

EXECUTIVE SUMMARY

OVERVIEW

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

Compensation of Employees for the month of October 2018 was **GHS 1,678.91 million** on accrual basis as against GHS 1,674.91 million for September 2018. A breakdown of October compensation of employees is specified below:

- Wages & Salaries GHS 1,476.12 million
- Social Contributions GHS 202.79 million

Wages and Salaries is further analyzed as follows:

- Mechanized GHS 1,067.75 million
- Non-Mechanized GHS 408.37 million

Social contributions consist of:

- Pensions GHS 73.95 million
- Gratuities GHS 21.37 million
- Social security GHS 107.47 million

PAYROLL ACTIVITY

Below are the major payroll activities for October 2018;

- Mechanization of 1,726 health interns at the Ministry of Health and the payment of arrears.

VARIANCE ANALYSIS:

The budget was compared with actual cost every month to establish either a favourable 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 October 2018.

Table 1.0

MDA	Budget overrun for the month of October 2018 (cedis million)	% Over run
Ministry of Works and Housing	2.38	199.74
Ministry Of Health	27.22	12.60
Ministry of Education	120.01	18.45

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 October 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 **967** employees from the payroll leading to a cost saving of **GHS 2.14 million**.

STAFF STRENGTH

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

Mechanized	537,998
Subvention	157,914

STAFF MOVEMENT

The month of October 2018 registered a net decrease in mechanized staff strength of 174 as against a net increase of 5,068 in September 2018.

Ministry of Education registered a net decrease in staff strength of 2,264. Ministry of Health on the other hand recorded a net increase in staff strength of 2,346 in October, largely as a result of the mechanization of Health Interns at the Ghana Health Service.

Ministry of Education had 2,374 additions and 4,638 deletions resulting in a net decrease in Staff Strength of 2,264. Ministry of Health had an addition of 2,939 staff and a deletion of 593 resulting in a net decrease in staff strength of 2,346.

A total of Two Hundred and Forty-Nine (**249**) employees retired and had to be terminated from the payroll in October 2018.

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 declined in October as compared to September 2018. This reduced the strain on the compensation budget for the month under review.

The total amount paid in October 2018 as salary arrears to employees on GOG Mechanised payroll was **GHS 42.02 million** as against GHS 60.15 million in September 2018.

Pension arrears paid in October 2018 totaled **GHS 0.50 million** as against GHS 3.27 million in September 2018.

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

2.0 SUMMARY OF PAYROLL COST FOR OCTOBER 2018

Table 2.0

DESCRIPTION	ACTUAL	BUDGET	VARIANCE
	GHC million	GHC million	GHC million
Mechanized Payroll	1,025.73		
Non Mechanized Payroll (including Subventions)	408.37		
Total Wages and Salaries (excluding Arrears)	1,434.10	1,509.95	75.85
Arrears Payment: (Mechanized)	42.02		
Arrears Payment: (Subventions)			
Total Arrears Payment	42.02		
WAGES & SALARIES	1,476.12	1,509.95	33.83
Pensions and Gratuity	95.32	256.21	160.89
SSF Employer	107.47	202.45	94.98
COMPENSATION OF EMPLOYEES	1,678.91	1,968.61	289.7

Total Compensation of Employees for the month of October 2018 was **GHS 1,678.91 million**, as against an allotment of **1,968.61 million** resulting in a favourable variance of **GHS 289.7 million**. This is equivalent to **14.71 %** 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 October 2018 was **GHS 1,434.10 million** as against an allotment of **GHS 1,509.95** resulting in an favourable variance of **GHS 75.85 million** representing **5.02%** of October 2018 allotment for Wages & Salaries.

The total wages and salaries including arrears is **GHS 1,476.12 million** as against an allotment of **1,509.95 million**, resulting in a favourable variance of **GHS 33.83 million**. This represents **2.24%** of wages and salaries vote for the month of October 2018.

3.0 STAFF STRENGTH

The total staff strength recorded for the month of October was **695,912** as against 696,029 in September 2018. The breakdown is indicated below;

Table 3.0

PARTICULARS	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUG	SEPT(B)	OCT(A)	DIFF(A-B)
MECHANIZED	517,951	523,466	532,376	528,245	527,682	522,509	527,665	533,104	538,172	537,998	(174)
SUBVENTION	132,051	67,570	138,172	138,498	82,110	157,654	155,576	152,699	157,857	157,914	57
TOTAL	650,002	591,036	670,548	666,743	609,792	680,163	683,241	685,803	696,029	695,912	(117)

3.1 Mechanized Staff Strength

Staff Strength on the mechanized payroll registered a net decrease of **174** (from 538,172 in September 2018 to 537,998 in October 2018). There were total staff additions of 7,461 and as against a deletion of 7,635 for October 2018 on the Mechanized payroll. This resulted in a net decrease in staff strength of 174 for the month under review.

Total Reactivations for October was **443**.

3.2 Non-Mechanized Staff Strength

There was an increase in subvention staff strength by **57** compared to September 2018.

3.3 Pension Staff Strength

The total number of active pensioners on Government payroll was **65,391** as at October 2018.

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

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

Table 3.1

MDA	Reactivation /Addition	Deletions / Termination
Ministry of Education	2,374	4,638
Ministry of Health	2,939	593
Others	2,148	2,404
Total	7,461	7,635

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 October 2018.

4.0 OVERALL BUDGET PERFORMANCE:

Total compensation budget for the months of January to October 2018 was **GHS 15,780.25 million**. Actual compensation of employees for the same period was **GHS 16,272.35 million**. Budget variance recorded was **GHS 492.10 million** (Adverse). This is **1.78%** 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 855.03million** (Adverse). However, the variance on Social Contribution was **GHS 362.93 million** (Favourable).

An amount of **GHS 1,968.61 million** was allotted in October 2018 to be utilized on Compensation of Employees. Actual commitments on compensation of employees totaled **GHS 1,678.91 million** resulting in a favourable variance of **GHS 289.7 million**. Wages and Salaries variance for October 2018 amounted to **GHS 38.83 million**. This represented **2.57 %** of compensation vote for October 2018. The key reason for the favourable variance recorded was the sufficient budgetary allocation provided by the Ministry of Finance for the month under review. Government's commitment on social contributions in October 2018 was **GHS 202.79 million** as against a projection of **GHS 458.65 million**. This resulted in a favourable variance of **GHS 255.86 million**.

Table: 4.0

MINISTRY	STRENGTH	BUDGETED COMPENSATION OF EMPLOYEES	GOG COMPENSATION OF EMPLOYEES	VARIANCE	% VARIANCE
MINISTRY OF FOREIGN AFFAIRS AND REGIONAL INTEGRATION	281	16,802,024.07	24,842,261.52	8,040,237.45	(47.85)
MINISTRY OF LOCAL GOVERNMENT AND RURAL DEVELOPMENT	1701	(6,390,131.59)	3,097,568.65	(9,487,700.24)	148.47
METROPOLITAN, MUNICIPAL, DEPT & AGENCIES (MMDA)	25,479	34,506,460.08	41,245,313.31	(6,738,853.23)	(19.53)
MINISTRY OF ENERGY	127	143,631.28	228,362.16	(84,730.88)	(58.99)
MINISTRY OF WORKS AND HOUSING	746	(1,191,389.37)	1,188,245.77	(2,379,635.14)	199.74
MINISTRY OF ROADS AND HIGHWAYS	1,811	3,092,458.08	3,402,912.20	(310,454.12)	(10.04)
MINISTRY OF EDUCATION	419,627	650,404,353.69	770,415,965.66	120,011,611.97	(18.45)
MINISTRY OF EMPLOYMENT AND LABOUR RELATIONS	1,870	2,976,013.01	3,123,167.71	(147,154.70)	(4.94)
MINISTRY OF HEALTH	111,770	215,996,761.32	243,216,651.96	(27,219,890.64)	(12.60)
MINISTRY OF INTERIOR	59,502	110,483,547.53	163,390,988.76	52,907,441.23	(47.89)

Ministry of Education and Ministry of Health recorded an adverse variance of **GHS 120.01 million** and **27.22 million** respectively, representing **18.45%** and **12.60%** of its compensation allotment for October 2018. The reason for the overspent at the Ministry of Health could be attributable to the payment of Health Interns at the Ghana Health Service and the Christian Health Association of Ghana (including arrears). The unfavourable variance at the Ministry of Education was because of overspent recorded at the Ghana Education Service.

CONTROLLER AND ACCOUNTANT GENERAL'S DEPARTMENT

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

Table 4.1

MINISTRY	STRENGTH	BUDGETED COMPENSATION OF EMPLOYEES	GOG COMPENSATION OF EMPLOYEES	VARIANCE	% VARIANCE
OFFICE OF GOVERNMENT MACHINERY		15,052,505.21	7,630,241.47	7,422,263.74	49.31
OFFICE OF THE HEAD OF CIVIL SERVICE		1,052,025.33	785,172.66	266,852.67	25.37
PARLIAMENT OF GHANA		23,827,974.54	7,837,372.02	15,990,602.52	67.11
AUDIT SERVICE		44,806,986.19	11,083,867.39	33,723,118.80	75.26
PUBLIC SERVICES COMMISSION		873,676.96	182,717.95	690,959.01	79.09
DISTRICT ASSEMBLIES COMMON FUND		-	-	-	-
ELECTORAL COMMISSION		12,114,786.19	2,394,941.56	9,719,844.63	80.23
MINISTRY OF FINANCE		59,711,499.31	10,847,190.85	48,864,308.46	81.83
LOCAL GOVERNMENT SERVICES		21,489,811.93	6,763,997.81	14,725,814.12	68.52
NATIONAL MEDIA COMMISSION		1,779,214.25	22,866.20	1,756,348.05	98.71
NATIONAL DEVELOPMENT PLANNING COMMISSION		1,507,673.17	119,751.33	1,387,921.84	92.06
GHANA REVENUE AUTHORITY		-	-	-	-
MINISTRY OF INFORMATION		8,708,736.64	5,102,288.30	3,606,448.34	41.41
MINISTRY OF PARLIAMENTARY AFFAIRS		257,282.76	3,349.50	253,933.26	98.70
MINISTRY FOR BUSINESS DEVELOPMENT		173,294.80	1,707.20	171,587.60	99.01
MINISTRY FOR INNER CITY AND ZONGO DEVELOPMENT		141,313.60	18,874.85	122,438.75	86.64
MINISTRY FOR SPECIAL DEVELOPMENT INITIATIVES		126,708.08	18,408.17	108,299.91	85.47
MINISTRY FOR PLANNING		167,523.10	9,596.40	157,926.70	94.27
MINISTRY FOR REGIONAL RE-ORGANIZATION		148,776.14	14,699.30	134,076.84	90.12
MINISTRY FOR MONITORING AND EVALUATION		170,866.05	-	170,866.05	100.00
		-	-	-	-
		-	-	-	-
MINISTRY OF AGRICULTURE		6,824,433.56	3,526,881.03	3,297,552.53	48.32
MINISTRY OF FISHERIES AND AQUACULTURE DEVELOPMENT		1,656,260.47	540,477.42	1,115,783.05	67.37
MINISTRY OF LANDS AND NATURAL RESOURCES		15,992,444.93	9,801,520.98	6,190,923.95	38.71
MINISTRY OF TRADE AND INDUSTRY		4,254,222.89	3,134,075.73	1,120,147.16	26.33
MINISTRY OF TOURISM, CULTURE AND CREATIVE ARTS		2,886,426.75	2,584,008.28	302,418.47	10.48
MINISTRY OF ENVIRONMENT, SCIENCE, TECH. AND INNOVATION		23,487,565.09	14,872,517.66	8,615,047.43	36.68
		-	-	-	-
		-	-	-	-
MINISTRY OF WATER RESOURCES AND SANITATION		870,601.96	681,942.94	188,659.02	21.67
MINISTRY OF COMMUNICATIONS		4,365,502.05	960,153.00	3,405,349.05	78.01
MINISTRY OF RAILWAYS DEVELOPMENT		2,025,129.66	113,023.79	1,912,105.87	94.42
MINISTRY OF AVIATION		73,728.10	71,145.20	2,582.90	3.50
MINISTRY OF TRANSPORT		1,041,165.84	306,978.18	734,187.66	70.52
		-	-	-	-
		-	-	-	-
MINISTRY OF YOUTH AND SPORTS		1,844,309.57	1,136,260.32	708,049.25	38.39
NATIONAL COMMISSION FOR CIVIC EDUCATION		6,943,934.73	2,990,687.24	3,953,247.49	56.93
MINISTRY OF CHIEFTAINCY AND RELIGIOUS AFFAIRS		12,368,205.25	801,102.50	11,567,102.75	93.52
MINISTRY OF GENDER, CHILDREN AND SOCIAL PROTECTION		3,507,806.23	1,885,221.61	1,622,584.62	46.26
NATIONAL LABOUR COMMISSION		726,507.78	98,589.83	627,917.95	86.43
		-	-	-	-
		-	-	-	-
MINISTRY OF JUSTICE AND ATTORNEY GENERAL'S DEPARTMENT		10,478,674.64	4,728,370.35	5,750,304.29	54.88
MINISTRY OF DEFENCE		83,526,645.70	72,169,335.63	11,357,310.07	13.60
COMMISSION ON HUMAN RIGHTS AND ADMINISTRATIVE JUSTICE		2,481,527.92	1,682,484.22	799,043.70	32.20
JUDICIAL SERVICE		70,643,424.27	13,436,688.85	57,206,735.42	80.98
MINISTRY OF NATIONAL SECURITY		35,014,310.12	29,302,964.95	5,711,345.17	16.31

Refer to the Appendix E of the Payroll Cost Information for October 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 1,674.91 million** in September 2018 to **GHS 1,678.91 million** in October 2018. This was because of the mechanization of Health Interns at the Ministry of Health and the payment of arrears.

Wages and Salaries decreased by **GHS 0.86 million**. Social Contributions increased by **GHS 4.85 million**.

MINISTRY WITH INCREASE IN COST

Compensation cost for Ministry of Health increased by **7.10%**, because of the mechanization and the payment of salary arrears and allowances to Health Interns under the Ministry. Office of Government Machinery, Audit Service, Ministry of Trade & Industry, among others recorded marginal increases in Compensation of Cost for the month under review.

Table 5.0

MINISTRY	COST FOR SEPTEMBER	COST FOR OCTOBER	INCREMENT	% CHANGE
MINISTRY OF HEALTH	227.32	228.50	16.14	7.10

MINISTRIES WITH DECREASE IN COST

For October 2018, Ministry of Education recorded a significant decrease in Compensation cost by GHS 17.57 million. However, Ministry of Finance also recorded marginal decreases of GHS 4.57 million in compensation of employees for the month under review.

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

6.0 PAYROLL INITIATIVES

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

3,896 employees on Government of Ghana (GoG) payroll registered on the E-Payslip system in October 2018. This has increased the total registered number to **636,558**.

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	6,978	632,662
October-18	3,896	636,558

6.2 E-SPV Validation

The table below shows the results from the Electronic Salary Payment Voucher (ESPV) system validation for the month of October 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	99,376	1,044	195	262	97,875
Brong-Ahafo	58,558	803	103	169	57,483
Central	51,408	787	63	134	50,424
Eastern	60,140	457	102	173	59,408
Greater Accra	79,920	528	168	227	78,997
Northern	49,202	508	89	175	48,430
Upper East	27,830	354	66	81	27,329
Upper west	20,179	15	36	71	20,057
Volta	48,184	451	62	106	47,565
Western	42,289	669	85	143	41,392
TOTAL	537,086	5,616	969	1,541	528,960

969 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 General Ledger as at October 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 increased marginally from **GHS 1,674.91 million** in September 2018 to **GHS 1,678.91 million**, in October 2018.

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