



GREATER GIYANI MUNICIPALITY

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PAYROLL POLICY

Review approval

Council Resolution CR164-17/05/2024SP

Object

The primary object of this policy is: -

To set out the basis for the management of payments of salaries, wages and related benefits including management of statutory and third-party payments

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1. Explanation of Concepts	
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GGM	Greater Giyani Municipality
BCEA	Basic Conditions of Employment Act
MFMA	Municipal Finance Management Act
BTO	Budget and Treasury Office
CFO	Chief Financial Officer
HR	Human Resource Division
ICT	Information and Communication Technology
PAYE	Pay As You Earn
SDL	Skills Development Levy
UIF	Unemployment Insurance Fund

2. INTRODUCTION

- a. GGM has a dedicated Payroll Sub- Division within the BTO department that is responsible for the payment of salaries and wages, and the management of related functions. It provides a centralised, consistent approach to the management and processing of all payroll related transactions for the duration of a staff member's employment and councillors with GGM.
- b. Payroll works closely with the Human Resources (HR). All casual staff should deal directly with supervisors within their units before consulting with payroll.
- c. The payroll sub-division administers the payroll, employee and statutory deductions from pays and remunerated benefits, and answers queries on payroll related. The payroll unit is responsible for:
 - ☐ Processing payroll payments to all employees, remuneration of councillors, ward committees and EPWPs
 - ☐ Deductions to external bodies, e.g. statutory payments (PAYE, SDL UIF), insurance, medical aids, union fees, garnishee debts, etc.
 - ☐ Issuing payslips, payroll certificates, IRP5s and IT(3)s
 - ☐ Managing payroll changes through advices from HR

3. BACKGROUND

- a. The payroll policy is guided by Municipal Public Finance Management Act Section 65 (2) (a), (b), (c), (d), (f) and section 66 regarding Expenditure Management and Expenditure on staff benefits.
- b. The aim of this policy is to administer payroll, enhance internal control and enable staff members to promptly find answers to their questions regarding their remuneration, subsistence & traveling and other salary related benefits that they are entitled to in terms of municipal regulations.
- c. To ensure GGM is in compliance with all applicable employment, labour, garnishment and tax laws.
- d. To give payroll personnel step-by-step instructions for processing payroll accurately and in compliance with all applicable laws.

4. PAYROLL OPERATING RULES

4.1 Confidentiality

Payroll staff members holds sensitive records of a personal and financial nature about all GGM employees and councillors.

- 4.1.1** All staff members are required to maintain confidentiality over this information and must comply with these operating rules. No employee of GGM is permitted to access any information on employees for personal reasons. This rule applies to GGM staff members in general and to Payroll staff members.
- 4.1.2** Payroll information will not be provided to third parties (e.g. banks, mortgage lenders etc.) unless prior written approval has been provided by the employee or councillor to release such information. The councillor or employee must name the institution(s) that will be making the enquiry.

4.2 Payments

Payment of salaries, wages and remuneration of councillors are done monthly. All payments, including reimbursement travel claims, must be directly deposited into individual employee banking accounts. Payment of salaries, wages and remuneration of councillors must be paid on the 25th of every month unless if the 25th is on a weekend or a public holiday. In this case payments must be done on the last working day before the 25th of the month. Exception to the date must be approved by the accounting officer.

4.3 Changes to Bank Details

All changes of bank account details for existing GGM staff members and councillors are to be submitted to HR first and not directly to Payroll. The HR shall then advice the Payroll in writing of such changes.

4.4 New Engagements

The capturing of new employees and councillors shall only be done by HR Unit. HR Unit staff members shall then advise payroll unit, through a formal advice, of the salaries and other benefits that the new employee is entitled as well as deductions.

4.5 Maintenance of information for existing staff members

Changes affecting the salaries, garnishes and other deductions, of existing staff members shall be done by payroll staff through a written advice from HR.

4.6 Monthly payroll preparations

- a. Payroll preparations for the month shall commence after **ten (10)** working days of the month.
- b. Only HR Unit can submit advices for changes affecting the salaries of staff members to payroll for capturing in the payroll system.

- d. Payroll clerks in the payroll will capture the advices and the written advices captured shall be reviewed by the senior payroll clerk or payroll accountant. The capturing and the review of the changes shall be done between the **11th and 15th** working days of the month.
- e. The payroll accountant shall review and print the salary certificates from the payroll system and import salaries from payroll system directly to the municipality's banking system. Salaries and remuneration of councillors must be transferred to the relevant individual employees and councillors bank accounts.
- f. Payroll certificates for each cost centre with relevant payslips for the cost centres must be printed at least two days before the salary transfers. The payroll certificates and payslips must be collected by supervisors of each cost centre for distribution to individual staff members. All payslips must be signed by recipients upon receipt. Payslips not distributed must be returned to payroll with the signed payroll certificate.
- g. Payslips for councillors must be collected by a delegated official from the Corporate Services Department for distribution to relevant councillors. All payslips must be signed by recipients upon receipt. Payslips not distributed must be returned to payroll with the signed payroll certificate.
- h. The salaries and remuneration certificates shall be submitted to the Manager-Expenditure for review and initial approval. The Chief Financial Officer or any nominated official shall review the certificates and finally approves the salary transfer to beneficiaries.

4.7 Month-end Procedures

- a. The payroll accountant must ensure that reconciliations, declarations and payments for PAYE, UIF and SDL are done before the 7th working day of the preceding month. Reconciliations, declarations and payments for PAYE, UIF and SDL must be reviewed by the Manager – Expenditure and the CFO before finalisation. Payments must be transferred directly to SARS relevant account.
- b. The payroll accountant must ensure that third parties and other statutory payments (medical aid, pensions or gratuities, bonds, garnishes, insurance, etc.) must be reconciled and done on the 3rd working day of the preceding month. The payments must reviewed by the Manager – Expenditure and the CFO before finalisation. Payments must be transferred directly to relevant beneficiary accounts.
- c. The payroll accountant must do month-end closure and roll over to the preceding month on the 7th working day of the preceding month after successful integration to main financial system.
- d. Reconciliation for the salary account must be done by a delegated official separate from payroll unit on or before the 14th working day of the preceding month. The reconciliations shall be reviewed by the CFO or any delegated official.

4.8.1 Implementation

The policy must be implemented from the date of approval by the Council.

4.8.2 Review of the policy

The policy will be reviewed as and when required but within a cycle of three (3) years.

Signed by

Cllr T Zitha.

Mayor

A handwritten signature in black ink, consisting of a large, stylized 'Z' followed by a horizontal line.

Signature

17/05/2024

Date