IAB Level 3 Certificate in Payroll for Business

Qualification Specification

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1 Introduction to the qualification

The Level 3 Certificate in Payroll for Business qualification is part of the Regulated Qualification Framework (RQF). The total Guided Learning Hours for this qualification are as follows:

Guided Learning Hours (GLH)
55

2 Statement of level

This is a Level 3 qualification as defined within the regulations of the RQF.

3 Aims

The Level 3 Certificate in Payroll for Business qualification aims to provide learners with a comprehensive range of knowledge and the practical skills that they will be able to use as a senior payroll processor or payroll administrator for a variety of businesses.

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

- Accurately process and/or administer the payroll under Real Time Information (RTI) regulations using manual and computer based skills
- 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 payroll routines and activities in both manual and computerised payroll system including day-to-day, monthly and year end routines. The activities will include the calculation of pay data and processing of that data using day-to-day payroll processing skills and reconciling the payroll at period ends
- Deal with different payroll situations, such as directors and those leaving their employment due to redundancy
- 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 and Department of Work and Pensions. They will also have the skills required to prepare, check and use source documents from which the payroll is processed and reconciled, 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 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 as detailed above. The learner will be able to process the payroll accurately producing the net pay due to the employee and updating and reconciling all internal payroll records.

Furthermore they will be able to produce a range of internal and external reports detailing payroll information for a variety of pay periods

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 3
- Advancing to more specialised payroll qualifications offered by Chartered Institute for Payroll Professionals and other payroll, taxation and pension bodies

4 Target groups

The Level 3 Certificate in Payroll for Business qualification is specifically aimed at learners who wish to further their studies of payroll and gain a qualification at Level 3 of the regulated qualification framework, either from a point of no previous knowledge, or having already achieved the IAB Level 2 Award in Payroll for Business. It would be hoped, however, that the learners would have some background knowledge of payroll before commencing this qualification.

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, processing and reconciling of payroll data and keeping of payroll records for their business.

5 Entry requirements

There are no formal entry requirements for the Level 3 Certificate in Payroll for Business qualification. However, it is recommended that prospective entrants have basic skills in numeracy and literacy.

6 Progression

Holders of the Level 3 Certificate in Payroll for Business qualification are able to advance with their studies by:

- Progressing to another qualification at Level 3

- Progressing to a qualification in the same subject area but at a higher level offered by a professional payroll or taxation body, thereby expanding their knowledge and skills base in the subject area

7 Level 3 Certificate in Payroll for Business - Units and Learning Outcomes

Unit title: Principles of Payroll Administration	
Learning outcomes:	
1	Understand employment legislation as it applies to payroll
2	Understand how to apply statutory and voluntary deductions to non-standard situations
3	Know what constitutes gross pay for leavers
4	Understand the statutory and non-statutory reporting requirements in line with current legislation and organisational requirements

Unit title: Computerised Payroll Administration	
Learning outcomes:	
1	Be able to set up and maintain a computerised payroll system
2	Be able to set up employee records within a computerised payroll system
3	Be able to determine an employee's gross pay from a range of payroll information
4	Be able to enter details of gross pay elements into the computerised payroll system
5	Be able to enter details of voluntary and statutory deductions
6	Be able to process the payroll within given timescales
7	Be able to reconcile the payroll and produce internal and external reports according to given timescales

8 Level 3 Certificate in Payroll for Business – Assessment, Achievement and Grading

8.1 Methods of assessment

To gain the IAB Level 3 Certificate in Payroll for Business learners will be required to complete the following assessments:

Unit Title	Method of Assessment
Principles of Payroll Admininstration	Knowledge Test
Computerised Payroll Administration	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%

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 IAB Level 3 Certificate in Payroll for Business. 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 3 Certificate in Payroll for Business – 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 3 Certificate in Payroll for Business 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 below:

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Title	Principles of Payroll Administration		
Level	3		
GLH	20	Total Qualification Time	35 hours
The learner must:		**The learner will be required to:**	**Learners should know:**
1 Understand employment legislation as it applies to payroll		1.1 Define the main features of employment legislation which impacts upon payroll • Employment Act 2002 • Employment Rights Act 1996 • Working Time Directives 1998 • Health and Safety at Work1974 • Asylum and Immigration Act • Pension Act 2008 (auto-enrolment) • Work and Families Act 2006 • Data Protection Act 1.2 Understand the employer's responsibilities under Employment Rights legislation, in relation to payroll 1.3 Know the principles of payroll processing under Real Time Information regulations including the forms and submission criteria	How employment legislation impacts on the preparation and recording of personal and payroll data for the topics given and the processing of the payroll. Learners should know elements of data security and data protection relevant to a payroll environment. This should include the responsibilities the employer has to keep data secure, and only for the purpose it is intended Learners should know that the employer has certain responsibilities to the employee and should adopt employment rights legislation as part of their working practice. Learner must know the regulations relating to Real Time Information including the importance of the processing and submission dates and the relevant forms used.
2 Understand how to apply statutory and voluntary deductions to non-standard situations		2.1 Understand the criteria for determining if an employee should pay the Scottish Rate of Income Tax 2.2 Know how the principles of the Scottish Rate of Income Tax (SRIT) are applied to relevant employees 2.3 Understand that the SRIT is administered by HMRC but determined by the Scottish Government 2.4 Know which deductions have an effect on the calculation of income tax including: • Additional voluntary contributions • Share incentive plan • Tax approved occupational pension • Charitable giving • Trivial Benefits exemption	Learners should know the criteria for determining in an employee is liable to pay the Scottish Rate of Income Tax and how the SRIT is calculated. Learners should know how to apply the various pre- and post-tax deductions stated and that they could be assessed practically as well as via Knowledge Test. Learners should appreciate that some deductions are made pre-NIC. These should all be firmly understood by the learner and could be assessed practically as well as via Knowledge Test Learners should know how the calculation of Income Tax, NIC and pension contributions is affected when employees receive specific payments. Learners should be aware that some payments may be made after the individual has left his/her employment. Learners should also know how to deal with payments due to employees who have died in

	2.5 Know the effect on income tax, NIC and pension deductions of exceptional payments including: • Payments not made on the contractual pay day, such as late payments, miss-timed payments or payments to starters • Special one-off bonuses not paid with normal pay • Payments made to employees after they have left employment • Expenses and allowances 2.6 Identify the legislative requirements in relation to NIC for Directors 2.7 Identify the principles governing the calculation of NIC for all director's in line with relevant legislation	terms of income tax and NIC. They should also be aware which payments are liable to income tax, NIC and pension contributions e.g. expenses may be payable with the payroll but are not liable to any statutory deductions, also that pension contributions may only be calculated on certain elements of gross pay Know that the rules relating to the calculation of NIC for directors. The process of calculating NIC on a director's pay using either of the specified methods e.g. • Exact percentage method • Table method
3 Know what constitutes Gross Pay for a leaver	3.1 Identify leavers from correctly authorised source documentation 3.2 Know the amendments to be made to leavers' records to ensure that they will not continue to be paid 3.3 Identify the correct termination payments to be made; including • Pay in lieu of notice • Ex gratia payments • Damages • Restrictive covenants • Statutory redundancy payments • Occupational redundancy payment • Employee death in service 3.4 Define the criteria used to calculate statutory redundancy payments 3.5 Identify payments due under a contractual, non-statutory redundancy scheme including notice periods	Who is termed 'a leaver' and the various categories of leaver e.g. an employee who: • Changes his employment • Whose employment is being terminated due to redundancy • Who is leaving due to retirement • Died while in service Learners should know that the employee record must be amended to show the employee as a leaver, and identified as such on the FPS. Learners should know the correct process for dealing with a range of termination of employment circumstances. Also what constitutes the Gross Pay for a leaver including basic pay or salary for the final pay period plus any additional payments such as overtime, shift allowances, week-in-arrears payments, commission or bonuses, and statutory additions to pay. Learners should know what can be paid in terms of statutory and non-statutory termination payments and how to calculate the amount of notice due and the total payment due to a leaver. The learner should be aware of the current level of Statutory Redundancy Pay and the criteria and age restrictions applied to payment
4 Understand the statutory and non-statutory reporting requirements in line with current regulations and organisational requirements	4.1 Define the procedure you should follow for a new employee if a director • with a P45 or leavers statement • without a P45 or leavers statement	Learners should be aware of the status of the employee i.e. if a new employee is also a director. For NI purposes it is imperative that the date an employee is appointed as a director is recorded on the employee's record

	4.2 Understand the importance of knowing the date an employee was appointed as a director 4.3 Identify the correct statutory reports required by external agencies relating to termination payments, including: • Death in service • Redundancy • Standard termination of employment	Learners should know the correct reporting procedures of information to external agencies such as HMRC, Pension Providers etc. for statutory and non-statutory payments including termination payments for a range of payroll periods. Furthermore, they can complete internal reporting procedures and ensure that the correct internal and external forms are completed by the employee and employer and that external agencies are informed of the termination of employment.
	4.4 Identify forms and procedures adopted under Real Time Information requirements for the submission of pay-period and year-end payroll information for: • Employees • External agencies	Learners should know how to complete period-end functions for computerised and manual payroll processes and appreciate the requirements under RTI including the forms involved.
	4.5 Identify the penalties for non-compliance with statutory requirements and reports	That payments and reports are due at various times of the year and including form P11D, and payments to HMRC monthly or quarterly. Learners should know the relevant deadlines for their submission. Learners should demonstrate that they are aware of the basic current penalty rates for late submission or non-compliance and why these may be applied
	4.6 Identify reports and procedures in respect of a leaver i.e. return of organisation equipment, company cars, keys and identity and company credit cards	How to deal with a leaver who has access to company equipment which should be returned and the process to adopt including signatories to record its return
	4.7 Identify sums to be recovered from a leaver, in respect of loans, excessive holiday and other recoverable elements of pay	Learners should demonstrate that they appreciate what sums may need to be recovered from the employee on termination of employment and how this may be achieved.
	4.8 Identify the correct statutory reports required by external agencies relating to termination payments, including: • Death in service • Redundancy • Standard termination of employment	

Title	Computerised Payroll Administration		
Level	3		
GLH	35	Total Qualification Time	90 hours
The learner must:		**The learner will be required to:**	**Learners should demonstrate:**
1 Be able to set up and maintain a computerised payroll system		1.1 Enter company data and legislative parameters 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 1.4 Apply any given changes to payroll information in relation to: • Legislation • Tax Codes • Agreed and authorised employment status including from employee to director • Pension provision • Change of National Insurance Contributions status	That all elements of preparation and processing covered in previous individual units/learning outcomes should be fully understood as this Unit covers the practical processing of the payroll using commercially available payroll software. **(Note: HMRC Basic PAYE Tools must not be used for assessment of this Unit)** Learners should demonstrate that they can update the software when changes are required to legislative parameters, tax codes for individuals, rates or pay arising from permanent and temporary changes including addition or changes to the company pension scheme. The learner should be able to print reports of the updated information if required. They can make changes to employee records including: • Change of marital status • Change of address • New tax code • Change to method of payment • Change of employment status • Change of NI status • Apply changes to legislation which affect payroll processing
2 Be able to set up and maintain employee records within a computerised payroll system		2.1 Create employee records within the payroll software from given information e.g. Human Resources information, contract of employment, P45 • Employees • Directors 2.2 Maintain the employees payroll records ensuring that all changes have been correctly authorised by either the employee, employer or statutory body	They can prepare accurate payroll records for employees and directors including previous pay and income tax information, and maintain those records when personal or work based elements relating to the employee change. The date an individual is employed a director, including change of status during employment, should be noted. Learners should demonstrate that they are able to print reports of the updated information if required
3 Be able to determine an employee's gross pay from a range of payroll information		3.1 Determine the amount of pay due to an employee from given information and applying statutory rates where necessary:	Learns should be able to determine payments for an employee and demonstrate whether they are included in their Gross Pay, over a range of pay-periods.

	• Basic pay and overtime • Salaries • National Minimum Wage • National Living Wage • Lump sum allowances • Shift pay • Performance related pay • Bonuses and commission • Back-dated pay • Advanced holiday pay • Statutory Additions to Pay 3.2 Update rates of pay for permanent and temporary payments against agreed pay-scales, age related changes, other given information 3.3 Determine exceptional payments and deductions in accordance with organisational requirements and by the agreed deadlines 3.4 Determine taxable gross pay for each employee by applying relevant pre-tax deductions 3.5 Calculate the amount of any statutory termination payments due an employee being made redundant 3.6 Apply given information relating to the Transfer of Undertakings (Protection of Earnings) regulations in relation to the calculation of statutory redundancy payments 3.7 Calculate 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 3.8 Prepare and record termination payments in accordance with legislative requirements	By implication the learner should have some understanding of what payments are not items of gross pay, such as reimbursement of expenses. Learners should demonstrate that they can update and apply a range of temporary, permanent and exceptional changes 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, age related changes from NMW to NLW and temporary changes to the employee's working pattern. Learners should demonstrate that they can apply exceptional payments and deductions to/from the gross pay before income tax is calculated e.g. Approved charity donations, some pension contributions etc. That learners are able to process the termination of employment payments for an employee using manual methods, HMRC approved tools and commercial payroll software Learners should be able to accurately calculate the amount of termination payment due to an employee under a variety of circumstances and contractual arrangements i.e. statutory and non-statutory redundancy and termination terms. Learners should demonstrate that they can apply given TUPE information such as original date of commencement of employment
4 Be able to enter details of gross pay elements into the computerised payroll system	4.1 Input elements of gross pay for a range of pay periods and employees from given information e.g. timesheets, summaries, salary information, hourly rates, overtime etc. 4.2 Input additional gross pay information e.g. commission and bonus payments, lump sums, unsocial hours and shift payments	They can enter a variety of elements of gross pay for a range of situations

	4.3 Input all information relating to statutory additions to pay: • Statutory Sick Pay • Statutory Maternity Pay • Statutory Adoption Pay • Statutory Paternity Pay • Parental and shared parental leave	Learners should demonstrate that they can determine the correct statutory additions to pay from information given and enter the information correctly into the payroll software.
	4.4 Deal with net payments 4.5 Deal with expenses paid through the payroll	Learners should demonstrate that they can process a pay element of gross pay in a 'net pay' situation and show the Cost of Net Payments if required,
	4.6 Deal with holiday pay information in an appropriate way including advancing the payment date	Learners should demonstrate that they can deal with advanced payment situations such as holiday pay, ensuring the correct period of advancement is used.
	4.7 Input all elements relating to a leavers gross pay including termination payments relating to redundancy	Learners should demonstrate that they can enter the relevant pay elements for a leaver under a variety of situations including redundancy, change of employment, death in service, retirement.
5 Be able to enter details of voluntary and statutory deductions	5.1 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	They can recognise voluntary deductions as being pre- or post-tax deductions and apply accordingly to an employees pay.
	5.2 Input information relating to statutory deductions ensuring that the correct authorisation has been given e.g. Student Loan repayments, AEOs and DEOs and process this information in a timely manner	Learners should demonstrate that they can apply the given information in relation to Student Loans and Attachment to/Deduction from Earnings Orders
	5.3 Input relevant information relating to the employee and employers contributions to a pension schemes	Learners should be able to check the pension contributions shown on the software are correct.
	5.4 Input 'salary sacrifice' arrangements in respect of: • Pension contributions • Company cars • Childcare (until cancellation of this policy in 2018) • Share save schemes	Learners should demonstrate that they can input information in relation to contributions under 'salary sacrifice' arrangements
6 Be able to process the payroll within given timescales	6.1 Change the processing date	That they are aware of the need to change the processing date before processing the payroll

	6.2 Process gross pay, standard pre- tax deductions and post-tax deductions in accordance with company policy and legislative requirements for: • Employees • Directors 6.3 Process non-standard statutory deductions and statutory additions to pay in accordance with company policy and legislative requirements 6.4 Process the final pay for a leaver	Learners should demonstrate that the employee records have been updated from the previous pay run and that the processing date is changed before commencing the processing of the next payroll Learners should demonstrate that they can process the payroll for a range of pay-periods to include a variety of pay elements, statutory deductions and pre- and post-tax voluntary deductions. Learners should demonstrate that they can process the pay for a leaver under a variety of situations including redundancy, change of employment, death in service, retirement.
7 Be able to reconcile the payroll and produce internal and external reports according to given timescales	7.1 Complete required period end routines according to organisational and external requirements 7.2 Produce internal period end reports including payslips, employee pay records, payroll summaries and analysis in accordance with company requirements 7.3 Be able to calculate the cost of wages to the employer from the processed reports 7.4 Produce relevant forms for a leaver 7.5 Reconcile payments to the tax authority and other statutory bodies from processed reports 7.6 Complete year end procedures and produce relevant year end forms for internal and external use	They can access and print a range of reports which cover all aspects of the payroll and conform to RTI requirements including reports for the employee including leavers, the employer and external agencies e.g. employee payroll records, payroll and payment summaries for the year, year-to-date information and information relating to HMRC payments specifically FPS and EPS Learners should demonstrate that they can calculate the cost of wages for a specific period using information gained from various reports available from the payroll software

13 Links to National Occupational Standards (NOS)

The mandatory units within the Level 3 Certificate in Payroll for Business 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