



# Australian Payroll Governance Toolkit

[UPDATED 2025]

This toolkit contains practical ideas and techniques to improve payroll operations and governance.

In today's complex payroll legislative environment, the financial and reputational risks are too high to "black box" your payroll operations.

Practising payroll governance creates transparent, compliant and sustainable functions and teams.



Peter Forbes,  
Founder of Paytools

## Contents

[What is governance?](#)

[Why payroll governance is important](#)

[8 essential items for payroll governance](#)

[How to get started](#)

## What is governance?

According to the Governance Institute of Australia: Governance encompasses the system by which an organisation is controlled and operates, and the mechanisms by which it, and its people, are held to account. Ethics, risk management, compliance and administration are all elements of governance.

Here's a short video by the [Governance Institute of Australia](https://www.governanceinstitute.com.au/) to explain:



Payroll governance is a subset of corporate governance and ties into the overall governance, risk and compliance (GRC) of the organisation.

*"I wrote to the boards of Australia's top 100 ASX-listed companies, calling on them to elevate employee pay as a governance and compliance priority, and asking them to ensure they have the appropriate systems, expertise and leadership in their human resources areas – particularly in their payroll function."*

**Sandra Parker PSM, Fair Work Ombudsman, Annual Report 2021-2022**

## Why is payroll governance important?

It allows organisations to manage and minimise risks within payroll. It also enables you to demonstrate and comply with all relevant legislation and workplace requirements, providing oversight, transparency and conformity to the business's overall governance, risk and compliance strategy.

Good payroll governance reduces risk of:

- Under/over payments due to misinterpretation of industrial agreements
- Non-compliance against payroll and workforce obligations
- Processing errors causing hidden payroll liabilities
- Key person dependency
- Fraud and perception of fraud

## 8 essential items required for payroll governance

Payroll governance is the systems, mechanisms and rituals in place to enforce and define how payroll operates. Using tools and frameworks makes it easier to manage and practice good governance.

Here's 8 items every organisation should consider to practice payroll governance:



**Calendarised work schedule**



**Operationalised processes**



**Controls & proof of work**



**Regular health reviews**



**Payroll registers**



**Risk management**



**Monitoring & reporting**



**Team education & training**



# Calendarised work schedule

Payroll operations is a cyclical beast. Fortnightly pays, end of month, quarterly super, annual reconciliation.. the list goes on. The work schedule is the critical planning document - a living, communicated plan of all regular and recurring activities that happen in payroll.

## What to include

Recurring processes, pay days, legislative deadlines and public holidays.

## How it helps your business

- Get critical obligations and deadlines out of people's heads
- Increase transparency of critical operations to stakeholders
- Ability to see when key processes haven't been scheduled

## Tools you can use

Shared calendar, spreadsheets, poster on wall or a dedicated payroll operations platform.

## Best practice tip

Using a payroll operations platform like [Paytools](#) not only gives stakeholders access to a shared online calendar and work schedule, it also enables the ability to see completed and incomplete activities.

Activities and key dates can be setup on a recurring basis, so you only have to set them up once. Work can be categorised and split by paygroup so you simplify the view for large payroll teams.

| Mon   | Tue                                  | Wed                                 | Thu  | Fri   |
|---|--------------------------------------|-------------------------------------|--|---|
| 27<br>2 - Timesheets and Leave<br>Australia Day | 28<br>Quarterly Superannuation Gu... | 29<br>3 - Validation and Processing | 30<br>4 - Disbursement and Finalisa...<br>Month end processing | 31  |
| 3   | 4<br>Payroll Tax Monthly Submission  | 5                                   | 6<br>1 - Masterfile Updates<br>Wairangi Day                    | 7<br>Lodge Monthly Payroll Tax Lia...<br>PRT Liability Due (except NT, ...<br>Review payroll integration logs |
| 10<br>2 - Timesheets and Leave                  | 11                                   | 12<br>3 - Validation and Processing | 13<br>4 - Disbursement and Finalisa...                         | 14  |

**Overdue**

| Date        | Status  | Task                                | Checks                   | Users                  |
|-------------|---------|-------------------------------------|--------------------------|------------------------|
| Thu, Jan 30 | All day | Month end processing                | 5 checks to be completed | JG, [User]             |
| Today       | All day | Payroll Tax Monthly Submission      | 3 checks                 | [User], [User], [User] |
| Thu, Feb 6  | All day | 1 - Masterfile Updates              | 4 checks                 | [User], [User]         |
| Fri, Feb 7  | All day | Lodge Monthly Payroll Tax Liability | 3 checks                 | [User], [User], [User] |



# Operationalised Processes

To ensure accuracy and repeatability, payroll process documentation should be constructed to be used as work is performed. Checklists are ideal for operationalising a process for each occurrence.

## How operationalised processes help

- Reduce key person dependency and build corporate memory
- Highlights gaps and incorrect work instructions
- Checklists reduce the risk of errors and missed steps

## Tools you can use

- [Confluence](#) - Atlassian (searchable, version controlled & easy to link)
- [SharePoint](#) - Microsoft (Intranet pages)
- [Microsoft 365](#) - Word and Excel (hard to version control)
- [Payroll operations platform](#) - Paytools (purpose-built for payroll)

## Best practice tips for process documentation

**Take a straw man approach to processes:** Start with the basic steps/checks and fill in as you go.

**Develop a culture of constant improvement:** Improve documentation every time you run the process by making small updates. The process will continue to get better and better.

**Close enough is good enough:** Processes change over time, so capturing 80% of the detail of the process is better than not having anything at all.

## How it looks in Paytools:

The image shows two screenshots from the Paytools application. The left screenshot displays a 'Pay Processing Checklist' with 7 of 8 checks completed. The second item, 'Load timesheets from WFM', is highlighted with a blue box. The right screenshot shows the 'Load timesheets from WFM' task completion screen, which includes a list of steps and a detailed view of a timesheet for a specific date.

**Pay Processing Checklist** *7 of 8 checks completed*

To be approved by Peter F.

- Enter bonus payments 1  
Completed by Andrew Rees · Tuesday at 1:24pm
- Load timesheets from WFM**   
Completed by Kelly Oldenhof · Tuesday at 1:25pm
- Employees working more than standard hours 1  
Completed by Peter Forbes · 19 hours ago
- Finalise leave accruals for pay period  
Completed by Andrew Rees · 19 hours ago
- Run payrun chain in NON-UPDATE  
Completed by Andrew Rees · 19 hours ago

« **Load timesheets from WFM**

Completed by Kelly Oldenhof Tuesday at 1:25pm ✓

Assigned to Integrations team

1. Login to Kronos and view timesheets for the period
2. Ensure all have been approved

The right screenshot shows a detailed view of a timesheet for Monday, 24th October 2021. It includes a table with columns for Date, Status, Progress, Area of Work, Time, and Hours. The 'Area of Work' column lists '2425 South Room'. The 'Time' column shows intervals like '0:00 am - 0:00 pm (0:00)'. The 'Hours' column shows '00'. There are also sections for 'Basic Pay Rates', 'Shift Loadings', and a 'TIMESHEET SUMMARY' table.



# Controls & proof of work

Payroll controls are checks and mechanisms to ensure work is being performed and approved in a way that minimises conflict of interest, reduces risks from errors and fraud. Proof of work is about providing auditable evidence work has been done and includes spreadsheets, screenshots and report output.

## How it helps your business

- Ensures key activities are being performed
- Proof of work provides auditable evidence that work has been done
- Reduces risk of errors and missed steps

## Best practice tips

**Leverage your payroll system:** Use built in role based security to ensure users can't do conflicting pay processes e.g. payroll config role cannot run pay, pay processing role can't run disbursements. Keep as much proof of work in the payroll system as possible (minimise external records).

**Shared drive for proof of work:** Storing proof of work in shared drives is a common solution. Use consistent naming convention for folders to facilitate search e.g. PayPeriod20-Jun-22. Make sure file and folder permissions are reviewed regularly to prevent unauthorised access and modifications.

**Emails for approval tracking:** Not recommended - while email is commonly used to track approvals, problems arise when a key person leaves and the email account is archived/deleted making it hard to recreate approval audits.

**Use a payroll operations platform:** Storing proof of work and approvals in a secure, searchable and auditable [payroll operations platform](#) is ideal, as it gives visibility outside the payroll department, centralises record keeping and can be used to generate audit and activity reports.

The screenshot displays a payroll operations platform interface. On the left, a list of tasks is shown, each with a green checkmark icon, a title, the user who completed it, and the time. The tasks are: 'Cross check net pay vs \$\$ from the ABA file' (completed by Betty Jones at 9:14am), 'Bank file upload' (completed by Betty Jones at 9:14am), 'Update payrun summary' (completed by Betty Jones at 9:14am), 'Send out payslips' (completed by Betty Jones at 9:14am), 'Update pay period summary spreadsheet' (completed by Betty Jones at 9:14am), and 'Finance approve ABA file' (completed by Fred Nelson at 9:16am). The 'Finance approve ABA file' task is highlighted with a blue border. On the right, a detailed view of the 'Finance approve ABA file' task is shown. It includes the title, completion status (Completed by Fred Nelson Friday at 9:16am), assigned users (FN, JG, NB, +1), and a description: 'The reconciliation for the pay period is here'. Below the description, there is a 'Raise an issue' button and a comment from Peter Forbes: 'Note there was a number of overtime payments from the christmas period to the IT department. Friday at 9:15am'. Another comment from Fred Nelson: 'Yep have spoken to Sean to confirm - all good for OT. Friday at 9:16am' is also visible.



# Regular health reviews

Often the payroll function is so busy with BAU, they don't get much time to stop, reflect and put in proactive reviews and checks (of config/process). But a 'set and forget' approach in payroll can be extremely risky.

## How it helps your business:

- Enables continuous improvement of the payroll function
- Identifies issues early and proactively stops them from reoccurring
- Saves re-work in the future from easily preventable mistakes

## What to include in your recurring payroll schedule:

- Award and Enterprise Agreement review
- Quarterly retro on payroll operations
- Access control review
- Start of financial year config updates
- Annual audit preparation
- Payroll Continuity Plan table top testing
- [ABA file handling](#) review
- Legislative configuration review

## Best practice tips

Ever had a review by an external consultant? Go through their recommendations and see what you can work into your schedule on a recurring basis.

Paytools allows you to setup recurring events in the Payroll calendar to manage infrequent tasks like enterprise agreement expiries and access control audits.

### Recurring Schedule

+ Schedule

Payroll operations is a cyclical beast! Review key recurring events to build out your work schedule.

Sorted by Next Occurrence

Pay Group

Category 1

#### Every Quarter

##### Quarterly Payroll Reconciliation

Fortnightly • NZ Monthly

Qtrly reconcile of the fortnight and NZ payruns.

Next occurs Wed, Apr 9

Reviews

#### Every 6 Months

##### Access Control Review

6 monthly review of who has access to our key payroll systems.

Next occurs Thu, Jul 10

Reviews

#### Every Year

##### Annual Legislative Config Review

2 checks  
A review of payroll systems config compared to the legislation.

Next occurs Tue, Jun 24

Reviews



# Payroll registers

Payroll registers are an often overlooked part of payroll governance. They involve the formal tracking and register of actions impacting payroll operations including payments, exceptions and issues. Formal registers improve transparency and create organisational history of payroll operations.

## Registers you should be keeping

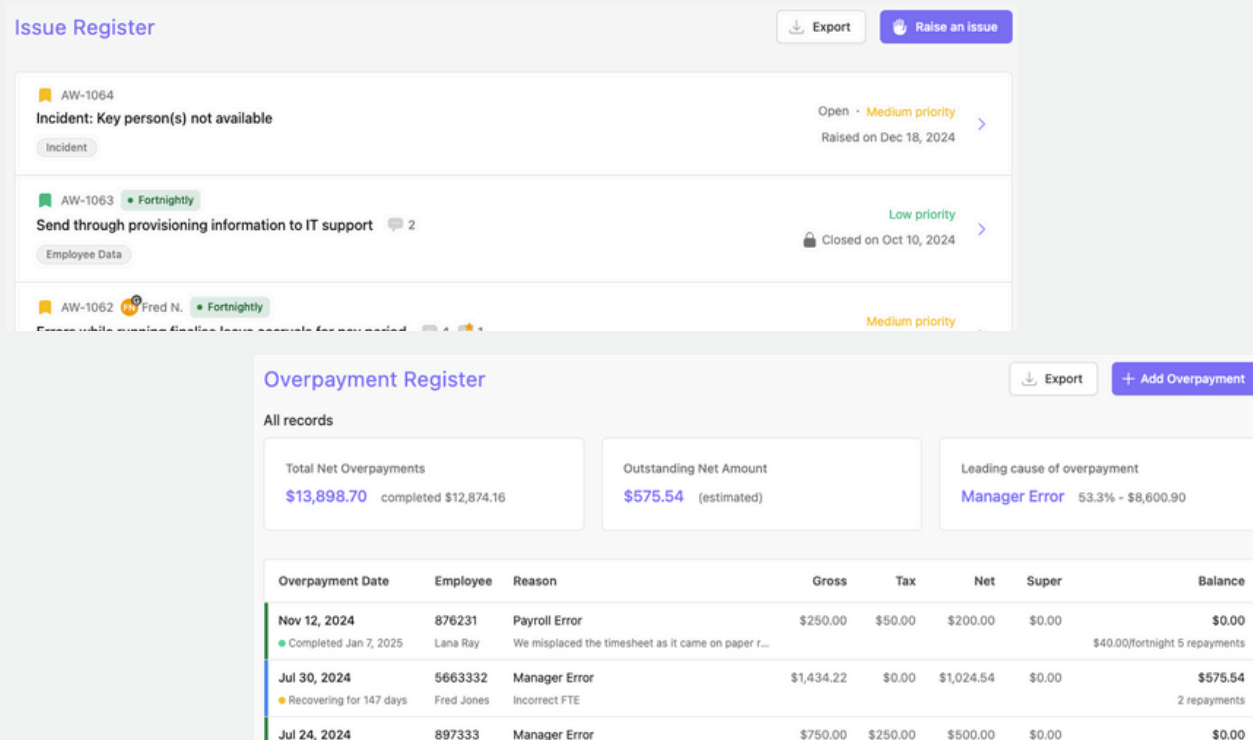
- **Issue register:** Track and manage issues including payroll errors, consultant recommendations and payroll config decisions.
- **Under/over payment register:** Record of what employees were under/over paid, why and when it was resolved.
- **Employee actions register:** Record of reminders, exceptions and processes performed against an employee.

## What information to include in your registers

- Name and description of the issue
- Who reported it and when
- Reference - tying this issue back to a specific pay run/employee
- Problem code/description
- Resolution date and who is responsible for resolving the issue
- Log of actions taken to address the issue

## Best practice tip

Many payroll teams use private spreadsheets to store payroll registers. Paytools includes registers to track issues, under/over payments, and employee actions enabling central management, tracking and visibility.



The screenshot displays two sections of the Paytools interface. The top section is the 'Issue Register', which lists three incidents with details such as priority, status, and resolution dates. The bottom section is the 'Overpayment Register', which provides a summary of overpayments and a detailed table of records.

### Issue Register

Export | Raise an issue

- AW-1064 Incident: Key person(s) not available (Incident) - Open - Medium priority - Raised on Dec 18, 2024
- AW-1063 Fortnightly: Send through provisioning information to IT support (Employee Data) - Low priority - Closed on Oct 10, 2024
- AW-1062 Fred N. Fortnightly - Medium priority

### Overpayment Register

Export | Add Overpayment

All records

|                                   |                        |                                  |
|-----------------------------------|------------------------|----------------------------------|
| Total Net Overpayments            | Outstanding Net Amount | Leading cause of overpayment     |
| \$13,898.70 completed \$12,874.16 | \$575.54 (estimated)   | Manager Error 53.3% - \$8,600.90 |

| Overpayment Date        | Employee   | Reason  | Gross      | Tax      | Net        | Super  | Balance                        |
|-------------------------|------------|---|------------|----------|------------|--------|--------------------------------|
| Nov 12, 2024            | 876231     | Payroll Error                                       | \$250.00   | \$50.00  | \$200.00   | \$0.00 | \$0.00                         |
| Completed Jan 7, 2025   | Lana Ray   | We misplaced the timesheet as it came on paper r... |            |          |            |        | \$40.00/fortnight 5 repayments |
| Jul 30, 2024            | 5663332    | Manager Error                                       | \$1,434.22 | \$0.00   | \$1,024.54 | \$0.00 | \$575.54                       |
| Recovering for 147 days | Fred Jones | Incorrect FTE                                       |            |          |            |        | 2 repayments                   |
| Jul 24, 2024            | 897333     | Manager Error                                       | \$750.00   | \$250.00 | \$500.00   | \$0.00 | \$0.00                         |





# Risk Management

Payroll is a risky business. Stewardship is a value of good governance and that means identifying risks, coming up with mitigation strategies and response plans if the risk eventuates.

## How it helps your business

- Identify, prevent or reduce risks where possible
- Prepare for risks that are out of your control
- Respond and recover with a structured, practised approach if an incident or crisis occurs

## Risks to consider for payroll

- Under/over payment risk
- Missing key legislative deadline
- Payroll system outage
- Key person unavailable/incapacitated
- Data breach of payroll information

## Other things to consider

- Who can activate the Payroll Continuity Plan (PCP)?
- How do you assess and respond to each type of incident?
- What is the communication plan when an incident occurs?
- How often do you need to test your PCP?

## Best practice tip

Paytools comes pre-loaded with a lot of common risks and response plans for payroll operations. These will help you to formalise risk management and guide you through describing and mitigating the risks. You can also attach response plans, which include the actions to be taken if the risk occurs.

**Risks**

- Information security breach  
1 response plan · 5 checks
- Pay processing fails causing...  
1 response plan · 3 checks
- Key person(s) not available  
2 response plans · 7 checks
- Payroll system not available  
2 response plans · 8 checks

**Key Person Not Available Response**

Default assignee Emma L. · Default approver Susan J. Run a drill Respond to incident

**What is the risk?**  
One or more people in the payroll team are not available to perform skilled critical processes.

**How we're mitigating this risk**

- We've retained a payroll consultancy who have expertise in Ascender
- We're members of APA who also have a support desk and short term staff availability
- We use Paytools payroll operations software to capture processes and knowledge on how the payroll function operates

**What's the likelihood?** 2 : Medium - Happens every 5 years

**What would be the impact** 3 : High - Major financial loss/reputational damage

**Response Plans**

- Key Person Not Available Response 4 checks >
- Incident Comms Plan Checklist 3 checks >



# Monitoring & reporting

Transparency is a core tenet of payroll governance. Often the head of payroll will report to a head of HR or Finance that has no visibility of payroll operations. The payroll function should be producing regular reports on activity (meeting compliance and workforce obligations) and risk exposure.

## How it helps your business

- Provides accountability for the payroll function
- Demonstrates capability and complexity of payroll
- Creates visibility for parties outside the payroll function including Internal Audit, C-Suite, Finance and HR

## Compliance and activity report

**Audience** - Area responsible for Payroll (HR/Finance)

**Frequency** - Quarterly or monthly

**Contents** - Key activities completed/overdue by area, summary of issues open, closed, resolved and ad-hoc commentary

## The risk report

**Audience** - Area responsible for Payroll, C-suite, Board

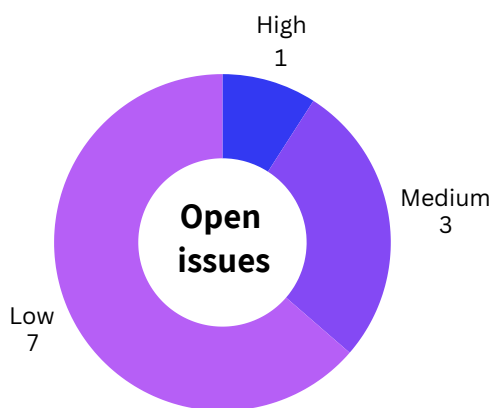
**Frequency** - Quarterly

**Contents** - Open issues by rating, age of open risks and ad-hoc commentary

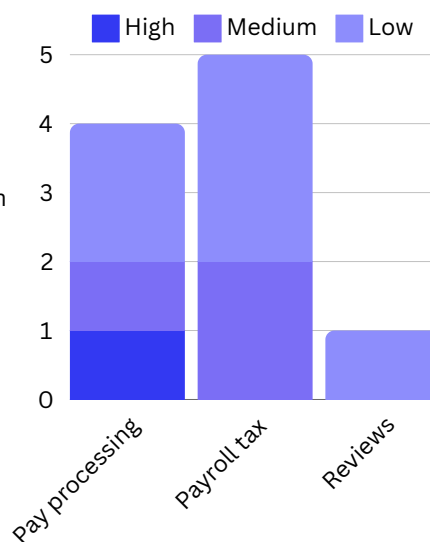
## Best practice tip

Monitor key compliance areas using Paytools easy-to-use dashboards and reports. Access a real-time summary of risks and issues.

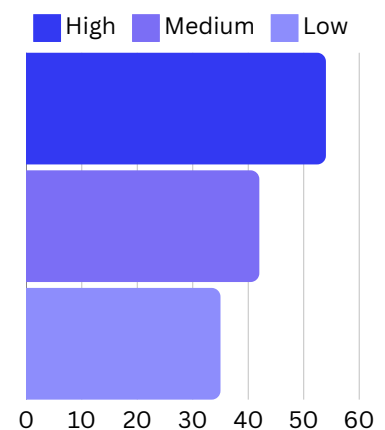
### Issues by risk



### Open issues by area



### Avg. days to resolve





# Team education & training

The most important part of any governance framework is your people. They need to be engaged and onboard with your vision, values and objectives for the payroll function. Team culture can either be nurtured and developed or left to be whatever it may be - at your own peril!

## How it helps your business:

- Sets the baseline for behaviours and values of payroll staff
- Creates a culture of high achievers and payroll professionals
- Retain and keep good people reducing burnout and frustrations

## Team and culture:

- **Define your payroll team values:** the behaviours they should live & breathe
- Design a framework for how the payroll team will operate
- Create a poster with your payroll team values/mantras

## Education and training:

- What courses and associations should our people be part of?
- Keeping up with payroll and IR legislation
- Ethical conduct and financial responsibility
- Information and cyber security awareness
- Specific payroll system training

## Best practice tips

Create a fun payroll team values poster for your team and put it on the wall so people actually read it! We've created a [free poster example](#) to get you started.

Using Paytools, you can easily track the development of your team, whether they've completed an APA or TAPS course, or just attended a payroll event.

**Learning and Development**

Team Tracking Course Library + Add Attendance

| Name            | Role                     | Learning Events   | Last Event                     |
|-----------------|--------------------------|-------------------|--------------------------------|
| Prajna Oberstar | Graduate Payroll Officer | 2 learning events | Last event was 4 months ago    |
| Peter Forbes    | Payroll Manager          | 8 learning events | Last event was 4 months ago    |
| Andrew Rees     | Pay Officer              | 3 learning events | Last event was over 1 year ago |
| Lee Kennedy     | Superannuation Officer   | 5 learning events | Last event was 8 months ago    |
| Betty Jones     | Payroll Officer          | 5 learning events | Last event was 5 months ago    |

## So, what's next?

Expectations on payroll governance and transparency are higher than ever. If you're still managing payroll across a disparate collection of Microsoft Office files - yes it works, but you're prone to issues including:

- ✘ Outdated, hard to find process documents/checklists
- ✘ Inability to see where work is up to and who is doing what, when
- ✘ Difficult for new starters to get up to speed quickly
- ✘ No set schedule of hygiene checks & proactive reviews
- ✘ Time consuming to provide auditors with requested information
- ✘ No centralised response & recovery plans for identified risks

It's time to use better tools to manage and orchestrate payroll!

## Run payroll like a pro

Plan, manage and optimise your payroll operations on a platform designed for today's payroll demands.

See how our payroll process management software can help you improve governance & create a sustainable payroll function.

[Book a demo](#)

