

COMMUNITY COLLEGE 2017 Audit Programs

June 30, 2017

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, distributed properly by account, fund and budget category and disclosures are adequate. (7,8,9,10,11,12,13)					
Audit Procedures:					
A. Reconcile payroll register to the College's ledgers.	A				
B. Consider performing analytical procedures to determine reasonableness of payroll expenditures (and related accruals).	A,B,C				
C. On a test basis, select payroll transactions to test:	A,B,C				
1. Authorization for gross pay or hourly rate.					
2. Appropriateness of contract amount based upon teacher educational credits compared to adopted contractual salary steps.					
3. Approval of hours worked.					
4. Accuracy of number of hours paid per payroll journal to hours worked per approved timesheet (for hourly employees).					
5. Accuracy of calculation of gross pay.					
6. Accuracy of computation of FICA, IPERS and TIAA-CREF (The following FICA rates were effective January 1, 2017: Employee and employer rate of 7.65%.) (The following IPERS and TIAA-CREF rates are effective July 1, 2016: Regular employee rate is 5.95% and employer rate is 8.93%.)					
7. Authorization for payroll deductions.					
8. Appropriateness of allocation among funds, cost centers, etc.					
9. Endorsement and cancellation of checks are proper.					
10. Reasonableness of computation of federal and state withholding.					
11. Proper recording of leave taken.					

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D. Determine if Forms 941, W-3 or W-2 were filed with the IRS, as appropriate.					
E. Determine if Forms 1099 was issued for outside services of \$600 or more. <u>Note:</u> If 1099 forms were issued, ensure workers should not be reclassified as employees.					
F. Review copies of payroll tax returns. 1. Reconcile gross wages, withholdings and the College share reported on returns to payroll register. 2. Explain material variances.	A,C				
G. Determine whether College is prepaying any salaries or wages.					
H. Analyze significant promotions and positions upgraded during the year. Determine propriety.					
I. Obtain or prepare information for footnotes on IPERS disclosure. 1. Total College contribution to IPERS. 2. Total employee contribution to IPERS. 3. Total IPERS covered payroll. 4. Total College payroll.	C				
J. For retirement systems other than IPERS: (i.e. TIAA-CREF) 1. Review and update file information on pension plans. 2. Determine employee groups covered by each plan. 3. Verify appropriate information for disclosure in accordance with P20 of the GASB Codification. 4. If employees participate in retirement plans other than IPERS or TIAA-CREF, the employer's contribution is limited to the employer's contribution rate under IPERS in accordance with Chapter 260C.14(17) of the Code of Iowa. (This is effective for new employees hired on or after 7/1/97). a) Determine compliance. b) Prepare report footnote disclosure.	C				
K. 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.					

