

# **MONITORING INSTRUMENT: PAYROLL AND TIME AND ATTENDANCE**

## ***PURPOSE***

This instrument is used to collect information for determining whether a service provider contracted to provide services to participants follows appropriate procedures in paying its employees and/or participants.

## ***PRIMARY CONCERNS***

- Adequacy of internal controls for ensuring correct payroll disbursements to employees and/or participants
- Adequate documentation of payroll
- Accuracy of time and pay computations
- Accountability for payroll checks

## **INSTITUTION INTERVIEW TOPIC GUIDE**

### **INSTRUCTIONS**

*The following questions should be directed to the person who knows most about preparing the payroll, maintaining time and attendance records and delivering and securing payroll checks for staff and participants, if applicable. If a payroll service is used, make sure that canceled checks and other documents referenced in the records review*

Interviewees' Names

Title

---

---

---

---

**1. Is payroll handled by . . . .**

Separate bank account? ( ) yes ( ) no

Contracted payroll service? ( ) yes ( ) no

Organization responsible for payroll?

---

Are there different procedures for staff and participant? ( ) yes ( ) no

**2. Answer the following questions regarding the procedures for payroll and what staff is responsible for each procedure?**

*In the space provided, note the staff person responsible for the procedure and summarize the respondent's comments so that you have a good picture of the payroll process.*

Are time and attendance reports certified by employee or participant and supervisor?

---

---

Are pay rates, including needs-based payments, set by a designated executive of the organization? Likewise, are change in pay rates approved?

---

---

Are payrolls certified by management for accuracy and that all payees are bonafide staff or participants?

---

---

Are payments made by check or direct deposit only?

---

---

Are payroll clerical operations independently proofed and verified before the payroll is distributed?

---

---

Are additions to and separations from the payroll and changes in rates made effective through formal authorization by an appropriate executive and comply with pay categories established in writing?

---

---

Is payroll preparation separate from the delivery of paychecks?

---

---

---

Are payees required to sign a register/receipt in order to receive a paycheck?

---

---

Do all employees receive a summary showing wages and itemized deductions?

---

---

---

3. Are the above procedures in writing? ( ) yes ( ) no

May I obtain a copy?

4. How can you be sure that a phantom or non-existing employee/participant is not on the payroll (i.e., either a new employee/participant or one who has unofficially left the program)?

*The purpose of this question is to double check an important safeguard of payroll abuse that internal controls prohibit illicit checks from being issued.*

---

---

---

---

5. What are the procedures for adding and removing a person from the payroll? For changing a person's rate of pay?

*Probe for detail about the forms and other formal communications between participant supervisors, management staff and payroll staff that assure that these changes in payroll are made promptly and accurately.*

---

---

---

---

6. How are undelivered and long outstanding pay checks handled?

*If done by a payroll service, does it provide the Contractor with a list of all outstanding checks?*

---

---

---

---

7. How are leave balances maintained and who is responsible for maintaining them?

---

---

---

**CONCLUSIONS:**

*Does it appear that the contractor has in place good internal controls for payroll disbursements? Is the contractor following these procedures? Are adequate controls in place to prevent overpayments of leave time ? Summarize the weaknesses in the procedures described above. Consider at this point your plans for proceeding with the interview. Does the information above suggest further review of payroll procedures? If so, advise supervisor.*

---

---

---

---

---

---

---