

FREE WHITEPAPER

# Australian Payroll Governance Toolkit

Practical ideas and techniques to improve payroll operations and governance. Because the financial and reputational risks of a black-boxed payroll function are too high to ignore.



**Peter Forbes**  
Founder, Paytools

# What's inside

A practical guide for payroll managers and teams who take governance seriously.

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# 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 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 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 payroll.”

**Sandra Parker PSM, Fair Work Ombudsman**

# 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:

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

**01** Calendarised work schedule

**05** Payroll registers

**02** Process checklists

**06** Risk management

**03** Payroll controls

**07** Monitoring & reporting

**04** Regular health checks

**08** Team education & training

# Calendarised work schedule

Payroll operations is a cyclical beast. Fortnightly pays, end of month, payroll tax, 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

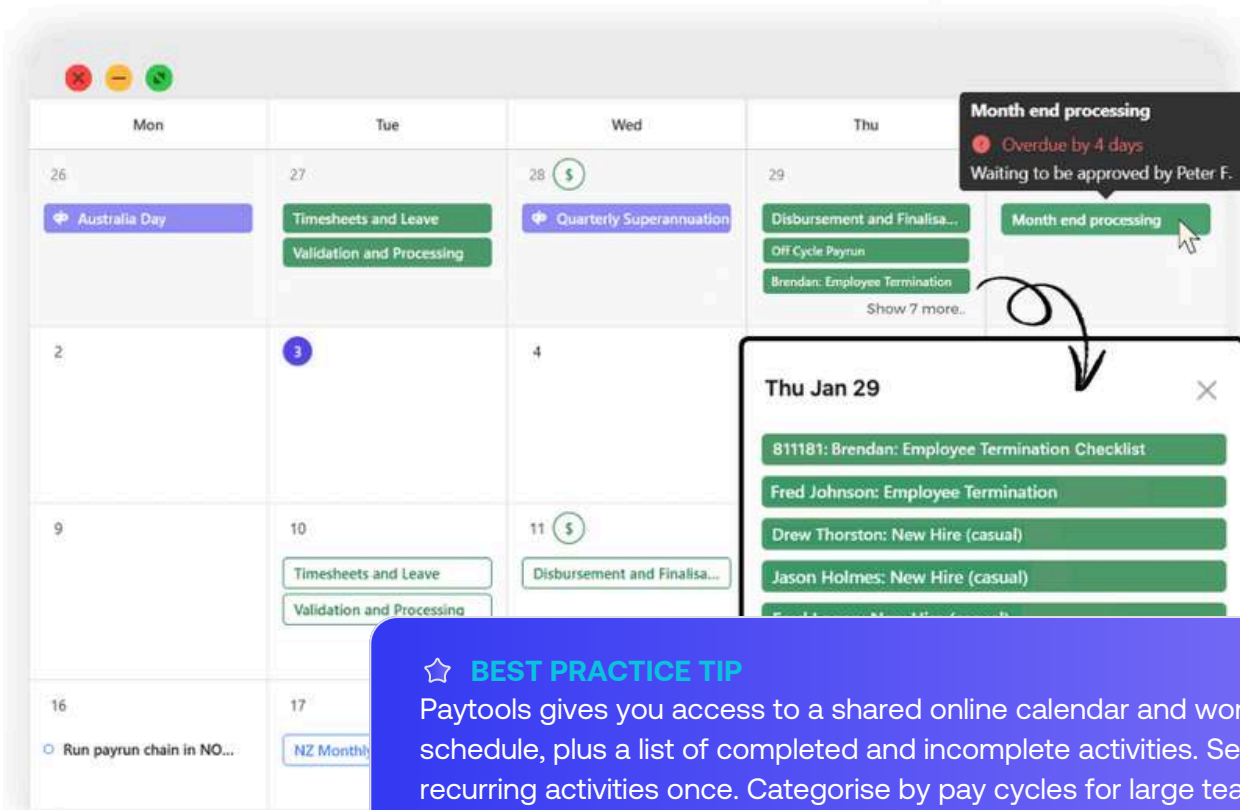
- Recurring processes & pay days
- Legislative deadlines
- Public holidays

## HOW IT HELPS

- Gets critical obligations out of people's heads
- Increases transparency to stakeholders
- Surfaces processes that haven't been scheduled

## TOOLS YOU CAN USE

Shared calendar, spreadsheets, a poster on the wall - or a dedicated payroll operations platform like Paytools:



The screenshot displays a calendar interface with a weekly view. The days of the week are labeled at the top: Mon, Tue, Wed, Thu. The dates shown are 26, 27, 28, 29, 2, 3, 4, 9, 10, 11, 16, and 17. Various tasks are scheduled across the days, such as 'Australia Day' on Monday 26, 'Timesheets and Leave' and 'Validation and Processing' on Tuesday 27, 'Quarterly Superannuation' on Wednesday 28, and 'Disbursement and Finalisa...', 'OFF Cycle Payrun', and 'Brendan: Employee Termination' on Thursday 29. A notification bubble in the top right corner states 'Month end processing' is 'Overdue by 4 days' and 'Waiting to be approved by Peter F.'. A modal window for Thursday 29 is open, showing a list of tasks: '811181: Brendan: Employee Termination Checklist', 'Fred Johnson: Employee Termination', 'Drew Thorston: New Hire (casual)', and 'Jason Holmes: New Hire (casual)'. A blue callout box at the bottom contains a star icon and the text 'BEST PRACTICE TIP: Paytools gives you access to a shared online calendar and work schedule, plus a list of completed and incomplete activities. Set recurring activities once. Categorise by pay cycles for large teams.'

# Process checklists

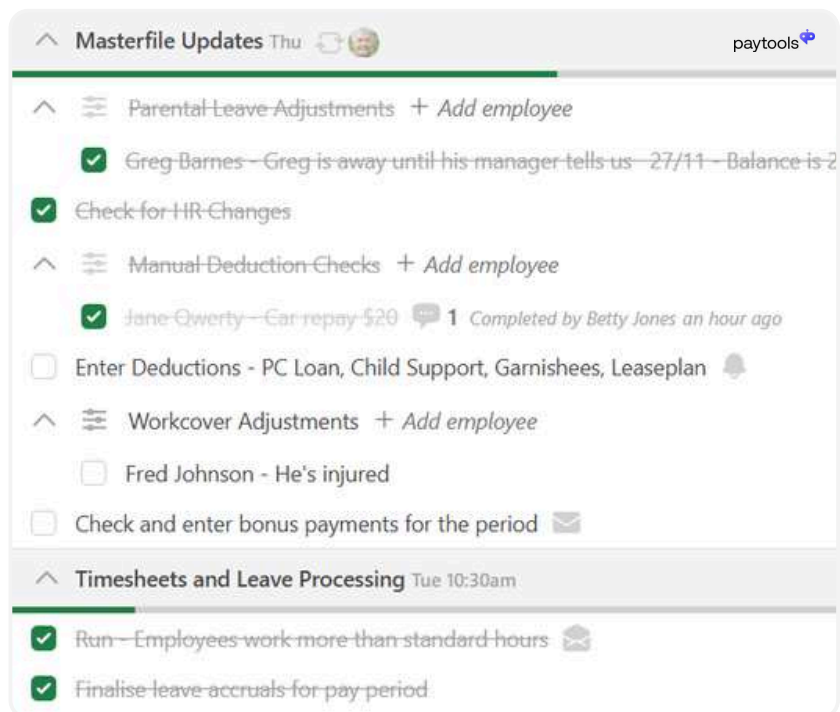
To ensure accuracy and repeatability, payroll processes should be represented and operationalised as checklists. Checklists instruct the person doing the process and keep a record that it occurred.

## HOW IT HELPS

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

## ★ BEST PRACTICE TIPS

- **Straw man approach:**  
Start with basic steps and add detail over time.
- **Continuous improvement:**  
Make small updates every time you run the process.
- **Close is good enough:**  
Capturing 80% of the detail is better than nothing.



## TOOLS COMPARISON

Tool	Limitation
Excel	Hard to version control, can't store detailed work instructions.
Trello	Generic to-do tool - not suited for recurring payroll work.
Microsoft Lists	Better at scheduling, but not payroll-specific.
<b>Paytools</b>	Purpose-built for payroll. Understands pay cycles, supports recurring checklists.

# Payroll controls

Payroll controls can be a process, an automated check, or some other mechanism - to ensure payroll is accurate, timely, authorised and compliant. Without controls, a payroll department is flying blind; vulnerable to errors, overpayments and letters from the FWO.

## EXAMPLES OF CONTROLS



**Approval workflows:** Checks requiring approval before the next step



**Proof of work:** Auditable evidence that work has been done



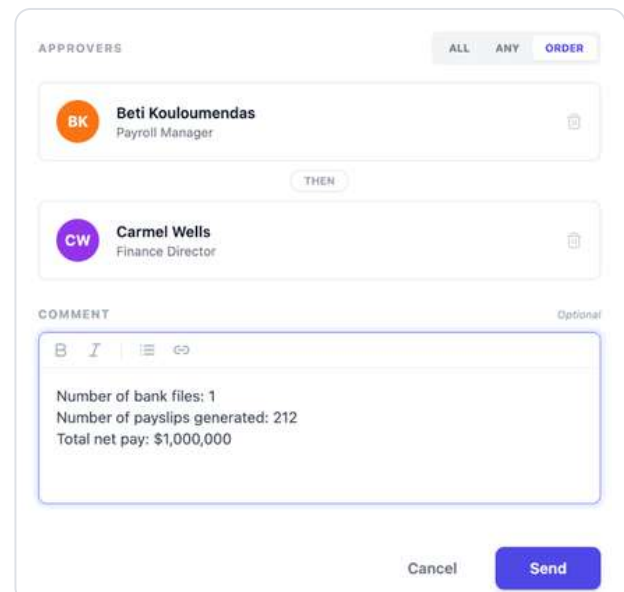
**Business logic triggers:** Reduces errors and missed steps



**Least privilege access:** Users only have permissions for their role

## ★ BEST PRACTICE TIPS

- **Leverage your payroll system:** Use built-in role-based security. Payroll config roles shouldn't be able to run disbursements.
- **Shared drive for proof of work:** Use consistent folder naming (e.g. PayPeriod20-Jun-22) & review permissions regularly.
- **Avoid email for approval tracking:** When a key person leaves & their account is archived, the approval audit trail disappears.
- **Use a payroll operations platform:** Proof of work and approvals should be in a secure & auditable platform. Paytools gives visibility outside the payroll department, centralises record-keeping & maintains a complete audit trail.



APPROVERS ALL ANY ORDER

**BK** Beti Kouloumendas  
Payroll Manager

THEN

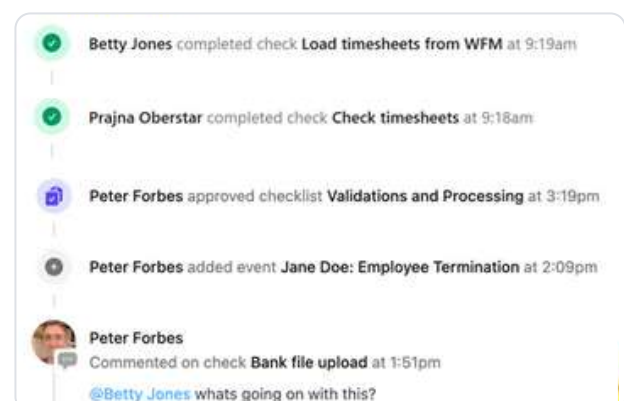
**CW** Carmel Wells  
Finance Director

COMMENT Optional

B I | ☰ ↺

Number of bank files: 1  
Number of payslips generated: 212  
Total net pay: \$1,000,000

Cancel Send



Betty Jones completed check **Load timesheets from WFM** at 9:19am

Prajna Oberstar completed check **Check timesheets** at 9:18am

Peter Forbes approved checklist **Validations and Processing** at 3:19pm

Peter Forbes added event **Jane Doe: Employee Termination** at 2:09pm

Peter Forbes  
Commented on check **Bank file upload** at 1:51pm  
[@Betty Jones](#) whats going on with this?

# Regular health checks

Payroll teams run so hard on BAU they never stop to look at how the work actually runs. This is solved by blocking out time in your calendar for health checks on a recurring basis. Treat it like any other recurring obligation, and actually do it.

## HOW IT HELPS


- Enables continuous improvement of payroll
- Identifies issues early - before they compound
- Saves costly rework from preventable mistakes

## EXAMPLE HEALTH CHECKS

- 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 TIP


Had a review by an external consultant? Go through the recommendations and schedule them as recurring events. [Paytools](#) lets you schedule recurring health checks into your shared payroll calendar and provides templated examples like legislative config reviews and wage increases.

Every Year paytools 

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**Annual Legislative Config Review** 2 checks

A review of payroll systems config compared to the legislation. Next occurs Wed Jun 24, 2026 >

Reviews 

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**Review: MA000004 - General Retail Industry Award 2020** 2 checks

Review of: MA000004 - General Retail Industry Award 2020 Next occurs Wed Jul 22, 2026 >

Ascender Reviews

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**Annual Staff Wage increases** 1 check


Process the wages increases according to our EBA. Full details are here on confluence <https://navigohr.atlassian.net/l/cp/z1sVAvUjn> Next occurs Mon Sep 21, 2026 >

Reviews Salary & Wages

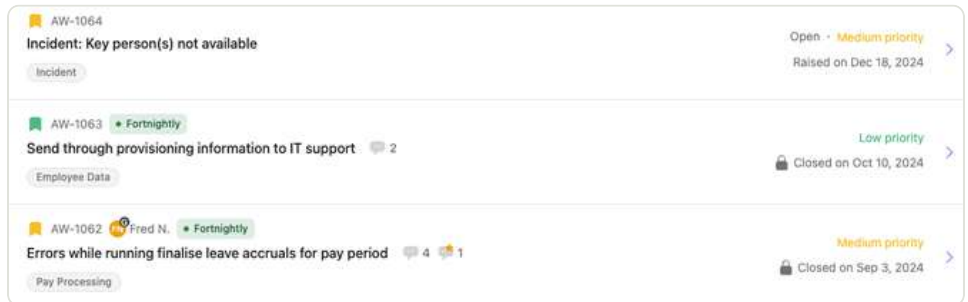
# Payroll registers

Payroll registers are an often-overlooked part of payroll governance. They involve tracking 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



**Risks & Issues**  
Track & manage issues including payroll errors, recommendations & config decisions.






**Under/over payments**  
Record what employees were under/over paid, why & when it was resolved.

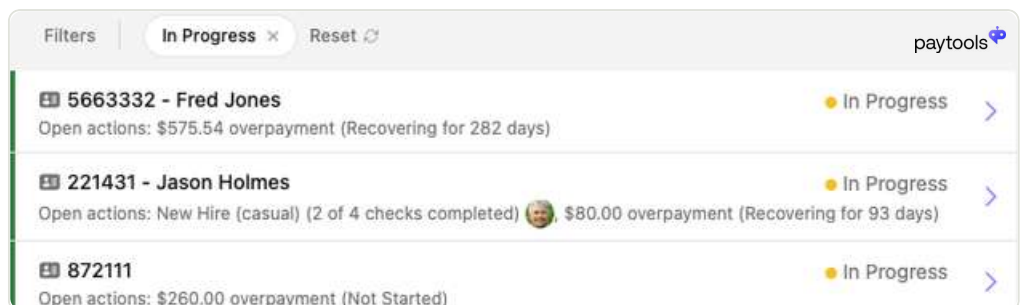
Total Net Overpayments		Outstanding Net Amount		Leading cause of overpayment	
\$13,898.70	completed \$12,874.16	\$575.54	(estimated)	Manager Error	53.3% - \$8,600.90

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 f...				\$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



**Employee actions**  
Record of reminders, exceptions & processes performed against an employee.



## WHAT TO INCLUDE IN EACH REGISTER

- Name and description of the issue
- Who reported it and when
- Tie the issue back to the pay run or employee
- Problem code and description
- Resolution date and who is responsible
- Log of actions taken to address the issue

☆ **BEST PRACTICE TIP**  
Many payroll teams use private spreadsheets for registers. [Paytools](https://paytools.com.au) includes purpose-built registers for issues, under/over payments and employee actions - enabling central management, tracking and visibility across the team.

# Risk management

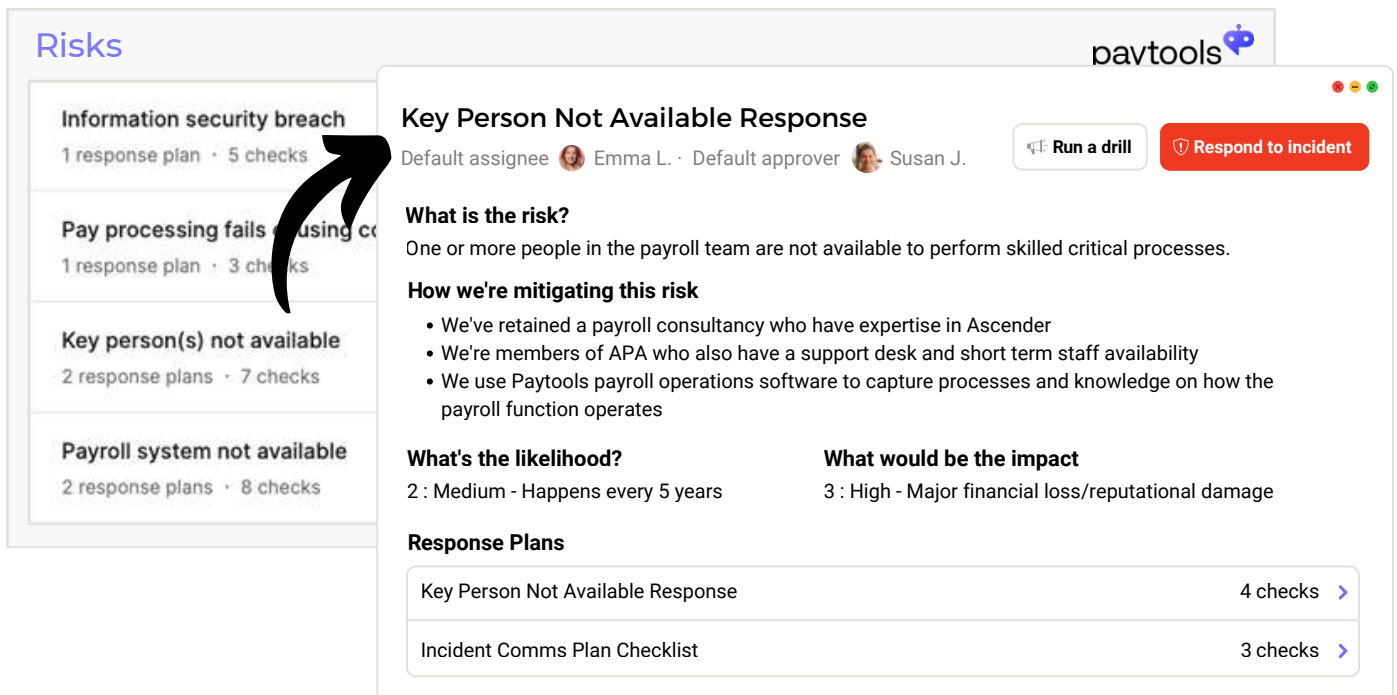
Payroll is a risky business. Stewardship is a value of good governance. That means identifying risks, coming up with mitigation strategies, and having response plans ready if a risk eventuates.

**HOW IT HELPS**

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

**KEY RISKS TO CONSIDER**

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



The screenshot shows the 'Risks' section of the Paytools interface. On the left, a list of risks includes 'Information security breach', 'Pay processing fails', 'Key person(s) not available', and 'Payroll system not available'. The 'Key person(s) not available' risk is selected, and its details are shown in a larger window on the right. This window includes the risk title, assignee (Emma L.), approver (Susan J.), buttons for 'Run a drill' and 'Respond to incident', a description of the risk, mitigation strategies, likelihood and impact assessments, and a list of response plans with their respective check counts.

**☆ BEST PRACTICE TIP**

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

# 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 and risk exposure.

## COMPLIANCE & ACTIVITY REPORT

- **Audience:** Area responsible for Payroll (HR/Finance)
- **Frequency:** Quarterly or monthly
- **Contents:** Key activities completed/overdue by area, summary of open/closed/resolved issues

## THE RISK REPORT

- **Audience:** Area responsible for Payroll, C-suite, Board
- **Frequency:** Quarterly
- **Contents:** Open issues by rating, age of open risks, ad-hoc commentary

## HOW IT HELPS

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

ACTIVE USERS

**5**

Feb 2026

TOTAL ACTIONS

**213**

All recorded events

MOST ACTIVE USER

**Peter Forbes**

133 actions

EARLIEST LOGIN

**8:00am**

Peter Forbes - 19 & 24 Feb

OUT OF HOURS

**1**

Ignacio - 10:36pm 12 Feb

**Team Activity Summary**

USER	ROLE	TOTAL ACTIONS	ACTIVE DAYS	MON-FRI	TYPICAL START	AVG SESSION SPAN
<b>Peter Forbes</b> Payroll Manager	Manager	<div style="width: 100%;"><div style="width: 100%;"></div></div> 133	11	●●●●●	8-11am	-58 min
<b>Betty Jones</b> Payroll Officer	Payroll Officer	<div style="width: 50%;"><div style="width: 50%;"></div></div> 57	7	●●●●●	8-9:30am	-5 min
<b>Lee Kennedy</b> Payroll Officer - Fortnightly	Payroll Officer					
<b>Lee O'Mahony</b> Payroll Administrator	Administrator					

☆ **BEST PRACTICE TIP**

Monitor key compliance areas using [Paytools'](#) easy-to-use dashboards and reports. Access a real-time summary of activities.

# Team education & training

The most important part of any governance framework is your people. They need to be engaged and on board with your vision, values and objectives. Team culture can either be nurtured and developed - or left to chance.

## TEAM & CULTURE

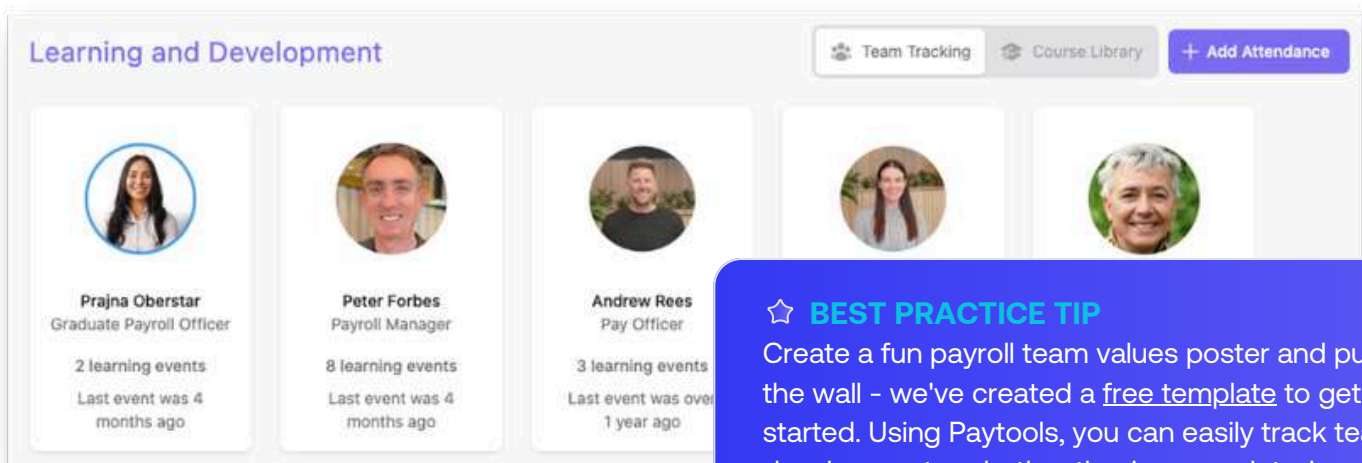
- Define your payroll team values; the behaviours they should live & breathe
- Design a framework for how the payroll team will operate
- Create a poster with your payroll team values/mantras

## EDUCATION & TRAINING

- Courses & associations your team should be part of
- Keeping up with payroll & IR legislation
- Ethical conduct & financial responsibility
- Information & cyber security awareness
- Specific payroll system training

## HOW IT HELPS

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



**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

☆ **BEST PRACTICE TIP**  
Create a fun payroll team values poster and put it on the wall - we've created a [free template](#) to get you started. Using Paytools, you can easily track team development - whether they've completed an APA or TAPS course, or just attended a payroll event.

WHAT'S NEXT?

# Orchestrate your pay with **absolute precision**

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 exposed.



Outdated, hard-to-find process documents



No visibility of who's doing what, when



Difficult for new starters to get up to speed



No scheduled hygiene checks or proactive reviews



Time-consuming to provide auditors with information



No centralised response plans for identified risks

It's time for better tools to manage and orchestrate payroll. Take a step-by-step self-guided tour to learn more about Paytools.

[See Paytools in action →](#)

