



FAS Procedures for Payroll Key Internal Controls

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I. Purpose

The Office of the Controller has identified four key internal controls for payroll. These internal controls, when met, will satisfy control testing by the University's external auditors. This document establishes procedures based on best practices for FAS tubs, departments, and centers in order to meet these key internal controls.

II. Roles and Responsibilities

The **Office of the Controller** is responsible for:

- Communicating key internal controls required by the University; and
- Reconciling the payroll registers to the general ledger at the University level.

The **FAS Office of Finance** is responsible for:

- Establishing policies and procedures for implementing key internal controls;
- Communicating guidance to tubs, departments and centers to ensure key internal control objectives are met;
- Working with tubs, departments, and centers to resolve payroll issues as appropriate; and
- Reviewing and approving payroll reports assigned to FAS Payroll Services in accordance with this document and maintaining evidence of their review and approval.

Tub financial officers and department and center administrators are responsible for:

- Understanding the payroll key internal controls requirements;
- Implementing policies and procedures for monitoring local payroll processes to ensure key internal control objectives are met;
- Resolving payroll issues as appropriate;
- Assigning a hierarchy of responsibility within each tub, department, or center to ensure timely review and approval by appropriate individuals of payroll reports assigned to tubs, departments, and centers in accordance with this document; and
- Maintaining evidence of the timely review and approval of the payroll reports assigned to tubs, departments, and centers.

III. Summary

Report	Which Employee Types	Who Runs Report	When to Run the Report	Who Approves the Report	What to Keep	How Long to Keep
Payroll Register	All faculty and staff, excluding senior faculty	Tubs, Depts, Centers	Twice: At the opening of each payroll and again after each payroll has closed	Tub, Dept, or Center Administrators	Summary Pages - Signed and Dated	Current Fiscal Year Audit Period ¹
Payroll Register	Senior Faculty	FAS Payroll Services	Twice: At the opening of each payroll and again after each payroll has closed	Manager of FAS Payroll Services or designee	Summary Pages - Signed and Dated	Current Fiscal Year Audit Period ¹
Approved and Unapproved Time Report	All time-reporting staff	FAS Payroll Services	Weekly, before the payrolls open	FAS Payroll Services Coordinators	Full Report - Signed and Dated	Current Fiscal Year Audit Period ¹
Off-Cycle Payroll Register	All faculty and staff	FAS Payroll Services	Twice Weekly on the day after off-cycle checks have been processed	FAS Payroll Services Coordinators	Full Report - Signed and Dated	Current Fiscal Year Audit Period ¹

IV. Key Internal Controls and Procedures

A. Changes to Employee Master File

1. **Control Objective:** All changes to employee master files are reviewed and approved for completeness and accuracy by an appropriate individual prior to the closing of each pay period. Changes to employee master files (PeopleSoft records) are supported by an approval document for the following: (1) new hires, (2) terminations, (3) hourly pay rate increases and decreases, and (4) salary increases and decreases.

2. Department Responsibility

a. **ASPerIN:** FAS departments, centers, and tubs are required to process changes to employee master files in ASPerIN. All changes must be reviewed and approved by an appropriate individual other than the preparer of the changes. ASPerIN tracks approval workflow and date-stamps all printout documents which are entered into PeopleSoft by FAS Payroll Services. A matrix outlining the general ASPerIN entry

¹ Current fiscal year audit period is the current fiscal year through November 1 of the following fiscal year.

and approval workflow by employee type is included in Appendix A – *ASPerIN Controls Matrix*.

- b. **Student Quick Hires:** Certain tubs, departments, or centers with a high volume of student hires each year, have access to the PeopleSoft Student Quick Hires form. This form allows units to directly enter new student temporary hires into PeopleSoft. The record retentions policy requires that units keep backup documentation authorizing the hiring of each student temporary for four years and College Work Study students for six years. All other changes to employee master files, such as terminations or pay rate changes must be processed through ASPerIN.
3. **FAS Office of Finance Responsibility:** The FAS Office of Finance is responsible for reconciling ASPerIN data to that entered into PeopleSoft on a regular basis. Discrepancies are prioritized with those affecting pay and benefits resolved first. This includes discrepancies concerning new hires, terminations, job data changes, and pay increases. Documentation of all reconciliations made will be kept on file locally for the current fiscal year audit period².

B. Payroll Register Review

1. **Control Objective:** Payroll registers are reviewed for reasonableness by appropriate personnel.
2. **Department Responsibility:** FAS tubs, departments, and centers are responsible for monitoring the payrolls for the following employee groups:
 - Associate faculty, assistant faculty, and other, non-ladder faculty
 - Exempt and non-exempt staff, including LHT's
 - Teaching fellows, research assistants, and teaching assistants
 - Post-doctoral fellows, researchers, and associates
 - Temporary employees, including College work study students
 - a. At the opening of each payroll FAS tubs, departments, and centers are required to run and review the Payroll Register from the PeopleSoft system to provide reasonable assurance that the earnings code and paygroup totals that appear on the report are valid and accurate. Discrepancies must be reported to FAS Payroll Services as quickly as possible before the payroll closes.
 - b. After the payroll has closed, FAS tubs, departments, and centers are required to run and review the final version of the Payroll Register from the PeopleSoft system. The reviewer must sign and date the summary page(s) of the report and file it for safekeeping. Only the summary pages need to be kept on file and must be retained for the current fiscal year audit period². The full electronic version may be retained electronically on a secure server.

Appendix B – *Payroll Register Report Instructions* gives detail information on how to run the Payroll Register report.

3. **FAS Payroll Services Responsibility:** FAS Payroll Services is responsible for monitoring FAS senior faculty and will follow the same procedures described above. The Manager of Payroll Services will sign and date the Payroll Register summary page(s) and retain for the current fiscal year audit period².

² Current fiscal year audit period is the current fiscal year through November 1 of the following fiscal year.

C. Time Reporting and Approved and Unapproved Time Review

1. **Control Objective:** Time reporting data is recorded and accurately reflects the actual hours worked. A review is performed by an appropriate individual to ensure all time is approved. Issues are researched and resolved appropriately.
2. **Department Responsibility:** FAS tub, department, and center administrators or financial officers are responsible for establishing a process whereby time reporting data for temporary employees and time-reporting staff is entered and approved in the PeopleSoft Time & Labor system. Approval must be performed by an appropriate individual other than the preparer, as required by the PeopleSoft Time and Labor system.

FAS tubs, departments, or centers that use paper timesheets and a “time keeper” process are required to retain backup of approved time sheets for four years for each employee and six years for College Work Study students, according to current records retention policy.

3. **FAS Payroll Services Responsibility:** Prior to the opening of each payroll for all time-reporting employees, the FAS Payroll Services Group will run the Approved and Unapproved Time report from the PeopleSoft system. The FAS Payroll Coordinators will work with tubs, departments, and centers to resolve unapproved time issues. The signed and dated Approved and Unapproved Time reports will be retained locally for the current fiscal year audit period³.

D. Additional Pay Requests and Off-Cycle Payroll Register Review

1. **Control Objective:** Additional pay requests, including off cycle checks, are properly authorized. Additional pay requests, including off-cycle checks, for bonuses, termination vacation payout, termination last check, or payroll related third party checks are reviewed and approved by an appropriate individual.
2. **Department Responsibility:** FAS tubs, departments, and centers must enter and approve additional pay actions in ASPerIN. Approval must be performed by an appropriate individual other than the preparer, as required by the ASPerIN system. ASPerIN tracks approval workflow and date-stamps all printout documents which are entered into PeopleSoft by FAS Payroll Services.
3. **FAS Payroll Services Responsibility:** Twice weekly the FAS Payroll Services group will run the Payroll Register for off-cycle check runs from the PeopleSoft system. This report will be matched with the appropriate ASPerIN actions for all off-cycle checks which were paid on the day previous to running the report. The signed and dated Payroll Register report for off-cycle runs will be retained locally for the current fiscal year audit period³.

³ Current fiscal year audit period is the current fiscal year through November 1 of the following fiscal year.

V. Contacts

For further information on these procedures or the key internal controls, please contact:

- Michael Jackson, Director of Accounting Operations 495-1526
mjackson@fas.harvard.edu
- Bob Daley, Manager of Payroll Services 495-7441
daley@fas.harvard.edu

For training on using ASPerIN, PeopleSoft, or PeopleSoft reports, please contact:

- Administrative Systems Assistance Program (ASAP) 496-7136
fasasap@fas.harvard.edu

For ASPerIN technical issues, please contact:

- FAS Administrative Computing Helpdesk 495-7983
asperin@fas.harvard.edu
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VI. Appendix A – ASPerIN Controls Matrix

Employee Type	Action	Preparer ¹	Local Approver ¹	Final Approver ¹
Senior Faculty	New Hire	Faculty Affairs	N/A	Faculty Affairs
	Termination	Faculty Affairs	N/A	Faculty Affairs
	Salary Increases	Divisional Deans	N/A	Dean of FAS
	Additional Pay	Tubs/Depts/Centers	Tubs/Depts/Centers	Office of Finance
	LRBs and 3 rd Party Pmts	Tubs/Depts/Centers	Tubs/Depts/Centers	Office of Finance
Associate, Assistant, and Other Faculty	New Hire	Academic Departments	Academic Departments	Faculty Affairs
	Termination	Academic Departments	Academic Departments	Faculty Affairs
	Salary Increases	Divisional Deans	N/A	Dean of FAS
	Additional Pay	Tubs/Depts/Centers	Tubs/Depts/Centers	Office of Finance
	LRBs and 3 rd Party Pmts	Tubs/Depts/Centers	Tubs/Depts/Centers	Office of Finance
Staff, Exempt and Non-Exempt	New Hire	Tubs/Depts/Centers	Tubs/Depts/Centers	Human Resources
	Termination	Tubs/Depts/Centers	Tubs/Depts/Centers	Human Resources
	Salary Increases	Tubs/Depts/Centers	Tubs/Depts/Centers	Human Resources
	Additional Pay	Tubs/Depts/Centers	Tubs/Depts/Centers	Human Resources
	LRBs and 3 rd Party Pmts	Tubs/Depts/Centers	Tubs/Depts/Centers	Office of Finance
Teaching Fellows and Teaching Assistants	New Hire	Tubs/Depts/Centers	Tubs/Depts/Centers	GSAS
	Termination	Tubs/Depts/Centers	Tubs/Depts/Centers	GSAS
	Salary Increases	Tubs/Depts/Centers	Tubs/Depts/Centers	GSAS
	Additional Pay	Tubs/Depts/Centers	Tubs/Depts/Centers	Office of Finance
	LRBs and 3 rd Party Pmts	Tubs/Depts/Centers	Tubs/Depts/Centers	Office of Finance
Post-Doctoral Researchers, Associates and Fellows	New Hire	Tubs/Depts/Centers	Tubs/Depts/Centers	Faculty Affairs
	Termination	Tubs/Depts/Centers	Tubs/Depts/Centers	Faculty Affairs
	Salary Increases	Tubs/Depts/Centers	Tubs/Depts/Centers	Faculty Affairs
	Additional Pay	Tubs/Depts/Centers	Tubs/Depts/Centers	Office of Finance
	LRBs and 3 rd Party Pmts	Tubs/Depts/Centers	Tubs/Depts/Centers	Office of Finance
Non-Student Temporary Employees	New Hire	Tubs/Depts/Centers	Tubs/Depts/Centers	Human Resources
	Termination	Tubs/Depts/Centers	Tubs/Depts/Centers	Human Resources
	Salary Increases	Tubs/Depts/Centers	Tubs/Depts/Centers	Human Resources
	Additional Pay	N/A	N/A	N/A
	LRBs and 3 rd Party Pmts	Tubs/Depts/Centers	Tubs/Depts/Centers	Office of Finance
Temporary Student Employees	New Hire	Tubs/Depts/Centers	Tubs/Depts/Centers	N/A
	Termination	Tubs/Depts/Centers	Tubs/Depts/Centers	N/A
	Salary Increases	Tubs/Depts/Centers	Tubs/Depts/Centers	N/A
	Additional Pay	N/A	N/A	N/A
	LRBs and 3 rd Party Pmts	Tubs/Depts/Centers	Tubs/Depts/Centers	Office of Finance

¹ ASPerIN enforces separation of duties in that an individual cannot be both a preparer of an action and an authorized approver for the same action. In columns where the Preparer, Local Approver, or Final Approver locations are the same, different authorized individuals are performing separate roles for preparing and approving actions. This separation of duties is shown in the workflow which is attached to all ASPerIN documentation.

VII. Appendix B – Payroll Register Report Instructions

1. Login to PeopleSoft
2. Click on the link “Harvard Reports”, “Payroll Related”, “Cost Center Register by Ee”
3. Think of a “Run Control ID”, this is the name you have chosen for the template you are about to create – Weekly, Biweekly, Monthly, etc.
4. Click “Add a New Value” to enter the name you have selected, enter the name press “Add” to submit
5. Pay Run ID – this is the information provided on the notification email or you can click on the magnifying glass icon to search on the desired payroll and week (If you click on the icon to lookup, press the “Look up” button again to return the results. You will see the first 300 or you can press “View All” to reveal additional available payrolls.)
6. Once you have found the name of the desired payroll and week, click on the blue link to the left to enter it into the template.
7. Set ID – always HRVRD
8. Department – this is your six digit PeopleSoft code for your department. If you do not know the code, click on the magnifying glass icon to search. Use the pull down menu to change the search criteria to Description and enter the partial name of your department in between two % signs, which are the Oracle wildcard symbols. Example: %hist%
9. Click on the link next to your department name
10. Company – always HPF
11. Pay group – click on the magnifying glass icon to search on the desired pay group. Press the “Lookup” button to display all of the pay groups. (You can also skip the Lookup step and enter the pay group name manually.) Or you can leave it blank and the report will show all pay groups to which you have access.
12. Press the yellow “Save” button in the lower left corner to save the template you have just created.
13. Press the yellow “Run” button in the upper right corner to run the report.
14. Under the User ID, make sure the server name that is selected is PSUNX.
15. Press the yellow “OK” button in the lower left corner to confirm the server.
16. This will return you to your template. Note that a “Process Instance” number has been assigned to your request. Click on the blue link “Process Monitor”.
17. Press the yellow “Refresh” button in the upper right corner periodically until the Run Status of the report reads “Success”.
18. Click on the blue link “Details” next to the Run Status.
19. Click on the blue link “View Log/Trace”.
20. Click on the blue link in the column that ends in .PDF. This will launch your report in Adobe Acrobat.