



IAB LEVEL 3 CERTIFICATE IN PAYROLL (QCF)

Qualification Accreditation Number **500/9358/7**

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QUALIFICATION SPECIFICATION – NON APPRENTICESHIP

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Level 3 Certificate in Payroll (QCF)

1 Introduction

This qualification is part of the Qualification and Credit Framework (QCF), which became fully operational in September 2010. Qualifications within the framework are made up of units and each unit is given a credit value, where one credit represents 10 hours of learning time. The title of every qualification within the new framework will contain details of the size (award/certificate/diploma), level of difficulty (Entry to level 8) and general content of the qualification. This qualification is **competence** based, as it is deemed to include all the relevant knowledge and skills for a level 3 payroll administrator.

It is anticipated that the majority of providers engaging with the QCF will be in a position to obtain a Unique Learner Number (ULN) and this should have been evidenced through the completion of the IAB Supplementary QCF accreditation of centres Application Form. It is a condition of operating within the QCF that this document has been fully completed and accepted by the IAB, for any QCF qualifications which have been publically funded. This will confirm that providers are in a position to generate a ULN, which in turn will allow the successful completion of any QCF unit or qualification to be transferred to each individual Personal Learner Record. A key aim of the Personal Learner Record is to improve the flow of information about learners from schools to other education providers and ultimately employers, leading to more effective data sharing and better decision making.

Learners studying without being attached to an IAB accredited training centre, should contact the IAB for further information.

2 Aims

In summary, the IAB Level 3 Certificate in Payroll aims to:

- 1 Assess the learner's competence and understanding in carrying out a range of day-to-day payroll routines and activities using a manual payroll system but with calculations of statutory payments and deductions made using the HMRC CD Rom. The activities will include routine and complex payroll tasks, including the calculation of complex gross pay, processing of the payroll for employees and directors, completion of payroll verification and reconciliation routines.
- 2 To assess their understanding of the importance of maintaining accuracy, security and integrity in performing payroll tasks using a manual payroll system.
- 3 Upon completion, progress in their learning to further develop their knowledge, understanding and skills by:
 - Further studies of payroll routines and procedures at Level 4 of the National Occupational Standards.

- Undertake studies in other areas of payroll related subjects at this Level e.g. taxation, human resources.

3 Links to National Occupational Standards

Direct relationship to the NOS for Accountancy and Finance P-2 and P-3

4 Target groups

The IAB Payroll qualifications are specifically designed to appeal to those who are aspiring to become, or who are already, professional payroll processors and administrators.

This Level 3 qualification is primarily designed for the following candidates:

- 1 Those who already have some payroll experience and who wish to acquire further skills and knowledge required of Payroll Clerks and Payroll Administrators.
- 2 Those candidates who already hold the IAB Level 1 Award and Level 2 Certificate in Payroll or the IAB Level 2 Certificate in Computerised Payroll.
- 3 Those who are already employed in payroll or allied roles and who wish to enhance their firm foundation and the knowledge and skills to perform some advanced routine and non-routine tasks.
- 4 Those preparing for or undertaking the level 3 Higher Apprenticeship in Payroll (See separate Apprenticeship Qualification Specification)
- 5 Those who may wish to continue to a higher level of study in payroll and related subjects and qualifications.

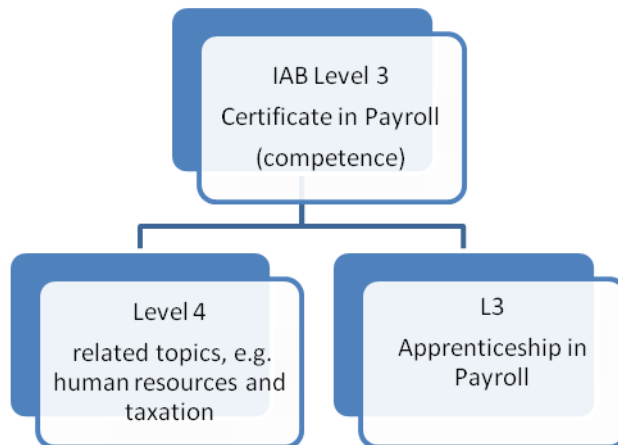
5 Statement of level

This is a level 3 qualification as defined within the regulations of the Qualification and Credit Framework.

6 Entry requirements

There are no formal entry requirements for the IAB Level 3 Certificate in Payroll (QCF). However, it is recommended that before commencing a course leading to this qualification, the prospective learner will already have basic skills in numeracy, information technology and literacy and experience of payroll to at least level 2 using a standard computerised payroll package. The successful completion of the IAB Level 2 Certificate in Payroll (QCF) would be an ideal qualification to allow progression to the Level 3 Certificate in Payroll (QCF).

7 Progression



8 Qualification Structure

To achieve this qualification, all the **mandatory** units consisting of 33 credits must be achieved. The accreditation number, level and credit value of each unit is as follows:

Mandatory units

Employment legislation for payroll – T601/8136 (level 3 – 2 credits)

Statutory and non-statutory reporting of payroll data – A601/8137 (level 3 – 1 credit)

PAYE, Income tax and National Insurance Contributions – J601/8139 (level 3 – 5 credits)

Theory of termination of employment – F601/8141 (level 4 – 2 credits)

Work effectively in accounting and finance - L600/4923 (level 2 – 2 credit)

Determining Gross Pay – R601/8144 (level 3 – 4 credits)

Payroll processing – D601/8146 (level 3 – 3 credits)

Period end processing – M601/8149 (level 3 – 2 credits)

Termination of employment – F601/8169 (level 4 – 2 credits)

Payroll verification and reconciliation – T601/8170 (level 3 – 2 credits)

Computerised Payroll administration – A601/8171 (level 3 – 8 credits)

9 Assessment and Grading

With the introduction of the QCF the IAB has introduced additional assessments to supplement the standard form of examination. The additional assessments can consist of a combination of knowledge tests, assignments or a project. In order to successfully complete the qualification all the modes of assessment listed in the table below must be successfully completed.

For this qualification the IAB will provide all assessment material including knowledge tests, assignments, project and the examinations. For assessments other than the examinations it is expected that the accredited centre will mark the original scripts with a 20% sample being forwarded to the IAB for external moderation. Front sheets will be supplied with answer books which will allow the recording of the marks for the assessment and allow for details of internal verification and external moderation. IAB examinations will be offered as standard sittings in June, or on an 'on demand' basis. All 'on demand' sittings are subject to a minimum period of notice.

Internal verification of knowledge tests, assignments and project

The IAB needs to be assured that at least 25% of Centre based assessments have been internally moderated. A box to be signed by the Internal Verifier is provided for this purpose on the front sheet of the assessment answer booklet. In any batch of assignments forwarded for external moderation the IAB would expect to see some evidence of internal verification.

External moderation of knowledge tests, assignments and project

It is the responsibility of each centre to choose a cross section of scripts for moderation by the IAB. The IAB would expect to see a high proportion of marginal passes together with scripts that are good passes. If the centre has any doubt about which scripts to send for external moderation they should contact the Education Department of the IAB.

The units for this qualification are assessed through the following methods:

Unit	Assessment
Mandatory	
Employment legislation for payroll	Knowledge test 1
Statutory and non-statutory reporting of payroll data	
PAYE, Income tax and National Insurance Contributions	
Theory of termination of employment	
Work effectively in accounting and finance	Project
Determining gross pay	Assignment 1
Payroll verification and reconciliation	Assignment 2
Period end processing	
Payroll processing	End examination 1
Termination of employment	
Computerised payroll administration	

To successfully complete the qualification the candidate must pass each of the above **mandatory** elements of assessment. Units are graded as Pass or Fail and the minimum

levels of achievement for each unit, within each mode of assessment, will be set as follows:

Knowledge tests	70%
Assignment	70%
Project	70%
Examination	70%

The qualification is not graded and therefore on successful completion the learner will receive a Pass in the Level 3 Certificate in Payroll (QCF).

10 Certification

On successful completion of all the mandatory units listed above, the learner will receive a certificate to confirm the achievement of the Level 3 Certificate in Payroll (QCF). The certificate will include the full name and accreditation number of the qualification and the award of pass. This qualification can be used as the core qualification for the Level 3 Higher Apprenticeship in Payroll.

Learners may request a certificate for the successful completion of each unit of the qualification on payment of a unit certificate fee. The certificate will include the full title and accreditation number of the unit, the credit value and level of the unit.

The award of credit and the successful completion of the accredited qualification will be transferred to an individual's Personal Learner Record (if applicable).

11 Reasonable Adjustments and Special Consideration policy and procedure

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

12 Enquiries and Appeals procedure

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

13 Units with Learning Outcomes and Assessment Criteria

Mandatory

EMPLOYMENT LEGISLATION FOR PAYROLL	
T6018136 Credit value: 2	
Learning Outcomes	Assessment Criteria
1 Understand employment rights and related legislation as it applies to payroll	1.1 Identify relevant employment rights legislation which has an impact on the payroll function 1.2 Explain the main and relevant features of employment rights legislation 1.3 Explain how employment rights legislation impacts upon the payroll and where to access advice and guidance if needed
2 Understand attachment of earnings legislation	2.1 Identify the relevant attachment of and deductions from earnings legislation 2.2 Explain the main features of attachment of earnings legislation 2.3 Explain how attachment of earnings legislation impacts upon the payroll function and where to access advice and guidance if needed
3 Understand data security and protection legislation in relation to payroll	3.1 Identify the relevant data protection legislation 3.2 Explain the main features of data security and protection legislation 3.3 Identify and explain the implications of data security 3.4 Explain how data security and protection legislation impacts upon the payroll function and where to access advice and guidance if needed

STATUTORY AND NON-STATUTORY REPORTING OF PAYROLL DATA

A6018137 Credit value: 1

Learning Outcomes	Assessment Criteria
1 Understanding statutory reporting requirements	<p>1.1 Describe the methods, policies, procedures for submitting statutory end of year returns and explain the penalties for non compliance</p> <p>1.2 Identify accurately the different reporting periods (end of month, end of quarter and end of year)</p> <p>1.3 Identify the reports which need to be given to employees, the deadlines for doing this and explain the penalties for failing to comply</p>
2 Understand the non-statutory reporting requirements	<p>2.1 Identify organisational, external agency and employee requirements for information</p> <p>2.2 Identify accurately the different reporting periods (end of month, end of quarter and end of year)</p> <p>2.3 Identify accurately the needs of the recipient and how reporting is tailored to those needs considering</p> <ul style="list-style-type: none">• Security• Confidentiality• Data protection

PAYE, INCOME TAX AND NATIONAL INSURANCE CONTRIBUTIONS

J6018139

Credit value: 5

Learning Outcomes	Assessment Criteria
<p>1 Understand the relevant tax authority and legislation</p>	<p>1.1 Identify the relevant tax authority</p> <p>1.2 Explain the legislation relevant to Income tax</p> <p>1.3 Identify the relevant NIC authority</p> <p>1.4 Explain the legislation relevant to NIC</p> <p>1.5 Identify where further guidance on income tax and NIC's may be obtained</p> <p>1.6 Identify the relevant legislation and rules for statutory payments</p>
<p>2 Understand types of payments and deductions and how these are made</p>	<p>2.1 Identify and describe pre-tax deductions including:</p> <ul style="list-style-type: none"> • Additional voluntary contributions • Dispensated expenses • Share incentive plan • Tax approved occupational pension • Charitable giving <p>2.2 Identify and describe pre NIC contributions</p> <p>2.3 Differentiate between types of statutory and non-statutory deductions and determine where there is an income tax and NIC implication</p> <p>2.4 Identify types of exceptional payments including</p> <ul style="list-style-type: none"> • Payments not made on the contractual pay day, such as late payments, mis-timed payments or payments to new starters • Special one-off bonuses not paid with normal pay • Payments made to employees after they have left employment <p>2.5 Explain how to use the relevant tax authority's tools to perform calculations of income tax due</p> <p>2.6 Explain how to use the relevant authority's tools to perform calculations of NIC's due</p> <p>2.7 Explain the principles of total cost of payroll to an employer</p>
<p>3 Communicate with external agencies and employees in relation to PAYE and NIC</p>	<p>3.1 Identify the types of information received, and how to deal with instructions from external agencies</p>

	3.2 Describe the information requirements of the organisation, external agencies and employees
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THEORY OF TERMINATION OF EMPLOYMENT	
F6018141 Credit value: 2	
Learning Outcomes	Assessment Criteria
1 Understand the process for termination of employment payments	<p>1.1 Identify leavers from correctly authorised source documentation</p> <p>1.2 Explain how to amend leavers' records to ensure that they will not continue to be paid</p> <p>1.3 Identify the correct termination payments to be made including</p> <ul style="list-style-type: none"> • Pay in lieu of notice • Ex gratia payments • Damages • Restrictive covenants • Statutory redundancy payments <p>1.4 Describe how to calculate statutory redundancy payments</p> <p>1.5 Explain the terms of any contractual, non-statutory redundancy scheme</p> <p>1.6 Explain the impact of income tax and national insurance legislation on redundancy and other termination payments</p> <p>1.7 Identify the correct statutory reports required by the tax authority</p>
2 Understand other processes for leavers	<p>2.1 Identify sums to be recovered from a leaver in respect of loans, excessive holiday and other recoverable elements of pay</p> <p>2.2 Identify and explain any reports which need to be made in respect of the termination, return of organisation equipment, company cars, keys and identity cards</p> <p>2.3 Explain the method of calculation of final gross pay</p>

WORK EFFECTIVELY IN ACCOUNTANCY AND FINANCE –**L6004923 Credit value :2**

Learning Outcomes	Assessment Criteria
1 Understand the accounting or payroll function within an organisation	1.1 Explain the role of accountancy and payroll and other financial functions within the business 1.2 Identify the contribution of those in accounting and payroll and other financial roles to maintain the smooth running, solvency and legal compliance of an organisation 1.3 Identify your appropriate reporting lines within your working environment 1.4 Recognise any organisational policies and procedures that affect your work
2 Demonstrate a range of effective communication skills	2.1 Demonstrate a level of numeracy and literacy skills appropriate to your role within the organisation 2.2 Present information in appropriate formats and within organisational guidelines for; <ul style="list-style-type: none">• Informal business reports (including diagrams)• Letter• E-mail or memo
3 Work independently or as part of a team	3.1 Plan and manage your own workload effectively and prioritise tasks 3.2 Identify the impact that the completion or non completion of your work can have on colleagues 3.3 Resolve or refer conflicts or dissatisfaction within your working environment
4 Develop skills and knowledge to meet personal and organisational needs	4.1 Explain the importance of continuing professional development and identify your own development needs and objectives 4.2 Monitor and review your own development needs and objectives

DETERMINING GROSS PAY**R6018144****Credit value: 4**

Learning Outcomes	Assessment Criteria
1 Process payroll information	<p>1.1 Correctly identify the treatment of all allowances and enhancements with respect to tax, NI and pension deductions</p> <p>1.2 Update rates for permanent and temporary payments and deductions against agreed scales for each type of employee affected</p> <p>1.3 Calculate exceptional payments and deductions in accordance with organisational requirements, to the deadlines agreed</p> <p>1.4 Calculate any applicable pre-tax deductions and all relevant statutory and non-statutory deductions</p> <p>1.5 Identify the income tax, NIC and pension liability of all payments</p> <p>1.6 Comply with organisational and statutory timescales</p>
2 Ensure all legislation for statutory payments is followed correctly	<p>2.1 Apply the correct payment schemes with regard to statutory entitlements including</p> <ul style="list-style-type: none">• Maternity• Paternity• Adoption• Sick pay• Parental leave• Time off for dependents <p>2.2 Determine entitlement to statutory payments when entitlement to occupational payments expires or payments are not made</p> <p>2.3 Process statutory payments accurately and deal correctly with the receipt and issue of regulatory forms</p> <p>2.4 Issue the correct regulatory documentation where entitlement to statutory payments does not arise or ceases</p>
3 Identify any errors and respond to queries effectively	<p>3.1 Use the relevant tax authority's tools to check statutory pay entitlements in response to individual employee queries</p> <p>3.2 Identify and resolve all discrepancies directly or by reference to the appropriate person</p> <p>3.3 Maintain the security and confidentiality of personal and sensitive details at all times</p>

PAYROLL PROCESSING	
D6018146 Credit value: 3	
Learning Outcomes	Assessment Criteria
1 Ensure compliance with current legislation	1.1 Correctly identify the treatment of allowances and enhancements with respect to income tax, national insurance contributions and pension deductions 1.2 Ensure all director's NIC calculations comply with the relevant legislation 1.3 Ensure compliance with attachments of and deductions from earnings, allowances and fees legislation
2 Communicate effectively with both internal and external parties	2.1 Make payments to statutory and non-statutory bodies by the required deadline, accompanied by the applicable documentation and in accordance with organisational requirements and procedure 2.2 Check that individuals raising queries are authorised to receive the information they are requesting 2.3 Seek clarification or additional information from employees or managers where the nature of their queries is not clear 2.4 Present accurate information extracted from the payroll system in an appropriate format

PERIOD END PROCESSING	
M6018149 Credit value: 2	
Learning Outcomes	Assessment Criteria
1 Complete period end procedure effectively	1.1 Reconcile cumulative pay records to end-of –period balances 1.2 Calculate and report the total cost of the payroll to the employer 1.3 Accurately complete and file all statutory and non-statutory end-of-period returns by the applicable due dates 1.4 Provide end-of-period information for employees by the applicable statutory date 1.5 Accurately and promptly prepare internal end-of-period summaries for accounting purposes

2 Make third party payments	<p>2.1 Reconcile totals of income tax and national insurance contributions deducted with payments made to the relevant tax authority</p> <p>2.2 Reconcile the total of employee and employer pension and additional voluntary contributions against pay and check that this agrees with the pension scheme rules and requirements</p> <p>2.3 Reconcile other payments which need to be made to third parties</p> <p>2.4 Make accurate and timely payments to third parties following completion of the payroll</p>
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TERMINATION OF EMPLOYMENT	
F6018169 Credit value: 2	
Learning Outcomes	Assessment Criteria
1 Process redundancy and termination payments	<p>1.1 Correctly apply the terms of any contractual, non-statutory redundancy scheme</p> <p>1.2 Calculate the amount of any statutory termination payment</p> <p>1.3 Enter any sums due in respect of termination which are not covered by exemptions and concessions so that payments will be made at the correct time and with the appropriate income tax and NIC treatment</p> <p>1.4 Process and record termination payments in accordance with legislative requirements</p>
2 Process other items related to termination	<p>2.1 Calculate the amount of the final payment to be made</p> <p>2.2 Ensure all final payments are subject to the correct income tax and NIC treatment</p> <p>2.3 Ensure that all sums recoverable are dealt with correctly and accurately in the final payment</p> <p>2.4 Issue any notices to third parties in relation to the termination</p> <p>2.5 Issue any statutory notices and forms required as a result of the termination.</p>

PAYROLL VERIFICATION AND RECONCILIATION

T6018170 **Credit value: 2**

Learning Outcomes	Assessment Criteria
1 Understand organisational procedures	<p>1.1 Apply the organisation's signatories and authorisations procedures</p> <p>1.2 Apply the organisation's procedures for maintaining the security and confidentiality of information</p>
2 Perform accurately a range of period end payroll reconciliations	<p>2.1 Reconcile the national insurance liability for directors against the national insurance actually paid</p> <p>2.2 Correctly code and reconcile total charges to organisational budgets against aggregate payroll totals</p> <p>2.3 Reconcile the number of no pays and actual pays with the number of employees on the payroll</p> <p>2.4 Calculate and reconcile aggregate payroll totals, including aggregate statutory payments and non – statutory deductions, against authorised control totals</p> <p>2.5 Calculate and reconcile aggregate amounts payable to, or recoverable from, statutory and non-statutory bodies against control totals</p> <p>2.6 Reconcile payroll records with the organisation's financial reports</p>
3 Perform accurately a range of annual payroll reconciliations	<p>3.1 Reconcile cumulative pay records to end-of-period balances</p> <p>3.2 Reconcile totals of income tax, and national insurance contributions deducted with payments made to the relevant tax authority</p> <p>3.3 Reconcile the total basic and supplementary pension contributions and additional voluntary contributions from each employee with cumulative net taxable pay</p>

COMPUTERISED PAYROLL ADMINISTRATION

A6018171 Credit value: 8

Learning Outcomes	Assessment Criteria
1 Set up a computerised payroll system	1.1 Enter company data and legislative parameters (if appropriate), into commercial payroll software in accordance with company policy 1.2 Maintain the company data and legislative parameters in accordance with company policy and updated payroll legislation ensuring verification of the information to be changed 1.3 Enter pension scheme information in accordance with company policy
2 Set up employee records and payroll data in a computerised payroll system	2.1 Create employee records within the payroll software from given information e.g. HR information, contract of employment, P45, P46 2.2 Maintain the employees payroll records ensuring that all changes have been correctly authorised by either the employee, employer or statutory body
3 Enter details of gross pay into the computerised payroll system	3.1 Input elements of basic gross pay for weekly and monthly paid employees from given information e.g. timesheets and summaries, salary information, hourly rates 3.2 Input overtime details from given information 3.3 Input additional gross pay information e.g. commission and bonus payments, lump sums, unsocial hours and shift payments 3.4 Deal with net payments 3.5 Deal with holiday pay information in an appropriate way 3.6 Input all elements relating to a leavers gross pay including redundancy payments
4 Enter voluntary and statutory additions and Deductions	4.1 Input information relating to voluntary deductions ensuring that the correct authorisation has been given e.g company loan repayments, savings scheme, Payroll Giving, social clubs, pension contributions 4.2 Input information relating to statutory deductions ensuring that the correct authorisation has been given e.g Student Loan repayments, AEOs and DEOs

	<p>4.3 Input all information relating to statutory additions to pay:</p> <ul style="list-style-type: none"> • Statutory Sick Pay • Statutory Maternity Pay • Statutory Adoption Pay • Statutory Paternity Pay and Paternity Leave
5 Process the payroll	<p>5.1 Process gross pay, standard pre and post tax deductions in accordance with company policy and legislative requirements</p> <p>5.2 Process voluntary, non-standard statutory deductions and statutory additions to pay in accordance with company policy and legislative requirements</p> <p>5.3 Process the final pay run for a leaver</p> <p>5.4 Produce internal period end reports including payslips, P11 Deduction Sheets, payroll summaries and analysis in accordance with company requirements</p> <p>5.5 Be able to calculate the cost of wages to the employer</p>
6 Produce reports to enable reconciliation of payments and deductions to external agencies and other statutory documents	<p>6.1 Produce form P45 for a leaver</p> <p>6.2 Explain what is required to complete the period end and year end routines and reports for HMRC</p> <p>6.3 Produce period end and year end forms from the payroll software</p> <p>6.4 Reconcile payments to HMRC and other statutory bodies</p> <p>6.5 Outline on-line filing requirements</p>
7 Understand how and why payroll data is backed up and restored	<p>7.1 Explain the importance and need for backing up the payroll data at regular intervals</p> <p>7.2 Describe how to back and restore payroll data</p> <p>7.3 Explain the need for data security and the various methods used to ensure security of all payroll data</p>