

Payroll Processing Internal Controls Format

1. Objective

To ensure accuracy, completeness, and authorization in the payroll process by implementing and maintaining effective internal controls.

2. Process Overview

1. Employee data update and maintenance
2. Time and attendance tracking
3. Payroll calculation and deductions
4. Review and approval of payroll
5. Disbursement of salaries
6. Payroll accounting and reporting

3. Key Controls Matrix

Control No.	Control Description	Responsibility	Frequency	Documentation
PC-01	All employee changes (hire, termination, salary changes) are supported by approved documentation.	HR Department	Ongoing	Employee Files
PC-02	Time and attendance data is reviewed and approved by supervisors before payroll processing.	Department Heads	Each payroll cycle	Timesheets
PC-03	Payroll register is reviewed and approved by management prior to payments.	Finance Manager	Each payroll cycle	Payroll Register
PC-04	Segregation of duties exists between preparation and approval of payroll.	Payroll Officer/Manager	Ongoing	Payroll Organization Chart
PC-05	Reconciliation of payroll bank statements with payroll records.	Accounting	Monthly	Bank Reconciliation Reports

4. Roles & Responsibilities

- **HR Department:** Maintain employee records and provide updates for payroll.
- **Payroll Officer:** Process payroll and ensure documentation is complete.
- **Finance Manager:** Review and approve payroll before disbursement.
- **Department Heads:** Review and confirm time and attendance data.

5. Record Keeping

All payroll records, approvals, and supporting documentation should be retained in accordance with company policies and regulatory requirements.

Important Notes:

- This document should be reviewed and updated annually or upon significant process changes.
- All control activities must be monitored for effectiveness and compliance.
- Unauthorized access to payroll data should be prevented at all times.
- Compliance with local labor laws and tax regulations must be ensured during payroll processing.

