

Best Practices #2.3: Financial Reporting and Payroll Systems



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Managing the finances correctly is one of or the most important activities that need to be done by the management of the WMA. So how best can you do this?

1 Introduction

1.1 Using the best accounting system?

As a WMA you are probably thinking about having an accounting system or already have one in place to manage all your accounting and financial information, but what is the best accounting system for your WMA?

- The best accounting system will:
- Make it easier to control and monitor all of the WMA's funds,
- Track the different income and expenses.
- Make it easier to pay your creditors.
- Manage all your statutory payments such as government tax payments.
- Help you monitor financial transactions and determine the financial direction and development of the WMA.
- Makes it easier and quicker to produce WMA financial statements and reports
- Build trust by reporting professionally to your stakeholders and board.

1.2 Do we need an audit?

Making sure that all your transactions are correct and in order is very important in running your WMA. Having an expert/accountant in your WMA will help you make sure all your transactions and financial data are properly and accurately recorded, stored, and reported. But having an internal expert is not enough, you need an external audit or an independent examination of the financial statements prepared by the WMA. It is a legal requirement to have the controller and auditor general (CAG) audit your financials annually. It will be helpful for your growth to have an independent expert to look at your systems and give you their opinion on how you can improve your systems and controls.

An audit should be done at least once a year. Having yearly audits is important because it provides credibility to all financial statements of the WMA and gives the shareholders confidence that the accounts are true and fair. It can also help to improve a company's internal controls and systems because of the additional expertise brought by the external auditor.

1.3 What are the Payroll and Financial Reports

Your accounting system should have two main documents/tools/areas which are the Payroll and the Financial Reports that effectively monitor the WMA's financial data and transactions.



2 Payroll Systems:

Most of your expenses will be paying for your employees, in fact, these are usually over 80% of your total costs. So, it is important to manage these well. Your payroll systems are where you manage everything having to do with the process of paying employees and filing employment statutory payments.

2.1 What a payroll system should be able to:

- Calculate monthly salary, bonuses, commissions, and advance payments.
- Calculate tax calculations for PAYE, SDL and WCF.
- Calculate National Social Security contributions for employer and employee.
- Generate various reports for both the employee and employer.
- Provide information to maintain employees' profiles.

2.2 Payroll sample

	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R
5																	
6	PROJECT			MAKAMEWMA													
7	OKO'S PAYROLL			PAYROLL FOR THE MONTH OF		JULY			2019								
8																	
9	NAME	ID NO	DESIGNATION	BASIC	TRANS	HOUSE	BONUS	OVERTIME	GROSS	NSSF	TAXABLE	PAYE	MEDICAL	LOAN	ADVANCE	TOTAL	NET
10				SALARY	ALL	ALL			SALARY	10%	AMOUNT					DEDUCTION	PAY
11																	
12																	
13																	
14																	
15																	
16																	
17																	
18																	
19																	
20																	
21																	

2.3 Management Payroll

	A	B	C	D	E	F	G	H	I
1	MONTHLY PAYROLL EXPENSES								
2									
3	PROJECT	MAKAME PAYROLL							
4									
5	MONTH	JULY						2019	
6				10%	0.5%				2300.00
7	NAME	GROSS	NSSF 10%	WCF	Medical	Bank Charges	TOTAL		
8		0	-	-	-	30,000	1,500	31,500	13.70
9		0	-	-	-	30,000	1,500	31,500	13.70
10		0	-	-	-	30,000	1,500	31,500	13.70
11		0	-	-	-	30,000	1,500	31,500	13.70
12		0	-	-	-	30,000	1,500	31,500	13.70
13		0	-	-	-	30,000	1,500	31,500	13.70



3 Financial Reporting System:

Your WMA must have standard practices to give you, your board and other stakeholders an accurate depiction of a company's finances, including its revenues, expenses, surplus funds, capital, and cash flow.

It is important to have this system in your WMA because firstly it is required by law for tax purposes. Secondly, financial reporting and analysis give stakeholders, creditors, and investors an idea of the financial integrity and creditworthiness of your company. Thirdly, the financial reporting system provides crucial information that you can use to make better business decisions for your WMA.

These are formal records that provide in-depth insights into financial information and are usually reported at quarterly intervals.

Financial reporting sample

	B	C	D	E	F	G
1						
2						
3						
4						
5		TAARIFA YA FEDHA ROBO YA KWANZA JULAI-SEPT2019				
6		Melezo	Jul 19-Sept-2019	Budget	Over Budget	% of Budget
7		Salio Anzia petty cash	9,000.00			
8		Salio Anzia-Tzs	4,385,997.78	0		
9		Salio Anzia-Usd 2,485.84@2280	5,667,715.20	0		
10		Jumla Salio Anzia	10,062,712.98	0		
11		Mapato-July-2019				
12		4210 - PHOTOGRAPHIC TOURISM-Usd 28,064@2,280	63,985,920.00	*****	*****	36.11%
13		4215 - PHOTOGRAPHIC TOURISM-TSH	5,695,003.00	0.00	0.00	0.0%
14		Jumla	69,680,923.00	*****	*****	39.32%
15		440. Mapato Mengineyo				
16		4410 - Penalty & Fines/Faini ya Mifugo	3,072,000.00			
17		4415- Grants/Ruzuku	29,326,976.00			
18		Jumla Mapato Mengineyo	32,398,976.00			
19		Jumla Mapato Yote	112,142,611.98	*****	(65,057,388.02)	63.29%
20		Exps/Matumizi				
21		4500. Admini/ Menejimenti				
22		4610 - Salary/Mishahara	8,528,085.00	12,000,000.00	(3,471,915.00)	71.07%
23		4620 - NSSF/Mfuko wa Hifadhi ya Jamii	938,410.00	3,000,000.00	(2,061,590.00)	31.28%
24		4650 - PAYE/Kodi	605,679.30	225,000.00	380,679.30	269.19%
25		4670 - Perdiems/Nauli,Chakula,Malazi	985,000.00	1,875,000.00	(890,000.00)	52.53%
26		4690 - Comm Management/Mawasiliano	203,000.00	125,000.00	78,000.00	162.4%
27		4700 - Annual Leave/Likizo ya Mwaka	0.00	125,000.00	(125,000.00)	0.0%
28		4740 - Maint Mgt Vehicle/Matengenezo	386,500.00	0.00	386,500.00	100.0%
29		4500. Jumla Menejimenti	11,646,674.30	17,350,000.00	(5,703,325.70)	67.13%

You can develop an accounting system for your WMA through different applications like Microsoft excel, or QuickBooks whether you are using one or the other. There are important things you need to consider in these applications here are some of the tips to help you navigate the system development.



4 QuickBooks or Excel, what should we use?

For a more professional approach for your WMA, we highly recommend the QuickBooks program/application in the collection, arrangement, and storage of your financial information because

- Easy to use where QuickBooks is made for your accounting needs. Everything you see in it is for that purpose. It's already built so all you have to do is to get your financial data into it this means you spend less time developing it.
- Great at what it does meaning the only way to have inaccurate reports is if you entered wrong data.
- Unlike Excel, there's no need to check for the formulas, adjust the ranges, and test it out. QuickBooks already has a working accounting backend. It already works even before you use it!
- Integration with other apps, the purpose of QuickBooks is to make your life easier when dealing with financial and accounting matters from other programs/software's such as exporting data and reports to excel and/or pdf
- There's no need to add or build those features yourself. It's already there, Making accounting system development faster than other applications.
- You can send invoices via email right from the software itself. That task alone saves you a great deal of time especially if you have lots of customers.

In developing these contents, you may want to make the system more efficient, By realizing how important this system selection is for your WMA you will consider a few things in selecting the right program/software/application such guidelines are:

- How much freedom do you want inside the program?
- Do you want to design your own tabular forms?
- Are you looking for ready-to-use accounting software?
- Do you need more advanced graphical representations?



Further readings on financial reporting;

- <https://smallbusiness.chron.com/objectives-financial-reporting-business-enterprises-65694.html>
- <https://www.datapine.com/blog/financial-reporting-and-analysis/>
- <https://www.wikihow.com/Prepare-a-Financial-Report>
- <https://www.freshbooks.com/hub/accounting/how-payroll-systems-work>
- <https://www.youtube.com/watch?v=xzoS--uszPY>