



State of Arizona Accounting Manual

Topic 55 Payroll and Personnel
Section 10 **Self-Entry and/or Approval of Certain
Transactions Relating to Compensation**

Issued 09/18/17
Page 1 of 2

INTRODUCTION

The term “compensation” is fairly broad. It encompasses any transfer of monetary value from an employer to an employee. It includes not just employees’ wages and salaries, but bonuses, awards, other emoluments, and paid leave. Transactions relating to compensation also comprise activities that result in the alteration of compensation such as pay grade, pay rate, and leave balances.

The necessity for segregation of duties in general is affirmed in SAAM 0505, 0506, 0507 and 0510; the need to segregate payroll duties is stated again in SAAM 5505.

This section of SAAM deals specifically with those instances under which the precepts of internal control are violated when one with certain access or rights in certain systems has the ability to enter or approve specific actions relating to one’s own compensation.

POLICIES

1. An individual must not approve his own:
 - 1.1. Timesheet.
 - 1.2. Incentive pay, bonus, or stipend.
 - 1.3. Monetary award.
 - 1.4. Meritorious service leave award.
 - 1.5. Leave payout for non-separating employee or final payout.
 - 1.6. Change in leave balances.
 - 1.7. Change in pay grade.
 - 1.8. Change in rate of pay, wage or salary.
 - 1.9. Non-monetary award with a monetary value in excess of fifty dollars (\$50).
 - 1.10. Use of a State-owned-vehicle.
 - 1.11. Use of long-term State-provided housing (e.g., subsidized housing for wardens).

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Page 2 of 2

- 1.12. Reimbursements for travel and other expenses incurred on behalf of the State.
2. To effect and document approval:
 - 2.1. In general, the individual approving the items or actions listed above should be the manager or supervisor of the individual to which they relate.
 - 2.2. In the case of an agency head, the individual approving the items or actions listed above, should be a deputy or assistant agency head or, if applicable, the president of the agency's governing board.
 - 2.3. While it is preferable that approvals be made in the automated system to which the items or actions relate, when this is not practicable (for example, when a board president has no appropriate access to or knowledge of the automated system under consideration), a document, letter or appropriate form, signed by the individual to whom the items or actions relate and counter-signed by the approver, must be prepared.
 - 2.3.1. In the case of a paper form, it should be forwarded as instructed by the form itself.
 - 2.3.2. In the case of a document or letter, it must contain the contact information—physical address, email address and telephone number—of both the signer and counter-signer of the letter and the nature of the change that was made.
 - 2.3.3. A copy of this document or letter must be maintained by the agency for a period consistent with LAPR's requirements for payroll-related documentation.
 - 2.3.3.1. If this document or letter is counter-signed by an employee of the agency or by the president of the agency's governing board, it should be retained in the agency's files.
 - 2.3.3.2. If not counter-signed, this document or letter must be sent within ten (10) business days of the item or action to ADOA-GAO Central Payroll. If appropriate, a copy of this document or letter will be forwarded to ADOA-GAO Human Resources Division.
 - 2.3.3.2.1. This document or letter is to be emailed to CENTRAL.PAYROLL@azdoa.gov as a scanned attachment.
 - 2.3.3.2.2. If the document or letter cannot be forwarded as an email attachment, it may be transmitted by interoffice mail or postal service to ADOA-GAO Central Payroll, 100 N. 15th Ave., Ste. 302, Phoenix, AZ 85007.