

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:



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, hence decreasing the chance of omitting a required step.



Consistent approach and 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/issue.



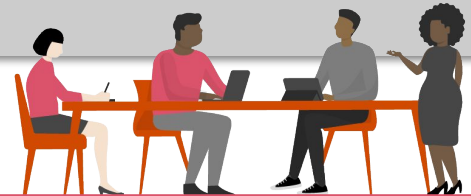
Knowledge retention

Since the SOP incorporates all the required procedures and standards and gets updated as a live document, it ensures that team is aware of any changes and is able to operate and deliver as required with minimal impact due to changes within the team: such as employee turnover or if a team member is on leave etc.



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 and not attract future talent.



What is in an ideal SOP?

- 1 **Employee setup**
Validate employee records have been setup and are up to date.
- 2 **Clarity on payroll input**
Address various sources and conditions of payroll data such as overtime, allowances, employee movement etc.
- 3 **Validation of payroll input data**
To verify data received for accuracy and completeness.
- 4 **Action adhoc requests**
Such as overtime payments, deductions, new hires and resignees.
- 5 **Process pay run**
Run the standard payroll process.
- 6 **Verify payroll results**
Perform analysis for accuracy of data and review statutory deductions.
- 7 **Payroll reports**
Generate and review payroll reports and send for approval.
- 8 **Provide clarification**
Guidance/FAQ on response to queries.
- 9 **Salary disbursement & payslip**
Handling of bank file for payment for salaried employees. Payslip generation and disbursement.
- 10 **Statutory handling for joiners and leavers**
Perform any required statutory requirements for employee new hires and terminations.
- 11 **Statutory contributions**
For contributions to the relevant statutory bodies (prior to the deadline).
- 12 **Year-end compliance**
Pertinent information required for year end compliances.

Start a conversation with our specialists today...



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