

INTERNAL CONTROL SELF ASSESSMENT

PAYROLL

The following checklist identifies actions and evaluations that will enable your organization to reduce the risk of disbursement fraud. Any “no” response may be a red flag and should be closely evaluated.

Yes	No	
_____	_____	1. Are user rights limited to only what is needed to perform job duties?
_____	_____	2. Are the supply of checks, signature plates and files stored in a secure location with access restricted to authorized personnel?
_____	_____	3. Are personnel records maintained independently of payroll & timekeeping functions?
_____	_____	4. If payroll is calculated manually, does a second person verify the calculations?
_____	_____	5. Does someone not involved in the payroll preparation process review or authorize disbursement of withholdings and payroll taxes and preparation of tax filings?
_____	_____	6. Are paychecks either (1) mailed immediately after signing, or (2) distributed by someone who knows employees by name and does not process payroll?
_____	_____	7. Are direct deposit transfers made or authorized by someone independent of payroll processing?
_____	_____	8. Are the following duties either outsourced or segregated: payroll preparation, payroll authorization, and distribution of checks/processing direct deposit?
_____	_____	9. Is correspondence from the IRS and other taxing authorities directed to someone who is not involved in processing payroll or preparing payroll tax returns?
_____	_____	10. When payroll processing is outsourced, are withholding payments to taxing authorities verified? Are tax notices mailed directly to the organization and not to the outsourcing company?

