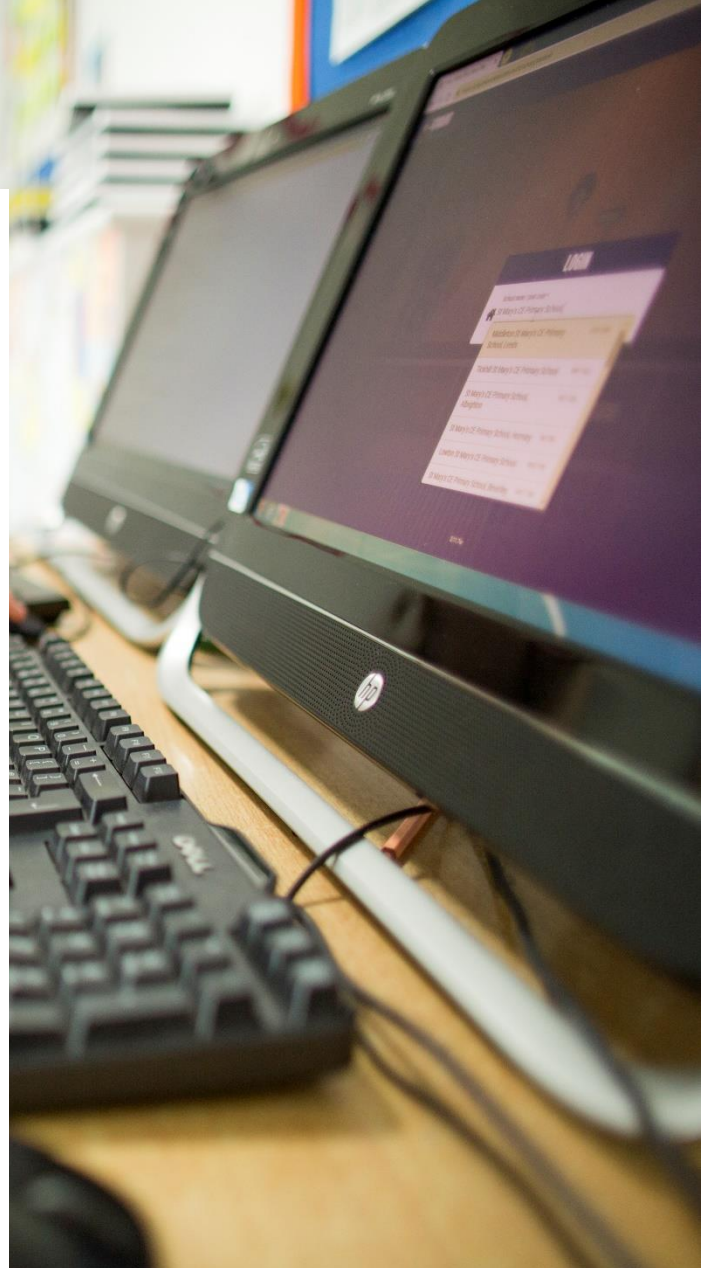




FINANCIAL MANAGEMENT

Payroll in Schools



SEPTEMBER 19

London Borough of Haringey
Authored by: Schools Finance



Payroll Management in Schools

“Payroll monitoring is an on-going process by which the schools ensure that the financial objectives of the schools have been achieved.”

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Notes:

ESFA – Education & Skills funding Agency

DfE – Department for Education

LA – Local Authority

VFM – Value for money

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INTRODUCTION

Schools Financial Regulations set out the internal controls and procedures to be followed by schools when dealing with the school payroll.

The manual follows the same structure and order as the financial regulations but is designed to give detailed assistance to schools in designing processes to record and demonstrate compliance with regulations.

In any case where conflict is perceived between this manual and the schools' financial regulations then the regulations will apply.

If a school has difficulty in interpreting the regulations or this corresponding financial manual, they should contact Haringey Schools Finance Team.

Sections 45-53 of the School Standards and Framework Act 1998, the annual School Finance (England) Regulations and elements of the Haringey Scheme for Financing Schools also contain regulations supporting this section of the Schools Finance manual.

AIMS AND OBJECTIVES

Clear roles and responsibilities for authorising payroll details must be approved by the governing body on an annual basis.

Payroll details must be kept accurately, confidentially and securely.

Schools use a variety of payroll providers:

- Local Authority
- Payroll bureau

The choice should be based on best value. A school cannot afford to have an inefficient payroll process, as this can cause huge difficulties to staff and great animosity. It is also the largest budget within the school and therefore needs to be effective.

AGREEMENT BETWEEN SCHOOL AND PAYROLL PROVIDER

To ensure an effective service the following details must be clarified with the payroll provider:

- Payments by BACs transfer
- Monthly (or weekly) payments
- Cut-off dates for submission of information
- Dates salaries are paid into staff bank accounts
- Dates for pension and Inland Revenue payments to be made
- Preparation of end of year returns (Inland Revenue etc)
- Who can authorise new staff to be included in payroll
- Who can authorise changes to payroll
- Who can authorise overtime payments, extra hours, casual hours
- Who can access payroll data
- Reports provided by payroll provider
- Agreed forms to provide information required by payroll
- Back-up provision
- Indemnification in the event of loss or corrupted data

CHANGES TO PAYROLL INFORMATION

New Staff Appointments

- Details of new members of staff should be sent promptly to payroll
- Salary scale, full time equivalence etc must be confirmed from the letter of appointment
- P45 or P46 included with details
- Bank details included
- Authorisation of appointment by approved person
- A staff member cannot approve their own appointment

Contract/Payroll Changes

- Details of contract/payroll changes must be sent promptly to payroll
- Salary scale, full time equivalence etc must be clarified from the letter confirming changes to contract
- Authorisation of appointment by approved person
- A staff member cannot approve their own appointment

Adjustments to Normal Payroll Disbursements

- Time sheets, casual hour sheets or other supporting records to be prepared and checked to ensure they are reasonable
- Travel expenses paid through payroll must be verified
- Authorisation of disbursement by approved person
- A staff member cannot approve their own payments

Calculating Payroll Disbursements

Some payroll providers will require the school to provide these calculations. It is good practise to calculate extra staff costs as part of the expenditure commitment process.

- To assess the basic pay for casual hours worked, a multiplication based on time worked (in sessions, days, hours and even minutes) and the agreed rate of pay for the individual
- The daily rate for supply teachers is usually based on 1/195 of their annual salary, as 195 is the number of days the Teachers' Conditions of Service define as annual working days
- Actual basic pay for a supply teacher is based on the proportion of the school day they worked, multiplied by their daily rate
- The actual amount paid to a supply teacher for 1 hour's work will vary from school to school, depending on the length of the school's day
- Under the Teachers' Conditions of Service, the use of 195 as the working days denominator means that the supply teacher receives a pro-rata element of holiday pay. Therefore, the daily cost of a supply teacher will appear higher than that of a salaried teacher, who will be paid during the holidays
- Although supply teachers will claim their time on a weekly basis, it is accepted that they will be paid at the end of each month
- Governors have the discretion to fix session rates for visiting lecturers etc, either as an hourly, half day or whole day rate

STAFF PAYMENTS

- Wherever possible all payments should be made by payroll
- In exceptional circumstances a cheque may be written, after consultation with payroll regarding NI, tax etc
- Under no circumstances should staff be paid from petty cash or by other cash held within the school
- Records must be retained
- All payroll payments to staff, whether casual or otherwise, must be declared for HMRC purposes