

***ALBANY WATER BOARD
ALBANY MUNICIPAL WATER FINANCE AUTHORITY
INTERNAL CONTROL POLICY - PAYROLL***

This policy is intended for use by the Albany Water Department and its staff, and in no way replaces or amends any other payroll policy currently in effect at the City of Albany.

AREAS OF RISK:

1. Time can be falsified by employees punching in or out another employee's time card.
2. Hours worked and overtime are not reviewed and approved by supervisors.
3. Absence/leave time is not recorded.
4. Time computation errors.

PROCESSES TO PREVENT RISK:

New time clocks have been installed at all facilities. This new system eliminates the use of time cards. Instead, each employee will have their hand scanned, and will have to enter their personal five digit code. This will eliminate any risk there may be associated with improper time punches and absence/leave time not being documented.

The Confidential Assistant maintains detailed records on sick, personal, and vacation time. On an annual basis, each supervisor is provided with a breakdown of time earned, used and remaining for their employees. The supervisors review this with their employees, and it is initialed.

Once per month the CFO or his/her designee will randomly select a test week for audit purposes. A sample of 25 time records will be selected for review. This review will include:

1. Recalculation of time from time cards/time sheets.
2. Proper approval for hours worked.
3. Overtime forms are completed for all white collar employees working above their normally scheduled work week. These forms will be reviewed for proper approval and a detailed justification for the request.
4. Comparison of time paid to the actual payroll record received from the City's payroll department.
5. Approval of records from City Hall by the Commissioner or Assistant Commissioner.
6. Comparison of the actual payroll record received from City Hall to the general ledger detail.

Any questions that may arise during the review will be addressed with the Confidential Assistant or supervisor, depending on the issue. After the review is complete, a summary

will be given to the Commissioner and Assistant Commissioner, identifying any issues or areas of concern.

Internal control policies are reviewed and updated annually in accordance with the Public Authorities law.

04/21/2010