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To: The Honorable, Mary Sue Rich President of the Council
The Honorable, John McLeod President Pro Tem
The Honorable Suzy Heinbockel
The Honorable Jay Musleh
The Honorable Daniel Owen
The Honorable R. Kent Guinn, Mayor
Matthew Brower, City Manager

Date: October 28, 2013

Re: External Audit Assistance – Payroll

Internal Audit assists the external financial auditors, Purvis Gray and Company, LLP, with specific audit procedures for the Financial Statement Audit for the Fiscal Year Ending September 30, 2013. We have completed procedures for Payroll. The objective was to determine if employees are appropriately paid for time worked, payroll is accurately calculated, payroll transactions are properly recorded in the financial records, and to review the controls over the payroll process.

During Fiscal Year 2013, gross wages totaling \$ 45.7 million were paid to employees. We selected 40 payroll checks for testing. We examined documentation authorizing the employee's position, pay rate, and hours worked. We recalculated gross pay, taxes and net pay. We validated that each transaction was appropriately recorded in the City's general ledger.

Based upon our procedures, we conclude that employees are properly paid for time worked and payroll expenditures are appropriately reflected in the City's financial records.

We will continue to test payroll controls quarterly for more effective and timely identification of any weaknesses in the internal control process over Payroll and enhance internal control documentation as any process changes occur.

We appreciate the assistance of Human Resources, Payroll, and Finance personnel.

Generally Accepted Government Auditing Standards and the Institute of Internal Auditors Standards require that we plan and perform our audits to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. The evidence obtained provides a reasonable basis for our observations and conclusions.

A handwritten signature in blue ink that reads "S. KaRhonda Leslie".

S. KaRhonda Leslie, Audit Specialist

A handwritten signature in blue ink that reads "Jeanne Covington".

Jeanne Covington, Internal City Auditor

c: Diane Reichard, Assistant City Manager and CFO
Sandra Wilson, Assistant City Manager, Support Services
Mary Ann Davis, Director, Finance
Jared Sorensen, Director, Human Resources & Risk