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ALAN G. HEVESI
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MEMORANDUM

November 24, 1997

To: Agency Heads/Fiscal Officers

From: Steve Newman *SN*

Re: Reissue of Comptroller's Internal Control and Accountability Directive #13, *Payroll Procedures*

A new release of Comptroller's Internal Control and Accountability Directive #13 is attached. It is effective immediately and supersedes the existing version which was issued in April 1978.

The directive establishes basic procedures and internal controls agencies must follow for recording employee time, processing payroll transactions, and distributing paychecks. Because payroll costs represent such a significant component of the City's budget, it is important that agencies take steps to insure that their existing procedures, policies and internal controls are in compliance with the procedures and guidance offered in the directive.

Agencies must especially insure that the offices and personnel responsible for payroll related activities are adequately separated as specified in the directive. The improper segregation of payroll process functions affords opportunities for fraudulent or erroneous payroll transactions that can jeopardize the integrity of the payroll process.

The most significant changes from the previous version are briefly summarized here:

- The directive has been comprehensively updated to reflect the adoption of the Payroll Management System (PMS) as the City of New York's central payroll system. PMS' integral role in the payroll and internal control processes, including the most frequently used procedures and forms, have been incorporated throughout the directive text.

- The directive has been completely reorganized. The presentation is intended to match typical organizational structures and more closely reflect the flow of the payroll process from personnel to payroll to timekeeping to distribution.
- Procedures have been updated where appropriate to reflect the advent of direct deposit earnings.
- A list of PMS training courses offered by the Office of Payroll Administration has been included.

Questions should be addressed to Joseph Trapani, Chief, Bureau of Management & Accounting Systems, 1 Centre Street, Room 1005, New York, NY 10007, (212) 669-8201.