



STATE OF DELAWARE
DEPARTMENT OF FINANCE
DIVISION OF ACCOUNTING

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MEMORANDUM

TO: Jeannette R. Steele, Director of Business, Indian River School District

FROM: Kristopher E. Knight, Director, Division of Accounting

DATE: January 20, 2017

SUBJECT: **Payroll Internal Control Plan & Questionnaire Review**

In accordance with the Division of Accounting Memorandum #16-11, *PCard and Payroll Internal Control Plans for Fiscal Year 17*, all State Organizations were required to complete and submit a narrative Payroll Internal Control Plan (PICP) and the companion Questionnaire (PICP-Q) to the Payroll Compliance Group (PCG).

The PICP and PICP-Q were carefully reviewed and scored based on how effectively your Organization incorporates internal controls into Payroll processes to mitigate various risks.

Some of the key objectives evaluated included, but were not limited to:

- Appropriate Accountability
- Segregation of Duties
- Properly Authorized Documents
- Maintenance and Protection of Employee Files
- Emergency Preparedness

The attached document reflects the results of the review of your Organization's PICP submission. Retain this evaluation with your PICP/PICP-Q. Internal and external auditors may request to review it. If you have any questions, please contact Tina Feliciano at Tina.Feliciano@state.de.us or at (302) 672-5517.

cc: Dr. Susan Bunting, Superintendent, Indian River School District
Celeste Bunting, Director of Personnel, Indian River School District
Kimberly Wheatley, Director, Financial Reform Resources, Department of Education
Debra A. Cormier, State Payroll Compliance Administrator, Department of Finance

**PAYROLL INTERNAL CONTROL PLAN & QUESTIONNAIRE REVIEW
FISCAL YEAR 2017**

Organization	953600 Indian River School District
PICP/PICP-Q Completed By	Jeannette R. Steele, Director of Business
PICP/PICP-Q Reviewed By	Tina Feliciano, Payroll Compliance Group
Results	Adequate Internal Controls

RECOMMENDATIONS FOR IMPROVED INTERNAL CONTROLS

- Realign staff responsibilities to mitigate risk associated with end users updating both Human Resources (HR) and Payroll records in PHRST.
 - End Users should not have Update access to both the HR and Payroll modules.
 - Once pay-related changes are performed in the HR module, supporting documentation should be handed off to a second individual to perform associated updates in the Payroll module.
 - If your Organization does not have adequate staffing to establish the recommended segregation of duties, submit a letter to the Director of Accounting. This letter shall acknowledge your internal control deficiency(s), as well as outline additional established measures to mitigate associated risks, and must be signed by the Organization Head.

- Institute a Disaster Recovery and Business Continuity plans. These are necessary tools to ensure essential business functions and responsibilities are continued with minimal disruption.

- Updates are recommended to the Payroll Internal Control Plan (narrative) to address Payroll-specific responsibilities.

- Perform regular training on the prevention of fraud.
 - Regular training keeps fraud prevention on everyone’s mind; and, the staff knows that leadership is tuned into the issue.
 - Training minimizes the risk of individuals becoming complacent when processing payroll transactions.
 - Individuals are less likely to commit fraud due to the elevated awareness among the entire Human Resources and Payroll staff.