

QUALITY MANAGEMENT SYSTEM

PL-006A-FIN Payroll Policy

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PAYROLL POLICY

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1. PURPOSE

The College’s payroll comprises a significant component of the College’s annual budget. The PFMA requires each Accounting Officer to ensure that the personnel cost of all appointees, as well as promotion and salary increases, are properly authorised, are accurate and can be met within the budgetary allocation of the College.

- 1.1 To ensure the College pays Employees by electronic funds transfer in an accurate and timely manner, so that the amount, method, and timing of salary and wage payments comply with the legislative framework outlined above, as well as the contractual obligations contained in the letters of appointment and conditions of service.
- 1.2 To ensure the College implements an effective system of internal controls that complies with legislation and statutory requirements;
- 1.3 To ensure that adequate segregation of duties exist.
- 1.4 To ensure that statutory deductions are processed accurately and in accordance with legislation and to ensure that where discretionary deductions, including 3rd party payments are warranted, these will be processed in accordance with strict guidelines as enforced by the College’s policy. Discretionary deductions will only be allowed under exceptional circumstances.
- 1.5 To ensure that all parties are aware of, and adheres to the College’s policy that staff loans are not permitted and that salary advances are to be recovered in full at the next salary date.

- 1.6 To create a framework for the documentation of procedures as it relates to administration of salaries, timekeeping, payroll schedules and payment methods.
- 1.7 To establish sound human resource approaches, systems, standards and practices within the Payroll department.

2. SCOPE

The Responsibility for Payroll Administration falls both within the Human Resources Function as well as the Finance Function. The scope of this policy covers the responsibilities of the Payroll Administration function within the Finance Function.

This policy applies to all employees of the college and to any system through which College's payroll is processed, including Persal.

Reference to the Human Resources Payroll Administration processes are considered necessary as these processes impact on the Finance Payroll administration processes.

3. LEGISLATIVE FRAMEWORK AND BEST PRACTICE REGULATIONS

Key principles contained in the following legislation and best practices were applied to develop this policy:

- a) CET Act No.16 of 2006, as amended (the "Act")(formerly the FET Colleges Act);
- b) Public Finance Management Act, 1999 (Act No 1 of 1999 as amended by Act 29 of 1999) (PFMA);
- c) National Treasury Regulations, March 2005;
- d) [Draft] National Treasury Regulations Gazetted 30 November 2012;
- e) Payroll Deduction Regulation 2000;
- f) Accounting Officers Guide to the PFMA; and
- g) Basic Conditions of Employment Act (BCEA).

Further, the following Department recommended policies are integral to this policy:

- a) Accounting Records Policy; and
- b) Subsistence and Travel Policy.

4. HUMAN RESOURCES POLICIES AND PROCEDURES

The accuracy and efficiency of payroll administration is dependent on effective policies and procedures within the Human Resources function. Management must ensure that effective Payroll administration policies and procedures are in place.

5. PAYROLL ADMINISTRATION

- 5.1 All Finance Employees involved with payroll processing must sign a confidentiality and non-disclosure agreement specifically with regards to payroll information. (Refer Annexure A) and must ensure that sensitive information required to process the payroll is safe-guarded;

- 5.2 The Payroll department must ensure that all payroll information is submitted on the approved forms and templates provided by Human Resources which could include but is not limited to Employee Information change request forms, payroll deduction authorisation forms, garnishee order forms, change in bank detail forms, etc.
- 5.3 All requests for amendments to the payroll may only be processed if duly approved by the Human Resources Manager.

The Payroll Department will provide an annual payroll calendar which will stipulate the following :

- a) The monthly deadlines for the submission of all documentation and information to the payroll department by management and staff including letters of appointment, notification of salary increase or promotions, approved leave forms, EEA2 forms, Tax Reference numbers;
 - b) The monthly dates that salaries will be paid into the Employees bank account.
- 5.4 The Payroll department must ensure that payroll is processed according to the annual payroll calendar and should report to the Human Resources Manager should the required information not be submitted timeously to the Payroll Department.
- 5.5 The Payroll department must ensure that the payroll system used is regularly updated and kept in line with changes to the tax legislation.
- 5.6 The Financial Manager must (Based on the information provided by the Human Resources department) verify that the Payroll Department has accurately captured the following information on the Payroll system:
- a) New employees;
 - b) Changes in Employee information;
 - c) Changes to the Employees bank account;
 - d) Salary information.
 - e) Allowances
 - f) Statutory Deductions
 - g) Non Statutory Deductions only if written consent from the employee and approved by the relevant Manager
- 5.7 The Finance Manager must check and approve all master data changes and ensure that changes and the subsequent approval of these changes are well documented.
- 5.8 The Finance Manager must perform a monthly reconciliation of the payroll reports to the general ledger;
- 5.9 The Finance Manager must ensure that non-statutory deductions are paid timeously to third parties.

6. PAYROLL APPROVAL AND PAYMENT

- 6.1 On completion of the payroll processing, the payroll must be reviewed and approved for payment by the Payroll Supervisor and the Finance Manager
- 6.2 Supporting documentation and payroll changes must be submitted to the Deputy Principal: Finance for approval;

- 6.3 Salaries are paid by EFT transfer only. All Employees are required to have bank accounts and to submit their banking details to the Human Resources department within one week of their appointment;
- 6.4 Final payment via EFT transfer must be released by two authorised bank account signatories.

7. PAYROLL CERTIFICATION AND CONFIRMATION OF EMPLOYEES

- 7.1 The Payroll Supervisor must distribute the payroll reports to the various pay points together with the pay slips as soon as possible after the salary payment date.
- 7.2 College functional managers must certify that all Employees listed on their respective payroll reports are in the employ of the College and are entitled to payment.
- 7.3 The Payroll reports must be returned to the Salaries Supervisor within 10 days of the salary payment date.
- 7.4 The Payroll register must be updated to reflect the return of the payroll reports.
- 7.5 College Functional Managers must report unknown employees to the human resources department within 10 days of receiving their payroll reports, for follow-up action and rectification.

8. GLOSSARY

Unless otherwise indicated, the following definitions, acronyms and abbreviations will apply in this policy:

- 8.1 "College" – is the College of Cape Town
- 8.2 "EFT" – electronic funds transfer.
- 8.3 "Employee" - is any official, employed at the College, irrespective of grade, full- time or part-time, Council or Department of Higher Education and Training appointed, or paid on a salaried or an hourly/daily individual basis.
- 8.4 "Employer" – the Department of Higher Education and Training or the College is the employer.
- 8.5 "Line Manager" – is anyone whose duties in the main involve responsibility for the work of others. The term includes not only those who are usually referred to as managers because they are members of the so-called "management echelon" but also all first-line supervisors.
- 8.6 "Payroll Supervisor" – a senior Employee within the Human Resources function, responsible for the Payroll administration as defined in paragraph 5.
- 8.7 "PFMA" – Public Finance and Management Act.
- 8.8 "PERSAL" – the payroll administration system of the Public Service