

ENTITY 2019 Audit Programs

June 30, 2019

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 and distributed properly by account, fund and budget category and disclosures are adequate. (7,8,9,10,11,12,13)					
Audit Procedures:					
A. Reconcile payroll registers/journals to the Entity's ledger/accounting records <u>and</u> , if determined necessary, foot and crossfoot payroll records on a test basis. Document selection method and results of tests.	A				
B. Consider performing analytical procedures to determine reasonableness of payroll amounts and withholdings (and related accruals, if applicable).	A,B,C				
C. If the Entity is a Mental Health Region , document the method of reimbursement of services performed for the Region to member counties. Trace information to support.					
D. On a test basis, select payroll transactions from throughout the year to test:	A,B,C				
1. Authorization for gross pay or hourly rate.					
2. Approval of hours worked and leave taken.					
3. Accuracy of number of hours paid per payroll journal to hours worked per approved timesheet (for hourly employees).					
4. Accuracy of calculations of gross pay.					
5. Accuracy of computation of FICA and IPERS. (The following FICA rates were effective January 1, 2019: Employee and employer rate of 7.65%.) (The following IPERS rates were effective July 1, 2018: Regular employee rate of 6.29% and employer rate of 9.44%, Sheriff's and deputy sheriff's rate of 9.76% for employee and employer and protection occupation rate of 6.81% for employees and 10.21% for employers.)					
6. Reasonableness of computation of federal and state withholding.					

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7. Authorization for payroll deductions.					
8. Appropriateness of allocation among funds, costs centers, etc.					
9. Proper recording of leave taken.					
10. Endorsement and cancellation of warrant/check are proper.					
E. Determine timesheets are prepared and approved for all employees, including salaried employees.	A				
F. Review copies of payroll tax returns and reconcile gross wages and the Entity share of FICA and IPERS to the expenditure record. Explain material variances.	C				
G. Prepare a workpaper documenting the total Entity contributions to IPERS, total employees contributions to IPERS, total Entity payroll and total IPERS covered payroll for report disclosure.	C				
H. For retirement systems other than IPERS:					
1. Review and update permanent file information on pension plans. Identify and document the type of plan.					
2. For entities which obtained an actuarial report, obtain a copy of the report and review for reasonableness. Include copy of pertinent data in the permanent file.					
3. Determine employee groups covered by each plan.					
4. Obtain and verify appropriate information for disclosure in accordance with P20 of the GASB Codification.	C				
I. If the Entity is a Community College , complete the following steps.					
1. Determine whether the College is prepaying any salaries or wages.					
2. Analyze significant promotions and positions upgraded during the year. Determine propriety.					
J. Determine if the risk of material misstatement due to fraud or error has changed based on results of substantive tests performed. If so, perform appropriate procedures.					
K. Determine whether payroll is properly classified and disclosures are adequate.	C				

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