

## **Payroll Procedures and Controls**

### **1. Overview**

The board of management must ensure that there are adequate procedures in place for the payment of wages to school staff and other persons being paid by the school and that statutory obligations are met.

Persons employed in the payroll function should be made aware of the sensitivity of their role and that confidentiality is required.

### **2. Controls**

Payroll controls help the board of management to ensure that the payroll is being administered correctly, and funds are being used appropriately, and the transactions are properly documented. Having such a system in place serves as an internal control to protect the board of management against theft and fraud, and it supports the accounts reconciliation process. Recommended controls are as follows:

- i) The board of management should approve payroll procedures.
- ii) The board of management should approve all rates of pay and any changes to rates of pay.
- iii) The board of management should approve annual leave entitlements and ensure that the practice of rolled up holiday pay is not utilised (i.e. that the hourly rate of pay does not include an element of holiday pay, annual leave entitlements should be paid when the employee is on leave).
- iv) Timesheets should be provided for employee use.
- v) The timesheet may be manual or digital. The timesheet should be capable of recording normal hours and breaks.
- vi) Timesheets should be filled out by the employee and submitted to the Principal within an agreed time frame. E.g. if wages are paid in arrears, they may be submitted at the end of the relevant week for payment the following week.  
At the very least, time should be provided to deal with any questions or issues.
- vii) The Principal should review, approve, and sign the timesheets.
- viii) Payroll should always be processed using a payroll package, this will avoid potential errors.

- ix) The Principal (in post primary schools) or Principal and treasurer (in primary schools) should review and sign-off on the “gross to net” payroll report before authorising bank payments. These reports should be filed as evidence of review.
- x) A register of employees should be maintained and updated for new employees and leavers.
- xi) All employees should have a contract of employment, samples may be requested from management bodies.
- xii) All wages/salary payments should be paid via direct debit, EFT or cheque, and never by cash.
- xiii) The Revenue statement of account should be reviewed and accepted each month.
- xiv) Payroll advances should never be paid. Payroll payments must always match payslips.

### **3. Procedures**

- i) Rates of pay and leave entitlements are agreed by the board of management, in line with Department of Education circulars where relevant.
- ii) Standard rates and hours, and annual leave for each employee are given to the payroll operator.
- iii) The Principal informs the payroll operator of any new employees and their pay rates and leave entitlements and of any employees leaving employment and their finish date.
- iv) Where an employee works on a casual basis e.g., substitute and you are not sure if they will be working for you again, if they have not been paid for 3 months they should be marked as leavers in the next payroll submission. The date of leaving should be the last day the employee worked with you.
- v) Appropriate timesheets are provided to all staff.
- vi) Timesheets are completed by all employees and submitted to the Principal within an agreed time frame, allowing for time to deal with any queries or issues.
- vii) The Principal reviews, approves and signs off on the timesheets.
- viii) Details of employees to be paid along with their timesheets are given to the payroll operator. Details of any overtime and holidays are included. Any temporary employees are also listed, such as selection committee members and anyone giving one-off lectures/training.
- ix) The payroll operator requests new RPN (Revenue Payroll Notification) every time payroll is run. This ensures employee credits are up to date and correct deductions applied.
- x) The payroll operator processes the time and pay in the payroll from the information in the timesheets, including standard hours and any other hours e.g. holiday hours etc. The correct rate of pay should be checked. Nonstandard hours should be shown separately, so that the payslip accurately

reflects the hours paid. This also provides the school with records of holiday pay, bank holiday pay etc. which has been paid and thus protects the school from future challenges regarding these.

- xi) The payroll operator finalises the payroll and generates the payslips, gross to net report and additions/deductions reports if applicable.
- xii) The payroll operator reviews the reports for accuracy and reasonableness, checking that all deductions (tax, PRSI, pension) were correctly made, and that the reports add up correctly.
- xiii) The Principal/treasurer review the gross to net payroll reports. This report details the gross pay of each employee and shows what has been deducted for tax, PRSI USC and any other deductions, leading to the net amount, which is the amount that the employee receives. When reviewing this report it is important to check all employees are listed and changes to rates were approved. A sample wages sheet is available to outline any amendments that have been made to the payroll here.
- xiv) The payroll operator makes a payroll submission request (PSR) for every payroll run. This submits the payroll to Revenue.
- xv) A backup of the payroll package is taken. Back up of payroll should be securely stored, on USB, external drive or online storage. It is important to ensure this information is not lost when a computer is replaced or repaired.
- xvi) If an error is discovered, it should be corrected as soon as possible. Payroll packages allow for the correction of errors.  
If the payroll has just been updated, the employees have not yet been paid it is possible to simply run the payroll again.  
Some common errors which may be corrected can include forgetting to add new employees, a different amount was paid to the employee than that on payslip, wrong PPS number used for an employee, wrong PRSI class used for an employee etc.  
Payroll packages will come with technical support and help documents. Follow these instructions or contact support for assistance with corrections.  
The FSSU can provide guidance on general payroll issues but assistance with the operation of a package should be sought from the provider in the first instance.
- xvii) Wages and salaries are prepared for payment and authorised by the treasurer and chairperson/chairperson delegee in primary schools or by the Principal and other board approved authoriser in post-primary schools. xviii) Where the accounts secretary/bursar does not operate the payroll, details of all wages payments and an analysis of those payments should be given to them for entry into the accounts. xix) Each month the Revenue statement of account should be agreed to the payroll tax liability as per the payroll system.

- xx) Deduction reports to back up payments for pensions/union fees should be produced as required. xxi) Annually the employee details/year-end report should be produced and saved/printed.
- xxii) The register of employees is reviewed by the Principal and treasurer/finance subcommittee annually to ensure that it is up to date and does not include any employees who are no longer paid by the board of management.