



Riverdale Professional Services  
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# PAYROLL ADMINISTRATION FROM START TO FINISH

Presented by Nnamdi UTI of Riverdale Professionals



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# Flyer

  
**RIVERDALE PROFESSIONAL SERVICES**  
Audit & Forensic | Tax | Advisory Services

**Tagged:**

**PAYROLL ADMINISTRATION**  
From Start To Finish

**Fee: Free**

Thurs. 3rd Dec. 2020

ZOOM | 11:00AM

**R.S.V.P**  
FUNMI

+2347036958477  
014549187  
services@riverdaleprofessionals.com

  
**SURU OMONIGHO, ACA**  
Partner  
Riverdale Professional Services

  
**TOYIN AYENI, FCA**  
Partner  
Riverdale Professional Services

  
**NNAMDI UTI, FCA**  
Associate Director,  
Riverdale Professional Services



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# Nnamdi UTI FCA -Facilitator

- Nnamdi is an Associate Director in our firm. He has over 15 years cognate experience, and over a decade experience in finance, tax, audit and external relations. Prior to joining Riverdale Professional services, Nnamdi worked with Nollyland Direct Limited as Finance/Director West Africa.
- Nnamdi is a seasoned Chartered Accountant. He holds a Higher National Diploma degree in Accounting with Upper Credit from Ondo State Polytechnic. He also holds Masters in Financial Management from the Lagos State University. He is a Fellow of the Institute of Chartered Accountants of Nigeria (FCA) and an Associate member of the Chartered Institute of Taxation of Nigeria (ACTI) and also Associate member of the Nigerian Institute of Management (ANIM).
- Nnamdi has led several finance engagement and head numerous tax assignments. Also, he has been involved in audit and external relations assignments across financial services and oil & gas sectors.

# Suru Omonigho ACA

- Suru is a Partner in our Firm, focusing on assurance, due diligence, business modelling, valuations, restructurings, mergers and acquisitions and transaction integrations.
- Suru is a very seasoned Chartered Accountant. He has a Bachelor of Science Degree from Obafemi Awolowo University, Ife and was the best graduating student in Engineering Physics department. He was previously in Assurance department of Ernst & Young where he worked for over 20 years and rose to the position of a Senior Manager.
- His experience cut across, financial services, manufacturing, Information Technology, Power and Oil & Gas. He left Ernst & Young in December 2015 and joined Riverdale Professional Services as Partner in Assurance services.



# Toyin Ayeni FCA

Toyin is the Managing Partner in our Firm and leads our FIDS (Fraud and Investigation Dispute Services) and audit practice. Prior to joining Riverdale Professional Services, Toyin was most recently a Senior Manager with Ernst & Young.

He is a Fellow of the Institute of Chartered Accountants of Nigeria and an Associate of the Chartered Institute of Taxation of Nigeria. He is a member of the Professional Practice Monitoring Committee (PPMC) of the Institute of Chartered Accountants of Nigeria.

He specialised in the areas of Fraud and Compliance Investigation, Contract Reviews and Assurance and Advisory Business Services. • Toyin has attended several trainings and capacity building programs on both fraud and investigation services including trainings on fraud investigation, due diligence, asset tracing and recovery, contract reviews and Assurance and Advisory Business Services

# Content

- Introduction
- Legal Basis
- Overview of Payroll Process
- Sample of Employment Contract
- Types of Payroll Systems
- Key Steps Involved in the payroll Process
- Other Relevant Payroll Related items



# Legal Basis

1. Labor Laws ( Both Local and International)
2. Personal Income Tax Act
3. Employment Contract
4. Company Employee Handbook
5. PENSION ACT Etc



# Introduction

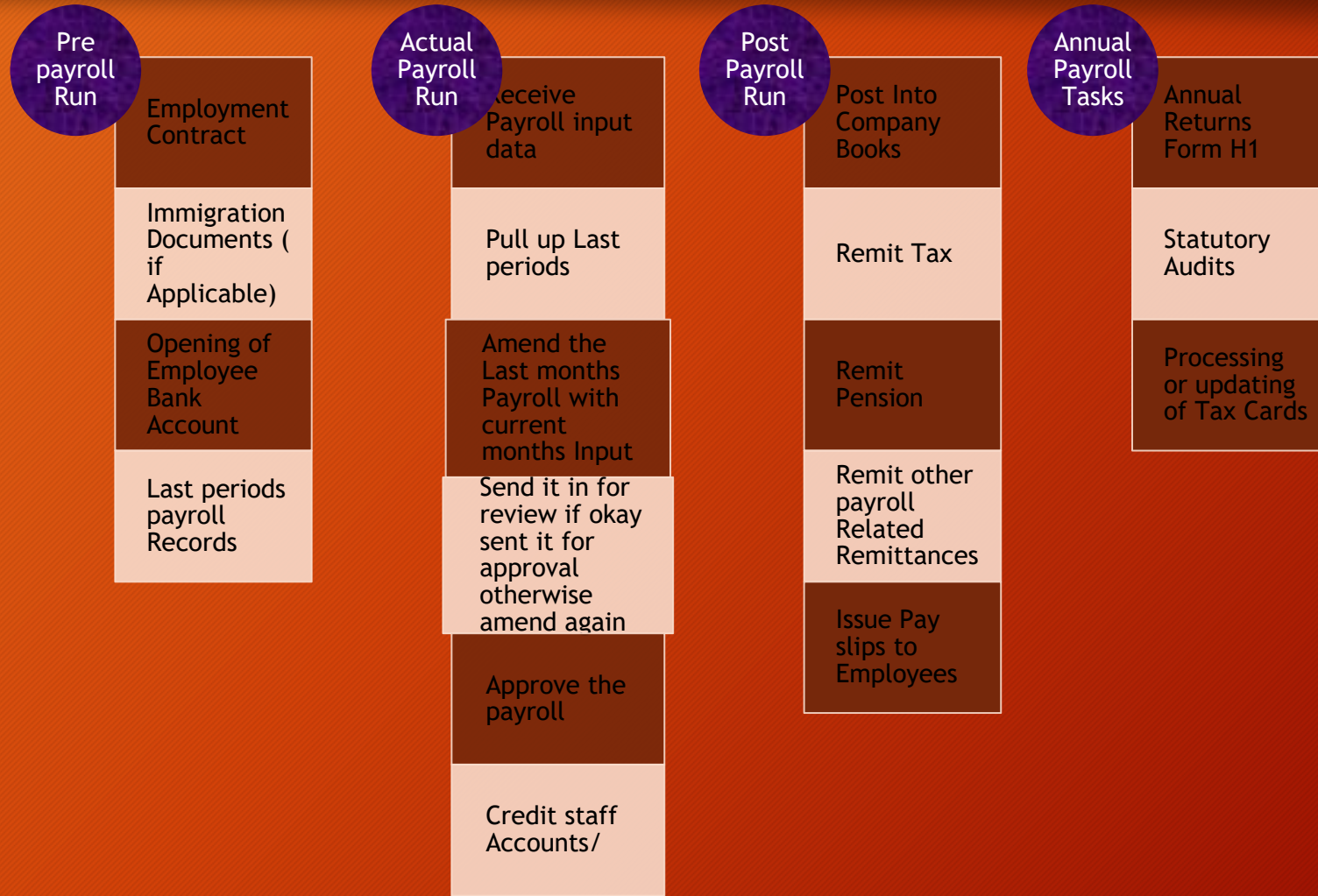
- Payroll Means different things to different individual depending on where they are along the payroll process
- The Employee
- The Payroll Administrator
- The Company Accountants/ Data Entry Personal
- IRS (Internal Revenue Service)



# Overview of Payroll Process

1. Employment Contract
2. Expat Quota/Immigration Returns for Foreigners who are employed in Nigeria
3. Opening of Salary Accounts
4. Payroll Input data processed and sent to the Payroll administrator
5. Processing of the payroll by the Administrator/Payroll Officer
6. Review and Approval of the payroll
7. Salary and allowances paid
8. Payroll related Remittances/filings made
9. Payroll related items posted into the company books of Account
10. Keeping of Relevant payroll related Audit evidence
11. Annual Filing of payroll related returns
12. Payroll Audits by IRS

# A second look at Overview of Payroll Process





# Types of Payroll Systems Based on the Processing Tool

- Manual Method of Payroll processing
- Semi Manual Payroll Processing
- Automated Payroll Processing

# Types of Payroll Systems Based on where it is processed

- Internally Processed payroll system
  - Centralized
  - Decentralized
- Outsourced payroll System



# Showcase Sample of Employment Contract

- See the Attached word document

# Expatriate Quota/Immigration Returns

1. These are immigration related documents used to record the movement of foreign Nationals in and out of Nigeria
2. This does not apply to organizations that do not have foreign Nationals in their employment.
3. It is useful for authenticating the payroll details regarding the identity of foreign Nationals the organizations payroll
4. Expat Quota returns also comes along with some other valuable details like
  - a. The country of origin of the foreigner
  - b. The list of their dependents
  - c. Their Designation
  - d. The period for which the return relates



# Opening of Salary Accounts

1. The task of Ensuring that a new staff have a salary bank account could be assigned to either the payroll administrator or another responsible staff preferably a staff with some basic understanding of basic banking issues.
2. Although Some organizations still pay their staff Salary in cash, such practice should be discouraged
3. Paying Staff salary into an Account helps to enhance transparency and accountability especially during Audits.
4. Some times some organizations prefer to have all staff own a salary Account with their own bankers. This practice will be helpful in cases or reconciliation However, in recent times, it may not make much difference especially since we are now in era of internet Banking.

# Payroll Input data processed and sent to the Payroll administrator

1. Over time sheet/Time sheet ( See Sample)
2. New Employee List
3. Exiting Employees list
4. Employee Loan refund schedule
5. Other Refunds due from Employees
6. Surcharge Made due to damage of Company asset
7. Lateness Charges
8. Schedule of Salary increment of reviews made



# Processing of the payroll by the Administrator/Payroll Officer

1. The Payroll Administrator will usually pull up last periods payroll
2. The Administrator will use the current payroll input information to update the previous payroll to arrive at a recent payroll numbers.
3. He will then pay it over to a superior colleague or another colleague for review.
4. After the review stage it will be sent to higher office charged with the responsibility for approving the payroll for his or her final approval.
5. Where an error is discovered, the Payroll administrator will repeat steps 2 to 4 above until it is considered okay by the approving officers.
6. When it is approved it is then sent to Accounts payable Team to effect the salary payment.
7. Note that some of these steps could be automated.

# Tax Rates or Table

Tax Rate Table		
1st 300,000	Taxed at	7%
Next 300,000	Taxed at	11%
Next 500,000	Taxed at	15%
Next 500,000	Taxed at	19%
Next 1,600,000	Taxed at	21%
Next 3,200,000 and above	Taxed at	24%



# Accounting Postings

## 1 ) Dr: Employee Benefit/Salary GL with the Gross Salary

- Cr: Salary Payable with the Net Salary due for payment
- Cr: PAYE Tax Payable with the PAYE Tax due
- Cr: Employee Pension Payable with the employee share of pension Payable
- Cr: Employee Loan GL with the Amount of Loan recovered
- Cr: All other Payroll related Account payables with their respective amount due

# Accounting Entry 2

- Dr: Employee Benefit Expense
  - Cr: Employers share of Pension Payable with the amount due from employer regarding the months share of Pension



# When the Salary is actually paid

- Dr: Salaries Payable
- Cr: Bank with the Net Salary paid to all the affected staff

# When the various remittances are made

- Dr: the respective Account Payables
  - Cr: Bank GL with the amount remitted.



# Other Important Aspect of Payroll Process

1. Timely payment of Salaries. This is because it comes with a motivating effect on the employees
2. Timely remittance of PAYE to avoid penalty and interest
3. Timely remittance of Employee Pension to avoid penalty and interest
4. Timely remittance of all other payroll related deductions
5. Keep Third party evidence regarding each payroll run in a secured location
  - a) Acknowledge Bank Transfer Requests
  - b) Bank Statement supporting the salary payment

# Question and Answer time



# Closing Remarks

Thank you so much for your time. We hope that it was worth the while

For further enquires, comments , feedbacks or follow-up you can send us an email at [services@riverdaleprofessionals.com](mailto:services@riverdaleprofessionals.com)

Tel: +23414549187

Thank you

Nnamdi UTI<sup>-FCA</sup>  
Associate Director  
Riverdale Professionals