City of Ocala

OFFICE OF THE INTERNAL CITY AUDITOR
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To: The Honorable Suzy Heinbockel, President of the Council
The Honorable Mary Sue Rich, President Pro Tem
The Honorable Daniel Owen
The Honorable John McLeod
The Honorable R. Kent Guinn, Mayor
Matthew Brower, City Manager

Date: February 3, 2012

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, 2011. 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. Gross wages paid to employees totaled $ 49.2 million for FY 2011.

We selected 40 payroll checks for testing and 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. Internal Audit will be implementing quarterly payroll testing by March 2012 and will further develop internal control documentation over the payroll process.

We appreciate the assistance of Human Resource, Payroll, and Finance personnel, especially Connie Carroll, HR Information Specialist; Nerissa Davis, HR Administrative Coordinator; Melody DiGiugno, HR Manager; Maribel Lozada, Payroll Manager; and Lisa Ventresca, Payroll Specialist.

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.

Jeanne Covington

Jeanne Covington, Internal Auditor

c: John Lege, Chief Financial Officer
Sandra Wilson, Chief of Staff, Support Services
Mary Ann Davis, Controller
Jared Sorensen, Director, Human Resources & Risk