

Determine the payroll audit timeframe and stakeholders

Audit Timeframe		Lookback Period		Auditors	
Start date		Start date		1. Name & title	
End date		End date		2. Name & title	
				3. Name & title	
				4. Name & title	
				5. Name & title	

Generate reports and gather information

Done?	Report	Notes	Auditor Initials
	Employee roster		
	Payroll register		
	Time clock data (hours worked & overtime)		
	General ledger		
	Bank statements (for payroll bank account)		
	Other		

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Verify employee roster data

Done?	Task	Issues Identified	Notes	Auditor Initials
	Are all the employees listed active?			
	Are any employees terminated, furloughed, or placed on a leave of absence?			
	Are there any employees management does not recognize?			
	Are there any employees missing?			
	Other			

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Verify payroll register data

Done?	Task	Issues Identified	Notes	Auditor Initials
	Are all employee pay rates listed correctly?			
	Are the pay periods correct?			
	Do the number of payrolls match the lookback period?			
	Is payroll completed on time?			
	Are employees paid on time every payday?			
	Were all pay rate changes inputted?			
	Did all pay rate changes take effect on time?			
	Are employees classified correctly?			
	Other			

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Verify time clock data

Done?	Task	Issues Identified	Notes	Auditor Initials
	Are employees paid for all time worked?			
	Are overtime hours calculated and paid correctly?			
	Were all time adjustments recorded correctly and approved?			
	Other			

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Verify variable and atypical payments

Done?	Task	Issues Identified	Notes	Auditor Initials
	Is there documentation outlining variable payments (such as bonuses, commissions, shift differentials, or tips?)			
	Are all variable payments labeled correctly?			
	Are all variable payments calculated and paid correctly?			
	Is there documentation outlining paid time off (PTO) and sick pay procedures?			
	Are all PTO and sick payments labeled correctly?			
	If applicable, is PTO or sick pay being accrued correctly?			
	Are all PTO payments calculated and paid correctly?			
	Is there documentation supporting atypical payments (such as retro-pay, backpay, reimbursements, relocation, or contractor)?			
	Are all atypical payments calculated and paid correctly?			
	Other			

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Verify tax withholdings and reports

Done?	Task	Issued Identified	Notes	Auditor Initials
	Are employee federal income taxes withheld?			
	Are employee Social Security taxes withheld?			
	Are employee medicare taxes withheld?			
	Are appropriate employee state and local taxes withheld?			
	Were all withheld taxes timely remitted to appropriate federal, state, and local agencies?			
	Were appropriate employer federal and state unemployment taxes remitted?			
	Does the tax data match what was reported on federal 940 and 941 forms and state equivalents?			
	Are all employee W-4 forms accounted for?			
	Were all W-4 forms (and any changes) inputted correctly?			
	Other			

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Verify additional employee deductions

Done?	Task	Issued Identified	Notes	Auditor Initials
	Are employee portions of health, dental, or vision insurance premiums being calculated and deducted correctly?			
	Are any applicable garnishments deducted and processed correctly?			
	Are employee contributions to employee 401(k)s (or other retirement accounts) accurate?			
	Are employer contributions to employee 401(k)s (or other retirement accounts) accurate?			
	Is there documentation for other deductions, like company property or uniforms?			
	Were "other" deductions made correctly?			
	Other			

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Reconcile payroll data with the General Ledger (GL)

Done?	Task	Issues Identified	Notes	Auditor Initials
	Do payroll expenses in the GL match payroll register data?			
	Are tax remittances to federal, state, and local agencies recorded properly?			
	Are all employee deductions recorded correctly?			
	Other			

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Reconcile payroll data with bank accounts

Done?	Task	Issues Identified	Notes	Auditor Initials
	Does the balance in the payroll bank account match payroll register data?			
	Do the transactions in the payroll bank account match payroll register data?			
	Were any employees paid twice?			
	Are there any uncashed checks?			
	Are all bank fees correct?			
	Is there documentation for any paycheck related fees (such as stop payments or reversals)?			
	Are all paycheck related fees accurate (such as stop payments or reversals)?			
	Are there any unaccounted for transactions?			
	Other			

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Identify payroll processes in need of optimization

Item #	Faulty Process	Suggested Fix(es)	Auditor Initials
1			
2			
3			
4			
5			