Taney County
Internal Audit Report for payroll—Audit Plan
Spring 2015

Italic numbers in gray cells are calculations that generally should not be altered.

General Computer Controls			
Control Area	**Control**	**Include in Testing?**	**Notes**
Payroll management	Management maintains a comprehensive payroll plan that guides how the organization handles payroll. The plan covers areas that include skill alignment, head count, and investment for the current fiscal year.	Yes	In light of recent ethical issues within the industry, pay close attention to this item.
Payroll management	A detailed budget has been established to guide payroll decisions throughout the year. The budget is reviewed on a monthly basis.	Yes	
Payroll verification	A comprehensive policy is in place that guides the organization's implementation of payroll.	Yes	
Payroll verification	Timesheets are filled out by employees and signed by employee and immediate supervisor.	Yes	
Payroll verification	Overtime is controlled by the supervisors.	Yes	
Payroll verification	Payroll benefits including sick leave, personal leave, and holidays are monitored by supervisors.	Yes	
Payroll verification	Timesheet calculations are monitored by supervisor and by payroll officer.	Yes	
Application development and change control	A methodology has been formally established to guide the development of all internally developed payroll policies.	No	
Application development and change control	Systems are established to log and manage all payroll documentation.	Yes	
Payroll and payroll operations	An operations manual exists that details general payroll operations, including job logs of any changes in the payroll process.	No	
Payroll and payroll operations	Education is afforded employees and supervisors on the payroll operations.	Yes	
Payroll system	A flow chart is available mapping the payroll operations.	No	
Payroll system	There are checks in the system to guard against abuse of OT.	Yes	
Payroll system	Transaction errors are logged so that users can take corrective action.	Yes	
Payroll system	All transactions must be posted before the closing process can proceed.	Yes	
Payroll system	System reports are generated and checked to ensure the accuracy of system output.	Yes	

Taney County
Internal Audit Report for Payroll—Audit Execution
Spring 2015

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General Control Area	Test in Current Period?	Test of Controls	Control Evaluation	Notes on Results
General Computer Controls				
Payroll management	*Yes*	Obtain a copy of the most recent payroll plan, and review its contents for completeness, relevancy, and accuracy.	effective	Ensure that a more detailed analysis of skills required is included in next year's plan
Payroll management	*Yes*	Review the annual budget to determine completeness and accuracy.	effective	
Payroll verification	*Yes*	Obtain a copy of the most recent payroll policies, and review its contents for completeness, relevancy, and accuracy.	needs improvement	
Payroll verification	*Yes*	Review a random sample of the timesheets for signatures.	effective	
Payroll verification	*Yes*	Ask managers and employees who controls OT.	needs improvement	
Payroll verification	*Yes*	Review the random sample for the benefits and then check with supervisors for verification that they are monitoring these.	effective	
Payroll verification	*Yes*	Review the random sample for the calculations of time. Also check with supervisors for verification that they are monitoring and controlling these. Check with payroll officer to see if they are monitoring calculations.	effective	
Application development and change control	*No*	Review change control methodology to ensure relevancy and completeness.		
Application development and change control	*Yes*	Use the sample to determine if there are accurate and safe management of payroll documents.	effective	
Payroll and payroll operations	*No*	Review the payroll operations manual for relevancy and completeness.		
Payroll and payroll operations	*Yes*	Ask managers and employees about education for payroll functions they perform.	needs improvement	
Payroll system	*No*	Review the payroll operations manual for relevancy and completeness. See if there is an easily understandable flow chart included.		
Payroll system	*Yes*	Review policies and procedures from the sample to determine if there is checks in place to guard against abuse of OT.	needs improvement	
Payroll system	*Yes*	Review payroll documentation to determine this.		
Payroll system	*Yes*	Review current system reports to determine if these might need updated or changed.		

General Computer Controls
Audit Recommendations

Finding:

The County has several employees that use vacation, personal, sick, or comp time in weeks to receive more than 40 hours when it is unnecessary. Although the County's current Personnel Policy does not state that you cannot use sick, vacation, and comp time to receive more than 40 hours per week, there seems to be confusion between departments on whether this is allowed or not.

Recommendation:

The County might consider addressing and clarifying this situation so that it is handled consistently throughout departments. While the County does have a small section in the Personnel Policy titled Payroll Procedures, some departmental payroll clerks and even some elected officials claim to have inadequate training for processing and reporting payroll to the payroll administrator. There does not appear to be a clear policy or manual available to payroll clerks on how to figure time or process timesheets. It may also be beneficial for the Payroll Administrator to have occasional review sections with departmental payroll clerks to ensure that correct payroll procedures are being followed.

Finding:

Not all employees earning overtime/comp time note on their timesheet the reason or job they were working on that caused the additional hours. The County Personnel Policy states that overtime needs to be pre-approved unless it is deemed an emergency however most departments say verbal approval is adequate.

Recommendation:

Require all non-exempt employees to make notes in the comment section of their timesheet as good documentation or explanation for incurred overtime. This will also make sure we have adequate documentation in writing on file with the Payroll Administrator for approved over time.

Finding:

The County Transfer Station has an excessive amount of overtime. Most work a 5 day schedule with a minimum of 9 hours per day. While the hours of operation are M-F 7:30 am to 5 pm and Saturday 8 am to 12 pm with the last customer taken at 4:30, there are numerous notations on timesheets of "late customer". The County paid over $34,000 in 2014 in overtime and comp time to employees in the Transfer Station. There are also R&B employees that work at the Transfer Station on occasion and those people are not included in the figures above so it's hard to get a true figure of overtime/comp time. Although additional staff has been added over the past few years to alleviate excessive overtime, overtime amounts continue to increase instead of decrease.

Recommendation:

The County could look at staggering work hours for employees to try to cut down on some of the overtime while still running efficiently. There may need to be a cost analysis done on the hours of operations. That could allow the transfer station to change the hours of operation and still serve the public. Or consider hiring a part-time person if necessary.