



XHARIEP DISTRICT MUNICIPALITY

DRAFT

PAYROLL POLICY

2026/27

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1. Purpose

- 1.1. The purpose of this policy is to guide Nhariep District Municipality in the administration of salaries and allowances, payroll schedules, payment methods as well as payment intervals to ensure accurate and timely payment of salaries and allowances.

2. Scope

- 2.1. This policy will apply to all employees of Nhariep District Municipality with the exception of the Municipal Manager and Managers reporting directly to the Municipal Manager in terms of sections 56 and 57 of the Municipal Systems Act of 2000 and Councillors in terms of the Remuneration of Public Office Bearers Act, 1998 (Act No. 201 of 1998) as well as the annual Government Notices on the Determination of Upper Limits of Salaries, Allowances and Benefits of Different Members of Municipal Councils as issued by the Department of Co-operative Governance and Traditional Affairs (CoGTA).

3. Definitions

- 3.1. The following definitions will apply in this policy:

3.1.1. **Basic salary** it refers to the cash component of monthly remuneration without benefits and prerequisites.

3.1.2. **Total cost of employment** refers to a combination of basic salary and employee benefits.

3.1.3. **Employment benefits** include pension/provident fund, travelling allowance, housing allowance, cell phone allowance, medical aid, leave, etc.

4. Principles

- 4.1. The following principles underpin this payroll policy:

4.1.1. The payroll policy and practice will support the execution of the Municipality's strategic objectives.

4.1.2. Payment of operational allowances will be paid in terms of the respective individual policies as listed but not limited to the following:

- Remuneration and Benefits Policy
- Travelling and Subsistence Policy; and
- Leave Policy

4.1.3. The payroll policy will be influenced by affordability and sustainability factors.

5. Policy Provisions

- 5.1. The Municipality will remunerate its employee's salaries, taking into cognisance prevailing Salary and Wage Collective Agreement and SALGBC Conditions of Service Collective Agreement.
- 5.2. Councilors, senior management and other contracted employees will be paid on a total cost of employment basis and will be allowed to structure their packages (within limits of the law) to suit their individual needs.
- 5.3. Remuneration levels of section 56 and 57, i.e. Municipal Manager and Senior Managers, will be guided by, and adhere to Local Government Regulations on Appointment and Conditions of Employment of Senior Managers in conjunction with annual Government Notices on the total Remuneration Packages Payable to Municipal Managers and Managers directly accountable to Municipal Managers from time to time.
- 5.4. Remuneration of Councillors will be guided by, and adhere to the Remuneration of Public Office Bearers Act, 1998 (Act No. 201 of 1998) as well as the annual Government Notices on the Determination of Upper Limits of Salaries, Allowances and Benefits of Different Members of Municipal Councils as issued by the Department of Co-operative Governance and Traditional Affairs (CoGTA) from time to time.
- 5.5. Where neither the Remuneration of Public Office Bearers Act nor the Regulations on the Appointment and Conditions of Employment of Senior Managers is silent on how to administer a particular payroll aspect, the provisions of this policy will take precedence.
- 5.6. Confidentiality will be observed in all matters relating to individual salaries.

6. Procedures

6.1. The Human Resources Function

6.1.1. Mandate

The payroll management process originates in the Municipality's human resources department/unit. It is the human resource department/unit that authorizes the formal transactions to appoint new employees, adjust salaries or wages, establish payroll deductions and promote, transfer or terminate employees through retirement or otherwise.

6.1.2. New appointments

One of human resource department/unit important functions, is adding new employees to the payroll system, this is a critical control point in the payroll management process. Internal controls must be established to ensure that new appointments and other payroll transactions have been approved by the Municipality's senior management or other authorized individuals in compliance with internal municipal procedures and other legislative and regulatory requirements including funding and budgetary restrictions.

6.1.3. Monitoring

Because the Municipality's human resources department/unit authorizes the inputs that add employees to the payroll, change pay and effect other key transactions, this department/unit must not have access to the payroll functions or must not be authorized to enter or change payroll data.

6.2. Basic salary

6.2.1. Basic salary will also be determined in accordance with national collective agreements.

6.3. Total Cost of Employment

6.3.1. The Municipality will pay a total package (total cost of employment) for Councillors and all positions designated and occupied by senior management and contractual employees.

6.3.2. Total Cost of Employment includes:

- Basic Salary;
- Contribution to pension or provident fund;
- Contribution to medical aid;
- Housing or rental allowance;
- Travelling allowance;
- Cellphone allowance
- Annual bonus; and
- Other allowances.

6.3.3. Qualifying employees will be allowed flexibility to structure their total cost packages to suit their needs within the parameters of the Income Tax Act, the Municipality's policies and relevant collective agreements.

7. Payment of Monthly Remuneration

7.1. All payroll inputs from various departments should be submitted on or before the 10th of each month to allow payroll staff to process them in time so that any errors are detected early during the salary trial run. No late payroll inputs shall be considered.

7.2. Salaries are payable on the 25th of each month.

7.3. Where the 25th falls on a weekend or a public holiday, salaries will be paid on a business day immediately before the weekend or public holidays.

7.4. Where the 25th falls on a Monday, salaries will be paid on a business day immediately before the weekend or public holiday.

7.5. All claims for subsistence in respect of the preceding month must be submitted within a

month of the succeeding month; for example, claims in respect of January must be submitted during February. Failure to comply will result in the claim not being honored

- 7.6. Payroll third party payments shall be paid on or before the last day of the month during which salaries relate, in respect of medical aids on or before the 3rd of the following month, in respect of employee taxes, pension contributions as well as other statutory payments and garnishees on or before the 7th of the following month
- 7.7. Every Councillor or Employee shall have amounts payable to him/her in respect of salary and all other payments deposited to a personal account at any branch of a banking institution as he/she may nominate. In the event of death of a respective Councillor or Employee, any outstanding monies shall be paid to personal bank account of a nominated beneficiary or duly appointed executor of estate.

8. Other Matters

- 8.1. Voluntary deductions such as in respect of personal insurance premiums, external loans, etc. will not be administered through payroll.
- 8.2. Councillors and employees are entitled to receive free copies of payslips (on a monthly basis) and IRP5 / Tax Certificates (on an annual basis).
- 8.3. Any changes to pension and medical aid arrangements, e.g. new intakes, adding or removing dependents and/or terminations should be done through the Human Resources Unit.
- 8.4. As a rule, child dependents turning 21 are charged the adult dependant rate on the medical scheme. Dependents from 21 – 27 may pay child rates if they meet the qualifying eligibility criteria. From the age of 27 all (except disabled) dependants pay adult rates and they do not need to submit proof of eligibility documents. Please note that the supporting documents to keep the dependants over 21 as child dependants are needed every year.
- 8.5. All salary related queries will be attended to by the Payroll staff every Tuesday and Thursday except for the week during which salaries are being paid.
- 8.6. All employees should collect their payslips from the Payroll Unit monthly.
- 8.7. All confidential payroll related information should be requested by only authorised personnel and shall be released upon approval granted by the Chief Financial Officer (CFO) or Senior Official designated by the CFO.

9. Policy Adoption

This policy has been considered and approved by the Council of the **Xhariep District Municipality**.

10. Short and Commencement

This document is called the Municipal Payroll Policy and takes effect from 1 July 2026.