Department of Services for Children Youth and their Families
Policy and Procedures

Payroll Internal Controls	
POLICY #413	Page 1 of 3
Effective Date: 3/21/2023 Prior Version Date(s): 12/16/2011, 4/15/2013, 1/27/2017	Approved 3/21/2023 by Secretary Josette Manning

1. Policy 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. This policy and its operating processes 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.

2. Scope

This policy applies to all Department of Services for Children, Youth and Their Families timekeepers, Department of Human Resource (DHR) staff, payroll (PR) staff, fiscal accounting services staff, managers/supervisors, and the cabinet secretary or designee. The payroll unit, fiscal accounting services unit, and human resource unit ensure compliance with financial internal controls by establishing payroll processes.

3. Policy / Procedures

Control Guidelines and Process Flow
Responsibilities associated with financial transactions within the 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.

In addition to the DSCYF Payroll Internal Control Policy, human resources and fiscal accounting/payroll staff shall strictly adhere to guidelines/rules as established and directed by federal employment laws, Generally Accepted Accounting Principles (GAAP), Delaware Code, budget bill, State of Delaware Budget & Accounting Manual, and PHRST/FSF systems in the preparation and processing of human resources, benefits administration, and payroll documents; payroll funding expenditures authorizations; PHRST data entry; records retention; and audit procedures.

DSCYF employees complete human resource (HR), benefits administration (BA), and payroll (PR) packet documents upon hire, update/change, and/or termination. All original HR/BA/PR documents and all direct employee communication are completed with and/or directed through the HR office as well as directly with the payroll unit, when 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 appropriate DSCYF HR/BA/PR/fiscal departments for initiating PHRST and/or First State Financials (FSF) payroll-related system processing.

Payroll Process
eSTAR Timekeeping Processes

A. DSCYF has 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.
   4. Web clock employees will clock in and out in accordance with their division policy, using the web clock system in eSTAR.

B. Timekeepers located in each department budget unit act as liaisons with the human resources and payroll units. The timekeeper is responsible for reporting payroll exceptions weekly using eSTAR and ensures all eSTAR daily reports have been reviewed.
   1. The timekeeper is responsible for ensuring all payroll exceptions have been entered on the employee's timesheet in eSTAR.
   2. The timekeeper works with the employees, their manager/supervisor, human resources, 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 will run daily reports in eSTAR to determine if action needs to be taken to ensure employees are paid correctly. The timekeeper reports issues to the employee's supervisor to correct.

C. Managers/supervisors in each department unit 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 to ensure that each employee's eSTAR timesheet is accurately reflected prior to the end of period processing (eSTAR export to PHRST).
   3. Managers are required to notify human resources in a timely manner of changes that impact schedules, pay, or leave for their employees.

Payroll Human Resource State Technology (PHRST)

A. Human resource staff are responsible for adding, updating, and deleting employee position and job data records in PHRST.
   1. HR staff review and approve all personnel transactions.

2. HR staff enter information into PHRST and report updates/corrections to payroll.

B. The payroll manager is responsible for entering earnings distribution data in PHRST, which defines the funding to be used for each budget position (BP).
   1. Payroll staff will review the master funding spreadsheet by BP and make approved changes as necessary. The master funding spreadsheet, also known as the position master list, is provided regularly to the payroll manager by the department budget manager.
   2. Payroll staff will review the invalid chartfield error report and make approved changes as necessary. This report is available in Mobius View and reports employees whose record contains an invalid chartfield string.
      - A chartfield string is a collection of chartfield values that represents a unique funding source.
      - Chartfields are fields within a chartfield string to define a funding source (i.e., appropriation, program, fund, etc.)
   3. Fiscal accounting services staff or the budget manager notifies the payroll manager when adjustments are necessary to the chartfield strings.

C. Human resource staff will manage Family and Medical Leave Act (FMLA), Short Term Disability (STD) and workers' compensation leave records within the ACT (absence compliance tracker) module and eSTAR timesheets. FMLA determinations are made by HR, STD determinations are made by Hartford, and workers' compensation determinations are made by PMA.
   1. HR calculates the compensation amounts and sends them to PR.
   2. PR validates the calculations and enters them on the PHRST pay line as necessary.
   3. HR enters the pertinent information in eSTAR.

Payroll Processing

A. The HR unit is responsible for sending all Explanation of Benefits (EOB)/Supplement and PMA data to payroll. This is information related to workers' compensation claims that may affect employee pay or require recoupment.
B. The PR unit is responsible for reviewing payroll data in eSTAR and PHRST utilizing the activity report, EOB/Supplement, and PMA data received from HR.
   1. The PR staff will review data received by HR to determine if entries are required in eSTAR (prior to export) or in PHRST (payline - after export) and enter accordingly.
   2. The payroll team will log, review, and enter W-4 and direct deposit information into PHRST. Senior PR staff 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 and payroll staff will ensure all documents are filed in a timely manner and maintained in a secure location. Records are retained in accordance with the established retention schedules. The records are not available for public viewing or general access.

C. Payroll related tasks (docking, payouts, prior period adjustments, etc.) and the levels of budget unit review, approval, and data entry include:
   1. The payroll manager and/or senior PR staff review and confirm that all required approvals are complete.
   2. Payroll staff perform data entry into PHRST.
   3. The payroll manager or senior PR staff verifies the data entry.

D. All on-demand check requests require HR manager approval.

E. Human resources and payroll staff will review the critical morning PHRST reports during payroll processing to ensure accuracy. Critical morning reports are provided in Mobius View for daily review. These reports provide agencies with easily accessible support for correcting errors and troubleshooting payroll problems. A current list of critical morning reports is maintained on the PHRST website.

F. After pay confirm and prior to pay distribution, the payroll manager or designee will print the PHRST reports zero pay or over $5000 pay report and correct them as necessary.

G. After a successful biweekly audit of HR/BA/PR documentation, during PHRST HR processing week, PR notifies HR of any updates needed to be made based on their review. 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 DSCYF payroll files.

H. The department is committed to auditing payroll continuously to ensure compliance with federal and state rules, regulations, and procedures. Continuous audits are conducted by HR to ensure the accuracy of data entry and payroll coding as specified above. Recoupment of funds erroneously issued is made in accordance with PHRST procedures.

I. All payroll-related expenditures must be certified by an approving authority that the charges for the current pay period for the organization 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.

   1. The authorized signer is required to ensure his or her name appears on the payroll authorized signature card on file with the Payroll Compliance

        Group.

2. The authorized signer is required to review the Confirm version of the PHRST Mobius View report DPR003, Payroll Expenditures by Appropriation, for each department ID and match expenditures against available appropriated balances.

Overpayments

A. The department adheres to the Wage Overpayment Policy (PCG-OVRPAY) posted on the Division of Accounting Payroll Compliance Group website at the following link: Policies & Procedures - Division of Accounting - State of Delaware

B. Human resources staff notify payroll of an overpayment and include what was paid as well as what should have been paid and the hours in question.

C. The payroll senior accountant double-checks the HR calculation of the overpayment. The calculation of payroll overpayments/recoupment is based on the Payroll Repayment Policy (PCG-REPAY) provided by the Payroll Compliance Group.

D. The payroll manager (fiscal administrative officer) will review all overpayments and retroactive payments prior to the payroll senior accountant entering data into PHRST.

E. The payroll manager reviews and sends the information to the Payroll Compliance Group (PCG) for approval based on the amount.

F. Payroll will report overpayment activity to the chief fiscal officer (CFO) regularly (weekly and quarterly as requested by CFO).

Fiscal Tracking

A. Fiscal accounting services is responsible for auditing, reviewing, and reporting on payroll transactions.

B. Fiscal accounting services prepares a monthly payroll expenditures report utilizing First State Financials payroll data.
   1. The fiscal management 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.
   2. The controller can request the analyst prepare a detailed analysis by account code type, and/or by the 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.

3. The controller reviews and approves salary expenditure reports and shares information with division and department leadership.

C. Fiscal accounting services submits updated payroll signature cards to the Division of Accounting annually. The signature cards contain the names of employees designated to sign the totals page of the payroll expenditures by appropriation report. Updated payroll signature cards will be submitted to the Division of Accounting if there is a change in persons authorized to sign during the year.

Report Reconciliation (Payroll and/or GL reports)

A. The levels of budget unit review, approval, and data entry include:
   1. The fiscal accounting services controller, senior fiscal administrative officer(s), and/or fiscal management analyst verifies data entry as reflected on PHRST payroll reports to ensure expenditures do not exceed the authorized budget.
   2. The fiscal accounting services controller, senior fiscal administrative officer(s), and/or fiscal management analyst verifies GL reports against payroll reports

Payroll Funding Adjustments in FSF (PFAs)

A. The levels of budget unit review, approval, and data entry include:
   1. The fiscal accounting services controller reviews appropriate payroll reports and notifications from the Division of Accounting (DOA).
   2. The fiscal accounting services fiscal management analyst and/or fiscal analyst performs data entry into FSF.
   3. The fiscal accounting services fiscal management analyst and fiscal analyst verify the data entry.

4. Legal Authority / Associated Regulations/Requirements
State of Delaware Budget and Accounting Policy Manual, Chapter 2 and Chapter 14.

5. Responsibility for this Policy
The Division of Management Support Services fiscal accounting services and payroll units and the Department of Human Resources are responsible for implementing the processes outlined in this policy and for providing guidance related to this policy.