

HIGHLIGHTS OF PAYROLL REPORT

Overview

The processing of payroll for the month of March 2017 was successful. However, Due to technical challenges, processing of payroll delayed and this affected the payment of salary. The department has considered all other directives received during the period in processing salaries for the month of March 2017.

Major Activities

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

- Capturing of transactions unto the Payroll System such as New Entrants, Reactivations, Suspensions and deletions took place as planned.
- Some former DCEs who were not run for the month under consideration, had their salaries processed and paid through supplementary run. In all twenty-eight (28) former DCEs, mostly from Brong-Ahafo Region were affected
- Payment of 16 months arrears paid to Ministers, Deputy Ministers, ex-president and vice as a result of Buandoh report.

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 March, 2017.

Wages and Salaries:

MDA	Budget overrun for the month (cedis million)	% Over run
Ministry Of Education	72.70	4.45
Ministry Of Health	44.09	8.58

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 1,080 employees terminated across the regions during the month of March 2017. Government made a savings of GHc 5.39 million.

Staff Movement

The total strength paid in the month of March was 510,021 this gives an increase of 2,993.

Ministry of Health and Education registered significant staff movement in March 2017. For Ministry of Health, there were 294 additions and 358 deletions resulting in a net reduction of 64 staff while Education had an addition of 3,549 staff and a deletion of 1,057 also resulting in a net increase of 2,493 staff.

Salary Arrears/Outstanding Payments.

In the month of March 2017, a total of GHC 48.91 million was paid as arrears/outstanding payments to workers of which pension arrears is **GHC 3.28 million** and Mechanized payroll arrears/outstanding payments is **GHC 45.63 million**.

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

- Payment of 16 months arrears paid to Ministers, Deputy Ministers, and ex-president and vice as a result of Buandoh report amounted to 35.78 million.
- Payment of market premium arrears totaling GHC3.30million to MOH medical officers.
- Payment of GES arrears as a result of new entrants and promotions amounting to GHC1.76million
- Some former DCEs who were not run for the month under consideration, had their salaries processed and paid through supplementary run. In all twenty-eight (28) former DCEs, monthly from Brong-Ahafo Region were affected at a cost 3.39 million

Pension Arrears

The Pension arrears of **GHC 3.28**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 March, 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 March 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 March 2017.

2.0 SUMMARY OF PAYROLL COST FOR MARCH, 2017

Description	Cumulative	Actual cost	Cumulativ	Cumulativ	Variance
	Actual to Feb 2016	March 2017	e Actual to March 2016	e Budget to March 2016	fav/(unfa v)
				GHC million	GHC million
Mechanized Payroll	1,651.42	836.15	2,487.57		
Non Mechanized Payroll (including Subventions)	541.36	275.96	817.32		
Total Wages and Salaries	2,192.78	1,112.11	3,304.89	3,511.85	206.96
Outstanding /Arrears Payment: (Mechanized)	104.34	45.63	149.97		
Outstanding /Arrears Payment: (Subventions)					
Outstanding /Arrears Payment: (Pensions)	1.89	3.28	5.17		
Total Outstanding/ Arrears Payment	106.24	48.91	155.15		(155.15)
Pensions and Gratuity	129.22	86.46	215.68	257.73	42.08
SSF Employer	169.64	87.5	257.14	231.81	(25.33)
TOTAL COST	2,597.89	1,334.98	3,932.87	4,001.38	68.51

Total cost of Compensation as at March 2017 is **GHC 3,932.87million**, as against a program of **GHC 4,001.38 million** given a favorable variance of **GHC 68.51million**. The component of the cost of wages and salaries (excluding arrears and SSF employer) is **GHC 3,304.89million** as against a projection of **GHC 3,511.85 million**, showing an favorable variance of **GHC 206.96 million** representing **5.89%** whilst wages and salary cost including mechanized arrears is **GHC 3,435.86 million** as against cumulative budget of **GHC 3,511.85million**, showing positive variance of **GHC 56.99million** representing **1.62%**.

3.0 STAFF STRENGTH

The total staff strength for the month of March 2017 is 647,180 as against 645,778 in February. The breakdown is indicated below;

Table

	February 17	March 2017
Mechanized	507,028	510,021
Non mechanized	138,750	137,159
Total	645,778	647,180

3.1 Mechanized Staff Strength

Staff Strength on the mechanized payroll registered a net increase of 2,993 (from 507,028 in February 2017 to 510,021 in March 2017). This is due to additions as a result of reactivations and new entries. However, there was a deletion of 1,080 staff who were discontinued as a result of ESPV validation.

MOH recorded net reduction of 64 and MOE a net increase of 2,493. The most MDAs had increases with some few ones recording marginal decreases in strength as a result of routine movement in staff strength due to reactivations, deletions and suspensions.

However, with the net increase in strength cost decreased by 9.63 million emanating from the reduction in Mechanized arrears.

3.2 Non Mechanized Staff Strength

There was a decrease in staff strength of the non-mechanized Payroll by 1,570 employees. The reason was mainly due to the fact that University of Development Studies did not submit their request for the month under consideration.

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

3.3 Transaction Report on Mechanized Payroll for Selected MDAs for March, 2017

Table 2.0

MDA	Reactivation/ Addition	Deletions / Termination
Ministry of Education	3,549	1,056
Ministry Of Health	294	358
Ministry of Interior	309	103

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	599	1,056
Ministry of Health	182	358
Ministry of Interior	65	103
Ministry of Finance	5	54
Local Government Services	63	159
Others	166	130
TOTAL	1,080	1,860

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 March 2017 was GHC **3,923.65 million** against a budget of **GHC 4,001.38 million giving a favourable variance of GHC 77.74 or 1.94%**

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

Table: 4.0

	Budget Overrun (cedi million)	% VARIANCE
Ministry Of Education	72.70	4.45
Ministry Of Health	45.41	8.58
Office of Government Machinery	55.71	280.67
Ministry Of Water Resources Works & Housing	1.82	58.79
Ministry of Local Government and Rural Development	3.27	72.66
Ministry of Justice	0.74	4.99

MOE registered an adverse variance of GHC 72.70 million representing 4.45% of the budget. MOH also registered an adverse variance of GHC 45.41 million representing 8.58% 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 Ghc 55.71 million representing 280.07%. This huge overrun is explained by the payment of 32 months

arrears that have been paid to the Article 79 staff holders and the revision in their salaries.

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

6.0 PAYROLL INITIATIVES

6.1 Electronic Pay-slip (E-Pay-slip)

Three thousand seven hundred and fifty eight **(2,253)** employees on Government of Ghana (GoG) payroll were registered on the E-Payslip system in March 2017 and are accessing their pay-slips online. This brought the number registered so far to five hundred and forty five thousand, nine hundred and thirty seven **(548,190)**. This number included 38,169 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
2013/14		384,699
2015	106,284	490,983
2016	49,135	540,118
17-Jan	2,063	542,181
17-Feb	3,758	545,937
17-March	2,253	548,190

2.2 E-SPV Validation

The Electronic Salary Payment Voucher (ESPV) system validation for the month of March 2017 was carried out in all the Regions. Due to technical challenges,

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

Total of 1,080 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 March 2017 due to the migration of GES payroll from IPPD3 to IPPD2 which needed further time to resolve some technical and functional issues.

Movement of missing staff to their rightful MDAs on the ESPV platform commenced this month. The statistical report on this exercise is presented below:

REGION	MISSING	LOST & FOUND	UNVERIFIED (GHOST)
Ashanti	11,662	5,435	1,046
Brong-Ahafo	6,300	2,803	677
Central	10,758	5,529	774
Eastern	12,237	5,390	667
Greater Accra	3,432	1,114	722
Northern	7,609	4,303	527
Upper East	3,662	2,016	382
Upper West	2,253	1,645	216
Volta	9,676	5,077	883
Western	6,950	3,727	568
TOTAL	74,539	37,039	6,462

6.3 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.

6.3.1 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.

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.

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

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. However KPMG has requested for an extension to collaborate with external consultants.

8.0 CONCLUSION

Payment of Salaries and other statutory payments went on as scheduled.

Payroll time table was followed as planned.