PROCESS: PAYROLL (Draft)

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Purpose
This payroll process ensures that all employees are paid accurately, on time, and in accordance with approved hours and contractual entitlements. It establishes strong internal controls by separating duties between the RFO and the FHR Chair/Vice Chair, provides a clear audit trail at every stage, and prevents incorrect or unauthorised salary payments through mandatory verification and validation checks. This process is supported by a standard operating procedure.

1. Hours Reconciliation

- The Responsible Financial Officer (RFO) reviews and reconciles all hours recorded:
  - Check for missing entries
  - Compare overtime/leave to authorisations
  - Cross-check contracted hours
- Discrepancies are resolved with staff before proceeding.

2. Send Data Summary to Payroll

- The RFO prepares a **Payroll Data Summary** including:
  - Approved hours
  - Any adjustments (overtime, paid/unpaid/sick/holiday leave, mileage, expenses)
  - Starters/leavers
  - Contract changes
- The Summary is formally submitted to the Payroll Provider.

3. Payroll Prepares Draft Payslips

- Payroll processes the submitted data.
- Payroll generates **draft payslips**

4. Draft Payslips Checked by the RFO
The RFO performs a full verification check:

- Cross-check hours against reconciled records
- Check NI, tax, pension, overtime rates
- Compare to previous month for anomalies
- Confirm starters/leavers processed correctly

Any queries are raised with Payroll before moving forward.

5. RFO Sends Draft Payslips for Validation

- RFO sends a **Payroll Validation Pack** to the **FHR Chair and Vice Chair**, including:
  - Payroll data summary
  - Draft Payslips
  - Explanation of any unusual items

6. Validation Check (FHR Chair / Vice Chair)
The FHR Chair/Vice Chair performs an independent review:

- Confirms **draft payslips** totals match **payroll data summary**
- Check for anomalies or unusual variances
- Provide written/email confirmation of validation

7. Verification Received
Once the FHR Chair/Vice Chair responds:
a) No discrepancies

- RFO files all payroll documents for audit
- RFO instructs payroll to run final payslips (9)

b) Discrepancies Identified

- RFO investigates and resolves issues.
- RFO resends revised payroll summary

c) Delay in verification

If verification is not received before the payroll cut-off, the RFO will process all contractual payments as scheduled. Verification will be completed retrospectively, and any discrepancies identified will be notified to employees and corrected through adjustments in the following month's payroll

8. Payroll Runs Final Payslips

- Once RFO approval is given, Payroll finalises:
    - Final payslips
    - Payroll summary
    - Issues payslips

10. RFO Raises Salary Payments

- RFO received Payroll summary
- RFO prepares and raises salary payment instructions.
- Payments enter payment authorisation process