



Third Party Statement Reconciliation

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1. Reconciliation

- How accurately is your Medical Aid Administrator recording the payroll information provided?
- More importantly how accurately is your EB Administrator recording the payroll information provided?
- How will this affect you at retirement?



1.a Reconciliation

- Is there any way of you knowing whether they are or not?
- In most, if not all instances, they are NOT accurately recording the information you painstakingly providing
- There is NO financial incentive for them to provide you, the client, with proof of the accuracy of their administration.



1.b Reconciliation

- If you DO NOT advise the Medical Aid Service provider of terminations timeously, you are penalised
- If you do not pay the Medical Aid fund in full, YOUR employee is suspended
- If, because of the reconciliations required, you do not pay your EB Administrator by the 7th, you are penalised
- At retirement, you are penalised with incorrect administration, NOT your EB Administrator
- The tools do not exist to allow you to accurately 'police' your Service Provider's Administration and there is no incentive for the Service Provider to supply them



9. Statement provision.

- Medical Aid provides an electronic statement in .csv, Excel or .pdf format
- Details members contribution
- Details arrears
- Late Joiner penalties etc.



10. Statement problems.

- Statement format differs depending on Medical aid
- Medical Aid number not captured on Payroll
- Discharges listed months after employee has left.
- Sophisticated Excel skills required to manipulate statement.
- V-Lookup only returns what is FOUND
- Employees not on payroll – especially when posted internationally or pensioners



11. Matching solution.

The most useful way to match the payroll to the statement is on:

- ID number – if no match found then on
- Employee no. – if no match found then on
- Medical Aid/Pension no. – if no match found then on
- Surname and FULL Initials

12. Tools available

- Need to use tools specifically written to address these anomalies
- Excel ONLY won't cut it
- Need to be able to import TP statement into tool
- Need to be able to import payroll data into the tool
- Enable you to do the comparison between the two datasets.



18. Comparisons available – Med Aid.

- Comparison Summary

Demo Holdings						
Demo Holdings-Medical Aid Service Provider						
		Payroll Value	Statement Value	Variance	Category	Act Variance
	On Payroll Only	38,825.00	0.00	38,825.00	1	38,825.00
	Matched and Reconciled	9,957,649.50	9,957,649.50	0.00	2	
	Matched with POS Variance	217,397.83	73,308.00	144,089.83	3	144,089.83
	Matched with NEG Variance	228,309.00	290,952.00	-62,643.00	4	62,643.00
	On Statement Only	0.00	67,331.87	-67,331.87	5	67,331.87
	Total	10,442,181.33	10,389,241.37	52,939.96		312,889.70



13. Medical Aid - Data inconsistency categories

Besides the employees whose deductions match the statement there are employees that are:

- On payroll not on statement – new members
- On both but value differs with positive variance
- On both but value with negative variance
- On statement only.



14. Effects of inconsistencies - on payroll not on statement

- Employee NOT covered by Medical Aid
- Employee suffers crisis cannot get medical treatment
- Paying for service not being delivered
- Need to liaise URGENTLY with Administrator to ensure admin inaccuracies are resolved



15. Effects of inconsistencies - On Both – Positive variance

- Employee paying more than necessary for Medical Aid
- Does Med Aid statement list arrears?



16. Effects of inconsistencies - On Both – Negative variance

- On Medical Aid Employee receiving benefits not paying for
- If you are paying on statement - Somebody else is paying for their benefits

17. Effects of inconsistencies - On statement not on Payroll

- Almost always Employee resigned fund or Employer, and the data sets are out of sync.
- Employee moved to pensioner payroll and costing needs to be corrected.
- If employee has left COULD obtain benefits not entitled to.



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18.a Comparisons available – Med Aid.

- Comparison Detail

Category	EECode	IDNo	Surname Initials	TP Reference	Payroll Value	Statement Value	Variance	Matched
	10186799	7903055260088	Williams GH		2,585.00	0.00	2,585.00	
	10235240	6011025275084	Sibuyi L		1,383.00	0.00	1,383.00	
	20303164	8501201239083	Dlamini NZ	6513235	1,373.00	1,373.00	0.00	Surname
	20303167	7102025038081	Meek TD	6524102	2,293.00	2,293.00	0.00	EE Code
	30001287	5906079099006	Jones DA	2516993	5,425.00	3,870.00	1,555.00	EE Code
	40006424	5409044069080	Brown BK	2522961	2245.00	4365.00	-2,120.00	EE Code
	50900700		KOTAYAH K	5317121	0.00	-2,238.00	2,238.00	Matched EE Code
	50900708		MBOKOMA VE	2544969	0.00	2,018.00	-2,018.00	Matched EE Code



18.b Individual Comparison History.

- Comparison Summary – Medical Aid

Employee : Mahopo,EP (0049654) **Payroll Date :** 201005

Payroll Date	Statement Date	Payroll Value	Statement Value	Variance
201005	201005	3305	2740	565
201004	201004	4435	2810	1625
201003	201003	5425	3870	1555
201002	201002	7050	7050	0
201001	201001	7050	7050	0
200912		6526		6526
200911	200911	7507	7507	0
200910	200910	5545	6526	-981
200909	200909	5545	5545	0
200908	200908	5545	5545	0
200907	200907	5545	5545	0
200906	200906	5545	5545	0
200905	200905	5545	5545	0
200904	200904	5545	5545	0
200903	200903	5545	5545	0
200902	200902	5545	5545	0
200901		5545		5545



19. Comparisons available - EB.

- Comparison Summary- Discharges

	Payroll Value	Statement Value	Variance	Category
On Payroll Only	1,317.00	0.00	1,317.00	1
Matched and Reconciled	219,841.00	219,841.00	0.00	2
Matched with POS Variance	4,565.33	3,800.00	765.33	3
Matched with NEG Variance	15,940.50	21,281.00	-5,340.50	4
On Statement Only	0.00	18,504.00	-18,504.00	5
Total	241,663.83	263,426.00	-21,762.17	



19.a Comparisons available – Med Aid.

- Comparison Detail - Discharges

EECode	Surname Initials	Date Engaged	Discharge Date	Payroll Value	Statement Value	Variance	Matched
0302529	Sondlane V	20090801	20100531	1,317.00	0.00	1,317.00	
0006842	Davies R	19750401	20100531	3,800.00	3,800.00	0.00	EE Code
0010890	Johnson CW	19890701	20100531	3,800.00	3,800.00	0.00	EE Code
0111914	Myburgh JC	19890224	20100531	5,804.00	5,830.00	-26.00	EE Code
0212088	Mbongo TK	19860929	20100316	1,753.50	7,014.00	-5,260.50	EE Code
0039611	MAILA SJ		20100301	0.00	2,175.00	-2,175.00	EE Code
0186898	MALOMA PM		20090131	0.00	4,930.00	-4,930.00	EE Code
0199537	MOGOROSI VT		20100301	0.00	-2,740.00	2,740.00	EE Code
0232193	MARAIS JHW		20100305	0.00	2,977.00	-2,977.00	EE Code
0298611	MANUEL CJ		20100301	0.00	2,740.00	-2,740.00	EE Code
0299857	SWARTZ K		20100301	0.00	2,175.00	-2,175.00	EE Code
0302948	MULLINS RD		20100301	0.00	4,930.00	-4,930.00	EE Code
0303004	BRUWER L		20100301	0.00	1,317.00	-1,317.00	EE Code
			Total	241,663.83	263,426.00	-21,762.17	



20. Pension/Provident Schemes

- Unlike Medical Aid and Insurance Group schemes which are there to cover calamities
- This is now YOUR money
- EB Administrator has the responsibility to ensure contributions accurately recorded
- Employer needs to be able to 'Audit' the result of the EB administration MONTHLY



21. Pension/Provident Schemes

- Administrator uses RFI to calculate monthly contributions
- Requires a list of variances between monthly contributions
- If variances not provided, uses existing tools (Excel) to identify the variances
- Updates ONLY the variances and assumes rest OK
- Rolls EB month forward after variances captured
- What I call 'Inaccurate accounting'.



22. Comparisons – Pens/Prov.

- May EB rolled over to June

	Payroll Value	Statement Value	Variance	Category
On Payroll Only	161,093.04	0.00	161,093.04	1
Matched and Reconciled	1,130,125.28	1,130,125.28	0.00	2
Matched with POS Variance	17,019.35	14,829.24	2,190.11	3
Matched with NEG Variance	18,256.96	25,953.02	-7,696.06	4
On Statement Only	0.00	19,596.86	-119,596.86	5
Total	1,226,494.63	1,190,504.40	35,990.23	



23. Comparisons available - EB.

- Comparison Detail – May rolled to June

Surname Initials	Discharge Date	Payroll Value	Statement Value	Variance
Afrikander GJ		254.53	0.00	254.53
Afrikander GJ		318.16	0.00	318.16
Chetty L		2,042.33	1,644.21	398.12
Cloete B		623.14	311.57	311.57
Cloete B		778.94	389.47	389.47
Dedworth S		811.06	1,368.63	-557.57
Dedworth S		1,013.83	2,230.36	-1,216.53
GAJATHAR V		0.00	240.63	-240.63
GAJATHAR V		0.00	300.79	-300.79
SIMELANE ZT	20100430	0.00	272.39	-272.39
SIMELANE ZT	20100430	0.00	340.49	-340.49



24. Effects of inconsistencies - on payroll not on statement

- New Engagement form not captured
- EB administrator not aware of new member
- Employee NOT being credited with contributions
- Need to liaise URGENTLY with EB Administrator / HR Dept to resolve issue



25. Effects of inconsistencies - On Both – Positive variance

- Employee paying more than being credited with.
- Employee not receiving full benefit of contributions
- Group Life could be affected in event of death or disability



26. Effects of inconsistencies - On Both – Negative variance

- Employee being credited with MORE than they are contributing
- Employee receiving benefits not paying for
- Group Life could be affected in event of death or disability



27. Effects of inconsistencies - On statement not on Payroll

- EB Administrator not captured discharge date and the data sets are out of sync.
- Employee moved to pensioner payroll and employee being credited with contributions erroneously.
- Employees payout will be positively affected to detriment of other employees



34. Resolving discrepancies

- Compare current month statement to last month payroll data – 10th of the month
- Implement required changes to payroll
- Run interim payroll run
- Compare interim payroll results to statement
- Implement required changes to payroll
- Run final payroll run
- Compare final run to statement
- Document inconsistencies



35. Manual interventions required

- Employee resigns from fund – statement will alert – inform Service Provider immediately
- Deceased Employee
 - Is there a funeral policy
 - Is there Group Life
 - Is there voluntary insurance
 - Advise HR to assist
- Discharges – negotiate dates with Service Provider
- Ensure your Service Provider provides the data in a standardised format
- Who is the client here



36. Comparisons as at Feb 2010.

- Comparison Summary – Medical Aid

	Payroll Value	Statement Value	Variance	Category
On Payroll Only	3,197.00	0.00	3,197.00	1
Matched and Reconciled	640,811.00	640,811.00	0.00	2
Matched with POS Variance	8,989.00	6,574.00	2,415.00	3
Matched with NEG Variance	142.00	1,577.00	-1,435.00	4
On Statement Only	0.00	784.00	-784.00	5
Total	653,139.00	649,746.00	3,393.00	



37. Comparisons as at May 2010.

- Comparison Summary – Medical Aid

	Payroll Value	Statement Value	Variance	Category
On Payroll Only	0.00	0.00	0.00	1
Matched and Reconciled	646,259.00	646,259.00	0.00	2
Matched with POS Variance	0.00	0.00	0.00	3
Matched with NEG Variance	0.00	0.00	0.00	4
On Statement Only	0.00	0.00	0.00	5
Total	646,259.00	646,259.00	0.00	



38. Conclusion

- Tools exist to assist Employer to ensure the Service Provider's Administration reflects the reality of the payroll
- Ensure the two data sets are in sync
- Use Audit facilities to double check payroll
- Audit can be done in normal course of duties
- Monthly meetings to ensure they stay in sync