATIONAL MEDIA COMMISSION	1,756,348.05	22,866.20	1,733,481.85	98.70
NATIONAL DEVELOPMENT PLANNING COMMISSION	1,387,921.84	115,036.04	1,272,885.80	91.71
MINISTRY OF INFORMATION	8,735,204.34	5,163,005.65	3,572,198.69	40.89
MINISTRY OF PARLIAMENTARY AFFAIRS	253,933.26	3,349.50	250,583.76	98.68
MINISTRY FOR BUSINESS DEVELOPMENT	171,587.60	1,707.20	169,880.40	99.01
MINISTRY FOR INNER CITY AND ZONGO DEVELOPMENT	122,438.75	14,221.45	108,217.30	88.38
MINISTRY FOR SPECIAL DEVELOPMENT INITIATIVES	108,299.91	11,029.70	97,270.21	89.82
MINISTRY FOR PLANNING	157,926.70	5,493.40	152,433.30	96.52
MINISTRY FOR REGIONAL RE-ORGANIZATION	134,076.84	17,072.12	117,004.72	87.27
MINISTRY FOR MONITORING AND EVALUATION	170,866.05	42,902.70	127,963.35	74.89
MINISTRY OF AGRICULTURE	4,790,491.53	3,790,027.56	1,000,463.97	20.88
MINISTRY OF FISHERIES AND AQUACULTURE DEVELOPMENT	1,365,951.01	526,645.17	839,305.84	61.44
MINISTRY OF LANDS AND NATURAL RESOURCES	16,387,320.50	10,214,355.44	6,172,965.06	37.67
MINISTRY OF TRADE AND INDUSTRY	3,187,432.16	3,103,758.21	83,673.95	2.63
MINISTRY OF TOURISM, CULTURE AND CREATIVE ARTS	2,896,338.47	2,558,329.26	338,009.21	11.67
MINISTRY OF ENVIRONMENT, SCIENCE, TECH. AND INNOVATION	23,320,452.43	14,735,552.28	8,584,900.15	36.81
MINISTRY OF WATER RESOURCES AND SANITATION	933,684.02	628,876.99	304,807.03	32.65
MINISTRY OF COMMUNICATIONS	3,405,349.05	912,516.64	2,492,832.41	73.20
MINISTRY OF RAILWAYS DEVELOPMENT	1,912,105.87	116,497.55	1,795,608.32	93.91
MINISTRY OF TRANSPORT	852,289.22	276,659.10	575,630.12	67.54
MINISTRY OF YOUTH AND SPORTS	1,898,145.25	1,230,562.65	667,582.60	35.17
NATIONAL COMMISSION FOR CIVIC EDUCATION	4,911,255.49	2,936,181.04	1,975,074.45	40.22
MINISTRY OF CHIEFTAINCY AND RELIGIOUS AFFAIRS	11,567,102.75	1,030,157.10	10,536,945.65	91.09
MINISTRY OF GENDER, CHILDREN AND SOCIAL PROTECTION	3,512,601.62	1,873,521.20	1,639,080.42	46.66
NATIONAL LABOUR COMMISSION	627,917.95	83,118.99	544,798.96	86.76
MINISTRY OF JUSTICE AND ATTORNEY GENERAL'S DEPARTMENT	6,010,791.29	4,838,800.36	1,171,990.93	19.50
MINISTRY OF DEFENCE	85,242,825.07	72,162,710.95	13,080,114.12	15.34
COMMISSION ON HUMAN RIGHTS AND ADMINISTRATIVE JUSTICE	2,001,320.83	1,682,193.92	319,126.91	15.95
JUDICIAL SERVICE	57,206,735.42	14,146,901.14	43,059,834.28	75.27

Refer to the Appendix E of the Payroll Cost Information for November 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 1,678.91 million** in October 2018 to **GHS 1,678.14 million** in November 2018. This was because of the nonpayment of subvention to the University of Ghana.

Wages and Salaries decreased by **GHS 0.32 million**. Commitments on Social Contributions saw a reduction by **GHS 0.58 million**.

MINISTRY WITH INCREASE IN COST

Compensation cost for Audit Service increased by **146.23%**, because of the payment of salary arrears and allowances to the staff. The increase in compensation cost of Ministry of Health by **5.28%** is attributable to the payment of salary arrears to Health Interns under the Ministry. Office of Government Machinery, Electoral Commission, Ministry of Agriculture, Ministry of Youth & Sports, among others recorded marginal increases in Compensation of Employees for the month under review.

Table 5.0

MINISTRY	COST FOR OCTOBER	COST FOR NOVEMBER	INCREMENT	% CHANGE
	GHS	GHS	GHS	
AUDIT SERVICE	11.08	27.29	16.21	146.23
METROPOLITAN, MUNICIPAL, DEPT & AGENCIES (MMDA)	41.25	42.63	1.39	3.36
MINISTRY OF HEALTH	243.22	256.05	12.84	5.28
MINISTRY OF INTERIOR	163.39	169.19	5.80	3.55

MINISTRIES WITH DECREASE IN COST

For November 2018, Compensation cost of Ministry of Education decreased by **4.92%**, because of nonpayment of subvention to the University of Ghana. Ministry of Local Government & Rural Development, Ministry of Environment, Science & Technology, Ministry of Finance, among others recorded marginal decreases in compensation of employees for the month under review.

MINISTRY	COST FOR OCTOBER	COST FOR NOVEMBER	REDUCTION	% CHANGE
	GHS	GHS	GHS	
MINISTRY OF EDUCATION	770.42	732.52	(37.90)	(4.92)

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

6.0 PAYROLL INITIATIVES

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

4,806 employees on Government of Ghana (GoG) payroll registered on the E-Payslip system in November 2018. This has increased the total registered number to **641,364**.

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

6.2 E-SPV Validation

The table below shows the results from the Electronic Salary Payment Voucher (ESPV) system validation for the month of November 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	95,059	835	443	277	93,504
Brong-Ahafo	55,719	1066	60	228	54,365
Central	49,020	311	141	124	48,444
Eastern	56,340	483	174	285	55,398
Greater Accra	78,868	326	177	276	78,089
Northern	46,652	135	39	235	46,243
Upper East	26,689	491	152	72	25,974
Upper west	18,535	111	51	58	18,315
Volta	45,707	375	122	211	44,999
Western	40,884	322	87	180	40,295
TOTAL	513,473	4,455	1,446	1,946	505,626

1,446 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	7,541	3,405	262
Brong-Ahafo	4,319	2,109	169
Central	3,854	1,800	134
Eastern	4,995	2,669	173
Greater Accra	3,310	1,610	227
Northern	4,030	2,183	175
Upper East	2,093	1,057	81
Upper West	2,086	1,480	71
Volta	3,507	1,624	106
Western	2,916	1,089	143
TOTAL	38,651	19,026	1,541

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 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 June 18 at central region and is expected to be completed by 31st December 2018.

7.0 CONCLUSION

Compensation of Employees in general decreased from **GHS 1,678.91 million** in October 2018 to **GHS 1,678.14 million**, in November 2018.

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