University of Missouri System
Accounting Policies and Procedures

Policy Number: APM-55.60.02

Policy Name: Entering, Approving, and Reconciling Payroll – Time and Labor

General Policy and Procedure Overview:

Personnel are required to review and approve payroll transactions, reconciliations, and other payroll activities. It is expected that certain objectives are accomplished by this process and evidentiary materials are created and retained to support this process. Those objectives are to record, authorize, and verify that the General Ledger accurately reflects the payroll activity, and adequate reviews are performed and documented. This policy explains these requirements.

Definition of Key Terms:

Approved Time Entry System (time entry) Work time and/or absences are collected using one of the approved time entry systems.

Departmental Authorized Representative: Management at every level of the University is responsible for administrative oversight of payroll activities, including entering, approving and reconciling payroll. The tasks may be delegated to a departmental authorized representative, in accordance with Accounting Policy APM 2.25.55 Segregation of Duties.

Detail Policy and Procedure:

1. Non-exempt employees should record the detail of their hours worked and absences. Exempt staff should record their absences. An individual should enter their own time or absences, but a person assigned responsibility by the department head may enter the above data into the approved time entry system. Any delegation of this responsibility must be documented and retained by the department.

2. Hours worked and/or absences should be approved by a supervisor or departmental authorized representative. Evidence of this approval should be recorded in either Time and Labor or KRONOS as appropriate. Any delegation of this responsibility must be documented and retained by the department.

3. The Controller’s Office must reconcile the Payroll system to the General Ledger.

4. Verify time entry for reasonableness and accuracy.
   a. Consistent with established payroll cycles, a departmental authorized representative should verify the accuracy and reasonableness of the data entry (e.g. hours, additional pay amounts, earnings code, rate of pay, includes all employees to be paid, excludes unauthorized employees, compare the prior period amounts to the current monthly pay period, etc.) and investigate and resolve any differences as appropriate.
b. Departments are responsible for reviewing payroll transactions within their ChartFields. The review should ensure the individual’s payroll posted to their ChartFields is appropriate. The reviews could be accomplished by utilizing the PeopleSoft Transaction Checklist, Payroll Expense Distribution reports, Pay Comparison Reports or other tools including PeopleSoft Queries. These reviews should be documented and should be done on no less than a bimonthly basis.

Segregation of Duties
In an optimal environment, the three major roles in the payroll process, Time Keeper, Time Approver, and Reviewer are performed by different individuals. The Reviewer must not have access to act as the Time Approver unless the review is approved by a manager.

Records Retention
Retain the documentation required in this policy in accordance with the University Records Retention Policy.

Responsibility
Departments:
- Verify that the time entry system includes all employees to be paid, the amounts are correct and there are no unauthorized employees.
- Compare the prior period amounts to the current monthly pay period for employees paid monthly, investigate and resolve any differences as appropriate.
- Review the payroll expense in the General Ledger for appropriateness.

Controller’s Office:
- Reconcile each Payroll cycle to the General Ledger.

Effective Date: This policy will supersede Policy APM 55.60.01 upon adoption of PeopleSoft Time and Labor as the time reporting system.
Revised Date: July 1, 2012

Questions and Comments?
Any questions regarding the approved Accounting Policy and Procedure should be directed to the Campus Accounting Office.