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PAYROLL POLICY AND PROCEDURE MANUAL

Signatories

The signatories hereof, confirm acceptance of the contents, recommendation, and adoption hereof.

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INDEX

1.	DEFINITIONS AND ACRONYMS	4
2.	PREAMBLE	5
3.	PURPOSE	5
4.	OBJECTIVES	5
5.	SCOPE	6
6.	IMPLEMENTATION: ROLES AND RESPONSIBILITIES	6
7.	PAYROLL CYCLE (MONTHLY PAYROLL PROCESSING)	7
8.	FILLING	8
9.	LEGISLATIVE AND REGULATORY FRAMEWORK	9
10.	STAKEHOLDER ENGAGEMENT	9
11.	GENERAL PROVISIONS FOR PAYROLL IMPLEMENTATION	9
12.	MONITORING AND EVALUATION	10
13.	CONCLUSION	10
14.	REVISION DATE	11
15.	ANNEXURES	11

1. DEFINITIONS AND ACRONYMS

1.1 Statutory and Regulatory

This Procedure applies to the following meanings and interpretations:

#	TERM	DESCRIPTION
1.1	Authorised Deductions	Deductions required or permitted in terms of the law, arbitration award, collective agreement, any other agreement with the employee or court order or as defined in the Employment Contract of the Municipality and the Conditions of Service
1.2	Collective Agreements	Agreements are defined in the labour Relations Act, 1995 (Act 66 of 1995) and conducted at the South African local Government Bargaining Council (SALGBC)
1.3	Councilor	A member of a municipal council.
1.4	Debt	An amount of money owed and payable to the Municipality arising out of a liability or obligation to pay.
1.5	Employee	Any person, excluding an independent contractor, who works for the Municipality and who receives any remuneration; any other person who in any manner assists in carrying on or conducting the business of the Municipality
1.6	Overpayment	Any payment made to an employee in error, where a payment in error is one where there is no legal basis for such payment irrespective of the nature or source of the error
1.7	Payroll Administration	Transactions arising from the application of statutory provisions, collective agreements, conditions of service, arbitration awards, court orders and approved policy directives.

1.2 ACRONYMS

#	TERM	DESCRIPTION
2.1	S & T	Subsistence and travelling
2.2	PO	Payroll Officer

2. PREAMBLE

- 2.1 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.
- 2.2 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.
- 2.3 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.
- 2.4 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.

3. PURPOSE

- 3.1 The purpose of the Payroll Policy provides guidance to ensure that all municipal employees are paid correctly and timely.

4. OBJECTIVES

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

5. SCOPE

5.1 This policy applies to all employees and public office barriers in respect of the municipality's payroll procedure in line with employment terms and conditions.

6. IMPLEMENTATION: ROLES AND RESPONSIBILITIES

NO CORPORATE SERVICES		NO BUDGET AND TREASURY	
A RECRUITMENT OFFICE		EXPENDITURE OFFICE	
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.
1.	Adding of new employee on PAYDAY HR system and Termination of staff.	2.	Payment processing of salaries, creditors and its reconciliations (3 rd 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.
B PAYROLL OFFICE		6.	Monthly reconciliation of salaries control account.
		7.	Submissions of SARS returns on a 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 councilors 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		

7. PAYROLL CYCLE (MONTHLY PAYROLL PROCESSING)

- 7.1 All employees and councillors shall submit their payroll inputs to their relevant Department for approval by Head of Department.
- 7.2 All payroll inputs shall be submitted to the Human Resources Senior recruitment Officer or designee on or before the 10th of each month to be considered for payment on that month. If the 10th is on Saturday or Sunday, the closing date will be the Monday of the subsequent week.
- 7.3 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.
- 7.4 The Recruitment officer or designee shall record all inputs on the payroll register then submit them to the Senior Payroll officer or designee for further processing.
- 7.5 The senior payroll officer will then hand over inputs to payroll clerks for capturing purpose.
- 7.6 Any payroll input that missed the deadline shall be reserved for processing in the following month of business.
- 7.7 Maximum period of claims shall be two months.
- 7.8 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.
- 7.9 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.
- 7.10 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:
 - 7.10.1 Payday Summary report
 - 7.10.2 Payday review reports.

7.10.3 Salary voucher reports.

7.11 The above review reports shall be signed by the following municipal officials for verification and approval

7.11.1 Senior Payroll officer.

7.11.2 Deputy Manager Payroll

7.11.3 Human Resources Manager

7.11.4 Senior Manager Corporate Services.

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

7.13 The salary file will then be submitted to Expenditure office on or before the 20th of every month.

7.14 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.

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

7.16 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.

8. FILLING

8.1 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.

- 8.2 Senior Payroll Officer or designee shall be responsible for filing all payroll inputs e.g. Overtime, S & T, Pay slips on the individual payroll file and filing of consolidated printouts of payroll inputs.
- 8.3 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.
- 8.4 The Deputy Manager Expenditure or designee shall be responsible for keeping electronic copies of IRP5 certificates.
- 8.5 The Deputy Manager Payroll shall ensure that all payroll records are properly kept in an orderly manner and systematic fashion for easy access.

9. LEGISLATIVE AND REGULATORY FRAMEWORK

- 9.1 Legislative Framework Section 66 of the Municipal Finance Management Act, 2003,

10. STAKEHOLDER ENGAGEMENT

- 10.1 All the relevant stakeholders internally and externally will be consulted through the development and implementation of this policy.

11. GENERAL PROVISIONS FOR PAYROLL IMPLEMENTATION

- 11.1 The payroll is a function located in Corporate Services with some functions executed in Budget & Treasury Department.
- 11.2 It is a shared function necessitated by its complex nature and significance.
- 11.3 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.
- 11.4 The Budget and Treasury Department shall be responsible for the payroll aspects which deals with the payment of both salaries of employees and councilors as well as all third-party payroll related payments using payroll system and banking applications.
- 11.5 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.

- 11.6 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.
- 11.7 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.
- 11.8 Payroll Office will be responsible for administration of all transactions falling within the framework of payroll responsibilities under Corporate Services Department.
- 11.9 The Budget & Treasury Department shall be responsible for transferring of salaries from PAYDAY system to the bank and also reconciliations.
- 11.10 There shall be clear separation of duties and responsibilities assigned to these two positions with a view of avoiding overlapping and conflicting of roles.
- 11.11 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.
- 11.12 The two departments shall have a joint responsibility to develop, plan and rejuvenate the payroll function in terms of the latest technology.

12. MONITORING AND EVALUATION

- 12.1 On a continuous basis this policy will be assessed to determine its relevance and effectiveness to determine as to whether it has achieved the intended objectives or not.

13. CONCLUSION

- 13.1 In conclusion, the Payroll policy and procedure manual outlines critical matters raised in the purpose and the objectives. The provisions in the policy contents highlights the need for municipality to adhere to the key issues narrated which will address challenges encountered and lead to effective and efficient implementation of the policy.
- 13.2 The Municipality commits to make resources available, monitor and evaluate the effectiveness of the policy, thus encouraging all relevant stakeholders to familiarise

themselves with the policy and take necessary actions to fully participate and ensure compliance of the policy.

14. REVISION DATE

14.1 This policy shall be reviewed every 3 years or as and when the needs arises.

15. ANNEXURES

15.1 Business process map.

15.2 Standard Operating Procedure.