

The following items are potential controls that are part of the SMART software. These items should be incorporated into the document the school district is preparing related to the various accounting cycles for internal control. It must be stressed that these are *capabilities* of SMART. These are not necessarily the processes the district is currently using for their accounting cycles.

**Logon and Security**

- Access to the SMART Systems database is authorized by a district school official.
- Districts can designate system security access to an entire Module, Group, or Menu window(s) and/or report(s). Security can be tailored per job description or per individual.
- Roles define system access to SMART eR and are assigned per individual user identification number.
- Multifactor Authentication (MFA) is required for SMART eR and is a district choice for SMART.
- Consecutive employee identification numbers are automatically assigned.
- If a duplicate social security number (SSN) is entered, a message is given to the user.

**SMART eResources (*Web Application*)**

- System access is assigned per individual user identification number and the password must be a minimum of 8 characters in length and contain at least 1 capital letter, 1 letter, 1 number and 1 symbol. The password is case sensitive. A security question must also be answered to access the system.
- Custom settings can be set to allow/disallow employees to update their personal information online. These settings are turned on/off by the Regional Center as authorized by a district school official.
- SMART systems tracks data changes per user identification number, date, and time stamp.
- Employee changes are automatically flagged as “not verified”.
- Employee changes are flagged as “verified” when the employee window is updated by the authorized district user.
- Electronic signatures are used to sign employee contracts, assignments, district and employee forms, and online W-4 and direct deposit changes. The process requires the individual to verify their identity. Their credentials must be valid for the signature to be accepted.
- Logic regarding the IRS Lock-In letters is implemented into the online W-4 process and prevents an individual from making changes not allowed by the IRS. A message is provided alerting the individual when a letter has been issued and is in place.
- Logic is implemented to check if any of the 4 conditions are met to require a form to be mailed to the State of Minnesota. If so, an email is sent to the designated [payroll] person when an individual must complete the Form W-4 MN in addition to the federal Form W-4.
- Roles grant permission to see employees assigned to managers and account code permissions.

**Payroll Processing**

- SMART system tracks limits on employee pay, voluntary deduction, and board paid benefits. The system adjusts the payment amounts so that limit amounts are not exceeded.

## SMART HR INTERNAL CONTROL CAPABILITIES

4/25/24

- Timecard Entries are available for exceptions to employee pay, voluntary deductions, and board paid benefits. Timecard validations are given when a warning or serious condition exists. Edits include:
  - Employee ID is not found.
  - Duplicate key values are entered.
  - Units entered exceed 200.00 units.
- Timecard entries cannot be earlier than the date the employee has been setup to start payroll.
- The ID and date changed of the person entering data is tracked on the timecard record.
- SMART system tracks flex amounts and provide a timecard validation if the flex amount entered exceeds the limit amount. Timecard entry will be adjusted so that the limit amount is not exceeded.
- Payroll validations are given when a warning or serious condition exists. Edits include:
  - Sum exceeds IRS maximum for a calendar year (Dependent Care portion of Flexible Spending Account).
  - Year to date 403(b) amount exceeds maximum.
  - Year to date 457 amount exceeds maximum.
- The user is given a message that requires them to fix FICA when there is an incorrect FICA exempt flag for the retirement plan/coverage.
- Once payroll has been created the user cannot change the name and/or address on a check.

### Print Checks and Create Direct Deposit (ACH) File

- Automated assignment of check numbers and search number for ACH during the create check process.
- MICR encoding is printed on the checks at the time of payment processing eliminating actual pre-printed check stock. Control numbers are available on the back of the completely blank check.
- Signature bitmap stored on a CD, diskette, or RDS server.
  - If on the RDS server, only limited user ID's allowed access to digitized signature.
- Direct deposit (ACH) file formats available to meet NACHA requirements allowing user to choose bank of choice for automated clearing of direct deposit.

### Online Reporting

- Electronic ACH file can be created using compatible NACHA file formats.
- **Bank Reconciliation** - Once a payment transaction has been cleared, it cannot be altered in any manner.
- Electronic files created for PERA demographic and contribution reporting.
- Electronic file created for TRA demographic and contribution reporting.
- Reports available to utilize the IRS EFTPS option for automated payment for federal and FICA taxes.
- Reports available to utilize the Minnesota and North Dakota requirements for EFT payment of state taxes.
- Electronic file created for mandatory reporting of new hires to the Minnesota New Hire Reporting Center.

**Note: If the vendor file extract is utilized in SMART software, it will clear the liability when voucher files are created.**

### Annual Reports

- Reports and fields on employee windows track assigned work compensation codes used for annual billing and reconciliation.
- File imports and edits of staff information is an option for Staff Automated (STAR) reporting.
- Option available for reporting of the PERA Exclusion report.
- Option available for electronic SSN Verification.
- Form W-2s are printed by regional staff. Option is available in SMART eR for employees to print their own Form W-2. Online consent to print the W-2 is presented to the user in SMART eR. Consent choices are tracked in the SMART Software.
- Required files for state and federal agencies are created, verified, and sent electronically by regional staff.

### TimeOff System

- TimeTracker will not allow an employee to request TimeOff if it will go negative if they choose.
- Alerts are given if a unit taken is greater than the limit.
- Alerts are given when multiple entries exist for the same day.
- Alerts are given when the date entered is in a TimeOff year, which has not begun yet.
- Alerts are given if an employee has overdrawn their TimeOff account.

### Retiree & COBRA Insurance Management

- Consecutive dependent enrollee identification numbers are automatically assigned.
- The original notice can only be printed one time.
- Reprinted notices contain a statement with the original date notified.
- Accounts receivable entries are automatically created using the "Generate Invoices" window and will not appear on the window again unless the invoice is voided in SMART Finance.

### Agency Reporting

- Electronic vendor file extracts are available to report pre-tax deductions for flexible benefits and deferred compensation.
- Quarterly Reports:
  - Option for automated reconciliation and printing of the IRS Form 941 and Schedule B.
  - Reconciliation report(s) available for processing the MN Department of Revenue Quarterly State Tax Report.
  - Reconciliation window and reports available for processing the DEED Quarterly Report for hours worked.

### Injuries and Workers Compensation

- Only users who are assigned a supervisory employee type, and are given access to the web page in SMART eR can complete a Supervisor Report of Accident online. Through the use of

Permissions, supervisors will only be able to see employees they manage instead of all employees.

- Menu User Class assignments determine who has access to the Supervisor Report of Accident, the First Report of Injury, and associated reports in SMART HR.
- Consecutive OSHA case numbers are automatically assigned.
- Electronic file created for uploading annual 300A summary data in CSV file format to meet OSHA electronic recordkeeping obligations.

**ACA Administration**

- Maintain Hrs Worked & ALE Determination window archives ALE data producing an audit trail on the monthly hours worked by employee, as well as the ALE Determination used for reporting purposes.
- The hours are then used to populate the ACA Measurement Analysis report. The report is used to determine offers of insurance. At year-end the report is finalized which generates data for the 1094/1095 reporting forms and creates an audit trail.
- Provides an audit trail for versions or batches of insurance data entered in the system.
- Setup ACA Form Data window is used to build the core data for proofing the 1094/1095 forms. For the initial year of reporting (CY 2015) Basic Form Questions were provided, and IRS codes were reported on the 1094 form based on how the district answered those questions. For subsequent years the software reported based on the Basic Form Questions and historical tracking records.
- Verify ACA Form Data window allows the user to create B and C forms. The system determines whether the district is a large or small employer, and based on that determination produces the appropriate form. It also displays reporting demographics about the files created and allows for a go-live SMART eR date to be entered telling the system when employees can view their 1095 forms online.
- Option is available in SMART eR for employees to print their own 1095 Form. Online consent to print the 1095 Form is presented to the user in SMART eR. Consent choices are tracked in the SMART Software. The ACA Form 1095 page provides the Form and Form Type, as well as the date completed, so the employee knows the type of form(s) available, especially in the event a corrected form was produced.
- If the data needs to resync, the Setup ACA Form Data window is used. The process will delete all of the data in the Verify ACA Form Data window to keep an audit trail. However, once the forms are viewable in SMART eR, a resync can no longer be done. Both the Setup ACA Form Data and Verify ACA Form Data window are locked to prevent further editing of data.
- If corrections are needed to a form that has been produced, the IRS Mandatory Corrections or Employer Initiated Corrections window is used, depending on the type of correction needed. This allows for an audit trail of both the original and corrected 1095 form produced by the system. Missed ACA 1095 Form window will check to see if there are any additional forms needed to be created for the ACA year after the original file has been created.
- The ACA Filing page in SMART eR is used to transmit the file to the IRS. The Receipt ID, Form Type, Transaction Type, Transaction Begin and End Date/Time, Last Checked Date/Time, and Status of the IRS file are tracked on this page.

## **SMART HR INTERNAL CONTROL CAPABILITIES**

4/25/24

- The IRS performs a TIN Validation on the employer and employee. If the IRS status is “Accepted with Errors” it generally means an individual has an invalid combination name and social security number. The ACA Filing page produces a letter that can be given to the employee to determine if a correction needs to be sent back to the IRS. The letter includes a date and time stamp as an audit trail.