Payroll Audit
Checklist

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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? Raises, Promotions,	☐	☐
	Demotions, Terms Employee 1 Correct?	☐	☐
	Employee 2 Correct? Employee 3 Correct?	☐	☐
Example:	Employee 4 Correct? Employee 5 Correct?		
	Timecard to Paystub PTO or Sick Leave Match	☐	☐
	Employee 1 Correct? Employee 2 Correct?	☐	☐
	Employee 3 Correct? Employee 4 Correct?	☐	☐
	Employee 5 Correct?	☐	☐
		☐	☐
Example:			
		☐	☐
		☐	☐
		☐	☐
		☐	☐
		☐	☐
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