



IAB LEVEL 1 AWARD IN PAYROLL

Qualification Accreditation Number **500/9182/7**

(Accreditation end date - 31st December 2012)

QUALIFICATION SPECIFICATION

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Level 1 Award 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.

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.

2 Aims

In summary, the qualification aims to enable candidates to:

- 1 Act as an introduction to payroll record keeping and processing, giving the candidate the necessary skills to record financial payroll transactions in a semi-manual environment.
- 2 Give candidates the necessary skills to assess their own competence in carrying out a range of basic day-to-day payroll routines and activities using a semi-manual payroll system. The activities will include the calculation of pay data and processing of that data using basic day-to-day payroll processing skills.
- 3 Give candidates the necessary skills to assess the implications of maintaining accuracy when performing any practical payroll tasks
- 4 Understand the importance of security and confidentiality in performing any payroll task.
- 5 Give candidates the option of undertaking further units at Level 2 to enhance their understanding and skills of payroll processing by undertaking the Level 2 units in computerised payroll knowledge and skills

- 6 Enable candidates to progress in their learning to further develop their knowledge, understanding and skills of dealing with payroll transactions by undertaking further studies of payroll routines and procedures at Level 2

3 Links to National Occupational Standards

Direct relationship to the NOS for Accountancy and Finance P-1

4 Target groups

The IAB Level 1 Award in Payroll is specifically designed to appeal to those who are keen to gain an understanding of basic payroll procedures and also those who wish to become professional payroll processors.

The Level 1 qualification is primarily designed for the following candidates:

- 1 Those who are new to payroll and who wish to acquire the skills and knowledge required of payroll clerks prior to employment.
- 2 Those who wish to understand the PAYE system for their own interest.
- 3 Those who wish to return to working and wish to add payroll to their skills.
- 4 Those preparing for or undertaking a competence qualification or apprenticeship in Payroll at Level 2 who wish to underpin this with a thorough grounding in the fundamental knowledge, understanding and skills associated with producing and processing a payroll at that level.

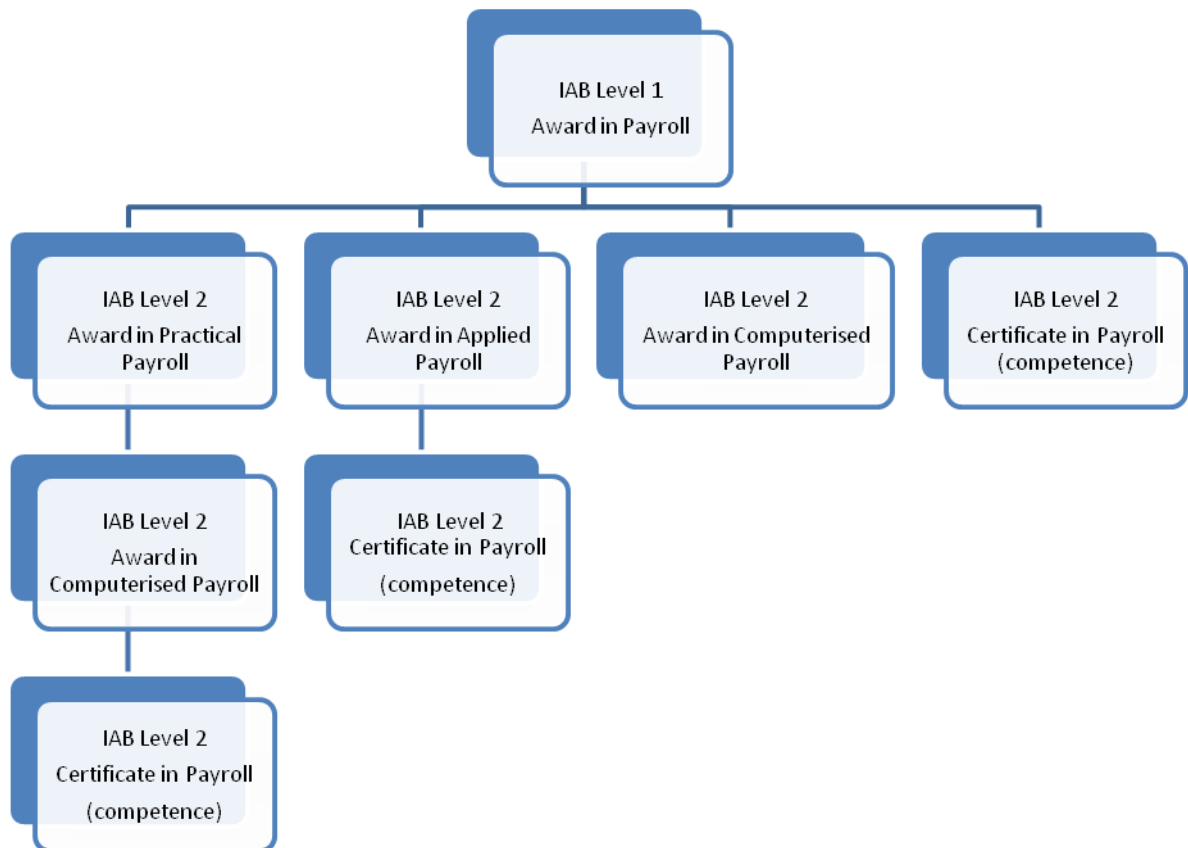
5 Statement of level

This is a level 1 qualification as defined within the regulations of the Qualification and Credit Framework.

6 Entry requirements

There are no formal entry requirements for the level 1 Award in Payroll. However it is recommended that prospective candidates will already have basic skills in both numeracy and literacy prior to embarking on a course of study for this qualification.

7 Progression



8 Qualification Structure

To achieve this qualification, only the **mandatory** units consisting of 7 credits must be achieved. The additional option units are provided purely as a progression opportunity, but are not a compulsory element of the qualification. The accreditation number, level and credit value of each unit is as follows:

Mandatory units

Payroll preparation – R6008794 (level 1 – 2 credits)

Generating an employee record – J6008792 (level 1 – 1 credit)

Making gross pay calculations – L6008793 (level 1 – 1 credit)

Payroll processing – Y6008795 (level 1 – 2 credits)

Processing leavers – D6008796 (level 1 – 1 credit)

Option units

Computerised payroll theory – D6014713 (level 2 – 1 credit)

Computerised payroll skills – T6014720 (level 2 – 2 credits)

9 Assessment and Grading

All mandatory units are covered in one examination which will be offered as standard sittings in January and June, or on an 'on demand' basis. All 'on demand' sittings are subject to a minimum period of notice.

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

Unit	Assessment
Mandatory	
Payroll preparation	End examination 1
Generating an employee record	
Making gross pay calculations	
Payroll processing	
Processing leavers	
Option (additional and not required to obtain the qualification)	
Computerised payroll theory	End examination 2
Computerised payroll skills	

To successfully complete the qualification the candidate must pass the above **Mandatory** element of assessment. Units are graded as Pass or Fail and the minimum levels of achievement for each unit, is set at 70%.

On successful completion of the **mandatory** units, the learner will be awarded one of the following grades for the qualification:

70 - 80	B
80 – 90	A
90+	A*

Successful completion of the 2 option units will not affect the grade for the overall qualification, but will lead to an additional award of the IAB Level 2 in Computerised Payroll. The two option units are graded Pass or Fail, but on successful completion of this qualification it will be graded B, A, or A* as above.

10 Certification

On successful completion of the two mandatory units listed above, the learner will receive a certificate to confirm the achievement of the Level 1 Award in Payroll (QCF). The certificate will include the full name and accreditation number of the qualification and the grade obtained.

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/s 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

PAYROLL PREPARATION – R6008794 Credit value: 2 Level 1
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Learning Outcomes	Assessment Criteria
1 Understand what constitutes basic pay for different payroll periods	1.1 Outline how basic gross pay for weekly paid employees is calculated from given information i.e. timesheets, basic hourly rates, weekly salaries 1.2 Outline how basic gross pay for monthly paid employees is calculated from given annual salaries
2 Understand the principles of calculating overtime payments	2.1 Outline how payable overtime hours are determined from given information i.e timesheets 2.2 Outline how to calculate an overtime rate of pay from given hourly rates of pay
3 Know the difference between statutory and voluntary deductions.	3.1 Identify two types of statutory deductions. 3.2 Identify two voluntary deductions. 3.3 Outline the authority needed before making voluntary deductions.
4 Understand the principles of the PAYE system.	4.1 Explain briefly how the PAYE system works. 4.2 Give an example of the use of a standard suffix tax code used cumulatively. 4.3 Give an example of the use of a standard suffix tax code used non-cumulatively. 4.4 Give an example of the use of tax code BR. 4.5 Define the terms cumulative and non-cumulative when used in relation to the PAYE system.
5 Understand the principles of the National Insurance system.	5.1 State the purpose of NICs 5.2 State two parties liable to make NI contributions. 5.3 Outline the use of the NI thresholds. 5.4 Give an example of when you would use NIC Category A. 5.5 Give an example of when you would use NIC Category C and the implications of its use. 5.6 Give one example of the authority needed to implement Category C deductions.
6 Understand the procedures for completing starters and leavers information	6.1 Outline the procedures relating to the completion of internal records for: <ul style="list-style-type: none"> • starters • leaver 6.2 Outline the information required to complete form P45 for:

	<ul style="list-style-type: none"> • starters • leaver
7 Understand the procedures for finalising the payroll	<p>7.1 Outline the preparation and use of a payroll summary</p> <p>7.2 Identify different forms of payment for wages</p> <p>7.3 Outline the preparation and purpose of a cash analysis for the payment of wages</p>

GENERATING AN EMPLOYEE RECORD – J6008792	
Credit value: 1 Level 1	
Learning Outcomes	Assessment criteria
1 Be able to complete a P11 deduction sheet or equivalent, for a new employee	<p>1.1 Complete a P11 deduction sheet or equivalent with personal details of a new employee</p> <p>1.2 Enter other information required</p>
2 Be able to complete a P45 for a new employee	2.1 Complete the procedure for a new employee with a P45
3 Be able to complete a P46 for a new employee	3.1 Complete a P46 for a new employee who does not have a P45

MAKING GROSS PAY CALCULATIONS – L6008793	
Credit value: 1 Level: 1	
Learning Outcomes	Assessment criteria
1 Be able to calculate basic pay for different payroll periods	<p>1.1 Calculate accurately, basic gross pay for weekly paid employees from given information i.e. timesheets, basic hourly rates, weekly salaries</p> <p>1.2 Calculate basic gross pay for monthly paid employees from given annual salaries</p>
2 Be able to calculate overtime payable from given information	<p>2.1 Calculate accurately, overtime hours payable from given information i.e. time sheets</p> <p>2.2 Calculate accurately, overtime rates of pay from given information</p> <p>2.3 Calculate accurately value of overtime payments</p>
3 Be able to implement permanent changes to rates of pay from given organisational information	3.1 Apply additional and permanent changes in rates to pay from given organisational information e.g. pay scales, cost of living rises and promotion

PAYROLL PROCESSING – Y6008795	
Credit value: 2 Level: 1	
Learning Outcomes	Assessment criteria

<p>1 Be able to determine Income tax to be deducted from Gross Pay.</p>	<p>1.1 Calculate income tax using either manual tables or HMRC CD Rom for:</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. <p>1.2 Process changes to employees tax codes</p> <p>1.3 Record PAYE deductions using paper P11s or the HMRC database</p>
<p>2 Be able to determine National Insurance Contributions to be deducted from Gross Pay.</p>	<p>2.1 Calculate NIC using either manual tables A and C, or the HMRC CD Rom for:</p> <ul style="list-style-type: none"> • employee NI contributions • employer NI Contributions <p>2.2 Record National Insurance Contributions using paper P11s or using the HMRC database</p>
<p>3 Be able to reconcile the payroll and make payments to employees</p>	<p>3.1 Prepare a payroll summary to itemise payments and deductions, including employer's NIC.</p> <p>3.2 Produce payslips to detail statutory and organisational information regarding employees' individual pay.</p> <p>3.3 Prepare payments to employees using cash analysis, cheque preparation or BACs payments</p>

PROCESSING LEAVERS – D6008796

Credit value: 1 Level: 1

Learning Outcomes	Assessment criteria
<p>1 Complete internal and statutory procedures for a leaver</p>	<p>1.1 Process the leavers final gross pay at the appropriate pay-run date</p> <p>1.2 Complete the necessary entries on a leaver's P11</p> <p>1.3 Complete the relevant section of form P45</p> <p>1.4 Finalise entries on P11 deduction sheet or on HMRC database</p>

Option (additional and not required to obtain the qualification)

COMPUTERISED PAYROLL THEORY D6014713

Credit value: 1 Level: 2	
Learning Outcomes	Assessment Criteria
1 Identify potential health and safety and security risks	1.1 Identify risks to data including: <ul style="list-style-type: none"> • From individuals, such as incompetence, theft, viruses or unauthorised access • Hardware and software • The internet • Disasters and unforeseen events 1.2 Understand the need to carry out visual safety checks before starting up the computer system, and be responsible for that environment 1.3 Identify ways to minimise security risks 1.4 Explain the health and safety risks in using IT systems 1.5 Explain the health and safety responsibilities of the employer in the context of a computerised workplace
2 Maintain the security of data within a computerised environment	2.1 Describe the procedures for maintaining the security and confidentiality of personal data and of all other information 2.2 Explain the importance of storage of data and the back up procedures of the organisation
3 Understand organisational procedures for processing payroll in a computerised environment	3.1 Explain the advantages and disadvantages of positive payrolls when using a computerised system 3.2 Explain the advantages and disadvantages of negative payrolls when using a computerised system 3.3 Explain the organisation's procedures and timelines for initiating, making and monitoring payments when using a computerised system

COMPUTERISED PAYROLL SKILLS T6014720	
Credit value: 3 Level: 2	
Learning Outcomes	Assessment Criteria

<p>1 Know how to process information on starters, leavers and changes to current employees</p>	<p>1.1 Set up and maintain company information</p> <p>1.2 Create a record for a new employee, producing reports as necessary</p> <p>1.3 Complete the records for a leaver producing reports as necessary</p> <p>1.4 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 • Attachment of earnings • Non-statutory deductions • Pay rates • Overtime rates • Advanced holiday pay • Net payments
<p>2 Process payroll accurately on a period basis</p>	<p>2.1 Update all employee records prior to the payroll being run</p> <p>2.2 Input all the necessary authorised data including:</p> <ul style="list-style-type: none"> • Pay • Overtime • Bonuses • Expenses • Pre tax and post tax voluntary deductions <p>2.3 Run the payroll, in accordance with organisational timescales, checking results conform to expected limits</p> <p>2.4 Produce reports to include payslips and payment summaries and ensure they are accurate and complete</p> <p>2.5 Run period end returns, with required report runs, in accordance with all relevant timescales including</p> <ul style="list-style-type: none"> • Monthly • Annual
<p>3 Back up and update systems when required</p>	<p>3.1 Make a permanent back-up and store this safely according to organisational guidelines</p> <p>3.2 Restore previous period data from back-up</p> <p>3.3 Apply updates to the software when instructed to do so by tax authority or software company</p>