VALLEYVIEW AUTOMATED PAYROLL SYSTEM

ValleyView has purchased and customised an automated system to manage their payroll. This system is known as ValleyView Automated Payroll System (VAPS).

VAPS is used to record and process payroll for all full-time, part-time, fixed-term contract and casual staff employed by ValleyView.

The following functions must be performed for payroll data to be processed.

PAY CALCULATION

A pay calculation is run every night to calculate any amendments that have been made to employee data. The updated cheque details can be viewed the next day.

PAY CONFIRMATION

The pay confirmation will normally be run on the Friday before payday. The pay confirmation process is the final calculation for the fortnight and confirms payment details for all employees.

DIRECT DEPOSIT RECALLS

A direct deposit recall involves the request for cancellation of the direct deposit of an employee’s net salary prior to being credited to the employee’s nominated financial institution. Such recalls should only be requested to prevent an overpayment where the employee:

- is receiving worker’s compensation payments
- is on extended leave without pay
- has ceased employment
- will be overpaid more than $250 or one day’s pay, whichever is greater.

REPORTS PRODUCED BY VAPS

Payroll audit trail report

This report must be printed prior to the processing of each payroll run. It includes the following items that must be checked carefully for accuracy:

- hours paid
• hourly rate
• allowances
• deductions
• taxation
• superannuation.

Payroll run control report

This report is an important internal control that plays an integral role in preventing overpayments. This report should be run on pay confirmation day or the day prior. It provides payroll staff with an early opportunity to detect and modify payroll discrepancies prior to pay authorisation. This report is an exception report that details gross pay and earnings types that exceed predetermined values. Payments appearing on this report should be promptly investigated to ensure they are accurate.

Over/underpayment summary report

This report displays information on all outstanding over/underpayments. ValleyView requires payroll staff to recover overpayments and expects staff to act to commence recovery within seven days.

This report should be checked prior to pay confirmation to allow for a direct deposit recall where applicable. This report should be produced and checked at least on a weekly basis.

Payroll register report

This report should be run the day after pay confirmation. It lists the details of all off-cycle and on-cycle payments to be made to all employees for the pay period. The details of each payment should be checked for accuracy. If payment details are found to be incorrect, it may be necessary to request a direct deposit recall.

Payslips

VAPS issues a payslip to all employees for the processing pay period. The following details are contained on each payslip:

• employee’s name
• employee’s job classification under any award or agreement
• employee’s job title
• the date of the payment
• the period of the payment
• the gross and net amount of the payment
• details of any penalty rates (such as overtime) or loadings (such as shift work) applicable during the pay period
• the current annual salary for annual employees, or the current hourly rate for fixed-term contract or casual employees
* any deductions made for the pay, including:
  - the amount and purpose of each deduction
  - the name and number of the fund or account where the deductions were paid

* superannuation contributions, including:
  - the amount of contributions made under the *Superannuation Guarantee (Administration) Act 1992* (Cwlth)
  - the amount of employee contributions
  - the name of the fund to which the contributions were made.
VALLEYVIEW PAYROLL PROCEDURES

CALCULATING PAYROLL

Salaries are paid fortnightly in arrears. On alternate Wednesdays fortnightly salary is deposited into an employee’s designated account. Salaries are automatically calculated on VAPS using the following formulas:

- **hourly rate** – Hourly rate = (annual salaries + annual allowances)/26.0893/76 hours
- **daily rate** – To calculate the daily rate of employees, multiply the employee’s hourly rate by their standard daily hours. The standard daily hours for a full-time staff member are 7.6.
- **fortnightly rate** – An employee’s fortnightly rate can be calculated using either:
  
  - Hourly rate X the hours worked per fortnight
  - OR
  
  (annual salary + annual allowances) / 26.0893 X time fraction.

Note: 26.0893 is the average number of fortnights in a calendar year over a four-year period.

VAPS determines an employee’s fortnightly payment as follows:

- the gross salary calculated using the above formula/s
- arrears amounts due are added where entitlements are processed after the effective date of the change (for example, allowance entered, time fraction increased)
- outstanding overpayments are deducted
- tax is then calculated on the actual gross salary for the fortnight according to the current tax deduction schedules and details recorded on VAPS (for example, HECS)
- other deductions, such as superannuation, health fund and insurance contributions, are then made to determine the employee’s net salary
- the net salary is forwarded electronically to the financial institution/s nominated by the employee.

Following confirmation of the payroll calculation, each employee will receive a payslip. Refer to the reports produced by VAPS for details of the contents of payslips.

**Overpayments**

If an overpayment occurs, an employee can propose to repay the overpayment in two ways:

1. by salary deductions – the employee may choose the percentage of salary to be repaid
2. by personal cheque.
Underpayments

If an underpayment occurs, an employee can receive payment in two ways:

1. by direct credit to their account
2. by ValleyView cheque.

New employees

Pay calculation will occur with the normal pay run provided employee data is correctly input into VAPS within the required timelines.

Ceasing employees

Pay calculation for ceasing employees is to be conducted manually and a ValleyView cheque issued with the appropriate termination advice.

TIMELINES FOR PROCESSING PAYROLL

The following timelines are to be followed when processing payroll.

1. All variations to salaries (such as overtime payments or allowances) are to be input into VAPS by the Wednesday prior to pay confirmation.

2. Pay confirmation is to be run on the Friday before each payday. Where the Friday is a public holiday, the pay confirmation must be completed on the earliest business day prior to the public holiday to ensure employees receive their salary on the designated day. Where payday falls on a public holiday, payroll processes and timelines must be appropriately amended to ensure employees receive their salary on the earliest business day prior to the public holiday.

3. Salaries are to be credited to the employee’s designated financial institution electronically on the Tuesday of each pay week to ensure salaries are available to employees on payday.

4. Staff ceasing employment should be paid on their last day of work with a company cheque and appropriate termination advice. The payroll office must receive the termination advice five working days prior to termination date for pay to be correctly calculated and a ValleyView cheque issued. Refer to the payroll calculation procedures to see how salary is calculated.

5. All new staff will receive pro-rata salary on the designated payday provided their details are put into VAPS by the Wednesday prior to pay confirmation. If details are not submitted, salary will be held over until the following pay period.

AUTHORIZING PAYROLL

Authorisation of payroll data is the responsibility of the Manager, Human Resources and Finance. The Manager, Human Resources and Finance may delegate the checking of figures to another member of the department, however, ultimate responsibility lies with this position.

- A Pay Confirmation must be completed and checked for accuracy prior to providing to the appropriate person for authorisation.
- The authorisation code must be put into VAPS for the Pay Confirmation to be finalised and payroll to be processed.
CHECKING PAYROLL

The following procedures must be followed for checking payroll.

1. Following the authorisation of payroll data, the Payroll Audit Trail Report must be printed and each of the following items checked for accuracy:
   - hours paid
   - hourly rate
   - allowances
   - deductions
   - taxation
   - superannuation.

If any errors are found in this report, corrections should be made through the adjustment entry program and the report should be rerun. Only after data has been confirmed should details be processed and the payroll updated.

2. The following reports must be checked for accuracy prior to pay confirmation day:
   - over/underpayment report
   - payroll run control report (this report may also be run on pay confirmation day).

3. The following report must be checked for accuracy the day after pay confirmation day:
   - payroll register report.

RECONCILING PAYROLL

1. The Accounts Clerk is responsible for reconciling the payroll clearing account at the end of each month.

2. The payroll clearing account must reconcile with the general ledger account.

3. Where discrepancies arise, the payroll register report is to be checked against the pay confirmation report. This should include a crosscheck of all payments made to employees.

4. The Manager, Human Resources and Finance is to make regular checks on the reconciliation process to ensure that checking and security procedures are being correctly followed and all accounts are being correctly reconciled.

STORAGE OF PAYROLL RECORDS

The following procedures must be followed for any payroll records produced from VAPS:
1. All reports produced in a paper format from VAPS must be filed in a fireproof and secure filing system.
2. All reports must be retained for a period of seven years.
3. Any reports requiring archiving must be located in a fireproof and secure location.

**SECURITY PROCEDURES**

To ensure the continued integrity of payroll data and the confidentiality of all employee information, the following security procedures must be followed by all employees when dealing with payroll related matters.

1. **VAPS can only be access by staff authorised by the Manager, Human Resources and Finance.**
2. **VAPS is password-protected. It is essential that authorised users maintain the confidentiality of passwords. Should a password be forgotten, this must immediately be reported to the Manager, Human Resources and Finance who will arrange for a new password to be issued.**
3. **Staff requesting payroll information can do so by submitting an email to the Accounts Clerk, who will determine if the response is within the required guidelines.**
4. **Guidelines for requesting payroll information**
   - Staff may request information only about their own salary and leave entitlements.
   - Staff must provide their employee number upon requesting payroll information.
   - Managers may request information about the salary and leave entitlements of their staff only if it is to be used for the purpose of approving leave or performance reviews. The reason for the request must be clearly detailed.
5. **All paper information relating to payroll, including payroll reports, payslips and personal information must be held in a secured filing system**
6. **Segregation of duties for checking, authorising and processing payroll is detailed under the procedures for Checking Payroll.**
7. **Details of all security measures must be included in the position description of all payroll staff.**
8. **The Manager, Human Resources and Finance is required to hold six-monthly meetings with payroll staff to review existing security practices and to discuss any modifications that may be needed to existing practices.**

**EMPLOYEE RECORDS**

ValleyView retains the following information on all employees, which is stored securely either on VAPS or in a personal file:

- employee’s name and date of birth
• date the employee began work with ValleyView
• pre-employment checks
• names of any federal awards or agreements that the employee has entitlements to
• employee’s job classification under any awards or agreements
• employment status – full-time, part-time, casual, fixed-term contract
• start and finishing times and hours worked each day
• overtime calculation (if applicable)
• gross and net pay, including any deductions
• leave entitlements (such as annual, sick, carer’s or study leave)
• leave accrued
• leave taken
• performance reviews
• salary reviews
• superannuation details (including the name of the superannuation fund if not the one used by ValleyView)
• authorised payroll deductions (such as health fund, unions or inter-bank transfers)
• disciplinary reports (if applicable)
• Tax File Number Declarations
• general correspondence.

Maintenance of employee records

The following procedures must be followed in relation to employee records.

1. All wage and tax records (such as payment summaries, Tax File Number Declarations) must be retained for seven years.

2. All paper-based personnel files must be retained in a fireproof and secure filing system.

3. Records relating to employees who have ceased employment with ValleyView must be removed from the current filing system and filed in the non-current filing system. All wage and tax records relating to ceased employees must continue to be retained for a period of seven years. All non-wage and tax records may be destroyed after a period of three years following the cessation of employment.

New employees

The following procedures must be followed for new employees:

1. A Tax File Declaration Form must be completed and sent to the Australian Taxation Office within 14 days of commencement of employment.
2. All necessary details must be input into VAPS within the designated timelines to ensure the employee is correctly paid. A form detailing all necessary information should be sent to Human Resources and Finance within the designated timelines.

3. A new personnel file is to be opened.

**Ceasing employees**

The following procedures must be followed for ceasing employees.

1. The appropriate termination advice must be completed and sent to the payroll office within the designated timelines to ensure the employee receives the correct final payment.

2. The employee records on VAPS must be made inactive to ensure that the ceasing employee does not receive any further salary.

3. The employee’s personnel file should be removed from the current filing system and filed in the non-current filing system.