School Payroll Review Toolkit

Monthly approval checks and term-time-only pay

A practical guide and editable workbook for school business managers and central HR, payroll and finance teams in England.

A payroll total that looks reasonable can still contain errors affecting individual employees. This toolkit helps a reviewer trace authorised staffing changes into pay, investigate differences and retain a clear record of the approval decision.

What is included

Part	Use it to
Monthly payroll review	Work through 37 controls from the change log to release and follow-up.
Employee and post checks	Compare expected and actual gross pay without losing legitimate second jobs.
Reconciliations and queries	Tie reports to payments and journals, and record how issues are resolved.
Term-time-only pay	Understand the key terms and check regular base pay using confirmed contractual assumptions.

Start with the guide, then use the workbook

Keep a clean master and save a separate working copy for each payroll period and review scope. The workbook is designed to support your organisation’s approval arrangements. The delegated authoriser remains responsible for the decision to release payroll.

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Scope: operational review guidance. The term-time calculation covers a complete year of regular gross base pay using an already confirmed annualisation method. Employee-specific contracts and applicable scheme rules govern the detailed calculation.

Hello@keystoneknowledge.com
keystoneknowledge.com

02 Set up the review

Begin with the payroll timetable and the scope of the run. Identify the pay period, pay date, report version and every school or cost centre covered. Agree who will prepare the information, check the output, authorise the payroll and release the bank payment. Name cover for each critical role.

The evidence pack

• A complete authorised change log, supported by contracts, starter and leaver information, pay decisions and claims.

• The previous final payroll and the current draft, with employee and post references that allow a consistent comparison.

• The final payroll reports, payment-file totals, finance journal and relevant statutory and pension evidence.

• The query log, corrected reports, review evidence and the final named authorisation.

Workbook sheet	What to record
Start	Operating instructions, capacity, scope and official sources.
Run review	The 37 control outcomes, evidence references and final approval record.
Employee checks	Selected post-level gross-pay comparisons and explanations.
Reconciliation	Independent totals on matching periods, versions and components.
Queries	The issue, pay effect, owner, action and evidenced closure.
Term-time	Confirmed contractual inputs and the base-pay comparison.
Examples	Illustrative calculations kept separate from live inputs.

School and central-team responsibilities

School teams should confirm the local facts and authorisations. Central reviewers should check completeness across schools, investigate exceptions and reconcile the run to trust records. The provider supplies calculations and explanations within the agreed service. Record who owns each task rather than assuming that another party has done it.

The employer retains responsibility for its PAYE tasks when it uses an external provider. [S1] Keep the final review pack in an approved secure location; internal references are sufficient for the workbook. Bank details and National Insurance numbers belong in the controlled source systems.

Official references: S1, S3. Full links are on page 10.

03 Check the people and the changes

Start with the authorised change log. Check that each instruction has reached the draft payroll and that its effective date is correct. Compare the payroll population with the HR establishment so that a missing starter, an unexpected leaver payment or a duplicate instruction does not disappear into a broadly reasonable total.

Review area	What to establish
Starters and leavers	The correct start or leaving date, grade, hours, payment period and authorised final-pay treatment.
Changes to existing posts	The correct rate, working pattern, paid-weeks method and date of change. Confirm that the previous value has stopped.
Additional and recurring pay	Approved hours and rates, no repeated claim, and clear end dates for temporary allowances.
Back pay and pay awards	An authorised award or change, the periods covered and evidence that arrears have not already been paid.
Absence and leave	The approved dates and a payroll explanation of statutory and occupational pay where relevant.
Deductions and pensions	An explanation of changes to tax, NI, pension deductions or other statutory and authorised deductions.
Payment details	Independent verification of amendments using the agreed process, separate from payment release.

Multiple roles need distinct references

A person with two legitimate posts can appear more than once in a payroll report. Preserve the employee and post or employment references when checking the source data. Investigate duplicate pay components and repeated instructions without deleting valid second jobs. HMRC’s reporting guidance also distinguishes payroll IDs where someone holds more than one job in the same PAYE scheme. [S2]

Decide the review coverage deliberately

Review all notified changes and high-risk exceptions. Add other checks according to your organisation’s risks and controls, and record what was covered. A standard percentage sample or a single monetary threshold cannot establish that every employee has been paid correctly.

Official references: S2. Full links are on page 10.

04 Use variances and reconciliations properly

A prior-month comparison is useful when the reviewer can explain the expected movement. A rise in gross pay might be entirely correct because of additional hours or arrears. An unchanged total might conceal an omission and an overpayment elsewhere.

Illustration	Expected gross	Actual gross	Difference
Person 1	£2,000.00	£1,850.00	(£150.00)
Person 2	£2,500.00	£2,650.00	£150.00
Combined	£4,500.00	£4,500.00	£0.00

Both people have an error even though the combined total agrees. This is why the workbook compares expected and actual gross pay at post level. Enter a genuine zero where no movement is expected; leave a missing input blank so that it stays visible as incomplete.

Using Employee checks

For each selected payroll and post reference, record the previous gross pay, all authorised expected changes and the actual current gross pay on the same basis. The sheet calculates expected gross pay and the unexplained difference. Its editable threshold is a flag for investigation, not permission to overlook a known error. The reviewer must explain the result.

Reconcile independently

Compare the final payroll with the complete employee payment files, including any separately controlled manual payments. Reconcile gross pay and employer on-costs to the journal. Compare pension deductions and employer contributions with the scheme output, and reconcile PAYE on a basis that accounts for relevant submission and timing items. Record the evidence and the explanation of each difference.

A journal containing employer costs will not equal employee net pay. A payment file covering only one part of a trust will not equal the full trust payroll. Match the scope before treating a difference as an error, and keep gross, net, pensionable pay and employer costs clearly labelled.

Net pay still needs review

The post-level worksheet deliberately concentrates on gross pay. An employee’s net-pay movement also requires review where unexpected, using the deduction breakdown. Avoid adding an employee-level net payment again for each separate post.

05 Resolve queries and approve payroll

A query is resolved when the calculation or treatment has been established and any required correction has been checked. An acknowledgement from the provider does not establish the outcome. Record the employee effect, owner and next action while the issue is open.

A useful query records

Field	Useful entry
Reference and scope	A stable query reference and the school, payroll and post reference where relevant.
Issue and impact	The specific discrepancy, affected period and the amount or effect on the employee.
Action and owner	Who will investigate, what they need to provide and the date a response is required.
Decision	The confirmed treatment, correction or explicitly authorised handling of an unresolved issue.
Closure	Evidence of resolution, the person who checked it and the closure date.

The Queries sheet flags a missing reference or status. An item marked Closed still needs closure evidence, a reviewer and a date before the follow-up flag clears. These prompts support record keeping; they do not establish that the underlying calculation is correct.

Before the payment is released

• Confirm the final report and payment-file versions and that corrections have reached those versions.

• Review unresolved issues and obtain the delegated authoriser’s explicit decision and rationale before release.

• Record the payroll scope, relevant totals, payment references, approver and date. Apply the bank mandate and segregation controls.

After release

Check payment acceptance, rejections and controlled corrections. Confirm statutory and pension outputs and payments against the applicable timetable. Retain submission receipts and investigate scheme exceptions. Teachers’ Pensions MCR supports reconciliation at member level; follow the process that applies to your scheme arrangements. [S7]

HMRC normally requires the FPS on or before payday, subject to exceptions. Relevant EPS adjustments have a separate reporting deadline. Payroll approval should therefore be planned around payment and reporting obligations, not left until the bank file is due. [S2]

Official references: S2, S7. Full links are on page 10.

06 Understand term-time-only pay

Term-time-only arrangements can be difficult to explain because the weeks worked, the weeks represented in pay and the timing of payment are different concepts. Begin with the contract and the employer's authorised calculation method. Establish what the quoted salary represents before applying any reduction.

Term	Meaning for the review
Whole-year full-time salary	The salary for the relevant grade and full-time benchmark before reducing it for this post's hours or annual working pattern.
Contracted weekly hours	The working hours for this post. Use the correct full-time weekly benchmark for the same role or terms.
Working weeks	The weeks or equivalent days the employee is required to work under the contract.
Paid weeks	The weeks recognised in the authorised annual salary calculation, including the applicable paid-leave element. Establish the source rather than inferring it.
Annual divisor	The denominator in the employer's authorised method. A figure used by one employer is not automatically appropriate for another.
Payment instalments	How an established annual amount is distributed. Twelve monthly payments describe timing, not the number of weeks worked.

Keep annualisation separate from holiday entitlement

Payment during a school holiday does not itself establish whether that period is paid leave or deferred payment for another period. Under the government's part-year definition, the contractual work and payment arrangements matter; spreading an annual amount across the year does not alone settle the classification. [S4]

What the worksheet checks

Where the annualisation formula applies and its inputs have been confirmed, the worksheet calculates regular gross base pay for a complete year. It does not determine statutory leave, validate the contract or calculate PAYE, NI, pensions, arrears or a final salary. Use a separate authorised calculation for those matters.

Official references: S4. Full links are on page 10.

07 Check annualised base pay

The following figures are illustrative. They assume the employer has already confirmed that this annualisation method, 44.5 paid weeks and a divisor of 52 apply. They are not standard school terms and do not establish the correct holiday entitlement for an employee.

Input	Role A	Role B
Whole-year full-time salary	£30,000.00	£27,000.00
Contracted weekly hours	18.5	5
Full-time weekly hours	37	37
Working weeks	39	39
Confirmed paid weeks	44.5	44.5
Confirmed annual divisor	52	52
Equal instalments	12	12
Annual gross base pay	£12,836.54	£3,122.40
Regular gross instalment	£1,069.71	£260.20

Role A step by step

£30,000 × (18.5 ÷ 37) × (44.5 ÷ 52) = £12,836.54 annual gross base pay.
£12,836.54 ÷ 12 = £1,069.71 per regular instalment.

Two posts

Calculate each post using its own salary, hours and contractual factors. On the illustrative assumptions, the combined regular gross base instalment is £1,329.91. Additional payments and deductions still need their own treatment.

A change in hours

If Role A were instead 22.5 hours a week for a complete year on the same other assumptions, annual gross base pay would be £15,612.01 and the regular instalment £1,301.00. The difference is £231.29 per regular instalment. This comparison does not calculate arrears for a change partway through a year.

The workbook rounds annual base pay and the instalment separately to pence. Reconcile cumulative rounding differences to the provider’s authorised method. Always compare regular gross base pay with regular gross base pay; a payslip including back pay or overtime is a different figure.

08 Check holiday treatment

The label term-time-only is not enough to choose a holiday calculation. Confirm the contractual working pattern, leave year, paid and unpaid periods, and any enhanced contractual entitlement before selecting the method. Record who has verified the treatment.

The distinction that matters

Government guidance distinguishes irregular-hours workers, whose paid hours are wholly or mostly variable under their contract, and part-year workers with qualifying unpaid non-working periods of at least a week. The actual contractual arrangement determines the classification. [S4]

Where the statutory accrual method applies

For qualifying irregular-hours and part-year workers, statutory leave accrues at 12.07% of hours worked in a pay period for leave years starting on or after 1 April 2024. Enhanced contractual leave needs separate consideration. [S4, S5]

Illustration: 100 hours worked × 12.07% = 12.07 hours of accrued statutory leave, rounded to 12 hours under the stated nearest-hour rule. A fraction of half an hour or more rounds up. This example calculates leave hours, not a salary uplift or monthly base pay. [S5]

Annualised salary and rolled-up holiday pay

Do not treat equal monthly salary instalments as evidence that rolled-up holiday pay is being used. Rolled-up holiday pay is a distinct permitted approach for eligible irregular-hours and part-year workers, with its own conditions and payslip treatment. Confirm the applicable method with payroll or HR. [S6]

Questions for the contract review

• Is the quoted salary full-time whole-year pay or already the employee’s actual annual salary?

• What working weeks, additional days, paid-leave element and annual divisor support the calculation?

• Does the documented treatment match the employee’s actual contractual work and pay arrangements?

• Have absence, service-related changes, a mid-year change or a starter or leaver created a separate adjustment?

Where the contractual or legal position is uncertain, obtain a documented determination before using the annualisation worksheet. A mathematically consistent result cannot establish that the underlying method is appropriate.

Official references: S4, S5, S6. Full links are on page 10.

09 Use the toolkit each month

A practical sequence

Create the period copy and identify the review scope. Obtain the authorised changes and relevant reports. Complete the pre-processing controls, then record changed posts and selected exceptions on Employee checks. Investigate the differences with the supporting calculation, not solely the prior-month total.

Use Reconciliation to tie the final reports to independent payment, journal and reporting evidence. Record queries as they arise and check the corrected output. Complete the final approval record before payment release, then finish the post-release checks and retain the pack.

Situations that need a closer look

Situation	Useful response
A leaver remains on payroll	Confirm the last day, final-pay basis and any continuing authorised payment before deciding whether it is an error.
Back pay appears twice	Trace the effective dates and earlier arrears; check whether one item is current pay and another arrears for a different period.
Gross pay is unchanged but net pay falls	Obtain the deduction explanation. A tax-code or pension change may affect net pay without changing gross pay.
One person has several payroll lines	Use the post or employment references and pay components to distinguish legitimate jobs from duplication.
A term-time instalment does not agree	Confirm salary basis, hours, paid weeks, divisor and rounding, then isolate any non-base payments.
A central total agrees but a school total differs	Reconcile the school and cost-centre allocation and establish whether scope or coding explains the difference.

A concise approval record

The review should identify the period and scope, final payroll version, payment-file reference and total, reviewer and authoriser. It should also identify unresolved items and the decision made about them. The workbook includes editable fields for these records; the organisation’s actual delegation and bank controls still apply.

Share the learning

Where the same problem recurs, assign an action to fix its cause. Examples include unclear cut-offs, a recurring allowance without an end date or conflicting HR and payroll records. Carry the action forward without losing the evidence for the month already approved.

10 Sources and further support

Official sources checked on 13 November 2026. Revisit the current guidance before changing an employee's treatment. The operational checks and workflow are Keystone's practical recommendations; the sources below support the specific reporting, record-keeping, holiday and pension points identified in the guide.

S1 HMRC employer responsibility
Employer PAYE responsibilities when using a provider
Open official guidance

S2 HMRC payroll reporting
FPS and EPS reporting and payroll identifiers
Open official guidance

S3 HMRC payroll records
Records of pay, deductions and submissions
Open official guidance

S4 Government holiday reforms
Worker definitions and rules for leave years starting from 1 April 2024
Open official guidance

S5 Government holiday entitlement
Accrual and rounding of statutory holiday entitlement
Open official guidance

S6 Government holiday pay
Holiday pay and annual leave records
Open official guidance

S7 Teachers Pensions MCR
Member-level contribution reconciliation and submission arrangements
Open official guidance

How to maintain this resource

Keep the issued master separate from completed monthly review records. Check the current contract, policy, pay decision and scheme instructions when an assumption changes. Record the version and date of the source used for a term-time calculation. Update local responsibilities and review coverage as the organisation changes.

Support from Keystone Pay

If a review exposes repeated corrections, unclear calculations or a significant amount of duplicated work, use the evidence to start a conversation with your provider. Keystone Pay can discuss education payroll and connected HR arrangements with your school or trust.

Hello@keystoneknowledge.com
keystoneknowledge.com

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