Controls for outflows

Finance

Controls for Outflows Payroll a key area where organizations make enormous expenditure. Establishment of a strong control on payroll is essential for the success and accountability of the workers remuneration and other expenses. Just like other controls, managing o9f the payroll system requires segregation of duties, approval of expenditure and closer supervision of the workforce to ensure productivity.

The first control in the payroll system of Apollo shoes is the introduction of the time card where the records on the duration of time worked by each employee is recorded. Every employee should have a time card to ensure that there is no omission or inclusion of hours that are not worked for (Romney & Steinbart, 2006). This will ensure that the employees are paid according to the amount of work done and will prevent payment for hours not worked for. The employees must sign the time card every day and a supervisor must subsequently approve the card. After approving the time card, the supervisor should then forward the records to the payroll department for preparation of the salaries.

Secondly, the Apollo limited must ensure that their personnel department records all the information regarding the new employees, removal of names of employees whose contracts have been terminated, and adjustment of all variations in the employee pay rate. A supervisor must also approve these changes before the information is taken to the payroll department.

Third, the payroll department must maintain all deductions that are made on employees' remuneration for example loan repayment, taxation and any other deductions that are made. A different employee must be give the mandate to recomputed the deductions and make any corrections or anomalies. The employees should the sign the payroll form for all the deductions made on their salaries.

After all the deductions are calculated, the payroll department prepares a multicopy payroll register with information from the time card and information on payroll record where all deductions are indicated on employees pay (Romney & Steinbart, 2006). Another form is then prepared indicating gross pay, all deduction, net pay, and the employees take this form home as pay slip. A different employee then recomputes the gross pay and deductions to make any correction reacquired before the employees are paid.

The payroll department sends the payroll register to the accounts payable department where a voucher is prepared on each pay slip received. The department then prepares the required cheques, which are sent to the treasury department together with the vouchers prepared, the pay slip and payroll register.

When the treasurer receives the documents from the accounts payable department she/he compares the information on them and if they tally then the cheques are signed by the treasure. The cheques and pay slips are sent to the supervisors for distribution to employees. A copy of pay slip is retained at the treasury department, which will be marked paid and sent back to the accounts payable department for filling.

The payroll control cycle can be presented diagrammatically as follows:

Ensuring that the payroll cycle is well adhered to will minimize errors and reduce cases in which Apollo limited makes payments to ghost workers or makes payment to undeserving workforce. Payroll management is critical in controlling costs.

Payroll Checklist

1. Are there any new employees hired by the firm or employees whose contracts have been terminated? Have the employees register been updated?
2. Have the time cards been signed by the employees and approved by the supervisor?
3. Have all overtime worked approved by the relevant authorities?
4. Have all adjustments made with regard to maternity or holiday leaves been adjusted accordingly?
5. Has the personnel department changed any employee rates? If yes, has this been forwarded to the payroll department?
6. Did the personnel department ensure that all employees on pension are considered before paying pension?
7. Has the payroll department made all deductions before making actual payments?
8. Were there any checks to the deductions made?
9. Have all payments made approved by the treasurer before paying the cheques?
10. Has the payroll department responded to complaints raised by the employees?
11. Was there segregation of duties in the payroll cycle to ensure nobody initiates and complete a transaction?

Reference

Romney, M. B., & Steinbart, P. J. (2006). Accounting information systems (10th ed.). Upper Saddle River, N. J.: Pearson Prentice Hall.