EOFY Payroll Checklist

This checklist can be used irrespective of the accounting software that you utilise for your clients.

To ensure the payroll systems of your clients are prepared, steps one to three can be undertaken in advance.

If working through the document, and any reconciliations do not balance, please review payroll that has been processed throughout the year and make corrections as required. Refer to your specific accounting software for guidance on how to make corrections to payroll already processed.

|  |  |
| --- | --- |
| **1 - General Payroll Review** | |
|  | Confirm the correct legal/trading name, ABN and postal address have been recorded correctly in your accounting software. |
| **2 - Review Payroll Settings** | |
|  | Payroll settings will vary according to your accounting software.  Check pay items have been setup and mapped correctly: (Note - refer to specific software guidelines for payroll pay items).   * Ordinary time earnings * Allowances * Deductions * Salary sacrifice * FBT and termination items * Superannuation |
|  | If using STP enabled software, ensure that correct ATO types have been assigned for correct STP reporting. |
|  | Ensure that all pay items have been correctly mapped for reporting as W1 and W2. |
| **3 - Review Employees** | |
|  | Confirm all required information is included in the relevant employee record:   * Correct name * Date of birth * Tax file number (or TFN exemption codes) * Address (including suburb and postcode) * Email address |
|  | Employee start/termination dates. |

|  |  |
| --- | --- |
| **4 - Reconcile Payroll to General Ledger** | |
|  | Confirm that all pay runs for the financial year have been completed, and that the payment dates are within the current FY. (Note – payment dates should not be changed to bring a payroll into the current FY, if the normal cycle would see it paid in the new FY). |
|  | Confirm that all wages have been paid to employees via the business bank account or other evidence.  (Note – if payment does not leave the business bank account prior to 30 Jun, then it is not deemed to have been paid in the current FY). |
|  | Confirm that all payroll transactions have been reconciled against the bank statement. If using payroll clearing accounts, ensure accounts have balanced back to nil. |
|  | Run relevant payroll reports:   * **Payroll Summary Report**, detailing the gross wages, allowances, deductions, PAYGW, super and net wages for the entity as a whole. * **Payroll Employee Report**, detailing the gross wages, allowances, deductions, PAYG, super and net wages per individual employee. * **General Ledger Report**, detailing the wages expense, superannuation expense, superannuation liability and PAYGW accounts.   The **AAT EOFY Reconciliation Worksheet** can be used to automate and streamline this process and provide the relevant working papers for your records.  Save copies of the payroll reports as part of your working papers and audit trail. |
|  | Confirm that the detail on the Payroll Summary Report balances with the Payroll Employee Report and the General Ledger Report. |
| **5 – Reconcile Payroll to Activity Statements** | |
|  | Review activity statement lodgements for FY and compare value reported at W1 to value of gross wages, less any salary sacrifice amounts (from Payroll Summary and GL reports) – confirm balances. |
|  | Review activity statement lodgements for FY and compare value reported at W2 to value of PAYG withholding (from Payroll Summary and GL reports) – confirm balances. HANDY TIP – From Online Services for Agents (Client Record):   * Accounts and Payments>Accounts Summary>Tax Type Summary>Pay as you go – Withholding. This report will detail by individual lodgement the value reported at W2 for the relevant FY. |
| **6.1 – Prepare STP Finalisation (will vary depending on accounting software)** | |
|  | Confirm correct financial year has been selected for the STP finalisation. |
|  | Ensure all employees requiring STP finalisation are appearing in the relevant lists or reports. |
|  | Ensure any Reportable Fringe Benefit Amounts (RFBA) are entered for employees (if required). |
|  | Finalise STP. |
|  | Extract a final report of STP finalisation data. Send to client with request for Authority to Lodge finalisation report with the ATO. |
|  | Upon receipt of authority to lodge, send STP finalisation to the ATO. |
|  | Advise employees that STP finalisation has been done, and that payroll data will now be available in their myGov accounts. |
| **6.2 – Prepare Payment Summaries (will vary depending on accounting software)** | |
|  | Confirm correct financial year has been selected for the payment summaries. |
|  | Ensure all employees requiring payment summaries appear in the relevant lists or reports. |
|  | Ensure any Reportable Fringe Benefit Amounts (RFBA) are entered for employees (if required). |
|  | Finalise payroll. |
|  | Extract a final report of payroll summary finalisation data. Send to client with request for authority to lodge finalisation report with the ATO. |
|  | Upon receipt of authority to lodge, send Payment Summary Annual Report (PSAR) to ATO. |
|  | Issue payment summaries to employees. |
| **7 – Post STP/Payroll Summary Finalisation** | |
|  | Finalise payroll tax annual reconciliations and reports (if required) |
|  | Finalise and submit workers compensation declarations and annual reports (if required). |
|  | Review and advise client of any changes to wages due to Fair Work Commission annual wage reviews (if required). |
|  | Advise clients of any changes to the SG statutory rates (effective 1 Jul 2021). |

**REMEMBER**

* **Ensure all relevant workpapers are retained, including copies of reports from accounting software detailing information used in the reconciliation and lodgement process.**
* **Ensure that appropriate authorisations are received from clients prior to the completion of the STP finalisation for employees and the ATO, and/or the issue of payment summaries to employees or the lodgement of the PSAR with the ATO.**