

BSBFIA302

Process payroll

Release 1

Learner guide

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Aspire Version 1.1

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BSBFIA302 Process payroll Release 1

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Before you begin

This learner guide is based on the unit of competency *BSBFIA302 Process payroll*, Release 1. Your trainer or training organisation must give you information about this unit of competency as part of your training program. You can access the unit of competency and assessment requirements at: www.training.gov.au.

How to work through this learner guide

This learner guide contains a number of features that will assist you in your learning. Your trainer will advise which parts of the learner guide you need to read, and which practice tasks and learning checkpoints you need to complete. The features of this learner guide are detailed in the following table.

Feature of the learner guide	How you can use each feature
Learning content	Read each topic in this learner guide. If you come across content that is confusing, make a note and discuss it with your trainer. Your trainer is in the best position to offer assistance. It is very important that you take on some of the responsibility for the learning you will undertake.
Examples and case studies	Examples of completed documents that may be used in a workplace are included in this learner guide. You can use these examples as models to help you complete practice tasks and learning checkpoints. Case studies highlight learning points and provide realistic examples of workplace situations.
Practice tasks	Practice tasks give you the opportunity to put your skills and knowledge into action. Your trainer will tell you which practice tasks to complete.
Video clips	Where QR codes appear, learners can use smartphones and other devices to access video clips relating to the content. For information about how to download a QR reader app or accessing video on your device, please visit our website: www.aspirelr.com.au/help
Summary	Key learning points are provided at the end of each topic.
Learning checkpoints	There is a learning checkpoint at the end of each topic. Your trainer will tell you which learning checkpoints to complete. These checkpoints give you an opportunity to check your progress and apply the skills and knowledge you have learnt.



Foundation skills

As you complete learning using this guide, you will be developing the foundation skills relevant for this unit. Foundation skills are the language, literacy and numeracy (LLN) skills and the employability skills required for participation in modern workplaces and contemporary life.

The following table outlines specific foundation skills noted for your learning in this learner guide.

Foundation skill area	Foundation skill description
Reading	<ul style="list-style-type: none">• Interprets a range of textual information to determine activities required
Writing	<ul style="list-style-type: none">• Accurately records textual information and maintains personal and banking details using format, language and structure in context
Oral communication	<ul style="list-style-type: none">• Explains financial issues clearly using terminology and tone appropriate to audience• Uses questioning and listening skills in verbal exchanges to clarify information
Numeracy	<ul style="list-style-type: none">• Uses a limited range of mathematical calculations to calculate and reconcile amounts and arrange/compare numerical information
Navigate the world of work	<ul style="list-style-type: none">• Adheres to legislative requirements and organisational policies and procedures relevant for own work
Interact with others	<ul style="list-style-type: none">• Selects the appropriate mode of communication for a specific purpose• Collaborates with others to achieve predetermined goals
Get the work done	<ul style="list-style-type: none">• Takes responsibility for own workload and monitors adherence to specified goals and timelines• Recognises and takes responsibility for resolving problems relevant to own role• Takes responsibility for routine low-impact decisions within familiar situations• Uses digital technologies to access, record, store, organise and compile data as required

What do you already know?

Use the following table to identify what you may already know. This may assist you to work out what to focus on in your learning.

Topic	Key outcome	Rate your confidence in each section
Topic 1 Record payroll data	1A Calculate individual payments	<input type="checkbox"/> Confident <input type="checkbox"/> Basic understanding <input type="checkbox"/> Not confident
	1B Enter data into the payroll system	<input type="checkbox"/> Confident <input type="checkbox"/> Basic understanding <input type="checkbox"/> Not confident
	1C Check payroll data and clarify discrepancies	<input type="checkbox"/> Confident <input type="checkbox"/> Basic understanding <input type="checkbox"/> Not confident
Topic 2 Prepare payroll	2A Follow payroll procedures to prepare a payroll register	<input type="checkbox"/> Confident <input type="checkbox"/> Basic understanding <input type="checkbox"/> Not confident
	2B Reconcile total wages and check for errors	<input type="checkbox"/> Confident <input type="checkbox"/> Basic understanding <input type="checkbox"/> Not confident
	2C Arrange payment	<input type="checkbox"/> Confident <input type="checkbox"/> Basic understanding <input type="checkbox"/> Not confident
	2D Obtain authorisation and prepare payroll advice slips	<input type="checkbox"/> Confident <input type="checkbox"/> Basic understanding <input type="checkbox"/> Not confident
	2E Manage payroll records	<input type="checkbox"/> Confident <input type="checkbox"/> Basic understanding <input type="checkbox"/> Not confident
	2F Follow security and confidentiality procedures	<input type="checkbox"/> Confident <input type="checkbox"/> Basic understanding <input type="checkbox"/> Not confident

Topic	Key outcome	Rate your confidence in each section
Topic 3 Handle payroll enquiries	3A Respond to payroll enquiries	<input type="checkbox"/> Confident <input type="checkbox"/> Basic understanding <input type="checkbox"/> Not confident
	3B Follow policies and procedures	<input type="checkbox"/> Confident <input type="checkbox"/> Basic understanding <input type="checkbox"/> Not confident
	3C Refer enquiries	<input type="checkbox"/> Confident <input type="checkbox"/> Basic understanding <input type="checkbox"/> Not confident
	3D Follow up a payroll enquiry	<input type="checkbox"/> Confident <input type="checkbox"/> Basic understanding <input type="checkbox"/> Not confident

Topic 1

Record payroll data

Payroll preparation is a very important and responsible role due to the confidential and sensitive nature of this work. It is essential that payroll data is entered accurately and that the data is verified before a payroll is processed.

Organisations may use manual or computerised payroll systems. Although many organisations use a computerised payroll system, it is important to understand the basic accounting processes in order to appreciate what happens to the data from the first transaction through to the production of the final payroll. This topic will refer mainly to the manual system. However, the principles and procedures covered also apply to computerised systems.

In this topic you will learn how to:

- 1A Calculate individual payments
- 1B Enter data into the payroll system
- 1C Check payroll data and clarify discrepancies

1A

Calculate individual payments

Before you can learn how to calculate individual payments, you need to have a clear understanding of the components of processing a payroll and the terms and conditions that are relevant to the payroll process. The three components required for processing a payroll follow.

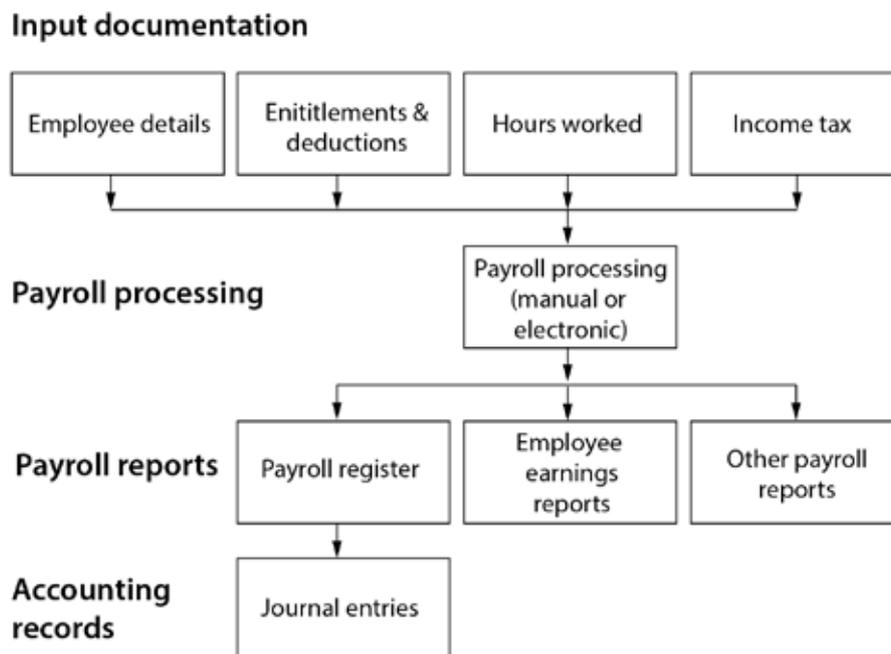
The three components of payroll processing

- inputting documentation
- processing (calculating) the payroll
- producing payroll reports.

Payroll and accounting relationship

Once you have entered data into your organisation's payroll system, processed the payroll and prepared a payroll report, this report will become an important part of your organisation's accounting records.

These three components and their relationship to accounting records are displayed in the following diagram.



Terms and conditions

The first component of the process, input documentation, consists of all the details covered under an organisation's terms and conditions of employment.

Employers have certain legal obligations when hiring employees. Terms and conditions of employment include the method of payment for work performed (remuneration), employee entitlements, employer obligations and employee obligations.

Terms and conditions are stipulated under the following broad areas.

<p>Industrial awards</p> <p>The minimum terms and conditions of work as determined by state and federal governments, which all employers must abide by.</p>	<p>Enterprise agreements</p> <p>An agreement on working conditions made between an employer and a group of employees who work in the same business enterprise.</p>
<p>Individual contracts</p> <p>Where the employer and employee negotiate their own terms and conditions.</p>	<p>Other arrangements</p> <p>Negotiations made between the employer and employee such as running a private business while working for an employer.</p>

Remuneration

Remuneration refers to the payment of money (and other benefits) for work performed by an employee. Salaries and wages are the most common form of remuneration. Employees may also be paid under terms specified in a contract, on an hourly rate as casual employees, or through a piecework arrangement where employees are paid for each product they produce or manufacture. The following information outlines how different remuneration arrangements operate.

<p>Salary</p>	<p>Salaries are generally calculated as annual amounts and are paid weekly, fortnightly or monthly. For example, an annual salary of \$52,000 is the equivalent of \$1,000 per week.</p> <p>Salaries can be 'packaged' to include a range of benefits, such as a company car or superannuation. Salary earners are generally not paid for overtime.</p>
<p>Wages</p>	<p>An employee who receives wages is paid an hourly rate, generally on a weekly basis. An employee who receives \$760.00 per week for working 38 hours would be paid \$20.00 per hour:</p> $\$760 \div 38 \text{ hours} = \20.00 per hour <p>Usually if a wage earner is required to work overtime they will be paid for that work at the overtime rate specified by their industry.</p>

Casual wages	Casual employees are generally paid an hourly rate for the hours worked. A casual employee is not a permanent employee and generally works irregular hours on an as-needed basis. Casual employees are not entitled to sick, annual or other paid leave. To compensate for this, their rate of pay is higher than that of permanent employees.
Contract work	Contract work is where particular projects or tasks are to be completed within a set amount of time in return for a set fee. Generally these amounts are paid on invoice from the contractor/consultant and no leave or other entitlements apply.
Piecework	Instead of being paid an hourly rate or salary, piecework employees are paid at a rate per article produced or completed. This is common in the manufacturing and clothing trades.
Commission	<p>Sometimes employees are paid a percentage of the money they bring into an organisation through sales or fees. Employees may be paid solely on a commission basis or paid a base salary plus commission. For example, an employee may be paid a base wage of \$500 per week plus 5% commission on the weekly sales they make. As such, an employee who sold goods to the value of \$10,000 for the week would receive a \$500 base wage plus a commission of \$500 (5% x \$10,000).</p> <p>Industries in which commissions are standard practice include real estate, car sales and insurance broking.</p>

Employee entitlements

Full-time and part-time wage or salary earners are usually entitled to various types of leave. Entitlements are determined by legislation, industrial awards, enterprise agreements or contracts.

Annual leave

Most employees receive four weeks or 152 hours (four weeks x 38 hours) of paid annual leave each year. In addition, some industry awards pay a 'leave loading bonus', usually 17.5% of four weeks' pay. An employee who earns \$1000 per week and is entitled to four weeks of annual leave plus leave loading bonus would receive \$4700 in annual leave payment:

\$1,000	×	4 weeks	=	\$4,000
17.5%	×	\$4,000	=	\$700
				\$4,700

Annual leave entitlement commences upon permanent employment and accumulates throughout the year at a rate of 2.92 hours per week worked. If a permanent employee leaves an organisation, they must be paid annual leave on a 'pro-rata' basis; that is, according to how long they have been employed in the organisation. For example, if an employee has worked for 22 weeks of a year, the employee's leave entitlement would be 64 hours:

22 weeks/52 weeks	×	152 hours	=	64 hours
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Personal leave

Personal leave is the payment made when an employee is absent from work for medical reasons such as illness, or is absent due to caring for an immediate family member. Personal leave replaced sick leave on 1 January 2005. The number of days of paid personal leave an employee is entitled to varies according to the award or agreement under which they are employed, and an employer may require a medical certificate for the days an employee is absent. Usually there is a minimum period of employment before an employee is entitled to this leave.

Long service leave

Long service leave is an entitlement granted to employees for continuous service with the same employer. The entitlement for long service leave varies according to the award or agreement under which the employee works. It usually ranges from 10 weeks to 15 weeks of paid leave. Most employees are entitled to 13 weeks or 494 hours (13 weeks x 38 hours) of paid long service leave after working for the same employer for 10 years.

Other leave entitlements

Employees may be entitled to other forms of paid or unpaid leave depending on the award or agreement in force.

Other leave entitlements may include:

- parental leave
- jury service leave
- study leave
- compassionate leave
- leave for stop-work meetings.

Accruing leave entitlements

The leave entitlement of an employee is generally accrued (or built up) at a given rate; for example, 1.67 days per month for annual leave or 0.83 days of personal leave per month.

The leave entitlement for the employee depends on:

- the leave entitlement in the employee's award, agreement or contract
- whether the employee works full- or part-time
- how long the employee has worked at the organisation
- how much leave they have already taken.

Employer obligations

Employers have a number of obligations to their employees. Some of these may be part of the relevant award or enterprise agreement, while others are legally enforceable through state or federal legislation. Legal obligations include those relating to the superannuation guarantee levy and WHS legislation.

Superannuation guarantee levy

The *Superannuation Guarantee (Administration) Act 1992* (Cth) requires all employers to contribute a minimum amount of superannuation to their employees' superannuation funds. The current minimum amount payable by employers is 9.5% of an employee's ordinary time earnings where it is \$450 or more per month and the employee is over 18 years, or under 18 years and works over 30 hours a week. Ordinary time earnings exclude overtime payments, which are not paid on a regular basis. In this learner guide, overtime will be excluded in the calculation of the superannuation guarantee amount.



For example, an employee who earns \$1,000 per week would have \$95 per week (\$4,940 per year) added to their superannuation fund by their employer:

9.5%	×	\$1,000	=	\$90
\$95 per week	×	52 weeks	=	\$4940

Employers are not required to pay the superannuation levy on various types of remuneration or for exempt employees. The superannuation contributed by the employer is not deducted from the employee's pay. It is an additional expense to the employer. Employers who do not pay the levy are penalised.

Employee obligations

Employees are obligated to provide all relevant information to their employer so the employer can fulfil their obligations to employees. Employees do this by filling out declaration forms.

Payroll systems

A payroll system refers to the approach an organisation uses to prepare a payroll and keep appropriate records. Most businesses will use software to organise all of the tasks of preparing and managing a payroll. These tasks can include keeping tracking of hours, calculating wages, withholding taxes and deductions, printing and delivering payslips, making electronic bank deposits and paying taxes.

Payroll software often requires minimal input from the employer except to input employee wage information and hours. The software will then access information about the employee and calculate pay details and withholdings automatically.

Manual payroll systems are only relevant to very small organisations with a limited number of employees.



Software payroll systems

The advantages of using a software based payroll system are mostly because it helps to eliminate errors in the payroll process and eliminate excessive effort involved in put calculating employee hours, wages and tax withholdings. Payroll software is often integrated into the accounting software.

Security and reliability are fundamental requirements of a software payroll system. A password protected payroll software systems ensures there is no tampering of information by unauthorised personnel. The reliability of the software deals with issues such as support, upgrades as legislation changes, and additional functionality that can support other aspects of a business as it grows and changes.

Calculating individual payments

The processing of a payroll requires you to calculate the following items for each employee:

- gross pay
- deductions
- net pay.

Gross pay

Gross pay is the total amount earned by an employee during the pay period.

Gross pay may include:

- normal wages or salary
- overtime pay
- commission or bonus pay
- personal leave pay
- annual leave pay and annual leave loading
- long service leave pay.

Overtime

Overtime is payment for hours worked in excess of minimum required working hours. The hourly rate of overtime is generally higher than the normal hourly rate. Some organisations also pay employees at a higher rate if they are required to work outside of normal office hours; for example, on weekends or public holidays. This is called a 'penalty rate'.

Overtime rates are agreed upon in the terms and conditions of employment arrangements of the employer and employee.

Examples of overtime and penalty rates include time and a half (1.5), double time (2.0) and triple time (3.0).

Therefore, an employee who earns \$20.00 per hour during normal hours would be paid the following rates.

Time and half

\$30.00 per hour worked at the time-and-a-half rate
($\$20.00 \times 1.5 = \30.00)

Double time

\$40.00 per hour at the double-time rate
($\$20.00 \times 2 = \40.00)

Triple time

\$60.00 per hour at the triple-time rate
($\$20.00 \times 3 = \60.00)

Example: calculation of gross pay

The following examples show how gross pay is calculated according to the employee's terms and conditions of employment.

a) Calculating gross pay

Ross works at a local bakery as a casual employee. He earns \$20.00 per hour and is paid time and a half on Saturdays and double time on Sundays. This week, Ross worked 6 hours during the week, 4.5 hours on Saturday and 3.5 hours on Sunday.

Ross's gross pay for the week is calculated as follows:

Weekly hours:	\$20.00	×	6 hrs	=	\$120.00
Saturday hours:	(\$20.00 × 1.5)	×	4.5 hrs	=	\$135.00
Sunday hours:	(\$20.00 × 2)	×	3.5 hrs	=	\$140.00
Total gross pay:				=	\$395.00

b) Calculating gross pay

Naomi is a librarian for a large metropolitan newspaper. Her salary is \$54,800 per annum and is paid on a fortnightly basis. Naomi's gross pay per fortnight is:

\$54,800.00	÷	26 fortnights	=	\$2107.69 per fortnight
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c) Calculating overtime rates

Harani is given the job of calculating the total number of hours the employees in her organisation work, including overtime. To make her job easier, she equates overtime rates with normal hours, as follows:

Rate	Hours	Normal equivalent
1.0	38.00	38.00
1.5	10.00	15.00
2.5	8.00	20.00
Total hours		73.00

Calculating weekly gross pay is then simple, as Harani can just multiply the total normal equivalent with the hourly wage of the employee. For example:

73.00	×	\$20.00	=	\$1460.00
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Deductions

The following is a list of deductions that may be taken out of an employee's gross pay.

PAYG

Pay As You Go Withholding

Employers are required to deduct income tax from an employee's gross pay each time the employee is paid. This is referred to as Pay As You Go (PAYG) Withholding, meaning that the employer withholds a certain amount from the employee's pay, which is used to pay the employee's income tax. The employer must send the amount withheld to the Australian Taxation Office (ATO) at regular intervals.

The amount that an employee's gross pay is taxed is specified in the PAYG Withholding tax tables provided by the ATO. Taxation varies from employee to employee and is dependent on the information an employee provides on their tax file number declaration form and withholding declaration (discussed later in this chapter).

Medicare levy

Medicare levy

The Medicare levy is an amount deducted from each employee's gross pay as a contribution to the public health system. The Medicare levy is currently 1.5% of gross wages and is included in the tax instalments on the PAYG Withholding tax tables.

HELP debts

Higher education debts

If an employee has studied at a university or another tertiary course and received financial assistance from the Federal Government to pay fees, the employee incurred a debt referred to as a Higher Education Loan Programme (HELP) debt.

Employees with a HELP debt are required to make payments on the debt once their income reaches a certain threshold. For example, in 2015-16 debtors must start repaying their loans when their taxable income (gross income less any deductions) is above \$54,126. Repayments are made as a percentage of the employee's taxable income, and employees can also make payments on the debt by increasing the amount of PAYG Withholding tax deducted from each pay.

Where an employee indicates on their tax file number declaration that they have a higher education debt, the employer is required to deduct additional tax from the employee's gross pay. The amount to be deducted is shown in the PAYG HELP tax tables provided by the ATO and is included in the PAYG Withholding tax deducted from the employee's pay.

SFSS debt

Student Financial Supplement Scheme

Some employees may have a debt because they borrowed money through the Student Financial Supplement Scheme (SFSS), a scheme used to help students cover their expenses while studying. The scheme closed on 31 December 2003, so no new loans have been issued since then, but employees with existing debts still need to make repayments. Repayments are made in the same way as HELP repayments, although SFSS debts are paid at a different rate. All Medicare levies, HELP payments and SFSS payments become part of the PAYG deduction.

Legally enforced

Legally enforced deductions

Employers may receive legal notification to deduct additional amounts from an employee's pay. This is referred to as 'garnishing wages'. Reasons for such deductions include:

- child support
- court orders for outstanding debts.

Voluntary super

Voluntary superannuation contributions

An employee may wish to have money deducted from their gross pay to contribute to their superannuation fund. This is referred to as a 'voluntary superannuation contribution'. Such contributions are on top of the superannuation levy the employer pays.

Voluntary deductions

Voluntary deductions

Employees may ask their employer to deduct additional amounts from their pay for health insurance fees, mortgage repayments, union dues, etc. Such requests should be made in writing to verify the deduction and provide authority for the deduction to be made.

Salary sacrificing

Salary sacrificing

Some employers may offer employees an option to sacrifice part of their gross pay before tax is deducted, as a concession granted by the government to reduce taxable income. The amount sacrificed is most commonly used for additional superannuation contributions, but may also be used for car leases and home loan payments. In some cases, employers may be liable for fringe benefits tax. The benefit of salary sacrificing is that the employee's taxable income is reduced, which effectively reduces the amount of tax the employee pays. The tax issues associated with salary sacrificing are beyond the requirements of this unit.

Deductions taken

Deductions taken from employees' gross pays are not kept by the employer. The amounts deducted must be sent by the employer to the appropriate payee. This is generally done on a monthly basis. The following list shows where amounts deducted are sent.

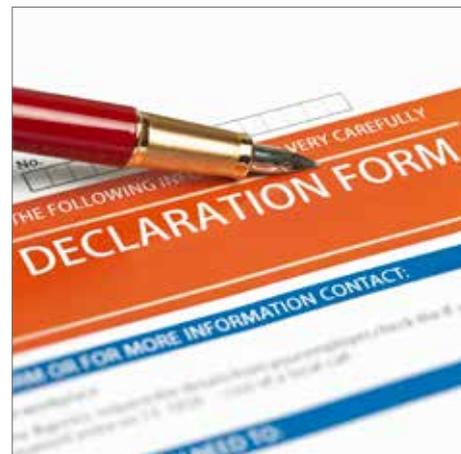
Deduction	Sent to
PAYG Withholding including income tax, Medicare and HELP debt contributions	Australian Taxation Office (ATO)
Child support	Child Support Agency (CSA)
Court orders	The person named on the order
Private superannuation deductions	The employee's superannuation fund
Private medical fund contributions	The employee's medical fund
Union deductions	The employee's union

Declaration forms

Before deductions can be taken from an employee's pay, the employee must provide their employer with various forms that help the employer determine the amounts to be deducted and give authority for deductions to be made.

Some of this 'source data' includes forms that relate to the amount of income tax the employee is required to pay. These taxation forms include:

- a tax file number (TFN) declaration
- a withholding declaration.



Tax file number declaration

The ATO requires all employees to complete a TFN declaration when they first become employed. The information provided on this form determines the rate of PAYG Withholding that will be deducted from the employee's gross pay.

When a completed TFN declaration is submitted by an employee, the employer is required to complete the payer's section of the declaration. The TFN declaration is a duplicate form; the original must be sent to the ATO within 14 days of hiring the employee, while the duplicate is kept by the employer and must be filed appropriately.

The TFN declaration requires the following information to be provided.

Tax file number

If the employee does not provide their tax file number, the employer is required to withhold tax at the highest marginal rate, which is 47.0% (including Medicare levy) of gross wages.

Employee's details

This includes the employee's name, date of birth and address.

Employment status

This is the basis on which the employee has been hired: full-time, part-time or casual, etc.

Residency status

The employee must indicate whether they are an Australian resident. If the employee is not an Australian resident, the employer is required to withhold tax at a higher rate.

Tax-free threshold

Australian residents are not required to pay tax on the first \$18,200 they earn per year. This is known as the 'tax-free threshold'. Employees are able to claim the tax-free threshold from one employer only. If an employee claims the tax-free threshold from more than one employer, the result will be an underpayment of tax. The employee will be required to pay additional tax when they lodge their tax return. Employees should claim the tax-free threshold from their primary job (the job from which they earn the most income). If an employee has more than one job their secondary employer(s) will be required to deduct a higher rate of tax from their pay.

Example: TFN declaration

A sample TFN declaration is available on the Australian Taxation Office website, at: <https://www.ato.gov.au/Forms/TFN-declaration/>.

Take a close look at the following aspects of Section A of the declaration:

- Question 1: The tax file number – if an employee does not provide a TFN, tax must be deducted at the rate of 45% plus the Medicare levy of 2.0%, a total of 47.0%.
- Question 8: Claiming the tax-free threshold – if the employee answers YES to this question, the \$18,200 amount will be used to reduce the employee's weekly withholding tax. If the employee answers NO they will pay a higher weekly income tax, but may be able to claim the \$18,200 amount when submitting their tax return at the end of the financial year.
- Question 9: Claiming the senior and pensioners Australians tax offset – if the employee answers YES to this question the employee's weekly tax amount will be reduced.
- Question 10: Claiming a zone, overseas forces, dependent (invalid and carer) tax offset – tax is further reduced if the employee claims this rebate.
- Question 11: Identifying a HELP debt – if an employee indicates that they have a debt owing to the government under HELP or a Financial Supplement debt, the employer may be required to increase the employee's weekly withholding tax.



Withholding declaration

An employee completes a withholding declaration to claim reductions in the amount of tax they pay. This form is also used if information previously provided on a TFN declaration or a withholding declaration needs to be changed.

The withholding declaration is produced by the ATO in a workbook format. The employee completes the required areas in the workbook and calculates the amount of the benefits or rebates to be claimed. Once all calculations are complete, the employee transfers the resulting amounts into the withholding declaration form that is attached to the back of the workbook. The employee retains the workbook and submits the form to the employer. The withholding declaration may only be completed by employees who have previously completed a TFN declaration.

When a completed withholding declaration is submitted by an employee, the employer is required to note the adjustments and/or claims on the employee's payroll file and file the form appropriately. The declaration is not required to be lodged with the ATO.

Tax on their gross pay may be reduced as a result of claiming the following tax offsets:

- A dependent spouse tax offset
- An invalid tax offset
- A parent or parent-in-law tax offset
- A child or housekeeper tax offset
- A zone tax offset

Example: withholding declaration

A withholding declaration form is available on the Australian Taxation Office website, at: www.ato.gov.au/Forms/Withholding-declaration/.

Take note of the following questions on this form, which impact on the amount of withholding the employee requires:

- Question 5: Claiming the tax-free threshold
- Question 6: Identifying a HELP or Financial Supplement debt
- Question 7: Claiming a dependent tax offset and specifying the amount
- Question 9: Increasing the taxation amount



Calculate PAYG Withholding

The amount of tax deducted from an employee's gross pay is calculated according to the information the employee provides on the TFN and withholding declaration forms.

Employees are required to pay different amounts of tax according to how much they earn. The different rates of tax for each income level are known as 'marginal tax rates'. The Medicare levy of 2.0% of the annual gross income is added to each of these rates. Remember, if an employee does not provide an employer with their TFN, the employer is required to deduct tax at the highest marginal rate of 47.0%. This rate is made up of the highest rate of 45% plus the 2.0% Medicare levy.

Tax tables

Employers are not required to perform cumbersome calculations when deducting tax from an employee's gross pay, as the ATO has produced a schedule of tax instalments for weekly, fortnightly or monthly payrolls. These are known as PAYG Withholding tax tables. The tables are available from most newsagents and the ATO. They can also be downloaded from the ATO website, at: www.ato.gov.au/Rates/Tax-tables/.

To use the PAYG Withholding tax tables you need to be familiar with the following aspects of the tables.

- Pages 1–9 list the gross wages in column 1.
- Columns 2 and 3 show the taxation deduction amounts for each gross pay.
- If the tax-free threshold is claimed, tax must be applied using column 2.
- If an employee does not claim the tax-free threshold, tax must be applied using column 3.
- When determining the applicable tax amount, you must ignore any cents in the gross pay amount. For example, \$526.01 and \$526.99 should both be read as \$526.00.

Online tax calculator

The ATO website also has a PAYG Withholding calculator, which you can access by following these steps.

1. Access the ATO homepage at: <http://www.ato.gov.au/>.
2. Select Calculators and tools.
3. Select Tax withheld calculator.
4. Select the online version of the Individual non-business calculator.



To obtain the amount of tax to be deducted from an employee's gross pay you must answer all the questions from the information on the employee's TFN declaration form and the withholding declaration form and enter the amount of the employee's gross pay.

In this learner guide tax calculations have been made using the PAYG Withholding (weekly) rates issued by the ATO on 1 July 2015.

Example: use tax tables

The following example shows how the tax tables are used to calculate PAYG Withholding.

Peta has earned a gross weekly wage of \$561.75. The tax amounts applicable to this amount are as follows:

Weekly earnings	Amount to be withheld	
	With tax-free threshold	No tax-free threshold
1 \$	2 \$	3 \$
561.00	51.00	152.00

- If Peta has claimed the tax-free threshold and is entitled to leave loading, the tax required is \$51.00 (column 2).
- If Peta has not claimed the tax-free threshold, the tax required is \$152.00 (column 3).

Calculate tax offsets

An employee may have submitted a TFN declaration claiming the tax-free threshold, and a withholding declaration specifying an amount covering a claim for a dependent rebate or other rebate. These claims are referred to as 'tax offsets', and the tax calculated on the employee's weekly gross pay must be reduced.

Note that if the employee has not provided a TFN declaration or has not claimed the tax-free threshold, they are not eligible to claim a tax offset.

The amount of any tax offsets (reductions in tax) that are claimed by an employee can be calculated using the ready reckoner for tax offsets. This table is part of the PAYG Withholding weekly tax table (page 9) and is reproduced here.

Ready reckoner for tax offsets

Amount claimed \$	Weekly value \$								
1	-	20	-	200	4.00	1000	19.00	1800	34.00
2	-	30	1.00	300	6.00	1100	21.00	1900	36.00
3	-	40	1.00	338	6.00	1173	22.00	2000	38.00
4	-	50	1.00	400	8.00	1200	23.00	2250	43.00
5	-	57	1.00	500	10.00	1300	25.00	2500	48.00
6	-	60	1.00	600	11.00	1400	27.00	3000	57.00
7	-	70	1.00	700	13.00	1500	29.00		
8	-	80	2.00	800	15.00	1600	30.00		
9	-	90	2.00	850	16.00	1700	32.00		
10	-	100	2.00	900	17.00	1750	33.00		

Source: www.ato.gov.au

If the exact tax offset amount claimed is not shown in the ready reckoner, add the values for an appropriate combination. For example:

Tax offsets of \$686 claimed. Add values of \$600, \$80 and \$6 = \$11.00 + \$2.00 + \$0.00 = \$13.00.

Therefore, reduce the amount to be withheld by \$13.00.

An alternative to using the amounts shown in the reckoner is to divide the annual amount claimed by 52 weeks (rounded to the closest whole dollar). When using this method, the weekly value may not always equal the amount shown in the reckoner.

Example: calculate tax offsets

The following example shows how tax offsets are calculated.

In the previous case study Peta earned a gross weekly wage of \$561.75. Peta has supplied a withholding declaration and is claiming a total of \$1,550 in tax offsets.

Using the ready reckoner the rebate would be derived as follows.

Amount claimed	Value
\$1500.00	\$29.00
\$50.00	\$1.00
\$1550.00	\$30.00

OR

\$1,550	÷	52 weeks	=	\$29.80 rounded to \$30.00
---------	---	----------	---	----------------------------

The weekly tax amounts disclosed in column 2 or 3 of the PAYG Withholding table would be reduced by \$30.00, as follows.

	With tax-free threshold (\$)	No tax-free threshold (\$)
Tax on \$561	51.00	152.00
Less tax offset	30.00	0.00
Net tax	21.00	152.00

Calculating HELP debt tax

Additional tax that an employee is required to pay for a HELP debt can be calculated using the PAYG Withholding HELP weekly tax table, available at: www.ato.gov.au/Rates/Tax-tables/. This table is produced by the ATO for employers to easily calculate the amount of additional tax to deduct for an employee with a HELP debt. The HELP rates to be applied can be obtained for when an employee is claiming the tax-free threshold and is not claiming the tax-free threshold.

The rates set by the ATO for HELP repayment are set annually on 1 July. The rates are applied as a percentage (%) of the employee's gross pay rounded to the nearest whole dollar, with 50 cents being rounded up. The illustrations and questions in this learner guide assume that the employee has claimed the tax-free threshold when applying the HELP rates.

The percentage rates applicable at 1 July 2015 where an employee has claimed the tax-free threshold are shown in the following table.

Tax-free threshold claimed				No tax-free threshold claimed			
Weekly earnings – \$			Component rate %	Weekly earnings – \$			Component rate %
0	to	1039.99	0.0	0	to	689.99	0.0
1040.00	to	1158.99	4.0	690.00	to	808.99	4.0
1159.00	to	1277.99	4.5	809.00	to	927.99	4.5
1278.00	to	1344.99	5.0	928.00	to	994.99	5.0
1345.00	to	1444.99	5.5	995.00	to	1094.99	5.5
1445.00	to	1565.99	6.0	1095.00	to	1215.99	6.0
1566.00	to	1647.99	6.5	1216.00	to	1297.99	6.5
1648.00	to	1813.99	7.0	1298.00	to	1463.99	7.0
1814.00	to	1932.99	7.5	1464.00	to	1582.99	7.5
1,933.00	and	over	8.0	1583.00	and	over	8.0

The resulting amount is also rounded to the nearest dollar, with 50 cents being rounded up.

Alternatively, a set of tables can be downloaded from the ATO to look up the HELP debt deduction directly from the weekly earnings, at: www.ato.gov.au/Rates/Schedule-8---Calculating-HELP-TSL-and-SFSS-components.

Example: HELP debt repayment calculations

The next example shows how HELP repayments are calculated.

If Gary earns a weekly gross pay of \$1145 claiming a tax free threshold, and has declared a HELP debt, Gary's weekly tax calculation would be increased by \$46.00, as follows:

\$1145	×	4.0%	=	\$45.80	≈	\$46.00
--------	---	------	---	---------	---	---------

If Gary's weekly tax on his gross pay is \$233.00, his net tax (including the HELP contribution) is calculated as follows:

Tax on gross pay of \$1145	\$233.00
Add HELP debt contribution	\$46.00
Net tax	\$279.00

Calculate Financial Supplement debt tax

Additional tax an employee is required to pay for a Financial Supplement debt can be calculated using the PAYG Withholding SFSS weekly tax table. This table is produced by the ATO for employers to easily calculate the amount of additional tax to deduct for an employee with an SFSS debt, and is available at: www.ato.gov.au/Rates/Tax-tables/.

The rates set by the ATO for SFSS repayment are also set annually on 1 July. The rates are applied as a percentage (%) of the employee's gross pay rounded to the nearest whole dollar, with 50 cents being rounded up.

The rates applicable at 1 July 2015 for employees who have claimed the tax-free threshold are shown in the following table.

Weekly earnings (\$)	Component rate (%)
0-1039.99	0.0
1040.00-1277.99	2.0
1278.00-1813.99	3.0
1814.00 and over	4.0

Net pay

Net pay, or take-home pay, is the amount paid to an employee after tax and other deductions have been subtracted:

Gross pay less deductions = net pay

Example: calculate net pay

The following case study illustrates how an employee's net pay is calculated.

Jane Jones has provided her TFN, claimed the tax-free threshold and is paid \$20.00 per hour. For the week ended 6 May she worked 38 hours, giving her a gross pay of \$760.00. The income tax applicable to this amount is \$99.00. She has requested that the following amounts be deducted from her weekly pay:

- medical benefits fund: \$35.00
- union dues: \$15.50
- social club: \$10.00.

Jane's net pay is calculated as follows:

Pay calculation for week ended 6 May	
Employee name	Jane Jones
Hours worked	38 hours
Hourly pay rate	\$20.00
Gross pay	\$760.00
<i>Less deductions</i>	
Income tax	\$99.00
Medical benefits fund	\$35.00
Union dues	\$15.50
Social club	\$10.00
Total deductions	\$159.50
Net pay	\$600.50

Practice task 1

The PAYG Withholding weekly tax table you will need for several of the following questions is available at: www.ato.gov.au/Rates/Tax-tables/

1. By what method is remuneration likely to be paid in the following cases?
 - a) Joanne works as a sales consultant for an insurance company. She receives a set pay plus extra remuneration for the new clients she signs up.
 - b) Cary is called in to help the sales assistants during the Christmas rush period.
 - c) Michael is a full-time information technology manager.
 - d) Lui is an experienced conflict resolution consultant. She is often called in to hold training sessions with companies.
 - e) Goran works in manufacturing and gets paid weekly, plus overtime.
 - f) Fiona is a potter and gets paid according to how many items she produces.

2. What type of entitlement is likely to be paid in the following situations?
 - a) Tran has applied for leave to go to his father's funeral.
 - b) Vanka is going to Latvia for a month to visit her parents.
 - c) Frank's team of printers are full-time employees who are going to an industrial dispute meeting.
 - d) Carly's appendix burst and she had to have an operation.
 - e) Brad has just adopted a baby.
 - f) Callum has exams coming up and needs leave to attend them.

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3. Calculate the weekly gross pay for the following employee:

- rate of pay: \$17.50 per hour
- travel allowance: \$0.56 per kilometre
- hours worked:
 - normal: 38.00
 - overtime at 1.5: 4.00
 - overtime at 2.0: 5.00
- kilometres travelled: 150.00

4. Using the PAYG Withholding weekly tax table for payments made on or after 1 July 2015, calculate the amount of tax on each of the gross pays in the following table.

Gross pay (\$)	TFN declaration provided	Tax-free threshold claimed	Tax amount (\$)
100.00	Yes	No	
556.00	Yes	Yes	
480.00	No		
640.00	Yes	Yes	
1000.00	Yes	No	
2000.00	Yes	Yes	

continued ...

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5. Using the PAYG Withholding weekly tax table for payments made on or after 1 July 2015, and the ready reckoner on page 9 of the document, calculate the amount of tax on each of the gross pays in the following table.

Gross pay (\$)	TFN declaration provided	Tax-free threshold claimed	Tax-offset amount claimed (\$)	Tax amount (\$)
750.00	No	No	Nil	
650.00	Yes	Yes	691	
860.00	Yes	Yes	4562	
1100.00	Yes	No	4401	

6. Using the PAYG Withholding weekly tax table for payments made on or after 1 July 2015, calculate the PAYG Withholding tax value on each of the gross pays in the following table.

Gross pay (\$)	TFN	Tax-free threshold	Tax offset (\$)	HELP
680.00	No	No	0.00	No
650.00	Yes	Yes	3035.00	Yes
890.00	Yes	Yes	1500.00	Yes
1000.00	Yes	No	0.00	Yes
1250.00	Yes	Yes	691.00	Yes

Fill in the following table.

Gross pay (\$)	Base tax (\$)	Rebate (\$)	HELP rate (%)	HELP payments (\$)	Net tax (\$)
680.00					
650.00					
890.00					
1000.00					
1250.00					

1B

Enter data into the payroll system

You may be required to enter data regarding employees into your organisation's payroll system. The most effective way of doing this is to use employee history cards and time sheets, which detail all the information about each employee's terms, conditions and obligations.

Employee history cards

The law requires that organisations keep certain personal information about each of their employees on file.

Employee personal information generally includes:

- an employee identification number
- the employee's name and current address
- other personal details, such as date of birth
- the employee's TFN
- the employee's tax status
- date of employment by the organisation
- termination of employment date, if applicable
- employment status; for example, full-time, part-time, casual
- qualifications
- job classifications
- rate of pay
- allowances; for example, travel, meals
- details of employee's superannuation
- bank account details
- previous employment details
- leave accrued
- leave taken.



Example: employee history card

Employee personal information can be recorded on an employee history card, as shown in the following example, or may be kept in a secure electronic database.

Employee history card			
Surname: Johnson		Given names: Sabah Esther	
Emp ID: 5319			
Date of birth: 6/4/1959		Home ph: 9555 1249	
		Mobile: 0418 625 056	
TFN: 432 159 831			
Residential address: 22 Morris Street, Mudrain			
Postcode: 1605			
Postal address: As above			
Driver's licence: 4223 687 9		Expiry date: 8/4/2015	
Medical conditions: None			
Next of kin: Phillip Johnson	Relationship: Husband		Phone: 0438 044 485
Date commenced: 1/3/1996		Occupation: Accountant	Employment status:
Award applicable or other particulars: Salary as per contract of employment		F/ T P/ T CASUAL	
Pay & pay period: Salary: \$60,000 per annum, monthly		Allowances:	
Other related information:		\$2000 Car allowance	
Bank account details	Bank: FBA	BSB: 083-323	Acct No: 46 851 7763
Name on account: SE & PR Johnson			
Superannuation guarantee fund: CBA Member ID: 2482622159;			
Voluntary contributions: \$60.00 per week			
Annual leave entitlement: 4 weeks per annum	Loading: Yes No		Other deduction:
Personal leave entitlement: 16 days per annum	If Yes, rate: 17.5%		
Reviews / appraisals: Salary to be reviewed 1 March 2016			

continued ...

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Wages / salary changes							
Date	Amount	Date	Amount	Date	Amount	Date	Amount
1/3/2015	Raise to \$65,000						
Termination record							
Date terminated:							
Reason for termination:							
Termination effected by: Consent / Summarily / Other							
Name of person effecting termination:							
Details of warning		Dates		By whom		Details	
1st warning, verbal							
2nd warning, written							
Employer's signature		Witness's signature			Employee's signature		
Rate of pay at termination:							
Termination pay:							
Redundancy pay:							

Payroll preparation information

The information contained on employee history cards helps the payroll department prepare the payroll. The financial details recorded on each employee's card are used in the calculation of weekly, fortnightly or monthly net pay.

A separate card for each employee is usually kept to ensure that pay rates, allowances, the employee's job description and other personal details are kept up to date. In addition, the card can be used to record details relating to leave accrued and leave taken. These details are usually recorded on the reverse side of the employee history card.

Employee time sheets

Employees who are paid by the hour need to keep time sheets to record the number of hours they have worked. Hours worked and recorded should be verified by an employee's supervisor. Employees in service organisations (for example, law firms and accounting firms) may also need to keep time sheets so that the client can be correctly billed for the time spent on their job.

A time sheet shows the total hours an employee has worked during a week. This allows the payroll office to calculate the exact hours an employee has worked on a daily and weekly basis, the hours that attract overtime and when an employee was absent from work. Alternatively, the hours worked may be recorded on clock cards.

Case study: employee time sheet

The following time sheet shows the total hours worked by employee Michael Ondromos for the week ending 21 August 2015. Michael is paid overtime when he works more than 7.60 hours per day and for all hours worked on a Saturday or Sunday.

Employee name: Michael Ondromos			No: 1234			
Week no: 8			Week ending: 21.08.15			
Day	Starting time	Finishing time	Time off/ meals	Total hours	Hours	
					Normal	Overtime
Monday	7.00 am	5.00 pm	1 hour	9 hours	7.60	1.40
Tuesday	7.00 am	5.00 pm	1 hour	9 hours	7.60	1.40
Wednesday	7.00 am	5.00 pm	1 hour	9 hours	7.60	1.40
Thursday	7.00 am	5.00 pm	1 hour	9 hours	7.60	1.40
Friday	7.00 am	5.00 pm	1 hour	9 hours	7.60	1.40
Saturday	7.00 am	5.00 pm	1 hour	9 hours		9.00
Sunday	7.00 am	12.00 pm	0.5 hour	4.5 hours		4.50
Total hours				58.50	38.00	20.50
Total hours worked during the week: 58 hours 30 mins						
Signature of employee:						
Signature of supervisor:						

Practice task 2

1. A new employee, Garth Hill, has been hired by the organisation you help prepare the payroll for. From the information provided, you are required to fill in his employee history card in the template.

Employee name	Garth Edward Hill	
Employee address	55 Hamlet Street, Mudrain, 1605	
Telephone numbers	Home ph: 09 913 2228	Mobile: 0403 125 897
Date of birth	6 July 1981	
TFN	408 568 788	
Medical conditions	Allergic to penicillin	
Next of kin	Jacinta Hill – Mother	
Address	As above	
Telephone numbers	Home ph: 09 913 2228	Mobile: 0414 256 999
Employee driver's licence	None	
Employee number	010877	
Employment status	Full-time	
Job description	Maintenance worker level II	
Pay rate	\$650.00 paid weekly	
Commencement date	15 August 2006	
Allowances	Nil	
Bank details	Bank of Australia; BSB: 083-333; Account no: 45 888 987; Account name: G Hill	
Annual leave	152 hours per annum	
Leave loading	17.5%	
Sick leave	16 days per annum	
Superannuation fund	Superannuation guarantee fund: CBA; Member ID: 4582482629; Voluntary contributions: \$50.00 per week	
Deductions	Union: \$15.00 per week	

continued ...

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Employee History Card							
Surname:		Given names:			Emp ID:		
Date of birth: TFN:		Home Ph:			Mobile:		
Residential address:					Postcode:		
Postal address:							
Driver's licence:				Expiry Date:			
Medical conditions:							
Next of kin:			Relationship:		Phone:		
Date commenced:			Occupation:			Employment status:	
Award applicable or other particulars:					F/T P/T CASUAL		
Pay and pay period:					Allowances:		
Other related information: NA							
Bank account details	Bank:		BSB:		ACCT NO:		
	Name on Account:						
Superannuation guarantee fund:							
Annual leave entitlement:	Loading: YES / NO		Other deductions:				
Sick leave entitlement:	If Yes, Rate: 17.5%						
Reviews / Appraisals:							
Wages / Salary changes							
Date	Amount	Date	Amount	Date	Amount	Date	Amount

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2. Using Garth Hill's time sheet, you are required to calculate the normal and overtime hours he has worked. Note that overtime is paid after an employee works for longer than 7.6 hours per weekday, and for all hours worked on Saturdays and Sundays.

Time sheet for Garth Hill						Normal time hours	Overtime hours
Day	In	Out	In	Out	Hours		
Mon	8.30 am	12.30 pm	1.30 pm	6.30 pm			
Tues	8.30 am	12.30 pm	1.30 pm	5.06 pm			
Wed	8.30 am	12.30 pm	1.30 pm	5.06 pm			
Thur	9.30 am	12.30 pm	1.30 pm	9.30 pm			
Fri	8.30 am	12.30 pm	1.30 pm	6.30 pm			
Sat	8.30 am	12.00 pm					
Sun							
Totals							

1C

Check payroll data and clarify discrepancies

When processing a payroll, it is important that the data relating to each employee is correct. Incorrect payroll data may result in overpayment to an employee, or underpayment, which is illegal.

Consequently payroll data should be checked and when discrepancies are found they should be reported to appropriate personnel and corrected.

Payroll data errors will arise when:

- details provided by an employee on their TFN declaration are incorrect or in conflict; for example, an employee may not supply a valid TFN
- employees undertaking the same duties and under the same award classification receive different rates of pay
- payroll deductions requested by an employee are recorded incorrectly on the employee's history card
- hours recorded on a time sheet are incorrectly tallied
- an employee makes a claim for sick leave or personal leave when the weekly time sheet shows the employee at work
- payroll data for one employee is entered against another employee, resulting in two employees receiving incorrect pays.

Checking data entry

When recording payroll data on various payroll records (employee history cards and time sheets) it is essential that the data recorded is double-checked. Where possible the data should be recorded by one person and verified by another.

If errors in data recording are found, the error should be communicated to the appropriate supervisors. Original documentation must be checked and the error corrected. Checks that can be undertaken for payroll data errors are shown in the following information.

TFN declarations

TFN declarations and claims for the tax-free threshold should be referred to the human resources department or directly to the employee for clarification and correction.

Pay rates

Rates of pay applied to employees should be verified against the award rate or the contract under which each employee has been hired. Errors should be brought to the attention of your supervisor and to the attention of the employee to ensure that complaints do not arise as a result of an uncommunicated change in net pay.

Deductions

Employee deductions recorded on an employee's history card should be verified against the written request supplied by the employee. Errors in data recording should be reported to your supervisor and the employee.

Time sheets

Errors relating to conflicting hours worked and leave claims should be reported to your supervisor, who should take the matter to the person in charge of maintaining time sheets.

Practice task 3

Examine the information provided and then describe the error(s) in each of the payroll records. Explain how you would correct the error(s).

1. Payroll deduction request:

Employee name: Gary Jones

Employee number: 5391

Please deduct \$35.20 per week for HBA

Award details:	Mechanic 1st year	
Annual salary:	\$28,500.00	
Work hours:	38.00 hours per week	
Leave entitlements:	Annual leave	152.00 hours
	Personal leave	38.00 hours

Employee History Card (extract)			
Surname: Jones		Given Names: Gary	Emp ID: 5319
Date of Birth: 6/4/1959 TFN: 432 159 831		Home ph: 9555 1249	Mobile: 0418 625 056
Residential address: 22 Morris Street, Mornington		Postcode: 3931	
Postal address: As above		Postcode:	
Driver's licence: 4223 687 9		Expiry date: 8/4/16	
Medical conditions: None			
Next of kin: Peter Jones		Relationship: Brother	Phone: 0438 044 485
Date commenced: 1/3/1996		Employment status: F/T P/T Casual	
Occupation: Mechanic 1st Year			
Award applicable or other particulars: Salary as per contract of employment			
Pay & pay period: \$12.56 per hour		Allowances: Nil	
Other related information:			
Bank account details	Bank: FBA	BSB: 083-323	Acct No: 46 851 7763
	Name on account: G Johns		
Superannuation guarantee fund: ABC Member ID: 2482622159; Voluntary contributions: \$20.00 per week			
Annual leave entitlement: 4 weeks per annum	Loading: Yes / No If Yes, Rate: 17.5%	Other deduction: HBA \$32.50 p/w	
Personal leave entitlement: 12 days per annum			

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2. Request for personal leave:
 Employee name: Gary Jones
 Employee number: 5319
 Period of absence: Monday 8 August

Employee name: Gary Jones			No: 5319			
Week no: 8			Week ending: 14.8.15			
Day	Starting time	Finishing time	Time off/ meals	Total hours/ minutes	Hours	
					Normal	Over Time
Monday	9 am	5 pm	1 hour	8 hours	7.60	0.40
Tuesday	8 am	5 pm	1 hour	9 hours	7.60	1.40
Wednesday	8 am	4 pm	1 hour	8 hours	7.60	0.40
Thursday	9 am	5 pm	1 hour	8 hours	7.60	0.40
Friday	8 am	5 pm	1 hour	9 hours	7.60	1.40
Saturday	8 am	2 pm	0.5 hours	5.5 hours		5.50
Sunday						
Total hours				47.50 hours	38.00	9.50
Signature of employee:						
Signature of supervisor:						

Summary

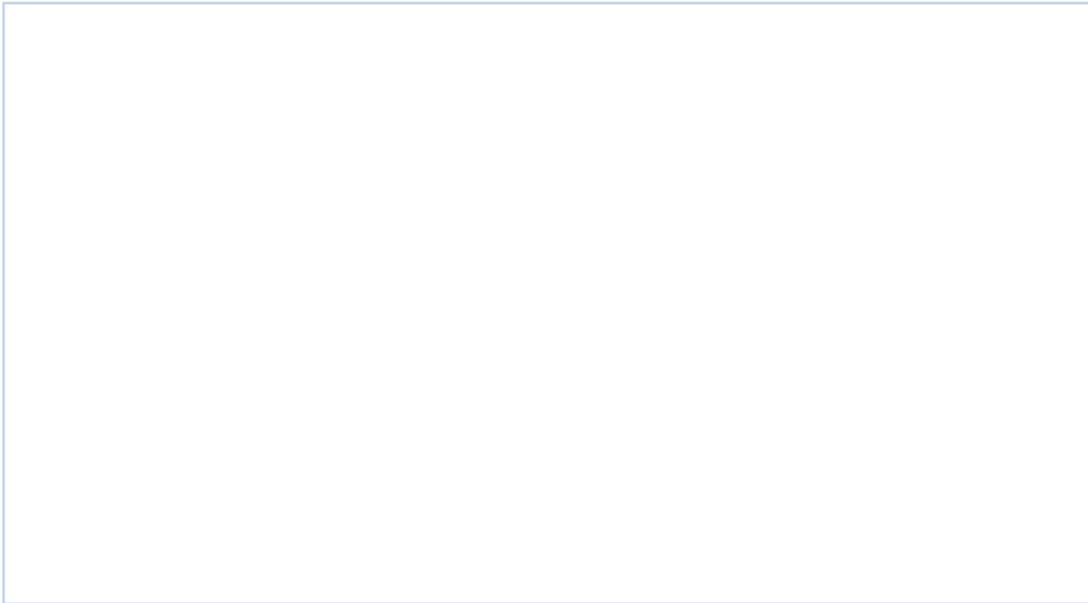
1. To process a payroll you need to understand the employee's terms and conditions of employment, including their remuneration, entitlements and obligations.
2. Processing a pay involves calculating gross pay, deductions and net pay.
3. Gross pay includes the employee's wages or salary, including all overtime and benefits.
4. Deductions include PAYG Withholding, Medicare levy, HELP and SFSS payments, legally enforced deductions, private superannuation payments and voluntary deductions.
5. Employees must complete a TFN declaration form and a withholding declaration form to provide employers with authority to make deductions from their pay.
6. The schedule of tax instalments for weekly, fortnightly and monthly payrolls can be downloaded from the Australian Taxation Office website at: www.ato.gov.au/Rates/Tax-tables/.
7. An employee's history card and time sheet should contain all the information necessary to accurately calculate their pay.
8. Payroll data must be free from errors; completed payrolls must be checked for accuracy before processing and any discrepancies clarified with appropriate personnel.

Learning checkpoint 1 Record payroll data

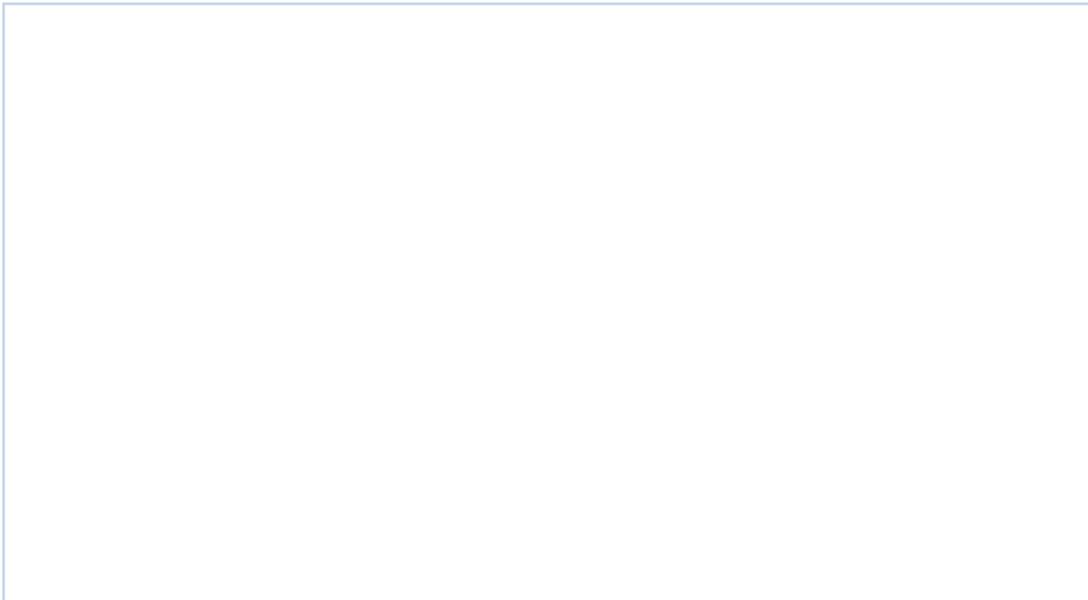
This learning checkpoint allows you to review your skills and knowledge in recording payroll data.

Part A

1. Describe the various forms of remuneration available to an employer when paying employees.



2. List the employee details that are required when a new employee begins working for an employer to ensure that the employee is paid correctly.



3. Explain the difference between the superannuation guarantee levy and an employee's voluntary contribution to a superannuation fund.

4. List the employee details required by the Australian Taxation Office (ATO).

Part B

Calculate the hours to be paid on the following time sheets to employees of ABC Storage.

Note that employees are paid under an award that requires 38 hours per week of work (or 7.60 hours per day). Any time worked in excess of 7.60 hours per day attracts overtime at one-and-a-half times the normal rate on Mondays to Fridays. All work on Saturday is paid at time-and-a-half and double time is paid for all hours worked on Sunday.

Employee name: Tony Jones				No: 158		
Week no: 5				Week ending: 26.2.15		
Day	Starting time	Finishing time	Time off/ meals	Total hours/ minutes	Normal time hours	Overtime hours
Monday	8.30 am	6.30 pm	1 hour			
Tuesday	9.00 am	5.30 pm	0.5 hours			
Wednesday	8.30 am	6.00 pm	1 hour			
Thursday	9.00 am	7.00 pm	1 hour			
Friday	8.30 am	5.30 pm	0.5 hours			
Saturday	9.00 am	2.00 pm	0.5 hours			
Sunday						
Totals						
Total hours worked during the week:				hours	minutes	
Signature of employee: T Jones				Signature of supervisor: A Lutz		

Employee name: Paul Cameron				No: 175		
Week no: 5				Week ending: 26.2.15		
Day	Starting time	Finishing time	Time off/ meals	Total hours/ minutes	Normal time hours	Overtime hours
Monday	8.00 am	6.00 pm	1 hour			
Tuesday	8.30 am	5.30 pm	1 hour			
Wednesday	8.30 am	7.30 pm	1 hour			
Thursday	9.00 am	5.10 pm	0.5 hours			
Friday	8.30 am	5.30 pm	0.5 hours			
Saturday						
Sunday						
Totals						
Total hours worked during the week:				hours	minutes	
Signature of employee: P Cameron				Signature of supervisor: A Lutz		

Employee name: Barbara Lyon				No: 114		
Week no:				Week ending: 26.2.15		
Day	Starting time	Finishing time	Time off/ meals	Total hours/ minutes	Normal time hours	Overtime hours
Monday	9.30 am	6.30 pm	1 hour			
Tuesday	8.00 am	5.30 pm	1 hour			
Wednesday	7.30 am	5.00 pm	1 hour			
Thursday	8.00 am	5.00 pm	1 hour			
Friday	8.30 am	5.30 pm	1 hour			
Saturday						
Sunday	9.00 am	1.00 pm				
Totals						
Total hours worked during the week:				hours	minutes	
Signature of employee: B Lyon				Signature of supervisor: A Lutz		

Part C

The following details have been extracted from the history cards of the employees in Part B.

Name	Tony Jones	Paul Cameron	Barbara Lyon
Employee no.	158	175	114
Address	2 Green Street Monksville, 1606	98 Bay Street St Thomas 1607	2 Rae Street Hedgethorn 1608
Date of birth	5.10.1977	9.4.1981	31.1.1979
Employment status	full-time	casual	full-time
Occupation	Supervisor	Storeman	Team leader
Date commenced	1.9.2001	1.7.1999	1.2.2000
Current wage rate or annual salary	\$24.00 per hr	\$16.00 per hr	\$18.00 per hr

Using the information from the hours worked in Part E, calculate the total gross pay owing to employees T. Jones, P. Cameron and B. Lyon for the week ending 26.2.15.



Part D

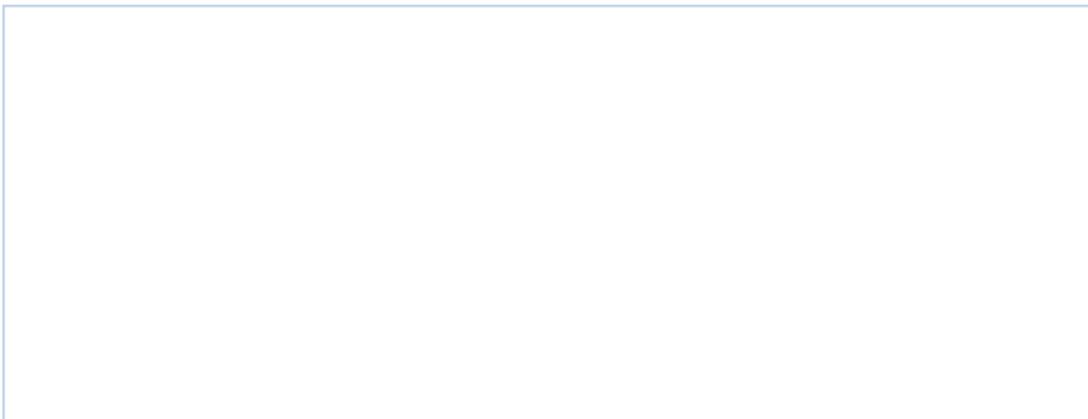
1. Make a list of deductions that an employee may give authority to their employer to deduct from their gross pay. Next to each item, write what happens to the amounts deducted.

2. Explain how you calculate the amount of tax (PAYG Withholding) to be deducted from the gross pay.

3. Explain the purpose of maintaining an employee history card for each employee, and what information is kept on the card.



4. When the payroll data is being recorded, errors or discrepancies may arise. What steps would you take to ensure that only correct data is recorded?



Topic 2

Prepare payroll

Organisations must pay employees as required and must keep documentation in relation to the processing of each pay.

In this topic you will learn how to:

- 2A Follow payroll procedures to prepare a payroll register
- 2B Reconcile total wages and checking for errors
- 2C Arrange payment
- 2D Obtain authorisation and preparing payroll advice slips
- 2E Manage payroll records
- 2F Follow security and confidentiality procedures

2A Follow payroll procedures to prepare a payroll register

Processing a payroll can take considerable time and there should be a procedure in place that allows calculations to be checked and the final outcome authorised before net pays are forwarded to employees.

The following table illustrates an organisation's time lines and procedures for preparing and processing a weekly payroll.

Payroll procedures and authorisations (weekly)		
Documentation	Payroll activity	Authorising person
Time sheets	Time sheets to be calculated by Monday of each week. Time sheets to Payroll Department by 5.00 pm each Monday.	Timekeeper
Employee details	Changes to employee pay rates, changes to deductions, additional allowances, sick leave claims to Payroll Department by 5.00 pm each Monday.	Human resources department
Payroll register	Payroll register prepared by 4.00 pm each Tuesday. Time sheets verified and errors reported to timekeepers.	Payroll officer
Payroll register authorised	Payroll register to be sighted and authorised by accountant by 5.00 pm each Tuesday.	Payroll manager
Payroll cheques	Employee pay cheques to be prepared by 4.00 pm each Wednesday	Accounts payable department
Payroll cheques authorised	Employee pay cheques to be verified against payroll register and signed by 5.00 pm each Wednesday.	Accountant and another manager (not involved in payroll preparation)
Distribution of pay cheques	Employee pay cheques to be distributed to all employees by 4.00 pm each Thursday.	Cashier
Storage	All time sheets, payroll registers and employee earnings records to be stored for at least seven years.	Payroll manager

Payroll procedures

As the payroll process includes a range of inputs, calculations and reports involving remuneration paid to employees for the work they have undertaken, it is vital that the organisation puts in place a procedure that ensures that the following items are achieved.

Payroll procedures ensure that:

- each employee is paid on time
- the pay is correct
- the confidentiality of employees' pay is maintained
- the organisation's cash is protected (if appropriate)
- people involved in preparing, processing and handling pays are protected from making errors, and fraudulent behaviour is identified.[2a_3]

The payroll register

The payroll register is prepared and used in a number of stages as outlined in the following information.

Data input



The preparation of a payroll register requires the input of a range of payroll data relating to each employee, including:

- personal details such as pay rate, allowances and deductions
- hours worked
- Pay As You Go (PAYG) Withholding amount.

Calculations



Once this payroll data is obtained the payroll register is prepared, which requires a range of calculations including:

- gross pay calculations
- taxation calculations
- net pay calculations.

Report preparation

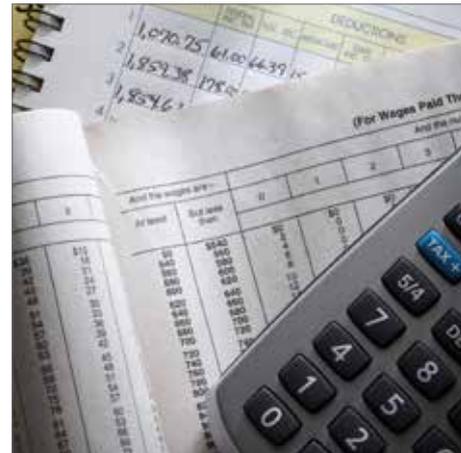


The finalised payroll register becomes the primary document from which all other payroll reports are derived, including:

- employee earnings cards
- employee pay advice slips
- cash analysis sheets (for when employees are paid in cash)
- cheques (for when employees are paid by cheque)
- bank transfers (for when employees are paid by direct credit transfer).

Payroll journal entries

In addition to these payroll reports the payroll register is used to prepare the journal entries that record the payroll in the general ledger of the organisation. A general ledger contains all the accounts of a business in which all financial transactions are recorded according to the rules of double-entry accounting. At regular intervals the balances of all accounts are recorded in a trial balance report that must ensure that 'debit' account balances equal 'credit' account balances. If the accounts are 'in balance' the financial reports will be accurate. If not in balance, recording errors have been made and the financial reports will not be accurate.



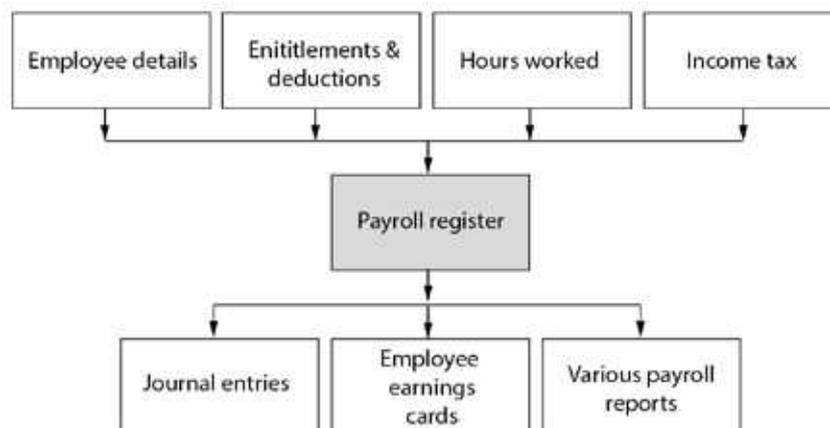
Payroll register in the payroll process

For each pay period a payroll register should be prepared. The register plays an important role in the accounting process, as it is used to:

- prepare the payments for each employee
- update each employee's earnings record
- prepare the journal entries for the organisation's general ledger.

A payroll register should always be prepared in accordance with the procedures and policies of the organisation and within the time lines established by the organisation.

The following illustration shows the significance of the payroll register in the payroll processing function.



Example: payroll register

The following payroll register was prepared for the pay issued on the week ending 29 June 2015 for XYZ Supplies.

XYZ Supplies			
Payroll register for week ending: 29 June 2015			
	Employee Name		Totals
	M Tiller	D Austin	
HOURS WORKED			
Normal hours	40.00	40.00	80.00
Overtime hours (×1.5)	7.00	8.00	15.00
Overtime hours (×2)	3.00	0.00	3.00
ENTITLEMENTS			
Normal pay (\$)	480.00	500.00	980.00
Overtime hours × 1.5 × normal pay rate (\$)	126.00	150.00	276.00
Overtime hours × 2 × normal pay rate (\$)	72.00	0.00	72.00
Allowances (\$)			
GROSS PAY (\$)	678.00	650.00	1328.00
DEDUCTIONS			
Income tax (\$)	70.00	66.00	136.00
Medical association (\$)	0.00	20.15	20.15
Union (\$)	0.00	0.00	0.00
Superannuation (\$)	95.00	95.00	190.00
TOTAL DEDUCTIONS (\$)	165.00	181.15	346.15
NET PAY (\$)	513.00	468.85	981.85

Consider the XYZ Supplies payroll register and note the following requirements:

- The gross pay amounts for each employee are calculated from the hours worked at normal, time and a half and double time, multiplied by their hourly rates of pay that are recorded on their employee history cards.
- Deductions are made for tax, health insurance and superannuation from information recorded on employee history cards, and the deductions totalled.
- The net pay is calculated by subtracting the total deductions from the gross pay.
- The payroll register must be totalled and cross-balanced to ensure that the register reconciles. An unreconciled payroll register may result in employees being incorrectly paid and the organisation's accounts will be affected.

Practice task 4

Samantha's Salon Experience is a beauty salon that employs four staff. You are required to complete the payroll register for the week ending 15 July 2015, using the collated employee data in this table.

- Samantha's Salon Experience is a beauty salon that employs four staff. You are required to complete the payroll register for the week ending 15 July 2015, using the collated employee data in the following table.

Name	Andy Williams	Sachi Sabatko	Bethany Kirby	Julio Fox
Employee no.	101	098	056	072
Address	20 Bernard Dve Hasseldene 1601	27 Nelson St Pinegrove 1602	5 Premier Crt Wanganoo 1603	12 Young Rd Crowsfoot 1604
Date of birth	20.7.1969	18.10.1971	12.12.1951	8.1.1980
Employment status	Casual	Full-time	Full-time	Part-time
Occupation	Hairdresser	Beauty therapist	Manager	Masseur
Date commenced	1.7.2001	31.3.2001	26.2.1996	9.3.1998
Current wage rate or annual salary	\$21.40 per hr	\$15.70 per hr	\$57,200 p.a.	\$14.60 per hr
Tax file number	No	Yes	Yes	Yes
Tax-free threshold	No	Yes	Yes	No
Tax offset	Nil	\$820	\$1,279	Nil
HELP debt	No	No	Yes	No
Deductions:				
• Health insurance	\$10.00 per wk	\$25.00 per wk	Nil	\$25.00 per wk
• Superannuation	\$10.00 per wk	\$30.00 per wk	\$50.00 per wk	\$10.00 per wk

- Extracts from employee time sheets for week ending 15 July 2015

Name	Andy Williams	Sachi Sabatko	Julio Fox
Ordinary hours	20.00	40.00	25.00
Overtime hours	0.00	6.00	4.00

Note:

- Bethany Kirby is a salary earner and is not required to complete a time sheet.
- All overtime is to be paid at one-and-a-half times the ordinary rate of pay applicable.
- All employees are entitled to leave loading when taking annual leave.
- You are to calculate income tax in accordance with the tax information included on the employee history cards and using the PAYG Withholding weekly tax tables effective 1 July 2015.

continued ...

... continued

Samantha's Salon Experience					
Payroll register for week ending: 15 July 2015					
	Employee Name				Totals
	Andy Williams	Sachi Sabatko	Bethany Kirby	Julio Fox	
HOURS WORKED					
Normal hours					
Overtime hours (x 1.5)					
Overtime hours (x 2)					
ENTITLEMENTS					
Normal pay (\$)					
Overtime hours x 1.5 x normal pay rate (\$)					
Overtime hours x 2 x normal pay rate (\$)					
Allowances (\$)					
GROSS PAY (\$)					
DEDUCTIONS					
Income tax (\$)					
Medical association (\$)					
Superannuation (\$)					
TOTAL DEDUCTIONS (\$)					
NET PAY (\$)					

2B Reconcile total wages and check for errors

A payroll register must reconcile in order to be sure no errors have occurred. Payroll reconciliation requires the total of all net pays to equal the total gross pay less total deductions. To reconcile the pay register, the total of the entries in the Totals column (vertical) must equal the total of the entries in the Net pay column (horizontal). If the two calculations do not agree they have not been reconciled and errors exist in the register. If they agree, the register is reconciled and there are no errors in the register.

An unreconciled payroll register may result in employees being incorrectly paid and the trial balance of the general ledger being out of balance. If the payroll register does not reconcile, check the calculations thoroughly again. If you are unable to reconcile an unbalanced register, you should notify your coach or supervisor immediately so the error/s can be identified and corrected.

Wherever possible the payroll process should include reconciliations that prove the accuracy of the payroll register and protect the pays prepared and distributed to employees.

Reconciliations can be made in the following ways.

Number of employees

The number of employees to be paid for the period should be checked against the number of employee history cards and the number of time sheets submitted for the pay period. Where a discrepancy is found, the discrepancy should be reported to a supervisor and an investigation conducted to determine the reason for the difference. This practice can be effective in ensuring that 'ghost employees' are not placed on the payroll by unscrupulous employees, e.g. a timekeeper preparing a time sheet for a fictitious employee and collecting the pay.

Comparing hours

A comparison can be made of the normal and overtime hours recorded on the employee time sheets, with the hours recorded in the payroll register. This checking process can also be extended to personal leave and other leave payments. If there is a difference between the hours worked and the hours being paid, a supervisor should be informed, an investigation carried out immediately and the error rectified. This reconciliation process will prevent a payroll employee preparing a pay for a ghost employee.

Number of pays

The number of cheques or pays prepared for employees must tally with the number of employees on the payroll register. This will ensure that the person preparing the pays or cheques does not make additional payments to ghost employees.

Time lines

Organisations are obligated to pay their employees on time and, depending upon the award or enterprise bargaining agreement in place, penalties may apply for late payment to employees. Therefore, the preparation and completion of the payroll is a high priority. Due to these strict time lines, you must make sure that you keep within the time frame allowed to prepare the payroll. Once the payroll is prepared it should be checked and authorised by the payroll supervisor.

Practice task 5

The payroll of an organisation has been processed for the previous week; however, a number of employees have complained that they were underpaid.

The payroll manager has provided you with the payroll information and asked you to undertake appropriate payroll reconciliations and provide a brief report of your findings.

Note: Permanent workers must work a minimum of 38 hours per week before overtime is paid and casual employees do not receive overtime payments.

Employee history cards

Employee history cards exist for the following employees:

Employee Name	Employment status	Comments
J Able	Permanent	
P Bader	Casual	
D Carr	Casual	
B Dunk	Permanent	
Z Farr	Permanent	
M Gartt	Casual	
J Manu	Permanent	On sick leave all week
B Pest	Permanent	
R Wenn	Permanent	
T Zhao	Casual	On leave all week

continued ...

... continued

Employee time sheets week ended 22 July 2015

Employee time sheets were received for the following workers:

Employee Name	Hours worked		Comments
	Normal	Overtime	
J Able	38	10	
P Bader	38		
D Carr	25	5	
B Dunk	38	4	
Z Farr	38	3	
M Gartt	40		
J Manu	38		On personal leave all week
B Pest	38	4	
O Ray	38	2	
R Wenn	38		
T Zhao	0		On personal leave all week

Payroll register week ended 22 July 2015

An extract of the hours worked recorded on the payroll register showed the following:

	Normal hours	Overtime hours	Personal leave	Annual leave
J Able	38.00	10.00		
P Bader	38.00	4.00		
D Carr	38.00	5.00		
B Dunk	38.00	4.00		
Z Farr	38.00			
M Gartt	38.00			
J Manu	38.00			
B Pest	38.00			
O Ray	38.00	12.00		
R Wenn	38.00			
T Zhao				38.00

continued ...

... continued

Payroll slips issued for week ended 22 July 2015

Pays were issued to the following employees:

Employee Name	Employee Name
J Able	M Gantt
P Bader	J Manu
D Carr	B Pest
B Dunk	O Ray
Z Farr	R Wenn
Z Gantt	T Zhao

2C

Arrange payment

You need to identify and abide by your organisation's policy regarding payment methods, which may be the same for all employees or different according to individual employee needs. For example, the permanent employees in your organisation may be paid by electronic transfer, a contractor may be paid by cheque and someone who does piecework may be paid in cash.

Individual payment can be made by:

- cash
- cheque
- electronic transfer directly to employees' bank accounts.



Cash payments

When paying employees in cash the organisation must have sufficient notes and coins available to place in the employees' pay envelopes. To ensure that the correct cash denominations are available a cash analysis sheet is prepared to calculate the breakdown of notes and coins required for distribution to employees.

If a business pays its employees with cash, a cash cheque is drawn for the amount of the total net wages and presented to the bank along with a copy of the cash analysis sheet. The notes and coins taken from the bank are then placed into each employee's pay packet.

Employees should be required to check the contents of their pay packets and sign an acknowledgement to verify that they have received the correct amount of cash. This procedure allows for an audit trail to check the correctness of the payments made.

Example: cash payments

Based on the payroll register from XYZ Supplies, the net pays of the two employees were as follows.

XYZ Supplies			
Payroll register for week ending: 15 July 2015			
	Employee Name		Totals
	M Tiller	D Austin	
NET PAY (\$)	513.00	468.85	981.85

In order to pay each employee the correct cash denominations, cash totalling \$981.85 would be withdrawn from the bank. This amount would need to be in denominations to pay M. Tiller \$513.00 and D. Austin \$468.85. The following cash analysis sheet is used for this purpose.

XYZ Supplies											
Cash analysis sheet for week ending: 15 July 2015											
Employee name	Net pay	Notes				Coins					
		\$50	\$20	\$10	\$5	\$2	\$1	50¢	20¢	10¢	5¢
M Tiller	\$513.00	10	0	1	0	1	1	0	0	0	0
D Austin	\$468.85	9	0	1	1	1	1	1	1	1	1
Totals	\$981.85	19	0	2	1	2	2	1	1	1	1

To check that the pay distributor has the correct number of notes and coins, the money required is broken down into denominations and quantities, as follows.

Denominations	Quantity	\$
\$50.00	19	950.00
\$20.00	0	0.00
\$10.00	2	20.00
\$5.00	1	5.00
\$2.00	2	4.00
\$1.00	2	2.00
\$0.50	1	0.50
\$0.20	1	0.20
\$0.10	1	0.10
\$0.05	1	0.05
Net pay (\$)		981.85

Cheque payments

Organisations that pay their employees by cheque are required to prepare a cheque for each employee to the value of the net pay calculated. All cheques should be signed by two authorised signatories, usually an accountant or manager. The cheque in the following example has been drawn to M Tiller as payment of net wages for the week ending 22 June 2010.

Date: 27/08/2015	Bank of Australasia	
To: M Tiller	Mr Tiller	Date: 28/08/2015
For: Wages		or bearer:
Amount: \$496.00	the sum of: Four hundred and ninety six dollars	
Balance:		\$496.00
0126-261-938-9308-1001	A. Woodhead	N Smythe
	0126-261-938-9308-1001	

Electronic payments

Many organisations pay employees directly to their bank accounts by electronic funds transfer. In order to use this method of payment, each employee must provide their bank account details to their employer.

A payment listing is prepared detailing the employees' accounts and the amount of each employee's net pay. The payment listing is usually prepared in duplicate form and should be signed by the authorised signatories. The bank transfers the total net payroll from the employer's bank account and distributes it into the employees' bank accounts as per the payment listing. Pay advice slips are prepared and distributed to employees confirming the deposits into their bank accounts.

Banks details for electronic payments include:

- bank
- branch name
- BSB (bank/state/branch) number
- account number
- name on account.

Practice task 6

Prepare the cash analysis sheet for the employees' net pays at Samantha's Salon Experience.

Samantha's Salon Experience											
Cash analysis sheet for week ending: 15.7.2015											
Employee name	Net pay	Notes				Coins					
		\$50	\$20	\$10	\$5	\$2	\$1	50¢	20¢	10¢	5¢
A Williams	\$209.00										
S Sabatko	\$631.30										
B Kirby	\$756.00										
J Fox	\$307.60										
Totals	\$1903.90										

Denominations	Number	\$
\$50		
\$20		
\$10		
\$5		
\$2		
\$1		
50¢		
20¢		
10¢		
5¢		
Net pay (\$)		

2D

Obtain authorisation and prepare payroll advice slips

Before a payroll register is released from the payroll officer or payroll department, an authorised person in the organisation should ensure that the payroll has been prepared in accordance with the organisation's procedures, that reconciliations have been made and that the payroll register has been reconciled.

In addition, pay advice slips should not be distributed to employees until they have been reconciled against the payroll register. Again, a person in authority should be responsible for this process.



Pay advice slips

Regardless of which method of payment is used, pay advice slips must be prepared for each employee and delivered within the time frame stipulated by the organisation.

Pay advice slips should show as much detail as possible, including:

- normal hours paid
- overtime hours paid
- rate/s of pay
- allowances
- deductions
- net pay
- leave entitlements
- account net pay deposited to (if applicable)
- YTD (year to date) paid amounts, i.e. the accumulated totals for the current financial year
- employer superannuation contributions.

Example: pay advice slip

The following pay advice slip was prepared for M. Tiller for the pay period ending 22 June 2015.

XYZ Supplies Pay Advice Slip

Employee no: 1234

Pay period ending: 22.06.2015

Employee name: Tiller, Michael

Wages, Allowances and Overtime

	Hours	Rate	Amount
22.6.2015 Wages	40	\$12.00	\$ 480.00
22.6.2015 Overtime	7	\$18.00	\$126.00
22.6.2015 Overtime	3	\$24.00	\$ 72.00

Payment summary

	This pay	Year to date
Wages	\$678.00	\$24,678.00
Allowances	\$0.00	\$0.00
Gross pay	\$678.00	\$24,678.00
PAYG tax	\$70.00	\$24,50.00
Deductions	\$95.00	\$ 665.00
Net pay	\$513.00	\$21,563.00

Deductions

	Amount
PAYG tax	\$70.00
Superannuation	\$95.00
Total deductions	\$165.00

Disbursements

	Amount
Chq no.	\$513.00

Superannuation guarantee levy

	Amount
IAC Super (\$480.00 x 9.5%)	\$45.60

Practice task 7

Prepare a pay advice slip for Julio Fox, masseur at Samantha's Salon Experience, using the information from the payroll register.

Name	Andy Williams	Sachi Sabatko	Bethany Kirby	Julio Fox
Employee no.	101	098	056	072
Address	20 Bernard Dve Hasseldene 1601	27 Nelson St Pinegrove 1602	5 Premier Crt Wanganoo 1603	12 Young Rd Crowsfoot 1604
Date of birth	20.7.1969	18.10.1971	12.12.1951	8.1.1980
Employment status	Casual	Full-time	Full-time	Part-time
Occupation	Hairdresser	Beauty therapist	Manager	Masseur
Date commenced	1.7.2001	31.3.2001	26.2.1996	9.3.1998
Current wage rate or annual salary	\$21.40 per hr	\$15.70 per hr	\$57,200 p.a.	\$14.60 per hr
Tax file number	No	Yes	Yes	Yes
Tax-free threshold	No	Yes	Yes	No
Tax offset	Nil	\$820	\$1,279	Nil
HELP debt	No	No	Yes	No
Deductions:				
Health insurance	\$10.00 per wk	\$25.00 per wk	Nil	\$25.00 per wk
Superannuation	\$10.00 per wk	\$30.00 per wk	\$50.00 per wk	\$10.00 per wk

continued ...

... continued

Samantha's Salon Experience					
Payroll register for week ending: 15 July 2015					
	Employee Name				Totals
	Andy Williams	Sachi Sabatko	Bethany Kirby	Julio Fox	
HOURS WORKED					
Normal hours	20	40		25	85
Overtime hours (×1.5)		6		4	10
Overtime hours (×2)					
ENTITLEMENTS (\$)					
Normal pay (\$)	428.00	628.00	1100.00	365.00	2521.00
Overtime hours × 1.5 × normal pay rate (\$)		141.30		87.60	228.90
Overtime hours × 2 × normal pay rate (\$)					
Allowances (\$)					
GROSS PAY (\$)	428.00	769.30	1100.00	452.60	2749.90
DEDUCTIONS					
Income tax (\$)	201.00	87.00	237.00	114.00	639.00
Medical association (\$)	10.00	25.00		25.00	60.00
Superannuation (\$)	10.00	30.00	50.00	10.00	100.00
TOTAL DEDUCTIONS (\$)	221.00	142.00	287.00	149.00	799.00
NET PAY (\$)	207.00	627.30	813.00	303.60	1950.90

continued ...

... continued

Samantha's Salon Experience pay advice slip			
Employee no:		Pay period ending:	
Employee name:			
Wages, Allowances and Overtime		Hours	Rate
	Wages		
	Overtime		
	Overtime		
Payment summary		This pay	Year to date
	Wages		(NB - you do not have the information to complete year to date section, but totals are given in the solutions)
	Allowances		
	Gross pay		
	PAYG tax		
	Deductions		
	Net pay		
Deductions		Amount	
	PAYG tax		
	Health insurance		
	Superannuation		
	Total deductions		
Disbursements		Amount	
	Cash enclosed		
Superannuation guarantee levy		Amount	
	Superannuation fund 9.5%		

2E

Manage payroll records

A range of records are associated with preparing and processing an organisation's payroll, including:

- pay advice slips
- cash analysis sheets
- employee earning cards or summary reports
- electronic funds transfer
- end of month and year reports
- taxation reports
- PAYG payments summaries.

Each of these records must be produced, checked and stored in accordance with your organisation's policy and security procedures. Your particular role in preparing your organisation's payroll will determine how involved you are with producing each type of record. This chapter has already discussed pay advice slips and cash analysis sheets; the next section describes other records.



Employee earning cards or summary reports

It is a legal requirement for a business to ensure that an employee earnings card or computerised pay record must be maintained for each employee. The earnings records are updated every pay period to record the amounts of the payments made for the financial year to date.

Earnings cards detail total hours, gross pay, payroll deductions and net wages paid. They also include an accumulated total of the gross pay and tax withheld for the current financial year. The accumulated totals enable an employer to complete the employees' payment summary at the end of the financial year.

Example: employee earnings card

In a previous case study the payroll register for the week ended 22 June 2015 showed M. Tiller's pay as follows.

	M Tiller
HOURS WORKED	
Normal hours	40.00
Overtime hours (x 1.5)	7.00
Overtime hours (x 2)	3.00
ENTITLEMENTS	
Normal pay (\$)	480.00
Overtime hours x 1.5 x normal pay rate (\$)	126.00
Overtime hours x 2 x normal pay rate (\$)	72.00
Allowances (\$)	
GROSS PAY (\$)	678.00
DEDUCTIONS (\$)	
Income tax (\$)	70.00
Medical association (\$)	00.00
Union (\$)	00.00
Superannuation (\$)	95.00
TOTAL DEDUCTIONS (\$)	165.00
NET PAY (\$)	513.00

The amounts shown in the payroll register would be recorded in his employee earnings card along with all other pays he would have received during the financial year.

continued ...

... continued

Employee earnings card for year ending: 30.6.2015											
Name: Michael Tiller Employee no: 1234 Address: 51 Brooke St, Mudrain, 1605 Date of birth: 15.3.1960			Date commenced: 1.5.2000 Occupation: Foreman								
Pay period ending	Gross pay			Deductions				Net pay \$	Accumulated totals		
	Normal \$	1.5 \$	2.0 \$	Gross pay \$	PAYG tax \$	Medical ass'n \$	Super \$		Total \$	Gross pay \$	Tax withheld \$
Balances										24000.00	2450.00
20.06.15	480.00	126.00	72.00	678.00	70.00	0.00	95.00	165.00	513.00	24678.00	2520.00
27.06.15	480.00	126.00	72.00	678.00	70.00	0.00	95.00	165.00	513.00	25356.00	2590.00

You should note that it is important to accumulate the gross pay on the employee earnings card and not the net pay, as the accumulated gross pay must be included on the employee's statement of earnings at the end of the financial year.

Electronic funds transfer

An electronic funds transfer is the transferral of money through an electronic service such as an ATM, EFTPOS, the telephone or the Internet. Employees are often paid by their organisation transferring money electronically to employee's bank accounts.



End of month and year reports

Different organisations have a different range of end of month and end of year reports used to gather and record information about their payroll.

Payroll reports may include:

- hours worked reports
- overtime reports
- payroll liability reports
- annual totals of wage and deduction reports.

Taxation reports

Organisations usually require reports that show the amount of income tax collected from employees and the tax amounts paid on the organisation's Business Activity Statement (BAS). A reconciliation report is produced that reconciles the tax collected with the tax paid.

PAYG payment summaries

A PAYG payment summary (previously a group certificate) is the statement given to an employee to show how much they have earned in a financial year, how much they have paid in tax and so on. Employees use these summaries to fill out their tax returns every year.

You must ensure that you are clear about your involvement with producing, managing and storing payroll records. Always check with your supervisor or manager to make sure you are completing the correct tasks.

External reporting

The financial records of an organisation are not only used for internal reporting requirements but are also used to report to external organisations.

The Australian Taxation Office (ATO) requires an organisation to retain financial records for at least five years, with payroll records being retained for at least seven years, for audit and substantiation purposes.

In addition, employees may become involved in legal actions or workplace safety accidents that require their payroll records to be presented in court appearances to verify their previous or potential earning capacity.

To ensure payroll records are protected, an organisation should establish procedures and practices that ensure records are safely stored and secured and that only authorised personnel have access to the records. It is your responsibility to abide by your organisation's policies and procedures regarding record management and protection.

Payroll information has the following reporting requirements.

Income tax

The ATO, which requires the taxation amounts taken from employees' payrolls to be reported regularly on the organisation's BAS and its annual income tax reconciliation reports

Payroll tax

Respective state and territory governments, which require payroll tax to be reported and paid on employees' incomes

Superannuation

The Federal Government, which requires all organisations to adhere to the Superannuation Guarantee Fund (SGF). This requires an organisation to contribute to an employee's superannuation fund. Employees must furnish the employer with a registered fund; the employer must remit the superannuation guarantee amount quarterly and forward the employee a report stating the amount remitted.

Practice task 8

Use the payroll register below to update the employee earnings cards for Bethany Kirby and Julio Fox, employees at Samantha's Salon Experience.

Name	Andy Williams	Sachi Sabatko	Bethany Kirby	Julio Fox
Employee no.	101	098	056	072
Address	20 Bernard Dve Hasseldene 1601	27 Nelson St Pinegrove 1602	5 Premier Crt Wanganoo 1603	12 Young Rd Crowsfoot 1604
Date of birth	20.7.1969	18.10.1971	12.12.1951	8.1.1980
Employment status	Casual	Full-time	Full-time	Part-time
Occupation	Hairdresser	Beauty therapist	Manager	Masseur
Date commenced	1.7.2001	31.3.2001	26.2.1996	9.3.1998
Current wage rate or annual salary	\$21.40 per hr	\$15.70 per hr	\$57,200 p.a.	\$14.60 per hr
Tax file number	No	Yes	Yes	Yes
Tax-free threshold	No	Yes	Yes	No
Tax offset	Nil	\$820	\$1279	Nil
HELP debt	No	No	Yes	No
Deductions:				
• Health insurance	\$10.00 per wk	\$25.00 per wk	Nil	\$25.00 per wk
• Superannuation	\$10.00 per wk	\$30.00 per wk	\$50.00 per wk	\$10.00 per wk

continued ...

... continued

Samantha's Salon Experience					
Payroll register for week ending: 15 July 2015					
	Employee Name				Totals
	Andy Williams	Sachi Sabatko	Bethany Kirby	Julio Fox	
HOURS WORKED					
Normal hours	20	40		25	85
Overtime hours (×1.5)		6		4	10
Overtime hours (×2)					
ENTITLEMENTS (\$)					
Normal pay (\$)	428.00	628.00	1100.00	365.00	2521.00
Overtime hours × 1.5 × normal pay rate (\$)		141.30		87.60	228.90
Overtime hours × 2 × normal pay rate (\$)					
Allowances (\$)					
GROSS PAY (\$)	428.00	769.30	1100.00	452.60	2749.90
DEDUCTIONS					
Income tax (\$)	201.00	87.00	237.00	114.00	639.00
Medical association (\$)	10.00	25.00		25.00	60.00
Superannuation (\$)	10.00	30.00	50.00	10.00	100.00
TOTAL DEDUCTIONS (\$)	221.00	142.00	287.00	149.00	799.00
NET PAY (\$)	207.00	627.30	813.00	303.60	1950.90

continued ...

... continued

Employee earnings card for year ending: 30 June 2016													
Name: Bethany Kirby													
Employee no:													
Address:													
Date of birth:													
Date commenced:													
Occupation:													
Pay period ending	Gross pay				Deductions				Net pay \$	Accumulated totals			
	Normal \$	1.5 \$	2.0 \$	Gross pay \$	PAYG tax \$	Medical ass'n \$	Super \$	Total \$		Gross pay \$	Tax withheld \$		
8.7.15	1100.00			1100.00	237.00		50.00	287.00	813.00	1100.00	237.00		
15.7.15													

Employee earnings card for year ending: 30 June 2016													
Name: Julio Fox													
Employee no:													
Address:													
Date of birth:													
Date commenced:													
Occupation:													
Pay period ending	Gross pay				Deductions				Net pay \$	Accumulated totals			
	Normal \$	1.5 \$	2.0 \$	Gross pay \$	PAYG tax \$	Medical ass'n \$	Super \$	Total \$		Gross pay \$	Tax withheld \$		
8.7.15	365.00			365.00	80.00	25.00	10.00	115.00	250.00	365.00	80.00		
15.7.15													

2F

Follow security and confidentiality procedures

When preparing, processing and distributing a payroll, security and confidentiality are essential. Personal information relating to each employee and the details of an employee's pay must be kept private and confidential. Employers must be conversant with the requirements of the *Privacy Act 1988* (Cth). This act essentially precludes an employer from divulging information about an employee unless the employee has given written approval for information to be released. Due to the sensitive nature of a payroll and the legal requirements for an organisation to retain payroll records, it is essential that appropriate procedures be put in place to ensure that a payroll is secure and properly stored.



Security

Many organisations adopt control procedures to assist with security. The importance of security and some control procedures that may be adopted are outlined in the following information.

Security goals	Security procedures
<p>Security is important to ensure that:</p> <ul style="list-style-type: none"> • no money is lost from the organisation due to theft or carelessness • only genuine employees are paid • employees are paid the correct amounts due to them • any overtime claimed has actually been worked • no employee is put at risk when handling large quantities of cash. 	<p>Some control procedures that may be used include:</p> <ul style="list-style-type: none"> • supervision of time sheets (and other time records) to ensure that each employee only completes their own • numbering of payroll registers and ruling a line through any unused lines to ensure there are no unauthorised additions • keeping payroll documents locked away when not in use • ensuring that only payroll personnel have access to payroll records • employees signing that they have received their pay.

Segregation of duties

To protect the authenticity, reliability and integrity of the payroll process, organisations should ensure that payroll duties are segregated, that payrolls are reconciled and that payrolls are authorised by responsible employees. Wherever possible, an organisation should use a number of different people at different points in the payroll process.

Segregating these payroll duties provides payroll employees with the ability to check and recheck the calculations and activities of others in the payroll process. Where errors are found, steps can be put in place to identify the problem and take corrective action.

Different people within the organisation should be given the responsibility and authority to:

- hire employees
- maintain and check employee time sheets
- prepare the payroll register
- check the accuracy of the payroll register
- prepare the pay cheques or pay slips
- distribute the pays
- prepare the accounting entries arising from the payroll register.

Confidentiality

When dealing with employees' personal details and sensitive information, including wages and salaries, you must ensure confidentiality at all times. Details of the payroll or individual employee records should not be disclosed to anyone except in accordance with organisational policy and privacy legislation.

Where an organisation has a single payroll officer it must rely on the honesty and trustworthiness of that employee. If mistakes are made in payroll calculations, hours worked, net pays etc., suspicion can be directed at the payroll officer, which only serves to undermine that person's reputation for honesty and integrity. If duties are segregated and reconciliations made, the payroll officer will not be put in such a position.

For small organisations in which one or two employees undertake all the payroll functions there are numerous opportunities for a dishonest payroll officer to commit fraud, as the payroll system is not being checked and reconciled.

Where payroll duties are segregated, reconciliation procedures practised and the payroll authorised by responsible officers, people involved in the payroll process are protected and the pays resulting from the process can be relied on with confidence.



Computerised payrolls

In a computerised payroll system an electronic file is created for each employee. The information in each employee file is the same as the information kept on an employee history card.

The processing of a payroll is much faster on a computerised system, as the requirement for many manual calculations is removed. Another advantage of a computerised payroll system is the ability to automatically produce a large range of reports. For example, a computerised payroll system could produce a report of all leave taken by an individual employee, a list of unused personal leave, or a printout of the payroll register. There are a number of various computerised payroll systems available on the market.



Outsource the payroll

Another option available to organisations is to outsource the payroll function to a business that specialises in payroll services. These businesses may prepare payrolls for many employers. As well as calculating pay amounts, payroll businesses are often responsible for the transfer of net pays into each employee's bank account. The advantages and disadvantages of outsourcing payroll processing is shown in the following table.



Benefits

The benefits to the employer of outsourcing the payroll may include:

- cost savings – a small organisation may not need to install expensive hardware and software or employ additional staff to undertake the payroll function
- efficiency – the payroll is produced quickly.



Disadvantages

Disadvantages of outsourcing the payroll can include:

- lack of control over the payroll function
- increase in time taken to correct errors.

Organisational tasks required with outsourced payroll

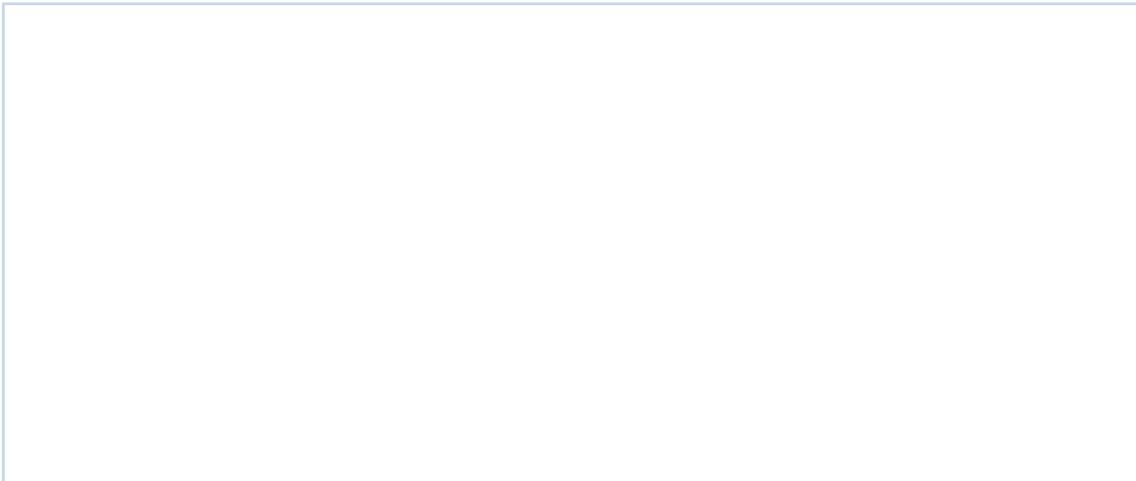
If an organisation outsources its payroll functions, there are still a number of tasks it remains responsible for.

Organisational tasks still required with outsourced payrolls include:

- preparing staff contracts
- maintaining internal register of staff balances of leave and leave taken
- preparing time sheet for pay run to outsourced organisation
- notifying outsourced organisation of new staff details, changes to staff details and termination details
- reconciling gross salaries, superannuation and tax with accounting system
- maintaining employee files
- checking that payroll data is accurate and up-to-date
- collecting bank and other payroll information from new staff and ensure tax file number and withholding forms are completed
- distributing payslips
- handling enquiries from staff regarding payments.

Practice task 9

Outline why it is important to have security and privacy procedures in place to protect the integrity of the payroll process.



Summary

1. Organisations have specific policies and procedures that have to be followed when processing a payroll, e.g. time lines, responsibilities of personnel, method.
2. A payroll register is used to calculate an employee's gross pay, total deductions and net pay, prepare the payment and update the employee's earning record.
3. Processing a payroll within the appropriate time frame is a crucial aspect of the payroll procedure.
4. Payment can be made by cash, cheque or transferred electronically to the employee's bank account.
 - A cash analysis sheet ensures the correct cash denomination is available to the employer; the employer draws a cash cheque for the amount of wages to be paid and then gives this to the bank with a copy of the cash analysis sheet for payment.
 - Pay cheques must be signed by two authorised signatories.
 - A payment listing, signed by two authorised signatories, is presented to the employer's bank indicating the amount to be withdrawn and distributed to each employee's bank account.
5. A pay advice slip provides all the information relating to the pay, e.g. hours worked, deductions made, net pay, superannuation contributions, and is given to the employee on each pay day. Employers are legally required to keep and maintain a record of each employee's pay history (an employee's earning card), either electronically or paper-based. This record shows accumulated totals of gross pay paid and tax withheld for the current financial year.
6. Security and confidentiality are essential when dealing with the payroll, various payroll records and employees' personal details. Those responsible for dealing with the payroll must be aware of the statutory requirements of keeping payroll records.
7. Payroll may be computerised or outsourced, but organisations will still have some payroll responsibilities.

Learning checkpoint 2 Prepare payroll

This learning checkpoint allows you to review your skills and knowledge in preparing a payroll.

Part A

Using the information shown below and the gross pay figures you calculated in Learning checkpoint 1 parts B and C, record relevant details for employees Tony Jones, Paul Cameron and Barbara Lyon for the week ending 26.2.15 into the following payroll register.

Note: Use the PAYG Withholding weekly tax tables effective 1 July 2015.

Name	Tony Jones	Paul Cameron	Barbara Lyon
Employee no.	158	175	114
Tax file number	Yes	Yes	Yes
Tax free threshold	Yes	Yes	Yes
Tax offset	Nil	\$800.00	Nil
Current wage rate or annual salary	\$24.00 per hr	\$16.00 per hr	\$18.00 per hr
Deductions:			
Health insurance	\$22.00 per wk	\$12.00 per wk	Nil
Superannuation	\$25.00 per wk	Nil	Nil
Social club	\$2.00 per wk	\$2.00 per wk	\$2.00 per wk

Employee name: Tony Jones Week no: 5			No: 158 Week ending: 26.2.15			
Day	Starting time	Finishing time	Time off/ meals	Total hours/ minutes	Normal time hours	Overtime hours
Monday	8.30 am	6.30 pm	1 hour	9.00	7.60	1.40
Tuesday	9.00 am	5.30 pm	0.5 hours	8.00	7.60	0.40
Wednesday	8.30 am	6.00 pm	1 hour	8.50	7.60	0.90
Thursday	9.00 am	7.00 pm	1 hour	9.00	7.60	1.40
Friday	8.30 am	5.30 pm	0.5 hours	8.50	7.60	0.90
Saturday	9.00 am	2.00 pm	0.5 hours			4.50
Sunday						
Totals				47.50	38.00	9.50
Total hours worked during the week: 47 hours 30 minutes						
Signature of employee: T Jones			Signature of supervisor: A Lutz			

Employee name: Paul Cameron Week no: 5			No: 175 Week ending: 26.2.15			
Day	Starting time	Finishing time	Time off/ meals	Total hours/ minutes	Normal time hours	Overtime hours
Monday	8.00 am	6.00 pm	1 hour	9.00	7.60	1.40
Tuesday	8.30 am	5.30 pm	1 hour	8.00	7.60	0.40
Wednesday	8.30 am	7.30 pm	1 hour	10.00	7.60	2.40
Thursday	9.00 am	5.10 pm	0.5 hours	7.60	7.60	
Friday	8.30 am	5.30 pm	0.5 hours	8.50	7.60	0.90
Saturday						
Sunday						
Totals				43.10	38.00	5.10
Total hours worked during the week: 43 hours 10 minutes						
Signature of employee: <i>P Cameron</i>			Signature of supervisor: <i>A Lutz</i>			

Employee name: Barbara Lyon Week no: 5			No: 114 Week ending: 26.2.15			
Day	Starting time	Finishing time	Time off/ meals	Total hours/ minutes	Normal time hours	Overtime hours
Monday	9.30 am	6.30 pm	1 hour	8.00	7.60	0.40
Tuesday	8.00 am	5.30 pm	1 hour	8.50	7.60	0.90
Wednesday	7.30 am	5.00 pm	1 hour	8.50	7.60	0.90
Thursday	8.00 am	5.00 pm	1 hour	8.00	7.60	0.40
Friday	8.30 am	5.30 pm	1 hour	8.00	7.60	0.40
Saturday						
Sunday	9.00 am	1.00 pm		4.00		4.00
Totals				45.00	38.00	7.00
Total hours worked during the week: 45 hours 0 minutes						
Signature of employee: <i>B Lyon</i>			Signature of supervisor: <i>A Lutz</i>			

ABC Storage				
Payroll register for week ending: 26 February 2015				
	Employee Name			Totals
	Tony Jones	Paul Cameron	Barbara Lyon	
HOURS WORKED				
Normal hours				
Overtime hours (x 1.5)				
Overtime hours (x 2)				
ENTITLEMENTS				
Normal pay (\$)				
Overtime hours x 1.5 x normal pay rate (\$)				
Overtime hours x 2 x normal pay rate (\$)				
Allowances (\$)				
GROSS PAY (\$)				
DEDUCTIONS				
Income tax (\$)				
Medical association (\$)				
Superannuation (\$)				
Social club (\$)				
TOTAL DEDUCTIONS (\$)				
NET PAY (\$)				

Part B

From the information extracted from the employee history cards and the completed time sheets that follow for the House of Linen, prepare the following on the appropriate forms provided.

1. Payroll register for the week ending 9.12.15.
2. Employee earnings card for Jill Smith.
3. Cash analysis sheet for the pay period (all four employees).
4. Employee pay advice slip for Jill Smith for the pay period.

Notes:

- All employees (including salary earners) are required to complete time sheets. Normal hours are from 10.00 am to 5.30 pm Monday to Friday and from 10.00 am to 1.00 pm on Saturday. All employees must take a 30 minute lunch break from 1.00 pm to 1.30 pm. Employees are also required to take a 30 minute break before starting overtime.
- Overtime is paid as follows
 - Monday to Friday: time and a half between 5.30 pm and before 10.00 pm.
 - After 10.00 pm double time is paid.

- Saturday: time and a half paid after 1.00 pm and before 6.00 pm.
- Sunday: all day is paid at double time.
- Overtime is also paid to salaried employees.
- Casual employees are paid at their hourly rate for the specific hours worked.
- The company does not pay overtime rates to casual employees.

The following details have been extracted from the employees' history cards:

Name	Jill Smith	Judith McDonald	Christina Turner	Penelope Ashton
Employee no.	1169	1179	1181	1206
Address	151 St Hilda Rd Mudrain 1605	18 Cole St Mudrain 1605	100 King St Mudrain 1605	2/55 Hope St Mudrain 1605
Date of birth	2.9.1955	1.4.1972	2.3.1970	16.12.1969
Employment status	Full-time	Full-time	Full-time	Casual
Occupation	Manager	Supervisor	Shop assistant	Shop assistant
Date commenced	1.7.1997	1.3.1998	1.6.1998	24.11.2000
Current wage rate or annual salary	\$22.50 per hr	\$36,500 p.a.	\$370 p.w.	\$17.50 per hr
Tax file number	Yes	Yes	Yes	Yes
Tax-free threshold	Yes	Yes	Yes	No
Deductions:				
Health insurance	\$15.50 per wk	\$15.50 per wk	Nil	Nil
Superannuation	\$40.00 per wk	\$35.00 per wk	\$25.00 per wk	Nil

Employee time sheets

Employee name: Jill Smith			No: 1169			
Week no: 49			Week ending: 9.12.15			
Day	Starting time	Finishing time	Time off/ meals	Total hours/ minutes	Normal time hours	Overtime hours
Monday	10.00 am	5.30 pm	0.5 hours			
Tuesday	10.00 am	5.30 pm	0.5 hours			
Wednesday	10.00 am	5.30 pm	0.5 hours			
Thursday	10.00 am	9.00 pm	1 hour			
Friday	10.00 am	9.00 pm	1 hour			
Saturday	10.00 am	5.00 pm	0.5 hours			
Sunday						
Totals						
Total hours worked during the week: 47 hours 30 minutes						
Signature of employee: <i>J Smith</i>			Signature of supervisor: <i>K Adams</i>			

Employee name: Judith McDonald			No: 1179		
Week no: 49			Week ending: 9.12.15		
Day	Starting time	Finishing time	Time off/ meals	Normal time hours	Overtime
Monday	10.00 am	5.30 pm	0.5 hours		
Tuesday	10.00 am	5.30 pm	0.5 hours		
Wednesday	10.00 am	5.30 pm	0.5 hours		
Thursday	10.00 am	9.00 pm	1 hour		
Friday	10.00 am	9.00 pm	1 hour		
Saturday	10.00 am	5.00 pm	0.5 hours		
Sunday					
Total hours worked during the week: 47 hours 30 minutes					
Signature of employee: <i>J McDonald</i> Signature of supervisor: <i>L Miles</i>					

Employee name: Christina Turner			No: 1181		
Week no: 49			Week ending: 9.12.15		
Day	Starting time	Finishing time	Time off/ meals	Normal time hours	Overtime
Monday	10.00 am	5.30 pm	0.5 hours		
Tuesday	10.00 am	5.30 pm	0.5 hours		
Wednesday	10.00 am	5.30 pm	0.5 hours		
Thursday	10.00 am	9.00 pm	1 hour		
Friday	10.00 am	5.30 pm	0.5 hours		
Saturday	10.00 am	5.00 pm	0.5 hours		
Sunday	10.00 am	4.30 pm	0.5 hours		
Total hours worked during the week: 50 hours 30 minutes					
Signature of employee: <i>C M Turner</i> Signature of supervisor: <i>L Miles</i>					

Employee name: Penelope Ashton			No: 1206		
Week no: 49			Week ending: 9.12.15		
Day	Starting time	Finishing time	Time off/ meals	Normal time hours	Overtime
Monday					
Tuesday					
Wednesday					
Thursday					
Friday	5.00 pm	9.00 pm	0.5 hours		
Saturday	10.00 am	5.00 pm	0.5 hours		
Sunday	10.00 am	5.00 pm	0.5 hours		
Total hours worked during the week:			16 hours 30 minutes		
Signature of employee: <i>P Ashton</i>			Signature of supervisor: <i>K Adams</i>		

1. Payroll register

The House of Linen Pty Ltd					
Payroll register for week ending:					
	Employee Name				Totals
	Jill Smith	Judith McDonald	Christina Turner	Penelope Ashton	
HOURS WORKED					
Normal hours					
Overtime hours (×1.5)					
Overtime hours (×2)					
ENTITLEMENTS					
Normal pay (\$)					
Overtime hours × 1.5 × normal pay rate (\$)					
Overtime hours × 2 × normal pay rate (\$)					
GROSS PAY (\$)					
DEDUCTIONS (\$)					
Income tax (\$)					
Medical association (\$)					
Superannuation (\$)					
TOTAL DEDUCTIONS (\$)					
NET PAY (\$)					

2. Employee earnings card

Employee earnings card for year ending: 30.6.2015											
Name:		Jill Smith									
Employee no:		1169									
Address:		151 St Hilda Road, Mudrain 1605 Date commenced: 1.7.1997									
Date of birth:		2.9.1955		Occupation: Manager							
Pay period ending	Gross pay				Deductions				Net pay \$	Accumulated totals	
Date	Normal \$	1.5 \$	2.0 \$	Gross pay \$	PAYG tax \$	Medical ass'n \$	Super \$	Total \$		Gross pay \$	Tax withheld \$
Balances										21000.00	7000.00
9.12.15											

3. Cash analysis sheet

The House of Linen													
Cash analysis sheet for week ending:													
Employee name	Net pay	Notes					Coins						
		\$100	\$50	\$20	\$10	\$5	\$2	\$1	50¢	20¢	10¢	5¢	
Totals													

4. Employee pay advice slip

The House of Linen pay slip advice slip

Employee no: _____ Pay period ending: _____

Employee name: _____

Wages, overtime and allowances	Hours	Rate	Amount
Wages			
Overtime			
Allowances			

Payment summary	This pay	Year to date
Wages		
Gross pay		
PAYG tax		
Deductions		
Net pay		

Deductions	Amount
PAYG tax	
Superannuation	
Health insurance	
Total deductions	

Disbursements	Amount
Cash enclosed	

Superannuation guarantee levy	Amount
Superannuation fund	

Part C

1. Describe the different methods that can be used to pay employees and why they might be selected. Also describe where to find information about payments in an organisation and the records that correspond to different payment methods.

2. The payroll of GB Ltd is prepared by the part-time bookkeeper. At the end of each week she prepares the payroll register using the time sheets provided by department heads and information contained on each employee's history record. Once the payroll register is reconciled, the pay advice slips are prepared by the bookkeeper and she writes up and signs the cheques. List the faults in the payroll procedure of GB Ltd.

3. You have been appointed as the sole payroll officer for a small wholesaling organisation that employs 10 permanent employees and up to 20 casual employees.

The payroll is completed manually each week and employees are paid in cash. The previous payroll officer (who has retired) has left you with the employee history cards, earnings records and payroll records relating to the current financial year. Payroll records from previous payrolls have been shredded as the office is too small to accommodate unwanted files.

Permanent employees work a 38-hour week and are only required to complete a time sheet when working overtime. Casual employees must complete a time sheet for all hours worked.

Given that you are the sole payroll officer, describe the problems you can foresee and the recommendations you would make to address these problems.

Topic 3

Handle payroll enquiries

Unfortunately, there are times when an error or misunderstanding may arise affecting the payment made to an employee. Employees react very differently and may become anxious when an error occurs in their pay. Often, even in the absence of an error, employees may request information regarding their payments.

Processing the payroll is an important part of an organisation's activities. The employees are really clients of the pay office, and they should be treated with the same respect as any other client. Excellent communication skills and a sound knowledge of the payroll function are essential in a payroll officer, as well as knowing who is responsible for the various issues that may be in question.

In this topic you will learn how to:

- 3A Respond to payroll enquiries
- 3B Follow policies and procedures
- 3C Refer enquiries
- 3D Follow up a payroll enquiry

3A

Respond to payroll enquiries

The type and amount of queries received from employees regarding their payments will depend on the nature and size of the organisation. Queries may be received and responded to through various methods of communication including by telephone, in writing, in person or by email.

Some organisations allow their employees access to their pay information on the organisation's intranet, through a personal identification number or password. This allows them to view their leave entitlements, employment history and so on, as well as to update contact information.

Enquiries from employees are likely to cover a variety of situations and a level of complexity ranging from informal questions to serious complaints. They might cover enquiries about allowances, holidays, HELP contributions, the Medicare levy, tax deductions etc., in which case you need to be familiar with the governing legislation relating to the enquiry. In other cases you will need to know how to access information not readily available.

Be familiar with the types of queries a payroll department receives. As you read through the following list of queries and complaints, think about how you would respond.

Typical queries a payroll department receives:

- How is my pay calculated each week?
- Did you deduct my savings contribution?
- It doesn't look like you paid me the correct rate for my overtime.
- My car allowance is not in my pay.
- How much annual leave do I have left?
- How did you calculate my commission this week?
- When do I get a pay rise?
- Peter does the same job as me. Why does he get paid more?

Payroll systems knowledge

To be able to competently handle payroll enquiries you must be familiar with legislative requirements such as maintaining privacy, keeping records for tax purposes, allowable deductions and current tax rates, as well as your organisation's particular requirements. The following table lists the knowledge required to respond to these queries, and some suggested responses.

Query	Knowledge required	Possible responses
How is my pay calculated each week?	<ul style="list-style-type: none"> • Remuneration method, e.g. salary, wages, commission • PAYG Withholding tax and adjustments for offsets and debt payments • Overtime policy • Allowances • Deductions • Leave policy 	<ul style="list-style-type: none"> • Explain how gross pay, deductions and net pay are calculated. • Explain relevant policies. • Refer employee to their contract of employment.
Did you deduct my savings contribution?	<ul style="list-style-type: none"> • The policy and procedures for salary sacrificing and voluntary contributions • The layout of the pay advice slip 	<ul style="list-style-type: none"> • Show the pay advice slip and explain where and how the information is shown.
It doesn't look like you paid me the correct rate for my overtime.	<ul style="list-style-type: none"> • Overtime policies • How overtime is recorded • Overtime calculations 	<ul style="list-style-type: none"> • Explain the system for recording overtime and check the employee's time sheet and employee's record. • Discuss the pay advice slip.
My car allowance is not in my pay.	<ul style="list-style-type: none"> • Policy for granting allowances • Procedures for recording payroll data 	<ul style="list-style-type: none"> • Explain how allowances are recorded and examine the employee's claim. • Check employee's earning card and the pay advice slip.
How much annual leave do I have left?	<ul style="list-style-type: none"> • Policies for annual leave 	<ul style="list-style-type: none"> • Check the employee's leave history and calculate the leave owing.
How did you calculate my commission this week?	<ul style="list-style-type: none"> • Rate of commission • Procedures for calculating commission 	<ul style="list-style-type: none"> • Explain the rate of commission and examine the pay advice slip.

continued ...

... continued

Query	Knowledge required	Possible responses
When do I get a pay rise?	<ul style="list-style-type: none"> • Compulsory rises that are granted by the government when remuneration is fixed to Consumer Price Index (CPI) rises • Policies on granting pay rises • Methods of granting pay rises such as performance appraisals 	<ul style="list-style-type: none"> • Explain when pay rises are granted and the policies and procedures that have to be followed. • Discuss the process of a performance appraisal if applicable.
Peter does the same job as me. Why does he get paid more?	<ul style="list-style-type: none"> • Knowledge of the Privacy Act and the consequences for disregarding it. 	<ul style="list-style-type: none"> • You would be able to discuss the pay details of the employee raising the question, however you could not discuss Peter's pay.

Query responses

When you begin working with the payroll, try preparing a set of responses for the most commonly asked questions. These can be referred to when employees make payroll enquiries. As you become more experienced in the position, your knowledge and confidence will increase.

Although some queries may be answered easily with prepared responses, others will require you to access the employee's data file, particularly when leave entitlements are in question.

The most important part of dealing with payroll enquiries is ensuring that you deliver an appropriate response that is in accordance with your organisation's policies and procedures and is as prompt as possible.

Copies of all documents relating to each enquiry and response should be dated and filed appropriately.

Good practice in dealing with queries includes:

- resolving simple enquiries immediately
- making a record of the enquiry
- dealing with enquiries in a professional and courteous manner
- referring the employee to the appropriate person if applicable.

Communicate appropriately

Explaining information clearly to an employee is an important skill. Financial matters often involve industry jargon that may need to be explained in simplified terms; for example, PAYG Withholding, tax offsets, salary sacrificing. It is a good idea, especially when you are new to a job, to prepare a list of commonly used terms and their meanings and keep it handy for referring to when necessary.

In all situations you require good listening and questioning skills to accurately identify an employee's query. Summarising what the employee has told you and repeating it back to them is a good way of ensuring that you have a clear understanding of the situation.

You should also be aware of people's cultural differences or differences of ability. Becoming more aware of these differences can help you communicate with others more effectively.



Communication approaches

There may be times when a person is upset or angry about their pay. In these circumstances it is of the utmost importance that you maintain a professional and polite manner. Being able to calm the person down, reassure them and explain to them what will be done prevents the situation from escalating.

Keeping the employee informed of the steps you are taking towards resolution of the issue gains the employee's trust and helps to reduce their distress. Sometimes you may have to collect further information and get back to the employee at a later date. Let them know what you are doing and when you are likely to contact them again.

Never take a complaint personally – an employee's anger is often a way of coping with distress or the fear that nobody will respond to or resolve the issue.

Tone

It's not always what you say, but how you say it. Surveys have shown that the tone of your voice often determines the impression customers have of you, and that what you actually say plays a much smaller part. You must remember that when you are talking on the telephone or writing in an email, the other person can't always perceive that you are sympathetic or concerned, so you must choose your words carefully.

Sometimes it is difficult to express a pleasant tone, especially if you are tired. Remember that part of your role is to handle enquiries appropriately, and your willingness to help people will show through in your response. As you become more confident with handling pay queries and talking to different people, your tone will reflect your knowledge and confidence.

Body language

Body language means using your body and facial expressions to communicate. For example, leaning forward, nodding your head and maintaining eye contact indicate that you are interested in what the speaker is saying. Yawning, shrugging your shoulders and looking away indicate that you are not interested. Make sure you are aware of the body language you use when you are discussing a pay query, so the person will know that you are interested in their situation and are there to help them.



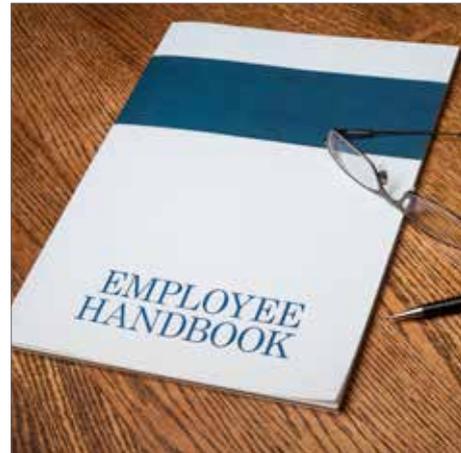
Practice task 10

Why is it important to try and resolve simple enquiries immediately, keep a record of the enquiry and deal with enquiries in a professional and courteous manner?

3B

Follow policies and procedures

You should know which queries you are able to deal with and who is responsible for dealing with enquiries outside your area of responsibility. If you can accurately refer an employee to the correct person you will minimise the risk of them being misinformed. Your organisation should have policies about who to approach regarding certain enquiries. For example, the personnel department may handle pay rise enquiries; managers may handle leave enquiries.



There may be procedures that need to be followed when an enquiry or complaint is received, such as writing the complaint into a record book and including details about follow-up action. Sometimes you may need to make an appointment for the employee with an appropriate person who is authorised to deal with the complaint. You should provide the person with the relevant payroll data, employee records and nature of the complaint or issue.

Payroll data

Understanding your organisation's policies in regard to payroll data is crucial for responding to queries. It is also necessary to know the types of forms or documents that must be completed, such as time sheets, leave applications and allowance claims.

The organisation's policies and procedures manual should be kept in an easily accessible place for easy reference. For example, the following extract from an organisation's policies and procedures manual clearly describes employee's entitlements in regard to annual and personal leave and hours of duty. You need to access information like this if you are following up a discrepancy in an employee's payment.

Example: policies and procedures

The following is an extract from a policies and procedures manual.

7 Leave entitlements

7.1 Annual leave

Employees are entitled to twenty (20) days paid leave (pro-rata for part-time employees). Annual leave loading of 17.5% is payable in addition to annual leave.

7.2 Personal leave

Employees are entitled to pro-rata five (5) days of personal leave without a medical certificate and five (5) days of personal leave on presentation of a medical certificate per 12-month period.

8 Hours of duty

Standard hours for employees are thirty-eight (38) hours per week. No overtime is paid.

Example: follow policies and procedures

Briana works as an office assistant in the accounts department of a small sales company. One of her responsibilities is to handle payroll queries.

An employee, Adam, told Briana that he wanted to have some of his pay paid into his personal superannuation fund on a regular basis.

Briana explained that this could be done but Adam would have to provide details by completing the appropriate voluntary deductions form. Briana gave Adam a copy of the form to complete and return to her.

Briana told Adam that once the completed form was received and authorised, the payments would be put into effect and would appear on his next pay advice slip.

Briana knew the correct procedure for handling modifications to an employee's payments and the correct form required for completion. An example of the form Briana gave Adam follows.

Request for voluntary deductions

I, Adam Lindsay, Employee ID: 304721, hereby authorise XYZ Company Pty Ltd to deduct \$25.00 per week from my net pay for the purpose of voluntary superannuation contributions.

These deductions are to be paid into the account as listed below:

Company/Payee name: Prime Investments

Address: 222 Collins Street, Mudrain 1605

Contact person: Sue McIntyre

Telephone number: 9555 2700 ext 1211

My reference number is: Member CU857932BIC

These deductions are to be effective from: 8/11/2012

and are to continue until: further notice

Signature of employee: Adam Lindsay

Signature of witness: John Hancock

Office Use Only

Employee History Card updated

Authorised by Penelope Pillsborough (Authorised officer)

Record enquiries

Recording all enquiries made regarding the payroll is essential. An organisation should have a complete record of all official interaction with its employees and keep these records in personnel files. Records may need to be produced in a formal enquiry. Some organisations have prepared specific forms that the employee and the person handling the enquiry must complete for complex situations such as pay disputes.

Depending on the way the employee approaches you can make records of enquiries in a number of different ways:

- If the employee emails you, you can reply to their email and keep a record of the discussion in electronic or print form.
- If the employee telephones you, you can record the discussion in writing and type up your notes later.
- If the employee approaches you in person you can take notes and follow up with an email that summarises the conversation.

Enquiry procedures

Your organisation should have policies regarding what sorts of queries require official records. Always check with your supervisor if you are unsure about the seriousness of a request.

Other, more general, queries can be recorded in a separate file of your own. You can use this file to note follow-up action and keep a record of the information each employee is requesting. Your notes should be clear and easily understood. Imagine you have to read your notes in one week's time. Will you be able to recognise what the enquiry was about?

For many people, the details of their pay are private, often not revealed even to family members.

Remember that confidentiality is necessary with all aspects of the payroll function. You should never discuss an employee's payroll information with anyone other than your supervisor, unless you have the authorisation of the employee.



Understand legislation

When processing payroll, you need to be sure that you are aware of your role and personal responsibilities, including the limits of your position. Your position description will tell you what your role and responsibilities are, although it may not describe exactly the boundaries of your position. If you are in doubt, consult your supervisor.

You must follow any federal and state/territory legislation or guidelines that are in place. You don't have to know all the details of the legislation, but you do need to know the types of things you must comply with, as your organisation can be held liable for any difficulties that arise if you have not followed procedures correctly.

Your organisation should have embedded this legislation and other practices into their policies and procedures, so if you follow these, then you are complying with the law. However, when you are processing payroll, always check to ensure you have considered these aspects.

Legislation relevant to payroll enquiries is outlined in the following information.

1

Anti-discrimination

Anti-discrimination legislation, which is contained in a series of Commonwealth and state Acts that require workers and employers to treat everyone the same regardless of age, gender or background; it includes the:

- *Age Discrimination Act 2004 (Cth)*
- *Australian Human Rights Commission Act 1986 (Cth)*
- *Disability Discrimination Act 1992 (Cth)*
- *Racial Discrimination Act 1975 (Cth)*
- *Sex Discrimination Act 1984 (Cth)*

2

Codes of practise and ethical principles

Codes of practice and ethical principles, which can be workplace-based or applied by a professional association; for example, the Accounting Professional and Ethical Standards Board code of ethics

3

Privacy

Privacy laws, which are contained in the *Privacy Act 1988 (Cth)* and described in 13 principles; for example, make sure you store confidential information appropriately

4

Safety

Work health and safety (WHS) laws, which are state-based, but essentially impose the same requirements on all employers and workers; for example:

- make sure you follow safety directions when using equipment
- follow manual handling guidelines
- notify your supervisor if work demands are causing stress

5

Financial

Financial legislation, of which there are many state and Commonwealth acts – some of the main legislation affecting your role relates to fringe benefits and GST; for example:

- *Income Tax Act 1986 (Cth)*
- *Fringe Benefits Tax Assessment Act 1986 (Cth)*
- *A New Tax System (Goods and Services Tax) Act 1999 (Cth)*

Practice task 11

Below are a number of typical employee enquiries about the payroll. In each case, make a note of the policy you need to refer to, the action you need to take and how you might record the enquiry.

- I didn't get paid!

- How much personal leave do I have left?

- My leave has been approved but I would like to change the dates I will be away.

- I need to change my bank account details.

- I am getting a higher duties allowance; will this be in my next pay?

- When is my superannuation paid?

- Does this organisation offer salary packaging? How do I arrange for it?

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- Can I deposit my pay into more than one bank account?

- What is parental leave?

- I don't want to tell you about my HELP debt – why should you know how much I owe to the tax office?

- My child support rate has been increased – do I have to tell you what it is or is it taken out automatically?

- I have lost my group certificate; can I get a copy of it?

- I wasn't paid for the correct number of hours worked.

- Is the amount of tax I am paying correct?

- Can I change the amount of tax I am paying?

3C

Refer enquiries

In most instances, you should be able to handle the enquiry yourself. However, with more complex enquiries or complaints you may need to refer the situation to someone else if it is outside your area of responsibility and knowledge, or if the employee threatens to complain to a consumer affairs body. An appropriate person may be a more senior person with expertise within the organisation such as the accounts manager or someone from an external body such as the Australian Taxation Office (ATO). You may need to make an appointment for the employee to see the relevant person.

You must be aware of the confidentiality aspects of dealing with payroll enquiries. Make sure you reassure the employee that their enquiry will be handled sensitively and follow privacy regulations. For example, while you may need to have more information from the employee, you cannot access their tax records.

When referring enquiries it's important to let the employee know what you are doing to resolve the issue. Always keep them up to date with the progress of the enquiry when you cannot get back to them with an immediate reply.

Following are some examples of situations where payroll enquiries may need to be referred to another person.

More information required

In some cases you may not have sufficient information about an employee and may need to gain more details from their manager or the accounts department.

Managerial responsibility

Some enquiries may involve organisational policies and procedures. For example, an employee may ask you when they will get a pay rise. You can respond by telling them the organisation's policy for granting pay rises, but you will have to refer the enquiry to the employee's manager for a specific answer as you will not know when the employee's performance appraisal will take place, at which pay rises may be discussed.

Complaint handling

Some employees may complain that another employee is getting paid more for the same type of work. It is not your role to discuss a person's specific remuneration or how pay is calculated. You should refer any of these complaints to the employee's manager.

Seeking confirmation

You need to be up-to-date with all tax-related information. For example, an employee may ask you about the current child support rate. If you are unsure, contact the ATO. If an employee tells you they are getting a higher duties allowance, make sure this is confirmed with their manager.

Seeking clarification

If the payroll is outsourced, you may need to contact the company responsible to clarify issues.

Information session

Sometimes, you may receive a number of enquiries on the same topic. For example, a number of employees may be unsure of when their superannuation is paid and how they go about increasing the level of their contribution. If you feel that it would be beneficial to hold a staff information session, bring this to the attention of managers and arrange time to clarify the issues.

Practice task 12

Why it is important to refer enquiries about levels of pay and remuneration to managers?

3D

Follow up a payroll enquiry

If an employee cannot be given an immediate response, it is important to get back to them with information regarding their enquiry as soon as possible. A prompt reply is essential. An organisation's policies and procedures may state that a response must be given within a designated time. You also need to know who to refer the matter to if it is outside your area of responsibility, and what kind of documentation is necessary to record and resolve the situation. If the payroll is outsourced you may have to contact the outsourced business to clarify the situation.



Follow up actions

The follow-up action required will vary according to the query. For example, if an employee has complained that their overtime has not been included in their pay, it may be necessary to locate their time sheet and the authorisation of the overtime to determine whether it was payable.

You must follow through on all queries by keeping in touch with the employee through the resolution process and notifying them with a timely response. It is frustrating for an employee to have explained a difficulty to a payroll officer and then hear nothing about what is being done to resolve the situation. Always provide a time frame for getting back to the employee and make sure you contact them, even if the situation hasn't been resolved.

Follow-up actions may include:

- referring a matter to the appropriate person
- seeking further relevant information
- gathering further documentation
- researching a situation or incident.

Practice task 13

Read the case study and answer to the question.

Case study

Gemma works in the accounts team for a medium-sized insurance company. Roger telephoned her to ask why his pay rise had not been included in his latest pay.

Gemma had not been notified of the pay rise by Roger's manager and therefore did not inform the outsourced payroll company of any change.

She explained to Roger that she had not received formal notification but would follow it up immediately. She also told him that she would be in touch as soon as possible to let him know her progress.

Gemma contacted Theo, Roger's manager, who told her that as he had been away at a conference immediately following Roger's performance appraisal, he had only just finished documenting the pay rise – the relevant documentation was still with Accounts. Theo added that Gemma should receive the documentation the following morning.

Gemma contacted Roger and assured him that his pay rise was currently being processed and that an adjustment to backdate the rise to the date of the performance review would be in the next pay.

Describe the steps Gemma took to resolve Roger's query effectively and efficiently.

Summary

1. The *Privacy Act 1988* (Cth) requires that employers do not divulge information about an employee unless given written permission to do so.
2. Those responsible for processing the payroll will need to handle enquiries from employees relating to their pay.
3. Payroll officers should be prepared with answers to frequently asked questions regarding the payroll, e.g. entitlements, deductions, allowances and perceived errors.
4. The organisation's policies and procedures regarding the payroll should be followed, e.g. record keeping, time frames, passing on queries needing expert advice and resolving queries promptly.
5. Good communication skills are essential when dealing with payroll enquiries.
6. Follow-up action must be completed promptly and the employee kept informed of progress.

Learning checkpoint 3 Handle payroll enquiries

This learning checkpoint allows you to review your skills and knowledge in handling payroll enquiries

Part A

1. Describe a range of enquiries that could be received by the payroll office of an organisation.

2. Outline some general procedural guidelines that should be followed for dealing with these enquiries.

3. List the main responsibilities the payroll officer has in handling payroll enquiries.

4. Explain why it is important to understand an organisation's form of remuneration and its policies and procedures in regard to handling payroll enquiries.

5. Explain why is it important that you comply with legislative requirements when carrying out your tasks.

6. Describe how you would explain to a new employee what the following terms mean:

- accrued leave
- TFN declaration
- voluntary deductions.

7. List the steps you would take to deal with a person who is obviously very annoyed about a payroll matter.

Part B

Read the following case study, then complete the task that follows.

Case study

Paul works on the help desk as part of an accounts department for a large firm. One day a salesperson, Bao, came to him. Bao had been employed five weeks beforehand to help with the end of financial year sale. He was being paid a casual wage and the payments were made by cheque on a weekly basis. At the time of his employment, Bao requested that a particular amount be deducted from his pay and deposited into his landlord's bank account. It was confirmed that this would be done as requested.

Bao informed Paul that the landlord had not received these deposits and because of this he was behind in his rent. Paul told Bao that he would look into the matter and get back to him. As Bao was not a permanent salesperson, Paul did not make the matter a priority but did document the query.

A week later Bao returned to Paul as he had not had any communication from him or the department.

Describe how the payroll officer could have handled the situation better.

Part C

Explain how you would handle the following queries:

1. 'I was promised extra pay when I acted as supervisor for two weeks. That was three weeks ago and it was not in my pay packet again this week. This has happened twice before and it's just not good enough.'

2. 'The deductions I asked to be taken out of my pay have not been deducted.'

3. 'What will happen if I am sick and I have no personal leave left?'

4. 'The commission I was paid in this week's pay seems too low.'

Part D

Read the following conversation, then complete the task that follows.

Case study

Payroll officer: Good morning, may I help you?

Employee: I think that my pay is wrong.

Payroll officer: Oh! I'm sorry about that. Do you have your payslip? Thank you. As you realise we have a lot of employees here, so I'll go and get your record. Do you think we paid you too much or not enough?

Employee: It is short by the amount of my car allowance.

Payroll officer: Here is your pay record. Yes, there is no car allowance this week, and there was previously. Have there been any changes, like have you been inside this week and not travelling?

Employee: I have been in the office but I always get a car allowance.

Payroll officer: Yes, I can see that. I wonder why that is.

Explain how the payroll officer should follow up this discussion.

