LEKWA-TEEMANE LOCAL MUNICIPALITY

PAY DAY POLICY 2025/26

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1. DEFINITIONS

1.1. The following definitions will be applicable to this policy:

1.1.1. “**Basic salary**” is the amount of pay that is determined according to the task grade or level according to which the employee is appointed. It refers to the cash component of monthly remuneration without benefits and prerequisites.

1.1.2. “**Employee**” means— (a) any person, excluding an independent contractor, who works for another person or for the State and who receives, or is entitled to receive remuneration; and (b) any other person who in any matter assists in carrying on or conducting the business of the employer’.

1.1.3. “**Total cost of employment**” refers to a combination of basic salary and employee benefits.

1.1.4. “**Market rate analysis**” is the process of identifying the rates of pay in the labour market for comparable jobs so as to inform decisions on levels of pay within the organisation.

1.1.5. “**Employment benefits**” include pension, leave, travel and subsistence allowance, housing allowance, cell-phone allowance, and medical aid.

1.1.6. “**month**” means a calendar month.

1.1.7. “**public holiday**” means any day that is a public holiday in terms of the Public Holidays Act, 1994 (Act No. 36 of 1994).

1.1.8. “**Remuneration**” means any payment in money or in kind, or both in money and in kind made or owing to any person in return for that person working for any other person.

1.1.9. "**Ghost employees**" refer to fictitious or non-existent individuals listed on a company's payroll, allowing fraudulent activity where someone collects wages or benefits under a false name.

1.1.10. “**working day**” means Monday to Friday as per the council official working hours.

2. BACKGROUND

2.1. Employees expect and should receive payment of their salaries on a periodical basis and therefore processing and maintaining accurate payroll records is an extremely important function requiring strict controls and close management.

2.2. Overall, payroll is the largest type of expenditure for the Lekwa Teemane Local Municipality. Timely and accurate payroll reporting is necessary to appropriately budget, plan and manage costs and to correctly report on the financial transactions, balances and disclosures of the Municipality. Payroll transactions are no different from any other expenditure and require the application of the same standard of internal control.

3. PURPOSE

3.1. The purpose of this policy is to guide the Lekwa Teemane Local Municipality in the administration of its remuneration and to clearly establish rules that regulate the matters relating to payroll in order to:

3.1.1. Regulate the payroll function as a unit in the Budget, Finance and Treasury Department.

3.1.2. To serve as a guide to employees and provide a clear process as to when and how their salaries and allowances are to be paid.

4. SCOPE OF THE POLICY

This policy will apply to all:

4.1. Councillors;

4.2. Permanent employees;

4.3. Contractual employees;

4.4. Temporary employees; and

4.5. Fixed term contract employees.

5. STATUTORY FRAMEWORK AND REGULATIONS

5.1. Various pieces of legislation, agreements, retirement rules and medical scheme rules impact on the payment of salaries, wages and allowances. They are:

5.1.1. Local Government: Municipal Finance Management Act 56 of 2003.

5.1.2. Income Tax Act 58 of 1962: the income tax obligations with regard to the pay as you earn (PAYE) of employees and Councillors alike are determined in accordance with this Act.

5.1.3. Unemployment Insurance Contributions Act 4 of 2002 – regulates, *inter alia*, the compulsory contribution of employees and employers to the fund in accordance with a prescribed formula.

5.1.4. Conditions of Service: full time and part time employees are paid salaries or wages in terms of the service of contract of employment applicable to the municipality and the municipal officials.

5.1.5. Basic Conditions of Employment Act 75 of 1997 regulates the right to fair labour practices conferred by the Constitution of the Republic of South Africa, 1996, by establishing and enforcing basic conditions of employment and regulating any variations to basic conditions of employment.

5.1.6. Skills Development Act 97 of 1998: in terms of section 30 of this Act, the Municipality is required to contribute a prescribed percentage of employees remuneration to a Skills Development Fund established by the Sectoral Education and Training Authority (SETA) for local government.

5.1.7. Local Government: Municipal Systems Act 32 of 2000.

5.1.8. Pension Fund Act, 1956.

5.1.9. Medical Schemes Act 131 of 1998.

5.1.10. Remuneration of Public Office Bearers Act, 20 of 1998: in terms of this Act, municipal councils are graded according to their rates of income and the number of registered voters, and the upper limits of salaries of full time and part time Councillors are determined according to these grades.

6. POLICY PRINCIPLES

6.1. The employer will pay to an employee his/her remuneration in South African Rand monthly by means of a cheque or by direct deposit into an account designated by the employee whichever is applicable.

6.2. The remuneration payable must be no later than seven (7) days after:

6.2.1. the completion of the period for which the remuneration is payable; or (ii) the termination of the contract of employment.

6.2.2. Subsection 6.2 does not apply to any corrections and adjustments to the remuneration payable of an employee.

7. COUNCILLORS AND PERMANENT EMPLOYEES

7.1. Pay day will be on the 25th day of each month, or the last working day before the 25th should pay day fall on a:

7.1.1. Saturday;

7.1.2. Sunday;

7.1.3. Public holiday; or

Day after a public holiday. except for Mondays, the pay day will fall on the Friday

7.2. For the month of December in every year pay day will be three (3) working days before the 25th with the exception of circumstances as set out in paragraphs 6.1, 6.2 and 6.3.

7.3. For outgoing councillors and **resigning / dismissed / retiring**

permanent employees, pay day for the last month will be on the last pay run of the month subject to:

7.3.1. Duly authorized exit form was received.

7.3.2. All types of leave forms were submitted and processed.

7.3.3. All required tools of trade were handed in.

7.3.4. Handover of duties and /or outstanding work to immediate supervisors.

7.4. Failure to submit the information in 7.3 three (3) working days before last working day may result that the last payment is withheld on the last pay run .

7.5. No leave must be granted in the notice period for resigning, retiring permanent employees.

7.6. Because permanent employees are paid on the 25th day of each month in advance of the period for which remuneration is payable at least five (5) days accrued leave or pro-rata leave days should be kept and be available at all times.

8. CONTRACTUAL EMPLOYEES

8.1. Pay day for contractual employees will be on the last working day of every month, but no later than seven (7) working days after the last day on which work was performed subject to:

8.1.1. Timeous submission of time sheet and/or attendance registers.

8.1.2. Submission of SARS income tax number.

9. **TEMPORARY EMPLOYEES AND SEASONAL WORKERS**

9.1. Pay day for temporary employees and seasonal workers will be on the last working day of every month, but no later than seven (7) working days of the last day on which work was performed subject to:

9.1.1. Timeous submission of time sheet and/or attendance registers.

9.1.2. Submission of SARS income tax number.

10. **GENERAL ADMINISTARTION**

10.1. Pay slips will be submitted a day before the pay day of each month.

10.2. Salary enquiry day will be the first Tuesday of every month or as determined from time to time.

10.3. Submission of overtime and or any other related salary information which will influence the pay of an employee must be submitted by the relevant directorate no later than the date indicated in the memorandum.

10.4. The payroll will be closed on the date as per the memorandum distributed. Any Information received after this date will be dealt with the next payroll date as indicated in the memorandum.

11. **CORRECTIONS / OMMISIONS FROM PAYROLL**

11.1. Any omissions, corrections to the payroll and/or individual and /or group of employees will only be done with the next pay month.

11.2. No corrections will be made during pay periods. (Last pay date to next pay date)

11.3. Director's and/or supervisors must submit information on any type of incorrect pay to the salary office by the 10th of the next month or last working day before the 10th.

11.4. **Other remuneration**

11.4.1. All other remuneration shall be paid in accordance with the approved Municipal Council Resolutions, and/or in accordance with their conditions of service, and are fully taxable.

11.5. Administrative Processes

11.5.1.1. Salary enquiry day will be the first Tuesday of every month or as determined from time to time.

11.5.1.2. Submission of overtime and or any other related salary information which will influence the pay of an employee must be submitted by the relevant directorate no later than the date indicated in the memorandum.

11.5.1.3. The payroll will be closed on the date as per the memorandum distributed. Any information received after this date will be dealt with the next payroll date as indicated in the memorandum.

12. IMPLEMENTATION AND REVIEW PROCESS

12.1. This policy will be reviewed at least annually or when required by way of a council resolution.

13. SHORT TITLE

13.1. This policy shall be called the Pay Day Policy of the Lekwa-Teemane Local Municipality and will be reviewed annually