

ENTITY 2018 ICQs

June 30, 2018

**CONTROL ACTIVITIES**  
**PAYROLL**

| QUESTION   | YES | NO | N/A | REMARKS |
|--|-----|----|-----|---------|
| <p>A. Segregation of Duties</p> <ol style="list-style-type: none"> <li>1. Is there adequate segregation of duties in connection with the following functions: <ol style="list-style-type: none"> <li>a. recording sick leave and vacation?</li> <li>b. comparing time records to payroll?</li> <li>c. approving time records, vacations, and comp time?</li> <li>d. receiving and distributing payroll warrants?</li> <li>e. preparing and approving payroll input?</li> <li>f. custody of undistributed warrants?</li> <li>g. preparing payroll checks?</li> </ol> </li> <li>2. Is there adequate segregation of personnel and payroll functions?</li> <li>3. Does the entity use computer software to account for payroll? <ol style="list-style-type: none"> <li>a. Determine/verify access to programs, and functions within programs, is limited to those who have a legitimate need. Identify those with access.</li> <li>b. Are payroll rates entered into the computer for calculation of expenditures and payroll withholdings? Payroll rates would include salary/hourly pay rates, federal tax rates, state tax rates, FICA rates, IPERS rates, etc. This would include new or updated rates. If yes: <ol style="list-style-type: none"> <li>1) Does an independent person enter the rates in the computer?</li> <li>2) Are the rates tested to ensure the proper calculations are being made?</li> <li>3) Is the testing of the new/updated rates saved?</li> <li>4) Are the rates entered reviewed and approved? Who reviews and approves?</li> </ol> </li> <li>c. Does an independent person approve electronic fund transfers for the payment of federal taxes, state taxes, FICA and IPERS?</li> <li>d. Is the signature plate inserted into the printer and printed as the checks/warrants are printed? If this is done, the checks/warrants and signatures are printed in one operation.</li> <li>e. If the two operations are combined as described above, are review procedures of payroll by supervisory personnel adequate?</li> </ol> </li> </ol> |     |    |     |         |

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| <p>f. When a new employee is hired, is an independent person approving the entry in the computer system?</p> <p>g. Does the entity have a paperless system for electronic timesheets? If yes, answer the following:</p> <p>1) Do employees only have access to their electronic timesheet? Access should be obtained by the employee's login name and password.</p> <p>2) Do employees prepare their own electronic timesheet?</p> <p>3) Is there a supervisory approval of employee's electronic timesheets? Employees should not be approving their own electronic timesheet.</p> <p>4) Do supervisors only have access to the employee electronic timesheets that they approve? Access should be obtained by the supervisor's login name and password.</p> <p>5) Does only the personnel assistant enter payroll information for new employees or changes to payroll information?</p> <p>6) Is the departmental approval for payroll information segregated from the personnel assistant entering the payroll information?</p> <p>7) Is the personnel assistant entering payroll information restricted from preparing other employee's electronic timesheets?</p> <p>8) Is the personnel assistant entering payroll information restricted from approving employee timesheets?</p> <p>B. Procedural Controls</p> <p>1. Are salaries approved by the governing body for full-time and part-time employees?</p> <p>2. Are payrolls reviewed and approved by someone in authority?</p> <p>3. Is written approval required for:</p> <p>a. Employees added to or deleted from the payroll?</p> <p>b. Changes in rate of pay?</p> <p>c. Payroll deductions?</p> <p>4. Are files that support the above documentation in good order?</p> |     |    |     |         |

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|---|------------|-----------|------------|----------------|
| 5. Do procedures exist to ensure compliance with terms of union agreements (i.e., wage rates, vacation pay, and similar items)?   |            |           |            |                |
| 6. Do procedures exist to ensure appropriate regulations are being followed in regard to FICA, wages and hours, and other federal, state, and local requirements concerning employment? |            |           |            |                |
| 7. Do procedures exist to insure all employees are bona fide?   |            |           |            |                |
| 8. Do procedures exist to insure employees do not receive more than the authorized salary payment?  |            |           |            |                |
| 9. Are time sheets used and approved by appropriate personnel?  |            |           |            |                |
| 10. Are rates of pay verified?  |            |           |            |                |
| 11. Do procedures exist for properly documenting and controlling vacation, sick leave and compensatory time off?  |            |           |            |                |
| C. Custody  |            |           |            |                |
| 1. Are complete personnel records maintained outside the payroll section?   |            |           |            |                |
| 2. Are controls maintained over the supply of unused and voided checks/warrants?  |            |           |            |                |
| 3. Are payroll checks/warrants kept in a secure place prior to distribution?  |            |           |            |                |