Manage payroll records

D1.HFI.CL8.04
D1.HFA.CL7.06

Assessor Manual

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William Angliss Institute

Specialist centre for foods, tourism & hospitality

Manage payroll records

D1.HFI.CL8.04
D1.HFA.CL7.06

Assessor Manual

Project Base

William Angliss Institute of TAFE
555 La Trobe Street
Melbourne 3000 Victoria
Telephone: (03) 9606 2111
Facsimile: (03) 9670 1330

Acknowledgements

Project Director: Wayne Crosbie
Chief Writer: Alan Hickman
Subject Writer: Alan Hickman, Emma Gronow
Project Manager/Editor: Alan Maguire
DTP/Production: Daniel Chee, Mai Vu, Riny Yasin, Kaly Quach

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Competency Based Assessment (CBA) – An introduction for assessors

Assessment is the process of identifying a participant's current knowledge, skills and attitudes sets against all elements of competency within a unit of competency.

Suggested assessment methods

For each unit of competency a number of assessment tools have been identified including:

- Work Projects
- Oral Questions
- Written Questions
- Third Party Statements
- Observation Checklists.

Instructions and Evidence Recording Sheets have been identified in this Assessment Manual for use by Assessors.

Alternative assessment methods

Whilst the above mentioned assessment methods are suggested assessment methods, the assessor may use an alternate method of assessment taking into account:

a) The nature of the unit

b) The strengths of participants

c) The number of participants in the class

d) Time required to complete assessments

e) Time dedicated to assessment

f) Equipment and resources required.

Alternate assessment methods include:

- Practical demonstrations
- Practical demonstrations in simulated work conditions
- Problem solving
- Portfolios of evidence
- Critical incident reports
- Journals
- Oral presentations
- Interviews
- Videos
- Visuals/slides/audiotapes
- Log books
- Projects and Role plays

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- Group projects
- Recognition of Prior Learning.

Whilst there is no specific instruction or evidence collection documents for all the alternative assessment methods, assessors can record competency in the 'Other' section within the 'Competency Recording Sheet'.

Selection of assessment methods

Each assessor will determine the combination of Assessment Methods to be used to determine Competency for each Competency Unit on a student by student basis.

'Sufficient' evidence to support the 'Pass Competent'/'Not Yet Competent' decision must be captured.

In practice this means a minimum of 2 – 3 Assessment Methods for each candidate for each Competency Element is suggested.

At least one method should provide evidence of practical demonstration of competence.

The following assessment methods deemed to provide evidence of practical demonstration of competence include:

- Practical Work Projects
- Third Party Statement
- Observation Checklist.

Assessing competency

Competency based assessment does not award grades, but simply identifies if the participant has the knowledge, skills and attitudes to undertake the required task to the specified standard.

Therefore, when assessing competency, an assessor has two possible results that can be awarded:

- 'Pass Competent' (PC)
- 'Not Yet Competent' (NYC).

Pass Competent (PC)

If the participant is able to successfully answer or demonstrate what is required, to the expected standards of the performance criteria, they will be deemed as 'Pass Competent' (PC).

The assessor will award a 'Pass Competent' (PC) if they feel the participant has the necessary knowledge, skills and attitudes in all assessment tasks for a unit.

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Not Yet Competent' (NYC)

If the participant is unable to answer or demonstrate competency to the desired standard, they will be deemed to be 'Not Yet Competent' (NYC).

This does not mean the participant will need to complete all the assessment tasks again. The focus will be on the specific assessment tasks that were not performed to the expected standards.

The participant may be required to:

a) Undertake further training or instruction

b) Undertake the assessment task again until they are deemed to be 'Pass Competent'.

Regional Qualifications Framework and Skills Recognition System

The 'Regional Qualifications Framework and Skills Recognition System', also known as the 'RQFSRS' is the overriding educational framework for the ASEAN region.

The purpose of this framework is to provide:

- A standardised teaching and assessment framework
- Mutual recognition of participant achievement across the ASEAN region. This includes achievement in individual Units of Competency or qualifications as a whole.

The role of the 'RQFSRS' is to provide, ensure and maintain 'quality assurance' across all countries and educational providers across the ASEAN region.

Recognition of Prior Learning (RPL)

Recognition of Prior Learning is the process that gives current industry professionals who do not have a formal qualification, the opportunity to benchmark their extensive skills and experience against the standards set out in each unit of competency/subject.

This process is a learning and assessment pathway which encompasses:

- Recognition of Current Competencies (RCC)
- Skills auditing
- Gap analysis and training
- Credit transfer.

Code of practice for assessors

This Code of Practice provides:

- Assessors with direction on the standard of practice expected of them
- Candidates with assurance of the standards of practice expected of assessors
- Employers with assurance of the standards maintained in the conduct of assessment.

The Code detailed below is based on the International Code of Ethics and Practice (The National Council for Measurement in Education [NCME]):

- The differing needs and requirements of the person being assessed, the local enterprise and/or industry are identified and handled with sensitivity
- Potential forms of conflict of interest in the assessment process and/or outcomes are identified and appropriate referrals are made, if necessary
- All forms of harassment are avoided throughout the planning, conducting, reviewing and reporting of the assessment outcomes

- The rights of the candidate are protected during and after the assessment
- Personal and interpersonal factors that are not relevant to the assessment of competency must not influence the assessment outcomes
- The candidate is made aware of rights and process of appeal
- Evidence that is gathered during the assessment is verified for validity, reliability, authenticity, sufficiency and currency
- Assessment decisions are based on available evidence that can be produced and verified by another assessor
- Assessments are conducted within the boundaries of the assessment system policies and procedures
- Formal agreement is obtained from both the candidate and the assessor that the assessment was carried out in accordance with agreed procedures
- The candidate is informed of all assessment reporting processes prior to the assessment
- The candidate is informed of all known potential consequences of decisions arising from an assessment, prior to the assessment
- Confidentiality is maintained regarding assessment results
- The assessment results are used consistently with the purposes explained to the candidate
- Opportunities are created for technical assistance in planning, conducting and reviewing assessment procedures and outcomes.

Instructions and checklist for assessors

Instructions

General instructions for the assessment:

- Assessment should be conducted at a scheduled time that has been notified to the candidate
- Facilitators must ensure participants are made aware of the need to complete assessments and attend assessment sessions
- If a participant is unable to attend a scheduled session, they must make arrangements with the Assessor to undertake the assessment at an alternative time
- At the end of the assessment the Assessor must give feedback and advise the participant on their PC/NYC status
- Complete the relevant documentation and submit to the appropriate department.

Preparation

- Gain familiarity with the Unit of Competency, Elements of Competency and the Performance Criteria expected
- Study details assessment documentation and requirements
- Brief candidate regarding all assessment criteria and requirements.

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Briefing checklist

- Begin the assessment by implementing the following checklist and then invite the candidate to proceed with assessment.

Checklist for Assessors

	Tick (✓)	Remarks
Prior to the assessment I have:		
Ensured the candidate is informed about the venue and schedule of assessment.		
Received current copies of the performance criteria to be assessed, assessment plan, evidence gathering plan, assessment checklist, appeal form and the company's standard operating procedures (SOP).		
Reviewed the performance criteria and evidence plan to ensure I clearly understood the instructions and the requirements of the assessment process.		
Identified and accommodated any special needs of the candidate.		
Checked the set-up and resources for the assessment.		
During the assessment I have:		
Introduced myself and confirmed identities of candidates.		
Put candidates at ease by being friendly and helpful.		
Explained to candidates the purpose, context and benefits of the assessment.		
Ensured candidates understood the assessment process and all attendant procedures.		
Provided candidates with an overview of performance criteria to be assessed.		
Explained the results reporting procedure.		
Encouraged candidates to seek clarifications if in doubt.		
Asked candidates for feedback on the assessment.		
Explained legal, safety and ethical issues, if applicable.		

	Tick (✓)	Remarks
After the assessment I have:		
Ensured candidate is given constructive feedback.		
Completed and signed the assessment record.		
Thanked candidate for participating in the assessment.		

Instructions for recording competency

Specifications for recording competency

The following specifications apply to the preparation of Evidence Gathering Plans:

- A Competency Recording Sheet must be prepared for each candidate to ensure and demonstrate all Performance Criteria and Competency Elements are appropriately assessed. This Sheet indicates how the Assessor will gather evidence during their assessment of each candidate
- This Competency Recording Sheet is located at the end of the Assessment Plan
- It is the overriding document to record competency
- The Assessor may vary the Competency Recording Sheet to accommodate practical and individual candidate and/or workplace needs
- Assessor must place a tick (✓) in the 'Assessment Method' columns to identify the methods of assessment to be used for each candidate
- Multiple Competency Elements/Performance Criteria may be assessed at the one time, where appropriate
- The assessor and participant should sign and date the Competency Recording Sheet, when all forms of evidence and assessment have been completed
- The assessor may provide and feedback or clarify questions which the participant may have in regards to the assessment grade or findings
- All documents used to capture evidence must be retained, and attached to the Competency Recording Sheet for each candidate for each Competency Unit.

Instructions for different assessment methods

Specifications for work project assessment

These guidelines concern the use of work projects.

The work projects identified in the Training Manuals involve a range of tasks, to be performed at the discretion of the Assessor.

Work project tasks can be completed through any form of assessment as identified in the Trainer and Trainee Manuals and stated at the start of this section.

Assessors should follow these guidelines:

- Review the Work Projects at the end of each 'Element of Competency' in the Trainee Manual to ensure you understand the content and what is expected

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- Prepare sufficient resources for the completion of work activities including:
  - Time – whether in scheduled delivery hours or suggested time participants to spend outside of class hours
  - Resources – this may involve technical equipment, computer, internet access, stationery and other supplementary materials and documents
- Prepare assessment location (if done in class) making it conducive to assessment
- Explain Work Projects assessment to candidate, at the start of each Element of Competency. This ensures that participants are aware of what is expected and can collate information as delivery takes place
- Assessors can use the following phrase as a guide (where an 'X' is identified, please input appropriate information):

  "At the end of each Element of Competency there are Work Projects which must be completed. These projects require different tasks that must be completed.

  These work projects are part of the formal assessment for the unit of competency titled X:

  - You are required to complete these activities:
    a) *Using the 'X' method of assessment*
    b) *At 'X' location*
    c) *You will have 'X time period' for this assessment*
  - You are required to compile information in a format that you feel is appropriate to the assessment
  - Do you have any questions about this assessment?"
- Commence Work Project assessment:
  - The assessor may give time for participants to review the questions at this time to ensure they understand the nature of the questions. The assessor may need to clarify questions
  - Participants complete work projects in the most appropriate format
  - Participants must submit Work Project evidence to the assessor before the scheduled due date
- Assessor must assess the participant's evidence against the competency standards specified in each Element of Competency and their own understanding. The assessor can determine if the participant has provided evidence to a 'competent' standard
- Transcribe results/details to Competency Recording Sheet
- Forward/file assessment record.

Specifications for Oral Question Assessment

These guidelines concern the use of oral questioning.

Assessors should follow these guidelines.

- Prepare Assessment Record for Oral Questioning. One record for each candidate:
  - Enter Student name

  - Enter Assessor name
  - Enter Location
- Familiarise self with Questions to be asked
- Prepare assessment location (table and chairs) making it conducive to assessment
- Explain Oral Questioning assessment to candidate, using the following phrase as a guide (where a 'X' is identified, please input appropriate information):

  "These oral questions are part of the formal assessment for the unit of competency titled X.

  There are X questions and you are required to answer all of them to the best of your ability and I will record whether or not you have answered correctly.

  We have 60 minutes for this assessment.

  - I will give you feedback at the end of the assessment
  - Do you have any questions about this assessment?"
- Commence Oral Questioning assessment:
  - Complete Assessment Record for the Oral Questioning by:
    a) Ticking PC or NYC, as appropriate
    b) Entering 'Remarks' as required
    c) Completing Oral Questioning within 60 minutes
- Complete Oral Questioning and provide feedback to candidate
- Transcribe results/details to Competency Recording Sheet
- Forward/file assessment record.

Specifications for Written Question Assessment

These guidelines concern the use of written questioning.

Assessors should follow these guidelines:

- Familiarise self with Questions and Answers provided
- Print and distribute copies of 'Written Questions' for participants. Ideally this should take place with adequate time for participants to answer all questions before the expected due date
- Explain Written Questioning assessment to candidate, using the following phrase as a guide (where a 'X' is identified, please input appropriate information):

  "These written questions are part of the formal assessment for the unit of competency titled X.

  There are X questions and you are required to answer all of them to the best of your ability.

  You may refer to your subject materials, however where possible try to utilise your existing knowledge when answering questions.

  Where you are unsure of questions, please ask the Assessor for further instruction. This may be answering the question orally or asking the assessor to redefine the question.

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We have X time for this assessment:

- The due date for completion of this assessment is X
- On this date you must forward the completed questions to the assessor by X time on the date of X
- Do you have any questions about this assessment?"

- The assessor may give time for participants to review the questions at this time to ensure they understand the nature of the questions. The assessor may need to clarify questions
- Participants may record written answers (where possible)
- Participants must submit the written answers to the assessor before the scheduled due date
- Assessor must assess the participant's written answers against the model answers provided as a guide, or their own understanding. The assessor can determine if the participant has answered the questions to a 'competent' standard
- Transcribe results/details to Competency Recording Sheet
- Forward/file assessment record.

Specifications for Observation Checklist

These specifications apply to the use of the Observation Checklist in determining competency for candidates.

Only an approved assessor is authorised to complete the Observation Checklist.

The assessor is required to observe the participant, ideally in a simulated environment or their practical workplace setting and record their performance (or otherwise) of the competencies listed on the Observation Checklist for the Competency Unit.

To complete the Observation Checklist the Assessor must:

- Insert name of candidate
- Insert assessor name
- Insert identify of location where observations are being undertaken
- Insert date/s of observations – may be single date or multiple dates
- Place a tick in either the 'Yes' or 'No' box for each listed Performance Criteria to indicate the candidate has demonstrated/not demonstrated that skill
- Provide written (and verbal) feedback to candidate – as/if appropriate
- Sign and date the form
- Present form to candidate for them to sign and date
- Transcribe results/details to Competency Recording Sheet for candidate
- Forward/file Observation Checklist.

This source of evidence combines with other forms of assessment to assist in determining the 'Pass Competent' or 'Not Yet Competent' decision for the participant.

Specifications for Third Party Statement

These specifications relate to the use of a relevant workplace person to assist in determining competency for candidates.

The Third Party Statement is to be supplied by the assessor to a person in the workplace who supervises and/or works closely with the participant.

This may be their Supervisor, the venue manager, the Department Manager or similar.

The Third Party Statement asks the Supervisor to record what they believe to be the competencies of the participant based on their workplace experience of the participant. This experience may be gained through observation of their workplace performance, feedback from others, inspection of candidate's work etc.

A meeting must take place between the Assessor and the Third Party to explain and demonstrate the use of the Third Party Statement.

To complete the Third Party Verification Statement the Assessor must:

- Insert candidate name
- Insert name and contact details of the Third Party
- Tick the box to indicate the relationship of the Third Party to the candidate
- Present the partially completed form to the Third Party for them to finalise
- Collect the completed form from the Third Party
- Transcribe results/details to Competency Recording Sheet for candidate
- Forward/file Third Party Statement.

The Third Party must:

- Record their belief regarding candidate ability/competency as either:
  - Pass Competent = Yes
  - Not Yet Competent = No
  - Unsure about whether candidate is competent or not = Not Sure
- Meet briefly with the assessor to discuss and/or clarify the form.

This source of evidence combines with other forms of assessment to assist in determining the 'Pass Competent' or 'Not Yet Competent' decision for the candidate.

A separate Third Party Statement is required for each Competency Unit undertaken by the candidate.

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Competency Standard

UNIT TITLE: MANAGE PAYROLL RECORDS	**NOMINAL HOURS:** 50
UNIT NUMBER: D1.HFI.CL8.04 D1.HFA.CL7.06	
UNIT DESCRIPTOR: This unit deals with the skills and knowledge required to manage payroll records in a range of settings within the hotel and travel industries	

ELEMENTS AND PERFORMANCE CRITERIA	**UNIT VARIABLE AND ASSESSMENT GUIDE**
Element 1: Establish procedures for the management of payroll **1.1** Establish security procedures that ensure the confidentiality and *security of payroll information* **1.2** Ensure procedures for claims ensure *allowances* are substantiated **1.3** Establish *control measures* to safeguard the organisation's financial resources in accordance with *legislative and organisational requirements* **1.4** Establish systems to ensure statutory obligations are met and records are kept for the period determined by government legislation	**Unit Variables** The Unit Variables provide advice to interpret the scope and context of this unit of competence, allowing for differences between enterprises and workplaces. It relates to the unit as a whole and facilitates holistic assessment This unit applies to all industry sectors that seek to manage payroll records within the labour divisions of the hotel and travel industries and may include: 1. Food and Beverage Service 2. Food Production 3. Front Office 4. Housekeeping Security of payroll information may include: • Supervision of timesheets • Numbering of payroll registers • Employees signing for pay • Keeping payroll documents secure.

Element 2: Prepare payroll data **2.1** Use nominated industrial awards, contracts and government legislation to calculate gross pay and annual salaries **2.2** Calculate *statutory and voluntary amounts* using government and employee documentation **2.3** Provide payroll data to payroll processor for calculation within designated timelines **Element 3: Authorise payment of salaries** **3.1** Check payroll, salaries and wages are authorised for payment in accordance with organisational policy and procedures **3.2** Reconcile salaries, wages and deductions in accordance with organisational policy and procedures **3.3** Deal with salary, wage and related enquiries in accordance with organisational policy and procedures **Element 4: Administer salary records** **4.1** Process declaration forms for new and existing employees in accordance with Taxation requirements **4.2** Forward *periodic deductions* to nominated creditors within designated timelines	• Authorised access • Computer passwords • Backup files • Maintaining security and confidentiality of employees' details • Restricting access to electronic files and locking paper-based confidential information • Ensuring security of passwords/keys • Separating locations of confidential information • Storage of information off-site. *Allowances* may include: • Overtime • Shift • Uniform • Laundry • Tools • Meal. *Control measures* may include: • Reconciliation of records • Separation of duties • Authorisation requirements • Multiple checks and balances • Dual checking system.

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4.3 Prepare payments to government authorities accurately and despatch in accordance with the relevant government legislation and/or *designated timelines* **4.4** Calculate group tax amounts and/or transcribe payments made in accordance with taxation procedures **4.5** Prepare and reconcile employee group certificate amounts from salary records	*Legislative and organisational requirements* may relate to: • Award and enterprise agreements and relevant industrial instruments • Relevant legislation from all levels of government that affects business operation, especially in regard to occupational safety and health and environmental issues, equal opportunity, industrial relations and anti-discrimination • Relevant industry codes of practice. *Statutory and voluntary amounts* may include: • Appropriate pay structure • Time sheets • Employment history cards • Sick leave • Annual leave loading • Long service leave • Penalty rates • Overtime • Allowances • Deductions • Salary packaging items • Salary sacrificing • Tax. *Periodic deductions* may include: • Salary sacrificing • Nominated account deduction

	• Superannuation • Study/student loans. *Designated timelines* may relate to: • Stipulated time period before pay is due to employees • Stipulated time period before employee departs organisation • Taxation timelines for submission of tax. **Assessment Guide** The following skills and knowledge must be assessed as part of this unit: • Payroll processes • Organisational policies and procedures across the full range of tasks required • Confidentiality and security procedures • Taxation office legislative requirements • Relevant government and statutory bodies in relation to payroll • Organisation's accounting system • Relevant industrial awards. **Linkages To Other Units** • Work effectively with colleagues and customers • Work in a socially diverse environment • Manage and implement small projects • Develop and implement a business plan • Plan and establish systems and procedures • Audit financial procedures

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	• Maintain a paper based filing and retrieval system • Manage financial performance within a budget • Produce documents, reports and work sheets on a computer • Manage and resolve conflict situations • Perform clerical procedures. **Critical Aspects of Assessment** Evidence of the following is essential: • Demonstrated application of legislative requirements in relation to managing payroll records • Demonstrated ability to implement payroll processes to accurately manage payroll records • Demonstrated ability identify errors and discrepancies and implement appropriate corrective action • Demonstrated ability to comply with security and confidentiality policies and procedures. **Context of Assessment** This unit may be assessed on or off the job: • Assessment must relate to the individual's work area, job role and area of responsibility • Assessment activities that require the candidate to manage payroll records • Assessment activities that require the candidate to apply a knowledge of relevant legislation and organisation policies and procedures in order to manage payroll records.

	Resource Implications Training and assessment to include access to a real or simulated workplace that provides the candidate with an opportunity to demonstrate application of knowledge of legislation and human resource procedures related to the management of payroll records; access to workplace standards, procedures, policies, guidelines, tools and current financial data and regulations, e.g. relevant taxation legislation and accounting and auditing standards; access to the organisational accounting system and in particular paper-based/electronic payroll system; and access to relevant industrial awards, certified workplace agreements and/or organisational contracts. **Assessment Methods** The following methods may be used to assess competency for this unit: • Case studies • Observation of practical candidate performance • Oral and written questions • Portfolio evidence • Problem solving • Third party reports completed by a supervisor • Project and assignment work. **Key Competencies in this Unit** *Level 1 = competence to undertake tasks effectively* *Level 2 = competence to manage tasks* *Level 3 = competence to use concepts for evaluating*

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	Key Competencies	Level	Examples
	Collecting, organising and analysing information	3	Gather information from relevant legislation, awards and agreements to ensure compliance
	Communicating ideas and information	2	Explain and discuss requirements to administrative staff responsible for processing payroll information
	Planning and organising activities	2	Organise and administer processes and procedures to deal with end-of-month and/or end of financial year requirements
	Working with others and in teams	2	Provide guidance to team members in relation to payroll enquiries
	Using mathematical ideas and techniques	3	Reconcile payroll records
	Solving problems	2	Resolve problems in dealing with staff enquiries and in reconciling records
	Using technology	2	Use technology to process and/or store payroll information

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Oral Questions

Student name	
Assessor name	
Location/venue	
Unit of competency	Manage payroll records D1.HFI.CL8.04 D1.HFA.CL7.06
Instructions	1. Ask student questions from the attached list to confirm knowledge, as necessary 2. Place tick in boxes to reflect student achievement (Pass Competent 'PC' or Not Yet Competent 'NYC') 3. Write short-form student answer in the space provided for each question.

Question	**Response**	
	PC	**NYC**
1. What security procedures exist in your workplace to ensure the confidentiality and security of payroll information?	❑	❑

Question	Response	
	PC	NYC
2. A staff member has claimed two hours overtime on their time sheet; how would you substantiate this claim?	❑	❑
3. What organisational requirements apply at your workplace for controlling and securing the financial resources of the business?	❑	❑
4. What systems exist in your workplace to ensure statutory obligations in relation to payroll are met and records are kept for the period determined by government legislation?	❑	❑

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Question	Response	
	PC	NYC
5. What source documents do you use to enable you to calculate gross pay in your workplace?	❑	❑
6. Tell me how you determine the amount of tax to deduct from an employee's wages or salary for a pay period.	❑	❑
7. What payroll data needs to be forwarded to the payroll processor and what timelines apply to the provision of that information?	❑	❑

Question	Response	
	PC	NYC
8. What organisational policies and requirements apply to the authorisation required for paying wages in your workplace?	❑	❑
9. Tell me the activities or procedures involved in your workplace for reconciling salaries, wages and deductions for a pay period.	❑	❑
10. A staff member has claimed they have not been paid for 4 hours they worked last period: how would you investigate and deal effectively with this situation?	❑	❑

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Question	Response	
	PC	NYC
11. What is involved in processing taxation declaration forms for new employees when they first join your organisation?	❑	❑
12. Give me an example (other than taxation) of a regular deduction which may be made from wages and explain how and when these are processed and forwarded as required.	❑	❑
13. Describe how you forward taxation withheld from wage and salary earners to the authorities by the required dates.	❑	❑

Question	Response	
	PC	NYC
14. What is involved in calculating group tax for employees?	❑	❑
15. Explain what you do in order to prepare and reconcile employee group certificate amounts from salary records.	❑	❑

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Written Questions

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Student Name: _____

Answer all the following questions and submit to your Trainer.

1. Explain two reasons why the hospitality and tourism industry features high payroll costs.

_____

_____

_____

_____

2. Explain in your own words what the term salary and the term wages mean.

_____

_____

_____

_____

3. What is the purpose and objective of internal control measures in the payroll function?

_____

_____

_____

_____

4. List and describe three ways the duties performed in the payroll function are separated.

_____

_____

_____

_____

5. Identify the three allowance categories and describe how claims are substantiated for any one of the three categories.

6. Describe three security procedures in relation to payroll information.

7. Describe the way in which a payroll system can ensure compliance with obligations surrounding any deductions from employees pay.

8. List the key items that are required to calculate an employee's gross pay and where you would obtain the information.

9. How does the difference between salaries and wages impact the processing of payroll?

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10. What is salary sacrificing and how it is different from benefits in kind?

11. What is meant by the term progressive tax system?

12. Identify four statutory deductions that can apply to a wage and salary earner and provide a brief description of how the amount of each would be calculated or determined.

13. List three pieces of information that timelines should address.

14. Why is it common for hospitality and tourism businesses in particular to begin processing payroll at least two or three days before employees are due to be paid?

15. What is a source document in relation to payroll?

16. What internal control procedures are in place to protect changes to employee pay rates and entitlements?

17. What are the three checks you should make before requesting authorisation of the payroll register when payroll processing is completed?

18. List the common process for preparing electronic payments.

19. If cash payments for wages and salaries must be made, what should employees do when they collect their wages?

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20. List and describe four reconciliations that are made in the payroll system.

21. Why should all payroll-related inquiries be recorded?

22. List and describe three strategies you can use to communicate appropriately when dealing with payroll inquiries.

23. What is a declaration form?

24. Can an employee change their declaration form? If yes, why?

25. What is a nominated creditor? Provide two examples.

26. What information do you need in order to forward amounts to nominated creditors?

27. What information might you find on an income tax schedule or table?

28. What information does a payment summary contain?

29. List and describe two ends of year payroll checks that are performed before payment summaries are distributed.

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Answers to Written Questions

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The following are model answers only – Trainers/Assessors must use discretion when determining whether or not an answer provided by a Student is acceptable or not.

1. Explain two reasons why the hospitality and tourism industry features high payroll costs.

The hospitality and tourism industry is considered a labour intensive industry. This means that organisations rely on people to deliver the goods or services that they are selling. It is difficult to imagine a machine replacing a chef or an automated driver as a tour guide. Payroll costs are very often the highest cost next to the cost of sales (as a percentage of revenue) for hospitality and tourism businesses.

Along with this, the hospitality and tourism industry experiences a much higher employee turnover rate than other industries. The turnover rate is the percentage of employees that leave and need to be replaced compared to total employees for a given period.

2. Explain in your own words what the term salary and the term wages mean.

A salary is a periodic payment (weekly, fortnightly, and monthly) from an establishment to the employee that is usually specified in an employment contract.

A wage is a payment to an employee from their employer based on an hourly rate and the actual number of hours worked.

3. What is the purpose and objective of internal control measures in the payroll function?

The purpose of control measures in the payroll function is to:

- Protect the establishment from fraud or theft
- Minimise errors through prevention and detection procedures
- Increase organisational efficiencies by providing analytical information.

The main objectives focus on ensuring that payroll transactions are:

- Valid - employees exist
- Complete - all hours worked are paid
- Accurate - correct hours and pay rates are used
- Accountable - responsibility for tasks is clearly defined.

4. List and describe three ways the duties performed in the payroll function are separated.

Any three of the following:

- Hiring of new employees is separate from payroll processing
- Changes to employee work conditions is separate from payroll processing
- Approval for salaries and wages is given by appropriate personnel that do not process payroll
- Personnel who review payroll data do not input payroll details
- Spot checks are conducted by independent personnel to verify the accuracy of payroll calculations
- Payroll reconciliations are performed by independent personnel
- Payroll distribution and processing duties are separate.

5. List and describe the three allowance categories and include how claims are substantiated for any one of the three categories.

- Set allowances

  Set allowances are based on an agreed standard or condition of employment

- Specific event-linked allowances

  This allowance is based on actions linked to the standard payroll process such as an overtime meal allowance

- Specific event or activity claimable allowance

  Payment of these allowances is based on an application and approval process such as the submission and authorisation of a claim form.

And any one of the following:

- Set allowances

  The claim is verified by the terms and conditions of employment, whether that be a contract, an agreement or legislative requirements

- Specific event-linked allowances

  To substantiate the claim, an employee will submit a timesheet or other record of hours that is approved appropriately

- Specific event or activity claimable allowance

  The procedure for verifying allowance claims that relate to a specific event requires approval from the employee's manager or supervisor. This may be part of the employee's timesheet for the pay period or may be on another form such as a Variation of Pay form.

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6. Describe three security procedures in relation to payroll information.

Any three of the following:

- Audit trail
- Authorised access
- Back up files
- Secure storage of employee records
- Password protections
- Numbered payroll register
- Physical secure location for processing payroll
- Secure storage for all payroll reports.

7. Describe the way in which a payroll system can ensure compliance with obligations surrounding any deductions from employees pay.

- Income tax – payroll system reflects current tax rates and produces required reports
- Payroll tax – payroll system calculates and reports total relevant payroll costs
- Other deductions – on authorisation from employee, appropriate deductions are assigned to their payroll information. Reports are produced as required by the governing agencies so that monetary amounts can be forwarded in a timely manner.

8. List the key items that are required to calculate an employee's gross pay and where you would obtain the information.

- Employment history – employment records
- Pay structure – employment contract
- Record of hours worked – timesheet or employment contract
- Overtime – timesheet
- Penalty rates – legislation, employment contract
- Allowances – legislation and employment contracts
- Leave entitlements – employee records
- Salary packaging – employment contracts
- Tips, gratuities and service charges – organisational policies and procedures
- Terminations payments – legislation and employment contracts.

9. How does the difference between salaries and wages impact the processing of payroll?

Answer should include some of the following:

- Source for gross pay information – timesheets or employment contracts
- Pay periods
- Time to calculate gross pay
- Authorisations required
- Manner in which net pay distributed.

10. What is salary sacrificing and how it is different from benefits in kind?

Salary sacrificing is where an employee agrees to forego a part of their salary or wages in return for employer provided benefits. It is different to benefits in kind as employees do not sacrifice part of their wages or salary when benefits in kind are received. The benefit is added to gross pay, not subtracted from it.

11. What is meant by the term progressive tax system?

Income tax is calculated on the wages and salaries earned on the basis of a series of rates that become progressively higher as income levels increase.

12. Identify three statutory deductions that can apply to a wage and salary earner and provide a brief description of how the amount of each would be calculated or determined.

Any three of the following:

- Income tax deductions – percentage of gross pay
- Relief or rebates – whole amounts deducted from income tax calculations
- Medical insurance - percentage of gross pay
- Pension funds or schemes - percentage of gross pay
- Other relevant examples for your region or country.

13. List three pieces of information that timelines should address.

Any three of the following:

- Pay period for wages and salaries - weekly, fortnightly, monthly
- The days of the week the pay period starts and the pay period finishes
- The day of the week wages or salaries will be paid into employee's nominated bank account, cheques will be available to collect or cheques posted to the employees preferred address
- The details recorded on pay slips and the manner in which payslips are distributed – by post, internal mail or collected in person by employees.

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14. Why is it common for hospitality and tourism businesses in particular to begin processing payroll at least two or three days before employees are due to be paid?

The nature of payroll for the industry influences the timelines for payroll. There are usually many more employees who are paid wages than salaries because employees work shifts, irregular hours and can be called to work at short notice as demand requires. It takes payroll officers longer to process wages than salaries as careful checking of calculations for hours worked and correct rates are required.

15. What is a source document in relation to payroll?

Source documentation in relation to payroll is all documentation that provides data or information into the calculation of gross pay, deductions and net pay.

16. What internal control procedures are in place to protect changes to employee pay rates and entitlements?

- Access to changes restricted to authorised payroll personnel
- Payroll system changes logged and recorded in an electronic system
- Data checked independently against source documents by personnel not involved in payroll processing duties.

17. What are the three checks you should make before requesting authorisation of the payroll register when payroll processing is completed?

Before a payroll register is authorised, payroll personnel should ensure that:

- The payroll has been prepared in accordance with workplace procedures
- Reconciliations have been performed and documented as required
- The payroll register is reconciled – this indicates that all errors have been identified and corrected.

18. List the common process for preparing electronic payments.

The process for preparing electronic transfers can be summarised as follows:

- A payment listing is prepared detailing the account number and amount of net pay
- Two copies of the listing are prepared and authorised by appropriate personnel
- One copy is retained by the payroll function and the other is sent to the bank for processing
- The bank transfers the total net pay from the bank account of the establishment and distributes it into the employee's bank accounts according to the payment listing
- Pay advice slips are prepared and distributed to employees confirming the deposit into their bank account.

19. If cash payments for wages and salaries must be made, what should employees do when they collect their wages?

Employees collect their wages and salaries from a secure location and should be required to check the contents of their envelope. An acknowledgement to verify the accuracy of the payment is signed. This procedure allows for an audit trail and a further check that payments made are correct and complete.

20. List and describe four reconciliations that are made in the payroll system.

Any four from the following list:

- Employee numbers
  - The number of employees paid for the period should be checked against the number of employee records and timesheets submitted for the pay period. If a discrepancy is found, the relevant supervisor should be informed and an investigation conducted to determine the reason for the difference. This prevents fictitious or ghost employees from appearing on the payroll
- Normal and overtime hours
  - A comparison can be made between the normal and overtime hours recorded on employee timesheets and entered in the payroll register. If a discrepancy is found, the payroll processor checks their calculations for errors first. If this does not resolve the problem, a relevant supervisor is informed and the error investigated and resolved. This reconciliation process also prevents a pay from being prepared for a ghost employee
- Leave entitlements
  - The comparison described above can also be extended to include leave payments. A difference between leave approved on appropriate documentation and leave appearing in the payroll register must be investigated and resolved
- The number of pays prepared
  - The number of cheques or pays prepared for employees must agree with the number of employees on the payroll register. This ensures that all employees who have worked during the pay period are going to receive their salaries and wages. It also prevents payments being made to ghost employees
- Income tax deductions and relief or rebates
  - The payroll register summarises all amounts deducted from an employee's gross pay for income tax deductions, including adjustments for relief or rebates. The general ledger is updated at the end of each pay period with the total deductions so that accounting reports can be prepared. The amount appearing in the general ledger must always agree to the payroll register. This may require multiple pay periods to be added together depending on the payroll system
- Other statutory and voluntary deductions
  - Other statutory and voluntary deductions are reconciled in a similar way to income tax deductions. However, each deduction must be reconciled individually to its corresponding general ledger account. You may find that the same general ledger account contains both statutory and voluntary deductions. When this occurs, both amounts from the payroll register can be reconciled together

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- Gross payroll wages and salaries
  - The total gross payroll for the period is also reconciled to the general ledger to ensure the accounting records have captured the payroll costs for the pay period accurately. As with all other reconciliations, it is important that any errors are investigated and resolved.

21. Why should all payroll-related inquiries be recorded?

Payroll-related inquiries should be recorded to keep track of errors. If the same error occurs a number of times, this can indicate a problem with internal control or processing procedures. This will need to be addressed and procedures altered as required. Some queries regarding payroll can lead to more formal investigations so a complete record of all interactions between the employer and employees explains the history of the complaint or query.

22. List and describe three strategies you can use to communicate appropriately when dealing with payroll inquiries.

Any three of the following:

- Summarise what the person has told you by repeating the query back to them. This is a good way of ensuring that you have a clear understanding of the situation
- Be aware of cultural differences or differences of ability. This understanding will help you to communicate more effectively
- There may be times when a person is upset or angry about their pay. As the person handling the query, a professional and polite manner must always be maintained. Calmly reassure the employee that the query will be addressed and explain the action that will be taken to prevent the situation from occurring again or escalating further
- Keeping the employee informed of the steps that are being taken towards resolving the issue builds trust and helps to reduce any distress the employee may be feeling. Sometimes you may have to collect information and get back to the person later. Always give the employee a realistic timeframe for which you will expect to contact them again
- Complaints should never be taken personally – when an employee is angry or upset, they are often feeling scared or frustrated and usually simply wish to be heard so the issue can be resolved.

23. What is a declaration form?

Declaration forms are standard documents usually issued by government agencies or authorities that provide the details required to calculate income tax, rebates and relief and other statutory deductions that may be applicable for the country in which the business operates.

24. Can an employee change the declaration form? If yes, why?

During the course of their employment, an employee's circumstances may change. When this impacts income tax deductions, a new declaration form must be completed. This replaces any existing forms. Examples of changes may include:

- The employee reaches an age such as 16 or 18 where the income tax calculations change
- Circumstances that alter the employee's eligibility to claim rebates, relief or other deductions occur
- Employment status changes, say from casual to full time.

25. What is a nominated creditor? Provide two examples.

A nominated creditor is an external party to whom the business must pay the deductions made from an employee's gross pay.

Any two of the following are examples:

- Tax collection agencies or authorisations
- Other statutory bodies
- Unions
- Medical funds
- Any external party for which an employee's request deductions to be made.

26. What information do you need to forward amounts to nominated creditors?

- Details of the creditor
- Any standard forms or reports that need to be completed
- Designated timelines for forwarding payments
- Preferred method of payment
- Employee details and any unique numbers or codes used by the creditor to identify the employee.

27. What information might you find on an income tax schedule or table?

- The columns that list the monetary amounts of gross pay
- The location of the basic taxation deductions for each gross pay amount
- Variations to the basic tax calculation that can occur if allowances or leave entitlements are included in gross pay
- Any other amounts included in gross pay that influence the calculation of income taxation.

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28. What information does a payment summary contain?

The payment summary shows:

- Name and address of the employee
- The total amount of income earned
- Income tax deductions
- Other statutory deductions
- The period of employment
- Allowances
- Termination payments
- The value of benefits in kind
- Details of union fees
- Charitable donations.

29. List and describe two ends of year payroll checks that are performed before payment summaries are distributed.

Any two of the following:

- Employee details
  - Name and address
  - Date of birth
  - Any unique numbers or codes used to identify employees to taxation authorities
  - Dates of employment
  - Dates for termination if that applicable
- Employee entitlements

  Reports from the payroll system will summarise the entitlements paid to employees throughout the year. These must be reviewed to ensure they accurately reflect the amounts paid to all employees. Also, many entitlements carry over to the next financial year so you will need to make sure that the appropriate indicators are active in the payroll system
- Payroll processing is complete
  - Confirm all adjustments to any employee's pays are processed
  - Check for any pays that have not cleared the bank account
  - Ensure that pays processed by electronic transfer have been received
- Reconcile payroll

  Reconcile the payroll summaries to the payroll register summary for the year.

  Reconcile the payroll register with:
  - Gross wages and salary accounts in the general ledger
  - All statutory deduction accounts in the general ledger
  - All accounts where voluntary deduction amounts are held in the general ledger
- Check that financial reports include the amounts for payroll expenses and liabilities that are expected.

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Observation Checklist

Student name	
Assessor name	
Location/venue	
Unit of competency	Manage payroll records D1.HFI.CL8.04 D1.HFA.CL7.06
Dates of observation	
Instructions	1. Over a period of time observe the student completing each of the following tasks: a) Establish procedures for the management of payroll b) Prepare payroll data c) Authorise payment of salaries d) Administer salary records 2. Enter the date on which the tasks were undertaken 3. Place a tick in the box to show they completed each aspect of the task to the standard expected in the enterprise 4. Complete the feedback sections of the form, if required.

Did the candidate	**Yes**	**No**
Element 1: Establish procedures for the management of payroll		
Establish security procedures that ensure the confidentiality and security of payroll information	❑	❑
Ensure procedures for claims ensure allowances are substantiated	❑	❑
Establish control measures to safeguard the organisation's financial resources in accordance with legislative and organisational requirements	❑	❑
Establish systems to ensure statutory obligations are met and records are kept for the period determined by government legislation	❑	❑

Did the candidate	Yes	No
Element 2: Prepare payroll data		
Use nominated industrial awards, contracts and government legislation to calculate gross pay and annual salaries	❑	❑
Calculate statutory and voluntary amounts using government and employee documentation	❑	❑
Provide payroll data to payroll processor for calculation within designated timelines	❑	❑
Element 3: Authorise payment of salaries		
Check payroll, salaries and wages are authorised for payment in accordance with organisational policy and procedures	❑	❑
Reconcile salaries, wages and deductions in accordance with organisational policy and procedures	❑	❑
Deal with salary, wage and related enquiries in accordance with organisational policy and procedures	❑	❑
Element 4: Administer salary records		
Process declaration forms for new and existing employees in accordance with Taxation requirements	❑	❑
Forward periodic deductions to nominated creditors within designated timelines	❑	❑
Prepare payments to government authorities accurately and despatch in accordance with the relevant government legislation and/or designated timeline	❑	❑
Calculate group tax amounts and/or transcribe payments made in accordance with taxation procedures	❑	❑
Prepare and reconcile employee group certificate amounts from salary records	❑	❑
Did the student's overall performance meet the standard?	❑	❑

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Feedback to student and trainer/assessor			
Strengths:			
Improvements needed:			
General comments:			
Candidate signature		**Date**	
Assessor signature		**Date**	

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Third Party Statement

Student name:			
Name of third party:		**Contact no**	
Relationship to student:	❑ Employer ❑ Supervisor ❑ Colleague ❑ Other *Please specify:*_____ *Please do not complete the form if you are a relative, close friend or have a conflict of interest]*		
Unit of competency:	Manage payroll records D1.HFI.CL8.04 D1.HFA.CL7.06		

The student is being assessed against industry competency standards and we are seeking your support in the judgement of their competence.

Please answer these questions as a record of their performance while working with you. Thank you for your time.

Do you believe the trainee has demonstrated the following skills? *(tick the correct response]*	**Yes**	**No**	**Not sure**
Establishes security procedures that ensure the confidentiality and security of payroll information	❑	❑	❑
Ensures procedures for claims ensure allowances are substantiated	❑	❑	❑
Establishes control measures to safeguard the organisation's financial resources in accordance with legislative and organisational requirements	❑	❑	❑
Establishes systems to ensure statutory obligations are met and records are kept for the period determined by government legislation	❑	❑	❑
Determines payroll using relevant employment instruments and associated documentation to calculate gross pay and associated deductions	❑	❑	❑
Provides payroll data to payroll processor for calculation within designated timelines	❑	❑	❑
Checks payroll is authorised for payment in accordance with organisational policy and procedures	❑	❑	❑
Reconciles payroll and deductions in accordance with organisational policy and procedures	❑	❑	❑
Deals with payroll enquiries in accordance with organisational policy and procedures	❑	❑	❑

Do you believe the trainee has demonstrated the following skills? *(tick the correct response]*	**Yes**	**No**	**Not sure**
Processes declaration forms for new and existing employees in accordance with Taxation requirements	❑	❑	❑
Forwards periodic deductions to nominated creditors within designated timelines	❑	❑	❑
Prepares payments to government authorities accurately and despatches same in accordance with the relevant government legislation and/or designated timelines	❑	❑	❑
Calculates group tax amounts and/or transcribes payments made in accordance with taxation procedures	❑	❑	❑
Prepares and reconciles employee group certificate amounts to salary records	❑	❑	❑
Comments/feedback from Third Party to Trainer/Assessor:			
Third party signature:	**Date:**		
Send to:			

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Competency Recording Sheet

Name of Student		
Name of Assessor/s		
Unit of Competency	Manage payroll records	D1.HFI.CL8.04 D1.HFA.CL7.06
Date assessment commenced		
Date assessment finalised		
Assessment decision	Pass Competent / Not Yet Competent (Circle one)	
Follow up action required (Insert additional work and assessment required to achieve competency)		
Comments/observations by assessor/s		

Place a tick (✓) in the column to reflect evidence obtained to determine Competency of the student for each Performance Criteria.

Element & Performance Criteria	Observation of skills	3rd Party Statement	Oral Questions	Written Questions	Work Projects	Other
Element 1: Establish procedures for the management of payroll						
Establish security procedures that ensure the confidentiality and security of payroll information						
Ensure procedures for claims ensure allowances are substantiated						
Establish control measures to safeguard the organisation's financial resources in accordance with legislative and organisational requirements						
Establish systems to ensure statutory obligations are met and records are kept for the period determined by government legislation						
Element 2: Prepare payroll data						
Use nominated industrial awards, contracts and government legislation to calculate gross pay and annual salaries						
Calculate statutory and voluntary amounts using government and employee documentation						
Provide payroll data to payroll processor for calculation within designated timelines						

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Place a tick (✓) in the column to reflect evidence obtained to determine Competency of the student for each Performance Criteria.

Element & Performance Criteria	Observation of skills	3rd Party Statement	Oral Questions	Written Questions	Work Projects	Other
Element 3: Authorise payment of salaries						
Check payroll, salaries and wages are authorised for payment in accordance with organisational policy and procedures						
Reconcile salaries, wages and deductions in accordance with organisational policy and procedures						
Deal with salary, wage and related enquiries in accordance with organisational policy and procedures						

Place a tick (✓) in the column to reflect evidence obtained to determine Competency of the student for each Performance Criteria.

Element & Performance Criteria	Observation of skills	3rd Party Statement	Oral Questions	Written Questions	Work Projects	Other
Element 4: Administer salary records						
Process declaration forms for new and existing employees in accordance with Taxation requirements						
Forward periodic deductions to nominated creditors within designated timelines						
Prepare payments to government authorities accurately and despatch in accordance with the relevant government legislation and/or designated timelines						
Calculate group tax amounts and/or transcribe payments made in accordance with taxation procedures						
Prepare and reconcile employee group certificate amounts from salary records						
Candidate signature			**Date**			
Assessor signature			**Date**			

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William
Angliss
Institute
Specialist centre
for foods, tourism
& hospitality
asean
Australian
Aid