

CITY OF VAUGHAN

EXTRACT FROM COUNCIL MEETING MINUTES OF FEBRUARY 19, 2013

Item 2, Report No. 3, of the Finance and Administration Committee, which was adopted without amendment by the Council of the City of Vaughan on February 19, 2013.

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INTERNAL AUDIT REPORT – CITY-WIDE PAYROLL

The Finance and Administration Committee recommends approval of the recommendation contained in the following report of the Director of Internal Audit, dated February 11, 2013:

Recommendation

The Director of Internal Audit recommends that the Internal Audit Report on City-Wide Payroll be received and approved.

Contribution to Sustainability

Internal Audit activities and subsequent reports contribute to the sustainability of the City by providing advice and assurance that controls supporting the effective delivery of services and programs are effective. Longer term sustainability needs the support of good, efficient risk mitigation strategies. Internal Audit can provide support for that sustainability by providing independent advice and assurance.

Economic Impact

There are no direct economic impacts associated with this report.

Communications Plan

Not applicable.

Purpose

To present to the Finance and Administration Committee the Internal Audit Report on City-Wide Payroll Development and to provide an evaluation of operational controls, as well as opportunities for improvement to help mitigate potential risks.

Background - Analysis and Options

This audit was done to evaluate the effectiveness of controls, processes and procedures in place to mitigate risks that could affect City-Wide Payroll process in meeting departmental and the City's business objectives.

The audit was part of the 2012 to 2014 Internal Audit Risk Based Audit Plan previously approved by the Finance and Administration Committee.

Relationship to Vaughan Vision 2020/Strategic Plan

This report is consistent with the priorities previously set by Council and the necessary resources have been allocated and approved.

Regional Implications

Not applicable.

Conclusion

The report concluded that controls supporting the City-Wide Payroll Process are operating satisfactorily. No major issues were identified that required attention or follow-up.

CITY OF VAUGHAN

EXTRACT FROM COUNCIL MEETING MINUTES OF FEBRUARY 19, 2013

Item 2, Finance Report No. 3 – Page 2

Attachment

Internal Audit Report – City-Wide Payroll

Report prepared by:

Michael Tupchong CA, CIA, CPA, CFE
Operational and Compliance Auditor

(A copy of the attachments referred to in the foregoing have been forwarded to each Member of Council and a copy thereof is also on file in the office of the City Clerk.)

FINANCE AND ADMINISTRATION COMMITTEE - FEBRUARY 11, 2013

INTERNAL AUDIT REPORT – CITY-WIDE PAYROLL

Recommendation

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Attachment

Internal Audit Report – City-Wide Payroll

Report prepared by:

Michael Tupchong CA, CIA, CPA, CFE
Operational and Compliance Auditor

Respectfully submitted,

Paul Wallis CMA, CIA, CISA
Director, Internal Audit



INTERNAL AUDIT REPORT

City-Wide Payroll

December 2012

INTERNAL AUDIT REPORT

CITY-WIDE PAYROLL

CONCLUSION AND SUMMARY

Controls in Payroll are operating satisfactorily. The operational, financial and compliance controls are in place to ensure risk of material loss is minimized.

No major issues were identified that require attention or follow-up. We did identify some minor issues related to timekeeping, reconciliation documentation and tax and employment insurance reporting. These are housekeeping, documentation issues and we are following up with the departments involved to determine the corrective action required.

BACKGROUND

City-wide salaries and benefits for 2013 are estimated to be approximately \$135 million representing approximately 57% of the City's operating budget.

The payroll function is outsourced and is performed at Powerstream Head Office location, by two staff (of which one is an employee of the City of Vaughan). The City has a joint service agreement with Powerstream to perform the payroll function for all City of Vaughan and Vaughan Public Library employees.

The Human Resources department maintains full control over all Employee Master Files which includes adding new and removing employees. The Payroll function has access to Employee Master Files only relating to payroll deductions. Payroll also enters hours worked for part-time employees into the payroll system based on information received from the various departments.

OBJECTIVES AND SCOPE

The objective of the audit was to evaluate the effectiveness of controls, processes and procedures in place to mitigate risks that could affect the Payroll department from meeting departmental or the City's business objectives.

The Scope included the activities and processes within the function including:

- Payroll and timekeeping information received from the various departments in the City
- Compliance with collective agreements
- Tax and General Ledger reconciliations
- Integrity of Financial Information
- Employee Deductions
- Payroll Reconciliations

INTERNAL AUDIT REPORT

CITY-WIDE PAYROLL

The period covered was from January 2011 through to February 2012.

Auditor and Author: Michael Tupchong CA, CIA, CPA, CFE

Director: Paul Wallis CMA, CIA, CISA

Signature: _____

Date: _____