

CARROLL COUNTY INTERNAL CONTROL POLICY

Financial Process: **Payroll**

Issue Date: April 2016

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Topic: Internal Control Policy & Procedure

Applicable To: All County Departments

Objective

Departments shall implement policies and procedures to effectively and efficiently manage the components of the payroll function. Proper internal controls support compliance with administrative requirements, reduce the risk of fraud, minimize costly processing errors, and protect the assets of the county.

Risks

- Payments made to non-existent employees
- Unauthorized payroll transactions processed
- Improper or fraudulent payments to employees
- Lost or stolen paychecks
- Unnecessary costs incurred in correcting processing errors
- Improper or inaccurate charges to departmental budgets or grant awards
- Inability to provide employees with accurate and timely paychecks

Definitions

Paycheck: As used in this document, refers to employee paychecks and/or direct deposit earnings statements.

Timesheet: Carroll County's Time Report form is Checkmate's electronic time & management system by Kronos, and is submitted bi-weekly and or weekly by employees to report hours worked, absences, and other paid benefits.

Kronos: Kronos is a time & attendance management system utilized for employee recording of time worked absences, and other benefits.

Checkmate: Checkmate is an outside company hired by the county to provide payroll processing and time management software for the County's use.

Internal Control Procedures Include

(Refers to category of Control Activity as described in *Internal Control Standards Guide*)

- For those departments which use timesheets, these timesheets are to be submitted with original signatures of the approving Department Head or their designee; signature stamps are not acceptable.

(Compliance & Approval)

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-Prior to an employee separating from County service, the Department Head must check for any outstanding salary advances and obtain the employee's final timesheet (if applicable). Any unused leave time will be considered within final pay in accordance with the collective bargaining agreement or the County Personnel Policy Handbook. Any employee that is discharged from employment must receive all wages due within 72 hours. Any employee who quits or resigns shall be paid no later than the next pay day.

(Safeguarding of Assets)

-The Finance Department is responsible for distributing all paychecks directly to the employees' Department Head or department designee in accordance with the schedule outlined in the collective bargaining agreement and the County Personnel Policy Handbook. All employee pay statements are electronically stored in the Checkmate system. Each employee can review or print their pay statement at any time by logging into the Checkmate system with the employee's user name password. During the period of time from check processing to distribution, the paychecks will be sealed in an individual envelope and will be held in the Commissioners' Office until picked up by the Department Head or the department designee. The Department Head is responsible for securing payroll checks in a secure and locked location until distributed directly to the employee. A signature granting permission to pick up another employee's paycheck will be required from any person who picks up a paycheck other than his/her own. Written permission and photo identification is required for each pay period.

(Safeguarding of Assets & Separation of Duties)

-Salary advances and buy back of vacation time must be approved by the County Administrator prior to the Department submitting the request to the payroll coordinator for processing.

(Compliance & Approval)

-To ensure that no single employee controls all facets of the payroll function; the following duties must be divided among different employees for (1) approving personnel actions, (2) approving payroll transactions, (3) recording/reviewing payroll financial data, (4) processing payroll checks and direct deposit earnings statements. In smaller departments where an adequate separation of duties is not feasible, it may be necessary to involve executive management in the process.

(Separation of Duties)

-Alterations to the timecard (edit/missed punch) will be provided in written notice to the employee from the dept. head, through the Checkmate payroll system. The employee shall initial each exemption, and provide an explanation for each individual change to the timecard. The exemption report will be printed with any and all add/delete changes. These initialed changes will be submitted to payroll for retention and record keeping. Or shall be retained in the Checkmate payroll system itself in electronic form.

(Documentation & Approval)

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-Cross-training is to be provided to appropriate staff members to ensure critical payroll functions can be performed and deadlines met during absences.

(Compliance & Separation of Duties)

-Checkmate will be responsible for the processing of payroll checks on a bi-weekly basis at the Jail, and weekly for all other departments. Employees shall utilize Checkmates Kronos time management and payroll system. Payroll is part of an integrated system which interfaces directly and uploads monthly with the County's accounting system.

(Compliance & Safeguarding of Assets)

-The Payroll Coordinator will be responsible for ensuring that all wage computations, leave processing, and payroll deductions are processed in accordance with the applicable collective bargaining agreement, County Personnel Policy Handbook, and Federal and State laws.

(Compliance, Verification & Reporting)

-The Finance Controller will be responsible for Checkmates interface from Checkmate to the ACS accounting software. The Controller shall ensure that the monthly billing reports from Checkmate coincide with the dollar amount taken to satisfy payroll liabilities.

(Compliance, Separation of Duties & Safeguarding of Assets)

-All live payroll checks will require a signature from the Treasurer prior to the payroll checks being distributed to the employees. Checkmate shall provide a facsimile of the Treasures signature on all paychecks. The Treasurer will review the payroll manifest and initial it for verification.

(Authorization)

-All County employees will receive their pay either via payroll check or direct deposit in accordance with the policies set forth in the County Personnel Policy Handbook. Any discrepancies with an employee's paycheck shall be investigated immediately by the supervisor. Any pay due to an employee shall be remitted to the employee the day the discrepancy is discovered. No employee may waive the discrepancy to the following pay period. All employees shall be paid monies earned in the pay period, regardless of who is responsible for the error.

(Safeguarding of Assets)

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-All county departments shall use Checkmates Time & Attendance software by Kronos. The Department Head or their designees are to login with their secure password and approve the hours worked, and absences taken, by employees in their department. All employees will have individual cards programmed with their information, to utilize with the time clocks. Each employee shall have their own individual account with Checkmate, so that they can review their time and attendance at any time.

(Compliance & Approval)

-Time worked and absences taken are reported after-the-fact on the timesheet, or in the Time and Attendance software system.

(Compliance & Monitoring)

-Department Heads must ensure the timesheets or the reports from the Time & Attendance system accurately reflect their employees' name, employee ID#, rate of pay, cost center and other required information.

(Compliance & Verification)

-Department Heads must ensure that entries for time worked, absences, and/or other paid benefits are made using the proper pay codes and reviewed for accuracy; and shall not be returned to the employee after supervisory approval.

(Compliance & Verification)

-Department Heads must ensure the reporting of time and expenses is captured at a sufficient detail to meet any federal or state requirements for charging payroll costs to grants, programs, or projects; maintain supplemental personal activity reports as necessary to meet these requirements.

(Compliance & Reporting)

-Overtime hours must be approved in advance by the employee's Department Head or supervisor in accordance with the applicable collective bargaining agreement, County Personnel Policy Handbook, and/or departmental policies and procedures.

(Authorization)

-Timesheets, and personnel actions are to be submitted timely to the Payroll Coordinator in accordance with deadlines set forth by Checkmate. All payroll submissions must be submitted to the Payroll Coordinator by Tuesday of each week by 10 am.

(Compliance)

-Remedial action is to be taken by the Department Head or Administration to address individual employees (or county departments) that routinely miss submission deadlines and/or routinely submit inaccurate/incomplete timesheets.

(Compliance & Monitoring)