|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Organization Name** | **Department ID** | **Completed By** | **Position Title** | **Phone Number** |
|  |  |  |  |  |

In accordance with the Budget and Accounting Policy Manual, Chapter 2 Internal Controls and Chapter 14 Payroll Compliance, internal controls must exist throughout all payroll processes to ensure they are valid and comply with associated laws and regulations, which includes transparency and accountability to the taxpayers. In addition, controls in and around the automated Payroll system must be established, maintained, and assessed to protect the integrity of the financial data.

This document cannot address all possible circumstances that need to be considered when establishing internal controls or assessing risk. Each Organization is responsible for reviewing their business practices and processes to determine where risks exist and what controls can be established to mitigate them. Internal controls policies and procedures must be in accordance with applicable State and Federal regulations.

**Control Objectives:**

* Controls exist in each process to ensure accountability at appropriate points.
* Segregation of duties exists for data entry and approval of disbursement of funds: Human Resources (HR), Benefits (BA), Payroll (PR), Time & Labor (TL), Payroll Funding Adjustments (PFAs), etc.
* Management and staff understand duties, responsibilities and accountabilities.
* Payroll practices are documented and in compliance with Federal and State laws (i.e., PR Repayments, FLSA, W-4s, etc.)
* Transaction activities are properly authorized (i.e. approval of salaries, PFAs, time and attendance, etc.)
* Payroll amounts are properly verified before disbursement.
* Payroll records are protected from unauthorized access.

**Segregation of Duties:**

Segregation of duties is one of the most important features of an internal control plan. The fundamental premise of segregated duties is that an individual or small group of individuals should not be in a position to initiate, approve, data enter, and review the same transaction.

The advantage derived from proper segregation of duties is twofold:

* Risk of fraud is mitigated because it would require collusion of two or more persons; most people hesitate to ask others to conduct wrongful acts.
* Errors are more likely to be identified and corrected.

**At a minimum, the following activities should be segregated:**

* Segregate timekeeping and supervision functions from HR functions, and payroll processing and disbursement from general ledger functions.
* Individuals responsible for hiring, terminating and approving promotions should not be directly involved in preparing payroll transactions or inputting data.
* Individuals approving timesheets should not prepare or enter payroll transactions.
* Individuals performing payroll data entry should not have payroll approval authority.

**Organizations that cannot successfully segregate duties or implement the appropriate control activities must contact the Payroll Compliance Group (PCG) for guidance.**

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Complete the Payroll Internal Control Plan Questionnaire and return it to PCG no later than July 31, 2021.** | | | | | | |  |  |
| **Email to:** | [**PCG.DOA@delaware.gov**](mailto:PCG.DOA@delaware.gov) | |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |
| **List all individuals with security access to PHRST and specify the level of access granted (Update/View Only). Note: Please list DHR employees; however, PCG will verify access for DHR employees.** | | | | | | | | |
| **Name** | **Position Title** | **HR/BA Access** | | **PR Access** | **Time & Labor eSTAR (Specify System)** | **Earnings Distribution** | **FSF Access** | **Reports** |
|
| ***Sample****: Rob Rain* | *Payroll Technician* | *View Only* | | *Update* | *N/A* | *View Only* | *View Only* | *Yes or No* |
| ***Sample****: Sally Sun* | *Controller* | *N/A* | | *View Only* | *N/A* | *View Only* | *Update* | *Yes or No* |
|  |  |  | |  |  |  |  |  |
|  |  |  | |  |  |  |  |  |
|  |  |  | |  |  |  |  |  |
|  |  |  | |  |  |  |  |  |
|  |  |  | |  |  |  |  |  |
|  |  |  | |  |  |  |  |  |
|  |  |  | |  |  |  |  |  |
|  |  |  | |  |  |  |  |  |
|  |  |  | |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |
| **I have verified that the above information is accurate.** | | | | | | | | |
|  |  |  |  |  |  |  |  |  |
|  | | |  |  |  |  |  |  |
| **ISO Name** | | |  | **ISO Signature** | | |  | **Date** |

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **\*Important:** | **Complete ALL unshaded areas.** | | | | |
|  | **Please use detailed comments to assist PCG in assessing your internal controls.** | | | | |
| **SECURITY** | | **Y/N** | **Comments** | | |
| Are user roles assigned to ensure segregation of duties for processing HR, BA, PR, and/or TL? | |  |  | | |
| Is Update access granted to only those responsible for data entry in the system? | |  |  | | |
| Is View Only/Reports access granted to only those with a business reason to view the data? | |  |  | | |
| **EMPLOYEES WITH UPDATE ACCESS** | | **Titles(s)** | | **Last Name** | **Comments** |
| Records for Employee's with Cross-Discipline / Dual Access Reviewed and Approved by | |  | |  |  |
| Records for Payroll and HR Employees Updated by | |  | |  |  |
| Records for Payroll and HR Employees Verified by | |  | |  |  |
| Payroll for employees with update access verified against the Payroll Register (DPR011) by | |  | |  |  |
| **HUMAN RESOURCES (HR)** | | **Titles(s)** | | **Last Name** | **Comments** |
| Hires, Transfers, Terminations & Promotions Approved by | |  | |  |  |
| Salaries/Wage Rates Approved by | |  | |  |  |
| HR Data Entry Performed by | |  | |  |  |
| HR Data Entry Verified by | |  | |  |  |
| **PAYROLL (PR)** | | **Titles(s)** | | **Last Name** | **Comments** |
| PR Data Entry Performed by | |  | |  |  |
| PR Data Entry Verified by | |  | |  |  |
| Direct Deposit Data Entry Performed by | |  | |  |  |
| Direct Deposit Data Entry Verified by | |  | |  |  |
| Deductions Data Entry Performed by | |  | |  |  |
| Deductions Data Entry Verified by | |  | |  |  |
| **PRIOR PERIOD ADJUSTMENTS** | | **Titles(s)** | | **Last Name** | **Comments** |
| Prior Period Adjustments Authorized for Entry by | |  | |  |  |
| Prior Period Adjustments Data Entry Performed by | |  | |  |  |
| Prior Period Adjustments Data Entry Verified by | |  | |  |  |
| **PAYROLL AUTHORIZATION & RECONCILIATION** | | **Titles(s)** | | **Last Name** | **Comments** |
| Authorized Payroll Signers | |  | |  |  |
| PR Funding Expenditures (DPR003) Reviewed by | |  | |  |  |
| PR Reports Reconciled to GL Reports by | |  | |  |  |
| Payroll Reports / Register(s) Reviewed by | |  | |  |  |
|  | |  | |  |  |
|  | |  |  |  |  |
| **TIME VERIFICATION** | | **Y/N** | **Comments** | | |
| What method is used to record employee’s time? (i.e. Time & Labor, eSTAR, filemaker, etc.)  ***Please use the comment section to explain*** *→* | |  |  | | |
| Who verifies that the time entered is accurate?  ***Please use the comment section to explain*** *→* | |  |  | | |
| What records exist to verify time entry?  ***Please use the comment section to explain*** → | |  |  | | |
| Is time entry reviewed and approved in time to make updates? | |  |  | | |
| **TIME CORRECTIONS** | | **Titles(s)** | | **Last Name** | **Comments** |
| Time Corrections Authorized for Entry by | |  | |  |  |
| Time Corrections Data Entry Performed by | |  | |  |  |
| Time Corrections Data Entry Verified by | |  | |  |  |
| **PAYROLL FUNDING ADJUSTMENTS (PFA)** | | **Titles(s)** | | **Last Name** | **Comments** |
| PFA Authorized for Entry by | |  | |  |  |
| PFA Data Entry Performed by | |  | |  |  |
| PFA Data Entry Verified by | |  | |  |  |
| **PAYROLL DISBURSEMENT/ADVICES/EPAY** | | **Y/N** | **Title(s)** | **Last Name** | **Comments** |
| Who are unclaimed paychecks surrendered to | |  |  |  |  |
| Do you EVER issue monies to employees via Petty Cash Accounts? If so, explain. | |  |  |  |  |
| **EMPLOYEE REFUNDS/WAGE OVERPAYMENTS** | | **Titles(s)** | | **Last Name** | **Comments** |
| Overpayments Documented and Prepared by | |  | |  |  |
| Overpayments Reviewed and Approved by | |  | |  |  |
| Payments of Prior-Period Underpayments Documented and Prepared by | |  | |  |  |
| Payments of Prior-Period Underpayments Approved by | |  | |  |  |
| **FOREIGN WORKERS (Nonresident Aliens)** | | **Y/N** | **Comments** | | |
| Do you have Foreign Workers currently employed? | |  |  | | |
| Do you have procedures in place for completing the NRA checklist? | |  |  | | |
| Are you reaching out to Payroll Compliance to verify proper taxation? | |  |  | | |
| **FRINGE BENEFITS** | | **Y/N** | **Comments** | | |
| What Fringe Benefits does your organization provide? i.e. uniforms, tuition assistance, vehicles  ***Please use the comment section to explain*** → | |  |  | | |
| If your organization provides a tuition reimbursement program, how do you track employees who exceed the annual limit of $5,250.00?  ***Please use the comment section to explain*** → | |  |  | | |
| Do you provide uniforms to employees? , If so, how are you reporting the taxable fringe benefit? ***Please use the comment section*** ***to explain***→ | |  |  | | |
| Is there a take home State vehicle assigned to anyone within the agency? If so, what is your process for reporting imputed income in PHRST? ***Please use the comment section*** ***to explain***→ | |  |  | | |
| **EMPLOYEE RECORDS / FILES: PERSONNEL** | | **Y/N** | **Comments** | | |
| Are personnel files established for all employees? | |  |  | | |
| Where are personnel records kept?  ***Please use the comment section to explain*** *→* | |  |  | | |
| What controls exist to prevent loss or unauthorized access of personnel records?  ***Please use the comment section******to explain****→* | |  |  | | |
| **EMPLOYEE RECORDS / FILES: PAYROLL** | | **Y/N** | **Comments** | | |
| Are payroll files established for all employees? | |  |  | | |
| Where are payroll records kept?  ***Please use the comment section******to explain****→* | |  |  | | |
| What controls exist to prevent loss or unauthorized access of payroll records?  ***Please use the comment section to explain*** *→* | |  |  | | |
| **EMPLOYMENT BENEFITS AND TERMINATIONS** | | **Comments** | | | |
| What is maintained to document accumulated employee benefits (Annual/Sick Leave and/or Comp Time, Pension, etc.)? | |  | | | |
| What does HR review with terminating employees prior to last day of work? | |  | | | |
| **EMPLOYMENT CHANGES AND PAYOUTS** | | **Comments** | | | |
| What is the required time frame to communicate changes in employment status to Payroll? | |  | | | |
| What is the required time frame to communicate changes in salaries/wages and deductions to Payroll? | |  | | | |
| What is the required time frame to communicate employee payouts to Payroll? | |  | | | |
| **BUSINESS CONTINUITY** | | **Y/N** | **Comments** | | |
| Is there a Payroll Internal Control Plan on file? | |  |  | | |
| Is there a Disaster Recovery Plan and/or Business Continuity Plan (or COOP) on file? | |  |  | | |
| Does your agency perform a disaster exercise and/or review annually? | |  |  | | |

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **I certify that the above responses are an accurate and comprehensive reflection of the workflow and internal controls by which the** | | | | | | | |
|  | | **incorporates to effectively manage all Payroll-related processes.** | | | | |  |
| **(Department / Division)** | |  |  |  |  |  |  |
|  | | |  |  | | |  |
| **Name (Printed)** | | |  | **Position Title** | | |  |
|  |  |  |  |  |  |  |  |
|  | | |  |  | | |  |
| **Signature** | | |  | **Date** | | |  |
|  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |
|  | | | | | | | |
|  |  |  |  |  |  |  |  |
|  | |  | | |  | | |