

**HIGHLIGHTS OF PAYROLL REPORT**

**Overview**

The processing of payroll for the month of January 2017 was successful and the deadline for salary payments for the month was also met. The Department is consistently following the policy directive of staff strength being kept at December 2014 level except for GES and GHS and has also considered all other directives received during the period in processing salaries for the month of January 2017.

**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 January, 2017.

**Wages and Salaries:**

MDA	Budget overrun for the month (cedis million)	% Over run
Ministry Of Health	15.61	8.85
Office of Govt Machinery	9.45	142.76

**Page 6 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 983 employees terminated across the regions during the month of January 2016

**Staff Movement**

Ministry of Health and Education registered significant staff movement in December 2016. For Ministry of Health, there were 853 additions and 584 deletions resulting in a net addition of 269 staff while Education had an addition of 478 staff and a deletion of 1,039 also resulting in a net decrease of 561 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 January 2017, a total of GHC 50.77 million was paid as arrears/outstanding payments to workers of which pension arrears is **GHC 0.63million** and Mechanized payroll arrears/outstanding payments is **GHC 50.14 million**.

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

- Salary arrears as a result of 12.5% amounting to 17.27.
- Payment of teachers Retention Premium arrears amounting to 3.76 million
- Payment of market premium arrears totaling GHC2.81million to MOH medical officers.
- Payment of GES validated arrears amounted to GHC 21.07 million.
- Payment of trainee allowance arrears amounting to 1.47million
- Payment of salary arrears to MOH and other MDAs employees due to promotions, upgrading and reactivations totaling GHC 2.75 million.

**Pension Arrears**

The Pension arrears of **GHC 0.63** 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 for January 2017.**

**1.0 INTRODUCTION:**

Section 43, sub-section 4 of the Public Financial Management Act 2016, ACT 921 authorizes 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 January 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 January 2017.

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

Description	Actual cost for Jan 2017	Budget for Jan. 2017	Variance fav/(unfav)
	GHC million	GHC million	GHC million
Mechanized Payroll	827.65		
Non Mechanized Payroll (including Subventions)	226.79		
<b>Total Wages and Salaries</b>	<b>1,054.44</b>	<b>1,170.62</b>	<b>116.18</b>
Outstanding /Arrears Payment: (Mechanized)	50.14		
Outstanding /Arrears Payment: (Subventions)	0.00		
Outstanding /Arrears Payment: (Pensions)	0.63		
<b>Total Outstanding/ Arrears Payment</b>	<b>50.77</b>		<b>(50.77)</b>
<b>Pensions and Gratuity</b>	<b>62.42</b>	<b>85.91</b>	<b>23.49</b>
<b>SSF Employer</b>	<b>84.17</b>	<b>77.27</b>	<b>(6.90)</b>
<b>TOTAL COST</b>	<b>1,251.81</b>	<b>1,333.80</b>	<b>81.99</b>

Total cost of Compensation as at January, 2017 is **GHC 1,251.81 million**, as against a program of **GHC 1,333.80** given a favorable variance of **GHC 81.99 million**. The component of the cost of wages and salaries (excluding arrears and SSF employer) is **GHC 1,054.44 million** as against a projection of **GHC 1,170.62 million**, showing an favorable variance of **GHC 116.18million** representing **8.79%** whilst wages and salary cost including mechanized arrears is **GHC 1,104.58million** as against cumulative budget of **GHC 1,170.62million**, showing positive variance of **GHC 66.04million** representing **4.41%**.

### 3.0 STAFF STRENGTH

The total staff strength for the month of January 2017 is 577,653 as against 645,695 in December, 2016. The breakdown is indicated below;

**Table**

	<b>Dec-16</b>	<b>Jan-17</b>
Mechanized	507,343	507,052
Non mechanized	138,352	70,601
<b>Total</b>	<b>645,695</b>	<b>577,653</b>

#### 3.1 Mechanized Staff Strength

Staff Strength on the mechanized payroll registered a net decrease of 291 (from 507,343 in December 2016 to 507,052 in January 2017). The main reason for the decrease was the suspension of employees with double salaries in December 2016 and employees with same SSNIT numbers. Employees were also not paid due to ESPV Validation.

MOH recorded net increase of 269 whilst MOE recorded a net decrease of 561. The rest of MDAs had marginal decreases and 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 67,751 employees. The reason was mainly due to the fact that some institutions

delayed in submission of their payroll request and therefore were not paid in January 2017 but paid in December.

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 January, 2017.

### 3.3 Transaction Report On Mechanized Payroll For Selected Mdas For January, 2017

**Table 2.0**

MDA	Reactivation/ Addition	Deletions / Termination
Ministry of Education	351	912
Ministry Of Health	594	325
Ministry Of Interior	26	89

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	497	463
Ministry of Health	223	127
Ministry of Interior	14	75
Ministry of Finance	7	13
Ministry of Environment, Science & Technology	8	23
Ministry of Lands & Natural Resources	17	16
Others	181	617
<b>TOTAL</b>	<b>983</b>	<b>1,334</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 January 2017 was GHC **1,251.81 million** against a budget of **GHC 1,333.80 million giving a favorable variance of 81.99 or 6.15%**

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

**Table: 4.0**

	Budget Overrun (cedi million)	% VARIANCE
Ministry Of Health	(15.61)	8.85
Local Government Service	(1.72)	(4.46)
Ministry of Local Government and Rural Development	(1.47)	(98.00)

MOH also registered an adverse variance of GHC 29.32 million representing 18.16% of their budget for January, 2017. The consistent overrun by GHS is partly due to the concession to allow them to make new recruitments and payment of salary arrears to employees. MOH have received substantial amount of payments as a result of salary arrears validated by GAS.

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

## 6.0 10% DEDUCTION OF SALARY OF POLITICAL APPOINTEES

The deduction in respect of the above for the month of January 2017 was GHC 17,098.77 bringing the cumulative deduction to date to GHC 2,522,621.77

## 7.0 PAYROLL INITIATIVES

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

Two thousand and sixty three (**2,063**) employees on Government of Ghana (GoG) payroll were registered on the E-Payslip system in January 2017 and are accessing their pay-slips online. This brought the number registered so far to Five Hundred and forty two Thousand, one hundred and eighty one (**542,181**). This number included 35,129 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**

MONTHS	TOTAL REGISTERED	CUMMULATIVE
2013/2014		384,699
2015	106,284	490,983
2016	49,135	540,118
Jan-17	2,063	<b>542,181</b>

**7.2 E-SPV Validation**

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

The validation Statistics from the ten regions for January 2017 is shown below:

**Table 6.0**

Region	Staff Strength Before Validation	Discontinued	Un-validated	Unverified	Staff Strength After Validation
	A	B	C	D	E= A-(B+C+D)
<b>Greater Accra</b>	76,432	239	1,304	594	74,295
<b>Eastern</b>	57,019	89	2,156	702	54,072
<b>Central</b>	49,177	134	1,040	557	47,446
<b>Western</b>	39,800	50	1,141	482	38,127
<b>Volta</b>	44,516	62	1,527	694	42,233
<b>Ashanti</b>	93,084	136	1,814	897	90,237
<b>Brong-Ahafo</b>	53,650	76	1,896	590	51,088
<b>Northern</b>	44,112	116	700	505	42,791
<b>Upper East</b>	24,080	52	927	369	22,732
<b>Upper west</b>	16,844	29	197	188	16,430
<b>Total</b>	<b>498,714</b>	<b>983</b>	<b>12,702</b>	<b>5,578</b>	<b>479,451</b>

Total of 983 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 January 2017 due to the migration of GES payroll from IPPD3 to IPPD2 which needed further time to resolve some technical and functional issues. The difference in staff strength between the Mechanized and ESPV totaling 27,601 was as a result of employees who were paid under suspense management unit but yet to be posted to their correct management units.



### **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.

#### **7.3.2 Migration of GRA**

The interface of Ghana Revenue Authority payroll with the GIFMIS financials has been completed in January 2017.

### **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 January 2017 registered a reduction in staff strength and total compensation of employees compared to December 2016. This was largely attributable to the removal of names previous government employees from the payroll.