DATE: October 1, 2019

FROM: Mark Melhoff, Deputy Director

TO: All State Agency Payroll and HR Administrators and Chief Financial Officers

SUBJECT: Adequacy of Time Approvals, Manual Payroll Requests and Due Dates

**Accurate Time Reporting and the Importance of Thorough and Thoughtful Supervisor Review**

Employees are accountable for accurately recording and punctually submitting their time statements. Managers and supervisors must approve employees' time by the established Department of Finance & Administration (DFA) deadline; failure to do so may result in delayed state-wide payroll disbursement. Under statute (NMSA 10-9-17), "no person shall make or approve payment for personnel services to any person unless the payroll voucher or account of the pay is certified by the director that the person being paid was employed in accordance with the Personnel Act." Time approval, which is described in greater detail in the state's Model Accounting Practices (HR 4.1), is the means to certify employee payment. Time approval by the Manager is a fundamental control; the act of approval documents the transaction has been thoroughly and thoughtfully reviewed and certified as accurate. Unfortunately, the frequency and types of errors being encountered place the validity of this assumption in doubt. Therefore, we seek agency and time approver assistance to ensure all time is approved by the deadline and approved time is accurate. The MAPS deadline to approve time in HCM is noon on the Friday of pay period ending week. Please refer to MAPS HR 4.1 (F) (2).

**Close Schedule**

The DFA Central Payroll Bureau continues to struggle securing approval of time and exceptions by the close of business on Monday. A contributing factor in missing the deadline is that some agencies are waiting until Monday to initiate the time approval process. DFA would like to remind agencies that time should be approved by noon on Friday and Monday should be reserved to address exceptions and adjustments. Limiting Monday approval actions to this activity will enable all agencies to meet the close deadline and will ensure DFA is able to produce bank files in a timely manner.
**Time Corrections and Manual Payroll Requests**

The increased frequency and quantity of manual payroll warrant requests is diverting Central Payroll resources from necessary systems monitoring and maintenance activities. A review of the requests suggest that most corrections could be avoided, and should have been identified and addressed during the approval process. Diverting Central Payroll's limited staff to address corrections jeopardizes the health and efficiency of the payroll process.

- Manual payroll requests should only be submitted and shall only be processed if the employee did not get paid for actual hours worked up to 80 hours. All other corrections should be held and processed during the next bi-weekly payroll cycle.

- As a prerequisite to be considered for processing, agencies will be required to identify and document the cause of the error, how it could have been avoided, and steps to be taken to prevent future occurrences.

Since ultimate responsibility for implementing internal controls designed to prevent accounting errors and violations of law rests with the Agency Head, frequent errors and corrections will be brought to the attention of the Department Head to ensure awareness, and to solicit additional proactive attention.

**Request Form Deadline (Additional Pay, Deductions, Refunds, TLV)**

All forms must be submitted to the Central Payroll Bureau by 5:00 PM on the Thursday of pay period ending week. Forms submitted after this deadline will be held until the following pay cycle. In recent months, DFA has seen an uptick in untimely submissions of additional pay forms which leads to an increased workload on the Central Payroll Bureau. This increased workload impacts the State’s ability to ensure the accuracy of bi-weekly payroll as well as the correctness of additional pay requests. With that in mind, DFA will continue to enforce the deadline mentioned in this paragraph to ensure the health and efficiency of the payroll process.

Please contact me if you have questions related to this memorandum. Thank you.