

**CITY** 2018 Audit Programs

June 30, 2018

**PAYROLL**

<b>PROCEDURE</b>	<b>OBJ.</b>	<b>DONE BY</b>	<b>W/P REF</b>	<b>N/A</b>	<b>REMARKS</b>
<b>Audit Objectives and Related Assertions:</b>					
<b>A. Payroll (wages, salaries, and benefits) disbursements are supported and made only for work authorized and performed. (5,6)</b>					
<b>B. Payroll is computed using rates and other factors in accordance with contracts. (7)</b>					
<b>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)</b>					
<b>Audit Procedures:</b>					
A. On a test basis, foot and cross-foot payroll records and trace total to appropriate document(s). Document selection methods and results of tests.	A				
B. 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.					
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 and other retirement contributions withheld. (The following FICA rates were effective January 1, 2018: Employee and employer rate of 7.65%). (Effective July 1, 2017, the regular employee IPERS rate was 5.95% and the employer rate was 8.93% and the protection occupation IPERS rate was 6.56% for employees and 9.84% for employers.)					
6. Reasonableness of computation of federal and state withholding.					
7. Authorization for payroll deductions.					
8. Endorsement and cancellation of check are proper.					
C. Determine timesheets are prepared and approved for all employees, including salaried employees.	A				
D. Consider analytical procedures to substantiate payroll amounts and withholdings.	A,B,C				

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E. Review copies of payroll tax returns and document reconciliation of gross wages and the City share of FICA and IPERS to disbursements records. Explain material variances.	C				
F. Prepare a workpaper documenting total City contributions to IPERS.	C				
G. 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 accrual basis and cash basis cities which obtain an actuarial report, obtain copy of actuarial report and review. Include copy of pertinent data in file.					
3. Determine employee groups covered by each plan.					
4. Obtain and verify appropriate information for disclosure.	C				
H. Compensated Absences					
1. Review the City's policies for earned vacation, sick leave and related FICA/IPERS benefits.					
2. Obtain or prepare summary of compensated absences at June 30.	A,C				
3. Determine the amounts have been determined in accordance with the provisions of GASB 16, including related fringe benefits.	C				
I. 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.					
J. Determine whether payroll and related compensated absences are properly classified and disclosures are adequate.	C				

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