Payroll & Bookkeeping Integration Checklist

This checklist will help you integrate payroll with bookkeeping to ensure accurate financial records, reduce errors, and stay compliant.

Step 1 – Connect Payroll to Bookkeeping Software

- Integrate payroll system with QuickBooks, Xero, or accounting platform.
- Verify data sync (wages, deductions, employer contributions).
- Assign roles and permissions for secure data access.

Step 2 – Map Chart of Accounts

- Set up accounts for wages, payroll taxes, and benefits.
- Separate liability accounts (taxes payable, benefits payable).
- Align with your general ledger structure.

Step 3 – Sync Payroll Runs with General Ledger

- Automate journal entries for each payroll run.
- Reconcile gross wages, deductions, and net pay.
- Ensure tax liabilities flow to the correct accounts.

Step 4 – Reconcile Tax Deposits & Filings

- Match IRS and state tax payments against bookkeeping records.
- Verify quarterly 941 and annual 940 filings match general ledger.
- Record W-2 and 1099 issuance for year-end reconciliation.

Step 5 – Automate Where Possible

- Enable direct syncs or API connections.
- Schedule recurring payroll entries.
- Use alerts for failed syncs or discrepancies.

Step 6 – Review Integration Reports Monthly

- Compare payroll expense reports to P&L statements.
- Investigate variances between payroll system and books.
- Document adjustments for audit trails.

Tip: Regularly review payroll-to-bookkeeping integrations to ensure accuracy and avoid year-end reconciliation headaches.