

**EXECUTIVE SUMMARY**

***OVERVIEW***

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

Compensation of Employees for the month of September 2018 was **GHS 1,674.91 million** on accrual basis as against GHS 1,641.88 million for August 2018. A breakdown of August compensation of employees is specified below:

- Wages & Salaries                      GHS        1,476.98 million
- Social Contributions                    GHS        197.94 million

Wages and Salaries is further analyzed as follows:

- Mechanized                                GHS        1,086.76 million
- Non-Mechanized                         GHS        390.22 million

Social contributions consist of:

- Pensions                                    GHS        75.95 million
- Gratuities                                 GHS        14.65 million
- Social security                            GHS        107.34 million

***PAYROLL ACTIVITY***

Below are the major payroll activities for September 2018;

- Mechanization of 1,900 health interns at the Ministry of Health
- Payment of promotional and new entrants arrears to some employees of Ghana Education 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 September 2018.

**Table 1.0**

<b>MDA</b>	<b>Budget overrun for the month of August 2018 (cedis million)</b>	<b>% Over run</b>
Local Government Services	0.95	15.22
Ministry Of Defence	3.60	5.12

**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 September 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 June 2018 to the General Ledger.

**ELECTRONIC SALARY PAYMENT VOUCHER (ESPV)**

There was discontinuation or termination of salaries of **969** 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	538,172
Subvention	157,857

**STAFF MOVEMENT**

The month of September 2018 registered a net increased in mechanized staff strength of 5,068 as against a net increase of 5,439 in August 2018.

Ministry of Education registered a net increase in staff strength of 4,294. Ministry of Health also recorded a net decrease in staff strength of 616 in August. Ministry of Education had 7,010 additions and 2,716 deletions resulting in a net increase of 4,294 staff.

Ministry of Health had an addition of 2,092 staff and a deletion of 1,476 resulting in a net decrease in staff strength of 616.

Nine Hundred and Four (**904**) 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 declined in September as compared to August 2018. This reduced the strain on the compensation budget for September 2018.

The total amount paid in September 2018 as salary arrears to employees on GOG Mechanised payroll was **GHS 60.15 million** as against GHS 68.84 million in August 2018.

Subvention arrears stood at **GHS 0.67 million**. This was paid to National Security Secretariat.

Pension arrears paid in September 2018 totaled **GHS 3.27 million** as against GHS 0.01 million in August.

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

**2.0 SUMMARY OF PAYROLL COST FOR SEPTEMBER 2018**

**Table 2.0**

DESCRIPTION	ACTUAL	BUDGET	VARIANCE
	GHC million	GHC million	GHC million
<b>Mechanized Payroll</b>	1,026.60		
<b>Non Mechanized Payroll (including Subventions)</b>	389.55		
<b>Total Wages and Salaries (excluding Arrears)</b>	<b>1,416.15</b>	<b>1,499.77</b>	<b>83.62</b>
<b>Arrears Payment: (Mechanized)</b>	60.15		
<b>Arrears Payment: (Subventions)</b>	0.67		
<b>Total Arrears Payment</b>	<b>60.82</b>		
<b>WAGES &amp; SALARIES</b>	<b>1,476.97</b>	<b>1,499.77</b>	<b>22.80</b>
<b>Pensions and Gratuity</b>	<b>90.60</b>	<b>109.02</b>	<b>18.42</b>
<b>SSF Employer</b>	<b>107.34</b>	<b>104.17</b>	<b>(3.17)</b>
<b>COMPENSATION OF EMPLOYEES</b>	<b>1,674.91</b>	<b>1,712.96</b>	<b>38.05</b>

Total Compensation of Employees for the month of September 2018 was **GHS 1,674.91 million**, as against an allotment of **1,712.96 million** resulting in a favourable variance of **GHS 38.05 million**. This is equivalent to **2.22%** 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 September 2018 was **GHS 1,416.15 million** as against an allotment of **GHS 1,499.77** resulting in a favourable variance of **GHS 83.62 million** representing **5.58%** of September 2018 allotment for Wages & Salaries.

The total wages and salaries including arrears is **GHS 1,476.97 million** as against an allotment of **1,499.77 million**, resulting in a favourable variance of **GHS 22.80 million**. This represents **1.52%** of wages and salaries vote for the month of September 2018.

### 3.0 STAFF STRENGTH

The total staff strength recorded for the month of September was **696,029** as against 685,803 in August 2018. The breakdown is indicated below;

**Table 3.0**

PARTICULARS	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUG(B)	SEPT (A)	DIFF (A-B)
MECHANIZED	517,951	523,466	532,376	528,245	527,682	522,509	527,665	533,104	538,172	5,068
SUBVENTION	132,051	67,570	138,172	138,498	82,110	157,654	155,576	152,699	157,857	5,158
<b>TOTAL</b>	<b>650,002</b>	<b>591,036</b>	<b>670,548</b>	<b>666,743</b>	<b>609,792</b>	<b>680,163</b>	<b>683,241</b>	<b>685,803</b>	<b>696,029</b>	<b>10,226</b>

### 3.1 Mechanized Staff Strength

Staff Strength on the mechanized payroll registered a net increase of 5,068 (from 533,104 in August 2018 to 538,172 in September 2018). The key reason for this was the mechanization of new entrants at the Ghana Education Service and the Ghana Health Service. There were total staff additions of 10,594 and as against a deletion of 5,526 for September 2018 on the Mechanized payroll. This resulted in a net increase in staff strength of 5,068 for the month under review.

Total Reactivations for September was **73**.

### 3.2 Non-Mechanized Staff Strength

There was an increase in subvention staff strength by 5,158 compared to August 2018. The key reason for this was because University of Cape Coast, main Campus could not be paid in August, however in September the payment was made and this had the effect of increasing the subvention staff strength.

### 3.3 Pension Staff Strength

The total number of active pensioners on Government payroll was **65,307** as at September 2018.

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

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

**Table 3.1**

<b>MDA</b>	<b>Reactivation / Addition</b>	<b>Deletions / Termination</b>
Ministry of Education	7,010	2,716
Ministry of Health	2,092	1,476
Others	1,492	1,334
<b>Total</b>	<b>10,594</b>	<b>5,526</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 September 2018.

#### 4.0 OVERALL BUDGET PERFORMANCE:

Total compensation budget for the months of January to September 2018 was **GHS 14,683.63 million**. Actual compensation of employees for the same period was **GHS 14,593.44 million**. Budget variance recorded was **GHS 90.20 million** (favorable). This is **0.61%** of compensation budget for the period. Wages & Salaries variance for the same period was **GHS 127.80 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 250.64 million** (Favourable).

An amount of **GHS 1,712.96 million** was allotted in September 2018 to be utilized on Compensation of Employees. Actual commitments on compensation of employees totaled **GHS 1,674.91 million** resulting in a favourable variance of **GHS 38.05 million**. Wages and Salaries variance for September 2018 amounted to **GHS 22.79 million**. This represented **2.22%** of compensation vote for September 2018. The key reason for the favourable variance recorded was the adequate budgetary provision to the Ministries of Education and Health for the month under review. Government's commitment on social contributions in September 2018 was **GHS 197.94 million** as against a projection of **GHS 213.19 million**. This resulted in a favourable variance of **GHS 15.26 million**.

**Table: 4.0**

MINISRTY	STRENGTH	BUDGETED COMPENSATION OF EMPLOYEES	GOG COMPENSATION OF EMPLOYEES	VARIANCE	% VARIANCE
OFFICE OF THE HEAD OF CIVIL SERVICE	383	680,349.06	877,104.88	(196,755.82)	(28.92)
PARLIAMENT OF GHANA	751	7,779,978.58	7,999,737.18	(219,758.60)	(2.82)
AUDIT SERVICE	1,801	10,525,643.32	10,754,467.24	(228,823.92)	(2.17)
MINISTRY OF FOREIGN AFFAIRS AND REGIONAL INTEGRATION	256	24,265,043.25	24,724,893.66	(459,850.41)	(1.90)
LOCAL GOVERNMENT SERVICES	2,074	6,236,620.90	7,185,814.78	(949,193.88)	(15.22)
MINISTRY OF PARLIAMENTARY AFFAIRS	1	3,293.16	3,349.50	(56.34)	(1.71)
MINISTRY FOR INNER CITY AND ZONGO DEVELOPMENT	8	945.93	22,103.53	(21,157.60)	(2,236.70)
MINISTRY FOR SPECIAL DEVELOPMENT INITIATIVES	5	945.93	36,690.20	(35,744.27)	(3,778.74)
MINISTRY OF LANDS AND NATURAL RESOURCES	5,454	10,099,276.45	10,196,396.55	(97,120.10)	(0.96)
MINISTRY OF TOURISM, CULTURE AND CREATIVE ARTS	1,428	2,542,522.58	2,593,920.32	(51,397.74)	(2.02)
MINISTRY OF ENVIRONMENT, SCIENCE, TECH. AND INNOVATION	4,465	14,686,439.99	14,705,404.80	(18,964.81)	(0.13)
MINISTRY OF WATER RESOURCES AND SANITATION	310	675,756.33	745,024.71	(69,268.38)	(10.25)
MINISTRY OF WORKS AND HOUSING	751	1,083,628.76	1,207,792.37	(124,163.61)	(11.46)
MINISTRY OF RAILWAYS DEVELOPMENT	40	82,236.94	98,905.45	(16,668.51)	(20.27)
MINISTRY OF TRANSPORT	139	250,532.68	281,369.11	(30,836.43)	(12.31)
MINISTRY OF EMPLOYMENT AND LABOUR RELATIONS	1,941	3,173,807.82	3,177,409.22	(3,601.40)	(0.11)
NATIONAL LABOUR COMMISSION	39	81,694.01	82,040.40	(346.39)	(0.42)
MINISTRY OF DEFENCE	26,508	70,286,235.23	73,885,514.50	(3,599,279.27)	(5.12)
COMMISSION ON HUMAN RIGHTS AND ADMINISTRATIVE JUSTICE	660	1,635,484.36	1,711,276.43	(75,792.07)	(4.63)

Ministry of Defence recorded an adverse variance of **GHS 3.60 million**, representing **4.63%** of its compensation allotment for September 2018. The unfavourable variance was largely because of the payment of salaries of 501 new employees of the Ghana Armed Forces.

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

**Table 4.1**

MINISTRY	STRENGTH	BUDGETED COMPENSATION OF EMPLOYEES	GOG COMPENSATION OF EMPLOYEES	VARIANCE	% VARIANCE
OFFICE OF GOVERNMENT MACHINERY	1,296	7,759,742.81	7,130,946.82	628,795.99	8.10
PUBLIC SERVICES COMMISSION	61	186,514.43	152,262.69	34,251.74	18.36
ELECTORAL COMMISSION	1,198	2,352,544.29	2,311,570.41	40,973.88	1.74
MINISTRY OF FINANCE	4,317	21,629,933.45	15,418,379.70	6,211,553.75	28.72
MINISTRY OF LOCAL GOVERNMENT AND RURAL DEVELOPMENT	1,583	2,977,840.73	2,655,276.68	322,564.05	10.83
METROPOLITAN, MUNICIPAL, DEPT & AGENCIES (MMDA)	25,658	42,000,000.00	41,252,719.97	747,280.03	1.78
NATIONAL MEDIA COMMISSION	11	657,041.31	22,866.20	634,175.11	96.52
NATIONAL DEVELOPMENT PLANNING COMMISSION	43	138,931.42	119,203.37	19,728.05	14.20
MINISTRY OF INFORMATION	2,383	5,195,806.26	5,128,756.43	67,049.83	1.29
MINISTRY OF AGRICULTURE	1,967	3,816,193.55	3,692,218.03	123,975.52	3.25
MINISTRY OF FISHERIES AND AQUACULTURE DEVELOPMENT	308	600,639.22	575,042.18	25,597.04	4.26
MINISTRY OF TRADE AND INDUSTRY	1,092	3,106,765.19	3,093,808.58	12,956.61	0.42
MINISTRY OF ENERGY	129	249,490.86	244,391.85	5,099.01	2.04
MINISTRY OF ROADS AND HIGHWAYS	1,826	3,532,924.14	3,453,075.74	79,848.40	2.26
MINISTRY OF COMMUNICATIONS	487	1,201,891.70	988,592.81	213,298.89	17.75
MINISTRY OF AVIATION	23	72,814.82	71,180.71	1,634.11	2.24
MINISTRY OF EDUCATION	435,488	804,188,491.10	787,983,784.93	16,204,706.17	2.02
MINISTRY OF YOUTH AND SPORTS	752	1,261,264.27	1,190,096.07	71,168.20	5.64
NATIONAL COMMISSION FOR CIVIC EDUCATION	1,375	2,977,051.45	2,883,645.92	93,405.53	3.14
MINISTRY OF CHIEFTAINCY AND RELIGIOUS AFFAIRS	577	960,521.87	923,701.64	36,820.23	3.83
MINISTRY OF HEALTH	109,424	228,497,264.32	227,072,540.53	1,424,723.79	0.62
MINISTRY OF GENDER, CHILDREN AND SOCIAL PROTECTION	1,076	2,036,311.17	1,890,017.17	146,294.00	7.18
MINISTRY OF JUSTICE AND ATTORNEY GENERAL'S DEPARTMENT	1,178	4,790,277.02	4,739,728.24	50,548.78	1.06
JUDICIAL SERVICE	4,940	13,944,072.83	13,668,866.89	275,205.94	1.97
MINISTRY OF INTERIOR	59,155	163,649,844.71	162,807,348.58	842,496.13	0.51
MINISTRY OF NATIONAL SECURITY	2,912	27,895,607.49	27,187,013.38	708,594.11	2.54

***Refer to the Appendix E of the Payroll Cost Information for September 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 1,641.88 million** in August 2018 to **GHS 1,674.91 million** in September 2018. This was because of;

- i. Payment of Ghana Education Service promotional arrears which were spillovers from previous years
- ii. Payment of accumulated arrears to the University of Cape Coast.

Wages and Salaries increased by **GHS 32.73 million**. Commitments on Social Contributions also increased by **GHS 0.30 million**.

### MINISTRY WITH INCREASE IN COST

Wages and Salaries cost for Ministry of Defence increased by **3.22%**, because of 501 new employees who received their salaries in September. The increase in compensation cost of Ministry of Education by **4.30%** is attributable to the payment of promotional arrears, mechanization of new employees at the Ghana Education Service and the payment of accumulated arrears to some Tertiary Institutions

**Table 5.0**

MINISTRY	COST FOR		INCREMENT % CHANGE	
	AUGUST	SEPTEMBER		
METROPOLITAN, MUNICIPAL, DEPT & AGENCIES (MMDA)	40.19	41.25	1.06	2.65
MINISTRY OF EDUCATION	755.52	787.98	32.47	4.30
MINISTRY OF DEFENCE	71.58	73.89	2.30	3.22

**MINISTRIES WITH DECREASE IN COST**

For September 2018, no Ministry recorded a significant decrease in Compensation cost. However, Audit Service, Office of Government Machinery, Electoral Commission among others recorded marginal decreases in compensation of employees for the month under review.

***Refer to the Appendix H of the Payroll Cost Information for September 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 September 2018. This has increased the total registered number to **625,684**.

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
<b>September-18</b>	<b>3,896</b>	<b>629,580</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 September 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
<b>TOTAL</b>	<b>537,086</b>	<b>5,616</b>	<b>969</b>	<b>1,541</b>	<b>528,960</b>

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
<b>TOTAL</b>	<b>38,651</b>	<b>19,026</b>	<b>1,541</b>

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

January to June 2018 payroll figures have been costed and transferred to General Ledger as at August 2018. The outstanding periods remaining are July, August and September 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 31<sup>st</sup> December 2018.

## **7.0 CONCLUSION**

Compensation of Employees in general increased from **GHS 1,641.88 million** in August 2018 to **GHS 1,674.91 million**, in September 2018.

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