

# South Africa's first payroll standard to ensure good governance

The South African Payroll Association (SAPA) has partnered with the South African Board for People Practices (SABPP) to launch the country's first Payroll Standard. James McKerrell, Chairman of SAPA, will officially announce its implementation at a special SABPP conference to be held on 26 October 2017.



## Purpose

Like the King IV Report on Corporate Governance, the Payroll Practice Standard strives to codify the requirements for good governance, focusing solely on the payroll function. “Until now,” says McKerrell, “neither employers nor payroll personnel had a concrete reference against which to measure the correctness of their systems and practices. The new standard provides just such a yardstick.” The specification complements the existing SAPA code of conduct.

SAPA worked closely with SABPP, the professional body for HR practitioners in South Africa, to develop the document. The collaboration will also help SAPA establish the standard in HR structures as it will be included and referenced in SABPP’s own HR Standards framework.

## Overview

The standard covers a broad range of requirements to which employers and payroll practitioners must adhere. These include:

- the structure of the payroll function;
- the qualifications and professional obligations of the payroll practitioner;
- the obligations of employers regarding payroll;
- the integration and interaction of the payroll function with other offices, such as HR and finance;
- compliance with governance standards; adherence to applicable laws;
- adherence to payroll policies and procedures, as well as HR, finance and corporate policies and procedures;
- service delivery standards; reporting and analysis of payroll data; and various other elements.

## Benefits

McKerrell foresees that the standard will be eagerly accepted by payroll practitioners. “They are at times asked to take

actions that are not conducive to good governance, or are legally or ethically problematic. With this definitive source, they can offer an authoritative response.”

By referring to the standard, employers can satisfy themselves that their payroll department and processes comply with legal and governance requirements. It also gives them the ability to audit the payroll function more effectively.

## **Implementation**

As with King IV, the Payroll Practice Standard is not legally binding. However, McKerrell believes it will see rapid adoption by both employers and practitioners. “Corruption is more easily exposed these days, leading society to call for greater accountability from leaders and business. When an organisation adopts and enforces a progressive standard like ours, they show they are serious about being a good corporate citizen. This is especially true of payroll, where workers’ rights are one of the public’s greatest concerns.”

In addition, McKerrell says that SAPA will most likely make familiarity with the standard a requirement for attaining any of its professional designations and include it in its continuous professional development (CPD) programme. “As the profession’s official regulatory body, it is SAPA’s duty to encourage the highest level of professional conduct and service delivery. The Payroll Practice Standard embodies that ideal.”

McKerrell looks forward to seeing employers and practitioners embrace the standard and invites them to contact SAPA for more information.

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