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Enquiries: A Smit

Financial Accounting Minute: 0002/2017

To: Superintendent-General, Deputy Directors-General, Chief Directors, Directors (Head Office and district offices), Heads of all subdirectorates and divisions, Circuit Managers, Subject Advisers, Principals, Paymasters and all staff involved in payroll certification and control

Subject: Payroll certification and control

1. Introduction and purpose

This minute articulates the protocol to be followed in order to enhance the payroll certification and control process.

The value of payroll transactions constitutes the bulk of the Western Cape Education Department's budget and efficient and effective certification of the payroll is critical in the prevention and detection of possible fraud and errors. Furthermore, payroll control minimises the risk of losses through irrecoverable overpaid salaries.

A new feature on the electronic People Management Practices System–Control Paysheets (PMPS–CPS) is to disallow a paymaster to verify his/her own salary on the system. This feature will become operational from 01 April 2017 at all pay-points at Head Office.

2. Legislative background

All payrolls must be verified and certified as correct and must comply with the provisions of National Treasury Regulations (NTR), as published in Gazette No. 27388 dated 15 March 2005, in conjunction with Western Cape Provincial Treasury Instructions (WCPTI), issued on 02 November 2009 in terms of section 18(2)(a) of the Public Finance Management Act, 1999 (Act 1 of 1999).

NTR 8.3.4 states: "For all employees, the persons in charge at the respective pay-points must certify on the date of payment that all persons listed on the payroll report are entitled to payment."

NTR 8.3.5 states: "Within ten days of being certified, the payroll report must be returned to the chief financial officer. The accounting officer must ensure that all pay-point certificates have been received on a monthly basis."

WCPTI 8.6.4 states: "Payroll reports, certifying that the persons listed in them are in fact entitled to receive the salaries or wages as indicated, must be filed in chronological order by the person responsible for this and must be available for audit and inspection purposes."

WCPTI 8.6.5 states: "Where computerised systems are used, the following certification must be printed at the bottom of the last page of the payroll report in respect of each pay-point and signed by the person in charge of the respective pay-point before payday:

'I hereby certify that, unless otherwise indicated, all persons listed on the payroll report are entitled to payment.'"

3. **Paymaster responsibilities with regard to payroll certification and control**

Paymasters are responsible and accountable for the following:

- Verifying which employees appearing on the payroll are employed at the pay-point and are entitled to their salaries and indicating resignations, deaths, transfers of employees and/or any other discrepancies for the necessary adjustments to be effected on PERSAL on the electronic PMPS–CPS at least **TWO working days before the pay date**. The status of the affected employees must be indicated on the monthly PMPS–CPS payroll return check under remarks (last column on the right). The minimum time required by the Directorate Financial Accounting (Salaries) to analyse and take action on remarks made by paymasters (e.g. freeze a salary) is two working days before the pay date.
- Ensuring that employees sign the manual payroll report (hard copy) when collecting their salary advices.
- Completing paymaster details on the last page of the manual payroll report.
- **Signing at the bottom of each page** of the manual payroll report to certify that, unless otherwise indicated, all persons listed on the payroll report are entitled to payment.
- Returning the certified manual payroll reports to the Director Financial Accounting in the prescribed manner within ten days after the pay date.

4. **Appointment of paymasters**

- PMPS–CPS allows for two paymasters (PM1 and PM2) per pay-point. In the absence of one paymaster, the other paymaster must verify and certify the payroll.
- A new feature on PMPS–CPS, that will be operational from 01 April 2017 at all pay-points at **Head Office**, will **disallow** any paymaster (PM1 or PM2) from verifying his/her own salary on the system. It is therefore advisable that PM1 be the senior of PM2 and that PM1 and PM2 be paid at different pay-points at Head Office. Due to logistical reasons it will not be practical to implement this feature at remote pay-points such as schools at this stage.
- In order to identify and appoint new paymasters timeously (in the event of resignations, transfers, retirements or death) the paymaster, or in his/her absence the responsibility manager, must forward a registration form with the new paymaster's details to the Assistant Director: Salary Administration at the Directorate Financial Accounting with a covering letter motivating the new paymaster appointment. The employee must be registered on PERSAL before he/she can be registered on PMPS–CPS as a paymaster and therefore the responsibility manager must communicate the details of the new appointee to both the Directorate Recruitment and Selection and the Directorate Service Benefits as soon as possible.

5. **General**

The contents of this minute must be brought to the attention of all officials involved in payroll certification and control.

Remedial measures must be instituted by responsibility managers to address any non-compliance with this minute.

Your cooperation is highly appreciated.

SIGNED: LJ ELY
DEPUTY DIRECTOR-GENERAL: FINANCE
DATE: 2017-03-23