

LANDFILL 2018 Audit Programs

June 30, 2018

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, are distributed properly by account and fund and disclosures are adequate. (7,8,9,10,11,12,13) Audit Procedures: A. On a test basis, foot and crossfoot payroll records and trace total to appropriate document(s). Document selection methods and results of tests. B. On a test basis, select payroll transactions from throughout the year to test: 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. (The following FICA rates were effective January 1, 2018: Employee and employer rate of 7.65%.) (The following IPERS rates are effective July 1, 2017: Regular employee rate is 5.95% and employer rate is 8.93%.) 6. Reasonableness of computation of federal and state withholding. 7. Authorization for payroll deductions. 8. Endorsement and cancellation of warrant are proper. C. Determine timesheets are prepared and approved for all employees including salaried employees. D. Consider analytical procedures to substantiate payroll amounts and withholdings. E. Determine if Forms 941, W-3 or W-2 were filed with the IRS, as appropriate. F. 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.	A,B,C				

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G. Determine if Forms 1099 were issued for outside services of \$600 or more. <u>Note:</u> If 1099 forms were issued, ensure workers should not be reclassified as employees.					
H. Review copies of payroll tax returns and reconcile gross wages and the Landfill's share of FICA and IPERS to the disbursement record. Explain material variances.	C				
I. Prepare a workpaper documenting total Landfill contributions to IPERS.	C				
J. For retirement systems other than IPERS: 1. Review and update file information on pension plans. 2. For accrual basis and cash basis landfills which obtain an actuarial report, obtain copy of actuarial report and review. 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				
K. Compensated Absences 1. Review the Landfill's policies for earned vacation, sick leave and related FICA/IPERS benefits. 2. Obtain or prepare summary of compensated absences at June 30. 3. Determine amounts have been determined in accordance with the provisions of GASB 16, including related fringe benefits.	C A B				
L. Vehicle Usage 1. Determine if the Landfill provides vehicles for employee use. 2. Obtain a copy of the Landfill's policy regarding vehicle usage. Identify specifics for: a. Incidental personal use. b. Commuting. c. Assignment of vehicles. d. Documentation required. e. Restricted vehicle uses. f. Reimbursement by employees for personal use.	A				

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<p>g. Additional compensation for employees.</p> <p>h. Public purpose served.</p> <p>i. Other.</p> <p>3. Determine if the Landfill's procedures are adequate and reasonable to comply with:</p> <p>a. Recordkeeping requirements.</p> <p>b. Taxation requirements.</p> <p>c. Public purpose requirements.</p> <p>M. 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.</p> <p>N. Determine whether payroll is properly classified and disclosures are adequate.</p> <p><u>ALTERNATE/ADDITIONAL PROCEDURES:</u></p> <p><u>CONCLUSION:</u></p> <p>We have performed procedures sufficient to achieve the audit objectives for payroll and the results of these procedures are adequately documented in the accompanying workpapers.</p> <p>Incharge _____ Date _____</p> <p>Manager _____ Date _____</p> <p>Independent Reviewer _____ Date _____</p>	C				