



PAYROLL SCHEMES

Payroll schemes are designed to exploit the payroll process. Examples of payroll schemes include adding fictitious employees to the payroll, allowing terminated employees to remain on the payroll, inflating hours worked, altering pay rates, and not recording use of paid time off. According to the Association of Certified Fraud Examiners, payroll schemes represented 9% of frauds in 2022, resulted in a median loss of \$45,000, and typically lasted for a year and a half before being discovered.

The Q&As below contain controls we should all be aware of to help prevent payroll fraud.

👉 Are payroll reports reviewed?

- Departments should review payroll reports regularly to ensure expenses are in line with expectations.

👉 Is paid time off properly recorded?

- Units should ensure that paid time off is recorded when used by all employees to prevent inflated leave balances.

👉 Are hourly timesheets reviewed and approved prior to payroll certification?

- Approvers should review hourly timesheets to ensure hours reported agree to hours worked.

👉 Are pay rate changes properly authorized?

- Changes in pay rates should be validated during the certification process.

👉 Is payroll periodically compared with personnel records for terminations?

- Departments should review payroll records each pay period to ensure terminated employees have been removed from the payroll.

👉 Is sick and annual leave approved only when in compliance with policy?

- Paid time off should only be approved when in compliance with regulation [USF 10.203](#) or [USF 10.104](#).

Where can I find more information?

👉 [USF Regulation 5.001](#): Fraud Prevention and Detection

👉 USF Office of Internal Audit website: <https://www.usf.edu/audit/>

How can I report potential fraud or abuse?

👉 Notify your supervisor

👉 Contact the USF Office of Internal Audit at (813) 974-2705

👉 Report activities anonymously through the [EthicsPoint](#) hotline at (866) 974-8411