

**HIGHLIGHTS OF PAYROLL REPORT****Overview**

The processing of payroll for the month of February 2017 was successful and the deadline for salary payments for the month was also met. The department has also considered all other directives received during the period in processing salaries for the month of February 2017.

**Major Activities**

The month of February 2017 registered the following significant activities on the payroll.

- Capturing of transactions unto the Payroll System such as New Entrants, Reactivations, Suspensions and deletions.
- Suspension of salaries of employees with the same Social Security and National Insurance Trust (SSNIT) Account Numbers and are sixty years and above on the payroll.
- Seven months (May 2015 - Dec 2015) annual increment arrears paid to employees on public services commission.
- The integration of the GIFMIS Financials and the Payroll System was completed in February 2017.
- Payment of sixteen (16) months arrears paid to Ex-president and Vice, Ministers and Presidential staffers as a result of Buandoh Report Recommendations.
- Five Thousand and Eight (5008) GES approved arrears -was run for the month of February 2017

**Budget overrun:**

The department continues to monitor the budget performance of the MDAs to ensure that they stay within their budget expenditure. 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 February, 2017.

**Wages and Salaries:**

MDA	Budget overrun for the month (cedis million)	% Overrun
Ministry Of Education	45.91	4.21
Ministry Of Health	29.61	8.39
Office of Govt Machinery	35.57	268.83

**Page 4 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 work is being done towards ensuring a credible payroll system. The process saw a total of 522 employees terminated across the regions during the month of February 2017

**Staff Movement**

The total strength paid in the month of 507, 028. This gives a reduction of strength of 24.

Ministry of Health and Education registered significant staff movement in February 2017. For Ministry of Health, there were 544 additions and 497 deletions resulting in a net addition of 47 staff while Education had an addition of 1,025 staff and a deletion of 810 also resulting in a net decrease of 215 staff.

**A detail of movement of staff strength is provided in the transactional report on Table 2.0 of Page 5.**

**Salary Arrears/Outstanding Payments.**

In the month of February 2017, a total of GHC 55.47 million was paid as arrears/outstanding payments to workers of which pension arrears is **GHC 1.26 million** and Mechanized payroll arrears/outstanding payments is **GHC 54.20 million**.

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

- 6 months annual increment paid to institutions on the Single Spine Salary structure amounting to GHC 14.34 million
- Payment of 16 months arrears of GHC 28.10 million paid to Ministers, Deputy Ministers, ex-president and vice as a result of Buandoh report
- Payment of teachers Retention Premium arrears amounting to 1.21 million
- Payment of market premium arrears totaling GHC3.91million to MOH medical officers.
- Payment of GES arrears as a result of new entrants and promotions amounting to GHC13.83million
- Payment of trainee allowance arrears amounting to GHC1.19 million
- Payment of salary arrears to MOH and other MDAs employees due to promotions, upgrading and reactivations totaling GHC 1.0million.

**Pension Arrears**

The Pension arrears of **GHC 1.26** 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 February, 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 February 2017 as per Section 43 (4) of the Public Financial Management Act 2016. This report looks at total compensation of

employees, staff strength and updates on payroll initiatives for the month of February 2017.

**2.0 SUMMARY OF PAYROLL COST FOR FEBRUARY, 2017**

Description	Actual cost for Jan 2017	Actual cost for Feb 2017	Cumulative Actual to Feb 2017	Cumulative Budget to Feb 2017	Variance fav/(unfav)
	GHC million			GHC million	GHC million
Mechanized Payroll	827.65	<b>823.77</b>	<b>1,651.42</b>		
Non Mechanized Payroll (including Subventions)	226.79	314.57	541.36		
<b>Total Wages and Salaries</b>	<b>1,054.44</b>	<b>1,138.34</b>	<b>2,192.78</b>	<b>2,341.24</b>	<b>148.46</b>
Outstanding /Arrears Payment: (Mechanized)	50.14	54.20	104.34		
Outstanding /Arrears (Subventions)					
Outstanding /Arrears Payment: (Pensions)	<b>0.63</b>	<b>1.26</b>	<b>1.89</b>		
<b>Total Outstanding/ Arrears Payment</b>	<b>50.77</b>	55.47	106.24		<b>(106.24)</b>
<b>Pensions and Gratuity</b>	<b>62.42</b>	<b>66.80</b>	<b>129.22</b>	<b>171.82</b>	<b>42.60</b>
<b>SSF Employer</b>	<b>84.17</b>	<b>85.47</b>	<b>169.64</b>	<b>154.54</b>	<b>(15.10)</b>
<b>TOTAL COST</b>	<b>1,251.81</b>	<b>1,346.078</b>	<b>2,597.88</b>	<b>2667.60</b>	<b>86.71</b>

Total cost of Compensation as at February 2017 is **GHC 2,597.88 million**, as against a program of **GHC2,667.60** given a favorable variance of **GHC 69.72 million**. The component of the cost of wages and salaries (excluding arrears and SSF employer) is **GHC 2,192.78 million** as against a projection of **GHC 2,341.24 million**, showing a favorable variance of **GHC148.46 million** representing **6.34%** whilst wages and salary cost including mechanized arrears is **GHC 2,297.12 million** as against cumulative budget of

GHC **2,341.24 million**, showing positive variance of **GHC 44.12 million** representing **1.9%**.

### 3.0 STAFF STRENGTH

The total staff strength for the month of February 2017 645,778 as against 577,653 in January 2017. The breakdown is indicated below;

**Table**

	<b>Jan-17</b>	<b>Feb-17</b>
Mechanized	507,052	507,028
Non mechanized	70,601	138,750
<b>Total</b>	<b>577,653</b>	<b>645,778</b>

#### 3.1 Mechanized Staff Strength

Staff Strength on the mechanized payroll registered a net decrease of 24 (from 507,052 in January 2017 to 507,028 in February 2017). There was a deletion of 622 staff who were discontinued as a result of ESPV validation.

MOH and MOE recorded net increases of 47 and 215 respectively. Most MDAs had decreases with some few ones recording marginal increases in strength as a result of routine movement in staff strength due to reactivations, deletions and suspensions.

#### 3.2 Non Mechanized Staff Strength

There was an increase in staff strength of the non-mechanized Payroll by 68,149 employees. The reason was mainly due to the fact that some institutions which delayed in submitting their payroll request in January and thus were not paid were paid in February. These institutions were as follows:

- National Service Personnel
- University of Development studies
- University of Health and Allied Sciences
- University of Ghana
- University of Mines and Technology
- University of Energy and National Resource
- WAEC National

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

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

**Table 2.0**

MDA	Reactivation/ Addition	Deletions / Termination
Ministry of Education	1,025	810
Ministry Of Health	544	497

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	312	1025
Ministry of Health	107	497
Ministry of Interior	31	61
Ministry of Finance	1	160
Ministry of Environment, Science & Technology	4	25
Ministry of Lands & Natural Resources	8	47
Others	59	589
<b>TOTAL</b>	<b>522</b>	<b>2,404</b>

**4.0 POLICY ON RECRUITMENT**

The Policy of Net Recruitment except for GES and GHS is being monitored with strict enforcement of Financial Clearance for New Entrants. The policy directive that staff strength be kept at December 2014 level except for GES and GHS with a net increase not exceeding the agreed ceiling is being monitored in collaboration with the Compensation Unit of MOF.

**5.0 OVERALL BUDGET PERFORMANCE:**

The total cost of compensation including employer's social security payment on accrual basis for February 2017 was GHC **2,580.89 million** against a budget of **GHC 2,667.60 million giving a favorable variance of 86.71 or 3.25%.**

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	(45.91)	(4.21)
Ministry Of Health	(29.61)	(8.39)
Office of Government Machinery	(35.57)	(268.83)

MOE registered an adverse variance of GHC 45.91 million representing 4.21% of the budget for February, 2017. MOH also registered an adverse variance of GHC 29.26 million representing 8.39% of their budget for February, 2017.

OGM also made an overrun of 35.57 million representing 263.83% of the budget also for February 2017 as a result of the payment of salary arrears to some members of Article 71 payroll. 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.

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

## 6.0 10% DEDUCTION OF SALARY OF POLITICAL APPOINTEES

This policy was expected to end January 2017, however, with the payment of salary arrears to the erstwhile government officials, this deduction will continue till hopefully April when the last installment will be made.

The deduction in respect of the above for the month of February 2017 was GHC 641,760.83 bringing the cumulative deduction as at February to GHC 3,164,382.60.

## 7.0 PAYROLL INITIATIVES

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

Three thousand seven hundred and fifty eight (**3,758**) employees on Government of Ghana (GoG) payroll were registered on the E-Payslip system in February 2017 and are currently assessing their pay-slips online. This increase the number registered so far to five hundred and forty five thousand, nine hundred and thirty seven (**545,937**). It includes 38,909 separated staff whose details are still on the E-Payslip System and staff who have registered previously but still have to be reregistered because they could not remember their credentials in order to access the system.

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

**Table 5.0**

MONTHS	TOTAL REGISTERED	CUMMULATIVE
2013/14		384,699
2015	106,284	490,983
2016	49,135	540,118
17-Jan	2,063	542,181
17-Feb	3,758	<b>545,937</b>

### 7.2 E-SPV Validation

The Electronic Salary Payment Voucher (ESPV) system validation for the month of February 2017 was carried out in all the Regions. Statistics and financial for



unvalidated staff differed in the ministerial and regional reports hence this was not provided.

However, a total of 522 employees who were marked "Discontinued" across the regions were terminated from the system and thus not paid. However, all unvalidated and unverified staff were not suspended in the month of February 2017 due to the migration of GES payroll from IPPD3 to IPPD2 which needed further time to resolve some technical and functional issues.

### **7.3 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.

#### **7.3.1 Public Universities**

The process of interfacing the Public Universities payroll with GIFMIS financials has begun. CAGD has begun the process of selecting a Consultant to lead the interface process. Currently the proposal and the estimated budget has been sent to the World Bank for a 'NO Objection' under the PFMR project.

### **7.4 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.

Currently audit assignment is on-going.

### **7.5 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.

### **8.0 CONCLUSION**

The month of February saw an insignificant increase of staff strength but quite significant increase in cost due to the payment of arrears to some holders of article 71 (Prof. Edu-Buandoh Report Recommendations) and annual incremental arrears to all public service institutions on the single spine salary.