

THEEWATERSKLOOF MUNICIPALITY



Payroll Management and Administration Policy

*Approved by Council on: 28 May 2026
Resolution: SC06/2026*

TABLE OF CONTENTS

1. BACKGROUND.....	3
2. PURPOSE	3
3. DEFINITIONS	3
4. LEGAL FRAMEWORK.....	3
5. AUTHORITY	4
6. CONFIDENTIALITY.....	4
7. PAY FREQUENCY	4
8. PAY METHOD.....	4
9. SEGREGATION OF DUTIES.....	5
10. SALARY DOCUMENT DEADLINES.....	5
11. TIMEKEEPING SYSTEMS	6
12. SALARY DEDUCTIONS	6
13. OVERPAYMENTS	6
14. PAY ADVANCES.....	7
15. CLASSIFICATION OF SALARY LINE ITEMS AND REPORTS.....	7
16. SALARY REVIEW	7
17. SALARY RECONCILIATIONS.....	7
18. STATUTORY RETURNS	7
19. RECORD-KEEPING.....	7
20. RELATED POLICIES.....	8
21. EMPLOYEE BENEFITS.....	8
22. REVIEW	9
23. EFFECTIVE DATE.....	9

1. BACKGROUND

- 1.1 Employees expect and should receive prompt and accurate payment for their time and attendance. Therefore, processing and maintaining accurate salary records is an extremely important function requiring strict controls and close management.
- 1.2 Overall, salary is the single largest type of expenditure for the Theewaterskloof Municipality. Timely and accurate salary reporting is necessary to appropriately budget, plan and manage costs and to correctly report on the financial position of the Municipality. Salary 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 salary administration:

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 Theewaterskloof 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 Council has the authority to adopt this Payroll Management and Administration Policy.
- 5.2 The Municipality's management is responsible for ensuring that 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 Theewaterskloof Municipality may collect, maintain, use, transmit, share and or disclose information about employees to the extent needed to administer its programs, services and activities. Theewaterskloof Municipality will safeguard all confidential information about employees and respect individual privacy rights as per the Protection of Personal Information Act 4 of 2013 and to the full extent required under this policy.

7. PAY FREQUENCY

- 7.1 The Theewaterskloof Municipality has a monthly salary cycle. All employees are paid on the 25th of each month except for December. Should the 25th fall on a Saturday, Sunday or Public Holiday, the previous working day shall apply as the pay day as per the Collective Bargaining Agreement and the Basic Conditions of Employment Act, 1997.
- 7.2 December pay day is considered annually by the Accounting Officer and approved by Council.

8. PAY METHOD

- 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 prescribed salary cycle as per clause 7.1 here above, may be allowed under exceptional circumstances only, and must be duly authorized by the Director Finance and / or Municipal Manager.

9. SEGREGATION OF DUTIES

- 9.1 Salary Officials are responsible for maintaining adequate internal controls within their section for salary processing. This includes establishing an appropriate separation of duties in salary processing functions.
- 9.2 The Salary Office is expected to have at least two staff members trained to process salary under supervision of an Accountant within the Salary Office, who is responsible for all salary activities.
- 9.3 Salary officials may not enter his or her own individual pay record. Individuals, who perform salary entries, should be independent of the personnel function of hiring employees and determining employee salary rate.

10. SALARY DOCUMENT DEADLINES

- 10.1 Departments should make every effort to complete and submit salary documents as soon as possible. Salary documents must reach the Salary Office on time, as specified below. All pay related documents must be duly approved by the Line Manager and/or the Municipal Manager.
- 10.2 Deadlines for submission of forms to Salary are as follows:
- New Employees appointment 10th of the month
 - Terminations, Resignations 10th of the month
 - Increments/Promotions/Upgrades 10th of the month
 - Salary Deductions 10th of the month
 - Time Sheets permanent employees 06th of the month
 - Overtime/Standby Sheets 06th of the month
 - Time sheets temporary employees 15th of the month
 - Travel Log Sheets 10th of the month
 - Allowances and all other documents 10th of the month
- 10.3 As the pay date for December is earlier than the usual monthly pay date, deadlines for submission of forms relating to the December salary will be communicated annually.
- 10.4 Documents received after the closing date in a specific cycle, will be processed for the next salary cycle unless otherwise authorized, in writing by the Director Finance and/or Municipal Manager as per clause 8.2 here above.

11. TIMEKEEPING SYSTEMS

- 11.1 Timekeeping activities take place at the department where the employee attendance data is collected and recorded on a timesheet. All timekeeping data must be sent to the Salary Office where it will be reviewed, co-ordinated and assembled.
- 11.2 All timesheets must reach the Salary Office as set out in clause 10.2 here above.

12. SALARY DEDUCTIONS

The Salary office must ensure that the following is adhered to:

- 12.1 The Theewaterskloof Municipality is subject to deductions mandated by the Government, Collective Bargaining Agreements and the Basic Conditions of Employment Act, 1997 (Act 75 of 1997).
- 12.2 Income taxes, UIF and SDL are issued by the South African Revenue Services (SARS - Income Tax Act, 1962) and will automatically be deducted.
- 12.3 Receipt of wage garnishments: A wage garnishment is a court order to withhold wages from an employee who has a debt that remains unpaid.
- 12.4 Voluntary deductions: Only formal union-related collective agreements and salary related deductions are allowed. No voluntary or private salary deductions are allowed; Employees must arrange their own private payments.
- 12.5 All deductions must be finalized and paid to the third party as applicable on or before the last day of the month.

13. OVERPAYMENTS

- 13.1 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 and law.
- 13.2 In the event 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 salary.
- 13.3 The Municipality will make every effort to arrange a fair and equitable repayment schedule if immediate re-payment is not possible.

14. PAY ADVANCES

Pay advances are not permitted according to Section 164 of the MFMA.

15. CLASSIFICATION OF SALARY LINE ITEMS AND REPORTS

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

15.2 Salary expenses must be reported according to the requirements of Section 66 of the MFMA and GRAP.

16. SALARY REVIEW

16.1 The salary must be reviewed by the salary manager and Director Finance monthly. Any discrepancies must be reported to the municipal manager monthly.

17. SALARY RECONCILIATIONS

17.1 Salary reconciliations must be performed at least monthly. Any discrepancies must be authorized by the salary manager.

18. STATUTORY RETURNS

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

19. RECORD-KEEPING

19.1 Salary information must be regarded as confidential. Access to salary information and records must be limited to officials with the necessary delegation of authority.

19.2 Salary 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.

20. RELATED POLICIES

20.1 The following policies are related to this policy:

- Credit control and debt collection policy
- Travel & Subsistence Policy
- Human Resource Related Policies

21. EMPLOYEE BENEFITS

21.1 Medical Membership

The Employee can join one of the SALGBC's accredited Medical Aid Funds. The Employer's contribution is 60% to a maximum amount as determined in the Collective

Agreement of the total contribution and the Employee is responsible for 40%. Every year during the medical aid window period, 01 October – 30 November, employees will have the opportunity to change from medical aid or option. The Employee will be entitled to post-retirement medical benefits, provided that the retirement age is reached as determined by the rules of the Employee's Pension Fund. The post retirement beneficiary's contribution is 30% and the employer's 70%. Post retirement medical aid benefits also applies to medically boarded employees and the same 30/70 contribution applies.

21.2 Retirement Age and Fund Benefit

The Employee must join one of the Employer's recognized Pension Funds subject to the rules of the Fund. The Employer will contribute a maximum of 18% of the Employee's salary, the employee's contribution is 9%. The Employee's Retirement age shall be 65 which are in accordance with the rules of the Fund.

Councilors and Directors are not obliged to join Pension Funds.

21.3 Group Life

The Employee is entitled to the Employer's recognized Group Life Scheme subject to the rules of the Scheme, the compulsory option applies. Voluntary options are also available whereby employees can take out extra cover for spouses and themselves.

21.4 Thirteenth Cheque

The Employee will be entitled to a thirteenth cheque per annum, after the completion of one year service calculated from the date of appointment. No pro-rata payments shall be payable on resignation or dismissal due to misconduct/poor work performance. A pro-rata thirteenth cheque will be paid to an employee who takes unpaid leave.

21.5 Housing Subsidy

The Employee is entitled to a monthly subsidy based on a maximum bond as determined by the SALGBC's Collective Agreement on Conditions of Service.

22. REVIEW

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

23. EFFECTIVE DATE

This policy shall come into effect on 01 July 2023.