

**EXECUTIVE SUMMARY**

***OVERVIEW***

This report highlights the overall breakdown of Compensation of employees for the month of March 2018, and other payroll activities at the Payroll Directorate of the Controller and Accountant General's Department.

Compensation of Employees for the month of **March 2018** was **GHS 1,735.02 million** on accrual basis as against GHS **1,535.32 million** for February 2018.

A breakdown of March compensation of employees is specified below:

- Wages & Salaries                      GHS    1,535.66 million
- Social Contributions                    GHS     199.35 million

Wages and Salaries is further analyzed as follows:

- Mechanized                                GHS    1,082.38 million
- Non-Mechanized                         GHS     453.28 million

Social contributions consist of:

- Pensions                                    GHS     81.49 million
- Gratuities                                 GHS     11.11 million
- Social security                            GHS    106.74 million

***PAYROLL EVENTS***

- Payment of New entrants arrears to employees of the Ghana Education Service.

***VARIANCE ANALYSIS:***

The table below shows MDAs who registered significant negative variances on compensation for March 2018.

**Table 1.0**

<b>MDA</b>	<b>Budget overrun for the month of March 2018 (cedis million)</b>	<b>% Over run</b>
Ministry Of Education	227.56	37.93
Ministry Of Health	18.93	8.77

*Page 7 of the report provides further details.*

**PAYROLL AND GIFMIS FINANCIAL INTEGRATION**

As part of Process to Integrate payroll to GIFMIS GL, CAG assigned a team to map **54,257** payroll Management units with the Chart Of Accounts.

As at March 2018, **54,257** management units have been successfully mapped with about 60% of people movement completed.

**ELECTRONIC SALARY PAYMENT VOUCHER (ESPV)**

There was discontinuation/termination of salaries of **672 employees** from the payroll leading to a cost saving of **GHS 1.38 million**.

**REFUND OF SALARIES**

Three (3) Employees who had double salaries refunded an amount of **GHS 16,885.23** to government chest.

**STAFF STRENGTH**

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

Mechanized	532,376
Subvented	138,172

**STAFF MOVEMENT**

March 2018 registered a net increase in mechanized staff strength of **8,910** as against a net increase of 5,515 in February 2018.

Ministries of Education and Health recorded increases in staff strength for the month of March 2018. Ministry of Health had 1,264 additions and 882 deletions resulting in a net increase of 382 staff, whilst Ministry of Education had an addition of 10,081 staff and a deletion of 2,201 resulting in a net increase in staff strength of 7,880.

***A detail of movement of staff strength is provided in the transactional report on Table 3.1 of Page 6.***

**SALARY ARREARS**

The total amount paid in March 2018 as salary arrears to employees on GOG Mechanised payroll is **GHS 76.67 million** as against GHS 59.49 million in February 2018.

Pension arrears paid for March 2018 totaled **GHS 1.59 million**.

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

**2.0 SUMMARY OF PAYROLL COST FOR MARCH 2018**

**Table 2.0**

DESCRIPTION	ACTUAL	BUDGET	VARIANCE fav/(unfav)
	GHC million	GHC million	GHC million
<b>Mechanized Payroll</b>	1,005.71		
<b>Non Mechanized Payroll (including Subventions)</b>	453.28		
<b>Total Wages and Salaries (excluding Arrears)</b>	<b>1,458.99</b>	<b>1,336.74</b>	<b>(122.25)</b>
<b>Outstanding /Arrears Payment: (Mechanized)</b>	76.67		
<b>Outstanding /Arrears Payment: (Subventions)</b>			
<b>Total Outstanding/ Arrears Payment</b>	<b>76.67</b>		
<b>WAGES &amp; SALARIES</b>	<b>1,535.66</b>	<b>1,336.74</b>	<b>(198.92)</b>
<b>Pensions and Gratuity</b>	<b>92.61</b>	<b>115.94</b>	<b>23.33</b>
<b>SSF Employer</b>	<b>106.74</b>	<b>120.13</b>	<b>13.39</b>
<b>COMPENSATION OF EMPLOYEES</b>	<b>1,735.01</b>	<b>1,572.81</b>	<b>(162.20)</b>

Total Compensation of Employees for the month of March 2018 is **GHS 1,735.01 million**, as against a budget of **GHS 1,572.81 million** resulting in an adverse variance of **GHS 162.2 million**. This is equivalent to **10.31%** of compensation of employees.

The component of the compensation of employees (excluding arrears, pensions & gratuity, and SSF employer) at March 2018 is **GHS 1,458.99 million** as against a budget of **GHS 1,336.74** resulting in an adverse variance of **GHS 122.25 million**. This represents **9.15%** of March 2018 budget for Wages & Salaries.

The total wages and salaries including mechanized arrears is **GHS 1,535.66 million** as against a budget allocation of **GHS1,336.74 million** resulting in an adverse variance of **GHS 198.92 million**. This represents **14.88%** of budget for wages & salaries.

### 3.0 STAFF STRENGTH

The total staff strength recorded for the month of March 2018 is **670,548** as against 591,036 in February 2018.

The breakdown is indicated below;

**Table 3.0**

PARTICULARS	JANUARY	FEBRUARY(A)	MARCH (B)	DIFF(B-A)
MECHANISED	517,951	523,466	532,376	8,910
SUBVENTION	132,051	67,570	138,172	70,602
<b>TOTAL</b>	<b>650,002</b>	<b>591,036</b>	<b>670,548</b>	<b>79,512</b>

### 3.1 Mechanized Staff Strength

Staff Strength on the mechanized payroll registered a net increase of 8,910 (from 523,466 in February 2018 to 532,376 in March 2018). There were total additions of 13,091 and deletion of 4,181 for the month of March 2018 on the Mechanised payroll. Reactivations for March is 181.

### 3.2 Non-Mechanized Staff Strength

There was an increase in non-mechanized staff strength by 70,602 compared to February 2018. This is because institutions such as National Service Secretariat, among others did not receive their subventions in February. The subventions were released to them in March 2018.

### 3.3 Pension Staff Strength

The total number of active pensioners on Government payroll was **77,807** as at March 2018.

### 3.4 Transactional Report on Mechanized Payroll for Selected MDAs for March 2018

The table below shows the highlight of transactional report on the mechanized payroll for selected MDAs for March 2018.

**Table 3.1**

<b>MDA</b>	<b>Reactivation / Addition</b>	<b>Deletions / Termination</b>
Ministry of Education	10,081	2,201
Ministry of Health	1,264	882
Others	1,746	1,098
<b>Total</b>	<b>13,091</b>	<b>4,181</b>

The institutions in the table above registered significant movements in staff strength as a result of New Entrants, Additions/Reactivations, and Terminations for March 2018.

### 4.0 OVERALL BUDGET PERFORMANCE:

Total compensation budget for the months of January to March 2018 was **GHS 4,718.41 million**; however, actual compensation of employees for the same period was **GHS 4,933.53 million**. Budget variance recorded was **GHS 215.12 million** (adverse) and this was **4.60%** of compensation budget for the period.

Compensation budget for March 2018 was **GHS 1,572.81 million** as against an actual expenditure of **GHS 1,735.01 million** resulting in an adverse variance of **GHS 162.2 million**. This represents **10.31%** of compensation budget for March 2018. The major reason for the adverse variance recorded in March 2018 is as a result of non payment of February 2018 subventions to National Service Secretariat and some public universities.

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

**Table: 4.0**

MINISTRIES	BUDGETED COMPENSATION OF EMPLOYEES	ACTUAL COMPENSATION OF EMPLOYEES	VARIANCE	% VARIANCE
LOCAL GOVERNMENT SERVICES	46,536,224.83	50,484,224.05	(3,947,999.22)	(8.48)
MINISTRY OF TRADE AND INDUSTRY	2,836,613.50	3,156,108.82	(319,495.32)	(11.26)
MINISTRY OF TOURISM, CULTURE AND CREATIVE ARTS	2,786,044.33	2,798,735.90	(12,691.57)	(0.46)
MINISTRY OF ENERGY	219,199.33	251,479.93	(32,280.60)	(14.73)
MINISTRY OF WORKS AND HOUSING	792,313.58	1,111,282.22	(318,968.64)	(40.26)
MINISTRY OF ROADS AND HIGHWAYS	3,369,897.75	3,647,363.56	(277,465.81)	(8.23)
MINISTRY OF AVIATION	64,164.58	72,621.60	(8,457.02)	(13.18)
MINISTRY OF EDUCATION	599,978,718.67	827,536,513.86	(227,557,795.19)	(37.93)
MINISTRY OF HEALTH	215,711,816.17	234,640,038.56	(18,928,222.39)	(8.77)
COMMISSION ON HUMAN RIGHTS AND ADMINISTRATIVE	1,468,205.92	1,599,560.00	(131,354.08)	(8.95)
MINISTRY OF INTERIOR	175,754,208.92	175,843,576.60	(89,367.68)	(0.05)

Ministry of Health recorded an adverse variance of **GHS 18.92 million** representing **8.77%** of its budget for March 2018. Ministry of Education also registered an adverse variance of **GHS 227.56 million** representing **37.93%** of its budget allocation for the month of March 2018.

The MDAs in the table below registered positive variances for March 2018.

**Table 4.1**

MINISTRIES	BUDGETED COMPENSATION OF EMPLOYEES	ACTUAL COMPENSATION OF EMPLOYEES	VARIANCE	% VARIANCE
OFFICE OF GOVERNMENT MACHINERY	9,972,547.00	9,194,660.72	777,886.28	7.80
OFFICE OF THE HEAD OF CIVIL SERVICE	741,374.00	693,919.37	47,454.63	6.40
PARLIAMENT OF GHANA	11,826,010.83	7,779,745.74	4,046,265.09	34.21
AUDIT SERVICE	18,201,404.50	10,608,003.15	7,593,401.35	41.72
PUBLIC SERVICES COMMISSION	367,051.50	193,590.78	173,460.72	47.26
ELECTORAL COMMISSION	4,033,133.50	2,402,930.63	1,630,202.87	40.42
MINISTRY OF FOREIGN AFFAIRS AND REGIONAL INTEGRATION	25,835,009.42	24,328,515.13	1,506,494.29	5.83
MINISTRY OF FINANCE	21,689,222.33	15,690,789.03	5,998,433.30	27.66
NATIONAL MEDIA COMMISSION	237,325.08	22,862.31	214,462.77	90.37
NATIONAL DEVELOPMENT PLANNING COMMISSION	362,431.08	110,186.07	252,245.01	69.60
MINISTRY OF INFORMATION	6,326,800.75	5,484,594.64	842,206.11	13.31
MINISTRY OF PARLIAMENTARY AFFAIRS	46,211.25	3,293.16	42,918.09	92.87
MINISTRY OF AGRICULTURE	5,087,726.00	4,003,727.95	1,083,998.05	21.31
MINISTRY OF FISHERIES AND AQUACULTURE DEVELOPMENT	811,934.17	549,190.88	262,743.29	32.36
MINISTRY OF LANDS AND NATURAL RESOURCES	11,401,468.67	9,832,812.29	1,568,656.38	13.76
MINISTRY OF ENVIRONMENT, SCIENCE, TECH. AND INNOVATION	17,647,741.50	14,068,575.18	3,579,166.32	20.28
MINISTRY OF WATER RESOURCES AND SANITATION	756,794.58	746,512.45	10,282.13	1.36
MINISTRY OF COMMUNICATIONS	1,790,790.17	1,278,264.07	512,526.10	28.62
MINISTRY OF RAILWAYS DEVELOPMENT	416,666.67	77,193.16	339,473.51	81.47
MINISTRY OF TRANSPORT	436,030.17	306,970.38	129,059.79	29.60
MINISTRY OF EMPLOYMENT AND LABOUR RELATIONS	3,277,066.92	3,122,280.06	154,786.86	4.72
MINISTRY OF YOUTH AND SPORTS	1,404,815.50	1,310,210.14	94,605.36	6.73
NATIONAL COMMISSION FOR CIVIC EDUCATION	3,739,460.17	2,968,857.31	770,602.86	20.61
MINISTRY OF CHIEFTAINCY AND RELIGIOUS AFFAIRS	2,904,885.17	990,167.21	1,914,717.96	65.91
MINISTRY OF GENDER, CHILDREN AND SOCIAL PROTECTION	2,252,834.42	2,016,514.88	236,319.54	10.49
NATIONAL LABOUR COMMISSION	207,544.08	124,036.58	83,507.50	40.24
MINISTRY OF JUSTICE AND ATTORNEY GENERAL'S DEPARTMENT	6,488,539.25	5,895,083.40	593,455.85	9.15
MINISTRY OF DEFENCE	72,618,700.17	69,394,297.68	3,224,402.49	4.44
JUDICIAL SERVICE	23,781,268.25	14,399,022.76	9,382,245.49	39.45
MINISTRY OF NATIONAL SECURITY	29,660,586.75	23,547,677.09	6,112,909.66	20.61



***Refer to the Appendix E of the Payroll Cost Information for March 2018 for a detailed variance analysis for the month under review.***

## **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 the reasons for them.

### **MINISTRIES WITH INCREASE IN COST**

In March 2018, the following Ministries recorded a significant increase in compensation of employees as compared to February 2018.

**Table 5.0**

<b>MDA</b>	<b>COST FOR FEBRUARY GHS' MILLION</b>	<b>COST FOR MARCH GHS' MILLION</b>	<b>INCREME NT GHS' MILLION</b>	<b>% CHANGE</b>
<b>MINISTRY OF EDUCATION</b>	608.76	827.54	218.77	35.94
<b>MINISTRY OF JUSTICE</b>	4.59	5.90	1.31	28.57
<b>MINISTRY INTERIOR</b>	160.32	175.84	15.53	9.69

Cost of wages and salaries for Ministry of Education was **GHS 608.76 million** in February 2018, however this increased to **GHS 827.54 million** in March 2018. This represents an increase of **35.94 %**.

The reason for the increase recorded by Ministry of Education is the non-payment of February 2018 subventions to National Service Secretariat and some public universities.

Ministries of Justice and Interior recorded a significant rise in compensation of employees largely because of the payment of personnel related allowances with arrears for the month under review.

**MINISTRIES WITH DECREASE IN COST**

The table below shows ministries with significant reduction in wages and salaries for March 2018.

**Table 5.1**

MDA	COST FOR FEBRUARY	COST FOR MARCH	REDUCTION	% CHANGE
	GHS' MILLION	GHS' MILLION	GHS' MILLION	
<b>MINISTRY OF FINANCE</b>	18.02	15.69	(2.33)	(12.94)
<b>LOCAL GOVERNMENT SERVICES</b>	56.64	50.48	(6.16)	(10.87)
<b>MINISTRY OF EMPLOYMENT AND LABOUR RELATIONS</b>	30.15	3.12	(27.03)	(89.64)
<b>MINISTRY OF NATIONAL SECURITY</b>	26.81	23.55	(3.26)	(12.16)

Ministry of Employment and Labour Relations registered **85.64%** reduction in compensation of employees as a result of the non-payment of personnel related allowances and arrears for the month of March 2018.

Local Government Service recorded reduction in compensation of employees by **GHS 50.48 million**. This is due to reductions in compensation of employees recorded by Regional Coordinating Council (RCC) and some District Assemblies (MMDAs). The key reason for the reduction in compensation of employees for RCC was the decrease in arrears paid in March. For MMDA the reduction was a result of a significant decrease in allowances paid in March.

Compensation of employees for Ministry of National Security was GHS 26.81 million in February, but this decreased to **GHS 23.55** million in March 2018, representing **12.16%**. This is because of decreases in Compensation of employees recorded for the Research Department under the Ministry. The main reason for this was the decreases in both basic salary and allowances recorded in March 2018.

## 6.0 PAYROLL INITIATIVES

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

5,275 employees on Government of Ghana (GoG) payroll were registered on the E-Payslip system in March 2018. This has increased the total registered number to **605,366**.

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
<b>Mar-18</b>	<b>5,275</b>	<b>605,366</b>

### 6.2 E-SPV Validation

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

REGION	STAFF STRENGTH BEFORE VALIDATION	DISCONTINUED	UNVALIDATED	UNVERIFIED	EXPECTED STAFF STRENHHTH AFTER VALIDATION
	A	B	C	D	E= A- (B+C+D)
<i>Ashanti</i>	102,835	166	795	202	101,672
<i>Brong-Ahafo</i>	60,484	45	1,077	120	59,242
<i>Central</i>	53,199	63	1,555	126	51,455
<i>Eastern</i>	63,631	68	1,596	151	61,816
<i>Greater Accra</i>	82,456	104	701	230	81,421
<i>Northern</i>	50,323	72	780	119	49,352
<i>Upper East</i>	28,460	38	166	50	28,206
<i>Upper west</i>	21,118	46	230	70	20,772
<i>Volta</i>	50,314	27	1,149	135	49,003
<i>Western</i>	44,191	43	638	94	43,416
<b>TOTAL</b>	<b>557,011</b>	<b>672</b>	<b>8,687</b>	<b>1,297</b>	<b>546,355</b>

**Table 6.1**

672 employees who were marked Discontinued across the regions were terminated from the system and thus were not paid. However, unverified staff and unvalidated were suspended and thus were not paid.

**REGIONAL BREAKDOWN OF UNVERIFIED**

REGION	MISSING	LOST & FOUND	UNVERIFIED (GHOST)
Ashanti	6,701	2,758	202
Brong-Ahafo	3,461	1,530	120
Central	3,866	1,621	126
Eastern	4,763	2,317	151
Greater Accra	2,854	1,052	230
Northern	3,117	1,526	119
Upper East	1,683	847	50
Upper West	1,702	1,136	70
Volta	3,901	1,657	135
Western	2,574	1,020	94
<b>TOTAL</b>	<b>34,622</b>	<b>15,464</b>	<b>1,297</b>

**Table 6.2**

**6.3 Integration of GIFMIS with IPPD 2 Payroll System**

**49,253** management units out of **56,419** have been successfully mapped to GIFMIS GL.

**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. This is expected to be completed in December 2018.

## **7.0 CONCLUSION**

Compensation of Employees in general increased from **GHS 1,535.32 million** in February 2017 to **GHS 1,735.02 million**, in March 2018.

Salaries were run and dispatched to all banks in accordance with payroll timetable for the month under review.