THE UNIVERSITY of MISSISSIPPI
OFFICE OF INTERNAL AUDIT

February 2017 Newsletter

The Audit Perspective

In This Issue

Employee Self-Service for Payroll

Employee Self-Service (ESS) through myOleMiss was implemented in order to be more convenient and flexible (can be entered or approved from any computer with an internet connection) and to ensure there is proper separation of duties. All departments, unless granted special permission by Payroll, are required to utilize this system.

Employees must enter their own time through ESS. The department head or his/her designee (employee's direct supervisor) is then notified that time has been entered. As part of the review and approval process, the department head or supervisor is responsible for verifying the accuracy of employee timesheets each pay period. Department heads or supervisors are required to utilize the ESS interface in myOleMiss to approve their employees' time.

Backup Payroll Process

It is never permissible to share login and passwords with another employee. If the department head or supervisor will be unavailable to approve payroll by the deadline, they should never have another employee approve for them using their login information. Instead, the department must plan accordingly. The following options are available:

- Require employees to submit time prior to when the department head or supervisor is unavailable. This may require employees to estimate time, similar to how it is treated when payroll is due early around the holidays. If actual time varies from the amount reported, it could be adjusted on the next payroll.

- Payroll can be approved by the department head or supervisor while out of the office as long as he/she has access to a computer or phone with an internet connection.

- Payroll can be approved by the next level employee in the supervisor hierarchy; however, because the next level supervisor does not receive email notifications when a timesheet has been submitted in ESS (like the direct supervisor), the next level supervisor should be notified in advance when this is needed so he/she can plan accordingly.

Separation of Duties in Payroll

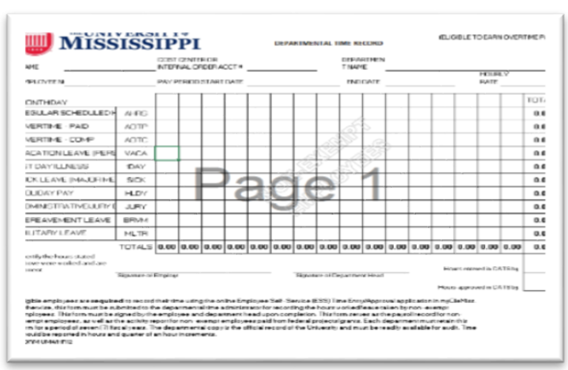
Internal Audit reviews payroll during departmental audits. Before ESS was implemented, it was permissible for the same employee to both enter and approve payroll in SAP, as long as the department head was reviewing and approving a printout of what was entered and approved in SAP. However, there have been policy and procedural changes since those audits, and this practice is no longer permissible. These duties must now be separated. Therefore, although the process of the same employee performing these functions (enter and approve) was not a finding in older audits, this process is now considered a finding in current audits. Please ensure your department is processing payroll correctly.

Some of the many benefits of the ESS process is that it enforces a proper separation of duties (entered and approved by separate employees) and enforces supervisor review and approval of time for their staff. For payroll still entered and approved in SAP (i.e. student workers), these duties must also be separated. One employee may enter in SAP, and a separate employee must approve in SAP.

Timesheet Retention Period

The Departmental Time Record Policy states, *"Each department must retain all Forms UM4/HR12 (timesheets) for a minimum period of seven (7) fiscal years; the period may be longer if required by an external funding agency. These forms serve as payroll records for exempt and non-exempt employees, and activity reports for non-exempt employees paid from federal projects/grants. It is the responsibility of each department within the University to retain copies of Forms UM4/HR12, and all departments must adhere to the retention requirement. The departmental copy is the official record of the University and must be readily available for audit from state or federal agencies."*

Departments must maintain complete timesheet records for the minimum 7-year retention period, as the departmental copy is the official University record. With the ESS process, timesheets are now stored electronically. However, to ensure a total of 7 years of timesheets are available, paper copies of timesheets must continue to be maintained by departments for periods prior to utilizing ESS. For employees not utilizing ESS for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payroll (student workers, temporary employees, retirees, etc.), departments must continue to retain 7 years of original paper timesheets. If timesheets are sent to Payroll for entry and approval, the department must ensure an approved copy is retained in departmental files.

Overtime/Comp Time Calculations

Overtime/Compensatory time should be verified by supervisors prior to approving payroll to ensure policies are being applied appropriately. Due to the nature of our semi-monthly pay periods, it may be necessary to refer to hours worked in a prior pay period.

The Fair Labor Standards Act- Compensatory Leave- Overtime Policy requires overtime be paid to qualifying employees for any hours worked over 40 in a standard workweek at the rate of 1.5 times the employee's regular hourly rate of pay. The University's standard workweek begins at 12:01 a.m. on Monday and runs through midnight on Sunday. To ensure consistent time and attendance reporting, time for employees paid on an hourly basis should be recorded in quarter of an hour (.25) increments (7 minutes or less is rounded down and 8 minutes or more is rounded up).

Any hours worked over 40 in a standard workweek will include holidays, as defined by the Official Holidays Policy, but will not include Major Medical and Personal Leave, Jury Duty, or Administrative Leave. Please read the memo regarding online time recording and FLSA overtime guidelines here, which contains examples on how to correctly record overtime. Timesheet examples may also be found on the Office of Human Resources' (HR) website. Consider distributing these examples to employees to assist in ensuring overtime is being recorded correctly.

Student Employment

The Employment of Students policy highlights several important items that are applicable to student employees:

- US citizens or permanent resident students may work a maximum of 25 hours per week.
- International student employees on F-1 or J-1 student visa may work a maximum of 20 hours per week.
- The minimum wage rate for student workers must be at least $7.25/hour.

- The department must complete required E-forms applicable to the type of student worker when hired, for a change in status, and when terminated. The following E-forms are applicable to student employment:

  - **E-form 18** – Used for hourly student employees. Hourly Work Study student employees' E-form 18 must be completed by the Office of Financial Aid. This form is also required for a change in status (termination, compensation, title, cost center, etc.) for all hourly student employees. **This form must be processed again to end employment, even if an end date was provided on the original Form 18. This ensures their employment is ended and removes them from the departmental org chart in SAP.**

  - **E-form 7** – Used to employ students who work on a regular schedule and are paid on a salaried basis (Undergraduate Assistants, Graduate Assistants, Graduate Research Assistants and Graduate Instructors).

  - **E-form 3** – Required for a change in status (termination, compensation, title, cost center number, etc.) for any student employee hired on an E-form 7 (student stipends, salary).

Student Sign In/Out Timesheet

Have you seen the new student sign in sheet that serves as both the sign in sheet and the timesheet? Departments can print the student sign in sheet from the HR website. Click on the 2nd tab in the spreadsheet (named "SIGN-IN SHEET"). There is no need to transfer the hours from the sign in sheet to the timesheet. Don't forget, if you're using it as the timesheet, it must still be signed by the student and approved by their department head or direct supervisor.

Record Retention

For questions regarding document retention periods, please refer to the Records Retention Policy; however, you may also find a listing of commonly asked about retention periods on our website.

Record Retention Periods for Departments

Record Type	Minimum Retention (Full Fiscal Years)
Procurement Card (P-Card) Documents	3 Years
Requests for Payment	3 Years
Interdepartmental Charges (GL Documents)	7 Years
Payroll Timesheets	7 Years
Travel Authorizations	3 Years
Travel Reimbursements	3 Years
Cash Reports and Bursar Receipts	3 Years
Cash Receipt Books (i.e. Pink Copies)	3 Years
Vehicle Logs	3 Years
Account Reconciliations	3 Years
Accounts Receivable	7 Years
Search Committee Documentation	3 Years
*Scholarship Records	3 Years

*Scholarship records should be retained for 3 years from the end of the award year for which the aid was awarded.

Note: Retention periods may be longer if related to a sponsored program, depending on the funding agency's requirements. Funding agency requirements should be researched and determined prior to destroying any documents.

Updated Policies

The University of Mississippi Policy Directory is a central location for accessing University policies. Over the past 30 days the following policy has been updated:

- **Employment of Relatives –** No individual shall be employed in a department or unit under the supervision of a relative who has or may have a direct effect on the individual's progress, performance or welfare. However, the policy does not prohibit or prevent a temporary student worker or temporary employee from being employed in a unit or department where a relative is in the supervisory hierarchy as long as the temporary student worker or temporary employee is not hired or supervised by a relative.

Self-Assessment

Self-assessment is a valuable tool to help identify internal control deficiencies and assist in departmental management and audit preparation. The self-assessment consists of a series of "yes" or "no" questions. "Yes" indicates adequate controls in an area, while "no" indicates control deficiencies. Additional control related information is provided below each question to aid in resolving control deficiencies. Links to relevant policies are also included for each section.

The self-assessment can be accessed here. For questions not addressed in the self-assessment, please feel free to contact us at 662-915-7017 or auditing@olemiss.edu.

Thanks

We hope you find the information in our newsletters useful. If you have any suggestions, questions, or feedback, please contact us at 662-915-7017 or auditing@olemiss.edu. Feel free to share our newsletters with those in your department you feel would benefit. You can also visit our website for more helpful information.