

PAYROLL

ACTIVITY: Consolidated Branch

SECTION: Payroll Department

FUNCTION: Control of Records

A.P.

STEP	AUDIT PROCEDURE	REFERENCE/DONE BY
1.	Control the Payroll Masterfile until such time as a copy of the file can be made. A. Maintain the copy in fireproof area under dual control. B. Retain the copy until after the audit report has been submitted to and reviewed by the Company's examining committee.	
2.	Obtain a copy of the current payroll journal and reports.	
3.	Obtain or prepare a list of current employee information including: A. Employee Name B. Employee Number C. Designated Payroll Acct Number D. Salary Level Code E. Approved Salary	
4.	Obtain or prepare a list of the general ledger and demand deposit accounts used in conjunction with the payroll function.	
5.	Obtain the W2 Federal Tax Withholding forms.	

PAYROLL

ACTIVITY: Consolidated Branch
SECTION: Payroll Department
FUNCTION: Payroll Procedures

A.P.

STEP	AUDIT PROCEDURE	REFERENCE/DONE BY
1.	Obtain a copy of the Company's Payroll operation procedures. A. If written procedure do not exist ascertain what current procedures are being observed through discussions with the appropriate officers. B. If written procedures do exist insure that they have been approved by the appropriate management committee.	
2.	Review the Company's current payroll procedures for the payroll department. A. Determine that the proper separation of duties exist. B. Determine that the proper supervisory reviews exist.	
3.	Review the controls for the maintenance of the payroll masterfile. A. Insure that access to the data file is properly restricted. B. Insure that changes to the masterfile are supported by source documents. C. Insure that any changes to the payroll masterfile requires the approval of an officer.	

PAYROLL

ACTIVITY: Consolidated Branch
SECTION: Payroll Department
FUNCTION: Payroll - Reconciliation and Review of Payroll
Journal

A.P.

STEP	AUDIT PROCEDURE	REFERENCE/DONE BY
1.	Reconcile the payroll journal to the appropriate general ledger accounts.	
2.	Review payroll transmittal	
	A. Verify against supporting documents	
	1. Time cards	
	2. Absentee reports	
	3. Employee Status reports	
3.	Verify the various calculations performed by the payroll program for:	
	A. Gross Salary	
	1. Regular hours	
	2. Overtime hours	
	3. Holiday hours	
	4. Vacation hours	
	5. Sick leave hours	
	B. Fed Tax Withheld	
	C. State Tax Withheld	
	D. FICA	
	E. Other	
4.	Verify the employee information on the payroll data file for:	
	1. Hourly wage rate	
	2. Number of dependents	
	3. Insurance premium	
	4. Parking fee	
	5. United Way	
	6. Escrow amounts	
	7. Other deductions	
5.	Review the semi-monthly payroll reconciliations since the previous audit.	
	A. Insure the payroll reports reflect the initials of the clerk and supervisor evidencing their reconciliation and approval.	
	B. Reconcile gross payroll amounts on the payroll masterfile to the total yearend expense for the years since the last audit.	
	C. Verify that the salary amounts paid to individual employees were in accordance with their approved pay rate.	

PAYROLL

ACTIVITY: Consolidated Branch

SECTION: Payroll Department

FUNCTION: Payroll - Reconciliation and Review of
DDAs Used for Withholding

A.P.

STEP	AUDIT PROCEDURE	REFERENCE/DONE BY
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| 1. | Obtain copies of Payroll DDA statements since the previous audit. | |
| 2. | Review statements: <ul style="list-style-type: none">A. Insure that accounts are clearing promptly and correctly.B. Review items for initials of clerk and supervisor.C. Review statement reconciliation for evidence of clerk and supervisor's initials. | |
| 3. | Trace the offsets of the debits to the DDAs. | |

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ACTIVITY: Consolidated Branch
SECTION: Payroll Department
FUNCTION: Payroll - Payroll Taxes

A.P.

STEP	AUDIT PROCEDURE	REFERENCE/DONE BY
1.	Reconcile the total of the Federal and State taxes, and FICA listed on W2 forms to the total amount remitted to the United States and Louisiana State tax agencies for the years since the previous audit.	
2.	Review the periodic tax remittances since the previous audit for: A. Timeliness of reporting. B. Initials of clerk and supervisor evidencing their reconciliation and approval.	
3.	Review payroll program and to determine the correctness of tax tables used for federal and state taxes.	

PAYROLL

ACTIVITY: Consolidated Branch
SECTION: Payroll Department
FUNCTION: Payroll - Payroll Checks

A.P.

STEP	AUDIT PROCEDURE	REFERENCE/DONE BY
1.	Reconcile the outstanding payroll checks.	
2.	Review the payroll check register reconciliation since the previous audit for the initials of a clerk and supervisor evidencing their reconciliation and approval.	
3.	Reconcile the yearend totals of the checks listed as issued on the payroll register to the total credited to and debited from the outstanding account.	
4.	Review cancelled payroll checks for: A. Proper endorsement B. Unusual amounts C. Authorized signature D. Sequentiality	
5.	Review the unissued payroll checks and insure that: A. They are kept under dual control. B. Shipments are verified for sequentiality and resealed. 1. Prove unissued payroll checks for sequentiality of any checks not properly resealed. 2. Have department prove unissued payroll check shipments which are still sealed from the supplier.	

