



Department of Administrative Services

Payroll/Data Analysis Audit

Audit Period: August 2014 through November 2014

Results Summary:

Objective	Conclusion
Payroll Data and Local Tax Deductions	Well-Controlled



Executive Summary

Background

The Ohio Department of Administrative Services (DAS) is committed to providing quality centralized services, specialized support and innovative solutions to state agencies, boards and commissions as well as local governments and state universities.

Within the Human Resources Division (HRD), the payroll processing group is responsible for processing the State of Ohio payroll and providing payroll support and oversight for state agencies to help ensure that state employees are paid regularly and accurately. This group performs various reviews of the payroll information on a weekly basis. The Applications and Reporting team (ART) assists the payroll processing group by creating reports and queries that the processing group uses to analyze and verify submitted payroll information.

During the audit, OIA identified opportunities for DAS to improve business operations. OIA conforms to the *International Standards for the Professional Practice of Internal Auditing*. OIA would like to thank DAS staff and management for their cooperation and time in support of this audit.

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 an assurance audit related to the controls over the agency's payroll process. This work was completed between August 2014 and November 2014. The scope of this audit included the following areas:

- Separation payouts for retirees: personal, vacation and sick leave
- Local tax deductions: City and School District
- Negative comp time balances

The scope of this audit did not include a review of the system controls within the Ohio Administrative Knowledge System (OAKS) which is audited by the Auditor of State.

The following summarizes the objective of the review:

- Evaluate the design and effectiveness of the process for reviewing payroll data and local tax deductions to ensure accuracy.
- Review negative comp time balances and provide recommendations for future reviews.



Detailed Observations and Recommendations

The Observations and Recommendations include only those risks which were deemed high or moderate. There were no high, moderate, or low observations identified during the assurance portion of the engagement.

Based on the review, OIA identified opportunities for DAS to improve their processes for effective and efficient review and approval of payroll data. Detailed recommendations have been provided in a separate communication to management entitled Other Considerations for Management's Attention.

Summary results will be provided to the State Audit Committee in executive session at the next quarterly meeting. After the committee meeting, deliverables will become public records in accordance with Ohio Revised Code Section 149.43. However, this separate communication will not be posted to OIA's website.



Appendix A – Classification of Conclusions and Observations

Classification of Audit Objective Conclusions

Conclusion	Description of Factors
Well-Controlled	The processes are appropriately designed and/or are operating effectively to manage risks. Control issues may exist, but are minor.
Well-Controlled with Improvement Needed	The processes have design or operating effectiveness deficiencies but do not compromise achievement of important control objectives.
Improvement Needed	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.
Major Improvement Needed	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.

Classification of Audit Observations

Rating	Description of Factors	Reporting Level
Low	Observation poses relatively minor exposure to an agency under review. Represents a process improvement opportunity.	Agency Management; State Audit Committee (Not reported)
Moderate	Observation has moderate impact to the agency. Exposure may be significant to unit within an agency, but not to the agency as a whole. Compensating controls may exist but are not operating as designed. Requires near-term agency attention.	Agency Management and State Audit Committee
High	Observation has broad (state or agency wide) impact and possible or existing material exposure requiring immediate agency attention and remediation.	Agency Management and State Audit Committee

parties.