



Keystone Academy Trust

Payroll Policy

Created: October 2021
Review date: October 2023

Payroll – Finance Policy

There are three main elements to the payroll system:

- staff appointments
- payroll administration including changes
- payments

Each Academy holds and maintains the personnel files for all its members of staff including contracts of employment. All personnel changes affecting payroll (once approved) must be documented and signed by the Head Teacher/Head of School.

1. Staff Appointments

As part of the budget approval the Board of Trustees will approve a personnel establishment for the next academic year. This will show a clear structure that meets the objectives of the MAT and each academy for the next academic year.

After agreement, changes to this structure are inevitable due to, for example, resignations, maternity/paternity, ill-health, operational changes etc. A summary of all changes, approved or not approved, including both head count and pay rates, should be presented at each Trustee Meeting by the CEO.

Budget Approved Personnel Establishment

The Head Teacher/Head of School has the authority to appoint staff within the authorised personnel establishment as set by the budget. This includes head count and pay rate as per the budget. The exceptions to this are for the Head teacher, Head of School, CEO, Deputy CFO, Deputy Head Teachers and the CFO whose appointment must follow formal consultation with the trustees. It is normal practice within the academy to consult with the Chair of the Trustee Board (or delegated Trustee if appropriate) on teacher and other senior support staff appointments and to involve members of the Trustee Board in the appointment process. All proposed changes must be communicated to the CFO before contractually agreed to ensure that there is budget capacity for the changes. Any other recruitment within the approved personnel establishment should be communicated to the Chair by the CEO.

Ideally any changes will be communicated to Trustees before actioning but it is recognised that due to timings of meetings etc. this will not always be possible (for example Supply & Relief Staff, overtime at short notice).

Non-Budget Approved Personnel Changes

The Head Teacher/Head of School with approval from the CEO/CFO has the authority to propose and approve changes to the Approved Personnel Establishment in order to meet the demands of the academy. This affects both head count and pay rates. All proposed changes must be communicated to the CFO before contractually agreed to ensure that there is budget capacity for the changes. Procedures are consistent with those required for the Approved Personnel Establishment, but additionally require the following:

- Consultation with CEO/CFO and possibly the Chair if the impact of the FTE/pay rate change will increase the budgeted spend on salaries, and proposals to mitigate the increase in expenditure must be produced.
- Consultation on any redundancies or significant head count reduction.
- Temporary posts to be given if there is uncertainty over the permanent need for any post within the academy.

Variances on Contractual Pay

All variances on pay must be communicated between the Head Teacher and CFO as soon as possible so that it can be confirmed that the appropriate procedure is being followed and that the budgetary impact has been considered before being contractually agreed with the staff member.

- All overtime must be pre-approved by the Head Teacher or Senior Management Team. Opportunities to offer time off in lieu or make use of volunteers must be considered to reduce the impact on salaries.
- Any changes to contractual pay (e.g. bonus payments, TLRs, unscheduled pay increases, extra hours) must be approved by the Head Teacher/Head of School after consultation with the CFO. Where the spend is unbudgeted then the reasons for the change need to be provided and means of mitigating the spend given.

2. Payroll Administration

Payroll will be administered by an external payroll provider. Payroll is administered by a private payroll company via a secure password protected electronic portal. Contact is also made through telephone calls and emails where necessary. Each academy is responsible for updating the information passed to the payroll company in a timely manner on a monthly basis.

All employees are paid monthly through the payroll company's payroll package. A master file is created for each employee which records:

- Salary
- Bank account details
- Taxation status (i.e. tax code)
- Personal details (name, dob, address etc.)
- Any deductions or allowances payable.

The CEO, COM, Head Teacher, Payroll Administrators, CFO and the Financial Administrator all have password access to the payroll provider's secure web portal in order to download payroll reports for management accounts, for recording payroll on the financial package, and pension/audit purposes.

Each academy is responsible for liaising with their payroll provider to ensure that pay and pay related matters are correctly determined prior to payments being authorised and that any errors are corrected as soon as is practically possible.

Each academy must complete a monthly staff return that provides details for all employees of sickness and other absences during the month, overtime, and any new appointments/terminations or changes to contract. The staff return must be authorised

by the Head Teacher/Head of School/CEO. Authorised staff returns should be sent to the payroll provider who are then responsible for payroll processing.

According to the payroll provider's timetable, the academy is responsible for preparing pay documentation for the payroll provider and securely forwarding that information for payroll purposes.

Payments

After payroll has been processed but before payments are despatched a summary of salary payments by individual and showing the amount payable in total will be provided by the payroll provider. This must be reviewed by the academy and authorised in conjunction with the Head Teacher/CEO. The Head Teacher/CEO must also provide the authority to release the salary payment by the payroll provider.

All salary payments are made by BACS.

The payroll system operated by the payroll provider automatically calculates the deductions due from payroll to comply with current legislation. These deductions include income tax, national insurance and pension deductions. The amounts payable are summarised on reports provided by the payroll provider as part of the reconciliation of gross pay to net pay. The payroll provider makes these payments on behalf of the academy.

The Central Finance Team is responsible for entering the pay journal onto the finance system once the payroll has been processed. Postings will be made to both the payroll control account and to individual cost centres. The CFO has to review the payroll control account each month to ensure that the correct amount has been posted from the payroll system to the correct ledger accounts.

A comparison of each employee's pay with their budgeted pay will be performed by Central Finance and explanations of variances identified.

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