

November 10, 1998

**Internal Audit Report 98-14**  
**Non-Standard Payroll Procedures**

**Introduction.** Municipal Policy and Procedure (P&P) 24-10, "Approval and Retention of Employee Time and Attendance Records," requires all time cards to be signed by both the employee requesting compensation and the immediate supervisor. Exceptions to the standard P&P must be approved in writing by the Chief Fiscal Officer. In addition, it requires that all exceptions be reviewed annually by the Chief Fiscal Officer and the Internal Auditor. The following Municipal organizations were not following standard payroll procedures: Anchorage Police Department, Anchorage Fire Department, Municipal Light and Power, Public Transportation Department, Fleet Services Division of Property and Facility Management, Facility Maintenance Division of Property and Facility Management, and Street Maintenance Division of Public Works Department.

**Scope.** The objectives of this audit were to determine whether the seven organizations that were not following standard payroll procedures had been granted an exception by the Chief Fiscal Officer and whether the approved exception procedures were being followed. In conjunction with determining whether the approved compensating controls were being followed, and as applicable, we tested compliance with the requirements of P&P 24-10 and P&P 40-9, "Documenting and Approving Overtime." The audit was conducted in accordance with generally accepted government auditing standards, except for the requirement of an external quality control review, and accordingly, included tests of payroll records and such other auditing procedures as we considered necessary in the circumstances. The audited period was January through August 1998.

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**Overall Evaluation.** The Chief Fiscal Officer had granted an exception to the seven organizations that were not following standard payroll procedures. In general, all organizations were following the approved exception procedures and P&P 24-10 and 40-9 requirements. However, with the implementation of the PeopleSoft system in 1999, all current exceptions to the standard payroll procedures will need to be reviewed for applicability and necessity.

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