

Global Payroll Audit Checklist



Determine the timeframe of your payroll audit

- Are you looking to audit payroll for one cycle or the entire year?
 - Auditing one cycle is faster but narrower and may reveal fewer issues. Too long a timeframe, however, and you might be surfacing problems that have already been solved.



Review employee data

- Are there any current or former employees whose status is incorrect?
- Are employees being paid the correct amount based on their contracts or hours worked?
 - If spreadsheets are a common ingredient in your payroll workflows, there's a lot of room for error, but a strong connection between your HR and payroll systems can help you avoid this.
- Is anyone on leave? Are they being paid properly based on this status?



Validate variable payments

- Do you deal with bonuses, commission, profit-sharing and/or overtime at your company?
 - If so, then variable payments apply to you, and you need to verify that these payments were issued in that time period.
 - It's also important to ensure that they were processed on time and correctly because underpaying employees can be frustrating.



Analyze off-cycle payroll

- How often does your company process payroll in a year? In each region?
 - For example, monthly payroll processing should be equal to 12 cycles and semi-monthly to 24 pay cycles.
 - Do you count 13 or even 25? If so, it's time to dig in and understand why an extra pay cycle was ran: maybe it's because bonuses are processed in another pay cycle from regular pay—some countries even mandate this—or someone accidentally processed payroll twice.





✓ Review tax withholdings and deposits

- Are you withholding and submitting the right amount to the relevant authorities? Laws change frequently from country to country, and what might have been correct two years ago may not be anymore.
 - It's also possible the composition of your workforce has changed, and you're now under different codes.
 - For example, in France, firms with 50 employees or less only have to withhold 0.1% per paycheck for the National Housing Assistance Fund; more than that, and the rate climbs to 0.5%.

✓ Reconcile your payroll

- Do bank statements match your payroll records and general ledger?
 - Although this step is time-consuming, it's the most important part of the audit process—and we recommend reconciling before every payroll run to ensure your labor credits and debits are balanced.

✓ Ensure compliance with labor and recordkeeping laws

- Are you up to date with labor laws? Have there been any changes to these laws? It's important to stay apprised of any legislation changes to ensure you're paying the right amount for overtime and issuing the right amount of time off.
- If you're utilizing payroll software, it can make this process easier by generating outstanding tax liability reports that outline tax payments that couldn't be processed.
 - If this is happening, it's time to investigate why. Do you not have the right tax id number entered in for the employee or is there some other issue?

✓ Report findings

- Once you've performed an audit, find out who should hear about it. Your direct supervisor will obviously want to know, but so might others within finance, accounting, and HR.
- Documented payroll audits are extremely beneficial and important should lawsuits or other issues arise, so keep these reports close.

✓ Identify improvement opportunities

- Are there any improvements that can be made to your process? Systems? Or even security?
 - For example, if you're still relying on manual processes then it may be time to start automating to improve your processing speed, accuracy and security of payroll information.

Safeguard Global can ensure your payroll audit is error free.

Learn more about our [global managed payroll solution](#) or [contact us](#) today with any questions.

