

EXECUTIVE SUMMARY

OVERVIEW

This report covers the overall breakdown of Compensation of employees for January 2018, and other ongoing payroll initiatives by the Payroll Processing Directorate of the Controller and Accountant General's Department.

Compensation of Employees for the month of January 2018 is **GHS 1,663.19 million** on accrual basis as against GHS 1,490.04 million representing December 2017.

A breakdown of January compensation of employees is as stated below:

- Wages & Salaries GHS 1,472.65 million
- Social Contributions GHS 190.54 million

Wages and Salaries is further analyzed as follows:

- Mechanized GHS 1,059.42 million
- Non-Mechanized GHS 413.23 million

Social Contributions of which:

- Pensions GHS 72.70 million
- Gratuities GHS 17.39 million
- Social Security GHS 100.45 million

VARIANCE ANALYSIS:

The budget is compared with the actual cost on monthly basis to establish a favorable or an adverse variance. This is analysed to monitor budget performance of all MDAs.

The following table shows MDAs who registered significant negative variances on compensation for January 2018.

Wages and Salaries:

MDA	Budget overrun for the month of January 2018 (cedis million)	% Over run
Ministry Of Education	53.51	8.92
Ministry Of Health	62.82	29.12

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. Its Key deliverables was to achieve seamless posting of payroll cost from payroll to General ledger in order to facilitate budgetary control and timely preparation of the public accounts and other Management reports.

ELECTRONIC SALARY PAYMENT VOUCHER (ESPV)

There was discontinuation/termination of salaries of **655 employees** from the payroll through the ESPV platform leading to a cost saving of **GHS 1.73 million**.

STAFF STRENGTH

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

- Mechanized 517,959
- Subvented 132,051

STAFF MOVEMENT

The month of January 2018 registered a net decrease in mechanized staff strength of 4,580 as against a net increase of 523 in December 2017.

Ministry of Health recorded 663 additions and 378 deletions resulting in a net increase of 285 staff, whilst Ministry of Education registered an addition of 640 staff and a deletion of 4,530 resulting in a net decrease in staff strength of 3,890.

Details of staff movement is provided in the transactional report on Table 2.0 of Page 6.

SALARY ARREARS

The total amount paid in January 2018 as salary arrears to employees on GOG Mechanized payroll was **GHS 47.66 million** as against GHS 60.38 million in December 2017.

Pension arrears paid for January 2018 amounted to **GHS 0.71 million**.

Appendix B provides details of the monthly payroll cost profile as at January 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 request in writing.

The purpose of this report is to give a summary of payroll activities for the month of January 2018 as per Section 43 (4) of the Public Financial Management Act 2016, Act 921. This report therefore looks at total compensation of employees, staff strength and updates on payroll initiatives for the month of January 2018.

2.0 SUMMARY OF PAYROLL COST FOR JANUARY, 2018

DESCRIPTION	ACTUAL	BUDGET	VARIANCE
	GHC million	GHC million	GHC million
Mechanized Payroll	1,011.75		
Non Mechanized Payroll (including Subventions)	413.23		
Total Wages and Salaries (excluding Arrears)	1,424.99	1,336.74	(88.25)
Outstanding /Arrears Payment: (Mechanized)	47.66		
Outstanding /Arrears Payment: (Subventions)			
Total Outstanding/ Arrears Payment	47.66		
WAGES & SALARIES	1,472.65	1,336.74	(135.91)
Pensions and Gratuity	90.09	115.94	25.85
SSF Employer	100.45	120.13	19.68
COMPENSATION OF EMPLOYEES	1,663.19	1,572.81	(90.38)

Total Compensation of Employees for the month of January 2018 was **GHS 1,663.19 million**, as against a budget of **GHS 1,572.81 million** resulting in an over-run of **GHS 90.38 million**. This represents **5.75%** of budget allocation for January 2018.

The component of the compensation of employees (excluding arrears, pensions & gratuity, and SSF employer) at January 2018 is **GHS 1,424.99 million** as against a budget of **GHS 1,336.74 million** resulting in an adverse variance of **GHS 88.25 million**. This represents **6.60%** of January 2018 budget for Wages & Salaries.

The total wages and salary including mechanized arrears is **GHS 1,472.65 million** as against a budget allocation of **GHS 1,336.74 million** causing an adverse variance of **GHS 135.91 million**. This represents **10.17 %** of budget.

3.0 STAFF STRENGTH

The total staff strength recorded for the month of January 2018 is **650,002** as against 661,438 in December 2017.

The breakdown is indicated below;

PARTICULARS	DECEMBER 2017 (B)	JANUARY 2018 (A)	DIFF
MECHANISED	522,531	517,951	(4,580)
SUBVENTION	138,907	132,051	(6,856)
TOTAL	661,438	650,002	(11,436)

3.1 Mechanized Staff Strength

Staff Strength on the mechanized payroll registered a decrease of 4,580 (522,531 in December 2017 to 517,951 in January 2018). There was total additions of 4,763 and deletion of 9,343 for the month of January on the Mechanised payroll. Reactivations for January is 156.

3.2 Non-Mechanized Staff Strength

There was a decrease in subvention strength of 6,856 as compared to December 2017 (138,907 in December 2017 to 135,051 in January 2018).

3.3 Pension Staff Strength

The total number of active pensioners on Government payroll is **77,946** as at January 2018.

3.4 Transactional Report on Mechanized Payroll for Selected MDAs for January, 2018

The table below shows the highlights of transactional report on the mechanized payroll for the following MDAs.

Table 2.0

MDA	Reactivation /Addition	Deletions / Termination
Ministry of Education	640	4,530
Ministry of Health	663	378
Others	3,433	4,435
Total	4,763	9,343

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

4.0 OVERALL BUDGET PERFORMANCE:

Compensation budget for the month of January 2018 is **GHS 1,572.80 million** against an actual of **GHS 1,663.19 million** resulting in an adverse variance of **GHS 90.39 million**. This represents an over-run of **5.75%**.

The following MDAs registered negative cost variances as at January 2018.

Table: 4.0

MINISTRIES	BUDGETED COMPENSATION OF EMPLOYEES	GOG COMPENSATION OF EMPLOYEES	VARIANCE	% VARIANCE
OFFICE OF GOVERNMENT MACHINERY	10,061,109.00	17,416,467.96	(7,355,358.96)	(73.11)
PUBLIC SERVICES COMMISSION	367,052.00	437,655.23	(70,603.23)	(19.24)
MINISTRY OF FINANCE	21,689,222.00	48,448,922.63	(26,759,700.63)	(123.38)
MINISTRY OF LOCAL GOVERNMENT AND RURAL DEVELOPMENT	1,665,509.00	2,694,411.09	(1,028,902.09)	(61.78)
LOCAL GOVERNMENT SERVICES	6,339,910.00	15,113,704.49	(8,773,794.49)	(138.39)
MINISTRY OF ENERGY	219,199.00	255,677.96	(36,478.96)	(16.64)
MINISTRY OF WORKS AND HOUSING	792,314.00	1,161,679.16	(369,365.16)	(46.62)
MINISTRY OF ROADS AND HIGHWAYS	3,369,898.00	3,560,053.28	(190,155.28)	(5.64)
MINISTRY OF EDUCATION	599,978,719.00	653,489,334.61	(53,510,615.61)	(8.92)
MINISTRY OF EMPLOYMENT AND LABOUR RELATIONS	3,277,067.00	31,898,328.94	(28,621,261.94)	(873.38)
MINISTRY OF HEALTH	215,711,816.00	278,531,286.80	(62,819,470.80)	(29.12)
COMMISSION ON HUMAN RIGHTS AND ADMINISTRATIVE JUSTICE	1,468,206.00	1,586,460.28	(118,254.28)	(8.05)

Ministry of Health and Ministry of education both recorded an unfavourable variance of **GHS 62.82 million and GHS 53.51 million**, representing **29.12%** and **8.92%** of their budget allocation respectively. The Office of Government Machinery (OGM) also recorded an overrun of **GHS 7.36 million** representing **73.11%** of budget allocation.

The following MDAs registered positive variances as at January 2018.

CONTROLLER AND ACCOUNTANT GENERAL'S DEPARTMENT

MINISTRIES	BUDGETED COMPENSATION OF EMPLOYEES	GOG COMPENSATION OF EMPLOYEES	VARIANCE	% VARIANCE
OFFICE OF THE HEAD OF CIVIL SERVICE	741,374.00	676,670.55	64,703.45	8.73
PARLIAMENT OF GHANA	11,826,011.00	7,708,826.94	4,117,184.06	34.81
AUDIT SERVICE	18,201,405.00	12,048,642.81	6,152,762.19	33.80
ELECTORAL COMMISSION	4,033,133.50	2,528,227.29	1,504,906.21	37.31
MINISTRY OF FOREIGN AFFAIRS AND REGIONAL INTEGRATION	25,835,008.00	24,368,743.62	1,466,264.38	5.68
METROPOLITAN, MUNICIPAL, DEPT & AGENCIES (MMDA)	40,196,315.00	36,783,594.44	3,412,720.56	8.49
NATIONAL MEDIA COMMISSION	237,325.00	22,862.31	214,462.69	90.37
NATIONAL DEVELOPMENT PLANNING COMMISSION	362,431.00	123,473.97	238,957.03	65.93
MINISTRY OF INFORMATION	6,326,800.00	5,215,202.11	1,111,597.89	17.57
MINISTRY OF PARLIAMENTARY AFFAIRS	46,211.00	3,293.16	42,917.84	92.87
MINISTRY FOR BUSINESS DEVELOPMENT	29,167.00		29,167.00	100.00
MINISTRY FOR INNER CITY AND ZONGO DEVELOPMENT	29,167.00		29,167.00	100.00
MINISTRY FOR SPECIAL DEVELOPMENT INITIATIVES	29,167.00	945.93	28,221.07	96.76
MINISTRY FOR PLANNING	29,167.00		29,167.00	100.00
MINISTRY FOR REGIONAL RE-ORGANIZATION	29,167.00		29,167.00	100.00
MINISTRY FOR MONITORING AND EVALUATION	29,167.00		29,167.00	100.00
MINISTRY OF AGRICULTURE	5,087,726.00	4,175,819.90	911,906.10	17.92
MINISTRY OF FISHERIES AND AQUACULTURE DEVELOPMENT	811,934.00	560,174.24	251,759.76	31.01
MINISTRY OF LANDS AND NATURAL RESOURCES	11,401,469.00	9,732,429.96	1,669,039.04	14.64
MINISTRY OF TRADE AND INDUSTRY	3,802,135.00	3,017,261.44	784,873.56	20.64
MINISTRY OF TOURISM, CULTURE AND CREATIVE ARTS	2,786,044.00	2,447,411.61	338,632.39	12.15
MINISTRY OF ENVIRONMENT, SCIENCE, TECH. AND INNOVATION	17,647,742.00	14,929,627.28	2,718,114.72	15.40
MINISTRY OF WATER RESOURCES AND SANITATION	756,796.00	647,930.39	108,865.61	14.39
MINISTRY OF COMMUNICATIONS	1,790,790.00	1,286,262.70	504,527.30	28.17
MINISTRY OF RAILWAYS DEVELOPMENT	416,667.00	79,942.63	336,724.37	80.81
MINISTRY OF AVIATION	64,165.00	62,430.64	1,734.36	2.70
MINISTRY OF TRANSPORT	436,030.00	255,552.81	180,477.19	41.39
MINISTRY OF YOUTH AND SPORTS	1,404,816.00	1,248,134.75	156,681.25	11.15
NATIONAL COMMISSION FOR CIVIC EDUCATION	3,739,460.00	3,131,343.05	608,116.95	16.26
MINISTRY OF CHIEFTAINCY AND RELIGIOUS AFFAIRS	2,904,885.00	1,014,671.82	1,890,213.18	65.07
MINISTRY OF GENDER, CHILDREN AND SOCIAL PROTECTION	2,252,834.00	1,940,626.36	312,207.64	13.86
NATIONAL LABOUR COMMISSION	207,544.00	72,731.67	134,812.33	64.96
MINISTRY OF JUSTICE AND ATTORNEY GENERAL'S DEPARTMENT	6,488,538.00	4,797,615.55	1,690,922.45	26.06
MINISTRY OF DEFENCE	72,618,700.00	69,387,117.37	3,231,582.63	4.45
JUDICIAL SERVICE	23,781,268.00	17,033,566.29	6,747,701.71	28.37
MINISTRY OF INTERIOR	175,754,208.00	173,865,827.68	1,888,380.32	1.07
MINISTRY OF NATIONAL SECURITY	29,660,586.67	18,889,250.46	10,771,336.21	36.32
SOCIAL CONTRIBUTIONS	236,069,028.00	190,541,488.17	45,527,539.83	19.29
Pensions	83,811,489.00	72,701,656.12	11,109,832.88	13.26
Gratuities	32,127,738.00	17,391,480.09	14,736,257.91	45.87
Social Security	120,129,801.00	100,448,351.96	19,681,449.04	16.38

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

5.0 COST ANALYSIS

The Department continues to compare payroll cost on monthly basis to ascertain significant increases or decreases in compensation for MDAs as well as assign respective reasons to that effect.

MINISTRIES WITH INCREASES IN COST

For the month of January 2018, the following Ministries recorded a significant increase in compensation of employees as compared to December 2017.

MDA	COST FOR DECEMBER 2017	COST FOR JANUARY 2018	INCREMENT	% CHANGE
	GHS' MILLION	GHS' MILLION	GHS' MILLION	
MINISTRY OF FOREIGN AFFAIRS AND REGIONAL INTEGRATION	21.42	24.37	2.95	13.75
MINISTRY OF FINANCE	16.67	48.45	31.78	190.65
LOCAL GOVERNMENT SERVICES	46.69	51.90	5.21	11.16
MINISTRY OF ENVIRONMENT, SCIENCE, TECH. AND INNOVATION	12.79	14.93	2.14	16.75
MINISTRY OF EDUCATION	629.63	653.49	23.86	3.79
MINISTRY OF EMPLOYMENT AND LABOUR RELATIONS	2.83	31.90	29.07	1,027.79
MINISTRY OF HEALTH	227.93	278.53	50.60	22.20
MINISTRY OF DEFENCE	63.77	69.39	5.62	8.81
JUDICIAL SERVICE	13.67	17.03	3.36	24.57
MINISTRY OF INTERIOR	137.80	173.87	36.06	26.17

Ministry of Finance and Ministry of Health recorded increases in compensation of employees by **GHS 31.78 million** and **GHS 50.60 million** respectively. This represents a change of 3.79% and 22.20% from the December 2017 actual compensation of employees. Ministry of Employment and Labour Relations' wages and salaries for January 2018 surged to **GHS 31.90** million as against GHS 2.83 million in December 2017. This was mainly attributable to payment of personnel related allowances.

MDAs WITH DECREASE IN COST

For the month of January 2018, the following recorded a significant decrease in compensation of employees as compared with the month of December 2017.

MDA	COST FOR DECEMBER	COST FOR JANUARY	REDUCTION	% CHANGE
	GHS' MILLION	GHS' MILLION	GHS' MILLION	
PARLIAMENT OF GHANA	12.64	7.71	(4.93)	(39.01)
AUDIT SERVICE	25.52	12.05	(13.47)	(52.78)
MINISTRY OF LANDS AND NATURAL RESOURCES	10.96	9.73	(1.22)	(11.17)

The Parliament of Ghana had a reduction in compensation of employees of **GHS 4.93 million**. It was mainly due to absence of payment for personnel related allowances for January 2018.

6.0 PAYROLL INITIATIVES

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

2,564 employees on Government of Ghana (GoG) payroll were registered on the E-Payslip system in January 2018. This has increased the total registered number to **593,276** as at January 2018.

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

Table 5.0

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

6.2 E-SPV Validation

The table below shows the results from the E-SPV validation for the month of January 2018

REGION	STAFF STRENGTH BEFORE VALIDATION	DISCONTINUED	UNVALIDATED	UNVERIFIED	EXPECTED STAFF STRENGTH AFTER VALIDATION
	A	B	C	D	E= A- (B+C+D)
Ashanti	100,869	127	1393	226	99,123
Brong-Ahafo	58,913	50	1148	123	57,592
Central	52,659	95	875	117	51,572
Eastern	62,296	56	1127	168	60,945
Greater Accra	82,235	94	286	178	81,677
Northern	49,190	46	334	124	48,686
Upper East	27,652	60	186	85	27,321
Upper west	20,347	22	304	88	19,933
Volta	49,405	66	598	139	48,602
Western	43,250	39	857	111	42,243
TOTAL	546,816	655	7,108	1,359	537,694

A total of 655 employees who were Discontinued were terminated from the payroll system. unverified and unvalidated were suspended and thus were not paid for January 2018.

REGIONAL BREAKDOWN OF UNVERIFIED

REGION	MISSING	LOST & FOUND	UNVERIFIED (GHOST)
Ashanti	6,036	2,327	226
Brong-Ahafo	3,145	1,289	123
Central	3,726	1,394	117
Eastern	4,651	2,098	168
Greater Accra	2,952	1,063	178
Northern	3,009	1,263	124
Upper East	1,396	724	85
Upper West	1,531	987	88
Volta	3,872	1,559	139
Western	2,370	946	111
TOTAL	32,688	13,650	1,359

6.3 Integration of GIFMIS with IPPD 2 Payroll System

49,253 management units out of 54,257 have been successfully mapped onto the GIFMIS GL .

Movement of personnel to their respective management unit is currently ongoing. The team is expected to complete the integration process by March 2018.

6.4 Public Financial Management Reform Project (PFMRP) Payroll Component

The Payroll Component has two main output namely **Payroll Cleaning Plan & Implementation**, and **Payroll & Personnel verification**

KPMG is contracted to perform the following deliverables under payroll cleaning plan & implementation:

- ESPV interface onto IPPD2

User Acceptance test(UAT) has been completed and is proposed to go live in June 2018

- Responsibility Matrix and Password Reset.

UAT has been completed and is proposed to go live in June 2018

- Continuous Data entry,

UAT has been completed and is proposed to go live in June 2018

- Migration of IPPD3 onto IPPD2 System

Completed without historical data. KPMG has started work on the migration of the historical data and is expected to complete by 30th June 2018.

Payroll and personnel verification

A nationwide head count of all government workers would be carried out to verify all active employees. The Head count is scheduled to be completed by December 2018. An entry conference between Ghana Audit Service and CAGD has been set for February 2018 to this effect.

7.0 CONCLUSION

Compensation of Employees in general increased from **GHS 1,487.84 million** in December 2017 to **GHS 1,663.19 million** in January 2018. Payroll was run as scheduled and dispatched to all banks in accordance with payroll timetable for the month under review.