



- The last of three instalment payment of salary arrears to Article 71 Officeholders under the previous Government was effected in April 2017. In total, all qualified Officeholders received 48 months' salary arrears.

**Budget overrun:**

The department continues to monitor the budget performance of the MDAs to ensure that they stay within their budget. However, some MDAs have registered some significant negative variance worth reporting during the month.

The following table shows MDAs which registered significant negative variances on compensation for the month of April, 2017.

**Wages and Salaries:**

<b>MDA</b>	<b>Budget overrun as at April 2017 (cedis million)</b>	<b>% Over run</b>
Ministry Of Education	87.14	4.00
Ministry Of Health	45.28	6.41
Office of Government Machinery	83.34	314.92
Local Government Services	59.26	38.51

**Page 5 of the report provides further details.**

**ESPV**

The monthly ESPV validation exercise is being carried out to delete separated and illegitimate staff off the payroll as we work towards ensuring a credible payroll system. The process saw a total of 760 employees terminated across the regions during the month of April 2017.

### Staff Movement

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

- Mechanized 494,636
- Sub-vented 76,600

There was a net decrease in strength of 15,382 compared to March of 510,021.

Ministry of Health and Education registered significant staff movement in April 2017. For Ministry of Health, there were 223 additions and 6,961 deletions resulting in a net reduction of 6,738 staff while Education had an addition of 7503 staff and a deletions of 11,106 also resulting in a net deduction of 3603 staff.

**A detail of movement of staff strength is provided in the transactional report on Table 2.0 of Page 6.**

### Salary Arrears/Outstanding Payments.

In the month of April 2017, a total of GHC 113.70 million was paid as arrears/outstanding payments to workers of which pension arrears is **GHC 23.77 million** and Mechanized payroll arrears/outstanding payments is **GHC 89.94 million**.

The categories of Arrears/Outstanding payment for the month of April 2017 are in respect of the following:

- Payment of 16 months arrears to Article 71 Office holders including ex-president and vice, Ministers, Deputy Ministers and DCEs amounting to 49.55 million
- Payment of GES arrears as a result of new entrants and promotions amounting to Ghs 21.93 million

- Payment of annual increment arrears for six months (Jan to June 2015) amounting to 10.86 million.

### **Pension Arrears**

The Pension arrears of **GHC 23.77** million was as a result of change of grade, salary increment and late mechanization of pensioners.

**Appendix A provides details of the monthly payroll cost profile as at April, 2017.**

## 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 may require in writing. The purpose of this report is to give a summary of payroll activities for the month of April 2017 as per Section 43 (4) of the Public Financial Management Act 2016. This report looks at total compensation of employees, staff strength and payroll initiatives for the month of April 2017.

## 2.0 SUMMARY OF PAYROLL COST FOR APRIL, 2017

Description	Cumulative Actual to March 2016	Actual cost April 2017	Cumulative Actual to April 2017	Cumulative Budget to April 2017	Variance
	GHC million	GHC million	GHC million	GHC million	GHC million
<b>Mechanized Payroll</b>	2,487.57	<b>813.71</b>	<b>3,301.28</b>		
<b>Non Mechanized Payroll (including Subventions)</b>	817.31	255.87	<b>1,073.18</b>		
Total Wages and Salaries	<b>3,304.88</b>	<b>1,069.58</b>	<b>4,374.46</b>	<b>4,682.48</b>	<b>(308.02)</b>
<b>Outstanding /Arrears Payment: (Mechanized)</b>	149.97	89.94	<b>239.91</b>		
<b>Outstanding /Arrears Payment: (Subventions)</b>					
<b>Outstanding /Arrears Payment: (Pensions)</b>	5.17	<b>23.77</b>	<b>28.94</b>		
Total Outstanding/ Arrears Payment	155.15	113.71	<b>268.86</b>		<b>(268.86)</b>
Pensions and Gratuity	215.68	<b>97.67</b>	<b>313.35</b>	<b>343.64</b>	<b>30.29</b>
SSF Employer	257.14	<b>88.56</b>	<b>345.70</b>	<b>309.08</b>	<b>36.62</b>
<b>TOTAL COST</b>	<b>3,932.85</b>	<b>1,369.51</b>	<b>5,302.36</b>	<b>5,335.20</b>	<b>32.84</b>

The total cost of Compensation as at April 2017 is **GHC 5,302.36 million** as against a program of **GHC 5,335.20 million** given a favorable variance of **GHC 32.84 million**. The component of the cost of wages and salaries (excluding arrears and SSF employer) is **GHC 4,374.46 million** as against a

projection of **GHC 4,682.48 million**, showing an adverse variance of **GHC (308.02) million** representing **6.58%** whilst wages and salary cost including mechanized arrears is **GHC 4,614.37 million** as against cumulative budget of **GHC 4,682.48million**, showing adverse variance of **GHC (68.11) million** representing **1.45%** of budget.

### 3.0 STAFF STRENGTH

The total staff strength for the month of April 2017 was 571236 as against 647,180 in March 2017. The breakdown is indicated below;

**Table**

	March 2017	April 2017
Mechanized	510,021	494,636
Non mechanized	137,159	76,600
<b>Total</b>	<b>647,180</b>	<b>571,236</b>

#### 3.1 Mechanized Staff Strength

Staff Strength on the mechanized payroll registered a net decrease of 15,385 (from 510,021 in March 2017 to 494,636 in April 2017). This is mainly due to the suspension of staff without biometric SSNIT numbers.

Most of the MDAs recorded decreases in strength for which MOH and MOE recorded the most significant of 6,961 and 11,106 respectively. However, with the net decrease in strength, cost increased by 22.44 million emanating from the increase in Mechanized arrears.

#### 3.2 Non Mechanized Staff Strength

There was a decrease in staff strength of the non-mechanized Payroll by 59,559 employees. The reason was mainly due to the fact that the following MDAs did not submit their request for the month under consideration.

- University of Cape Coast
- National Service personnel's
- University of Health and Allied

The table below shows the highlight of transaction report on the mechanized payroll for selected MDAs for April, 2017.

### 3.3 Transaction Report on Mechanized Payroll for Selected MDAs for April, 2017

**Table 2.0**

MDA	Reactivation/Addition	Deletions / Termination
Ministry of Education	7,503	11,106
Ministry Of Health	223	6,961
Ministry of Interior	901	43
Local Government Services	24	1,273

The institutions in the table above registered substantial movement in staff strength by way of New Entrants, Additions/Reactivations and Terminations.

The following institutions recorded termination of staff as a result of routine separation and ESPV discontinuations.

**Table 3.0**

MDA	ESPV DELETIONS	ROUTINE SEPARATION OF STAFF
Ministry of Education	383	10,723
Ministry of Health	188	6,773
Ministry of Interior	37	864
Ministry of Lands	18	312
Local Government Services	43	1,230
Others	91	2,189
<b>TOTAL</b>	<b>760</b>	<b>22,097</b>

**4.0 OVERALL BUDGET PERFORMANCE:**

The total cost of compensation including employer's social security payment on accrual basis for April 2017 was GHC **5,299.64 million** against a budget of **GHC 5,335.20 million giving an adverse variance of GHC 35.56 or 0.67%.**

The following MDAs have registered significant negative cost variances for the period under review.

**Table: 4.0**

	<b>Budget Overrun (cedi million)</b>	<b>% VARIANCE</b>
Ministry Of Education	87.14	4.00
Ministry Of Health	45.28	6.41
Office of Government Machinery	83.34	314.92
Ministry Of Water Resources Works & Housing	2.49	60.55
Ministry of Local Government and Rural Development	4.27	71.20
Local Government Services (LGS)	59.26	38.51

MOE registered an adverse variance of GHC 87.14 million representing 4.00% of the budget. MOH also registered an adverse variance of GHC 44.09 million representing 8.33% of their budget. The consistent overrun by GES and GHS is partly due to the concession to allow them to make new recruitments and payment of salary arrears to employees. MOH and MOE have received substantial amount of payments as a result of salary arrears validated by GAS.

Office of Government Machinery overrun their budget by Ghs 83.34 million representing 314.92%. This huge overrun is explained by the payment of 48 months arrears paid to the Article 71 Office holders and District Chief Executives as well as a revision in their salary levels.

The over run as at April 2017 for LGS is Ghs 59.26 million representing 38.51% of the budget. This is as a result of an increase in staff strength of

493 with associated basic salary of Ghs 8.68 million and arrears of Ghs **33.57** million.

**Appendix B presents details of variances on the cost of compensation of MDAs as at April, 2017.**

## 5.0 PAYROLL INITIATIVES

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

Thirteen Thousand, Five Hundred and Thirty One (13,531) employees on Government of Ghana (GoG) payroll were registered on the E-Payslip system in April 2017 and are accessing their pay-slips online. This brought the number registered so far to Five Hundred and Sixty One Thousand Seven Hundred and Twenty One (561,721).

This number included 67,085 separated staff whose details are still on the E-Payslip System and staff who had registered previously but had to be reregistered because they could not remember their credentials.

The table below shows the statistics of staff registered on the E-Pay-slip platform from inception till date.

**Table 5.0**

<b>MONTHS</b>	<b>TOTAL REGISTERED</b>	<b>CUMMULATIVE</b>
2013/14		384,699
2015	106,284	490,983
2016	49,135	540,118
Jan 17	2,063	542,181
Feb 17	3,758	545,937
Mar 17	2,253	548,190
April 17	13,531	561,721

## 5.2 E-SPV Validation

The Electronic Salary Payment Voucher (ESPV) system validation for the month of April 2017 was carried out in all the Regions. Validation started at about 9am pm on Tuesday 25th and ended on Thursday 27th April 2017.

The Table Below shows results of Validation for the Month of April 2017.

Region	Staff Strength Before Validation	Discontinued	Un-validated	Unverified	Expected Staff Strength After Validation
	A	B	C	D	E= A-(B+C+D)
<b>Greater Accra</b>	76,768	150	3,137	585	72,896
<b>Eastern</b>	62,061	81	2,577	604	58,799
<b>Central</b>	53,483	53	1,863	572	50,995
<b>Western</b>	43,133	93	2,010	458	40,572
<b>Volta</b>	50,594	49	1,105	675	48,765
<b>Ashanti</b>	98,796	135	2,247	867	95,547
<b>Brong-Ahafo</b>	57,840	68	2,715	660	54,397
<b>Northern</b>	48,928	74	876	583	47,395
<b>Upper East</b>	26,934	37	1,140	335	25,422
<b>Upper west</b>	19,727	20	330	205	19,172
<b>Total</b>	<b>538,264</b>	<b>760</b>	<b>18,000</b>	<b>5,544</b>	<b>513,960</b>

Total of 760 employees who were marked "Discontinued" across the regions were terminated from the system and thus not paid. However, all un-validated and unverified staff were not suspended in the month of April 2017 pending on issues yet to be resolved before any necessary actions can be made.

The ESPV secretariat continued the movement of staff classified as "Missing staff" to their respective management units. Several unsuccessful attempts have been made since the introduction of the ESPV to move the affected staff to their Current management units on the payroll system. Details of the work done are found on a separate report on the movement of missing staff. Staff

classified as unverified in the month of April 2017 were not suspended in all the Regions.

REGION	MISSING	LOST & FOUND	UNVERIFIED (GHOST)
<b>Ashanti</b>	12,537	4,030	867
<b>Brong-Ahafo</b>	6,406	1,993	660
<b>Central</b>	10,075	3,972	572
<b>Eastern</b>	11,239	3,848	604
<b>Greater Accra</b>	4,943	623	585
<b>Northern</b>	8,646	3,390	583
<b>Upper East</b>	4,082	1,572	335
<b>Upper West</b>	2,853	1,346	205
<b>Volta</b>	10,066	3,993	675
<b>Western</b>	7,250	2,884	458
<b>TOTAL</b>	78,097	27,651	5,544

**5.3 Migration of sub-vented organizations unto the mechanized payroll**

CAGD is continuing the process of migrating some selected organizations onto the mechanized payroll with a view of exercising budgetary controls. No institution was migrated during the month under review. In view of the challenges posed by the irregular manner in which many subvented organization apply for funds to pay compensation, a meaningful review of the structure of total cost of compensation can only be achieved by categorizing into the data separately based on mechanized and sub-vented as presented in this report.

**5.3.1 Public Universities**

The process of interfacing the Public Universities payroll with GIFMIS financials has begun. ProVision is contracted to perform Interface of Subvented Agencies Payroll with GIFMIS Financials. Contract started in March 2017 and expected to end by October 2017. The ProVision contract is to ensure that the payroll of 8 Public Universities and the Police are interfaced with GIFMIS Financials.

#### **5.4 Payroll and Personnel Verification Audit**

The Payroll & Personnel verification contract was awarded to Ernst & Young in November 2016 to start payroll verification in 3 Regions (Ashanti, Upper West and Northern Regions). The verification audit started on 8th December 2016. The objective of the audit is to fix and resolve all technical and functional issues that were recommended in the previous audit assignments. Activities of the payroll verification included:

- Conduct head counts, Assess extent of financial loss due to delay in taking off separated staff,
- Confirm adequacy of staff records
- Validation of management units, personnel alignment ESPV validators credential.

The audit was completed in March 2017. Ernst & Young is yet to submit the final audit report.

#### **5.5 Payroll Cleaning Plan & Implementation**

The payroll cleaning contract was awarded to KPMG in November 2016. KPMG is contracted to perform the following deliverables:

1. Migration of IPPD3 onto IPPD2 System
2. Training additional staff for IPPD2 Functional Team.
3. Continuous Data entry,
4. ESPV interface onto IPPD2
5. Responsibility Matrix and Password Reset.

KPMG is expected to complete their deliverables by the end of March 2017 but requested for an extension to collaborate with external consultants. The extension ends on June 16, 2017.

#### **6.0 CONCLUSION**

The Payroll calendar was duly followed for the month under review. However, there were system challenges that affected validation and running of the payroll. Salaries were sent as scheduled despite the challenges.