



**THULAMELA MUNICIPALITY**

**PAYROLL POLICY AND PROCEDURE MANUAL**

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# **PAYROLL POLICY**

## **1. PREAMBLE**

- 1.1. Thulamela Municipality has an obligation to run a well-managed and balanced payroll system with the purpose of fulfilling its legal obligation as an employer.
- 1.2. In order to give effect to this set of obligations and requirements, an electronic payroll system is required to address all human capital requirement in relation to monthly and any other remunerations.
- 1.3. The municipality has found it appropriate to draw up a payroll policy and procedure manual to be used by all key operational role players for the purpose of bringing about an economic, efficient and effective payroll management practice.
- 1.4. This procedure manual is both comprehensive and easy to follow, step by step guide to assist payroll operators and supervisors to better perform their payroll processing and review function with relative ease. The underlying purpose is to provide the user with the necessary informative tool that shall enable them to take full ownership of the payroll function within their area of responsibilities.

## **2. PAYROLL MANUAL OBJECTIVES.**

- 2.1. To provide constructive and meaningful set of requirements for managing the municipal payroll.
- 2.2. To set as a blueprint for the efficient, timeous and effective payroll management.
- 2.3. To provide correct measure for ensuring a correct and legally complaint payroll management.
- 2.4. To prevent and counteract potential practices of fraud and corruption.
- 2.5. To provide an information platform for perusal by the payroll users and other interested parties.
- 2.6. To ensure that all important payroll management requirements are dealt with as required by law and good practice.

### **3. GENERAL PROVISIONS FOR PAYROLL IMPLEMENTATION**

3.1. The payroll is a function located in Corporate Services with some functions executed in Budget & Treasury Department.

3.2. It is a shared function necessitated by its complex nature and significance.

3.3. The Corporate Services Department is responsible for all the payroll aspects which deal with the Human resources functions i.e. Capturing, Editing and reviewing transactions within the payroll system.

3.4. The Budget and Treasury Department shall be responsible for the payroll aspects which deals with the payment of both salaries of employees and councillors as well as all third party payroll related payments using payroll system and banking applications.

3.5. All changes and updates effected through payroll e.g. medical aid increase and change of banking details are to be filed in employees files either Personnel or Payroll file.

3.6. All documents and claims due for payments as determined through employees conditions of service must start from Human Resources : Recruitment office and be registered before submitted to Payroll office for processing.

3.7. The Corporate Service Department through Recruitment office shall be responsible for the new appointments and termination of employees and third parties in the HR system.

Payroll Office will be responsible for administration of all transactions falling within the framework of payroll responsibilities under Corporate Services Department.

3.8. The Budget & Treasury Department shall be responsible for transferring of salaries from PAYDAY system to the bank and also reconciliations.

3.9. There shall be clear separation of duties and responsibilities assigned to these two positions with a view of avoiding overlapping and conflicting of roles.

3.10. The main purpose of the joint management and operation of the payroll by the two departments is to inject the necessary checks and balances in the reinforcing and control of the payroll.

3.11. The two departments shall have a joint responsibility to develop, plan and rejuvenate the payroll function in terms of the latest technology

#### 4. DUTIES AND RESPONSIBILITIES

No	CORPORATE SERVICES	NO	BUDGET AND TREASURY
<b>A</b>	<b>RECRUITMENT OFFICE</b>		<b>EXPENDITURE OFFICE</b>
1.	Collection and recording of all inputs, Overtime claims, S & T, Acting allowance, EPWP payment schedules, Third parties and all deductions on the payroll register .	1.	Journal to munsoft and clearing of salary suspense account.
2.	Adding of new employee on PAYDAY HR system and Termination of staff.	2.	Payment processing of salaries, creditors and its reconciliations (3 <sup>rd</sup> party payments) and preparing schedules and proof of payments.
3.	Verification of working hours and standby compliance with BCEA and municipal policies	3.	Monthly posting of payroll to general Ledger
4.	Leave days, long service management and payout processing to PAYDAY system.	4.	Creating new vote accounts from PAYDAY
5.	Advising payroll officials in writing about all new additions or changes in status of employees which affects payroll.	5.	Balancing of monthly payroll for staff payments and leave provision calculations.
		6.	Monthly reconciliation of salaries control account.
<b>B</b>	<b>PAYROLL OFFICE</b>	7.	Submissions of SARS returns on yearly basis
1.	Receiving of all inputs from Recruitment office for capturing on PAYDAY system		
2.	Attending to all payroll related queries.		
3.	Payroll backup to main server and rolling over to the following month.		
4.	Implementation of staff, Contract Employees and councillors increment as stipulated by SALGA.		
5.	Printing of review report and salary vouchers and submitting them to Budget and Treasury for payment.		
6.	Filing of all inputs on monthly bases		

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## **5. PAYROLL CYCLE ( Monthly Payroll Processing)**

5.1. All employees and councillors shall submit their payroll inputs to their relevant Department for approval by Head of Department.

5.2. All payroll inputs shall be submitted to the Human Resources Senior recruitment Officer or designee on or before the 10<sup>th</sup> of each month to be considered for payment on that month. if the 10<sup>th</sup> is on Saturday or Sunday the closing date will be the Monday of the subsequent week.

5.3. All Departmental payroll inputs must be approved by the Head of Department and submitted to the Recruitment Officer. This includes amongst overtime, S&T claims, standby and or any other emoluments.

5.4. The Recruitment officer or designee shall record all inputs on the payroll register then submit them to the Deputy Manager Payroll or designee for further processing.

5.5. The senior payroll office will then hand over inputs to payroll clerks for capturing purpose.

5.5. Any payroll input that missed the deadline shall be reserved for processing in the following month of business.

5.6. Maximum period of claims shall be two months.

5.7. The payroll clerk will capture and hand over well calculated and captured inputs to Senior Payroll officer who will then verify all the captured documents and making necessary adjustments on the system with a view of ensuring that all payments and deductions are done as per the payroll submissions given.

5.8. The verified inputs will then be submitted to Deputy Manager Payroll who will then check correctness of the inputs and approve the transactions for payment.

5.9. The Deputy Manager Payroll will then finalize the system and the Payroll officer shall then print the final payroll reports. The payroll reports to be produced shall include the following:

5.9.1. Payday Summary report

5.9.2 Payday review reports.

5.9.3. Salary voucher reports.

5.10. The above review reports shall be signed by the following municipal official for verification and approval

5.10.1. Senior Payroll officer.

5.10.2. Deputy Manager Payroll

5.10.3. Human Resources Manager

5.10.4. Senior Manager Corporate Services.

5.11. Pay slips of the earners shall be printed by payroll clerks and submitted to relevant Departments 2 days prior to Payday.

5.11. The salary file will then be submitted to Expenditure office on or before the 20<sup>th</sup> of every month.

5.12. The transactions for the transfer of salaries to the bank shall then be initiated by the expenditure clerk, Verified by the Deputy manager Expenditure and Manager Expenditure, Recommended by the Chief Financial Officer then Approved by the Accounting Officer.

5.13. The transaction for employees and councillors shall be the 25<sup>th</sup> of every month and the 3<sup>rd</sup> party payments shall be paid before the 7<sup>th</sup> of each month. If the 25<sup>th</sup> is a weekend or Public holiday the transaction will be done on the last working day.

5.14. All payments shall be accompanied by the relevant payment schedules as remittance advices to the third parties which are then submitted to the relevant third parties immediately after payments has been made.

## 6. FILLING.

6.1. Human Resources Recruitment officer shall be responsible for filling of all copies of personal changes e.g. change of banking details, entity form and personal information on the personnel file.

6.2. Senior Payroll Officer or designee shall be responsible for filing all payroll inputs e.g. Overtime, S & T, Payslips on the individual payroll file and filing of consolidated printouts of payroll inputs.

6.3. Expenditure Officer will also be responsible for filling Monthly Payroll salary voucher, review documents and proof of payments of salaries and third parties payments files at Municipal registry.

6.4 The Deputy Manager Expenditure or designee shall be responsible for keeping electronic copies of IRP5 certificates.

6.5 The Deputy Manager Payroll shall ensure that all the records are properly kept in an orderly manner and systematic fashion for easy access.


## 7. IMPLEMENTATION

7.1. This policy will be effective from the date of adoption by Council.

7.2. The policy shall be reviewed after 5 years and revised as necessary.

  
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**ACTING SENIOR MANAGER**  
**CORPORATE SERVICES**  
**SIKHWIVHILU N.M**

31/05/2024  
DATE

  
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**MANKWILE M.T**  
**MUNICIPAL MANAGER**

31/05/2024  
DATE

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