

**Academy of Dover Charter School
Payroll Internal Control Plan
Fiscal Year 2016**

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 Academy of Dover Charter School** (hereinafter “**AOD**”) 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 **AOD** 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 **AOD** Payroll Internal Control Policy, the **AOD and Innovative Schools Development Corporation (ISDC)** Human Resource and Fiscal/Payroll staff shall strictly adhere to guidelines/rules as established and directed by Federal Employment Law, 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.

AOD 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 **AOD 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 Board of Directors reviews/approves documents
- 2) The Head of School reviews/approves documents

Task: Data Entry of Salaries

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

- 1) The Administrative Assistant reviews all required approvals are complete
- 2) The Senior Accounts Specialist at ISDC performs data entry into PHRST
- 3) The AOD Administrative 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 Senior Accounts Specialist at ISDC reviews all required approvals are complete
- 2) The Senior Accounts Specialist at ISDC performs data entry into PHRST
- 3) The AOD Administrative Assistant verifies the data entry

Task: Report Reconciliation (Payroll and/or General Ledger reports)

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

- 1) The Senior Accounts Specialist at ISDC reviews all required approvals are complete
- 2) The AOD Administrative Assistant verifies data entry as reflected on PHRST reports
- 3) The Budget/Financial Specialist at ISDC 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 Head of School reviews/approves documents
- 2) The Bill reviews all required approvals are complete
- 3) The Senior Accounts Specialist at ISDC performs data entry into FSF
- 4) The AOD Administrative Assistant verifies the data entry

Procedures

- **Approval Process – HR documents (Salary, Promotion, Leave without Pay (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 and
- 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 and
- 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) Head of School reviews documents for any necessary pre-approval (ie. supervisor approval for OT/docks) as a 1st level of approval
- 2) Administrative Assistant reviews for anomalies (i.e., pay 160 hours for 80 week, direct deposit with 30 digits) as a 1st level of approval
- 3) ISDC data enters into PHRST as a 2nd level of approval
- 4) Administrative Assistant makes notations on documentation for record-keeping purposes 2nd level of approval and
- 5) Hand-off documentation to Administrative Assistant for data entry verification as 3rd level of approval.

- **Reconciliations to Payroll Funding Expenditure Authorization**

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 **AOD** Payroll files.

After Pay Confirm has processed, the payroll funding expenditure must be authorized with the following levels of reconciliation, review and authorization:

The **1 to 3** levels of budget unit reconciliation, review, and authorization include:

- 1) The Administrative Assistant reviews/reconciles PR and GL reports
- 2) The Head of School reviews/reconciles PR and GL reports
- 3) The Board President on the Payroll Authorized Signature Card reviews, approves, and submits electronic certification

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 (PCG) with the change of every Fiscal Year (July 1st), and also with the additions/deletions of Signers. All Cards will include the live signature of AOD Head of Agency.

The review and reconciliation of, at a minimum, the PHRST Document Direct Report DPR003, Payroll Expenditures by Appropriation, against available appropriated balances in the FSF system must be completed. An Authorized signer submits an electronic approval of biweekly payroll expenditures for the Department IDs they are responsible for by sending an email to PCG that includes the verbiage in the sample email below along with a list of the covered Department IDs:

To: PRFUND.AUTH@state.de.us

Subject: Payroll Funding Expenditures Authorization

I, _____ (Signer),
certify that the associated charges for the Pay Period
ending _____ (Pay Period End Date) for the
Department IDs listed below meet all federal and state
legal and regulatory requirements and that the represented
expenditures **do not exceed** the remaining balance of
funds appropriated by the General Assembly to this
Organization.

Dept IDs: 958500

- **Records Maintenance**

All records within the **AOD** Payroll Office are maintained in a secure location, which is not available for public viewing or general access. All records are retained in accordance with all State and Federal retention regulations.

Approved by Board of Directors July 2015