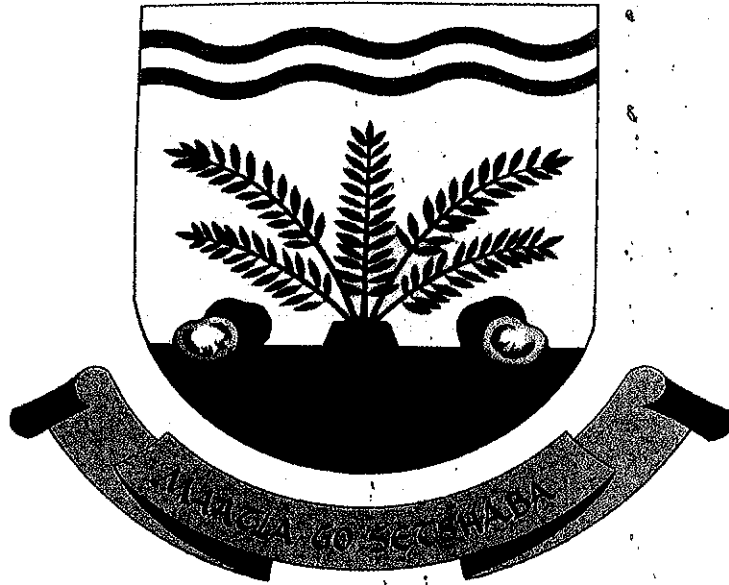


GREATER LETABA LOCAL MUNICIPALITY



PAYROLL POLICY

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1. BACKGROUND

1.1 Employees expect and should receive prompt and accurate payment for their time and attendance. Therefore, processing and maintaining accurate payroll records is an extremely important function requiring strict controls and close management.

1.2 Overall, payroll is the single largest type of expenditure for the Greater Letaba Municipality. Timely and accurate payroll reporting is necessary to appropriately budget, plan and manage costs and to correctly report on the financial position of the Municipality. Payroll transactions are no different than any other expenditure and require the application of the same standard of internal control.

2. PURPOSE

2.1 This policy is written to clearly establish rules pertaining to payroll administration:

- To regulate the payroll practices used in the past;
- To regulate the payroll as to when remuneration and/or allowances will be paid; and
- To ensure all employees and councilors understand the pay day principles.

3. DEFINITIONS

"GRAP" are standards of Generally Recognised Accounting Practice.

"MFMA" refers to the Local Government: Municipal Finance Management Act (56 of 2003). "Municipality" refers to the Greater Letaba Municipality.

4. LEGAL FRAMEWORK

4.1 Legislation pertaining to this policy includes:

- Basic Conditions of Employment Act, 1997;
- Income Tax Act, 1962;
- Municipal Finance Management Act, 2003;
- Local Government Municipal Systems Act, 2000;
- Unemployment Insurance Act, 2002;
- Pension Fund Act, 1956 and, Medical Schemes Act, 1998 (Act 131 of 1998); Applicable SALGBC Collective Agreement.
- National Archives and Records Service of SA Act 43 of 1996. (As amended from time to time).

5. AUTHORITY

5.1 The Municipality's management is responsible for ensuring this policy is followed throughout the municipality and that designated employees are delegated with appropriate authority when managers and/or supervisors are absent from work.

6. CONFIDENTIALITY

6.1 The Greater Letaba Local Municipality may collect, maintain, use, transmit, share and or disclose information about employees to the extent needed to administer its programs, services and activities. Greater Letaba Local Municipality will safeguard all confidential information about employees and respect individual privacy rights to the full extent required under this policy.

7. PAY FREQUENCY

7.1 Employees are paid on the 25th of each month, except for December.

7.2 Should the 25th fall on a Saturday, Sunday, or Public Holiday, the previous working day shall apply as the pay day.

8. PAY DELIVERY

8.1 Employees will receive their regular monthly earnings by direct deposit into a bank account in their own name. Only bank approved account information shall be accepted.

8.2 Requests for electronic fund transfers (EFT) outside the specific payroll cycle may be allowed under exceptional circumstances only and must be duly authorized by the Chief Financial Officer.

10. PAYROLL DOCUMENT DEADLINES

10.1 Departments should make every effort to complete and submit payroll documents as soon as possible. Payroll documents must reach the Payroll Office on time as specified. All pay related documents must be duly approved by the Department Head and/or the Municipal Manager.

10.2 Deadlines for submission of the following documents to Payroll is the 15th of every month:

- New Employees appointment.
- Terminations, Resignations.
- Increments/Promotions/Upgrades.
- Salary Deductions.
- Time Sheets.
- Overtime/Standby Sheets.
- Travel Log Sheets.
- Allowances and all other documents.

10.3 Documents received after the closing date in a specific cycle, will be processed for the next payroll cycle unless otherwise authorized, in writing by the CFO and/or Manager: Payroll Management.

11. PAYROLL DEDUCTIONS

11.1 The Greater Letaba Local Municipality is subject to deductions mandated by the Government, Collective Bargaining Agreements and the Basic Conditions of Employment Act, 1997 (Act 75 of 1997) and such deductions will automatically be deducted.

11.2 Income taxes, UIF and SDL are issued by the South African Revenue Services (SARS - Income Tax Act, 1962) and will automatically be deducted.

11.3 Receipt of wage garnishments: A wage garnishment is a court order to withhold wages from an employee who has a debt that remains unpaid. The Greater Letaba Local Municipality is also obligated to honour notices of bankruptcy filings and must compute and report any wages earned up to the date of the bankruptcy filing.

12.4 Voluntary deductions: Only formal union related collective agreements and payroll related deductions are allowed. No voluntary or private payroll deductions are allowed and employees must arrange their own private obligation payments.

12.5 All deductions must be finalised and paid to the third party as applicable on or before the 7th day of the following month.

13. OVERPAYMENTS

13.1 It is important to Greater Letaba Local Municipality that employees are neither overpaid nor underpaid. 13.2 Overpayments may result from:

- Late notification of a resignation or retirement and, or
- Input error by payroll staff or department staff and or,
System changes

- Leave without pay near the end of a month not anticipated at the payroll cut-off date

13.3 The Municipality will seek reimbursement for all overpayments made to current and former employees in accordance with all collective bargaining agreements, Credit Control and Debt Collection Policy applicable and state law.

13.4 If an employee was overpaid due to leave without pay near the end of a month, the employee's pay and benefit entitlements may be adjusted on the following month's payroll.

13.5 The Municipality will make every effort to arrange a fair and equitable repayment schedule if immediate re-payment is not possible.

14. UNDELIVERABLE PAYROLL PAYMENTS

14.1 When employees leave the Municipality, any payroll payments will be paid according to the last known payment method. After attempts by the payroll staff to locate the employees fail, rejected payment(s) are retained in the Payroll Office. After 6 months from the initial pay date, all unclaimed monies will be forwarded to the Municipality's unclaimed fund account.

15. PAY ADVANCES

15.1 Pay advances are not permitted according to Section 164 of the MFMA however, employees may be accommodated for situations that requires immediate financial attention:

- Death of a close dependent family member or,
- Serious illness condition of a close dependent family member,

15.2 Requests for payroll payments outside the specific payroll cycle may be allowed under exceptional circumstances only and must be duly authorized by the Director:

Management Services/CFO and the Municipal Manager.

CLASSIFICATION OF PAYROLL LINE ITEMS AND REPORTS

16.1 The payroll line items and reports must be classified and reported according to the municipal standard chart of accounts as determined from time to time.

16.2 Payroll expenses must be reported according the requirements of Section 66 of the MFMA and GRAP.

17. PAYROLL REVIEW

17.1 The payroll must be reviewed by the payroll manager and Director: Management Services/CFO on a monthly basis. Any discrepancies must be reported to the Municipal manager on a monthly basis.

18. PAYROLL RECONCILIATIONS

18.1 Payroll reconciliations must be performed at least on a monthly basis. Any discrepancies must be authorised by the payroll manager.

19. STATUTORY RETURNS

19.1 Statutory returns based on the payroll must be completed and filed with the relevant authority at least on or before the deadline for the submission of such returns.

20. RECORD-KEEPING

20.1 Payroll information must be regarded as confidential. Access to payroll information and records must be limited to officials with the necessary delegation of authority.

20.2 Payroll records must be kept at least for the longest period specified either in the MFMA, the Basic Conditions of employment act, or National Archives and Records Service of SA Act 43 of 1996.

21. RELATED POLICIES

21.1 The following policies are related to this policy:

- Credit control and debt collection policy

22. REVIEW

22.1 This policy will be reviewed at least annually and updated if needed.

23. EFFECTIVE DATE

3.1 This policy shall come into effect on 1 July 2017.

**Municipal Manager
Sewape MO**



A handwritten signature in black ink, consisting of several loops and a long horizontal stroke, positioned below the printed name of the Municipal Manager.