

Payroll Internal Controls Checklist

- Open a separate payroll bank account
- Limit access to payroll records
 - 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
- Separate payroll duties
 - Have managers verify time records for their teams and approve 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 processes payroll
 - Have the payroll manager review and oversee the entire process for accuracy
- Conduct regular audits
 - Perform quarterly internal payroll audit
 - Have external audit done by accounting firm or payroll provider
- Establish a Change Authorizations Process
- Use software for timesheet & payroll verification
- Do final payroll review
- Regularly review payroll trends