

# Financial Control no9

## Salary Payments, Travel, Expenses and IR35

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*For clarity 'signed' means signed with a full signature.*

*Updates Sept 2024: Introduction wording and IR35 links*

## 1. Introduction

The school should ensure that only bona-fide employees are paid the correct salary and expenses at the correct time and that all documents affecting salary payments and expenses claim forms are properly authorised. All payments to staff should also be correctly assessed for PAYE and NIC liability. The output from the school's chosen payroll provider should be fully reconciled to the school's records for accuracy. School governors must annually agree a Pay Policy, signed by the Governing Body or appointed committee.

Selecting the right payroll provider can help to streamline your payroll processes, reduce the administrative burden, saving you time, but will also keep you compliant with legal requirements, such as PAYE, NI, salary sacrifice arrangements and pension responsibilities etc. Backdated changes are unavoidable, so make sure they can support automated retrospective pay so you don't have to do manual calculations. They must have a comprehensive SLA and be able to demonstrate that they have a proven track record in delivering a compliant payroll offer to the Education sector.

## 2. Salary Payments

**2.1** All documents affecting employees' salaries, i.e., starter, amendment or termination forms and time sheets should be authorised in full by the Headteacher or designated person (i.e. Deputy Headteacher). Any delegation of responsibility should be recorded in the school finance policy.

**2.2** The Headteacher should ensure that a letter of authorisation is submitted to the payroll provider detailing his/her signature. If members of staff other than the Headteacher are designated certifying officers, then the Headteacher should also notify the payroll provider of their names; their job titles; what documents they are authorised to certify; and should provide three specimens of their signatures.

**2.3** The Chair of Governors should authorise any documents affecting the Headteacher's salary. Any salary increases awarded to the Headteacher should be supported by documentation stating Full Governing Body approval. This should be agreed by the Performance Review Committee and ratified by the Full Governing Body.

**2.4** Up-to-date records of all school employees and their pay points should be maintained in school for accurate budget setting purposes and to check the accuracy of payments made by the school's payroll provider. All confidential information regarding employees (i.e., staff listing reports and personnel records) should be held securely and access to this information should be restricted to authorised staff only.

**2.5** Payments to all staff, including ad-hoc and temporary staff, for additional duties e.g. a gratuity to a caretaker or an honorarium granted for additional work must be paid through payroll.

**2.6** When salary documents have been authorised, they should be copied and held by the finance officer, awaiting receipt of the payroll report to check against

**2.7** The payroll provider report must be signed and dated as checked by the reconciler and authorised by the Headteacher (or delegated officer in accordance with the school's finance policy) by the 20<sup>th</sup> of the month following the pay month. Queries and anomalies between expected and actual costs must be investigated, resolved and annotated on the report and costs entered onto the schools accounting system. The reports and accompanying documents should be held in a secure location.

**2.8** More than one member of staff should be involved in the checking processes and distribution of pay slips. This provides an adequate division of duties to ensure that only bona-fide employees receive the correct salary payments.

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### **3. Travel and Subsistence Expenses**

**In accordance with HMRC guidance, all mileage and subsistence expenses should be processed through the payroll.**

**3.1** Travel and subsistence claim forms should be checked and certified by an appropriate officer. No member of staff should certify their own claim forms or those of a relative. The Deputy Head or a senior teacher should certify the Headteacher's claim form. The school's payroll provider should be notified of all designated certifying officers for authorising claim forms, together with three specimens of their signatures.

**3.2** A commitment of estimated costs should be made on school budgetary control records for all claim forms submitted for payment. Copies of the claim forms should be held for checking to the payroll report.

**3.3** All charges for expenses detailed on the school's payroll provider's notification should be reconciled to school records and adjustments to the school records should be made as necessary. Any discrepancies identified should be taken up with the payroll provider.

### **4. IR35 checks – off-payroll working rules**

HMRC dictate that schools need to assess whether a contractor is genuinely self-employed or should be considered an employee. These checks should be made prior to engaging an individual. Schools must keep records of all employment status checks and provide the individual/contractor with a copy. This is a legal requirement. Please refer to the following links for guidance:

<https://www.gov.uk/guidance/understanding-off-payroll-working-ir35>

<https://www.gov.uk/guidance/check-employment-status-for-tax>

Kent maintained schools can contact the Chief Accountants Team (CAT) for further support [CATenquiriesKCC@kent.gov.uk](mailto:CATenquiriesKCC@kent.gov.uk)

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Update History:

*Updates March 2023:  
Section 2.6 and 2.7*

*Updates Sept 2023: none*

SFS Reviewed Sept 2024