



Australian Government

Department of Education, Employment and Workplace Relations

FNSBKG405A Establish and maintain a payroll system

Revision Number: 1

FNSBKG405A Establish and maintain a payroll system

Modification History

Not applicable.

Unit Descriptor

Unit descriptor	This unit describes the performance outcomes, skills and knowledge required to record and prepare payroll documentation, deal with enquiries in regard to payroll, and process payroll from provided data in manual or computerised payroll systems. This unit has application to a variety of financial services sectors. It is applicable to individuals working within enterprises and job roles subject to licensing, legislative, regulatory or certification requirements, including various aspects of taxation law (including, but not limited to, the <i>Income Tax Assessment Act 1936 and the Income Tax Assessment Act 1997</i>), other relevant legislation and Goods and Services Tax (GST) rulings. The Tax Practitioner's Board (TPB) administers specific educational and experience requirements for registration of BAS agents and sets specific assessment requirements that must be met. The varying Commonwealth, State or Territory requirements should be confirmed with the relevant body.
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Application of the Unit

Application of the unit	This unit applies to individuals who are responsible for providing contract payroll services across all industries and who are working directly for organisations or are small business owners, contractors or service providers.
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Licensing/Regulatory Information

Not applicable.

Pre-Requisites

Prerequisite units		

Employability Skills Information

Employability skills	This unit contains employability skills.
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Elements and Performance Criteria Pre-Content

Elements describe the essential outcomes of a unit of competency.	Performance criteria describe the performance needed to demonstrate achievement of the element. Where bold italicised text is used, further information is detailed in the required skills and knowledge section and the range statement. Assessment of performance is to be consistent with the evidence guide.
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Elements and Performance Criteria

ELEMENT	PERFORMANCE CRITERIA
1. Record payroll data	1.1. Payroll system is checked and set up if necessary to ensure that employee data is included 1.2. Payroll data is checked and discrepancies are clarified with designated persons 1.3. Employee pay period details, deductions and allowances are entered in payroll system in accordance with source data 1.4. Payment due to individual employees is calculated to reflect standard pay and variations in accordance with employee source data
2. Payroll preparation	2.1. Payroll preparation takes place within designated timelines in accordance with organisational policies and procedures 2.2. Employee entitlements are calculated, recorded and reconciled in accordance with legislative requirements 2.3. Total payments for pay period are reconciled, and irregularities are checked and corrected, or referred to designated persons for resolution 2.4. Arrangements for payment are made in accordance with organisational and individual requirements 2.5. Authorisation of payroll and individual pay advice is obtained in accordance with organisational requirements 2.6. Payroll records are produced, checked and stored in accordance with organisational policy and security procedures
3. Handle payroll enquiries	3.1. Payroll enquiries are responded to in accordance with organisational and legislative requirements 3.2. Information is provided in accordance with organisational and legislative requirements 3.3. Enquiries outside area of responsibility or knowledge are referred to designated persons for resolution 3.4. Additional information or follow-up action is completed within designated timelines in accordance with organisational policies and procedures
4. Maintain payroll	4.1. All information and record keeping relating to the payroll function is maintained in accordance with relevant legislation and regulations 4.2. Month-end and year-end checklists are produced and

ELEMENT	PERFORMANCE CRITERIA
	reconciled to ensure compliance with relevant legislative and management deadlines 4.3. Records and systems are updated in line with salary reviews and other changes in employment status 4.4. Back-up and disaster recovery systems are put in place 4.5. <i>Payroll reports</i> are generated and distributed in line with organisational policy 4.6. Business Activity Statement (BAS) data is extracted and applied in accordance with relevant legislation and regulations

Required Skills and Knowledge

REQUIRED SKILLS AND KNOWLEDGE

This section describes the skills and knowledge required for this unit.

Required skills

- communication skills to:
 - build relationships, determine and confirm work requirements, using questioning and active listening as required
 - liaise with others, share information, listen and understand
 - use language and concepts appropriate to cultural differences
- numeracy skills for calculating gross and net pay, comparing differing rates of pay over a given time span of the same nature, preparing cash analysis sheets and reconciling figures
- IT skills for accessing and using appropriate software such as spreadsheets and databases and using internet information
- analysis skills for accessing, interpreting and managing relevant financial data
- literacy skills to understand the organisation's financial policies and procedures and legislative procedures, write cheque or salary authorisations, prepare pay advice slips and maintain records
- self-management skills for complying with ethical, legal and procedural requirements
- problem solving skills to for reconciling figures and resolving employee enquiries within scope of own responsibility
- organisational skills, including the ability to plan and sequence work

Required knowledge

- award and enterprise agreements and relevant industrial instruments
- organisational policies and procedures
- relevant industry codes of practice
- relevant legislation from all levels of government that affects business operation, especially in regard to:
 - occupational health and safety
 - environmental issues
 - equal opportunity
 - industrial relations
 - anti-discrimination
 - taxation related to payroll activities
- structure of authority in organisations
- types of manual and computerised payroll systems

Evidence Guide

EVIDENCE GUIDE	
The Evidence Guide provides advice on assessment and must be read in conjunction with the performance criteria, required skills and knowledge, range statement and the Assessment Guidelines for the Training Package.	
Overview of assessment	
Critical aspects for assessment and evidence required to demonstrate competency in this unit	Evidence of the ability to: • interpret and apply relevant legislative requirements • calculate and input data into payroll systems • comply with organisational guidelines relating to security and confidentiality of information.
Context of and specific resources for assessment	Assessment must ensure: • competency is demonstrated in the context of the financial services work environment and conditions specified in the range statement either in a relevant workplace or a closely simulated work environment • access to and the use of a range of common office equipment, technology, software and consumables • access to workplace reference materials such as procedural manuals and company policy • access to actual or simulated payroll data.
Method of assessment	A range of assessment methods should be used to assess practical skills and knowledge. The following examples, in combination, are appropriate for this unit: • evaluating an integrated activity which combines the elements of competency for the unit or a cluster of related units of competency • oral or written questioning on underpinning knowledge and skills • setting and reviewing workplace projects and business simulations or scenarios • evaluating samples of work • accessing and validating third party reports. Assessment methods approved by the Tax Practitioners Board must be met for BAS agent registration.
Guidance information for assessment	If undertaking this unit for BAS agent registration, the following items listed in the Range Statement must be assessed to be considered by the TPB as having fulfilled some of the educational

EVIDENCE GUIDE

requirements for registration:

- Payroll preparation
- Legislative requirements
- Legislative (requirements) relating to record keeping
- Payroll records.

Range Statement

RANGE STATEMENT

The range statement relates to the unit of competency as a whole. It allows for different work environments and situations that may affect performance. Bold italicised wording, if used in the performance criteria, is detailed below. Essential operating conditions that may be present with training and assessment (depending on the work situation, needs of the candidate, accessibility of the item, and local industry and regional contexts) may also be included.

<i>Payroll system</i> may be:	• computerised • manual.
<i>Employee data</i> includes:	• allowances • deductions • employee details • leave entitlements • pay periods • rates of pay • superannuation details • tax declaration forms • tax file number.
<i>Designated persons</i> may include:	• immediate supervisor • those who have the authority to approve payroll decisions.
<i>Pay period details</i> may include:	• bonus • casual wage • commission • contract • piecework • salary • wage.
<i>Deductions and allowances</i> may include:	• car allowance • health insurance • income tax • meal allowance • superannuation contributions • travel allowance • union dues.
<i>Source data</i> may include:	• employee earnings and payroll register • employee record and history • employee timesheets.

RANGE STATEMENT	
Variations may include:	• holiday loading • long service leave • rates of pay • overtime • paid leave • sick leave • taxation • unpaid leave.
Payroll preparation must include:	• calculation of gross pay • cash analysis • electronic funds transfer • net pay • preparing pay advice slips • preparing cheques • superannuation • taxation and other deductions.
Employee entitlements may include:	• annual leave provisions • child support • deductions • long service leave provisions • maternity/paternity leave provisions • sick leave provisions • study leave provisions • superannuation • workers compensation.
Legislative requirements must include:	• Australian Tax Office regulations such as: • Australian Business Number (ABN) • Employment Declaration • Tax File Number (TFN) Declaration • TPB requirements, including: • registration requirements for BAS agents • Code of Professional Conduct • confidentiality and security of records • HELP • Medicare levy • payroll tax • ATO Pay As You Go (PAYG) withholding tax laws. • Australian Bureau of Statistics (ABS) Act 1975 • ATO Fringe Benefits Tax laws

RANGE STATEMENT	
	• ATO Superannuation Laws • <i>Tax Agent Services Act 2009 (TASA 2009)</i> • industry Awards • Commonwealth • State and Territory • individual employment contracts • leave Acts: annual, sick and long service (Commonwealth, State and Territory) • payroll tax laws • <i>Privacy Act 1988</i> • workers compensation and occupational health and safety (OHS) Acts and regulations.
Legislative requirements relating to record keeping must include:	• <i>Australian Bureau of Statistics (ABS) Act 1975</i> • ATO Fringe Benefits Tax laws • ATO Pay As You Go (PAYG) withholding tax laws. • ATO Superannuation Laws • <i>Tax Agent Services Act 2009</i> • industry Awards • Commonwealth • State and Territory • individual employment contracts • leave Acts: annual, sick and long service (Commonwealth, State and Territory) • payroll tax laws • <i>Privacy Act 1988</i> • workers compensation and occupational health and safety (OHS) Acts and regulations.
Payroll records must include:	• cash analysis sheets • electronic funds transfer • employee summary report • end of month reports • end of year reports • pay advice slips • payment summaries • taxation reports.
Payroll enquiries may include:	• email • face-to-face • fax • telephone.
Payroll reports may	• financial reports

RANGE STATEMENT

include:

- human resources reports
- other management reports.

Unit Sector(s)**Unit sector**

Bookkeeping

Competency field**Competency field**