LVL HAUS TOOLKIT | PAYROLL & TAX REPORTING

Monthly Payroll Reconciliation Checklist

A repeatable control rhythm for payroll accuracy, tax deposits, accounting alignment, and audit-ready records.

PURPOSE	Reconcile payroll activity before small errors compound into quarter-end or year-end reporting problems.
BEST FOR	Employers running payroll internally or through a provider, especially organizations with multi-state employees, frequent status changes, benefit deductions, bonuses, commissions, or garnishments.

Payroll month	____________________________	**Pay dates reviewed**	____________________________
Payroll provider	____________________________	**Prepared by**	____________________________
Legal entities	____________________________	**States / localities**	____________________________
Review date	____________________________	**Approved by**	____________________________

1. Payroll population and change review

DONE	CONTROL / REVIEW ITEM	EVIDENCE OR NOTES
[ ]	New hires, terminations, leaves, transfers, and status changes agree with approved HR records.	
[ ]	Pay rates, salary changes, bonuses, commissions, retroactive pay, and final-pay items were authorized.	
[ ]	Time, overtime, PTO, shift differentials, and other earnings inputs were reviewed for reasonableness.	
[ ]	Employee work locations and applicable state/local tax setups were reviewed for changes.	

2. Payroll register reconciliation

DONE	CONTROL / REVIEW ITEM	EVIDENCE OR NOTES
[ ]	Gross wages reconcile to approved payroll inputs and the payroll register.	
[ ]	Employee and employer tax totals are reasonable compared with prior periods and known changes.	
[ ]	Pre-tax and post-tax deductions reconcile to elections, files, and authorized changes.	
[ ]	Net pay plus deductions plus taxes reconciles to gross payroll and funding totals.	
[ ]	Off-cycle, voided, reversed, or manual payments are identified and documented.	

3. Tax deposits and filing readiness

DONE	CONTROL / REVIEW ITEM	EVIDENCE OR NOTES
[ ]	Federal payroll-tax deposit amounts and dates agree with payroll liability reports.	
[ ]	State and local withholding/unemployment deposits were validated for each active jurisdiction.	
[ ]	Deposit confirmations or provider reports are retained with the monthly close package.	
[ ]	Month-to-date and quarter-to-date taxable wages were reviewed for wage-base and limit issues.	
[ ]	Potential Form 941, state return, W-2, or amendment issues were added to the exception log.	

4. Benefits, deductions, and third-party payments

DONE	CONTROL / REVIEW ITEM	EVIDENCE OR NOTES
[ ]	Health, retirement, HSA/FSA, garnishment, and other deductions reconcile to applicable files or invoices.	

DONE	CONTROL / REVIEW ITEM	EVIDENCE OR NOTES
[ ]	Employer contributions and imputed income were reviewed where applicable.	
[ ]	Rejected deductions, arrears, refunds, or missed payments have documented follow-up.	
[ ]	Third-party sick pay or other externally administered wage items were captured when applicable.	

5. General ledger and cash reconciliation

DONE	CONTROL / REVIEW ITEM	EVIDENCE OR NOTES
[ ]	Payroll expense, liabilities, taxes, benefits, and cash entries reconcile to the general ledger.	
[ ]	Payroll funding withdrawals and direct-deposit totals reconcile to bank activity.	
[ ]	Outstanding payroll liabilities have an explanation, owner, and expected clearing date.	
[ ]	Material variances from budget, prior month, or expected headcount are documented.	

6. Close package and exception management

DONE	CONTROL / REVIEW ITEM	EVIDENCE OR NOTES
[ ]	Payroll register, tax confirmations, funding reports, journal entries, and reconciliations are archived.	
[ ]	Sensitive files are stored in an access-controlled location using the approved naming convention.	
[ ]	Each exception includes the issue, impact, owner, due date, resolution, and evidence.	
[ ]	Quarter-to-date balances and open issues were carried forward to the next review.	

Exceptions and corrective actions

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Review and sign-off

Prepared by	____	Date: ____________
Reviewed by	____	Date: ____________
Approved by	____	Date: ____________

Reference links

- **IRS Publication 15:** https://www.irs.gov/publications/p15
- **IRS employment tax due dates:** https://www.irs.gov/businesses/small-businesses-self-employed/employment-tax-due-dates
- **Electronic Federal Tax Payment System:** https://www.eftps.gov/
- **Lvl Haus federal payroll-tax deposits:** https://www.lvlhaus.com/federal-payroll-tax-deposit-requirements/
- **Lvl Haus Form 941 guidance:** https://www.lvlhaus.com/what-is-the-employers-quarterly-federal-tax-return-form-form-941/