

EXECUTIVE SUMMARY

OVERVIEW

This report gives the overall breakdown of Compensation of employees for the month of February 2018, and other ongoing payroll initiatives at the Controller and Accountant General's Department.

Compensation of Employees for the month of **February 2018** was **GHS 1,535.32 million** on accrual basis as against **GHS 1,663.19 million** for January 2018.

A breakdown of the February compensation of employees is specified below:

- Wages & Salaries GHS 1,334.48 million
- Social Contributions GHS 200.84 million

Wages and Salaries is further analyzed as follows:

- Mechanized GHS 1,054.12 million
- Non-Mechanized GHS 280.36 million

Social contributions consist of:

- Pensions GHS 73.04 million
- Gratuities GHS 23.36 million
- Social security GHS 104.44 million

VARIANCE ANALYSIS:

The budget is compared to the actual cost every month to establish either a favorable or an adverse variance. This is used to monitor budget performance of all MDAs to ensure that they spend within their budget allocations.

The following table shows MDAs who registered significant negative variances on compensation for the month February 2018.

Table 1.0

MDA	Budget overrun for the month of February 2018 (cedis million)	% Over run
Ministry Of Education	8.79	1.46
Ministry Of Health	18.41	8.54
Ministry Of Employment And Labour Relations	26.87	820.04

Page 7 of the report provides further details.

PAYROLL AND GIFMIS FINANCIAL INTEGRATION

As part of the Process to Integrate payroll to GIFMIS GL, CAG assigned a team to map payroll Management units with the Chart Of Accounts with a deadline as at March 2018.

ELECTRONIC SALARY PAYMENT VOUCHER (ESPV)

There was discontinuation or termination of salaries of **635 employees** from the payroll through the ESPV Platform leading to a cost saving of **GHS 1.70 million**.

REFUND OF SALARIES

Seven (7) Employees who had double salaries refunded an amount of **GHS 53,329.19** to government chest.

STAFF STRENGTH

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

- Mechanized 523,466
- Subvented 67,570

STAFF MOVEMENT

The month of February 2018 registered a net increase in mechanized staff strength of **5,515** as against a net decrease of 4,580 in January 2018.

Ministries of Education and Health recorded increases in staff strength for the month of February 2018. Ministry of Health recorded **660 additions** and **363 deletions** resulting in a net increase of **297** staff. On the other hand, Ministry of Education registered an addition of **10,523** staff and a deletion of **5,154** resulting in a net increase in strength of **5,369**.

A detail of movement of staff strength is provided in the transactional report on Table 2.0 of Page 7.

SALARY ARREARS

The total amount paid in February 2018 as salary arrears to employees on GOG Mechanized payroll was **GHS 59.49 million** as against GHS 47.66 million in January 2018.

Pension arrears paid for February 2018 totaled **GHS 1.14 million**.

Appendix B provides details of the monthly payroll cost profile as at February 2018.

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 of Finance may require in writing. The purpose of this report is to give a summary of payroll activities for the month of February 2018 as per Section 43 (4) of the Public Financial Management Act 2016, Act 921. This report focuses on total compensation of employees, staff strength and updates on payroll initiatives for the month of February 2018.

2.0 SUMMARY OF PAYROLL COST FOR FEBRUARY 2018

Table 2.0

DESCRIPTION	ACTUAL	BUDGET	VARIANCE
	GHC million	GHC million	GHC million
Mechanized Payroll	994.63		
Non Mechanized Payroll (including Subventions)	280.36		
Total Wages and Salaries (excluding Arrears)	1,274.98	1,336.74	61.76
Outstanding /Arrears Payment: (Mechanized)	50.49		
Outstanding /Arrears Payment: (Subventions)			
Total Outstanding/ Arrears Payment	59.49		
WAGES & SALARIES	1,334.47	1,336.74	2.27
Pensions and Gratuity	96.41	115.94	19.53
SSF Employer	104.44	120.13	15.69
COMPENSATION OF EMPLOYEES	1,535.20	1,572.81	37.61

Total Compensation of Employees for the month of February 2018 is **GHS 1,535.20 million**, as against a budget of **GHS 1,572.81 million** resulting in a favourable variance of **GHS 37.61 million**. This is equivalent to **2.39%** of budget allocation for the month under review.

The component of the compensation of employees (excluding arrears, pensions & gratuity, and SSF employer) at February 2018 is **GHS 1,274.98 million** as against a budget of **GHS 1,336.74** resulting in a favourable variance of **GHS 61.67 million**. This also represents **4.62%** of budget allocated to Wages & Salaries.

The total cost for wages and salary (including mechanized arrears) is **GHS 1,334.47 million** as against a budget allocation of **GHS 1,336.74 million** indicating a favourable variance of **GHS 2.27 million**. This represents **0.17 %** of compensation budget.

3.0 STAFF STRENGTH

The total staff strength recorded for the month of February 2018 was **591,036** as against 650,002 in January 2018.

The breakdown is indicated below;

Table 3.0

PARTICULARS	JANUARY (A)	FEBRUARY(B)	DIFF (B-A)
MECHANISED	517,951	523,466	5,515
SUBVENTION	132,051	67,570	(64,481)
TOTAL	650,002	591,036	(58,966)

3.1 Mechanized Staff Strength

Staff Strength on the mechanized payroll registered a net increase of 5,515 (517,951 in January 2018 against 523,466 in February 2018). There were total additions of 13,753 and deletion of 8,238 on the Mechanized payroll. Reactivations for February stood at 400.

3.2 Non-Mechanized Staff Strength

Subvention strength recorded a decrease by 64,481 compared to January 2018 (132,051 in January 2018 compared to 67,570 in February 2018). This is attributable to delay in release of subventions to some institutions such as National Service Secretariat among others.

3.3 Pension Staff Strength

The total number of active pensioners on Government payroll was **77,980** as at February 2018.

3.4 Selected MDAs Transactional Report on Mechanized Payroll for February 2018

The table below shows the highlight of transactional report.

Table 3.1

MDA	Reactivation / Addition	Deletions / Termination
Ministry of Education	10,523	5,154
Ministry of Health	660	363
Others	2,570	2,721
Total	13,753	8,238

The institutions in the table above registered significant movements in staff strength as a result of New Entrants, Reactivations, Re-instatements, Terminations and Suspensions during the month of February 2018.

4.0 OVERALL BUDGET PERFORMANCE:

Total compensation budget as at February was **GHS 3,145.61 million** with an actual of **GHS 3,198.51 million**. The variance for budget performance is **GHS 52.90 million** (adverse) representing **1.68 %** of total budget.

Compensation budget for February 2018 was **GHS 1,572.80 million** with an actual of **GHS 1,535.32 million**. This resulted in a favourable variance of **GHS 37.48 million** representing **2.38 %** of compensation budget for the month.

The major reasons for the favourable variance include:

- Non-payment of subvention to National Service Personnel.
- Decreases in compensation of employees recorded for Ministry of finance.
- Decrease in compensation of employees for Audit Service.

The following MDAs registered negative cost variances for the month of February 2018.

Table: 4.0

MINISTRIES	BUDGETED COMPENSATION OF EMPLOYEES	ACTUAL COMPENSATION OF EMPLOYEES	VARIANCE	% VARIANCE
MINISTRY OF LOCAL GOVERNMENT AND RURAL DEVELOPMENT	1,665,509.33	2,797,832.69	(1,132,323.36)	(67.99)
LOCAL GOVERNMENT SERVICES	46,536,224.83	56,640,754.63	(10,104,529.80)	(21.71)
MINISTRY OF TRADE AND INDUSTRY	2,836,613.50	3,142,201.98	(305,588.48)	(10.77)
MINISTRY OF ENERGY	219,199.33	258,514.21	(39,314.88)	(17.94)
MINISTRY OF WATER RESOURCES AND SANITATION	756,794.58	767,501.49	(10,706.91)	(1.41)
MINISTRY OF WORKS AND HOUSING	792,313.58	1,062,679.56	(270,365.98)	(34.12)
MINISTRY OF ROADS AND HIGHWAYS	3,369,897.75	3,527,009.51	(157,111.76)	(4.66)
MINISTRY OF EDUCATION	599,978,718.67	608,764,012.86	(8,785,294.19)	(1.46)
MINISTRY OF EMPLOYMENT AND LABOUR RELATIONS	3,277,066.92	30,150,467.12	(26,873,400.20)	(820.04)
MINISTRY OF HEALTH	215,711,816.17	234,126,683.44	(18,414,867.27)	(8.54)
COMMISSION ON HUMAN RIGHTS AND ADMINISTRATIVE JUSTICE	1,468,205.92	1,576,262.06	(108,056.14)	(7.36)

Ministry of Health and Ministry of Education both recorded unfavourable variance of **GHS 18.41 million and GHS 8.79 million**, representing **8.54%** and **1.46%** respectively.

Budgetary allocation to Ministry of Employment and Labour Relations is insufficient and must be adjusted subsequently, considering the high overruns of **873.38%** and **820.04%** recorded for the months of January and February 2018.

CONTROLLER AND ACCOUNTANT GENERAL'S DEPARTMENT

The following registered positive variances for the month of February 2018.

MINISTRIES	BUDGETED COMPENSATION OF EMPLOYEES	ACTUAL COMPENSATION OF EMPLOYEES	VARIANCE	% VARIANCE
OFFICE OF GOVERNMENT MACHINERY	9,972,547.00	8,909,990.74	1,062,556.26	10.65
OFFICE OF THE HEAD OF CIVIL SERVICE	741,374.00	700,024.25	41,349.75	5.58
PARLIAMENT OF GHANA	11,826,010.83	7,779,745.74	4,046,265.09	34.21
AUDIT SERVICE	18,201,404.50	10,360,382.02	7,841,022.48	43.08
PUBLIC SERVICES COMMISSION	367,051.50	181,992.68	185,058.82	50.42
ELECTORAL COMMISSION	4,033,133.50	2,330,935.96	1,702,197.54	42.21
MINISTRY OF FOREIGN AFFAIRS AND REGIONAL INTEGRATION	25,835,009.42	24,298,146.35	1,536,863.07	5.95
MINISTRY OF FINANCE	21,689,222.33	18,023,681.87	3,665,540.46	16.90
NATIONAL MEDIA COMMISSION	237,325.08	22,862.31	214,462.77	90.37
NATIONAL DEVELOPMENT PLANNING COMMISSION	362,431.08	115,808.07	246,623.01	68.05
MINISTRY OF INFORMATION	6,326,800.75	5,134,319.28	1,192,481.47	18.85
MINISTRY OF PARLIAMENTARY AFFAIRS	46,211.25	3,293.16	42,918.09	92.87
MINISTRY OF AGRICULTURE	5,087,726.00	3,999,266.06	1,088,459.94	21.39
MINISTRY OF FISHERIES AND AQUACULTURE DEVELOPMENT	811,934.17	545,503.75	266,430.42	32.81
MINISTRY OF LANDS AND NATURAL RESOURCES	11,401,468.67	9,718,536.65	1,682,932.02	14.76
MINISTRY OF TOURISM, CULTURE AND CREATIVE ARTS	2,786,044.33	2,494,451.99	291,592.34	10.47
MINISTRY OF ENVIRONMENT, SCIENCE, TECH. AND INNOVATION	17,647,741.50	13,161,447.94	4,486,293.56	25.42
MINISTRY OF COMMUNICATIONS	1,790,790.17	1,263,420.45	527,369.72	29.45
MINISTRY OF RAILWAYS DEVELOPMENT	416,666.67	76,282.05	340,384.62	81.69
MINISTRY OF AVIATION	64,164.58	63,316.39	848.19	1.32
MINISTRY OF TRANSPORT	436,030.17	199,736.23	236,293.94	54.19
MINISTRY OF YOUTH AND SPORTS	1,404,815.50	1,167,451.90	237,363.60	16.90
NATIONAL COMMISSION FOR CIVIC EDUCATION	3,739,460.17	3,021,929.98	717,530.19	19.19
MINISTRY OF CHIEFTAINCY AND RELIGIOUS AFFAIRS	2,904,885.17	990,682.73	1,914,202.44	65.90
MINISTRY OF GENDER, CHILDREN AND SOCIAL PROTECTION	2,252,834.42	2,150,282.89	102,551.53	4.55
NATIONAL LABOUR COMMISSION	207,544.08		207,544.08	100.00
MINISTRY OF JUSTICE AND ATTORNEY GENERAL'S DEPARTMENT	6,488,539.25	4,585,134.37	1,903,404.88	29.33
MINISTRY OF DEFENCE	72,618,700.17	69,404,989.40	3,213,710.77	4.43
JUDICIAL SERVICE	23,781,268.25	13,837,279.92	9,943,988.33	41.81
MINISTRY OF INTERIOR	175,754,208.92	160,316,515.49	15,437,693.43	8.78
MINISTRY OF NATIONAL SECURITY	29,660,586.75	26,806,676.64	2,853,910.11	9.62

Table 4.1

Appendix E presents details of variances on the cost of compensation of MDAs as at February 2018.

5.0 COST ANALYSIS

The Department continues to monitor cost on monthly basis to ascertain MDAs with significant increases or decreases in compensation of employees and assign appropriate reasons to them.

INCREASE IN COST

Cost of wages and salaries for Local Government Service increased by **4.74 million** (January of **GHS 51.90 million** against February of **GHS 56.64 million**) resulting in a percentage increase of **9.14%**.

Reasons for the above was as a result of LGS Secretariat and some District Assemblies recording increases in compensation of employees.

DECREASE IN COST

The table below shows MDAs that recorded significant reduction in wages and salaries for February 2018.

Table 5.1

MDA	COST FOR JANUARY	COST FOR FEBRUARY	REDUCTION	% CHANGE
	GHS' MILLION	GHS' MILLION	GHS' MILLION	
AUDIT SERVICE	12.05	10.36	(1.69)	(14.01)
MINISTRY OF FINANCE	48.45	18.02	(30.43)	(62.80)
MINISTRY OF ENVIRONMENT, SCIENCE, TECH. AND INNOVATION	14.93	13.16	(1.77)	(11.84)
MINISTRY OF EDUCATION	653.49	608.76	(44.73)	(6.84)
MINISTRY OF EMPLOYMENT AND LABOUR RELATIONS	31.90	30.15	(1.75)	(5.48)
MINISTRY OF HEALTH	278.53	234.13	(44.40)	(15.94)
JUDICIAL SERVICE	17.03	13.84	(3.20)	(18.76)
MINISTRY OF INTERIOR	173.87	160.32	(13.55)	(7.79)

Audit Service recorded a decrease in compensation of employees of **GHS 1.69**

million because of a reduction in salary arrears payment in February 2018. Compensation of Employees for Ministry of Education reduced by **GHS 44.73 million** mainly because of the non-payment of subvention to National Service Personnel among others. Ministry of Employment and Labour Relations registered a **5.48%** decrease in compensation of employees. This is mainly attributable to the decrease in personnel related allowances. Wages and Salaries for Ministry of Health was **GHS 278.53 million** in January 2018, this amount decreased to **GHS 234.13 million** in February 2018, reducing its percentile to **15.94%**. This is largely attributable to substantial decrease in personnel related allowances.

6.0 PAYROLL INITIATIVES

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

6,815 employees on Government of Ghana (GoG) payroll were registered on the E-Payslip system in February 2018. This has increased the total registered number to **600,091**.

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

Table 6.0

MONTHS	TOTAL REGISTERED	CUMMULATIVE
2013/14		384,699
2015	106,284	490,983
2016	49,135	540,118
2017	50,594	590,712
Jan-18	2,564	593,276
Feb-18	6,815	600,091

6.2 E-SPV Validation

The table below shows the results from the Electronic Salary Payment Voucher (ESPV) system for the month of February 2018.

CONTROLLER AND ACCOUNTANT GENERAL'S DEPARTMENT

<i>REGION</i>	<i>STAFF STRENGTH BEFORE VALIDATION</i>	<i>DISCONTINUED</i>	<i>UNVALIDATED</i>	<i>UNVERIFIED</i>	<i>EXPECTED STAFF STRENGTH AFTER VALIDATION</i>
	A	B	C	D	E= A- (B+C+D)
<i>Ashanti</i>	101,433	131	1181	237	99,884
<i>Brong-Ahafo</i>	60,210	66	1140	162	58,842
<i>Central</i>	52,904	60	1095	107	51,642
<i>Eastern</i>	63,195	57	990	150	61,998
<i>Greater Accra</i>	82,601	126	457	223	81,795
<i>Northern</i>	49,881	51	550	151	49,129
<i>Upper East</i>	28,401	26	47	71	28,257
<i>Upper west</i>	20,837	22	119	56	20,640
<i>Volta</i>	50,207	35	634	103	49,435
<i>Western</i>	43,677	61	651	124	42,841
TOTAL	553,346	635	6,864	1,384	544,463

Table 6.1

A total of 635 employees who were marked Discontinued were terminated from the system and thus were not paid. Also, unverified staff and unvalidated were suspended and thus were not paid.

REGIONAL BREAKDOWN OF UNVERIFIED

REGION	MISSING	LOST & FOUND	UNVERIFIED (GHOST)
Ashanti	6,408	2,587	237
Brong-Ahafo	3,371	1,441	162
Central	3,810	1,565	107
Eastern	4,891	2,268	150
Greater Accra	3,014	1,117	223
Northern	3,202	1,379	151
Upper East	1,647	834	71
Upper West	1,787	1,096	56
Volta	4,174	1,617	103
Western	2,647	999	124
TOTAL	34,951	14,903	1,384

Table 6.2

6.3 Integration of GIFMIS with IPPD 2 Payroll System

53,168 management units out of **54,257** have been successfully mapped to GIFMIS GL with few fall outs mainly from GES.

Movement of personnel to their respective management unit is also ongoing.

The timeline stipulated for completion of the integration process is March 2018.

6.4 Public Financial Management Reform Project (PFMRP) Payroll Component

The Payroll Component has two main output namely:

- Payroll Cleaning Plan & Implementation
- Payroll & Personnel verification.

The payroll cleaning contract was awarded to KPMG in November 2016 and Provision in March 2017.

KPMG has completed their deliverables and are expected to Go live in June 2018.

There was an entry conference between CAGD and Ghana Audit service in February 2018 to discuss the payroll verification of all government employees nationwide. The verification process is expected to be completed in December 2018.

7.0 CONCLUSION

Compensation of Employees generally decreased from **GHS 1,663.19 million** in January 2017 to **GHS 1,536.45 million** in February 2018.

Salaries were timely distributed to all banks.