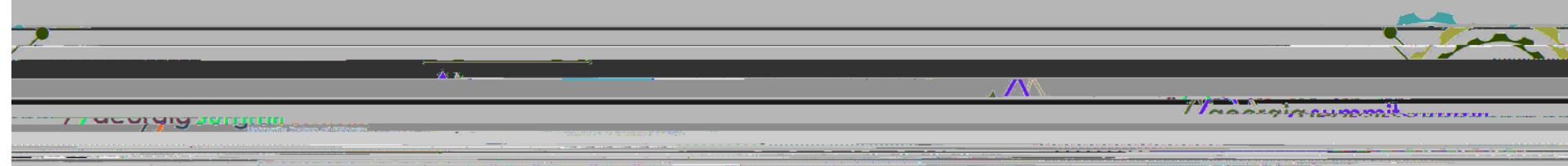


Segregation of Duties Employee Compensation



Internal Controls

- A process that provides reasonable assurance that the objectives of the institution will be achieved.
- Not one event, but a series of actions that occur throughout an institution's operations.
- An integral part of the operational processes and not a separate system.

Internal Control Responsibility

Everyone has a responsibility for internal controls

-

Redefined Focus on Internal Control Framework Statewide

- State of Georgia adopted the “Green Book” published by the Federal Office of Management and Budget (OMB) in December 2015.
- Update standards and policies
- USG Institution management needs to ensure they understand and assess the risks and ensure they have appropriate and sufficient internal controls
- Still responsible even if function is provided by a third party (ex: Alight – Benefits Administration is outsourced but USG and individual USG institutions are still responsible for internal controls relating to that outsourced work)

Segregation of Duties

Segregation of Duties is a key component of

SOD/Employee Compensation/(HCMS)

NOTE Best practices suggest that no one employee should be able to record modifications to HCMS. The modifications should be initiated by one employee and reviewed and authorized in the system by a separate employee.

Compensating Controls Example:

A system report of all changes to HCMS should be generated for review. A supervisory-level employee who does not have access to modify HCMS should review this report and match the changes to approved Personnel Action Forms.

SOD/Employee Compensation/(HCMS)

Control Consideration:

Do the employees responsible for maintaining HR data in HCMS (e.g., adding/deleting employees, changes to compensation) also perform any of the following functions:

- Make decisions regarding hiring or termination of personnel
- Have access to the payroll system (or payroll module)
- Involved in the payroll process
- Generate payroll checks
- Receive payroll checks for distribution

Recommendation:

Employees responsible for modifying HR data in HCMS should not have access to the payroll system, be involved in the payroll process, distribute payroll checks or make hiring or termination decisions.

SOD/Employee Compensation/(HCMS)

NOTE: In some instances, the Human Resources module and the payroll module may be part of the same system. However, the employees responsible for processing the payroll should not have access to the Human Resources module and vice versa. For smaller institutions where one employee maintains the HR data in HCMS and processes payroll, this employee should not be able to authorize and execute the pay run (i.e., generate payroll checks) or distribute payroll checks.

Compensating Controls Example:

To enhance controls over the payroll process, the following compensating controls can be utilized:

- A supervisory-level employee who is not involved in the payroll process

SOD/Employee Compensation/(HCMS)

Control Consideration:

Are employees able to review and approve their own hours worked or time entered in the timekeeping system?

Recommendation:

Hours worked should be reviewed and approved by the employee's supervisor prior to being recorded or transmitted to the payroll department.

SOD/Employee Compensation/(HCMS)

Recommendation:

The file prepared for processing payroll should be reviewed and approved by an employee who is not involved in the preparation of this payroll file or part of the human resources function.

Compensating Controls:

To enhance controls over the payroll process, the following should be considered:

- Use of an outside payroll service provider.
- Use of direct deposit instead of payroll checks.
- Perform a periodic analytical review of the payroll expense, including but not limited to budget to actual variance analysis.
- Perform an analysis of head count to revenue ratios.

SOD/Employee Compensation/(HCMS)

Control Consideration:

SOD/Employee Compensation/(HCMS)

Control Consideration:

Are undistributed payroll checks and rejected payroll direct deposits investigated and reconciled by a supervisory employee outside of the payroll function in a timely manner?

Recommendation:

Employees not involved in the payroll or human resources function should maintain custody as well as investigate and reconcile the returned payroll checks.

SOD/Employee Compensation/(HCMS)

Control Consideration:

Does the employee responsible for recording the payroll expense entry in the general ledger perform any of the following functions:

- Modify the Employee Master File
- Prepare or authorize payroll
- Generate payroll checks
- Distribute payroll checks

Recommendation:

An employee outside of the payroll and human resources functions should post the payroll journal entry to the general ledger.

SOD/Employee Compensation/(HCMS)

Control Consideration:

Does the employee responsible for reconciling the general ledger to the payroll system also have the ability to record entries in or make adjustments to the payroll system?

Recommendation:

Reconciliations should be performed by an employee who does not have modification rights to the payroll system.

SOD/Employee Compensation/(HCMS)

Control Consideration:

Auditing Within the HCMS Application

Current Practitioner User Role Review:

Run the **BOR_SEC_USER_ROLE_PLIST_PAGE**

Query by user id to see a list of roles and page access granted by a specific user id. This query will also tell you if the user has update capability to the page or if it is a view only access.

Future Query in Development:

BOR_SEGREGATION_DUTIES

This Query is being developed to help assess potential segregation of duties issues. It will mirror the one that is in GeorgiaFIRST Financials application and will be based of the segregation of duties matrix provided by the auditors.

Auditing Within the HCMS Application

SOD Matrix – Base for Query

Auditing Within the HCMS Application

BOR_SEGREGATION_DUTIES

This query is also based on the points discussed by Claire at the beginning of the presentation. If a user is returned in the results of the query, then there needs to be an evaluation of that user to see if there is a true segregation of duties issue.

If there is a segregation of duties issue noted, there needs to be mitigating controls in place or the user's security access needs to be updated to remove the risk.

Auditing Within the HCMS Application

BOR_SEGREGATION_DUTIES

Example of Query in GeorgiaFirst Financials:

Instead of Vendor, PO, Requisition, you would see items like Time Entry, Time Approval, Process Payroll, Reconcile GL, etc. Users will choose a function to evaluate here.

Auditing Within the HCMS Application

BOR_SEGREGATION_DUTIES

Example of Query in GeorgiaFirst Financials:

For this example, we chose *Approve* requisition. This query is run by company in HCMS.

Auditing Within the HCMS Application

Example of Query in GeorgiaFirst Financials:

You will notice that there are a few user ids returned. This doesn't automatically mean there are SOD issues. An evaluation of each user must be completed. In the Financials Application there are more user preference type actions, that have to be taken into account. A user may have access to a page, however if they don't have the action, they can't update the page.

Auditing Within the HCMS Application

The above query does most of the role reconciliation for you. However it is important to understand what each role within the application has access to.

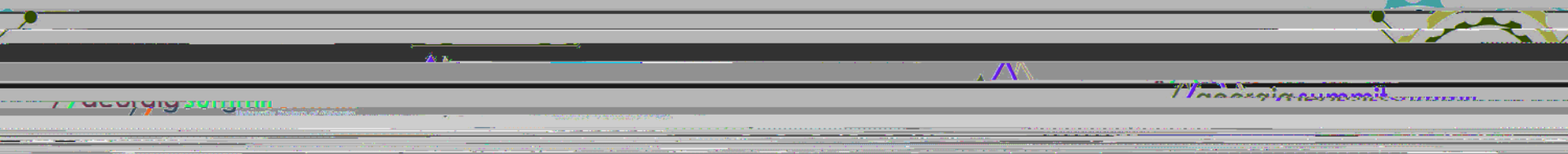
Through Employee Self Service, an employee can enter and submit their timesheet, however, a Manager with Manager Self Service has to approve it.

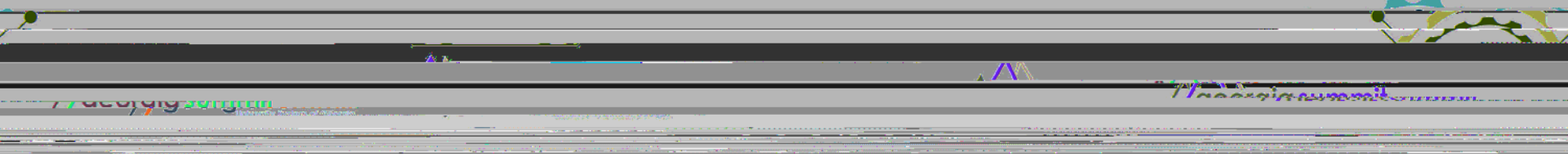
The **BOR HR Employee Maintenance** role contains access to Hire an employee, update dependent data, update Badge information, calculate compensation on Job, Maintain Bank Accounts, Manage Hire Details, create a new employment instance, etc... This is the person that controls the JOB record and updating it within the application.

Managers within Manager Self Service can request a new hire, and it will route through workflow for approval. Once approved, then someone with the above role will still have to key the transaction within the database.

Auditing Within the HCMS Application

The **BOR Payroll Data Maintenance** role contains access to Create Additional Pay, Create General Deductions, Request Direct Deposit, Retro Pay Calculation Results, Update Tax Distribution, etc... A person that has this role, should not have the BOR HR Employee Maintenance Role.





Payroll Audits –CalcDay

Audit Name	Description
BOR_PAY_LN_AUDIT	Audit shows if user made changes to his/her own pay line.
BOR_ADDITIONAL_PAY_AUDIT	Audit shows if user made changes to his/her additional pay.
BOR_HR_COMPRATE_AUDIT	Audit shows if user made changes to his/her comp rate in job data.
Excel to CI TOAD script	Audits additional pay being loaded via Excel to CI.

Payroll Audits –Confirm Day

Audit Name	Description
BOR_PAY_LN_AUDIT	Audit shows if user made changes to his/her own pay line.
BOR_PAY_LN_SUPPORT_AUDIT	Audit shows if SSC/ITS operators made changes to his/her employee pay line.
BOR_ADDITIONAL_PAY_AUDIT	Audit shows if user made changes to his/her additional pay.
BOR_ADDL_PAY_SUPPORT_AUDIT	Audit shows if SSC/ITS operators made changes to his/her employee additional pay tables.

Payroll Audits –Confirm Day

Audit Name	Description
BOR_HR_COMPRATE_AUDIT	Audit shows if user made changes to his/her comp rate in job data.
BOR_HR_COMPRATE_SUPP_AUDIT	Audit shows if SSC/ITS operator made changes to his/her employee comp rate in job data
BOR_PAY_DED_SUPPORT_AUDIT	Query shows if SSC/ITS operator made changes to his/her own paycheck via deduction override.

Payroll Audits –Confirm Day

Audit Name	Description
BOR_PAY_EARN_SUPPORT_AUDIT	Audit shows if SSC/ITS operator made changes to his/her own pay earnings
Excel to CI TOAD Script #1	Audits additional pay being loaded via Excel to CI.
Excel to CI TOAD script #2	Audits to see if operator made changes to his/her own pay using other Earnings Tables via Excel to CI.

Questionable Items Found in Audit

- Payroll is completely stopped
- No one is paid
- Just kidding

Questionable Items Found in Audit

