

## **Vuselela TVET College**

**Ref no: HRMD / 61 Ver/2021**

**Scope: verification of calculated benefits.**

**Closing date : 18 October 2021**

### **TERMS OF REFERENCE**

#### **Background**

Vuselela TVET College is in a processes of finalizing all backlog with regards to outstanding payments of employees benefits that are were not paid in accordance to Departmental rules.

The college had below structure of employees:

- From 2008 to 2012: Colleges did not fall under Department of Higher Education.
- From 2012: Colleges migrated back to Department of Higher Education.
- List of staff that migrated and not migrated to the Department of Higher Education will be provided.

#### **Scope of work**

##### **Procedures to follow to verify calculations of back-pay of 61 employees**

Phase 1 – Verification to focus on employees which retired or is deceased (61).

The aim of the verification is to compare what an employee at Vuselela TVET College was paid versus what the Resolutions from PSCBC as well as Circulars from DPSA prescribed for the period of 1 March 2008 to 30 September 2019.

The calculation that has been performed by the College, contains the following fields (columns):

- Period;
- Actual notch;
- Actual monthly salary;
- Total salary per period;
- Pension allowance 13% of basic salary;
- Pension allowance back pay;
- Housing allowance;
- Medical aid allowance;
- Service bonus;
- Salary backdated;
- Total paid to employee;
- Corrected notch;
- Corrected monthly salary;
- Corrected total salary per period;
- 37% in lieu of service benefits;

- Difference

**Procedures to follow to verify the calculations of back-pay which is due to employees:**

Step no.	Detail of step
Step 1	Generate VIP reports for the period 1 March 2008 to 30 September 2019.
Step 2	Verify that the employee whose calculation is being verified, does in fact reflect on the generated VIP reports
Step 3	Verify the status (still employed/retired or deceased) of the employee through inspection of relevant documentation.
Step 4	Obtain the appointment letter of the employee, and:
Step 4 (a)	Verify the exact date of appointment, and agree it to the starting date for the employee's calculation, as per calculation sheet
Step 4 (b)	Verify the salary stated in the appointment letter, and agree it to the calculation sheet
Step 4 (c)	Verify the salary notch code, as per appointment letter, and:
Step 4 (c) (i)	Use the notch code to determine the "Corrected Notch" as per the DPSA Salary Notch table, for the relevant period
Step 4 (c) (ii)	Agree the "Corrected Notch" to the amount as captured in the calculation sheet
Step 5	Agree the annual increases, as reflected as "Corrected Notch" per the calculation sheet, to the DPSA salary level notch tables
Step 6	<p>From the generated VIP reports, confirm on the calculation sheet, the values of the salary and the relevant benefits paid to the relevant employee, for the relevant period</p> <p>The relevant benefits paid reflect in the following columns:</p> <ul style="list-style-type: none"> <li>• "Pension Allowance Back Pay"</li> <li>• "Housing Allowance"</li> <li>• "Medical Aid Allowance"</li> <li>• "Service Bonus"</li> <li>• "Salary Backdated"</li> </ul>
Step 7	On the calculation sheet – check the calculation of the "Monthly salary" (one twelfth of the annual notch)
Step 8	On the calculation sheet - check calculation for the "Salary of the Period", taking into account when the relevant employee's employment period started
Step 9	On the calculation sheet - check the calculation of "Allowance 13% of Basic", by re-performing the calculation as "Total Salary for the period x 13%"
Step 10	Review the formula correctness of the column "Total paid to employee" which totals the actual benefits paid to the employee. Refer step 6 for list of benefits.
Step 11	Check the calculation of the "Corrected monthly salary", based on the "Corrected notch" as per DPSA salary level tables, multiplied by the number of months of employment for the relevant period.
Step 12	Recalculate the "37% in lieu of service benefits" based on the "Corrected monthly salary". The calculation is 37% multiplied by the "Corrected monthly salary" as indicated in the calculation sheet.
Step 13	Recalculate the difference between benefits actually paid to employee, as contained in the "Total paid to employee" fields and the "37% in Lieu of service benefits" field.

Step no.	Detail of step
Step 14	Compare the “Difference” field as calculated by the College and the recalculated amount (difference) as per step 13.
Step 15	Re-calculate the total of the “Difference” column and compare with the total amount as calculated by the College.
Step 16	Report on any variances as calculated per Step 15.

Service Providers are requested to submit the following:

1. Quotation
2. CSD report
3. Proof of registration as Accounting Firm
4. Main / Lead partner must be registered as Accountant with relevant accounting body.

For further enquiries please contact:

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Closing date: 18 October 2021 at 11:00am Quotation must be send to [molefi@vuselelacollege.co.za](mailto:molefi@vuselelacollege.co.za)