

Payroll checklist

Use the first two groups once per employer and once per new hire. Run the pay-run group every pay date, and the last groups at each quarter and at year-end.

Client or engagement

Employer setup

- ☐ EIN confirmation letter on file
IRS notice CP 575 or Letter 147C.
- ☐ State withholding account number for each state with employees
From the state revenue department registration.
- ☐ State unemployment account number and current rate notice
The rate notice the state mails each year.
- ☐ Federal deposit schedule for this year
Monthly or semiweekly, from the lookback period totals.
- ☐ EFTPS enrollment confirmed
Or the provider's authorization to deposit under the EIN.

New-hire file, from the employee

- ☐ Signed Form W-4
Current-year form, signed and dated.
- ☐ State withholding certificate
Only where the state has its own form.
- ☐ Form I-9, Section 1, completed by the employee
No later than the first day of work. Edition 01/20/25, or an 08/01/23 edition before its printed expiration date.
- ☐ Form I-9, Section 2, completed by the employer
Within three business days of the start date, from the documents the employee chose to present.
- ☐ Copies of the I-9 documents, kept with the form
Only if the employer copies documents for every employee.
- ☐ Direct deposit authorization with a voided check
Or a bank letter showing routing and account numbers.
- ☐ Status memo for any worker paid as a contractor
Behavioral control, financial control and type of relationship.
- ☐ Signed offer letter with pay rate and exempt status
The employer keeps the signed copy.
- ☐ New-hire report filed with the state registry
Within 20 days of hire, sooner where the state requires.

Every pay run

- ☐ Timesheets for hourly staff, signed off by a manager
Hours per day and per workweek.
- ☐ Changes entered: hires, terminations, raises, deductions
- ☐ Register compared to the prior run
Explain each employee whose net pay changed.
- ☐ Net pay released and pay statements issued
- ☐ Hourly pay checked against the minimum wage
Federal \$7.25, or the state or local rate where higher.
- ☐ Additional Medicare Tax withheld above \$200,000 of wages
- ☐ Taxable fringe benefits added to wages
Such as personal use of a company car.
- ☐ Tax deposit made by the schedule date
Keep the EFTPS acknowledgment number.
- ☐ Payroll journal posted to the books from the register

Each quarter

- ☐ Quarter's registers tied to Form 941 before filing
Wages, withholding, social security and Medicare lines.
- ☐ Deposits for the quarter tied to the tax on Form 941
- ☐ FUTA liability checked and deposited if over the threshold
0.6% of the first \$7,000 per employee with the full state credit; more in a credit reduction state.
- ☐ State withholding and unemployment returns filed
Forms and dates set by each state.
- ☐ Bank statement for the payroll account reconciled
Net pay and tax debits for every pay date.

Year-end and records

- ☐ Forms W-2 and W-3 prepared from the annual register
- ☐ Form 940 and the fourth-quarter Form 941 filed
- ☐ DOL credit reduction list checked after November 10
Schedule A (Form 940) if wages were paid in a listed state.
- ☐ Employee files checked for missing W-4s and I-9s
- ☐ Workplace posters and workers' compensation coverage current
Federal and state posters; coverage as the state requires.
- ☐ Access to payroll files limited to named staff

- ☐ Registers, returns and deposit records archived
Employment tax records kept at least 4 years.