Internal Control – Payroll

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 Personnel/Position/Payroll Electronic Routing Management System (PERMS) transactions (personnel actions), Temporary Employee Appointments, Expenditure Transfer Requests, Position Actions, Expense Assignment Actions, and other pay-affecting documents.

- Approving PERMS transactions (personnel actions), Temporary Employee Appointments, Expenditure Transfer Requests, Position Actions, Expense Assignment Actions, and other pay-affecting documents. (Performed by supervisory personnel.)

- Establishing work schedules, authorizing overtime and compensatory time. (Performed by supervisory personnel.)

- Verifying and approving records of hours worked, e.g., signing subordinates' Leave Reports, Time Reports, and Daily Activity Reports. (Performed by supervisory personnel.)

- Entering hours worked, pieces completed, and related data into the University's payroll system by using the secured online DEPPS or HEPPS application (see BPPM 55.22).
Internal Control – Payroll

DUTIES (cont.)

- Reviewing, correcting, and approving payroll expenses before payments are released by Payroll Services (see BPPM 55.22).
- 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 the temporary appointment, enter hours worked into DEPPS, and maintain the records; another individual might approve the temporary appointment, establish work schedules, approve hours review the payroll data in DEPPS.

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.