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Payroll Operating Procedure

Reaping the benefits of a consistent payroll operation

A payroll standard operating procedure (SOP) is a document which describes the regularly recurring operations required within payroll. It can act as the repository for payroll processing and is created to ensure that the steps required for processing a payroll are carried out correctly and efficiently.

Let's explore the benefits of having an SOP:

	A useful reference document	An SOP summarises the required steps for a smooth payroll operation and the relevant timelines for each activity. This would help to ensure that each activity is completed accurately and in an orderly manner while processing a pay run. It decreases the chance of omitting a required step.
	Consistent approach & employee satisfaction	Having an SOP with clear instructions and plan assists the team in delivering consistent results and makes them more confident and efficient. It also helps to provide a sense of direction about the required steps to be taken in case of any error or issue.
	Knowledge retention	The SOP incorporates all the required procedures and standards and gets updated as a live document. It ensures that the team is aware of any changes and is able to operate and deliver as required with minimal impact from changes within the team— such as employee turnover or if a team member is on leave.
	Reduces the risk of regulatory violations	Not following statutory rules and regulations may result in penalties, audits or lawsuits being issued by the statutory body. This may also impact the organisation's reputation in the market, making it less attractive to future talent.

What is in an ideal SOP?

Employee setup

Validate employee records have been set up and are up to date.

Clarity on payroll input

Address various sources and conditions of payroll data such as overtime, allowances, employee movement etc.

Validation of payroll input data

To verify data received for accuracy and completeness.

Action adhoc requests

This includes overtime payments, deductions, new hires and resignees.

Process pay run

Run the standard payroll process.

Verify payroll results

Perform analysis for accuracy of data and review statutory deductions.

Payroll reports

Generate and review payroll reports and send for approval.

Provide clarification

Guidance/FAQs on response to queries.

Salary disbursement and payslip

Handling of bank file for payment for salaried employees, payslip generation and disbursement.

Statutory handling for joiners & leavers

Perform any required statutory requirements for employee new hires and terminations.

Statutory contributions

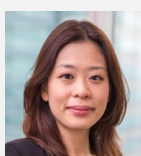For contributions to the relevant statutory bodies (prior to the deadline).

Year-end compliance

Pertinent information required for year-end compliances.

Contact us

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