



# Department of Administrative Services

## Payroll Deductions Audit

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**Audit Period: July 1, 2010 to February 28, 2011**



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## Executive Summary

### Background

The Human Resources Division, within the Ohio Department of Administrative Services (DAS), provides human resources services and information to state employees and helps state agencies conduct their personnel functions. These services include remitting or transferring payroll based expenditures such as withholdings, employer's contributions, garnishments, and check off to the appropriate taxing authorities, retirement systems, insurance plans, funds, etc. DAS processes payroll deductions for 335 taxing authorities and/or agencies. In addition, there are approximately 380 non-tax deduction types. For the month of October 2010, these deductions totaled \$184,774,100.

The scope of this audit included the payroll withholdings reconciliation and remittance processes. Our scope did not include the State Employee Benefit Fund which is audited by an independent auditor.

This report is solely intended for the information and use of agency management and the State Audit Committee. It is not intended for anyone other than these specified parties.



## Scope and Objectives

OIA staff was engaged to perform assurance work related to the payroll deductions process. This work was completed between November 9, 2010 and April 14, 2011. The scope of this audit included the following areas:

- Payroll withholdings

The following summarizes the objectives of the review along with a conclusion on the effectiveness of management's internal controls.

Objective	Conclusion <sup>1</sup>
Evaluate the design and effectiveness of DAS's controls over remitting payroll withholdings to the appropriate entities or funds.	Well Controlled
Evaluate the design and effectiveness of DAS's controls over the payroll withholdings reconciliation process.	Well Controlled

<sup>1</sup> Refer to Appendix A for classification of audit objective conclusions.



## Summary of Observations

The Summary of Observations and Recommendations includes only those risks which were deemed high or moderate. However, there were no high or moderate risk observations identified as part of this audit. Furthermore, there were no low risk observations identified as part of this audit.



## Appendix A – Classification of Audit Objective Conclusions

Conclusion	Description of Factors
<b>Major Improvements Needed</b>	Weaknesses are present that could potentially compromise achievement of its overall purpose. The impact of weaknesses on management of risks is widespread due to the number or nature of the weaknesses.
<b>Improvements Needed</b>	Weaknesses are present that compromise achievement of one or more control objectives but do not prevent the process from achieving its overall purpose. While important weaknesses exist, their impact is not widespread.
<b>Well-controlled with Improvements Needed</b>	The processes have design or operating effectiveness deficiencies but do not compromise achievement of important control objectives.
<b>Well-Controlled</b>	The processes are appropriately designed and are operating effectively to manage risks. Control issues may exist, but are minor.