

Template 34 : Engagement Work Programme

Audit Client:		WP Ref			
Period Under Review:		Prepared by		Date	
System:		Reviewed by		Date	

SAMPLE PAYROLL AUDIT PROGRAMME

Objective	Expected Internal Controls	Audit Test	WP Ref
General: Documented payroll procedures with adequately trained staff	<ul style="list-style-type: none"> ▪ New staff induction and training ▪ Staff training for system changes ▪ Procedures up to date ▪ Supervisors/managers ensure that procedures implemented 	<ul style="list-style-type: none"> ▪ Check for existence of staff training on payroll procedures ▪ Check that procedures are up to date ▪ Check that supervisors aware of the procedures ▪ Check for evidence that management ensure procedures are being implemented 	
Payments are made only to valid employees	<ul style="list-style-type: none"> ▪ Written confirmation required for new employees prior to payroll processing 	<ul style="list-style-type: none"> ▪ Identify all new personnel during the period in question and check that all new starts were properly authorized. ▪ Check if the new start received their first pay by cash, and the date processed. ▪ Review procedures for checking new employee's details after they have been entered on to the payroll system. Assess adequacy of review. 	
	<ul style="list-style-type: none"> ▪ Preparation, recording and payment functions are adequately segregated 	<ul style="list-style-type: none"> ▪ Document the payroll system, clearly identifying responsibility for preparing, recording and making payroll payments. ▪ In the absence of adequate segregation of duties check for compensating controls. 	
	<ul style="list-style-type: none"> ▪ Unique ID numbers are assigned to each employee. 	<ul style="list-style-type: none"> ▪ Check that payroll IDs are sequential and cannot be re-used ▪ Review procedures for allocation of payroll IDs to new employees and assess adequacy for prevention of duplicate payments ▪ Check for evidence of exception reports each time a new start is entered onto the system 	
	<ul style="list-style-type: none"> ▪ Salaries/Wages are paid based on weekly/fortnightly timesheets submitted 	<ul style="list-style-type: none"> ▪ Select a sample of timesheets from respective ministries/departments and check that they have been 	

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	<ul style="list-style-type: none"> ▪ Payments are made only to valid employees by line ministries. 	<ul style="list-style-type: none"> ✓ Properly prepared ✓ Properly authorized and ✓ Are for bona fide employees 	
	<ul style="list-style-type: none"> ▪ Removal from payroll system only occurs upon receipt of an appropriately authorized notification. 	<ul style="list-style-type: none"> ▪ Select a sample of leavers entitlement payments entered on system and test whether: <ul style="list-style-type: none"> ✓ leave balances agree to leave cards and attendance books; ✓ Calculations are accurate ✓ All forms are properly approved ▪ All documents were date stamped when received by head of payroll section to prevent duplicate payments ▪ For the sample, test the date submitted with the date of removal from Payroll system, check for payments after the leave date. 	
	<ul style="list-style-type: none"> ▪ Changes to employee payroll details (e.g. Bank details) are processed only on receipt of written notification 	<ul style="list-style-type: none"> ▪ Review system exception reports for all changes made to payroll during the period in question. ▪ Check the extent to which monthly payroll reports are reviewed by management. 	
	<ul style="list-style-type: none"> ▪ Cash payments (loose vouchers) only issued on production of valid identification and when a signature of receipt is obtained. 	<ul style="list-style-type: none"> ▪ Select a sample of cash payments made to salary staff and check if; <ul style="list-style-type: none"> ✓ The payment should have been made at in cash, ✓ The payment was properly authorized, ✓ The payment was for the correct amount, ✓ The employee signed for receipt of the cash salary 	
<p>All data input to the payroll system is correct and properly authorized</p>	<ul style="list-style-type: none"> ▪ Access controls to payroll software ▪ Authorization procedures for changes made to payroll data ▪ Monitoring of payroll system through exception reports and monthly management reports 	<ul style="list-style-type: none"> ▪ Review procedures over access control and determine if they are documented and understood by staff ▪ Check access rights for approved users for the Payroll system ▪ Check for existence of usernames and passwords including evidence of regular password changes and password strength 	

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		<ul style="list-style-type: none"> ▪ Check for existence of password sharing in payroll section e.g. large volumes of transactions processed by one user. ▪ Check for appropriate filing and referencing of personnel records and that <ul style="list-style-type: none"> ✓ they are securely held, ✓ they are only accessible by authorized personnel ▪ Check management procedures for examining changes to permanent records, ▪ Examine exception reports reviewed prior to each pay run ▪ Select a sample of changes that have been made to standing data and check that these have been properly authorized and the change has been made by an appropriate member of staff. ▪ Check that the database administrator has not processed any transactions on the payroll system. 	
<p>Payments are correctly calculated in accordance with approved pay scales</p>	<ul style="list-style-type: none"> ▪ Verification of payment amounts 	<ul style="list-style-type: none"> ▪ Check for any changes to the number of staff on the payroll compared with the last pay period. ▪ Check the number of staff paid is reconciled with the previous fortnight and any changes are included within authorized data input. ▪ Check the number of payments made against the approved staffing structure ▪ Select a sample of employees and test that <ul style="list-style-type: none"> ✓ Each employee has supporting documentation on file, ✓ All documentation has been properly authorized, ✓ The personal data has been correctly entered on to the Payroll system. ✓ That the data has been only entered once ✓ That the salary amount is correct as per the most recent county government pay-scale ▪ That all allowances paid have been properly calculated 	
<p>Payroll costs are correctly</p>	<ul style="list-style-type: none"> ▪ Reconciliations between the Payroll and 	<ul style="list-style-type: none"> ▪ Reconcile payroll outputs to payroll figures recorded in 	

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recorded in the financial accounting system	the Accounting (IFMIS) System	general ledger and bank statements	
Payroll data is adequately protected and is securely stored	<ul style="list-style-type: none"> ▪ Backups are taken and physically secure 	<ul style="list-style-type: none"> ▪ Check that regular backups are taken of the system ▪ Identify where the backups are stored, and physically inspect if storage facilities are fire and water proof with restricted access. ▪ Check procedures to re-create payroll information in the event of system failure ▪ Check for evidence that the procedures have been tested 	