

City of
Gainesville

Inter-Office Communication

August 30, 2004

TO: Audit and Finance Committee
Mayor Pegeen Hanrahan, Chair
Mayor-Commissioner Pro Tem Tony Domenech, Member

FROM: Brent Godshalk, Interim City Auditor

SUBJECT: Summary Report of Payroll Payoff Procedures for Fiscal Year 2004

Recommendation

The Audit and Finance Committee recommend that the City Commission accept the City Auditor's report on payroll payoff procedures for Fiscal Year 2003-2004.

Explanation

In accordance with our Annual Audit Plan, we performed surprise payroll payoff procedures on a test basis during Fiscal Year 2003-2004. Our review was conducted in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States. Our procedures were designed to provide reasonable assurance to the City Commission and management that payroll disbursements were issued to actual employees of the City of Gainesville for services provided.

For each selected division, we took possession of the payroll checks and direct deposit slips, verified the information on selected checks/slips to the Payroll Register Report and distributed them to the individual payees at their job sites. We required each employee to provide picture identification and sign for receipt of their check or deposit slip. On a test basis, we also reviewed payroll reports for unusual items and computational errors.

None of our procedures performed during Fiscal Year 2003-2004 indicate that payroll disbursements were made to other than authorized employees of the City of Gainesville. However, our procedures did identify an approximate overpayment of \$720 to an employee on unpaid medical leave. These overpayments will be deducted from the employee's future earnings. Through our discussions of this issue with management, a simple review process has been implemented which should help to prevent future overpayments of this type.