INSTITUTE OF ACCOUNTANTS AND BOOKKEEPERS

Qualification Specification

IAB Level 1 Award in Payroll for Business

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Introduction

The objective of this Qualification Specification is to provide an overview of the IAB Level 1 Award in Payroll for Business.

This document includes the aim, size, level, structure and content, including learning outcomes and assessment criteria.

There is guidance relating to the centre approval requirements, delivery and assessment for this qualification, and details of grading criteria and the grading of units.

Purpose of the qualification

The Level 1 Award in Payroll for Business qualification aims to provide learners with a comprehensive range of knowledge and the practical skills to use as a payroll processor for a variety of businesses. The qualification provides an introduction to payroll record keeping and processing.

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

- record financial payroll transactions in a manual and computerised environment and in line with Real Time Information requirements
- assess their own competence in carrying out a range of basic day-to-day payroll routines and activities using a manual and computerised payroll system. The activities will include the calculation of pay data and processing of that data including contributions to work based pension schemes using basis day-to-day payroll processing skills
- assess the implications of maintaining accuracy when performing any practical payroll tasks
- understand the importance of security and confidentiality in performing any 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 His Majesty's Revenue and Customs (HMRC), National Insurance Contributions Office (NICO) and other payroll agencies. The learner will also have the skills required to prepare, check and use source documents from which the payroll is processed using a computerised payroll system as required under Real Time Information requirements.

As learners progress through the course of study the learner will develop skills that will enable the learner to gather the required information in order to prepare an employee payroll record using commercially available payroll software. Learners will further acquire the skills necessary to calculate the gross pay due to employees from a simple range of information sources and for either weekly or monthly 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, learners will be able to produce a range of reports detailing payroll information.

Target learners

The Level 1 Award in Payroll for Business qualification has been designed to appeal to learners:

- starting their studies in the subject payroll from a point of no previous knowledge or experience
- employed at a junior level with some limited basic payroll knowledge and skills, who want to formalise their competence by gaining a recognised accredited qualification in payroll
- returning to study and/or work after a study or career break
- considering a change in career
- considering a career as a self-employed practitioner
- and owners of a small business wanting an introduction to the function of payroll with a view to keeping financial records for their business, gathering and processing of payroll data and keeping of payroll records for their business.

Entry requirements

The entry requirements below are for guidance only as applicants may apply with various backgrounds and qualifications.

Approved IAB Centres are responsible for checking applications against the following entry requirements and ensuring learners can fulfil the demands of the qualification before registration.

There are no formal entry requirements for the Level 1 Award in Payroll for Business qualification. However, it is recommended that prospective learners have acquired basic skills in both numeracy and literacy prior to starting their studies in this subject area.

Progression

Holders of the Level 1 Award in Payroll for Business qualification may progress to another qualification at:

- Level 1 carrying with them credits for units achieved to expand their knowledge and skills in the subject area
- a higher level, thereby developing their knowledge and skills in the subject area.

Qualification size, level and structure

The Office of Qualifications and Examinations Regulation (Ofqual), and CCEA regulate qualifications, examinations, and assessments in England, and Northern Ireland. The Level 1 Award in Payroll for Business is a vocationally-related qualification on the Ofqual and CCEA Register of Regulated Qualifications.

Qualification size

The Total Qualification Time (TQT) and Guided Learning Hours (GLH) for this qualification are as follows:

Total Qualification Time (TQT)	Guided Learning Hours (GLH)
120 hours	50 hours

TQT, including GLH, is calculated by considering the different activities that learners would typically complete to achieve and demonstrate the learning outcomes of the qualification.

Individual learners' requirements and individual teaching styles mean there may be variation in the actual time taken to complete a qualification.

Values for TQT, including GLH, are estimates.

Some examples of activities that can contribute to TQT include:

- independent and unsupervised research/learning
- unsupervised e-learning
- unsupervised e-assessment
- unsupervised coursework
- watching a pre-recorded podcast or webinar
- unsupervised work-based learning
- all GLH.

Some examples of activities that can contribute to GLH include:

- classroom-based learning supervised by a teacher
- work-based learning supervised by a teacher
- live webinar or telephone tutorial with a teacher in real time
- e-learning supervised by a teacher in real time
- all forms of assessment that take place under the immediate guidance or supervision of a teacher, supervisor, tutor or other appropriate provider of education or training.

Qualification level

This qualification is at Level 1 on the Register of Regulated Qualifications in England and Northern Ireland.

IAB qualifications comply with level descriptors set by Ofqual, which are divided into two categories:

- knowledge and understanding
- skills.

The descriptors below set out the generic knowledge and skills associated with the typical holder of a qualification at that level.

Knowledge descriptor The learner:	**Skills descriptor** The learner can:
• has basic factual knowledge of a subject and/or knowledge of facts, procedures, and ideas to complete well-defined routine tasks and address simple problems • is aware of aspects of information relevant to the area of study or work.	• use basic cognitive and practical skills to complete well-defined routine tasks and procedures • select and use relevant information • identify whether actions have been effective.

Qualification structure

The qualification is made up of three mandatory units. The structure, units, sizing information and assessment types for the Level 1 Award in Payroll for Business are set out in the following table.

Unit title	GLH	Assessment method
Principles of payroll preparation	10	Online knowledge test (1 hour)
Fundamentals of payroll processing	10	Online assignment (2.5 hours)
Computerised payroll processing (Access to payroll software is required to complete this unit)	30	Online assignment (2 hours)
Total	50	

Assessment, achievement and grading

Methods of assessment

The assessments for each unit are delivered online via the IAB Education platform. Pilot assessments are provided for the purposes of practice and revision. Pilot assessments are not timed and can be undertaken as many times as the learner chooses. Once the pilot assessment is passed, the learner can attempt the live assessment. Live assessments are timed.

Non-programmable calculators are required to complete the assessments.

Access to a payroll software programme is required to complete the Computerised Payroll Processing unit. The generating and saving of each report within the software package must be completed within the two-hours allowed for the assessment.

Please note that mobile phones cannot be used to sit these assessments as some required functionality will not be available.

Delivering assessments

The IAB 'Assessment Delivery Policy' applies to all IAB qualifications and assessments and must be followed by approved centres to ensure that IAB assessments are delivered in accordance with the requirements.

A copy of this policy is made available to centres upon approval. The policy can also be requested from the IAB Awarding Organisation team at ao@iab.org.uk.

Marking and moderation

All marking is completed automatically by the IAB Education platform against the relevant assessment criteria and mark scheme. Moderation is a process undertaken following the marking of assessments prior to a result being released to learners. Moderation acts as a filter, which ensures that an assessment outcome (for example a mark and / or grade) is fair, valid, and reliable. Moderation ensures that the mark scheme was applied correctly, all parts of the assessment were marked and that the marks were totalled and recorded correctly

Achievement and grading

To achieve the qualification, learners must take and pass the assessments for the three mandatory units of which the qualification is comprised. To pass an assessment, the learner must achieve:

70% or above for the online knowledge test

70% or above for each online assignment

There are no grade scales – learners will receive either a pass or a fail result.

Certification

Upon confirmation of achievement of the three mandatory units, the learner will receive an IAB Level 1 Award in Payroll for Business. The certificate will carry the full name of the learner as registered.

Reasonable adjustment

As an Awarding Organisation, the IAB has a duty not to discriminate against individuals in relation to conferring qualifications regarding the protected characteristics set out in the Equality Act 2010. The IAB will take steps when developing specifications, identifying the assessment criteria, and drafting assessment content to minimise the impact on individuals with differing protected characteristics.

The duty of the IAB to make a reasonable adjustment will apply where assessment arrangements would put a learner who has a disability or learning need at a substantial disadvantage compared to a learner who does not have a disability or learning need. In such circumstances, the IAB must take steps to mitigate that disadvantage.

Please refer to the Centre Area of the IAB website www.iab.org.uk for a copy of the policy and associated procedure.

Results enquiries and appeals

Please refer to the Centre Area of the IAB website www.iab.org.uk for further information about the process, procedures and policies for making a results enquiry and/or an appeal.

Unit specifications

The unit specifications (see below) indicate the content, in terms of learning outcomes and assessment criteria, of each of the three mandatory units within the Level 1 Award in Payroll for Business qualification.

All the learning outcomes and assessment criteria must be covered by providers when delivering the qualification. Each live assessment covers a selection of the unit learning outcomes and assessment criteria and full coverage is achieved across the live assessment variations for each unit.

The content of the assessments is subject to ongoing review by the IAB and changes periodically.

Unit	Principles of payroll preparation		
Level	1		
GLH	10	TQT	25

Learning Outcomes	Assessment Criteria
1 Understand fundamental employment and data protection legislation relevant to payroll	1.1 Define the purpose and use of payroll 1.2 Know how to determine employment status 1.3 Understand the employee's rights in terms of: • Contracts of Employment and the information they contain • National Minimum Wage • National Living Wage • Average working hours • Paid holiday entitlement 1.4 Identify where relevant guidance on employment rights within employment legislation, including the Working Time Directive, can be found 1.5 Outline employer responsibilities in relation to payroll, under data protection legislation 1.6 Understand the need for security and confidentiality of persona data, payroll and business information both in manual and computerised environments 1.7 Understand the need to back up payroll data retained on a computerised payroll system 1.8 Know how long payroll records should be retained
2 Understand what constitutes gross pay for different payroll periods	2.1 Identify elements of pay that contribute to overall gross pay and the relevant documentation 2.2 Outline the procedures relating to the preparation of a leaver's final gross net pay 2.3 Understand that an employer may operate a variety of pay periods: • weekly • fortnightly • monthly • four-weekly
3 Understand the difference between statutory and voluntary deductions	3.1 Know the difference between statutory and voluntary deductions 3.2 Identify two statutory deductions 3.3 Identify two voluntary deductions

	3.4 Know the authority needed before making voluntary deductions
4 Understand the principles of the PAYE and NIC systems in the UK	4.1 Know what is meant by and the agencies responsible for the: • PAYE system • NIC system 4.2 Know which agency operates the UK tax calculation and collection system 4.3 Know that Scotland determines its own rate of income tax and that it is administered by HMRC 4.4 Understand the PAYE system that is operated by HMRC, on a cumulative and non-cumulative basis 4.5 Know the form(s) required from HMRC giving authority to change an employee's tax code 4.6 Understand what is meant by: • cumulative calculation of income tax • non-cumulative calculation of income tax 4.7 Understand that the NIC system is operated on behalf of the NICO on a non-cumulative basis and the purpose of NIC 4.8 Outline the use of the NI thresholds and categories: • category A • category C • category M • category H 4.9 Give an example of the authority needed to implement changes to NI categories
5 Understand the information required to prepare and submit an employee payroll record under HMRC Real Time Information regulations	5.1 Know the information required for electronic submission to HMRC in respect of: • the employer • the employee with a P45 or • leavers statement • the employee without a P45 or • leavers statement • the use of the starter checklist 5.2 Know how the information is submitted to HMRC and the relevant forms used
6 Understand the internal and external procedures required for finalising the	6.1 Know the necessary internal procedures for completing the processing of the payroll including the completion

	payroll	of: • pay statements • payroll summaries • summaries of payments to employees 6.2 Appreciate that internal payroll records for both employee and employer should be updated following the processing of the payroll
7	Understand HMRC reporting requirements	7.1 Know the importance of the processing date with reference to Real Time Information 7.2 Identify the forms for submitting information under Real Time Information requirements including those for leavers 7.3 Know the timescales for successfully completing submission of information under Real Time Information

Unit	Fundamentals of payroll processing		
Level	1		
GLH	10	TQT	25

Learning Outcomes	Assessment Criteria
1 Be able to calculate gross pay for different payroll periods and situations	1.1 Determine basic gross pay for weekly paid employees from given information e.g. timesheets and basic hourly rates 1.2 Determine the basic gross pay for a range of pay periods: • weekly • fortnightly • four-weekly • monthly 1.3 Determine overtime hours payable from given information e.g. timesheets 1.4 Determine overtime rates of pay from given information 1.5 Determine an accurate value of overtime payments due to employees 1.6 Determine additional payments from given information: • basic holiday pay • bonuses • commission 1.7 Apply permanent changes in rates of pay from given statutory and organisational information e.g. pay scales, cost of living rises, promotion, National Minimum Wage and National Living Wage 1.8 Determine the final gross pay for a leaver from given information including: • basic pay • overtime • holiday pay • week in arrears • bonuses payments • commission

2 Be able to determine the amount of income tax to be deducted from Gross Pay	2.1 Determine income tax due using HMRC approved tools and calculators: • standard suffix codes operated on cumulative or non-cumulative basis • BR code operated on a cumulative basis 2.2 Process changes to an employee's tax codes as directed by HMRC
3 Be able to determine the amount of National Insurance Contributions to be deducted from Gross Pay	3.1 Determine NI Contributions for both the employee and employer, using HMRC approved tools using Categories A, C, H and M contributions 3.2 Process changes to an employee's situation with relation to National Insurance contributions
4 Be able to apply voluntary deductions	4.1 Apply employee pension contributions as pre-tax deductions 4.2 Identify and apply a range of post-tax voluntary deductions to the employee's pay calculations
5 Be able to complete internal and statutory procedures for a leaver	5.1 Process the leavers final gross pay at the appropriate pay-run date 5.2 Prepare form P45 or equivalent for the employee 5.3 Finalise payroll information in line with the tax authority and organisational requirements
6 Be able to produce the necessary payroll forms and summaries	6.1 Produce payslips to detail statutory and organisational information relating to employees' pay 6.2 Produce payslips to detail statutory and organisational information relating to employees' pay 6.3 Produce a payroll summary to itemise payments and deductions, including income tax, employee's NIC and employer's NIC, in accordance with organisational requirements 6.4 Prepare a payment summary for the following: • cheques • BACs

Unit	Computerised payroll processing		
Level	1		
GLH	30	TQT	70

Learning Outcomes	Assessment Criteria
1 Be able to set up a computerised payroll system using commercially available payroll software	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 1.3 Enter information in relation to banking and pension provision
2 Be able to set up employee records and payroll data on a computerised payroll system	2.1 Create employee records within the payroll software from given information e.g. HR information, contract of employment, P45 2.2 Maintain up-to-date employees' payroll records ensuring that all changes have been correctly authorised by the employee, employer or statutory body, including income tax codes changes, rates of pay etc. 2.3 Produce a range of reports relating to the employee's personal details, pay and deductions
3 Be able to prepare and enter details of gross pay into the computerised payroll system	3.1 Calculate the elements of basic gross pay for weekly and monthly paid employees from given information e.g. timesheets, summaries, salary information, hourly rates 3.2 Enter elements of basic gross pay for weekly and monthly paid employees 3.3 Enter overtime details from given information 3.4 Calculate basic holiday pay from given information 3.5 Enter basic holiday pay as a separate gross pay element 3.6 Calculate additional performance and contractual payments i.e. bonuses and commission 3.7 Enter bonus and commission payments as separate gross pay elements
4 Be able to process the payroll	4.1 Check the processing date is correct and amend if necessary: • for RTI purposes • for processing the payroll accurately

	4.2 Process gross pay in accordance with company policy and legislative requirements ensuring all pay and deductions are taken into consideration 4.3 Process the final pay for a leaver 4.4 Produce internal period end reports including payslips and payroll summaries 4.5 Complete the processing of the payroll for the period 4.6 Prepare payroll data in a format suitable for submission to the relevant tax authority 4.7 Produce Form P45 or equivalent leaving statement, for a leaver
5 Be able to back up and/or restore payroll data	5.1 Back-up and restore payroll data 5.2 Produce evidence of backing-up and restoring by saving/printing the back-up and restore log

Sample assessments

The IAB has deliberately not included sample assessment questions within this qualification specification. Pilot assessments for the knowledge tests, assignments and final exam are provided on the IAB Education platform for the purposes of practice and revision. Pilot assessments are not timed and can be undertaken as many times as the learner chooses.

Delivering IAB qualifications

Staffing and physical resource requirements for centres

The IAB, in line with regulatory requirements, has a Centre Agreement in place which covers the two-way obligations between the IAB as the Awarding Organisation and each centre delivering our qualifications. A key section of this agreement is to ensure a professional approach to the delivery of teaching, learning and assessment, leading to the best learner experience.

Each centre engaged with the IAB is required to ensure viable levels of staffing, managerial and financial resources are in place to enable it to effectively and efficiently deliver the qualifications as required by the Awarding Organisation.

Quality assurance

Any centre approved to offer IAB qualifications is subject to a rigorous quality assurance regime to ensure compliance with the requirements set out in the Centre Agreement and any regulatory conditions. This regime includes, but is not limited to, policy and procedure review, performance review, on-site monitoring visits and virtual interviews to assess how well that centre operates in delivering IAB qualifications.

IAB policies and procedures

Policies and procedures are in place to provide a framework and outline the IAB's approach and objectives for key areas along with defined processes to be followed. These documents ensure credibility, compliance, consistency, and quality in the design, delivery, and awarding of qualifications. Relevant policies are issued to approved centres alongside Centre Agreements. These can also be accessed by contacting our awarding organisation team via ao@iab.org.uk

Examples of the Policies that can be found include, but are not limited to:

- Adverse Effects
- Anti-Bribery and Anti-Corruption
- Assessment Delivery
- Complaints
- Conflict of interest
- Contingency Plan

- Enquiries and appeals
- Equality, Diversity and Inclusion
- Malpractice and Maladministration
- Plagiarism, Collusion and Cheating
- Reasonable Adjustments
- Recognition of Prior Learning
- Results and Certification
- Sanctions
- Special Considerations
- Withdrawal of approval

Centres delivering IAB qualifications should refer to the relevant policy for guidance as appropriate.

Equality and diversity

The IAB is committed to ensuring an inclusive, safe and welcoming environment for all learners undertaking its qualifications. Our Equality, Diversity and Inclusion Policy requires all learners to have equal opportunity to access our qualifications and assessments, and our qualifications to be awarded in a way that is fair to every learner.

Approved centres delivering IAB qualifications must have a policy relating to equal opportunities, diversity and inclusion to ensure a positive learning environment is provided to all learners. This is reviewed and assessed as part of our monitoring process which may include on-site inspections.

Contact us

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