Payroll Audit Checklist

|  |  |  |  |
| --- | --- | --- | --- |
| **Audit Period** |  | Notes: | **Issue Identified?** |
|  | Start Date |  |  |  |
|  | End Date |  |  |  |
| **Contributors** |  |  |  |
|  | HR Manager |  |  |  |
|  | Benefits Manager |  |  |  |
|  | Payroll |  |  |  |
|  | Accounting Manager |  |  |  |
|  | Other |  |  |  |
| **Run Reports &/or Gather Information** |  | Notes: |  |
|  | Payroll Register |  |  |  |
|  | Employee Data Report |  |  |  |
|  | Employee Hours Worked |  |  |  |
|  | Employee Pay Rates |  |  |  |
|  | Employee Overtime |  |  |  |
|  | General Ledger Detail |  |  |  |
|  | Benefits & Other Payroll Related Invoices |  |  |  |
| **Verify Employee Data** |  | Notes: |  |
|  | Employee list correct? |  |  |  |
|  | Employee pay rates valid? |  |  |  |
|  | Employee classifications correct? |  |  |  |
|  | 1099 vs W2 employees noted? |  |  |  |
|  |  |  |  |  |
| **Verify Payroll Data** |  | Notes: |  |
|  | Pay periods correct? |  |  |  |
|  | Payroll run on time? |  |  |  |
|  | Paychecks delivered on time? |  |  |  |
|  |  |  |  |  |
| **Verify Time & Attendance Data** |  | Notes: |  |
|  | Hours worked matches hours paid? |  |  |  |
|  | Overtime hours calculated correctly? |  |  |  |
|  | Overtime hours paid at 1.5x regular pay? |  |  |  |
|  | Timecard adjustments documented? |  |  |  |
|  | Retro pay documented? |  |  |  |
|  |  |  |  |  |
| **Run a General Ledger Report** |  | Notes: |  |
|  | Does payroll account balance and transactions align with payroll detail? |  |  |  |
|  | Are federal tax payments being made? |  |  |  |
|  | Are state tax payments being made? |  |  |  |
|  | Are local tax payments being made? |  |  |  |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | Are benefits invoices and employee/employer premiums clearing account smoothly? |  |  |  |
|  |  |  |  |  |
| **Check W-4 Forms vs Tax Withholding on Paystubs** |  | Notes: |  |
|  | Employee 1 Correct? |  |  |  |
|  | Employee 2 Correct? |  |  |  |
|  | Employee 3 Correct? |  |  |  |
|  | Employee 4 Correct? |  |  |  |
|  | Employee 5 Correct? |  |  |  |
|  |  |  |  |  |
| **Trace Transactions End-to-End** |  | Notes: |  |
|  | Taxes Withheld? |  |  |  |
|  | Health Insurance Premiums Correct? |  |  |  |
|  | Garnishments Processed Correctly? |  |  |  |
|  | 401(k) Contributions Employee Accurate? |  |  |  |
|  | 401(k) Contributions Employer Accurate? |  |  |  |
|  | Other: |  |  |  |
|  | Other: |  |  |  |
|  | Other: |  |  |  |
|  |  |  |  |  |
| **Random Spot Checks** |  | Notes: |  |
| Example: | Hours to Gross Pay to Deductions to Net Pay |  |  |
|  | Employee 1 Correct? |  |  |  |
|  | Employee 2 Correct? |  |  |  |
|  | Employee 3 Correct? |  |  |  |
|  | Employee 4 Correct? |  |  |  |
|  | Employee 5 Correct? |  |  |  |
| Example: | Raises, Promotions, Demotions, Terms |  |  |  |
|  | Employee 1 Correct? |  |  |  |
|  | Employee 2 Correct? |  |  |  |
|  | Employee 3 Correct? |  |  |  |
|  | Employee 4 Correct? |  |  |  |
|  | Employee 5 Correct? |  |  |  |
| Example: | Timecard to Paystub PTO or Sick Leave Match |  |  |
|  | Employee 1 Correct? |  |  |  |
|  | Employee 2 Correct? |  |  |  |
|  | Employee 3 Correct? |  |  |  |
|  | Employee 4 Correct? |  |  |  |
|  | Employee 5 Correct? |  |  |  |
| Example: | Enrollment Forms to Benefits Deduction Amounts |  |  |
|  | Employee 1 Correct? |  |  |  |
|  | Employee 2 Correct? |  |  |  |
|  | Employee 3 Correct? |  |  |  |
|  | Employee 4 Correct? |  |  |  |
|  | Employee 5 Correct? |  |  |  |
|  |  |  |  |  |
| **Look for Documentation on Atypical Transactions** |  | Notes: |  |
|  | Retro Pay |  |  |  |
|  | Back Pay |  |  |  |
|  | Garnishments |  |  |  |
|  | Freelancer Pay |  |  |  |
|  |  |  |  |  |
| **Reconcile Payroll and Tax Accounts with Bank Accounts** | Notes: |  |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | Do the balances match? |  |  |  |
|  | Do the transactions match? |  |  |  |
|  | Unexpected transactions? |  |  |  |
|  | Reversals accounted for? |  |  |  |
|  | Fees accurate? |  |  |  |
|  | Data missing? |  |  |  |
|  | Uncashed checks? |  |  |  |
|  |  |  |  |  |
| **Verify Tax Payments** |  | Notes: |  |
|  | Federal tax payments made quarterly? |  |  |  |
|  | State tax payments made on time? |  |  |  |
|  | Local tax payments made on time? |  |  |  |
|  |  |  |  |  |
| **Confirm Payroll Rules Being Followed** |  | Notes: |  |
|  | Final checks provided on time? |  |  |  |
|  | Direct deposit mandated legally? |  |  |  |
|  | Pay periods set up per state rules? |  |  |  |
|  | Segregation of duties? |  |  |  |
|  |  |  |  |  |
| **Overall Assessment** |  | *Number of Issues Identified:* | **0** |

