

## 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 May 2017 on accrual basis was GHS 1,515.26 million, comprising

- Mechanized                                      GHS 965.62 million
- Non Mechanized                                GHS 344.19 million
- Social Contribution                            GHS 192.70 million

### Major activities

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

- The final instalment of 16 months arrears to DCEs based on Prof Edu- Buandoh's recommendations was paid.
- Second instalment of 16 months arrears for Presidential staffers of previous regime based on Prof Dora Francisca Edu-Buandoh recommendations was also paid
- Payment of Six (6) months (July-December) annual increment for Public Servants on Single Spine Structure.
- Placing of Superior Court of Judicature (Article 71) on the Prof Dora Edu-Buandoh Approved recommendation.
- Payment of 8,198 employees who were not paid in April, 2017 due to SSNIT biometric.

- Refund of GHS 35,751.03 by twelve (12) employees who had double salaries in December 2016

**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 May, 2017.

**Wages and Salaries:**

<b>MDA</b>	<b>Budget overrun as at May 2017 (cedis million)</b>	<b>% Over run</b>
Ministry Of Education	216.93	7.96
Ministry Of Health	75.10	8.51
Office of Government Machinery	119.14	360.15
Ministry of Local Govt & Rural D	5.28	70.35
Local Government Services	81.26	42.24
Ministry of Water Res, Works & Housing	2.99	58.09

**Page 8 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 849 employees from the payroll with an associated salary of about GHS 1.86 million.

### Staff Movement

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

- Mechanized 511,237
- Subvented 138,867

There was a net increase in strength of 16,601 compared to April of 494,636.

Ministry of Health and Education registered significant staff movement in May 2017. For Ministry of Health, there were 2,788 additions and 631 deletions resulting in a net increase of 2,157 staff while Education had an addition of 12,373 staff and a deletion of 952 also resulting in a net increase of 11,421 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 May 2017, a total of GHC 137.73 million was paid as arrears/outstanding payments to workers of which pension arrears is **GHC 12.76 million**, Mechanized payroll arrears/outstanding payments is **GHC 124.13**, and Non Mechanized arrears amounted to **GHC 0.84 million**.

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

- Second installment of 16 months arrears to Ex-president and vice, Ministers, Deputy Ministers and DCEs following prof Buandoh committee recommendation all amounting to 39.93 million and Presidential staffers of previous regime also receiving 15.71 million of 16 months arrears.

- Payment of GES arrears as a result of new entrants promotions amounting to Ghs 42.12 million

### **Pension Arrears**

The Pension arrears of **GHC 12.76** 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 May, 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 May 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 May 2017.

## 2.0 SUMMARY OF PAYROLL COST FOR MAY, 2017

Description	Cumulative Actual to April 2017	Actual cost May 2017	Cumulative Actual to May 2017	Cummulative Budget	Variance fav/(unfav)
				GHC million	GHC million
<b>Mechanized Payroll</b>	3,301.28	841.49	4,142.77		
<b>Non Mechanized Payroll (including Subventions)</b>	1,073.18	344.19	1,417.37		
<b>Total Wages and Salaries</b>	4,374.46	1,185.68	5,560.14	5,853.09	292.95
<b>Outstanding /Arrears Payment: (Mechanized)</b>	239.91	124.13	364.04		
<b>Outstanding /Arrears Payment: (Subventions)</b>					
<b>Outstanding /Arrears Payment: (Pensions)</b>	28.94	12.76	41.70		
<b>Total Outstanding/ Arrears Payment</b>	268.85	136.89	405.74		(405.74 )
<b>Pensions and Gratuity</b>	313.35	97.18	410.53	706.35	295.82
<b>SSF Employer</b>	345.71	95.51	441.22	109.54	(331.68 )
<b>TOTAL COST</b>	<b>5,302.36</b>	<b>1,515.26</b>	<b>6,817.62</b>	<b>6,668.98</b>	<b>(148.64)</b>

Total cost of Compensation as at May 2017 is **GHC 6,817.62 million**, as against a program of **GHC 6,668.98 million** given an over run of **GHC 148.64 million**. The component of the cost of wages and salaries (excluding arrears and SSF employer) is **GHC 5,560.14 million** as against a projection of **GHC 5,853.09 million**,

showing a favorable variance of **GHC 292.95 million** representing **5%** of budget whilst wages and salary cost including mechanized arrears is **GHC 5, 924.18 million** as against cumulative budget of **GHC 5,853.09 million**, showing adverse variance of **GHC (71.09) million** representing **(1.21) %**.

### 3.0 STAFF STRENGTH

The total staff strength for the month of May 2017 was 650,104 as against 572,236 in April 2017. The breakdown is indicated below;

**Table**

	January	February	March	April	May	Diff (increase)
Mechanised	507,052	507,028	510,021	494,636	511,237	16,601
Non Mechanised	70,601	138,750	137,159	77,600	138,867	61,267
<b>Total</b>	<b>577,653</b>	<b>645,778</b>	<b>647,180</b>	<b>572,236</b>	<b>650,104</b>	77,868

#### 3.1 Mechanized Staff Strength

Staff Strength on the mechanized payroll registered a net increase of 16,601 (from 494,636 in April 2017 to 511,237 in May 2017). This is due to the reactivation of 8,198 staff who were suspended as a result of biometric SSNIT numbers. There was a total additions of 18,986 and deletion of 2,385.

The MDAs which recorded significant increases in strength included MOH which recorded net increment of 2,157 of which there were additions of 2,788 and deletions of 631 and MOE with net increase of 11,421 with 12,373 accounting for additions and 952 as deletions.

#### 3.2 Non Mechanized Staff Strength

There was an increase in staff strength of the non-mechanized Payroll by 61,267 employees. The reason was mainly due to the fact that the following MDAs did not submit their request for the month of April were paid in May 2017.

- 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 May, 2017.

**3.3 Transaction Report on Mechanized Payroll for Selected MDAs for May, 2017**

**Table 2.0**

<b>MDA</b>	<b>Reactivation / Addition</b>	<b>Deletions / Termination</b>
<b>Ministry of Education</b>	12,373	952
<b>Ministry Of Health</b>	2,788	631
<b>Ministry of Interior</b>	720	80
<b>Local Government Services</b>	935	197

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	424	528
Ministry of Health	234	397
Others	191	611
<b>TOTAL</b>	<b>849</b>	<b>1,536</b>

#### 4.0 OVERALL BUDGET PERFORMANCE:

The total cost of compensation including employer's social security payment on accrual basis for May 2017 was GHC **6,809.29 million** against a budget of **GHC 6,668.98 million giving an unfavorable variance of GHC 140.31 or 2.1%**

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

**Table: 4.0**

	Budget Overrun (cedi million)	% VARIANCE
<b>Ministry Of Education</b>	216.93	7.96
<b>Ministry Of Health</b>	75.10	8.51
<b>Office of Government Machinery</b>	119.14	360.15
<b>Ministry Of Water Resources Works &amp; Housing</b>	2.99	58.09

MOE registered an adverse variance of GHC 216.93 million representing 7.96% of the budget. MOH also registered an adverse variance of GHC 75.10 million representing 8.51% 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 Ghana Audit Service.

Office of Government Machinery overrun their budget by Ghc 119.14 million representing 360.15%. This huge overrun is explained by the



payment of 42 months arrears that have been paid to the Article 71 Office holders and the revision in their salaries.

As at May 2017 Local Government Services (LGS) received a total Salary Arrears of Ghs 87.18 million, included in this, is the 42 months Arrears paid to the District Chief Executives of the Regional coordinating councils

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

## 5.0 PAYROLL INITIATIVES

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

Thirteen Thousand and Fifty (13,055) employees on Government of Ghana (GoG) payroll were registered on the E-Payslip system in May 2017. This brought the total number registered to Five Hundred and Seventy Four Thousand Seven Hundred and Seventy Six (574,776).

This number included 63,539 separated staff whose details are still on the E-Payslip System and staff who had registered previously but have 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
17-Jan	2,063	542,181
17-Feb	3,758	545,937
17-Mar	2,253	548,190

**CONTROLLER AND ACCOUNTANT GENERAL'S DEPARTMENT**

17-Apr	13,531	561,721
17-May	13,055	<b>574,776</b>

## 5.2 E-SPV Validation

The Electronic Salary Payment Voucher (ESPV) system validation for the month of May 2017 was carried out in all the Regions. Validation started at about 9am on Tuesday 23rd and ended on Thursday 25 May 2017

REGION	STAFF STRENGTH BEFORE VALIDATION	DISCONTINUED	UNVALIDATED	UNVERIFIED	EXPECTED STAFF STRENGTH AFTER VALIDATION
	A	B	C	D	E= A-(B+C+D)
<b>Ashanti</b>	99,380	158	1,850	835	96,537
<b>Brong-Ahafo</b>	57,808	77	1,790	557	55,384
<b>Central</b>	53,510	71	1,114	588	51,737
<b>Eastern</b>	62,935	86	2,370	522	59,957
<b>Greater Accra</b>	78,381	182	1,311	597	76,291
<b>Northern</b>	48,711	58	778	511	47,364
<b>Upper East</b>	27,160	45	748	285	26,082
<b>Upper west</b>	19,192	26	834	156	18,176
<b>Volta</b>	50,185	42	1,745	670	47,728
<b>Western</b>	43,886	104	1,830	480	41,472
<b>TOTAL</b>	<b>541,148</b>	<b>849</b>	<b>14,370</b>	<b>5,201</b>	<b>520,728</b>

Total of 849 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 May 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 May 2017 were not suspended in all the Regions.

REGION	MISSING	LOST & FOUND	UNVERIFIED (GHOST)
<b>Ashanti</b>	1,1145	3,375	835
<b>Brong-Ahafo</b>	5,318	1,451	557
<b>Central</b>	8,817	3,566	588
<b>Eastern</b>	10,624	3,810	522
<b>Greater Accra</b>	3,712	771	597
<b>Northern</b>	7,163	2,539	511
<b>Upper East</b>	3,603	1,130	285
<b>Upper West</b>	1,860	679	156
<b>Volta</b>	8,266	3,077	670
<b>Western</b>	7,262	2,573	480
<b>TOTAL</b>	<b>67,770</b>	<b>22,971</b>	<b>5,201</b>

### 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.

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.

### **6.4 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. Ernst & Young is yet to submit the final audit report.

### **6.5 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.

#### **7.0 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 **20,424** employees out of the above have undergone SSNIT Biometric Registration as at May 2017 and have accordingly been reactivated as active staff.

#### **8.0 CONCLUSION**

The month of May saw an increase in the reactivations of employees who registered in the SSNIT biometric in April causing an increase in staff strength and total cost during the period. Salaries was also taken to paying banks as scheduled.