

Segregation of Duties for Payroll Processing

FIN-PAY-IV-200



About This Policy

Effective Date:

11-01-2009

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07-01-2007

Responsible University Office:

Financial Management Services

Responsible University Administrator:

Vice President and Chief Financial Officer

Policy Contact:

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Related Information

* [I-30, Fiscal Misconduct](#)

* [IV-1, Time Reporting for Non-Exempt Employees](#)

* [IV-260, Delegation of Signature Authority for HRMS Transactions](#)

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Scope

This policy applies to Departmental and Campus Payroll Processors, Fiscal Officers and Fiscal Approvers.

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Policy Statement

Staff who process payroll for the university should not be in a position to audit or verify payroll, or pick up off cycle payroll checks. Specifically, any employee who is a fiscal officer or fiscal approver should not have access to process payroll for his/her unit.

Fiscal officers who have expenditures for salary and wages should review the processing of payroll in their departments to ensure that all individuals who process the payroll are not in a position to audit or verify payroll, or pick up a payroll check other than their own.

Smaller organizations that do not have the number of staff needed to segregate the duties must coordinate with their Responsibility Center fiscal officer in order to work through an option that would add fiscal controls to the process.

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Reason For Policy

This policy establishes a segregation of payroll duties, which are required in order to minimize fraud from occurring due to processing, auditing, or verification of payroll and custody of payroll checks.

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Procedure

The auditing or verifying payroll function should be performed by either the fiscal officer or the fiscal approver. (The fiscal officer will be fiscal approver if no delegate is chosen).

The fiscal officer has the responsibility for all payroll expenditures that occur on his/her accounts. The fiscal officer can delegate approval authority to the **fiscal approver** who then is authorized to have approval authority on all HRMS financial transactions, or the fiscal officer can retain the role of the fiscal approver. This approval delegation also assigns authority to the fiscal approver to perform the auditing and verification functions for the fiscal officer.

However the fiscal officer always has final responsibility for those functions being completed on an accurate and timely basis.

This review should at a minimum include:

- scanning the names of those paid to look for people who have been terminated or not hired,
- scanning the amounts paid to people to make sure they look reasonable in amount, and;
- reviewing hours worked to validate that they are reasonable hours for the person doing the job.

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Definitions

Organization: A unit that operates as one entity, and for the purpose of this policy has one central processing area for payroll functions. The organization could be a department, responsibility center or campus.

Payroll Processing: Using update access to modify the HRMS payroll voucher, and to approve payroll using the HRMS payroll voucher.

Auditing or Verifying Payroll: he function of reviewing what occurred on the payroll by reviewing the Fiscal Approval Voucher Audit Report prior to payday.

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Additional Contacts

| Subject | Contact | Phone | Email |
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History

Previous policy included information regarding delivering paper paychecks to departments. We now mail paper paychecks to the employee's home.