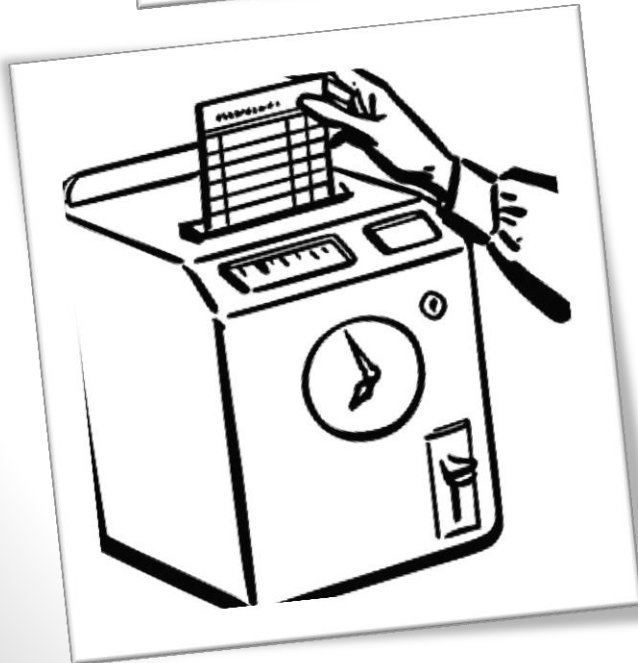


LA 4: HR and Payroll

Presented by Madelijn Buit

Introduction



Introduction

Identification of this cycle (Characteristics)

- One of the major expenses: Salaries and wages
- Wages are still paid out in cash
- Transactions, documents, records: internally generated
- Major risk: Fraud!
 - Stealing of cash used for wages
 - Fictitious/altered hours
 - Fictitious (ghost) employees

Introduction

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Applicable legislation NB!!!

- Compliance audits performed
- To evaluate the adherence to the Basic Conditions of Employment Act, 1997 in the human resources process...
- Know:
 - Names of the Acts
 - What it requires/regulates
 - Compliance audit procedures/tests

The business units split...

- Human Resources (HR)
- Payroll
- 2 Business Function
 - Sub-functions
- Business Function
 - Sub-functions
- System description
- System descriptions
- Documents and records
- Documents and records
- Compliance audits
- Compliance audits
- Operational audits
- Financial audits **NB!!**
- Operational audits

LA 4: HR and Payroll

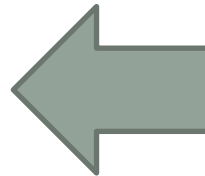
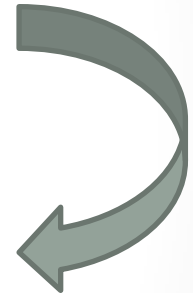
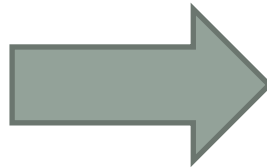
HUMAN RESOURCES

Personnel employment & admin

- Most crucial objective:
 - Appointing qualified and competent people
- Sub-functions:
 - Recruitment
 - Employment

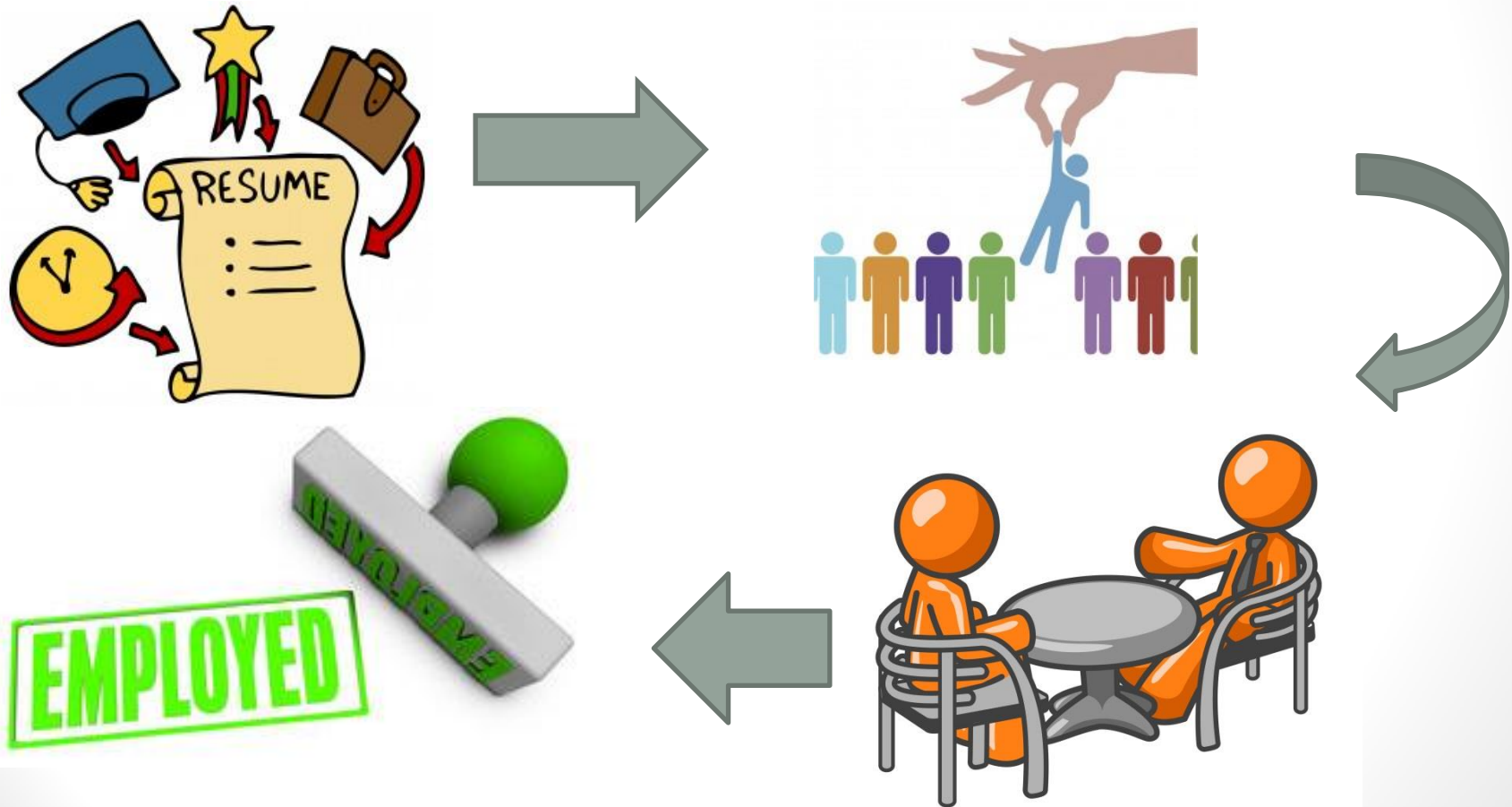
Systems description

- Recruitment



Systems description

- Employment



Internal Control Activities

- Recruitment and appointment of personnel
- Human resource and succession planning
- Training and development
- Welfare
- Pension and provident schemes/funds
- Health insurance
- Staff appraisal and disciplinary matters
- Occupational health and safety
- Labour relations
- Leave

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SELF STUDY!

Documents and Records

- Employment contract
- Employee/Personnel file
 - CV; qualifications; employment contract
 - Performance evaluations
 - Remuneration details
 - Disciplinary related documentation
- Payroll/Personnel list
- Payroll adjustment form
- Leave records

LA 4: HR and Payroll

PAYROLL

Payroll



- Three business functions:
 - Payroll preparation
 - Payroll payment
 - Payroll deductions
- System descriptions (internal control activities)
- Documents and records
- Compliance audits
- Financial audits
- Operational audits

Payroll

PAYROLL PREPARATION

Payroll Preparation

- Payroll expenses = one of the major expenses
- Activities include:
 - Preparation of timecards
 - Calculating the gross remuneration
 - Processing of deductions
 - Calculation of net remuneration
 - Preparation of payment
 - Updating the payroll records

Payroll Preparation

Net salary or
wage

=

Deductions

Preparation of
the time cards

Calculate gross
salary/wage

Preparation
of payment
of
salary/wage

Update the
records

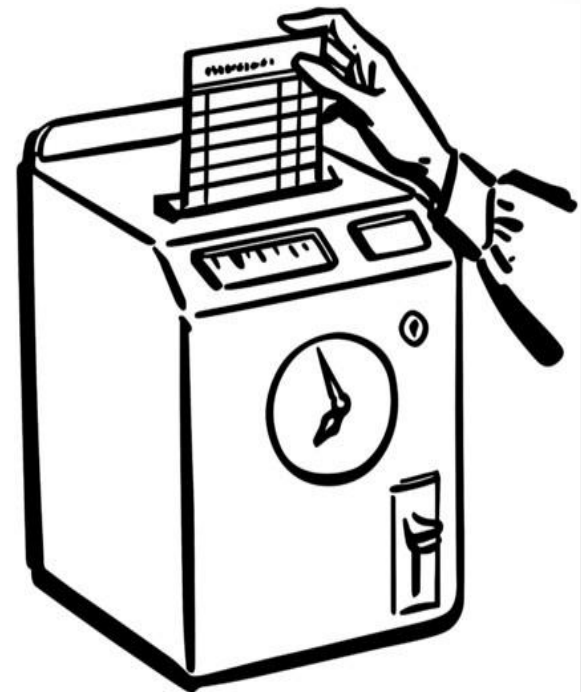


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Payroll Preparation

- Documents and records
 - Time cards
 - Deduction schedules
 - Payroll schedule



Payroll

PAYROLL PAYMENT

Payroll Payment

Preparation
of payment
of
salary/wage



AUTHORISED

Cash or Electronic
+
Salary advice

Collect in person

OR

Company's main
bank account

Imprest bank acc:
Salaries/wages



Bank acc

Payroll Payment

- Documents and records
 - Pay slips/Pay packets/Salary advice
 - Payroll distribution list
 - Register for unclaimed wages
 - Weekly/Monthly payroll reconciliations



Payroll

PAYROLL DEDUCTIONS

Payroll Deductions

- Deductions required by law
 - SITE/PAYE (payable to SARS)
 - UIF (payable to the Commissioner)
 - Court order deductions
- Other deductions
 - Medical aid
 - Pension fund
 - Company deductions
 - Social club, etc.

Payroll Deductions

- Documents and records
 - Payroll schedules
 - Deduction schedules (e.g. SARS, UIF, MED AID)

