



**JARAMOGI OGINGA ODINGA UNIVERSITY
OF SCIENCE AND TECHNOLOGY**

PAYROLL MANAGEMENT POLICY

MARCH, 2016

JARAMOGI OGINGA ODINGA UNIVERSITY OF SCIENCE AND TECHNOLOGY

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Policy Title Payroll Management Policy

Policy Theme To protect the integrity of the payroll; and uphold accuracy and confidentiality in payroll management.

Policy Contact Deputy Vice Chancellor
(Planning, Administration and Finance)

Approval Authority University Council

Category Administration

Reference No: JOOUST/VC/LO/P

Status: Approved

Commencement Date: March, 2016



15th April 2016

Signed:

Vice-Chancellor and Secretary to Council
Prof. Stephen G. Agong'

Date



15th April 2016

Chairman of Council
Dr. Bonface J. Mwandotto

Date

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ABBREVIATIONS AND ACRONYMS

CFO	Chief Finance Officer
CBA	Collective Bargaining Agreement
ICT	Information Communication Technology
ISO	International Standardization for Organizations
JOOUST	Jaramogi Oginga Odinga University of Science and Technology
NHIF	National Hospital Insurance Fund
NSSF	National Social Security Fund
QMS	Quality Management System
R (PA)	Registrar, Planning and Administration
SRC	Salaries and Remuneration Commission
PAF	Planning, Administration and Finance
PAYE	Pay As You Earn
PSC	Public Service Commission
VC	Vice-Chancellor

DEFINITION OF TERMS

Payroll	The financial records of the University relating to the payment of wages, salaries and allowances to employees.
Gross Pay	Total amount of money paid to an employee each pay period, comprising approved allowances as determined.
Net Pay	Total amount of pay an employee receives after deductions from gross pay.
Deduction	For the purpose of this policy, these are amounts reduced from an employee's paycheck to meet relevant statutory obligations.
Employees	Persons gainfully contracted to deliver services for the University to achieve its mandate within respective cadres and contract types.
Casual Employees	A person whose engagement provide for his payment at the end of each day and who is not engaged for a longer period than 24 hours .
Casual employment	Employment of a person on an on call and as required basis without any commitment from either party to ongoing employment
University	Jaramogi Oginga Odinga University of Science and Technology
Council	University Council
Pay As You Earn	Refers to tax installment deductions made on an employee's gross salary and submitted to the government in line with statutory requirements.
P9 Form	Payment summary issued annually to individual employees to enable them file tax returns

1.0 Introduction

The University recognizes that wages, salaries and allowances paid to the employees should be consistent, accurate and the integrity of the payroll system is protected. This policy shall be implemented in compliance with Public Finance Management Act (PFMA) 2012, Public Financial Management (PFM) Regulations 2015, Financial Management Policy, 2015 and approved Annual Budgets for staff emoluments, Public Service Commission and Salaries Remuneration Commission guidelines, JOOUST Human Resource Policies and Procedure Manual, Employment Act 2007, Terms and Conditions of Service and the Collective Bargaining Agreements (CBAs) for various cadres of staff.

This policy covers the purpose of development, the policy statement, scope, overall and specific policy objectives; roles and responsibilities of key persons in policy implementation and the various guiding principles entailed in payroll management. The policy also provides a framework for implementation, overall responsibility and policy review. The policy provides a clear and defined approval process and appropriate controls for efficient payroll activities

2.0 Purpose

The purpose of the policy is to provide a framework for payroll management to ensure due process is followed while administering staff salaries, allowances, deductions, reimbursements, penalties and bonuses as applicable and approved by relevant authorities.

3.0 Policy Statement

The University is committed to upholding confidentiality, integrity and accuracy of an established payroll system and procedures that support the effective and efficient management of payroll, and to assure employees of accurate and timely payment of salaries and wages.

4.0 Scope

This policy applies to all staff in the University and all activities that are undertaken while preparing, updating, changing and approving the University payroll.

5.0 Policy Objectives

The overall objective of the payroll management policy is to provide transparent and codified internal control system aimed at promoting efficient administration of wages and salaries; congruent to approved budgets and broader financial policies.

Specific objectives:

- (i) Ensure procedures and internal controls are in place to drive the payroll management process;
- (ii) Ensure that access to payroll records is restricted to authorized persons only;
- (iii) Ensure that change of pay rates are controlled and implemented by only approved persons.
- (iv) Ensure that payroll processes operate within a regulatory framework which is governed by relevant laws, guidelines and regulations.

6.0 Roles and Responsibilities

The role and responsibilities of Council, Vice-Chancellor, DVC (PAF) and Heads of Departments and members of staff are specified below:

6.1 University Council

The Council shall approve the policy

6.2 Vice-Chancellor

The Vice-Chancellor shall support and recommend the policy to Council for approval;

- (i) Ensure effective implementation of the policy;
- (ii) Approve the release of salaries and allowances.

6.3 Deputy Vice-Chancellor (PAF)

The DVC (PAF) shall ensure implementation of this policy.

6.4 Heads of departments

Heads of Departments shall ensure employees familiarize themselves with the policy

6.5 Employees

All employees shall:

- (i) Be responsible for providing the Registrar (PA) with relevant documentation and accurate details for payroll processing; and/or any variations that may have an effect on payroll processing and disbursement, (such as changes in bank accounts and personal circumstances which may affect deductions).

- (ii) Adhere to the policy guidelines and seek clarification from authorized persons where necessary

7.0 Guiding Principles

- (i) The R(PA) shall be the custodian and customary repository for all employee records with respect to payroll management
- (ii) Payroll monitoring and review processes shall be undertaken by relevant authorities; and shall incorporate the aspects of budget monitoring of payroll balances; quality control processes; performance indicators
- (iii) The details of all new employees shall be entered into the payroll system
- (iv) The payroll system shall be guided by respective Guidelines from SRC,PSC and relevant CBAs
- (v) That all deductions form employees shall be authorized
- (vi) Any variations in salary and allowances wages should be communicated to respective members of staff
- (vii) Pay advice shall be given to individual employees on the payroll on a monthly basis

8.1 Payroll Services

The Payroll system shall provide the following services:

- (i) Monthly Payment of Salaries to Employees
- (ii) Adjustments to Contractual Pay
- (iii) Third Party Deductions
- (iv) Statutory Deductions
- (v) Preparation and Issuance of Pay Slips and P9 Forms
- (vi) Pension Deductions
- (vii) Processing of Temporary Payments such as overtime, guaranteed hours, incentives
- (viii) Processing of Terminal Payments.

8.2 Remuneration Structure

The University shall adopt a graded pay structure from Grade 1(one) being the lowest to Grade 18 (Eighteen) being the highest or such grading structure as recommended by the

Salaries and Remuneration Commission from time to time. Each grade shall consist of a range of salary scales with minimum and maximum pay rates or points.

8.3 Entry Point

- (i) A newly recruited employee shall enter at the minimum point of the salary scale to which he/she has been appointed.
- (ii) The University may, however, consider an enhanced entry point if the employee has higher qualifications and/or experience within the salary scale so long as the maximum of the scale is not exceeded.

8.4 Payment of Salaries and Allowances

- (i) On first appointment, the salary of an employee shall be entered into the payroll from the date he/she assumes duty as confirmed by the Staff Movement Advice (SMA).
- (ii) Salaries and allowances shall be paid on a monthly basis in Kenyan currency through the employee appointed bank accounts.
- (iii) The Registrar (PA) and the Chief Finance Officer (CFO) shall ensure compliance with the two thirds (1/3) rule on basic salary.

8.5 Annual Increments

- (i) Each employee shall receive an annual salary increment in accordance with the stipulated salary structure until the maximum salary point of the respective job group is attained.
- (ii) Salary increment will be made once in a financial year for all staff members on Permanent and Contract Terms of Service.
- (iii) Staff on Temporary terms are not entitled to a salary increment.
- (iv) The incremental date for employees shall be 1st January annually for those appointed and who report on duty between 1st January and 30th June; and 1st July, for those who report on duty between 1st July and 31st December.
- (v) Where a staff member's salary scale changes arising from review and/or promotion, the date of effect of the change will be considered the date of appointment for the purpose of determining the date of effect for annual increment.

8.6 Salary Advance

- (i) Application for salary advances shall be made to the Vice-Chancellor.
- (ii) The University may give salary advance to employees. Such advances shall not be

more than twice the Basic Salary of the employee provided the employee is on Permanent Terms of Employment and his/her net salary allows.

(iii) The recovery period shall not exceed six (6) months.

8.7 Deductions from an Employee's Salary

- (i) The University shall deduct from the salary of an employee:
 - a) all statutory obligations (such as PAYE, NSSF, NHIF, Pension)
 - b) surcharges
 - c) any amount paid to the employee in error as salaries in excess of the amount of salaries due to him/her.
 - d) any amount which the employee has requested the employer, in writing, to deduct from his/her salaries for remittance to recognized financial institutions and co-operative societies.
 - e) Commencement or changes to deductions cannot take place unless written authorization is received by R (PA) from the employee requesting for initiation of such.
 - f) any amount due and payable by the employee under and in accordance with the terms of agreement, in writing, by way of repayment or part repayment of a loan made to him by the employer.
- (ii) The above deductions may be made, provided that the total amount of all deductions from the salaries of an employee at any one time shall not exceed two thirds (2/3) of basic salary.

8.8 Pay Slip and P9 Information

- (i) The CFO shall prepare and issue P9 forms to individual employees for purposes of filing tax returns to Kenya Revenue Authority
- (iii) Members of staff are advised that care should be taken to ensure paylips and P9 information is handled in a confidential manner.

8.9 Salary Bank Account Details

- (i) Employees shall be required to supply full details of their bank accounts.
- (ii) Where existing employees are nominating new account details, the employee shall notify the CFO through the R (PA) in writing on the same and also provide the previous account details for security reasons.

- (iii) Employees are responsible for ensuring that the bank details they supply are accurate.

8.10 Processing of Terminal Dues

- (i) The R (PA) shall prepare the following notices advising the CFO to terminate payment through the payroll, upon verification that due process has been completed and termination acknowledged by the VC.
 - a. Notices of retirement
 - b. Notices of resignations
 - c. Notices of redundancies
 - d. Notices of termination
 - e. Notices of demise
- (ii) The R (PA) shall appropriately advise the CFO to administer payment of all terminal dues.
- (iii) Removal from payroll for all separations shall be effected after the employee's last day of service.

9.0 Implementation

The overall responsibility and effective implementation of this policy shall be vested in the office of the Deputy Vice Chancellor (PAF)

10.0 Effective Date

This policy takes effect upon the date of approval by the University Council.

11.0 Review

The Policy shall be reviewed after every three (3) years for suitability and/or as the need arises.