

AGENCY 2023 Audit Programs

June 30, 2023

PAYROLL

| PROCEDURE | OBJ. | DONE BY | W/P REF | N/A | REMARKS |
|---|-------------|--------------------|--------------------|------------|----------------|
| Audit Objectives and Related Assertions: | | | | | |
| A. Payroll (wages, salaries, and benefits) disbursements are supported and made only for work authorized and performed. (5,6) | | | | | |
| B. Payroll is computed using rates and other factors in accordance with contracts and relevant laws and regulations. (7) | | | | | |
| C. Payroll is recorded correctly as to amount and period, is distributed properly by account or fund and disclosures are adequate. (7,8,9,10,11,12,13) | | | | | |
| Audit Procedures: | | | | | |
| A. Reconcile Agency records with I/3. | A | | | | |
| B. Perform analytical procedures for the reasonableness of payroll expenditures (and related accruals). | A,C | | | | |
| C. Select a sample of employees. Supporting documentation may be on paper or on Workday. Workday is an on-line payroll system tested statewide. If Workday is utilized, refer to statewide Workday testing to determine reliance. | | | | | |
| 1. List the employee's name, job classification, gross pay, withholdings, deductions, net pay, etc. | | | | | |
| 2. For employees who are not included on Workday, compare payroll for period to annual salary and trace annual salary to proper documentation and authorization. Recompute net pay. | A,B,C | | | | |
| 3. Trace hourly employees and merit employees to time sheets. | A | | | | |
| 4. Trace any vacation/sick leave to proper documentation. | A,B | | | | |
| 5. For employees who are not included on Workday, determine if vacation/sick leave was accrued properly. | | | | | |
| D. Determine the Agency maintains personnel files for all employees as required by Iowa Administrative Code Section 11, Chapter 4.14. | | | | | |
| E. For Agencies not on centralized payroll, determine if Forms 941, W-3 or W-2 were filed with the IRS, as appropriate. | | | | | |

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| F. For Agencies not on centralized payroll, determine if Form 1099 was issued for outside services of \$600 or more. NOTE: If 1099 forms were issued, ensure workers should not be reclassified as employees. | | | | | |
| G. For Agencies not on centralized payroll, determine if any employees receive a flat dollar allowance for travel, clothing or uniform cleaning. If so, determine if this allowance is included in taxable income on the W-2. | | | | | |
| H. For Agencies not on centralized payroll, determine if the Agency provides vehicles or housing for employee use. If so, determine if these qualify as taxable benefits per IRS regulations and, if applicable, were properly reported as taxable income on the W-2. | | | | | |
| I. For Agencies not on centralized payroll, review payroll tax returns and reconcile gross wages and Agency share of FICA and IPERS to the expenditure record. Explain material variances. (The following FICA rates were effective January 1, 2022: Employee and employer rate of 7.65%.) (The following IPERS rates are effective July 1, 2022: Regular employee rate is 6.29% and employer rate is 9.44%.) | | | | | |
| J. Consider verifying miscellaneous deductions. <ol style="list-style-type: none"> Are they authorized by employee? Are reports to trustee submitted promptly? | | | | | |
| K. Review and document the Agency's compliance with applicable code sections and laws of the General Assembly on salaries. | B | | | | |
| L. See step D. of the "Long-Term Liabilities/Debt" audit program for compensated absences testing. | | | | | |
| M. Review employee time and attendance records for compensatory (comp) time: <ol style="list-style-type: none"> Is comp time monitored and approved? Is it being accurately recorded? Is it reasonable? Does comp time comply with policies? | A | | | | |
| N. Obtain or schedule state's share of IPERS. (Note: For separately issued financial statements only.) <ol style="list-style-type: none"> Compare to IPERS in previous year. | C | | | | |

