

Internal Control – Payroll

NOTE: The website URL for **Workday reference guides** that are referenced in this section is:
<https://confluence.esg.wsu.edu/display/WKB/Workday>

OVERVIEW

University departments are to develop and maintain a system of internal control for payroll/personnel processing.

Such a system of internal controls provides the following benefits:

- University's assets are safeguarded.
- The accuracy and reliability of accounting data is assured.
- Operational efficiencies are promoted.
- Adherence to University payroll procedures is encouraged.

The following requirements are based upon *State Administrative Accounting Manual (SAAM) 20.20*.

SEPARATION OF DUTIES

No single individual should have complete responsibility for hiring, supervising, approving and reviewing payments for, and maintaining records for a University employee. The work of employees handling public assets should be complementary to or checked by other employees.

Departments are to assign the following payroll-related functions to ensure clear separation of duties:

- Preparing employee-related actions, such as staffing and compensation; payroll accounting adjustments, position actions, payroll costing allocations, and other pay-affecting transactions in Workday.
- Approving employee-related actions, such as staffing and compensation; payroll accounting adjustments, position actions, payroll costing allocations, and other pay-affecting transactions in Workday. (Performed by supervisory personnel.)
- Establishing work schedules, authorizing overtime and compensatory time. (Performed by supervisory personnel.)
- Verifying and approving records of hours worked and time off, e.g., subordinates' time and absence calendars in Workday. (Performed by supervisory personnel.)

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SEPARATION OF DUTIES (cont.)

- Entering hours worked, time off, period activity pay, and related data into the University's payroll system by using Workday. (See *BPPM 55.22* and the Workday Time and Absence reference guide.)
- Reviewing, correcting, and approving payroll expenses in Workday before payments are released by Payroll Services (See *BPPM 55.22* and the Workday Time and Absence reference guide.)
- Maintaining personnel and payroll records.

NOTE: A single individual may perform all items in a single category described above but may not perform all items under all categories. EXAMPLE: When processing payroll records for a temporary employee, one individual might create fixed term employees, enter hours worked into Workday, and maintain the records; another individual might approve the temporary appointment, establish work schedules, approve hours review the payroll data in Workday.

Small Departments

Some small departments may not have sufficient staff to meet segregation requirements. In such cases, Payroll Services recommends that departments compensate by utilizing either of the following:

- More active management oversight of operations
- Personnel from other organizational units

RECORDS

Payroll records are to be adequately safeguarded. See *BPPM 90.01* for University records retention requirements.