The purpose of this sample is to provide guidance on the type of information that should be included in a Payroll Internal Control Plan. It is important that this sample is modified to create a unique Plan to match your Organizations’ business processes.

**Payroll Internal Control Plan**

**Fiscal Year 20xx**

**Purpose**

To provide consistent and effective accounting controls over payroll transactions ensuring responsibilities associated with such financial transactions within the Payroll Human Resource Statewide Technology (PHRST) system are segregated among staff to the extent possible so that no one employee has complete control over the processing and approving of transactions. The **(Organization Name)** Payroll Internal Control Policy and operating processes are designed to decrease the likelihood of errors as well as to reduce the risk of perpetrating fraud and/or concealing error in the normal course of an employee’s duties.

**Control Guidelines and Process Flow**

Responsibilities associated with financial transactions within PHRST payroll system are segregated among staff to the extent possible so that no one employee has complete control over the processing of transactions. All financial documents processed in the PHRST payroll system require multiple approvals. The **(Organization Name)** payroll processing responsibilities are further broken down by (**pay section/budget unit)** for concurrent process flows utilizing the same required forms, approvals, processes and policies.

In addition to the **(Organization Name)** Payroll Internal Control Policy, the **(Organization Name)** Human Resource and Fiscal/Payroll staff shall strictly adhere to guidelines/rules as established and directed by Federal Employment Law, Generally Accepted Accounting Principles (GAAP), Delaware Code, Budget Bill, State of Delaware Budget & Accounting Manual and PHRST/FSF systems in the preparation and processing of human resource, benefit administration, and payroll documents; Payroll Funding Expenditures Authorizations; PHRST data entry; records retention; and audit procedures.

**(Organization Name)** employees complete human resource (HR), benefit administration (BA) and payroll (PR) packet documents upon hire, update/change, and/or termination. HR/BA/PR packet documents include biweekly part-time contract and/or timesheets. All original HR/BA/PR documents and all direct employee communication is completed with and/or directed through the **HR Offices and/or their designee** as well as directly with State Organization points of contact as appropriate. Once employee packet documents are completed and reviewed and approved by **HR staff** those documents must follow **appropriate levels** of review and approval based on their content prior to submission to the centralized **(Organization Name)** **HR/BA/PR/Fiscal Departments** for initiating PHRST and/or First State Financials (FSF) payroll-related system processing.

**Process Controls** (Add additional lines for reviews/approvals as required)

Task: Approving Salaries

The levels of budget unit review and approval include:

1. The (**Title of person responsible**) reviews/approves documents
2. The (**Title of person responsible**) reviews/approves documents
3. **(Title of Organization Head**) reviews/approves

Task: Data Entry of Salaries

The levels of budget unit review, approval, and data entry include:

1. The (**Title of person responsible**) reviews all required approvals are complete
2. The (**Title of person responsible**) performs data entry into PHRST
3. The (**Title of person responsible**) verifies the data entry

Task: Payroll Related (docking, payouts, prior period adjustments, etc.)

The levels of budget unit review, approval, and data entry include:

1. The (**Title of person responsible**) reviews all required approvals are complete
2. The (**Title of person responsible**) performs data entry into PHRST
3. (**Title of person responsible**) verifies the data entry

Task: Time and Labor related (docking, payouts, prior period adjustments, etc)

The levels of budget unit review, approval, and data entry include:

1. The (**Title of person responsible**) reviews all required approvals are complete
2. The (**Title of person responsible**) performs data entry into PHRST
3. The (**Title of person responsible**) verifies the data entry

Task: Report Reconciliation (Payroll and/or GL reports)

The levels of budget unit review, approval, and data entry include:

1. The (**Title of person responsible**) reviews all required approvals are complete
2. The (**Title of person responsible**) verifies data entry as reflected on PHRST reports
3. The (**Title of person responsible**) verifies GL reports against Payroll reports

Task: Payroll Funding Adjustments in FSF (PFAs)

The levels of budget unit review, approval, and data entry include:

1. The (**Title of person responsible**) reviews/approves documents
2. The (**Title of person responsible**) reviews all required approvals are complete
3. The (**Title of person responsible**) performs data entry into FSF
4. The (**Title of person responsible**) verifies the data entry

**Procedures**

* **Approval Process – HR documents (Salary, Promotion, LWOP, Termination, etc)**

Before any HR/PR data is entered in PHRST the following levels of review and approval and reporting occur:

1. Position Job and Payroll Funding is validated in FSF and approved by the Accounting staff as a 1st level of approval
2. Personal/Position/Job discrepancies are resolved with the HR Division as a 2nd level of approval
3. Funding discrepancies are resolved with the Business Office Manager and/or designee for Finance as a 2nd level of approval
4. Policy and Regulation discrepancies/questions are resolved with the HR Division and Finance as a 2nd level of approval
5. Correct copies are returned to HR for their records
6. PR Specialist authorize resolutions on non-monetary discrepancies on HR/BA/PR packet documents as a 3rd level of approval
7. PR Manager and/or Assistant PR Manager authorize resolutions on monetary discrepancies as a 3rd level of approval
8. Finance authorizes course of action on unresolved discrepancies, policy and/or regulation discrepancies with input from Human Resources
* **Approval Process – PR documents (Timesheets, docking, Direct Deposit, Tax Data, etc.)**

Before any PR data is entered in PHRST the following levels of review and approval and reporting occur:

1. (**Title of person responsible**) reviews documents for any necessary pre-approval (ie. supervisor approval for OT/docks) as a 1st level of approval
2. (**Title of person responsible**) reviews for anomalies (i.e., pay 160 hours for 80 week, direct deposit with 30 digits) as a 1st level of approval
3. (**Title of person responsible**) data enters into PHRST as a 2nd level of approval
4. (**Title of person responsible**) makes notations on documentation for record-keeping purposes 2nd level of approval and
5. Hand-off documentation to (**Title of person responsible**) for data entry verification as 3rd level of approval.
* **Biweekly Audit**

After a successful biweekly audit of HR/BA/PR documents, during PHRST HR Processing Week, PR staff updates PHRST using all human resource and payroll documents received during the biweekly pay period timeframe. PR staff is responsible for Payroll reports for records retention and audit purposes. Note all updates to the payroll are reviewed, validated and approved. PR staff finalizes all packet documents for audit retention in the **(Organization Name)** Payroll files.

**Best Practice** – PHRST access to Payroll Module is limited to view-only for:

* Anyone responsible for the Payroll Funding Expenditure Authorization process
* Anyone with authority to approve biweekly payroll (Signers on the Payroll Authorized Signature Card)

The Payroll Authorized Signature card is submitted to the Payroll Compliance Group with the change of every FY (July 1st), and also with the additions/deletions of Signers. All Cards will include the live signature of (**Organization Name**) Head of Agency.

T

* **Records Maintenance**

All records within the **(Organization Name**) Payroll Office are maintained in a secure location, which is not available for public viewing or general access.