

Payroll Reconciliation Variance Analysis

Company Name: _____
Period Covered: From _____ To _____
Prepared By: _____
Date Prepared: _____

1. Summary Table of Payroll Variance

Payroll Element	Previous Period Amount	Current Period Amount	Variance (+/-)	% Variance	Remarks / Reason
Basic Salary	100,000	103,000	+3,000	3.0%	Annual increment applied
Allowances	20,000	19,500	-500	-2.5%	Leaving employee(s)
Overtime	8,000	6,200	-1,800	-22.5%	Reduction in overtime hours
Deductions	3,200	2,800	-400	-12.5%	Loan repayments completed
Bonuses	0	5,000	+5,000	N/A	Performance bonus paid
Total Net Pay	124,800	130,900	+6,100	4.89%	

2. Observations & Explanations

Significant variances are mainly due to annual salary increments, payment of performance bonus, and a reduction in overtime claims. Minor negative variances in allowances and deductions are due to staff exits and loan repayment completions.

3. Action Points / Follow-Up

- Verify employee exit clearance processes for allowance adjustments
- Confirm HR policy on performance bonus disbursement
- Monitor overtime approvals in future payroll cycles

Important Notes:

- Payroll reconciliation variance analysis helps ensure payroll accuracy and transparency.
- All significant variances should be explained and supported with documentation or policy references.
- Consistent reviews detect errors early and reduce compliance risks.
- This document should be reviewed and signed off by the HR and Finance departments.