## **Payroll Internal Controls Checklist**

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| ✔ | **TASK** |
|  | **Step 1: To keep your books in order, it’s advisable to open a separate bank account for nothing but payroll transactions**.* Open a separate payroll bank account
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|  | **Step 2:** **Limit access to payroll records to prevent fraud and abuse.*** Prevent managers verifying time records from seeing employee pay stubs
* Prevent employees entering hours into payroll from changing employee pay rates
* Limit bookkeepers to having only viewing access to payroll data instead of editing access
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|  | **Step 3:** **Separate payroll duties to ensure no single employee holds all the keys and has all the information.** * Have managers verify time records for their teams and approve them before sending to payroll
* Assign one payroll employee to enter the logged hours into the payroll system
* Assign another payroll employee to verify the hours and process payroll
* Have the payroll manager review and oversee the entire process for accuracy
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|  | **Step 4: Conduct regular audits to make sure your payroll records are in order and to prevent fraud.*** Perform quarterly internal payroll audit
* Have an external audit done by an accounting firm or payroll provider
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|  | **Step 5:** **Establish a change authorization process to make sure any payroll changes get at least two sets of eyes on them. Because there’s manual input here, it’s ripe for errors and a review process will help catch any missteps.** * Establish a change authorization process
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|  | **Step 6: Use software for timesheet and payroll verification to reduce manual input errors. This will ensure your payroll process is as fraud-free as possible.*** Use timesheet software
* Use payroll verification software
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|  | **Step 7:** **Do a final payroll review before submitting for payment. It’s a good idea to have different people do a review to make sure the data is accurate.*** Conduct final payroll review
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|  | **Step 8:** **Regularly review payroll trends to spot any outliers. This can help you spot signs of errors or fraud.** * Review payroll trends at least quarterly
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