



IAB Level 2 Certificate in Payroll 601/9046/2

Qualification Specification

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1 Introduction to the qualification

The Level 2 Certificate in Payroll qualification is part of the Regulated Qualification Framework (RQF).

The total Guided Learning Hours for this qualification are as follows:

Guided Learning Hours (GLH)
62

2 Statement of level

This is a Level 2 qualification as defined within the regulations of the RQF.

3 Aims

The Level 2 Certificate in Payroll qualification aims to provide learners with a comprehensive range of knowledge and the practical skills that they will be able to use as a payroll processor for a variety of businesses.

On successful completion of the qualification the learner will have the knowledge and skills to:

- Accurately process the payroll under Real Time Information (RTI) regulations
- Keep accurate payroll records keeping; giving the learner the necessary skills to record financial payroll transactions in a both a manual and computerised environment
- Assess their own competence in carrying out a range of day-to-day payroll routines and activities in both manual and computerised payroll system. The activities will include the calculation of pay data and processing of that data using day-to-day payroll processing skills.
- Assess the implications when accuracy is not maintained
- Understand the importance of security and confidentiality in performing all payroll task

Learners successfully completing the qualification will have a knowledge and understanding of the services, advice and guidance that can be offered to businesses by HMRC, NICO and other payroll agencies i.e. pension providers. They will also have the skills required to prepare, check and use source documents from which the payroll is processed using computerised payroll systems as required under Real Time Information requirements.

As learners progress through the course of study they will develop skills that will enable them to gather the required information in order to prepare an employee payroll record using either the HMRC Basic PAYE Tools kit or commercially available payroll software. They will further acquire the skills necessary to calculate the gross pay due to employees from a range of information sources and for a variety of pay periods. The learner will be able to process the payroll accurately producing the net pay due to the employee and updating all internal payroll records. Furthermore they will be able to produce a range of internal and external reports detailing payroll information. Holders of the qualification will be able to progress in their studies with the IAB by:

- Widening their knowledge and skills by studying other linked qualifications at Level 2
- Advancing to Level 3 where they will be able to build on their Level 2 knowledge and skills

4 Target groups

The Level 2 Certificate in Payroll qualification is specifically aimed at learners who wish to further their studies of payroll and gain a qualification at Level 2 of the regulated qualification framework, either from a point of no previous knowledge, or having already achieved the IAB Level 1 Award in Payroll

The qualification will appeal to those learners who already have some practical knowledge and skills and wish to gain an accredited qualification in the subject of payroll.

Learners who are considering a career as a self-employed practitioner will find the course invaluable, as will businesses owners who would like to be actively involved in the gathering and processing of payroll data and keeping of payroll records for their business.

5 Entry requirements

There are no formal entry requirements for the Level 2 Certificate in Payroll qualification. However, it is recommended that prospective entrants have basic skills in numeracy and literacy.

6 Progression

Holders of the Level 2 Certificate in Payroll qualification are able to progress with their studies by:

- Progressing to another qualification at Level 2 and converting their award qualification to a Computerised Payroll for Business qualification
- Progressing to a qualification in the same subject area but at a higher level, thereby expanding their knowledge and skills base in the subject area

7 Level 2 Certificate in Payroll - Units and Learning Outcomes

Unit title: Fundamentals of employment legislation and payroll processing – H/508/5790	
Learning outcomes:	
1	Understand data protection and data security legislation relating to payroll
2	Understand the general principles of legislation relating to the processing of the Payroll
3	Understand the information required to prepare an employee payroll record
4	Understand what constitutes gross pay for different payroll periods
5	Understand the principles of PAYE and NIC legislation and operation in the UK
6	Understand the requirements for processing and submitting payroll information
7	Understand the procedures to adopt when dealing with a leaver
8	Understand the principles of repaying Student Loans through the payroll
9	Understand the principles of statutory additions to, and deductions from pay
10	Understand the need to complete period end procedures within given timescales

Unit title: Determining Gross Pay – T/508/5793	
Learning outcomes:	
1	Be able to determine basic pay for different payroll periods
2	Be able to calculate overtime payable from given information
3	Be able to calculate additional payments from given information
4	Be able to implement permanent changes to rates of pay from given organisational information
5	Be able to apply relevant statutory additions to pay when entitlement has been determined
6	Be able to determine the final gross pay for a leaver

Unit title: Processing the Payroll – F/508/5795	
Learning outcomes:	
1	Be able to use HMRC approved tools to determine Income Tax and National Insurance Contributions
2	Be able to determine voluntary, statutory and other non-standard deductions
3	Be able to complete forms for a leaver for internal and external purposes
5	Be able to produce relevant internal pay period reports
6	Be able to record and reconcile pay and deductions totals for internal and external purposes

Unit title: Computerised Payroll Processing – H/508/5787	
Learning outcomes:	
1	Be able to set up and maintain company, pension and employee records using commercially available computerised payroll software
2	Be able to process payroll accurately for a variety of pay periods using organisational procedures and timescales
3	Be able to produce statutory and non-statutory reports
4	Be able to back-up and restore data when required

8 Level 2 Certificate in Payroll – Assessment, Achievement and Grading

8.1 Methods of assessment

To gain the IAB Level 2 Certificate in Payroll learners will be required to complete the following assessments:

Unit Title	Method of Assessment
Fundamentals of employment legislation and payroll processing	Knowledge Test
Determining Gross Pay	Assignment 1
Processing the payroll	Assignment 2
Computerised Payroll Processing	Synoptic End Exam

8.2 Achievement and grading

To successfully achieve the qualification learners must demonstrate competence in each of the mandatory units of which the qualification is comprised. Learners are assessed as Pass or Fail. Minimum levels of achievement are set as follows:

Knowledge Tests – 70%

Assignments – 70%

Examination – 60%

The qualification is not graded. On successful completion of each of the mandatory units the learner will be awarded a Pass in the unit completed.

Learners studying without being attached to an IAB accredited training centre may need to contact the IAB directly for further information on assessment, achievement and grading.

9 Certification

On successful completion of all mandatory units the learner will receive the Level 2 Certificate in Payroll. A certificate will be issued confirming that they have demonstrated competence in the learning outcomes and assessment criteria in each of the units that make-up the qualification. The certificate will identify the learner by name and will include the full title and accreditation number of the qualification.

Learners who do not achieve the full qualification may request a Unit Certificate of Completion (RQF) for any of the individual units they successfully complete. This certificate will refer only to the title of the unit completed. Prior to issue of the Unit Certificate of Completion (RQF) a fee per unit must be paid to the IAB. Details of these fees are available on our current fees list which can be accessed online, alternatively please contact the Education Team.

10 Reasonable Adjustments and Special Considerations Policy and Procedure

Please refer to the IAB website www.iab.org.uk for a copy of this policy and procedure or contact the Education Department of the IAB.

11 Enquiries and Appeals Procedure

Please refer to the IAB website www.iab.org.uk for a copy of this procedure or contact the Education Department of the IAB.

12 Level 2 Certificate in Payroll – Unit Specifications

The unit specifications indicate the content, in terms of learning outcomes and assessment criteria, for each of the mandatory units within the Level 2 Certificate in Payroll qualification.

All the learning outcomes and assessment criteria must be covered by providers when delivering the qualification. However, all learning outcomes and assessment criteria may not be fully covered by the knowledge test, assignments and examination used for the purpose of assessing learner competence in this qualification.

The content of the knowledge test, assignments and examinations used to assess competence in this qualification are subject to ongoing review by the IAB and may change periodically.

Each of the unit specifications is provided on the following pages:

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Title	Fundamentals of employment legislation and payroll processing – H/508/5790	
Level	2	
GLH	12	
The learner must:	The learner will be required to:	Learners should know:
<p>1 Understand data protection and data security legislation in relation to payroll</p>	<p>1.1 Identify relevant data security and security practice in relation to payroll</p> <p>1.2 Outline employer responsibilities in relation to payroll, under data protection legislation.</p> <p>1.3 Know how long payroll records should be retained</p> <p>1.4 Understand the need for security and confidentiality of personal data, payroll and business information both in manual and computerised environments</p> <p>1.5 Understand the importance of backing-up payroll data</p> <p>1.6 Identify risks to data and the way risks can be minimised e.g.</p> <ul style="list-style-type: none"> • From individuals, such as theft, viruses incompetence, or unauthorised access • Hardware and software • The internet • Disasters and unforeseen events 	<p>The basic principles of the Data Protection Act 1998, including data security, in relation to payroll. The learner should be aware of the employer's responsibilities including having to keep data secure and only for the purpose it was originally intended.</p> <p>Learners should know why employers need to retain payroll data for at least 6 years under new Auto Enrolment legislation and 3 years for HMRC</p> <p>Learners should understand the implications of not keeping payroll and personal data secure within the organisation. The learner should be aware of the basic types of security that can be put in place to guard both manual and computerised information.</p> <p>Learners should understand why it is necessary to take back-ups and when, including understanding how a back-up is essential if there is a hardware failure, theft or fire</p> <p>Learners should be aware of the causes of risk to data and the best ways of overcoming the risks. Copies of software and data should be kept secure and off-site. Software should be password protected and the passwords changed on a regular basis.</p>

<p>2 Understand the general principles of legislation relating to the processing of the payroll</p>	<p>2.1 Know employment rights legislation relevant to the processing of the payroll:</p> <ul style="list-style-type: none"> • Contract of employment • Preparing and issuing a Pay Advice • National Minimum Wage • National Living Wage • Holiday Entitlement • Sickness pay • Maternity pay and leave • Paternity pay and leave • Adoption pay and leave • School leaving dates • Working time and time off from work • Entitlement to a company pension <p>2.2 Identify where you would find relevant guidance on employment rights legislation</p> <p>2.3 Outline the main responsibilities of the employer in relation to employment legislation</p> <ul style="list-style-type: none"> • Protection from discrimination • Flexible working hours • Rest periods • Auto enrolment <p>2.4 Understand the general principles of the Asylum and Immigration Act in relation to the preparation and processing of the payroll</p> <p>2.5 Identify a legal document which must be kept by the employer as proof of identity and entitlement to work</p>	<p>How employment rights legislation impacts on the preparation and recording of personal and payroll data for the topics given. The learner should be aware of the main principles only of the following legislation – as detailed under 3.1:</p> <p>Employment Act Employment Rights Act Working Time Regulations 1998 Pension Act 2008 in relation to auto-enrolment Work and Families Act 2006</p> <p>Learners should know that Information can be found online or by contacting HMRC and other agencies</p> <p>Learners should know that the employer has certain responsibilities to the employee (see list under 2.1) and should adopt the employment legislation as part of their working practice.</p> <p>Learners should understand the basic terms in relation to the Asylum and Immigration Act where it impacts on the payroll. Understand the requirements of an employer to check an individual's validity to work. This can be ascertained by checking certain employee documents such as a birth certificate, visa etc.</p>
<p>3 Understand the information required to prepare an employee payroll record</p>	<p>3.1 Know what information is required to prepare an employee payroll record</p> <p>3.2 Know the purpose of a National Insurance Number and the employee's responsibility to retain their NI number</p> <p>3.3 Know the procedure for checking or obtaining a National Insurance Number</p> <p>3.4 Define the procedure you should follow for a new employee:</p> <ul style="list-style-type: none"> • with a P45 or leavers statement • without a P45 or leavers statement 	<p>The main information required to process the payroll for an employee under RTI requirements and where it can be found e.g. the employee's Contract of Employment, a P45 from a previous employer etc.</p> <p>Learners should know why it is important to have an NI number and its purpose, and appreciate the importance of keeping it secure e.g. to avoid it being used fraudulently Learners should know the relevant forms and procedures for checking and obtaining an NI Number.</p> <p>Learners should know how to prepare employee records under RTI requirements for employees with P45 or leavers statements from a previous employer, and for those who do not have this information or have not worked so far in this tax</p>

		year. Learners should know which HMRC 'Statement' to use in each case when setting up the employee record.
4 Understand what constitutes gross pay for different payroll periods	<p>4.1 Define what is meant by positive and negative payrolls</p> <p>4.2 Know what may constitute gross pay for different pay periods:</p> <ul style="list-style-type: none"> • Weekly • Four weekly • Monthly <p>4.3 Understand what payments may constitute gross pay from the following payments:</p> <ul style="list-style-type: none"> • Basic hours worked paid at an hourly rate • Overtime • Salaries • Bonuses • Commission payments on sales • Unsocial hours and shift payments • Productivity payments • Piece rates • Holiday pay • Lump sum payments • Statutory additions to pay e.g. sick pay, maternity pay, adoption pay and paternity pay <p>4.4 Know what constitutes temporary and permanent changes to rates of pay e.g. pay scales, cost of living rises, performance enhanced pay, promotion, changes in working situations</p>	<p>How to determine whether a payroll is a positive or negative one by knowing the difference between them.</p> <p>Learners should know what payments may be paid to an employee that should be included in their Gross Pay over a range of pay-periods.</p> <p>Learners should know the payments constituting gross pay and those that are not items of gross pay, such as reimbursement of actual expenses.</p> <p>At this level learners will need to know how to process statutory payments – not calculate them. They will also need to be aware of the National Minimum Wage and the National Living Wage</p> <p>Learners should be aware of a range of temporary and permanent changes that can be made to an employee's gross pay throughout the year such as annual pay rises, promotion, performance pay, incremental rises on a pay-scale, production pay, temporary changes to the employee's working pattern. Learners should understand how and why these may be used</p>
5 Understand the principles of PAYE and NIC legislation and operation in the UK	<p>5.1 Know which agencies operate the UK tax calculation and collection system</p> <p>5.2 Understand the PAYE system that is operated by HMRC, on a cumulative and non-cumulative basis</p> <p>5.3 Understand the general principles of the Scottish Rate of Income Tax (SRIT)</p>	<p>Have an understanding of how the PAYE system is operated by HMRC. Learners should appreciate which agency is responsible for the collection of income tax from the employer</p> <p>Learners should be aware of the variations in the calculation of income tax in Scotland and who will liable to pay Scottish Income Tax. Also know that tax codes for those paying SRIT must have a 'S' pre-fix</p>

	<p>5.4 Know the difference between pre-tax and post-tax deductions and the implications on the calculation of income tax</p> <p>5.5 Understand the use and application of standard and non-standard tax codes including:</p> <ul style="list-style-type: none"> • Codes with an L suffix • Codes with prefix K • Codes with prefix S • NT • 0T • D0 • D1 <p>5.6 Identify an example of the authority needed to change an employee's tax code</p> <p>5.7 Understand that the NIC system is operated on behalf of the NICO on a non-cumulative basis and the purpose of NIC</p> <p>5.8 Know the authority responsible for the collection of NIC</p> <p>5.9 Understand that the liability to pay NIC fall into four Classes</p> <ul style="list-style-type: none"> • Class 1 • Class 2 • Class 3 • Class 4 <p>5.10 Define when you would use the following NI Categories within Class 1 contributions:</p> <ul style="list-style-type: none"> • Category A • Category C • Category D • Category H • Category I • Category M <p>5.11 Know the authority needed to apply Category C contributions, and the implications of using it without authority</p>	<p>Identify both pre-tax and post-tax deductions and the difference this would make to the calculation of income tax.</p> <p>Understand the implications of applying any of the given tax codes as specified.</p> <p>Know that an employee's tax code cannot be changed without the correct authority from HMRC (Employer copy P6, employee copy P2) Understand that tax codes in Scotland have a S prefix</p> <p>Have an understanding of why NICs are paid and by whom. Also know how the NIC system is operated and appreciate which agency is responsible for the collection of NICs from the employer and which agency has overall responsibility for NIC.</p> <p>Understand the calculation of NIC is determined by the Class and Category of NIC to be paid by the individual, particularly at this level, Class 1 contributions for the categories specified. The learner should also know the employer does not pay NIC on employees pay when the employee is 21 years of age and under.</p> <p>Know that an employee ceases to pay NIC on reaching state pension age and the evidence required to invoke the change.</p>
<p>6 Understand the requirements for processing and submitting payroll information</p>	<p>6.1 Be aware of the procedures for submitting payroll data at each pay period</p> <p>6.2 Know the importance of ensuring that commercially available payroll software is updated in line with any changes required by the tax authority or software company</p>	<p>That there are legislative changes at the beginning of each year and occasionally through the tax year.</p> <p>The learner should understand the implications for data and the employee when the legislative parameters are not correct</p>

	<p>6.3 Know the importance of the correct processing date Under Real Time Information Regulations</p> <p>6.4 Know the purpose of, and when to submit:</p> <ul style="list-style-type: none"> • Employer Alignment Submission • Full Payment Submission • Employer Payment Summary <p>6.5 Identify the reports required by the tax authority after each pay-run under RTI requirements</p> <p>6.6 Understand why a submission may fail and how a successful submission can be achieved</p>	<p>Know why the processing date is important when processing the payroll, especially under Real Time Information regulations, and the implications when not abiding by the regulations</p> <p>The purpose and content of various legislative submissions under Real Time Information regulations. Also at what point the submission is required by HMRC and that if the information is not recorded correctly the submission may fail</p>
7 Understand the procedures to adopt when dealing with a leaver	<p>7.1 Know what payments might constitute a leaver's final Gross Pay</p> <p>7.2 Know what deductions might be made from a leaver's Net Pay</p> <p>7.3 Know what procedures are required to finalise a leaver's employment and the entries to be made on a leaver's payroll record</p>	<p>The procedures to adopt for a leaver including the elements of pay that makes up the leaver's final gross pay and any amendments to be made in addition to the employee's usual statutory and voluntary deductions so as to accurately calculate the employee's net pay</p> <p>Learners should know how to amend employee records appropriately. Remember that an employee who dies is a leaver and that there are certain procedures to following in this situation. The need to retain records for a variety of agencies and reasons.</p>
8 Understand the principles of repaying Student Loans through the payroll.	<p>8.1 Understand the basis of calculation of student loan repayments using Plan 1 and Plan 2</p> <p>8.2 Know the authority required to start and stop student loan deductions</p> <p>8.3 Know who student loan deductions are paid to</p>	<p>The differences between Plan 1 and Plan 2 and appreciate the application of a threshold of earnings before the employee becomes liable to making repayments. The learner should also know the percentage used to calculate repayments and that Student Loan repayments are paid to HMRC in the first instance.</p>
9 Understand the principles of Statutory Additions to, and deductions from pay	<p>9.1 Define the employment and earnings conditions and criteria that an employee must satisfy to be eligible to receive the following Statutory Additions to Pay:</p> <ul style="list-style-type: none"> • Statutory Sick Pay (SSP) • Statutory Maternity Pay (SMP) and Maternity Leave (ML) 	<p>The basic conditions an employee must fulfil in order to receive Statutory Sick pay, Statutory Maternity Pay and Maternity Leave, Statutory Adoption Pay and Adoption Leave and Statutory Paternity Pay and Paternity Leave</p> <p>Learners should know that employees are entitled to Maternity and Adoption leave and that this leave may be shared with the employees spouse or</p>

	<ul style="list-style-type: none"> • Statutory Adoption Pay (SAP) and Adoption Leave (AL) • Statutory Paternity Pay (SPP), Paternity Leave (PL) and Shared Paternity Leave (ShPL) <p>9.2 Understand the terminology related to each of the Statutory Additions to Pay</p> <p>9.3 Understand the need to record and reconcile statutory additions to pay</p> <p>9.4 Know the tax and NIC implications for Statutory Additions to Pay</p> <p>9.5 Know where to find guidance on the appropriate rates and criteria relating to the Statutory Additions to Pay</p> <p>9.6 Describe the purpose of AEO/DEO and why the orders may be issued</p> <p>9.7 Distinguish between Priority and Non-Priority DEO.</p> <p>9.8 Define the concept of Protected Earnings.</p> <p>9.9 Know the implication of not processing a AEO/DEO</p>	<p>partner if certain conditions are fulfilled Learners should know that employees are entitled to Paternity leave and that they may also share their partner or spouse's maternity leave as Shared Parental Leave if certain conditions can be fulfilled</p> <p>Understand the terminology used such as Period of Incapacity for Work (PIW), Waiting Days and Qualifying Days, Qualifying Week, Expected Week of Confinement etc.</p> <p>Know that the payments are liable to income tax and NIC and whether the payments are reclaimable. Be aware of the need to retain accurate records</p> <p>Learners should know the difference between an AEO and DEO and the terminology and rules surrounding the application of an Attachment of Earnings Order or Deductions from Earnings Order</p> <p>Learners should know the conditions that must be fulfilled in order to calculate the amount payable and the implications of not applying an Order to an employee's pay.</p>
<p>10 Understand the need to complete period end payroll procedures within given timescales</p>	<p>10.1 Understand the need to reconcile payments and deductions made from employees pay, with internal records</p> <p>10.2 Appreciate the advantages and disadvantages of various methods of making payments of net pay to employees</p> <p>10.3 Understand the timescales for submitting pay-period information under RTI</p>	<p>The use of a Payroll Summary sheet and know the information it should detail.</p> <p>Learners should know how the total cost of the wages to the employer and amount due to HMRC for a designated period are calculated.</p> <p>Know the RTI procedures following the processing of the payroll and that the FPS should be submitted before or on the point of payment of wages</p>

Title	Determining Gross Pay – T/508/5793		
Level	2		
GLH	5		
The learner must:	The learner will be required to:	Learners should demonstrate:	
1 Be able to determine basic pay for different payroll periods	1.1 Determine basic gross pay for weekly paid employees from given information e.g. timesheets, basic hourly rates 1.2 Determine basic gross pay for weekly and monthly paid employees from given annual salaries 1.3 Determine gross pay for non-standard periods i.e. daily, four weekly	How to accurately calculate basic gross pay for a number of employees, using a wide range of given information such as timesheets and hours worked, hourly rates of pay, annual salaries, and for standard and non-standard pay periods i.e. weekly, four weekly and monthly.	
2 Be able to calculate overtime payable from given information	2.1 Determine overtime hours payable from given information e.g. timesheets 2.2 Determine the value of overtime payments from given information such as fixed hourly rates and other overtime pay information	They can calculate overtime pay accurately for a number of employees, using a wide range of given information such as timesheets and hours worked, hourly rates of pay, overtime rates of pay and overtime fractions.	
3 Be able to calculate additional payments from given information	3.1 Apply commission payable from given Information 3.2 Apply bonus payments from given information 3.3 Determine unsocial hours and shift payments 3.4 Determine holiday pay from given information 3.5 Apply temporary changes to rates of pay and salaries including lump sum payments	They can calculate commission and bonus payments from given information. Learners should demonstrate that they can apply shift payments and additional payments for working un-social hours should be applied using relevant given information Learners should demonstrate that they can calculate holiday pay for hourly paid and salaried employees using given information and formulae. Learners should demonstrate that they can accurately ascertain and apply additional temporary changes to an employee's stated pay from given information such as changes in their employment situation in relating to pay-scales, annual pay rise information, changes in job role and working patterns.	
4 Be able to implement permanent changes to rates of pay from given organisational information	4.1 Apply any permanent changes in rates of pay from given organisational information e.g. pay scales, cost of living rises, performance enhanced pay, promotion, changes in working situations, age in relation to the National Living Wage	They can apply permanent changes to an employee's gross pay at various times and for various reasons throughout the year. Learners should also demonstrate how payments may be treated differently for pension contributions, calculation of annual cost of living rises etc.	

	4.2 Apply retrospective changes to rates of pay ensuring accuracy in calculating back-pay	Learners should be able to demonstrate how to calculate and then apply any back-pay due to an employee's pay
5 Be able to apply relevant statutory additions to pay when entitlement has been determined	5.1 Apply given statutory pay information to an employee's pay when entitlement has been established including: <ul style="list-style-type: none"> • statutory sick pay • statutory maternity pay • statutory adoption pay • statutory paternity pay 	They can ascertain accurate gross pay calculations which include statutory payments. The learner will not need to calculate the statutory payment as the relevant amount will be given.
6 Be able to determine the final gross pay for a leaver	6.1 Determine the final gross pay for a leaver ensuring that all relevant payments are taken into consideration, including: <ul style="list-style-type: none"> • Basic weekly pay from given information • Basic overtime from given information • Basic weekly or monthly salary • Bonus payments • Commission payments • Shift allowances • Unsocial hours payments • Piece rates • Lump sum payments • Statutory payments • Back-pay • Holiday pay 	They can accurately calculate the final gross pay for a leaver having taken into consideration all aspects of gross pay including converting holiday entitlement into holiday pay which should not be treated as an advanced payment

Title	Processing the payroll – F/508/5795	
Level	2	
GLH	15	
The learner must:	The learner will be required to:	Learners should demonstrate:
<p>1 Be able to use HMRC approved tools to determine income tax and National Insurance Contributions</p>	<p>1.1 Apply the tax code for an employee from given information</p> <p>1.2 Process pre-tax deductions correctly</p> <p>1.3 Be able to use a range of HMRC approved tools and calculators, for the calculation of income tax using a range of Tax Codes:</p> <ul style="list-style-type: none"> • standard suffix codes operated on a cumulative or non-cumulative basis • BR code operated on a cumulative basis. • NT • 0T • D0 • D1 • Codes with pre-fix 'S' <p>1.4 Process the change to an employee's tax code on receipt of the correct authority from HMRC.</p> <p>1.5 Be able to use a range of HMRC approved tools for the calculation of National Insurance contributions for a range of NI categories for both employee and employer:</p> <ul style="list-style-type: none"> • Category A • Category C • Category H • Category I • Category M <p>1.6 Be able to implement a change of NIC Category having determined the employee's current situation and recognise the relevant documentation required as evidence for change</p>	<p>They are able to use the online HMRC PAYE Calculator, Basic PAYE Tools or manual processes for the calculation of income tax both cumulative and non-cumulatively for a wide range of tax codes including the pre-fix 'S' for those codes issued to employees paying income tax in Scotland</p> <p>Note: HMRC approved tools, includes online calculators, Basic PAYE Tools kit and computerised payroll software packages. The IAB assess computerised payroll processing as a separate entity.</p> <p>They can recognise the specific notice to change an employee's tax code and apply the new code accordingly. The learner should also demonstrate that they have amended the employee payroll record</p> <p>Learners should be able to demonstrate the use of the online HMRC NIC Calculator, Basic PAYE Tools or manual processes for the calculation of NIC for the specified range of NIC categories.</p> <p>Learners should also demonstrate that they can recognise the documents required to ensure that a change in category is required and then apply the new NI Category to the employee. This may occur for a variety of circumstances e.g. age, membership of a specific pension scheme</p>
<p>2 Be able to determine voluntary, statutory and other non-standard deductions</p>	<p>2.1 Process voluntary deductions in an appropriate way</p> <p>2.2 Process other statutory deductions:</p> <ul style="list-style-type: none"> • Deductions from Earnings orders • Scottish Arrestment orders • Student Loan repayments (Plan 1 and Plan 2) 	<p>They can recognise voluntary deductions as being pre- or post-tax deductions and apply accordingly to an employees pay.</p> <p>Learners should demonstrate the application of given information in relation to Attachment and Deduction from Earnings Orders. The learner should also demonstrate that they can determine the correct student loan repayments using both manual and computerised processes for Plan 1 and Plan 2</p>

<p>3 Be able to complete forms for a leaver for internal and external purposes</p>	<p>3.1 Process the leavers final gross pay at the appropriate date</p> <p>3.2 Complete the necessary statutory and non-statutory forms for a leaver</p> <p>3.3 Complete the necessary entries required on a leaver's payroll record</p> <p>3.4 Submit the necessary information to statutory and non-statutory bodies</p>	<p>They can accurately process the leaver's gross pay at the actual date of leaving, including any necessary amendments to employee's usual statutory and voluntary deductions.</p> <p>The learner should also demonstrate the completion of the processing of relevant leaver's forms such as a P45 or Leavers' Statement, update employee records and submit information required for Real Time Information purposes</p>
<p>4 Be able to produce relevant internal pay period reports</p>	<p>4.1 Produce payslips or equivalent, to detail statutory, non-statutory and organisational information regarding employees' individual pay.</p> <p>4.2 Produce payment schedules for different methods of making payments to employees</p>	<p>They can prepare manual payslips or pay-statements to conform to Employment Rights legislation to include gross pay and all statutory and voluntary deductions.</p> <p>Learners should demonstrate that they can prepare listings of all required information relating to cheques issued or BACs payments made for individual Net Pay. For cheques the information given should include Payee, amount due, date of payment and cheque number. For BACs payments the information should include date of payment, Payee Account Name, Account Number and sort code</p>
<p>5 Be able to record and reconcile pay and deductions totals for internal and external purposes</p>	<p>5.1 Produce an internal payroll summary to record and itemise payments and deductions, including employer's NIC</p> <p>5.2 Reconcile payments and deductions made from employees pay with the total payroll</p> <p>5.3 Determine total cost of wages</p> <p>5.4 Determine amount due to HMRC for the pay period</p>	<p>They can prepare a Payroll Summary sheet detailing gross pay (or individual items totalling gross pay), all statutory and voluntary deductions including pension contributions and NIC paid by the employer.</p> <p>Learners should demonstrate that they can calculate the total cost of the wages to the employer and amount due to HMRC for a designated period, including statutory additions to pay and any reclaim of statutory additions</p>

Title	Computerised Payroll Processing – H/508/5787	
Level	2	
GLH	30	
The learner must:	The learner will be required to:	Learners should demonstrate:
<p>1 Be able to set up and maintain company, pension and employee records using commercially available payroll software</p>	<p>1.1 Set up and maintain company information in line with statutory, non-statutory and organisational requirements</p> <p>1.2 Create a payroll record for each employee, producing reports as necessary</p> <p>1.3 Create a payroll record for a starter:</p> <ul style="list-style-type: none"> • With a P45 or leavers statement • Without a P45 or leavers statement <p>1.4 Complete the records for a leaver, producing reports and forms as required</p> <p>1.5 Update records for all PAYE, NIC parameters and rates, and statutory payments in accordance with instructions and including</p> <ul style="list-style-type: none"> • Tax codes • National insurance rates • Non-statutory deductions • Pay rates including hourly rates and annual salaries • Overtime rates • Net payments 	<p>They can set up and maintain a payroll for a business from blank payroll software, being able to input and amend all relevant information including company, pension and employee details. They can use the necessary settings relating to statutory additions to and deductions from pay</p> <p>Learners should be able to demonstrate that they can set up and maintain payroll records for all employees including starters and leavers, and produce any relevant and required reports or forms including P45 for a leaver. This includes updating the software when changes are required to legislative parameters, tax codes for individuals, rates of pay arising from permanent and temporary changes.</p> <p>Learners should also demonstrate that they are able to print reports of the updated information if required.</p>
<p>2 Be able to process payroll accurately for a variety of pay periods using organisational procedures and timescales</p>	<p>2.1 Update all employee records prior to the payroll being run</p> <p>2.2 Ensure the processing date is correct, amending it if necessary</p> <ul style="list-style-type: none"> • For RTI purposes • For ensuring the processed payroll is accurate 	<p>They can update the employee records following the previous pay run and ensure that the processing date is changed before processing the next payroll.</p>

	<p>2.3 Process the payroll, in accordance with statutory and organisational requirements:</p> <ul style="list-style-type: none"> • for a range of pay periods • for a starter • for a leaver <p>2.4 Input all the necessary authorised data including:</p> <ul style="list-style-type: none"> • Basic Pay • Overtime • Bonuses • Commission • Holiday pay and advanced holiday pay • Lump sum allowances • Shift payments • Statutory Additions to Pay • Expenses • Pre-tax and post-tax voluntary deductions • Student loans • Pensions contributions for employees and employers • Attachment to Earnings Orders and Deductions from Earnings Order 	<p>Learners should demonstrate that they can process the payroll for a range of situations and pay-periods to include a variety of pay elements, statutory deductions and pre- and post-tax voluntary deductions, starters, leavers, pension contributions etc</p>
<p>3 Be able to produce statutory and non-statutory reports</p>	<p>3.1 Produce reports to include payslips, payment summaries and payment analysis, such as cheques or BACS, ensuring they are completed in a timely manner</p> <p>3.2 Produce a range of internal period end returns, in accordance with all relevant timescales</p> <p>3.3 Produce the relevant statutory and non-statutory reports relating to a leaver</p>	<p>Select, prepare and print a range of reports which cover all aspects of the payroll and conform to RTI requirement, Including reports for the employee, employer and external agencies and includes employee payroll records, payroll and payment summaries, payslips, some year-to-date information and information relating to HMRC payments Reports should also be prepared which relate to a leaver including a leavers statement or P45</p>
<p>4 Be able to back up and restore data when required</p>	<p>4.1 Make a permanent back-up and store this safely according to organisational guidelines</p> <p>4.2 Restore previous pay period data from a back-up</p> <p>4.3 Print a back-up and restore report</p>	<p>They can take back-ups of the payroll data ensuring that they have unique file names which could be identified by any authorised individual.</p> <p>Learners should demonstrate that they can identify and restore a previous back-up and that they can print a report showing previous back-ups and restoring of data.</p>

13 Links to National Occupational Standards (NOS)

The mandatory units within the Level 2 Certificate in Payroll qualification link with the following National Occupational Standards (NOS) for Accountancy and Finance:

- FSP P1 – Create and maintain employee records
- FSP P2 – Calculate Gross Pay
- FSP P3 – Determine entitlements and deductions
- FSP P4 – Control payroll