

# Payroll Bureau Service Agreement



April 2018

Fourth and the Customer have entered into the Subscription Agreement (for the supply of the Fourth Solution, Products and/or Services). This document constitutes an Addendum to that agreement (forming part of it) and sets out the additional terms that shall apply to the provision by Fourth of Payroll Bureau Services to the Customer.

Unless otherwise specified herein, words and expressions in this Addendum shall have the meanings ascribed to them in the Subscription Agreement.

1. In this Addendum, unless the context otherwise requires, the following expressions have the following meanings:

**"Payroll Bureau Service Definition"** means the document (and separately set out at [www.fourth.com/agreements/PayrollBureauServiceDefinition.pdf](http://www.fourth.com/agreements/PayrollBureauServiceDefinition.pdf)) titled "Payroll Bureau Service Definition" describing the Payroll Bureau Services to be supplied by Fourth to the Customer;

**"BACS"** means the electronic funds transfer system operated by Bacs Payment Schemes Limited;

**"BACS Sponsor"** means the bank or building society sponsoring the Customer to use the BACS service;

**"BACS Processing Cycle"** means the three consecutive working days in the BACS processing cycle, which are:

Day 1 – Input Day (the last day when the file may be received by the BACS service);

Day 2 – Processing Day; and

Day 3 – Debit/Credit Day (the day when the items should reach destination account).

**"BACS Messaging Reports"** means the following, of which further information and definitions are available in the Bacstel-IP Service User Guide:

- ARUCS (Automated Return of Unapplied Credits Service)
- AWACS (Advice of Wrong Account for Automated Credits Service)
- ARUDD (Automated Return of Unapplied Direct Debits)
- AUDDIS (Automated Direct Debit Instruction Service)
- ADDACS (Automated Direct Debit Amendments and Cancellation Service)
- DDICA (Direct Debit Indemnity Claim Advice)

## 2. SERVICES

2.1. Fourth and the Customer will (each acting reasonably) agree a timetable detailing the deadlines which need to be adhered to in order for Fourth to process the Customer's payroll (such timetable being the "**Timetable**"). The Timetable will be sent to the Customer annually for the Customer to confirm to Fourth that the existing deadlines within the Timetable are acceptable, or alternatively for the Customer to request different deadlines (which must be agreed by Fourth). Such updated timetable, once agreed, shall be the "**Timetable**" for the purpose of this Service Agreement.

2.2. Fourth will undertake the preparation of the Customer's payroll in a manner that complies with the Customer's statutory obligations.

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- 2.3. Fourth will calculate net wages and salaries payable, after appropriate deductions, based upon information supplied to Fourth by the Customer and in accordance with the statutory tax and national insurance rates appropriate at the time (as may be applicable).
- 2.4. Fourth can only submit BACS instructions from the Customer's bank account once Fourth has received a BACS user number from the Customer and this is linked to the Payroll Bureau's Service User Number.
- 2.5. Fourth will arrange for the payment of wages and salaries to the Customer's employees using BACS. The Customer is responsible for the payment of employees not being paid by BACS.
- 2.6. The Customer will advise Fourth of any changes to BACS "Processing dates" at least one month in advance of such dates.
- 2.7. The Customer will supply and ensure accuracy of all necessary information, materials or assistance as Fourth may reasonably request in connection with the provision of the Payroll Bureau Services.
- 2.8. Use of Fourth to provide the Payroll Bureau Service does not revoke or derogate in any way or effect the Customer's statutory obligations as an employer.

## 3. CONTINGENCY SERVICE

- 3.1. Should Fourth's Payroll Bureau Service be disrupted for any reason, Fourth will provide the Customer with as full a service as possible.
- 3.2. Fourth will advise the Customer should its payroll operations be disrupted to such an extent that there is likely to be a material adverse effect upon the Payroll Bureau Services.
- 3.3. Should the Customer experience problems in contacting Fourth, communications should be redirected to the Fourth contingency site at 90 Long Acre, Covent Garden, London, WC2E 9RA. Telephone: +44 (0) 207 534 3700.

## 4. DATA DELIVERY

- 4.1. The Customer will provide Fourth with details of employee bank accounts (namely bank name, address, sorting code, account number and account name) and ensure that any updates or changes to such details are made by the Customer within People System in line with the Timetable.
- 4.2. Fourth will arrange for the payroll preview report to be available to the Customer in People System in line with the Timetable.
- 4.3. Fourth will be relieved from liability for non-performance, or delay in performance, of the Payroll Bureau Services to the effect that this results from: a) a failure by the Customer (or delay) in providing the necessary information/data; and/or b) inaccurate information/data being provided.
- 4.4. The Customer will approve the information necessary for Fourth to calculate the wages and salaries due to the Customer's employees, e.g. hours worked, changes to rates of pay, bank details, tax codes, etc in line with the Timetable.

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## 5. DATA VERIFICATION

- 5.1. The Customer will check the payroll preview report on the day it is available in People System and ensure that the processing date and the Customer bank details are correct within People System.
- 5.2. The Customer will check the payroll preview report fully before approving it to ensure its completeness, correctness and accuracy including (but not limited to) the following:
  - a) that it is in accordance with the information supplied to Fourth to calculate the wages and salaries due to the Customer's employees;
  - b) the number of transactions equates to the number of the Customer's employees;
  - c) the total value of payments is in line with the Customer's normal wages and salaries for the period involved;
  - d) that the total value of payments does not exceed the limit negotiated with the Customer's BACS Sponsor. File limits are the responsibility of the Customer and should be managed through their sponsoring bank, including temporary limit increases and pre-authorisation of files which may be over the agreed limit;
  - e) no single payment is exceptional, after taking account of overtime and special payments and bonuses; and
  - f) no more than one payment is destined for the same account, except where more than one employee shares a joint account.
- 5.3. The Customer will inform Fourth in writing of its approval of, or of any errors identified in the payroll preview reports in line with the Timetable.
- 5.4. The Customer acknowledges that it is entirely responsible for checking that the information included in the payroll preview report accurately reflects the payments and deductions which the Customer has requested.
- 5.5. Fourth will not be liable for any errors in reports which require the Customer's approval or verification as set out in this Addendum including but not limited to clauses 5.1, 5.2, 5.3 or any inaccurate or outdated information provided by the Customer, unless reported by the Customer in accordance with clause 5.4 of this Addendum.
- 5.6. It is the responsibility of the Customer to ensure that all payments for employees have been checked and are correct prior to approval of the payroll summary report.

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## 6. CANCELLATION OF PAYMENTS

- 6.1 The Customer will arrange the cancellation of individual payments by contacting their BACS Sponsor by BACS Processing Day.
- 6.2 If it is necessary to withdraw the whole BACS file, the Customer will contact Fourth before 3pm on the Input Day.

## 7. BACS REPORTS

- 7.1 BACS Input Reports provide details of the payments that have been sent electronically by BACS on behalf of the Customer. The Messaging Reports provide details of the payments that have been amended, adjusted or returned electronically from the BACS service, or the end bank, to the Customer and have implications if not acted upon within documented timescales. Fourth will ensure that the payments due to the Customer's employees match the payments on the Customer approved payroll summary reports.
- 7.2 The Customer must collect their reports following email notification from the BACS service.
- 7.3 If the Customer is unable to collect their BACS reports for any reason, they must contact their BACS sponsor as soon as possible once the email notification has been received (preferably before 11am on Processing Day).
- 7.4 The Customer is solely responsible for checking the BACS Input and Messaging reports to:
  - (a) ensure that both the number and value of payments agree with the payroll summary report forwarded to the Customer by Fourth (for the Input Report);
  - (b) ascertain details for any rejected or adjusted records (on all reports); and
  - (c) ensure that the information within the report is verified and correct prior to updating the Customer's own database and informing Fourth of any changes or amendments.
- 7.5 The Customer is also responsible for dealing with any rejected or adjusted records identified in the BACS Reports and for ensuring any rejected amounts are forwarded to its relevant employee(s) as soon as possible.

## 8. PENALTY CHARGES

- 8.1 Fourth reserves the right to charge the Customer for any additional hours worked on behalf of the Customer outside that of the services provided within the chosen option on the "Payroll Bureau Service Definition" document.