

Vandelay Home

PAYROLL PROCEDURE MANUAL

1. Security

1.1 All payroll staff should maintain security over payroll system passwords and the finance manager should change them regularly (e.g. monthly or quarterly).

1.2 Maintain security over personnel data and files. Lock in secure cabinets.

2. Payroll processing

2.1 Payroll staff liaise with HR to maintain accurate employee attendance, pay scale and bank account records.

2.2 Payroll Officer will ensure that the time records for hourly-paid employees are approved by a supervisor prior to their being passed for payment.

2.3 Payroll staff will maintain complete and accurate payroll records for holiday and sick leave entitlements used.

2.4 The Payroll Officer will review and authorise the payroll report in advance of payment being made to ensure that any errors, duplicate payments or omissions are corrected.

2.5 Salary and wage payments will be made through direct deposit to each employee's nominated bank account.

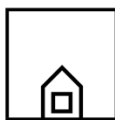
2.6 The Payroll Officer will review all bank account deposits to ensure that each pay goes to a different bank account.

2.7 The Payroll Officer will review and authorise bank transfers for accrued PAYG withholding and superannuation amounts into their respective holding accounts.

2.8 The payroll system must be reconciled to the financial ledger on a weekly basis. Any variations will be investigated and the reasons reported to the CFO.

3. PAYG, superannuation and other variations

3.1 PAYG withholding amounts are calculated using the most recent tax table provided by the ATO. The amount withheld will depend on the pay frequency (weekly,



Vandelay Home

fortnightly, monthly), the tax free threshold status of the employee (as declared on their TFN declaration upon employment), and whether the employee has amounts withheld for HELP or SFSS.

3.2 Superannuation Guarantee payments are required for who earn \$450 or more in a calendar month whether casual, part-time or full-time. The current rate is 9.5% of ordinary hours worked. Payments must be made at least quarterly, and are due on the 28th of the month following the quarter end.

3.3 Some employees may have payroll deductions in addition to PAYG. These can include union fees, additional voluntary superannuation amounts, court ordered wage garnishes, or child support payments. Confirm whether any deductions are to be from the employee's net or gross earning prior to processing.

3.4 Allowances are additional payments included with an employee's pay for costs associated with performing their job. These include travel allowance, fuel allowance, meal allowance, training allowance, laundry allowance or tool allowance. These amounts are not taxed and, if spent and recorded accordingly by the employee, should result in a tax deduction for the employee.

3.5 Reimbursements are payments made to employees for expenses already incurred. These expenses must relate to the employee's job and can include purchase of equipment, resources or tools, training, sundry items, meals or travel costs.