



SERVICE LEVEL AGREEMENT

Payroll Processing Service





Document Control

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Contents

1. Introduction	4
1.1 PURPOSE.....	4
1.2 OBJECTIVE OF THE SERVICE	4
2. Overview of provision.....	4
3. Data Management Managed Services	4
3.1 Data Ownership Policy	4
3.2 Policy.....	5
3.3 Scope	5
3.4 Revocation of data access.....	5
3.5 Data Management	5
4. Payroll Processing Services	6
4.1 Provision.....	6
4.2 Payroll Enquiry Service.....	9
4.3 System Administration	10
4.4 Change Control	10
4.5 BACS SERVICES.....	11
4.6 PRINTING SERVICES	13
4.7 PROCESSING SCHEDULES	14
4.8 Service Level Objectives	16
4.8.1 Service Support Hours	16
5. Exit Management.....	17
6. Escalation Contacts	17
7. Glossary of Terms.....	17



1. Introduction

1.1 PURPOSE

This Service Level Agreement defines the Services provided and managed by the Company to the Customer.

1.2 OBJECTIVE OF THE SERVICE

The objective is to deliver a timely, accurate and complete service to the Customer. The Service Level Agreement defines the service and the service level with the objective of:

- Clearly defining responsibilities.
- Ensuring effective management of the Payroll Processing Service;
- Ensuring effective management of the Hosted Cloud Service;
- Defining effective communication channels;
- Documenting problem resolution and escalation processes.

Instructions

- The Services to be delivered by the Customer's obligations and the Company obligations are denoted by the symbol "✓" within the tables of this document.

2. Overview of provision

SERVICES IN SCOPE	Section	Provided
Payroll Processing Services	4.0	✓
System Administration	4.3	✓
BACS Services	4.5	✓
Printing Services	4.6	✓
Processing Schedules	4.7	✓
Service Level Objectives	4.8	✓
Exit Management	5.0	✓

3. Data Management Managed Services

3.1 Data Ownership Policy

The purpose of the MHR Data Ownership Policy is to provide guidelines for the MHR Payroll Operations Team, protected by law, or both. This policy describes the roles and responsibilities of the individuals charged with the handling, processing and maintenance of this information as part of the managed service being provided by MHR.



3.2 Policy

It is the policy of MHR that data and information will be made available to the payroll team to perform the necessary Payroll processing required by their position to provide managed services in line with the Contract between MHR and the Customer. The Payroll data for the pay period will be available as necessary and relevant as determined by appropriate authorisation of both the employee and the Data Owner. The Data Owner may be the owner of the entire data set or a segment of the data.

- The Customer is the data 'Controller' and MHR is the data 'Processor'.
- Data Owner is the data 'Controller' = the Customer
- Third Party Services (optional - payslip printing services) is the data 'Sub-Processor'.

It is the responsibility of the Customer to ensure that the Company employees are not set up as contacts (PSCs/ ACs) on client owned Service User Numbers.

3.3 Scope

This policy covers data entered by the Customer into the payroll system for the purposes of payroll processing by the MHR Payroll Operations. It is not intended to cover information on individual customer desktops, laptops or mobile devices nor information held within other Customer applications. It is the responsibility of the Customer to supply all related data via the secure method supplied by MHR for every payroll processing period. It is also the Customers responsibility to supply the data to the MHR Payroll Team in the pertinent data conversion template provided to them, in the exact field order, for the purposes of payroll processing.

3.4 Revocation of data access

End of Affiliation: All Data Access will end when the Customer's affiliation with MHR ends for any reason.

It is the Customer's responsibility to de register MHR as their BACS Bureau.

3.5 Data Management

This section outlines how personal data will be managed by both the Customer (data 'Controller') and MHR (data 'Processor'). All personal data will be processed in line with the Data Protection Act 2018 and General Data Protection Regulation (GDPR)

	MHR	Customer
If applicable provide input data for the period in the prescribed data collection templates and through the secure FTP site method provided by MHR		✓
Provide a secure method of processing data if applicable	✓	

	MHR	Customer
Complete HMRC downloads for tax codes, student loans and post graduate loans	✓	

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4. Payroll Processing Services

4.1 Provision

If the standard pay date falls on a non-banking day, the pay date will be brought forward to the earliest available banking date. Data must have been sent by the cut-off date. It is the customer's responsibility for all payroll data to be entered by the cut-off date that is outlined on the payroll schedule. In the event where payroll deadlines are not adhered to, will mean the payroll will be processed late and payments may not be made on time.

PERIODIC PAYROLL PROCESSING	Company	Customer	N/A
FIRST GROSS TO NET PROCESS			
Run the Absence calculation process	✓		
Run Absence Process Log	✓		
Run the Car Mileage Calculation process	✓		
Run the Payroll Calculation process to <ul style="list-style-type: none">• Calculate payments, allowances and reimbursements• Calculate gross pay• Calculate deductions• Calculate net pay• Lock Contracts	✓		
Run the auto-enrolment assessment process	✓		
Run Error and Warning reports	✓		
Check Error and Warnings and take appropriate action		✓	
Check payroll results against Customer parameters and highlight any issues	✓		
Produce and distribute standard reports as defined within the payroll procedures and task lists	✓		
Unlock contracts	✓		
Update the system according to Customer instructions	✓		
FINAL GROSS TO NET PROCESS			
Run the Absence calculation process	✓		
Run Absence Process Log, check and take appropriate action if required.	✓		
Run the Car Mileage Calculation process	✓		
Run the Payroll Calculation process	✓		
Run the auto-enrolment assessment process	✓		
Run Error and Warning reports	✓		

PERIODIC PAYROLL PROCESSING	Company	Customer	N/A
Check Error and Warnings and take appropriate action		✓	
Check payroll results against Customer parameters and highlight any issues	✓		
Follow the BACS process as defined in Section 4.5	✓		
Run Costing Process.	✓		
Run Costing Process Log	✓		
Run Clear down	✓		
Run Clear down Process Log	✓		

PAYROLL CHECKING AND APPROVAL	Company	Customer	N/A
Run standard control and exception reports.	✓		
Using the control reports, exception reports and spot checks, check that the payroll balances and that the results within agreed parameters.	✓		
CONTROL CHECKS			
Check exceptions report and provide to customer for review	✓		
Check brought forward values equal previous carried forward values (taking account of any cumulative value adjustments).	✓		
Check individual net pay values that vary in excess of 20% from previous period.	✓		
Check that values balance within and between reports.	✓		
Check highest and lowest gross and net pay values.	✓		
Check numbers on payrolls (current and leavers).	✓		
Check reasonableness of total gross pay, tax, NI and superannuation by reference to previous values.	✓		
Deliver to the Customer agreed control and exception reports,	✓		
Ensure that relevant contacts are available to authorise the payroll as per agreed schedule. Signature of the BACS authorisation form for net pay is considered by the Company to be acceptance by the Customer of the payroll.		✓	
Provide authorised signatory lists to approve the payroll.		✓	



PAYROLL CHECKING AND APPROVAL	Company	Customer	N/A
<p>Check to confirm accuracy and authorise payroll in order to make payment. Normally this authorisation given by completion of the BACS authorisation form.</p> <p>As a minimum the following checks should be made:</p> <p>Check reasonableness of total gross pay, tax, NI and superannuation by reference to the previous values.</p> <p>Check individual net pay values that vary in excess of 20% from previous period.</p> <p>Check brought forward values equal previous carried forward values (taking account of any cumulative value adjustments).</p> <p>Check highest and lowest gross and net pay values.</p> <p>Check numbers on payrolls (current and leavers).</p>		✓	
Receive authorisation as per agreed schedule.	✓		
Confirm validity of authorised signature.	✓		
Prepare, check and distribute listings of third-party payments as per agreed schedule.	✓		
Reconcile payments made via BACS to source bank account.		✓	

RTI PROCESSING	Company	Customer	N/A
SET UP & GO LIVE OF RTI SERVICES			
Complete a full data audit of the information contained within iTrent to assess the compliance of data for RTI purposes		✓	
Provide advice and guidance on any areas on non-compliance identified within the data audit process	✓		
Supply any data required to ensure that the data contained within iTrent is RTI compliant		✓	
Create the Employer Alignment Summary (EAS)	✓		
Submit the Employer Alignment Summary (EAS) to the HMRC as per the agreed schedule	✓		
Create the FIRST Full Payment Summary (FPS) file	✓		
Submit the FIRST Full Payment Summary (FPS) to the HMRC as per the agreed schedule	✓		
PERIODIC ADMINISTRATION OF RTI SERVICES			
Create the periodic Full Payment Summary (FPS) file	✓		
Provide advice and guidance on data errors contained within the periodic Full Payment Summary (FPS) file	✓		



RTI PROCESSING	Company	Customer	N/A
Complete required actions to address any data errors contained within the periodic Full Payment Summary		✓	
Electronically submit the Full Payment Summary (FPS) to the HMRC as per the agreed schedule	✓		
Create the periodic Employer Payment Summary (EPS) file	✓		
Provide advice and guidance on the reconciliation process required for the periodic Employer Payment Summary file	✓		
Complete required reconciliation actions for the periodic Employer Payment Summary	✓		
Complete required actions to address any reconciliation errors identified within the periodic Employer Payment Summary		✓	
Electronically submit the Employer Payment Summary (EPS) to the HMRC as per the agreed schedule	✓		
ANNUAL TASKS			
Create and distribute P60's to employees as per the agreed schedule via ESS or Email or print	✓		

4.2 Payroll Enquiry Service

PAYROLL ENQUIRY SERVICES	Company	Customer	N/A
Provide a telephone helpdesk between the hours of 9.00am and 5.00pm on any Working Day which all employees are permitted to call		✓	
Respond to pay queries from Customer employees as required. All relevant information should be available when making an enquiry: Company name, employee name, payroll number, and either date of birth or NI Number		✓	
Respond to payroll queries from Customer representative. This must be an authorised contact and have all relevant information available when making an enquiry, employee name, payroll number, and either date of birth or NI Number.	✓		
Respond to enquiries both written and verbal from HMRC, Courts and Child Support Agency.		✓	
Respond to enquiries both written and verbal from pensions or flexible benefits providers		✓	
Respond to requests for copy payslips, P60s and statement of earnings letters. Note these requests may be chargeable.	✓		



4.3 System Administration

SYSTEM ADMINISTRATION	Company	Customer	N/A
Create new user accounts		✓	
Define user and security profiles		✓	
Create and maintain user and security profiles		✓	
Release users whose user profile has been locked		✓	
Make users inactive		✓	
Re-set passwords		✓	

4.4 Change Control

A formal process used to ensure that changes to a Product or system are introduced in a controlled and coordinated manner.

SYSTEM CONFIGURATION	Company	Customer	N/A
Supply definitions of required system configuration changes, this will include but not limited to: <ul style="list-style-type: none">• Elements<ul style="list-style-type: none">○ Payments○ Deductions○ Benefits• Calculations• Term and Conditions<ul style="list-style-type: none">○ Pensions○ Absence○ Car Mileage• Costing Rules• Grades and Scale Points		✓	
Investigate and clarify requirements where necessary, and then provide an estimate for the cost, timing and impact (if any) of the change.	✓		
Specify changes to application configuration.	✓		
Provide necessary documentation detailing the Cost and timings along with a completed Change Control Request Form	✓		
Approve amendments required prior to work commencing.		✓	
Agree implementation plan for any changes.	✓	✓	
Incorporate agreed changes to System set-up in Test Environment in accordance with the specification.	✓		
Incorporate agreed changes to employee records in Test Environment in accordance with the specification.	✓		



SYSTEM CONFIGURATION	Company	Customer	N/A
Sign off and approval of acceptance testing.		✓	
Authorise configuration changes to be applied to Live Environment.		✓	
Implement configuration amendment in Live Environment.	✓		
Sign off amendments as complete.		✓	

4.5 BACS SERVICES

Payments to be made via BACS are detailed in Payroll Service Requirement form during service implementation. These payments will be made on the dates shown. If this is a non-working day, then the pay date will be amended in line with the agreed Customer schedule. These dates may also be varied by mutual consent of both the Customer and MHR and by dates nominated by BACS as non-processing days.

BACS PROCESS	Company	Customer	N/A
Generate the BACS file process for payments as defined in the Payroll Service Requirement form.	✓		
Supply and maintain a list of authorised signatories		✓	
Complete a separate BACS authorisation form for each transmission of employee payments entering the totals and BACS dates.	✓		
Send the completed BACS form to The Customer.	✓		
Confirm accuracy of figures and dates on the BACS authorisation form	✓	✓	
Ensure that relevant contacts are available to authorise the BACS transmission in accordance with the Schedule.		✓	
Sign the BACS authorisation transmission form and return to MHR.		✓	
Transmit the BACS file.	✓		
Maintain appropriate limits with BACS to ensure control over payments being made.		✓	
Process any non-BACS payments for employees or third parties		✓	
Ensure sufficient funds are available in the source bank account to fund the BACS transmission. The funding of the BACS payments will be through The Customer's nominated bank account. MHR will not, under any circumstances, be liable for funding the payment or any		✓	



BACS PROCESS	Company	Customer	N/A
other costs incurred as a result of the subsequent late availability of funds			
Ensure the Bank holding the source account has given the appropriate permissions for MHR to transmit BACS files on The Customer's behalf.		✓	
Inform Company of any changes to the source bank account or BACS user number, within a minimum 30-day lead time.		✓	
Recall of full BACS transmission(s) file.	✓		
Recall individual line within BACS transmission file.		✓	
Log into BACS Payment Services website and download any associated reports.		✓	
Action any line items identified on the Payment Service reports.		✓	
For the timely collection and verification of the following BACS reports: <ul style="list-style-type: none">• BACS Input Report• Automated return of unapplied credits service report.• Advice of wrong account for automated credits service report.• Updates from AWACS reports should be applied no later than 3 working days after they are available• ARUCS reports should be collected no later than 4 days after payments/ collection.		✓	

BACS TIMETABLE	
Day 1	BACS Submission Day
Day 3	BACS Processing Day
Day 4	Payments reach accounts

Each of the days indicated must be nominated by BACS as a day on which processing may occur. These are normally Monday to Friday taking into account English Bank Holidays. MHR schedules BACS transmissions on the day before the submission day. This allows both the Customer and MHR contingency time in the event of difficulties.



MHR will not accept responsibility regardless of circumstances for late payments where The Customer stipulates those transmissions must on a fixed day/date that happen to be a transmission day.

In an exceptional circumstance the company retains the right to submit a payment file to the BACS clearing, if the Customer fails to authorise the submission of that payment file, despite repeated attempts to contact the Customer.

4.6 PRINTING SERVICES

PAYSLIPS (Printed or Electronic)	Company	Customer	N/A
Run the Payslip, Email or ESS process.	✓		
Transfer the payslip file to the Company as per the agreed schedule and protocol.			✓
Print payslips. Payslips will be quality checked. Any defective payslips will be securely destroyed and reprinted.	✓		
The number of payslips printed and sealed will be checked against the file provided.	✓		
Payslips will be delivered to the appropriate single location. Courier / delivery costs are excluded from the service charges.	✓		
Payslips will be delivered to multiple locations. Courier / delivery costs are excluded from the service charges. This option may incur additional service charges.			✓
Payslips will be delivered to home addresses. Delivery costs are excluded from the service charges. This option may incur additional service charges.			✓
Provide and maintain list of delivery addresses in a format suitable to produce dispatch labels.		✓	
Inform Company of amendments to delivery addresses.		✓	

P45S (Printed or Electronic)	Company	Customer	N/A
Run the P45 process.	✓		
Transfer the P45 file to the Company as per the agreed schedule and protocol.		✓	
Print P45s. P45s will be quality checked. Any defective P45s will be securely destroyed and reprinted.	✓		
The number of P45s printed will be checked against the file provided.	✓		
P45s will be delivered to the appropriate single location. Courier / delivery costs are excluded from the service charges.	✓		
P45s will be delivered to multiple locations. Courier / delivery costs are excluded from the service charges. This			✓



P45S (Printed or Electronic)	Company	Customer	N/A
option may incur additional service charges.			
P45s will be delivered to home addresses. Delivery costs are excluded from the service charges. This option may incur additional service charges.			✓
Provide and maintain list of delivery addresses in a format suitable to produce dispatch labels.		✓	
Inform Company of amendments to delivery addresses.		✓	

P60S (Printed or Electronic)	Company	Customer	N/A
Run the P60 process.	✓		
Transfer the P60 file to the Company as per the agreed schedule and protocol.			✓
Produce trial P60 for approval.	✓		
Confirm accuracy and authorise production of P60s.		✓	
P60s will be delivered to the appropriate single location by due date. Courier / delivery costs are excluded from the service charges.	✓		
P60s will be delivered to multiple locations. Courier / delivery costs are excluded from the service charges. This option may incur additional service charges.			✓
P60s will be delivered to home addresses by due date. Courier / delivery costs are excluded from the service charges. This option may incur additional service charges.			✓
Provide and maintain list of delivery addresses in a format suitable to produce dispatch labels.		✓	

COURIER SERVICES	Company	Customer	N/A
Nominate courier (The Customer will select a courier of their choice).		✓	

4.7 PROCESSING SCHEDULES

Below is the Company's standard payroll schedule which will be utilised during payroll processing. The timings refer to the number of Working Days prior to (and excluding) the employee payment date (P). If the customer requires additional payroll checking time over and above the standard detailed below the payroll cut off will be brought forward.

The scheduled cut off data will be brought forward by public holidays and peaks of activity such as those associated with pay awards.

Activity	P -	Timing
Run Payroll calculation and iTrent reports	P – 7	12.30

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Activity	P -	Timing
Check and balance payroll	P – 7	15.00
Run final GTN and reports	P – 4	15.00
Check and balance payroll	P – 4	17.30
Provide Final reports and produce BACS file	P – 3	9.30
Sign off BACS and payroll	P – 3	14.00
Transmit authorised BACS	P – 3	17.00
Transfer payslips for printing - payslips are to be provided on payday	P – 3	17.30
Service available for input	P + 0	12.30

Below is MHR standard weekly payroll schedule which will be utilised during payroll processing. The timings refer to the number of Working Days prior to (and excluding) the employee payment date (P). If the customer requires additional payroll checking time over and above the standard detailed below the data submission time will be brought forward.

The scheduled cut off data will be brought forward by public holidays and peaks of activity such as those associated with pay awards.

Activity – Weekly Schedule	P -	Timing
Run Payroll calculation and iTrent reports	P – 4	14:30
Check and balance payroll	P – 4	17:30
Submit payroll reports to customer for checking	P – 4	17.30
Customer to submit amendments	P – 3	12.00
Process amendments	P – 3	14.00
Run final GTN and reports	P – 3	15.00
Check and balance payroll	P – 3	17:30
Provide Final reports and produce BACS file	P – 3	17:30
Sign off BACS and payroll	P – 2	14.00
Transmit authorised BACS	P – 2	15.00
Transfer payslips for printing - payslips are to be provided on payday	P – 2	12:00
Service available for input	P + 0	12.30

In the event that the Customer fails to meet any of the above timescales for which they have actions, then the resulting additional pressure on the Service may result in late payment and/or incomplete payment on the payroll(s) concerned. This will not constitute a service failure on the part of the Company, providing the Company can demonstrate all reasonable endeavours were made to still make timely payment.

Any information that is inputted after the input dates quoted will be carried forward to the next month's payroll.

The following table lists the annual activities and their statutory deadlines (as applicable).



In an exceptional circumstance the company retains the right to submit a payment file to the BACS clearing, in the event that the Customer fails to authorise the submission of that payment file, despite repeated attempts to contact the Customer.

Activity	Statutory deadline
Provide P60 to employees by	31/5
Provide P11D to employees by	6/7
Submit P11D to HMRC by	6/7
Submit P11D(b) to HMRC by	6/7
Pensions return	19/5

4.8 Service Level Objectives

Activity	Achievement Target	Comments
Produce payroll on schedule	100%	
Achieve BACS deadlines to schedule	100%	
Dispatch of payroll output to schedule	99%	
MHR payroll processing content accuracy	98%	
Initial response to query	80%	Within ONE working day from receipt
	15%	Within TWO working days from receipt
	5%	Within FIVE working days from receipt
Distribution of P60	100%	By scheduled date (in accordance with statutory requirements)

4.8.1 Service Support Hours

The Service Teams will deal with Managed Service operational and schedule enquiries. The Service Team will be contactable between the following hours excluding weekends and English bank and public holidays.

- **9:00 to 17:00**



5. Exit Management

Exit Management Responsibilities	Company	Customer
Prepare a transition schedule detailing timescales, requirements and milestones to achieve the transfer of Customer data.		✓
Agree transition schedule.	✓	✓
Provide specification of requirements for the data to be transferred.		✓
Agree specification of requirements.	✓	
Provide Customer data in line with the transition plan and specification of requirements. (Depending on the complexity of the requirement this may be a chargeable activity). As standard data will be provided as an oracle database.	✓	
For requests for other data formats the Company will make a charge for the provision of this data. The charge will be based on the number of day's effort required and the Company prevailing rates at that point in time. At all times up to the termination of the relationship the customer will be able to perform their own data extracts to provision and enable the move to a different provider.		✓

6. Escalation Contacts

The following table lists the names, titles, telephone numbers and email addresses of the Company contacts.

Name/ title /email address	Telephone	Responsibilities
Head of Service Management	0115 945 6000	Escalation point for significant HR and Payroll service issues
Managed Services Director	0115 945 6000	Escalation point for significant HR and Payroll service issues

7. Glossary of Terms



Expression	Meaning
BACS	Bankers Automated Clearing Service – usual method of payment;
BACS	Bankers Automated Clearing Service – usual method of payment;
Change Control	A formal process used to ensure that changes to a product or system are introduced in a controlled and coordinated manner;
Company	MHR International UK Limited as the licensor of the given software products and services. The term Company may be read as “Supplier”, “Licensor”, “Seller”, or any other term defined in an agreement to denote MHR International UK Limited as the software provider;
Customer	The organisation identified on an Order Document or any other contractual document for the provision of software and services between the parties. The term Customer may be read as “Buyer”, “Authority”, “Council”, “Licensee”, or any other term defined in an agreement to denote the organisation as the recipient of any software or services;
HMRC	HM Revenue and Customs;
Data	Data is all data held in the Product;
P60	Employees summary of total pay and deductions for the tax year;
Processing Schedule	The operational schedule detailing critical times and dates for the delivery of the Service;