

Don't risk employee anger over payroll errors

It's not uncommon for a payroll to be consistently managed so poorly that workers threaten to strike over incorrectly administered pay. Often, the person administering the payroll is not adequately qualified for the job.

Lavine Haripersad, a Director of the South African Payroll Association (SAPA), says such risks are why hiring accredited payroll practitioners is so important. Yet, many employers don't realise how much skill it takes to run a payroll. "There are literally hundreds of legal requirements and specialised procedures to follow," she says. "It's therefore critical that organisations have professional payroll administrators who know, understand and can practically implement them."

So what do the top payroll administrators know (that business managers sometimes don't)?

Correct Procedure

Payroll consists of various processes that must be correctly executed. "Qualified payroll administrators know these processes intimately," says Haripersad. "These processes include record keeping, employee take-on, month-end procedures, year-end procedures, and more."

Calculations

There are many complex payroll calculations related to tax, medical aid, pension funds, provident funds, allowances, reimbursements, deductions or bonuses. A payroll administrator knows how to perform them in accordance with the latest legislative requirements.

The law

Payroll is governed by an extensive set of legal and regulatory requirements. Payroll administrators are trained in the law and ethical governance, and keep themselves updated on new standards as part of their duties. "So they act as advisors to their organisations, guiding them in the right direction to avoid legal problems," says Haripersad.

Information management

Payroll information and data must be collected, stored, secured, destroyed and used in accordance with various laws and accepted procedures. "The safeguarding of employee data must adhere to the Protection of Personal Information Act," warns Haripersad. The proper information must also be submitted to the government at defined intervals. And correctly calculated payroll aggregates must be reported to accounting for recording in the general ledger. "Payroll administrators are well versed in the function of information inside and outside the organisation."

Tax

Employee tax is so critical it demands special attention and skills only a professional payroll administrator can provide. This is especially true of larger organisations where the taxable portion of intricate remuneration, allowances, expense claims, deductions, bonuses or perks schemes is difficult to determine.

Ethical practices

Accredited payroll administrators are specifically disciplined in ethics and bound to the association's Code of Professional Conduct. Not only do payroll administrators have an authoritative standard to work to; employers also have in SAPA a means to resolve unethical or unprofessional behaviour. The same can't be said for non-certified administrators.

Project management

Payroll administrators are also trained to work in dynamic environments like project management where each payroll project might be different from the last. They therefore have project management training and can often act as project administrators.

Strategic advisors

Overseas companies see payroll for what it is - a key business enabler. International payroll administrators can work towards a Master's Degree in payroll management and provide direction to national and global payroll initiatives. But even a single organisation can derive such value from a well-trained payroll administrator.

Payroll administrators offer a wealth of knowledge that an employer can leverage to their benefit. Says Haripersad: "If organisations see payroll administrators as managers rather than workers, they will appreciate the strategic value they stand to gain from their input."

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