



Payroll

Draft Higher National Unit Specification

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General Information for Centres

Unit Title: Payroll

Unit Code:

Unit Purpose

This Unit introduces candidates to the basic operations involved in payroll procedures. It is intended for candidates who expect to take up a career in financial administration and accounting. It is also relevant to those with appropriate work experience and who wish to formalise their skills in payroll operations.

On completion of this Unit the candidate will be able to:

1. Prepare and operate manual and computerised payroll records for a range of employees.
2. Enter payroll data in the financial records of an organisation.

Credit Value: 1 HN Credit, SCQF level 7

SCQF (the Scottish Credit and Qualifications Framework) brings Scottish qualifications into a single framework of 12 levels ranging from SQA Access 1 to doctorates. The SCQF includes degrees; HNC/Ds; SQA National Qualifications; and SVQs. Each SQA Unit is allocated a number of SCQF credit points at a specific level. 1 SCQF point = 10 hours of learning. HN candidates are normally expected to input a further number of hours, matched to the credit value of the Unit, of non-contact time or candidate-led effort to consolidate and reinforce learning.

Recommended prior knowledge and skills

Access to this unit is at the discretion of the centre. However candidates would normally be expected to have competence in communication and numeracy skills to at least level 5 of the Core Skills framework. This may be evidenced by possession of the core skills units in Communication and Numeracy or similar qualifications or experience.

Core Skills

There may be opportunities to gather evidence towards Core Skills in this Unit, although there is no automatic certification of Core Skills or Core Skills components.

Context for delivery

This Unit is delivered as part of the HNC/D Accounting Group Awards. It is recommended that it should be taught and assessed within the subject area of the HNC and HND Accounting. This Unit is also delivered as part of the framework for the HNC/HND Administration and Information Management and it is recommended that it should be taught within the context of that award. If the Unit is delivered as part of the framework of an alternative Group Award it is recommended that it should be taught within the context of that award.

Assessment guidelines

The Unit will be holistically assessed in one of the two following ways: either by a separate assessment for each Unit Outcome conducted under controlled conditions, or a single assessment covering both Outcomes conducted under controlled conditions. The method of assessment chosen should be at the discretion of the centre, subject to the conditions that are prescribed in the Statement of Standards which follows. If centres wish to use a different method of assessment, they should seek prior moderation of the assessment that they intend to use. To achieve this Unit candidates should attain 70% of the available marks for each assessment instrument.

Statement of Standards

The sections of the Unit stating the Outcomes, knowledge and/or skills, and evidence required are mandatory.

Where evidence for Outcomes is assessed on a sample basis, the whole of the content listed in the knowledge and/or skills section must be taught and available for assessment. Different items should be sampled on each assessment occasion.

Outcome 1

Prepare manual and computerised payroll for employees paid weekly and monthly and maintain records in accordance with Inland Revenue requirements.

Knowledge and/or skills

- ◆ Create records for existing and new employees.
- ◆ Use Inland Revenue forms P11, P45, P46, P6, P35.
- ◆ Calculate gross pay:- basic pay, overtime, bonus, commission, salary.
- ◆ Holiday Pay.
- ◆ Statutory Sick Pay.
- ◆ Statutory Maternity Pay.
- ◆ Statutory Paternity Pay.
- ◆ Calculate Income Tax due: Tax Codes, Tax Tables.
- ◆ Calculate Employer/Employee National Insurance Contributions:
 - Contracted out; not Contracted out
- ◆ Calculate net pay for employees and process relevant documentation.
- ◆ Employee Leaving.
- ◆ Year end return — P14, P60, P35.
- ◆ Apply data protection legislation to payroll situation.

Evidence Requirements

To achieve this Outcome each candidate must provide evidence which demonstrates his/her knowledge and/or skills.

Each candidate must provide evidence to show that she/he can:

- ◆ Create manual records (P11) for a number of existing weekly paid employees.
- ◆ Create manual records (P11) for a new weekly paid employee using data from forms P45/P6.
- ◆ Complete appropriate documentation for new employee with no tax code.
- ◆ Use a commercial payroll package to:
 - create computer records for a number of existing weekly paid employees
 - create computer records for a number of existing monthly paid employees
 - create computer records for a new monthly paid employee using data from forms P45/P6
- ◆ Calculate gross pay for a number of weekly paid workers.
- ◆ Calculate income tax, national insurance contributions and net pay for a number of weekly paid employees.
- ◆ Process basic pay for a number of weekly paid employees.
- ◆ Process monthly salaries for a number of monthly paid employees.

- ◆ Produce a payroll summary for weekly paid employees.
- ◆ Produce pay advice for weekly paid employees.
- ◆ Produce pay advice for monthly paid employees.
- ◆ Complete documentation for payment of monthly paid employees using automated banking procedures.
- ◆ Produce year end documentation for weekly paid employees using Inland Revenue forms.
- ◆ Produce period end and year end documentation from a commercial computerised payroll package including pay advice, payroll, P11's, P14/P60, P35.
- ◆ Explain what is meant by and how to deal with holiday pay, SSP, SMP and SPP
- ◆ Explain how data protection legislation applies to payroll.

Assessment guidelines

This Outcome can be assessed in two parts. First, using a scenario describing a number of existing employees with a mixture of weekly paid workers and other salaried employees paid monthly. Two pay periods should be processed for each group, and the weekly paid group should include the final pay period of the tax year.

Sampling evidence

The second part of the assessment should include questions explaining other types of pay detailed above. It is suggested that any two categories of pay be included in the questions provided that all categories are assessed over any three consecutive assessments

The assessment will be completed in class in controlled conditions.

Outcome 2

Enter payroll data in the financial records of an organisation.

Knowledge and/or skills

- ◆ Enter payroll details in the General Ledger.
- ◆ Enter cheque payments relating to payroll function in the cash book.

Evidence Requirements

To achieve this Outcome each candidate must provide evidence which demonstrates his/her knowledge and/or skills.

Each candidate must provide evidence to show that she/he can:

- ◆ Using journal entries incorporate data from payroll records, for weekly and monthly paid employees, in the general ledger.
- ◆ Record payment in respect of payroll costs in cash book including net pay and payments to Inland Revenue.
- ◆ Complete monthly payment form (P35) for payments to Inland Revenue.

Assessment guidelines

This Outcome will be assessed by the student using data from a completed payroll for one month's accounting period to incorporate entries in appropriate general ledger accounts by way of journal entries as well as recording the appropriate cheques drawn against a pay and statutory deductions for the period. The assessment will be completed under controlled conditions. No reference to previous worksheets, books, notes will be allowed.

No sampling of evidence will be allowed.

Support notes

This part of the Unit specification is offered as guidance. The support notes are not mandatory.

While the exact time allocated to this Unit is at the discretion of the centre, the notional length is 40 hours.

Guidance on content/context

This Unit is part of the framework of the HNC Accounting Group Award. It is designed to enable candidates to maintain and operate payroll records, and record such data in financial records. On entry candidates would be expected to have competence in communication and numeracy skills to at least level 5 of the Core Skills framework.

Outcome 1 — candidates should be aware of different lengths of pay periods. Candidates should be aware of different elements of pay including basic rates, overtime rates, bonuses and commission, salaries. They will know about tax free pay, tax rates, tax codes, tax tables. They should also have knowledge of other elements of pay including holiday pay, Statutory Sick Pay, Statutory Maternity Pay and Statutory Paternity Pay. Candidates should know how to use and complete Inland Revenue forms such as P11, P45, P46, P14/P60 and P35. Procedures for dealing with new employees and leavers will be used as will payment of monthly salaries by automated banking procedures. Knowledge of methods of using this information in a commercial computer package is also required. Candidates will be aware of data protection legislation as it applies to the payroll function.

Outcome 2 — candidates should have knowledge of the completion of journal entries to incorporate entries from payroll records in financial ledgers. They will also know how to enter cheque payments in a cash book and post these payments into relevant ledger accounts. Relevant ledger accounts will include Gross Pay, Net Pay, Income Tax (PAYE), National Insurance. Entries to include gross pay and all deductions. Monthly returns of tax and national insurance (P35) to Inland Revenue will be used.

Guidance on delivery and assessment of the Unit

It is envisaged that this Unit will be delivered after candidates have mastered the elements of double entry book-keeping and the organisation of financial ledgers.

By studying the Outcomes in order candidates will come to understand the process of payroll preparation and how this integrates with the overall financial records of a business.

Open learning

This Unit could be delivered by distance learning. Centre devised supervision agreements should detail controlled conditions to ensure authenticity of evidence.

Special needs

This Unit specification is intended to ensure that there are no artificial barriers to learning or assessment. Special needs of individual candidates should be taken into account when planning learning experiences, selecting assessment instruments or

considering special alternative Outcomes for Units. For information on these, please refer to SQA's publication *Guidance on Special Assessment Arrangements* (A0645/3, December 2001).

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General Information for Candidates

This Unit introduces you to the operation of the payroll function within an organisation. You will be able to distinguish between different types of wage/salary earned by individuals. You will also learn about different forms used by Inland Revenue in relation to employees' pay. Also, using Inland Revenue tables you will learn how to calculate statutory deductions from employees' pay for income tax and national insurance. You will also experience how to operate these procedures on a commercial computerised payroll package. You will become aware of the impact of data protection legislation on the payroll function. Finally, building on your knowledge of double entry book-keeping, you will learn how to incorporate payroll data in the financial records of a business.

This Unit is ideally studied as part of the HNC/D Accounting framework but can also be delivered within the context of other HNC/D courses such as Administration & Information Management. The Unit is also suitable for study as a stand-alone Unit for students with relevant experience of payroll and financial record keeping.

The Unit will be assessed by one assessment to cover both Outcomes or two separate assessments which will be assessed under controlled conditions. The tasks cover all the main elements of payroll operations, both on manual and computerised systems as well as the incorporation of this data in the financial records of a business. Both tasks will be carried out under closed-book conditions.