

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

- Employee data update and maintenance
- Time and attendance tracking
- Payroll calculation and deductions
- Review and approval of payroll
- Disbursement of salaries
- 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.

