

## **Executive Summary**

### **Overview**

Payment of Salaries went on as scheduled. Payroll time table was followed as planned. There was routine capturing of transactions unto the Payroll System such as New Entrants, Reactivations and Deletions.

The total compensation for the month of June 2017 on accrual basis was GHS 1,433.49 million, comprising

- Mechanized GHS 939.86 million
- Non Mechanized GHS 312.88 million
- Social Contribution GHS 180.75 million

### **Major Activities**

The month of June 2017 registered the following significant activities which had an impact on the payroll.

- The final payment of 16 months arrears for presidential staffers of the previous regime based on Prof Dora Franciska Edu-Buandoh report.
- Mechanisation of new Council of State members
- Placing of Fair Wages and Salary Commission on the 2017 salary structure and the payment of April and May 2017 arrears

### **Budget overrun:**

The Department continues to monitor the budget performance of 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 who registered significant negative variances on compensation for the month of June, 2017.

**Wages and Salaries:**

<b>MDA</b>	<b>Budget overrun as at May 2017 (cedis million)</b>	<b>% Over run</b>
Ministry Of Education	339.67	10.39
Ministry Of Health	88.76	8.39
Office of Government Machinery	137.34	345.97
Ministry of Local Govt & Rural D	6.40	71.09
Local Government Services	81.87	35.47
Ministry of Water Res, Works & Housing	3.75	60.69

**Page 7 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 exercise saw the discontinuation or termination of 668 employees from the payroll with an associated salary of about GHS 1.17 million.

**STAFF MOVEMENT**

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

- Mechanized 514,951
- Subvented 137,919

There was a net increase in strength of 3,714 compared to May of 511,237.

Ministry of Health and Education registered significant staff movement in June 2017. For Ministry of Health, there were 1,688 additions and

619 deletions resulting in a net increase of 1,069 staff while Education had an addition of 3,436 staff and a deletion of 1,016 also resulting in a net increase of 3,436 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 June 2017, a total of GHC **86.86** million was paid as arrears/outstanding payments to workers of which pension arrears is **GHC 3.24 million** and Mechanized payroll arrears/outstanding payments is **GHC 83.62**.

**Pension Arrears**

The Pension arrears of **GHC 3.24** 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 June, 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 June 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 June 2017.

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

Description	Cumulative Actual to May 2017	Actual cost June 2017	Cumulative Actual to June 2017	Cumulative Budget	Variance fav/(unfav)
	GHC million	GHC million	GHC million	GHC million	GHC million
<b>Mechanized Payroll</b>	4,142.77	856.24	4,999.01		
<b>Non Mechanized Payroll (including Subventions)</b>	1,417.37	317.42	1,734.79		
<b>Total Wages and Salaries</b>	5,560.14	1,173.64	6,733.78	7,023.71	289.93
<b>Outstanding /Arrears Payment: (Mechanized)</b>	364.04	83.62	447.66		
<b>Outstanding /Arrears Payment: (Subventions)</b>					
<b>Outstanding /Arrears Payment: (Pensions)</b>	41.7	3.24	44.94		
<b>Total Outstanding/ Arrears Payment</b>	405.74	86.86	492.60		
<b>Pensions and Gratuity</b>	410.53	82.93	493.46	463.61	295.82
<b>SSF Employer</b>	441.22	94.58	535.80	515.43	
<b>TOTAL COST</b>	<b>6,817.62</b>	<b>1,438.03</b>	<b>8,255.66</b>	<b>8,002.76</b>	<b>(252.9)</b>

Total cost of Compensation as at June 2017 is **GHC 8,255.66 million**, as against a program of **GHC 8,002.76 million** given an over run of **GHC 252.9 million**. The component of the cost of wages and salaries (excluding arrears, pensions & gratuity, and SSF employer) is **GHC 6,733.78 million** as against a projection of **GHC 7,023.71 million**, showing a favorable variance of **GHC 289.93 million** representing **4.31 %** whilst wages and salary cost including mechanized arrears is **GHC 7,181.44 million** as against cumulative budget of **GHC 7,023.71 million**, showing adverse variance of **GHC 157.73 million** representing **2.25 %** of cumulative budget.

### 3.0 STAFF STRENGTH

The total staff strength for the month of June 2017 was 514,951 as against 511,237 in May 2017. The breakdown is indicated below;

**Table**

ITEM	JANUARY	FEBRUARY	MARCH	APRIL	MAY (A)	JUNE (B)	DIFF (B-A)
<b>Mechanised</b>	507,052	507,028	510,021	494,636	511,237	514,951	3,714
<b>Non Mechanised</b>	70,601	138,750	137,159	77,600	138,867	137,919	(948)
<b>TOTAL</b>	<b>577,653</b>	<b>645,778</b>	<b>647,180</b>	<b>572,236</b>	<b>650,104</b>	<b>652,870</b>	<b>2,766</b>

#### 3.1 Mechanized Staff Strength

Staff Strength on the mechanized payroll registered a net increase of 3,714 (from 511,237 in May 2017 to 514,951 in June 2017). There was total additions of 6,712 and deletion of 2,998 for the month of June. Reactivations for June stood at 1,131.

The MDAs which recorded significant increases in strength included MOH which recorded net increment of 1,069 of which there were additions of 1,688 and deletions of 619 and MOE with net increase of 2,420 with 3,436 accounting for additions and 1,016 as deletions.

### 3.2 Non Mechanized Staff Strength

There was a decrease in non-mechanized staff strength by 948 compared to May. This is mainly due to the fact that University of Mines & Technology, and the University of Health and Allied Sciences were not paid their subvention for the month of June.

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

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

**Table 2.0**

<b>MDA</b>	<b>Reactivation / Addition</b>	<b>Deletions / Termination</b>
<b>Ministry of Education</b>	3,436	1,016
<b>Ministry Of Health</b>	1,688	619
<b>Ministry of Interior</b>	260	73

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

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

<b>MDA</b>	<b>ESPV DELETIONS</b>	<b>ROUTINE SEPARATION OF STAFF</b>
Ministry of Education	388	628
Ministry of Health	116	503
Others	180	1,183
<b>TOTAL</b>	<b>684</b>	<b>2,314</b>

**4.0 OVERALL BUDGET PERFORMANCE:**

The total cost of compensation including employer's social security payment on accrual basis for June 2017 was **GHC 8,242.77 million** against a budget of **GHC 8,002.76 million** giving an unfavorable variance of **GHC 240.01**, representing **3.0%** of compensation budget as at June.

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>
<b>Ministry Of Education</b>	339.67	10.39
<b>Ministry Of Health</b>	88.76	8.39
<b>Office of Government Machinery</b>	137.34	345.97
<b>Ministry Of Water Resources Works &amp; Housing</b>	3.75	60.69
<b>Local Government Service</b>	81.87	35.47
<b>Ministry Of Local Gov &amp; Rural Development</b>	6.40	71.09

MOE registered an adverse variance of GHC 339.67 million representing 10.39% of the budget even though the ministry had a significant cost reduction of GHC 7.04 for the month of June compared to May. MOH also registered an adverse variance of GHC 88.76 million representing 8.39% of their budget; however it recorded a decrease in compensation of employees by GHC 14.66 million compared to May. 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. The Office of Government Machinery overrun its budget by GHC 137.34 million representing 345.97%. This overrun is as result of the payment of 16 months arrears for Presidential staffers of the previous regime based on Pro. Dora

Franciska Edu- Buandoh report and, the mechanization of new Council of State Members. On a positive note, Office of the President saw its compensation of employees fell by GHC 12.57 million compared to May.

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

## 5.0 PAYROLL INITIATIVES

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

Four Thousand seven Hundred and Forty Eight (4,748) employees on Government of Ghana (GoG) payroll were registered on the E-Payslip system in June 2017 and are accessing their pay-slips online. This brought the number registered so far to Five Hundred and Seventy Nine Thousand, Five Hundred and Twenty Four (579,524). This number included separated staff whose details are still on the E-Payslip System and staff who had registered previously with GOV IDs but had to be terminated and reregistered with their new IDs.

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
Jan '17	2,063	542,181
Feb' 17	3,758	545,937
Mar '17	2,253	548,190
Apr '17	13,531	561,721
May '17	13,055	574,776
Jun '17	4,748	<b>579,524</b>



## 5.2 E-SPV Validation

The Electronic Salary Payment Voucher (ESPV) system validation for the month of June 2017 was carried out in all the Regions. Validation started on Friday June 23 2017 when messages were sent to validators to signal the commencement of validation in line with the validation guidelines

REGION	STRENGTH A	DISCONTINUED B	UNVALIDATED C	UNVERIFIED D	EXPECTED STAFF STRENGTH AFTER VALIDATION E=A-(B+C+D)
Ashanti	98,615	134	4,924	797	92,760
Brong Ahafo	57,776	78	2,186	530	54,982
Central	52,127	55	1,188	442	50,442
Eastern	62,277	61	4,140	559	57,517
Greater Accra	78,958	122	1,442	524	76,870
Northern	48,649	55	886	510	47,198
Upper East	27,587	36	801	350	26,400
Upper West	19,569	17	411	163	18,978
Volta	50,012	68	2,391	620	46,933
Western	44,541	42	1,529	438	42,532
<b>TOTAL</b>	<b>540,111</b>	<b>668</b>	<b>19,898</b>	<b>4,933</b>	<b>514,612</b>

Total of 668 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 June 2017 due to technical and functional challenges to be resolved before the running of August 2017 Payroll. Plans are far advanced to

start the suspension of salaries of unvalidated and unverified staff by August 2017.

The ESPV secretariat has treated 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 June 2017 were not suspended in all the Regions.

REGION	MISSING	LOST & FOUND	UNVERIFIED (GHOST)
Ashanti	5,787	2,166	797
Brong-Ahafo	2,558	839	530
Central	5,043	1,774	442
Eastern	7,824	2,915	559
Greater Accra	1,846	288	524
Northern	4,482	1,724	510
Upper East	2,387	1,211	350
Upper West	1,563	639	163
Volta	5,939	2,576	620
Western	6,027	2,739	438
<b>TOTAL</b>	<b>43,456</b>	<b>16,871</b>	<b>4,933</b>

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

Fair wages & Salaries Commission was migrated onto the Single Salary Spine Structure. A total of Sixteen (15) Agencies are yet to be migrated or interfaced unto the GoG Payroll. These agencies include some Security Services, the Legislature and Public Universities among others.

### **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.

The Status of the Provision Contract is as follows:

1. Technical team for Universities formed and working with Consultant
2. Chart of Accounts agreed upon by Technical Team and Consultant
3. Developed template to gather data from the Universities for interface but the universities rejected the template because they claim it is too detailed. PFMRP is requesting a meeting with ProVision, Universities and Controller at the Minister Office to resolve the issue.

### **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 and validation of management units, personnel alignment ESPV validators credential. The audit was completed in March 2017. The Final report has been submitted to the Controller and Accountant-General for onward submission to PFMRP Secretariat.

### **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. However KPMG requested for an extension, to collaborate with external consultants. The extension ends on June 16, 2017. However deliverables are still not completed. KPMG is still working to complete the work.

The status of KPMG deliverables is as follows:

1. Migration of IPPD3 onto IPPD2—**Completed**
2. Train additional back up functional staff to run the IPPD2 system-**Completed**
3. Responsibility Matrix and password reset- **Completed but yet to be deployed**
4. Continuous Data Entry- **UAT Completed. Go Live expected in September 2017**
5. ESPV Interface on IPPD2 system- **Solution Completed. UAT done and yet to be rolled out.**

## **6.0 PAYMENT TO EMPLOYEES TERMINATED DUE TO SSNIT BIOMETRIC REGISTRATION**

A total of **26,982** employees had their salaries stopped as a result of not undergoing SSNIT Biometric registration in April 2017. However **23,211** employees out of the above have undergone SSNIT Biometric Registration as at June 2017 and have accordingly been reactivated as active staff.

## **7.0 CONCLUSION**

Payment of Salaries and other statutory payments went on as scheduled. Payroll time table was followed as planned.