

California State University, Dominguez Hills Foundation

Post Award Management Services

Payroll Processing for Sponsored Programs Policy

**BACKGROUND POLICY STATEMENT**

Payroll processing is an extremely important function for the CSUDH Foundation, as the dollars spent on salary represents a significant portion of the CSUDH Foundation's total budget. In addition, as a recipient of Federal funds, the CSUDH Foundation is required to comply with 2 CFR Part 200 ("Uniform Guidance"), which requires an internal policy and process to ensure payroll is correctly charged to sponsored programs.

In addition to the importance of ensuring payroll is charged to correct accounts, errors in payroll processing can have an adverse impact on employee morale. Employees count on their paychecks being made out for the correct amount and being delivered on time, every time.

An adequate internal control structure surrounding the payroll function is absolutely essential. This policy outlines the CSUDH Foundation's controls in this area.

**USE OF INTEGRATED AND AUTOMATED PAYROLL SYSTEM**

The CSUDH Foundation utilizes an integrated and automated payroll processing system that is a module of its Enterprise Resource Planning (ERP system), SunGard IFAS. Using an integrated and automated payroll system provides efficient payroll processing, as employee names, social security numbers, and wage and withholding data are all stored in the HR and Payroll modules of the system. Payroll is then calculated by entering the number of hours worked during the pay period. The SunGard system prints payroll checks and stores the relevant payroll tax data. The system is integrated with a SunGard IFAS General Ledger module, which ensures that payroll liabilities and expenses are directly charged and posted to the general ledger automatically.

**PROCEDURES**

The CSUDH Foundation publishes a calendar of timesheet due dates on an annual basis. Employees are expected to adhere to the calendar of timesheet due dates and submit their timesheets to the Payroll Department in a timely fashion.

The SunGard Payroll module has a one-way synchronization with the SunGard HR module. In this way, changes to employee data, the accounts to be charged by employee, employee labor distribution percentages, benefits and withholdings, and other data must be entered into the HR module in order to be processed by Payroll. All changes to employee data as described above can only be processed by the Human Resources Department. This ensures appropriate internal control and segregation of duties between Payroll and Human Resources. Changes are only made in the HR module by Foundation Human Resources upon receipt of a fully approved Personnel Transaction Request or similarly acceptable Human Resources document that has been approved or initiated by an authorized representative of the Foundation. The Personnel Transaction Request must be approved by the

employee, the supervisor, Project Director, Post Award Administration Office, Director of Administrative Operations, and COO/CFO.

All non-exempt employees submit a Timesheet for Non-Exempt Employees. The timesheet specifies the individual's personal information, job/position information, account number to be charged, and the hours worked during the pay period. However, if account information on the timesheet differs from what was provided on the Personnel Transaction Form, this will not suffice as documentation to make employee account changes; a new Personnel Transaction Form or alternative authorization document certifying account changes must be submitted and authorized by the Project Director/Authorized Signer. The employee signs an attestation that states: "I hereby certify that the hours recorded above reflect a true and accurate record of the services rendered and payment is in order." The timesheet is approved by the individual's designated supervisor.

All exempt employees submit an Attendance Report for Exempt Employees. The timesheet specifies the individual's personal information, job/position information, account number to be charged, the period for attendance certification, and the amount of leave by type used during the period. The employee certifies the report, and it is approved by the individual's supervisor.

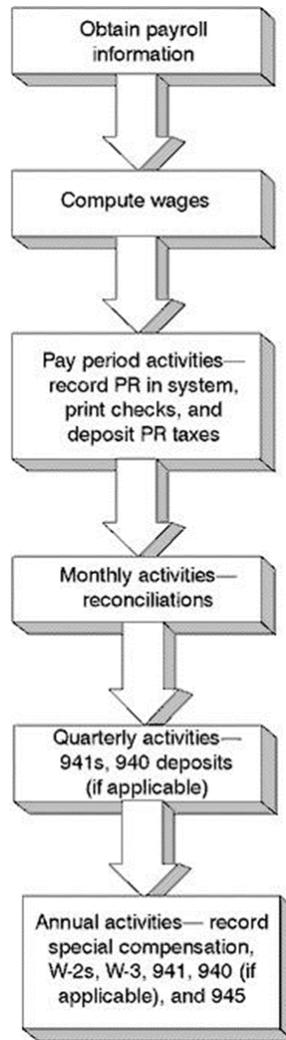
Once received by the Payroll Department, the data from the timesheets and attendance reports are entered into the payroll system. The Payroll Technician performs a "force calculation", which calculates the associated payroll charges (including total compensation, fringe benefits charges, etc.) automatically. The Payroll Technician then reconciles the "Pre-List", which is submitted for approval by the Director of Administrative Operations. Upon reconciliation and approval, the payroll cycle information is then provided to the Accounting Manager, who provides final approval and "posts" the payroll cycle. Upon posting, the payroll is automatically charged to the specific accounts of each employee, checks are printed, and ACH files are generated and uploaded to the bank for those employees on Direct Deposit. The Accounting Manager provides the checks to the Payroll Technician who ensures they are secured until the pay date.

No sole individual involved in the Human Resources/Payroll/Accounting activities associated with payroll processing has the security access to be able perform payroll processing from start to finish.

### **WEEKLY, MONTHLY, AND QUARTERLY RECONCILIATIONS AND TASKS**

Although the CSUDH Foundation utilizes an automated payroll system for the processing of its payroll, there are many weekly, monthly, and quarterly reconciliations and tasks that must be performed in order to ensure appropriate ongoing compliance with Federal, State, and Local regulations pertaining to payroll, as well as ensuring appropriate administration of employee benefits. These tasks are outlined in the attached "Payroll Task Details" spreadsheet, which is incorporated herein by reference.

A broad summary of these tasks is noted in the below chart:



### **REVIEW OF PAYROLL CHARGES**

Each Project Director, or his/her designee, is responsible for reviewing all payroll charges (salaries/wages and fringe benefits) that are automatically charged to sponsored program accounts by the SunGard IFAS Payroll system. This review shall be done at minimum on a monthly basis. Each Project Director, or his/her designee, shall immediately notify Post Award Management of any charges to an award that are incorrect. He/she shall submit a Payroll Cost Transfer Form, which appropriate backup documentation, to the Post Award Management Office for review/approval. The Payroll Technician shall then process the transfer. All transfer requests shall be made as soon as practicably possible, but no longer than 90 days after the close of the month in which they are charged. Any transfers beyond 90 days must be approved by Post Award Management.

### **RETENTION OF DOCUMENTS**

All records used and relied upon for the processing of payroll cycles, including but not limited to timesheets, attendance reports, overtime requests, vacation/sick leave requests, related correspondence, pre-lists, distribute and pay summaries, and other such documents shall be retained as part of the official records of the CSUDH Foundation, subject to the CSU Document Retention Policy.