Internal Controls for Departmental Payroll Processing

General Payroll Processing

General Procedures	Recommended Internal Control Activity	Who Performs Activity	Who Monitors Activity
Training	Insure the proper training of departmental payroll staff	Dept Designee	Dept. Head
Appointment documentation	Obtain documentation and approvals for appointments, terminations, & status changes	Dept Designee	Dept. Head
Timely appointment and payment processing	Prompt payment of employees in accordance with MN Statute 181.101, through timely preparation and submission of complete, authorized appointment and payroll documents	Dept Designee	Dept. Head
Reconciliation of University accounts	Verify that University accounts are charged only for appropriate payroll expenditures, and process adjustments where needed	Dept Designee	Dept. Head
Separation of duties	Separate the duties of preparing personnel forms, entering payroll transactions, approving payroll entries, and distributing payroll checks	Dept. Head	Dean or Equivalent
Timely entry of transactions	Enter payroll transactions into PS in a timely manner, so as to avoid overpayments and other incorrect pay	Dept Designee	Dept. Head
	Return any unclaimed payroll checks or stubs promptly to the payroll department	Dept Designee	Dept. Head
Access to Data	Establish controls over who can view private or confidential data	Dept Designee	Dept. Head
Historical Salary Adjustments/Distribution Correction (HSA's)	Review HSA's to ensure they are reasonable and accurate corrections.	Dept Designee	Dept. Head
AREPA's	Ensure AREPA's are submitted & approved for academic employee	Dept Designee	Dept. Head

Time Card Processing - Hourly Employees

General Procedures	Recommended Internal Control Activity	Who Performs Activity	Who Monitors Activity
Review and approval of time cards	Complete time cards for hourly employees and have employee sign.	Employee	Supervisor
	Verify accuracy of time cards and obtain supervisor approval.	Supervisor	Dept. Head
	Avoid returning time cards to employee after supervisor has signed them.	Dept Designee	Dept. Head

Vacation & Sick Leave Processing

General Procedures	Recommended Internal Control Activity	Who Performs Activity	Who Monitors Activity
Review and approval of leaves of absence	Obtain prior approval of all leaves of absence not of an emergency nature (e.g. paid, unpaid, parental, military, FMLA, Jury,	Employee Dept Designee	Dept. Head

General Procedures	Recommended Internal Control Activity	Who Performs Activity	Who Monitors Activity
	etc.)		
Document the approval of vacation and sick leave taken	Document in writing leaves taken and obtain signature of the employee and supervisor.	Dept Designee	Dept. Head
Maintenance of vacation/sick leave records	Maintain detail records showing vacation and sick leave earned or taken, and balances owing. (This control is now done in PS except for Academic/ P&A employees)	Dept Designee	Dept. Head
Monitoring negative vacation	Develop a policy for negative vacation and monitor for compliance	Dept Designee	Dept. Head

PeopleSoft Entry and Verification of Payroll

General Procedures	Recommended Internal Control Activity	Who Performs Activity	Who Monitors Activity
System Security	Insure only appropriate and authorized employees are given update or inquiry access to PS panels for viewing or updating payroll data.	Dept. Head	OIT Data Security
Verification of output to input	Compare names, hours, and gross amounts on output (payroll abstracts) to those on input documents (appointment documents/time cards) to insure accuracy of payroll.	Dept Designee	Dept. Head
Approval of Payroll Abstract	Obtain approval of payroll abstracts by authorized signer	Authorized Payroll Signer	Dept. Head
Separation of Duties	Separate the duties of approving the Payroll Abstract from entering data in PeopleSoft. Separation should be documented by two different signatures on the Abstract.	Dept Designee	Dept. Head

Overtime/Comp Time and Miscellaneous Earning Codes

General Procedures	Recommended Internal Control Activity	Who Performs Activity	Who Monitors Activity
Approval of overtime	Give prior approval before employees work overtime	Supervisor	Dept. Head
Detail records monitoring overtime and comp-time	Record all overtime worked on time cards approved by the supervisor	Supervisor	Dept. Head
Detail records monitoring overtime and comp-time	Maintain documentation for overtime/comp time earned, paid or used, and balances owed to employees. (It is highly encouraged to do this on PS rather than manually.)	Dept Designee	Dept. Head
Approval / documentation of payments using misc. earnings codes	Document and approve payments for additional earnings codes(e.g. shift diff or augmentation) pursuant to applicable policy or contract.	Dept Designee	Dept. Head
Reporting of taxable benefits	Report to central payroll any non-cash compensation paid to or on behalf of employees (e.g. automobile use, gift cards, moving expense reimbursement, complimentary tickets, etc.)	Dept Designee	Dept. Head