



## **IAB LEVEL 2 AWARD IN APPLIED PAYROLL (QCF)**

Qualification Accreditation Number **500/9345/9**

(Accreditation end date 31<sup>st</sup> December 2012)

### **QUALIFICATION SPECIFICATION**

#### **CONTENTS**

1. Introduction
2. Aims
3. Links to National Occupational Standards
4. Target group
5. Statement of level
6. Entry requirements
7. Progression
8. Qualification structure
9. Assessment and Grading
10. Certification
11. Reasonable adjustments and Special consideration policy and procedures
12. Enquiry and Appeals procedure
13. Units with Learning Outcomes and Assessment Criteria

IAB (International Association of Book-keepers)  
Suite 30  
40 Churchill Square  
Kings Hill  
West Malling  
Kent ME19 4YU

Telephone: 0844 330 3527

Email: [mail@iab.org.uk](mailto:mail@iab.org.uk)

# Level 2 Award in Applied 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 2 payroll clerk.

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 2 Certificate in Applied Payroll aims to:

- 1 Act as an introduction to the practical skills related to payroll procedures, and gives the candidate the necessary skills to record these within both a manual and computerised, payroll system.
- 2 Give candidates the necessary skills to assess their own competence and understanding in carrying out a range of day-to-day payroll routines and activities using both a manual and computerised payroll system. The activities will include entry of payroll transactions into both a manual and a computerised payroll system, and further routine payroll record keeping and reporting tasks. The underpinning knowledge gained from this qualification will help to support that candidate in ensuring accuracy of information.
- 3 Give candidates the necessary skills to assess their understanding of the importance of maintaining accuracy, security and integrity in performing any payroll tasks when using a computerised payroll system.

- 4 Enable candidate to progress in their learning to further develop their knowledge, understanding and skills of dealing with financial transactions by:
- Undertaking the remaining units to complete the full competence qualification at Level 2.
  - Undertaking further studies of payroll routines and procedures at Level 3 both in manual and computerised environments.
  - Undertaking a Level 2 apprenticeship in payroll
  - Progressing to a Level 3 qualification using a computerised payroll system
  - Progressing to a full competence qualification in payroll at Level 3

### **3 Links to National Occupational Standards**

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

### **4 Target groups**

The IAB Level 2 Award in Applied Payroll is specifically designed to appeal to those who wish to gain a qualification at this Level in a computerised environment with the necessary underpinning knowledge.

The Level 2 qualification is primarily designed for the following candidates:

- Those who have achieved the IAB Level 1 Award in Payroll
- Those who are new to working in a payroll environment but do not have the practical skills of day to day payroll procedures of either manual or computerised payroll.
- Those who now wish to increase their skills and knowledge of a computerised payroll system to that required of payroll processors prior to employment.
- Those who have previously worked in payroll and have not received a qualification.
- Those who wish to return to working in payroll and need to update their knowledge.
- Those preparing for or undertaking an Apprenticeship in Payroll at Level 2, with a grounding in the fundamental knowledge, understanding and skills associated with producing and processing a payroll at that level.

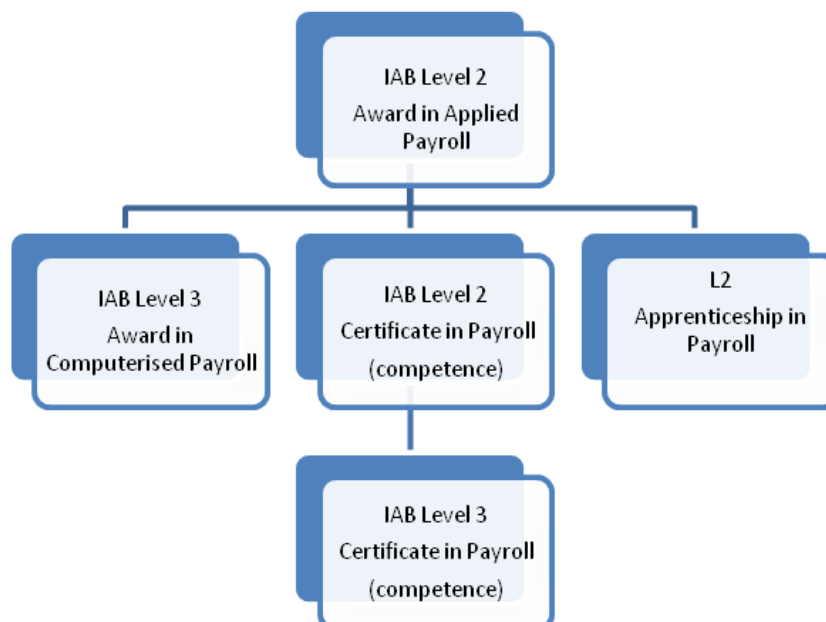
## 5 Statement of level

This is a level 2 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 2 Award in Applied 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. The successful completion of the IAB Level 1 Award in Payroll would be ideal qualification to allow progression to the Level 2 Award in Applied Payroll (QCF).

## 7 Progression



## 8 Qualification Structure

To achieve this qualification, all the **mandatory** units consisting of 11 credits must be achieved. The accreditation number, level and credit value of each unit is as follows:

### **Mandatory units**

**Calculate gross pay** – J/600/8887 (level 2 – 2 credits)

**Creating an employee payroll record** – R/600/8889 (level 2 – 1 credit)

**Processing leavers** – D/600/8894 (level 2 – 1 credit)

**Payroll processing** – Y/600/8893 (level 2 – 3 credit)

**Computerised payroll theory** – D/601/4713 (level 2 – 1 credit)

**Computerised payroll skills** – T/601/4720 (level 2 – 3 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 and examination. For assessments other than the examination 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 January and June, or on an 'on demand' basis. All 'on demand' sittings are subject to a minimum period of notice.

### **Internal verification of knowledge tests and assignments**

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 and assignments**

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
<b>Mandatory</b>	
Calculate gross pay	<b>Assignment 1</b>
Creating an employee payroll record	<b>Assignment 2</b>
Processing leavers	
Payroll processing	<b>End examination 1</b>
Computerised payroll theory	<b>End examination 2</b>
Computerised payroll skills	

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:

Assignment	70%
Examination	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*

## 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 2 Award in Applied Payroll (QCF). The certificate will include the full name and accreditation number of the qualification and the award of pass.

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](http://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](http://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

<b>CALCULATE GROSS PAY – J6008887</b>	
<b>Credit value: 2      Level: 2</b>	
<b>Learning Outcomes</b>	<b>Assessment Criteria</b>
1 Be able to determine basic pay for different payroll periods	1.1 Calculate accurately, basic gross pay for weekly paid employees from given information i.e. timesheets, basic hourly rates, weekly salaries  1.2 Calculate accurately basic gross pay for monthly paid employees from given annual salaries  1.3 Calculate accurately gross pay for non-standard periods i.e. daily, four weekly
2 Be able to calculate overtime payable from given information	2.1 Check rates of overtime payable against agreed information and limits  2.2 Calculate accurately, overtime hours payable from given information i.e. timesheets  2.3 Calculate accurately the value of overtime payments due including lump sum payments
3 Be able to calculate additional payments from given information	3.1 Apply commission payable from given information  3.2 Apply bonus payments from given information  3.3 Calculate accurately unsocial hours and shift payments  3.4 Calculate accurately holiday pay from given information  3.5 Apply temporary changes to rates of pay and salaries including lump sum payments and negative payroll situations
4 Be able to implement permanent changes to rates of pay from given organisational information	4.1 Apply any additional permanent changes in rates of pay from given organisational information e.g. pay scales, cost of living rises, performance enhanced pay, promotion, changes in working situations  4.2 Apply changes to rates of pay retrospectively ensuring accuracy in back payments
5 Be able to implement relevant statutory additions to pay when entitlement has been determined	5.1 Apply the correct statutory payment to gross pay when entitlement has been established including: <ul style="list-style-type: none"> <li>• statutory sick pay</li> <li>• statutory maternity pay</li> <li>• statutory adoption pay</li> <li>• statutory paternity pa</li> </ul>



**CREATING AN EMPLOYEE PAYROLL RECORD – R6008889****Credit value: 1 Level: 2**

<b>Learning Outcomes</b>	<b>Assessment Criteria</b>
1 Be able to prepare a payroll record for a new employee	1.1 Complete a P11 deduction sheet or equivalent, with personal details of a new employee  1.2 Enter other information required  1.3 Ensure all information required is recorded including NI number
2 Be able to complete relevant statutory forms for a new employee	2.1 Complete the procedure for a new employee with a P45.  2.2 Complete form P46 for a new employee who does not have a P45

**PROCESSING LEAVERS – D6008894****Credit value: 1 Level: 2**

<b>Learning Outcomes</b>	<b>Assessment Criteria</b>
1 Be able to calculate the gross pay for a leaver	1.1 Calculate accurately gross pay due to a leaver  1.2 Calculate accurately additional payments to be included in a leavers final gross pay including: <ul style="list-style-type: none"> <li>• back pay</li> <li>• week-in arrears payments</li> <li>• holiday pay</li> </ul> 1.3 Calculate accurately changes to voluntary deductions to a leavers final pay-run
2 Be able to complete internal procedures and those necessary for external agencies and statutory bodies, for a leaver	2.1 Process the leavers final gross pay at the appropriate pay-run date  2.2 Complete the necessary entries on a leaver's P11  2.3 Complete the relevant section of form P45  2.4 Finalise entries on P11 deduction sheet or on HMRC database

## **PAYROLL PROCESSING – Y6008893**

**Credit value: 3    Level: 2**

<b>Learning Outcomes</b>	<b>Assessment Criteria</b>
1 Be able to determine income tax to be deducted from gross pay	1.1 Apply the tax code for an employee from given information 1.2 Process pre-tax deductions correctly 1.3 Calculate accurately income tax manually or using HMRC CD Rom for: <ul style="list-style-type: none"><li>• standard suffix codes operated on a cumulative or non-cumulative basis</li><li>• BR code operated on a cumulative basis.</li><li>• NT</li><li>• D0</li></ul> 1.4 Identify the authority required to change an employee's tax code and process the change accurately 1.5 Record PAYE deductions using paper P11s or the HMRC database
2 Be able to determine national insurance contributions to be deducted from gross pay	2.1 Calculate accurately NIC for categories A, C, D and F, manually or using the HMRC CD Rom for: <ul style="list-style-type: none"><li>• employee NI contributions</li><li>• employer NI Contributions</li></ul> 2.2 Record NICs using P11 working sheets
3. Be able to determine voluntary deductions and non-standard statutory deductions	3.1 Process voluntary deductions in an appropriate way 3.2 Process other statutory deductions: <ul style="list-style-type: none"><li>• Attachment of earnings (1971 Act)</li><li>• CTAEs</li><li>• Deductions from earnings orders</li><li>• Scottish arrestment orders</li><li>• Student loan repayments</li></ul>
4. Record and reconcile payments and deductions to employees and external agencies	4.1 Prepare a payroll summary to record and itemise payments and deductions, including employer's NIC 4.2 Produce payslips to detail statutory and organisational information regarding employees' individual pay 4.3 Reconcile payments and deductions made from employees pay with the total payroll 4.4 Complete payment schedules for different methods of payment to employees 4.5 Complete form P32

**COMPUTERISED PAYROLL THEORY D6014713****Credit value: 1          Level: 2**

<b>Learning Outcomes</b>	<b>Assessment Criteria</b>
1 Identify potential health and safety and security risks	1.1 Identify risks to data including: <ul style="list-style-type: none"><li>• From individuals, such as incompetence, theft, viruses or unauthorised access</li><li>• Hardware and software</li><li>• The internet</li><li>• Disasters and unforeseen events</li></ul> 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**

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