



Australian Government

FNSPAY503 Process complex employee terminations in payroll

Release: 1

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Modification History

Release	Comments
Release 1	This version first released with FNS Financial Services Training Package Version 3.0.

Application

This unit describes the skills and knowledge required to process uncommon and complex employee terminations in payroll systems, including calculating and providing employment termination payments (ETPs).

It applies to individuals who, within their level of authority, use specialised knowledge, systematic approaches and analytical techniques to prepare data, calculate and verify payments, and ensure compliance with regulatory requirements using established payroll systems.

Work functions in the occupational areas where this unit may be used are subject to regulatory requirements. Refer to the FNS Financial Services Training Package Companion Volume Implementation Guide or the relevant regulator for specific guidance on regulatory requirements.

Unit Sector

Payroll

Elements and Performance Criteria

ELEMENT	PERFORMANCE CRITERIA
<i>Elements describe the essential outcomes.</i>	<i>Performance criteria describe the performance needed to demonstrate achievement of the element.</i>
1. Gather employee information and verify organisational requirements relating to termination	1.1 Confirm type of employment termination using appropriate organisational sources 1.2 Obtain employee information required to process termination according to organisational procedures 1.3 Verify accuracy of information and seek clarification from sources, as required

ELEMENT	PERFORMANCE CRITERIA
2. Prepare information for termination	2.1 Identify legislation, taxation systems, regulations and codes of practice to be complied with in employment termination 2.2 Verify that employment termination process meets requirements of identified legislation, taxation systems, regulations and codes of practice 2.3 Identify and calculate various pay components relating to termination payment 2.4 Enter information required to process employment termination into payroll system and check for accuracy against source information
3. Process termination	3.1 Process employment termination in payroll system according to organisational policies and procedures 3.2 Use payroll system to process payments due to employee according to organisational and legislative requirements 3.3 Calculate tax on the various pay components according to legislative requirements 3.4 Issue ETP payment summary to employee according to legislative requirements
4. Document outcome of process and maintain information	4.1 Produce, review and store payroll records relating to employee termination according to organisational policies and security procedures 4.2 Prepare report on outcome of employee termination according to legislative requirements

Foundation Skills

This section describes those language, literacy and numeracy and employment skills that are essential to performance.

Skill	Description
Reading	Researches and analyses financial information and data from a range of sources to identify key aspects related to requirements
Writing	- Records information and completes forms accurately using correct spelling, grammar, terminology, and conventions - Uses clear language and concepts appropriate to audience to convey and clarify explicit information and requirements in written

Skill	Description
	documentation
Numeracy	Analyses financial data and performs mathematical calculations to complete requirements of complex payroll documentation
Navigate the world of work	Identifies and follows legislative and regulatory requirements and organisational policies and procedures to meet expectations of colleagues and those associated with own role
Interact with others	Selects and uses appropriate conventions and protocols when communicating with clients, colleagues and others to seek and provide information
Get the work done	- Plans, organises, schedules and implements tasks according to organisational and legislative requirements, taking responsibility for compliance - Makes critical and non-critical decisions in relatively complex situations, taking organisational and legislative requirements into consideration - Identifies and responds to problems by systematically analysing information, generating and evaluating options, and selecting the most appropriate option - Uses digital systems and programs for planning, implementing, monitoring, reporting progress, and lodging forms

Unit Mapping Information

Code and title current version	Code and title previous version	Comments	Equivalence status
FNSPAY503 Process complex employee terminations in payroll	No previous unit.	New unit.	No equivalent unit.

Links

Companion volumes are available from VETNet. -

<https://vetnet.gov.au/Pages/TrainingDocs.aspx?q=c7200cc8-0566-4f04-b76f-e89fd6f102fe>

Assessment Requirements for FNSPAY503 Process complex employee terminations in payroll

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Performance Evidence

Evidence of the ability to:

- collect information required to carry out an employment termination process in a payroll system, and:
 - interact with stakeholders to ensure completeness and accuracy of information required to process that termination
 - ensure compliance of employment termination with legislative requirements and organisational procedures
- process each of the following employment termination types in payroll systems, including calculating the employment termination payment (ETP) for each:
 - resignation
 - redundancy
 - retirement
- process at least one of the following employment termination types in payroll systems, and calculate the corresponding ETP:
 - dismissal
 - unfair dismissal
 - invalidity
 - death
 - termination for pre-August 1983 starters
 - golden handshakes
- process the above termination payment entitlements according to commonwealth, state and territory legislative requirements, including:
 - final salary and wages payments
 - unused annual leave and long service leave
 - notice and redundancy payments
 - unused rostered days off (RDOs) and other entitlements
 - gratuities

- settlements
- maintain records of the above employment terminations according to legislative requirements.

Note: If a specific volume or frequency is not stated, then evidence must be provided at least once.

Knowledge Evidence

The candidate must be able to demonstrate the following knowledge to effectively complete the tasks outlined in the elements and performance criteria of this unit, and to manage tasks and reasonably foreseeable contingencies in the context of the work role.

- Different types of employment terminations, including:
 - resignation
 - redundancy
 - retirement
 - dismissal
 - unfair dismissal
 - invalidity
 - death
 - termination for pre-August 1983 starters
 - golden handshakes
- Key types of ETPs and when they are used
- Key features of organisational policies and procedures relating to ETPs
- Legislative requirements relating to termination notice periods and redundancy payments
- Significance of determining the preservation age of an employee on termination
- Tax treatment for a redundancy payment, including the Lump Sum D component and any excess over the tax free Lump Sum D amount
- Tax treatment options for unused annual leave and long service leave on termination
- Different tax treatments of ETPs and how they are calculated, including:
 - excluded ETPs
 - non-excluded ETPs
- Types of termination payments that are subject to superannuation contributions
- Impact of legislative requirements on complex employee terminations, including:
 - legislation relating to employment termination processes
 - legislation relating to the calculation and issuance of employment termination payments
 - Fair Work Act recordkeeping requirements relating to employment termination processes
 - state legislation, including long service leave entitlements
- Sources of information on employment termination processes that can be accessed to maintain currency of knowledge and to seek advice

Assessment Conditions

Assessment must be conducted in a safe environment where evidence gathered demonstrates consistent performance of typical activities experienced in the payroll field of work and include access to:

- office equipment, technology, software and consumables required to process complex employee terminations in payroll, including:
 - organisational policies and procedures
 - payroll system
- case studies and, where available, real situations relating to the above work.
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