**No-Wear Products**

As the internal auditor for No-Wear Products of Hibbing, Minnesota, you have been asked by your supervisor to document the company’s current payroll processing system. Based on your documentation, No-Wear hopes to develop a plan for revising the current information system to eliminate unnecessary delays in paycheck processing. Your best explanation of the system came from an interview with the head payroll clerk:

*The payroll processing system at No-Wear Products is fairly simple. Time data are recorded in each department using time cards and clocks. It is annoying, however, when people forget to punch out at night and we have to record their time information by hand. At the end of the period, our payroll clerks enter the time card data into a payroll file for processing. Our clerks are pretty good – though I’ve had to make my share of corrections when they mess up the data entry.*

*Before the payroll file is processed for the current period, human resources sends us data on personnel changes, such as increases in pay rates and new employees. Our clerks enter this information into the payroll file so it is available for processing. Usually, when mistakes get back to us, it is because human resources is recording the wrong pay rate or an employee has left and the department forgets to remove the record.*

*The data are then processed and individual employee paychecks are generated. Several important reports are also generated for management – though I don’t know exactly what they do with them. In addition, the government requires regular federal and state withholding reports for tax purposes. Currently, the system generates these reports automatically which is nice.*

1. **Prepare a context diagram to document the payroll processing at No-Wear Products**