

POLICY#413	SUBJECT: Payroll Internal Controls
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AUTHORIZED SIGNATURE: 	

Delaware Children's Department Policy

I. PURPOSE

The purpose of this policy is to provide consistent and effective accounting controls over payroll transactions by ensuring responsibilities associated with financial transactions within the Payroll Human Resource State 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 Department's Payroll Internal Controls Policy and operating procedures are designed to reduce the likelihood of error and minimize the risk of perpetrating fraud and/or concealing errors in the normal course of an employee's payroll duties.

II. POLICY

This policy applies to all Department of Services for Children, Youth and Their Families Timekeepers/Auditors, Human Resource staff, Fiscal staff, Managers/Supervisors and the Organizational Head. The Fiscal Unit, in conjunction with the Human Resource Unit, ensures compliance with financial internal controls by establishing payroll processing procedures.

III. PROCEDURES

A. DSCYF is a combination of clocking employees and self-service employees.

1. Employees are responsible for recording their own time and leave via eSTAR.
2. Employees are required to record all variations from their work schedules including time and leave via eSTAR.
3. Clocking employees will clock in and out in accordance with their division policy.

B. Human Resource Staff are responsible for adding, updating and deleting employee position and job data records in PHRST.

1. A Human Resource Specialist reviews and approves all personnel transactions.
2. A Human Resource Technician enters the information into PHRST and reports updates/corrections to Payroll.
3. Human Resource ACT staff will manage FMLA, Short Term Disability and Worker's compensation leave records within the ACT module and eSTAR timesheets. Payroll calculates the compensation amounts and enters it into eSTAR timesheets or on the PHRST pay line as necessary.

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4. The Human Resource and Payroll staff will ensure all documents are filed and maintained in a secure location.
- C. Timekeepers (Auditors) located in each budget unit within the Department act as liaisons with the Human Resource and Payroll Units. The Timekeeper (Auditor) is responsible for reporting payroll exceptions on a weekly basis using eSTAR and ensures all eSTAR daily reports have been reviewed.
1. The Timekeeper (Auditor) is responsible for ensuring all Payroll exceptions have been entered on the employee's timesheet in eSTAR.
 2. The Timekeeper (Auditor) works with the employees, their Manager/Supervisor, Human Resource and Payroll to ensure each employee's eSTAR timesheet is accurately reflected prior to the End of Period Processing (eSTAR export to PHRST).
 3. The Timekeeper (Auditor) will run daily reports in eSTAR to determine if action needs to be taken to ensure employees are paid correctly.
- D. Managers/Supervisors in each unit within the Department will be responsible for ensuring all hours reported by their employees are true and accurate.
1. Managers/Supervisors will approve and monitor attendance and leave use for their employees.
 2. Managers/Supervisors will work with their employees and Timekeepers (Auditors) to ensure that each employee's eSTAR timesheet is accurately reflected prior to the End of Period Processing (eSTAR export to PHRST).
 3. Managers/Supervisors will run/review reports in eSTAR to determine if action needs to be taken to ensure employees are paid correctly.
 4. Managers are required to notify Human Resources in a timely manner of changes that impact schedules, pay or leave for their employees.
- E. The Payroll Unit is responsible for entering payroll data into eSTAR and PHRST utilizing the Activity Report, EOB/Supplement and PMA data received from Human Resource.
1. The Payroll staff (Sr. Accountant and Account Specialist) will review data received by Timekeepers/Managers and Human Resources to determine if entries are required in eSTAR (prior to export) or in PHRST (payline – after export), entering accordingly.
 2. The Account Specialist will log, review and enter W4 and Direct Deposit information into PHRST. The Sr. Accountant will review this data after entry.
 3. Payroll staff will review all daily queries and reports throughout the pay period looking for any discrepancies or errors that need to be corrected.
 4. The Payroll Manager (Fiscal Administrative Officer) will review all overpayments and retro payments prior to the Sr. Accountant entering data into PHRST.

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5. The Payroll Manager is responsible for assigning and approving Earnings Distribution data in PHRST. The Payroll Senior Accountant and Account Specialist review the Invalid Chart String Errors Report and make approved changes as necessary.
 6. The Payroll Manager and staff (Fiscal Administrative Officer, Sr. Accountant and Account Specialist) will ensure all documents are filed in a timely manner and will be maintained in a secure location.
 7. The Sr. Accountant will calculate payroll overpayments/recoupment of payroll overpayments based on the Payroll Repayment Policy (PCG-REPAY) provided by the Payroll Compliance Group. The policy is posted on the Division of Accounting Payroll Compliance Group website at the following link: http://accounting.delaware.gov/payroll_comp.shtml.
 8. All overpayments/recoupment of overpayments will be reviewed by the Payroll Manager (Fiscal Administrative Officer).
- F. Human Resources and Payroll will review the Critical Morning PHRST Reports during payroll processing to ensure accuracy.
- G. The Payroll Manager (Fiscal Administrative Officer) reviews the data against the Payroll Expenditures by Appropriation report in PHRST.
- H. After Pay Confirm and prior to pay distribution, the Payroll Manager (Fiscal Administrative Officer) or Sr. Accountant will print the DPR003 Payroll Expenditures by Appropriation Report to provide to the Fiscal Unit for review and signature by the Controller or designee.
- I. The Controller or designee authorizes the expenditures of funds by signing the totals page of the DPR003 Payroll Expenditure by Appropriation and submitting it via fax to PHRST by the deadline.
- J. The Fiscal Unit is responsible for auditing, reviewing and reporting on Payroll Transactions.
- K. The Fiscal Unit prepares a Monthly Payroll Expenditures report utilizing First State Financial payroll data. The Fiscal Management (or Fiscal) Analyst notes salary changes of +/- 5% within internal program units, and solicits information from the Divisions, Payroll and Human Resources as necessary to explain changes in payroll expenditures. The Controller can request the Analyst prepare a detailed analysis by account code type, and/or by employee, or group of employees, concerning any notable changes in salary expenditures and request further information from the Divisions, Human Resources or Payroll concerning salary expenditure changes. The Controller reviews and approves salary expenditure reports and shares information with Division and Department Leadership.

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- L. The Department is committed to auditing payroll on a continuous basis to ensure compliance with Federal and State rules, regulations and procedures. Quarterly audits are conducted to ensure accuracy of data entry and payroll coding as specified above. Recoupment of funds erroneously issued is made in accordance with PHRST procedures.
- M. All payroll documentation is securely filed and maintained within the Department's Fiscal Unit. Records are retained in accordance with the established retention schedules.
- N. The Department submits updated Payroll Signature Cards to the Division of Accounting annually. The signature cards contain names of employees designated to sign the totals page of the Payroll Expenditures by Appropriation Report. Updated Payroll Signature Cards will be submitted to Division of Accounting if there is a change in persons authorized to sign during the course of the year.

IV. RESPONSIBILITY FOR THIS POLICY

Fiscal Services is responsible for providing guidance regarding this policy.