



OFFICE OF THE COMPTROLLER
CITY OF ST. LOUIS



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Comptroller

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June 30, 2015

Curtis Skouby, Director
Public Utilities Department – Water Division
1640 North Kingshighway
Saint Louis, MO 63110-22285

RE: Payroll Distribution Review (Project # 2015-PD10)

Dear Mr. Skouby:

We conducted a payroll distribution review of the Water Division's Construction & Maintenance and Power & Pumping Sections for the pay period ending April 18, 2015. The objectives of this review were to determine the following:

- Only eligible employees received wages.
- Wages and wage receipts were adequately safeguarded.
- Employees were paid for actual hours worked or approved paid leave.
- Accruals and use of paid leave are accurate.

This review was made under authorization contained in Section 2, Article XV of the Charter, City of Saint Louis, as revised, and has been conducted in accordance with the *International Standards for the Professional Practice of Internal Auditing*.

During our review, we identified an opportunity to improve the payroll distribution process by maintaining documented policies and procedures. This observation is detailed on the attached page.

If you have any questions, please contact the Internal Audit Section at (314) 657-3490.

Respectfully,

Mohammed H. Adil, CPA, CGMA
Internal Audit Supervisor

Attachment

CC: Michael Gant, Water Plant Maintenance, Manager
David Greco, Engineering, Manager

**DEPARTMENT OF PUBLIC UTILITIES
WATER DIVISION
PAYROLL DISTRIBUTION REVIEW
PAY PERIOD ENDING APRIL 18, 2015**

DETAILED OBSERVATION AND RECOMMENDATION

Documented Policies and Procedures for Payroll Distribution

We observed the payroll distribution of the Construction & Maintenance and Power & Pumping Sections of the Water Division for the pay period ending April 18, 2015. During the review of the payroll distribution process, we noted that the Water Division did not maintain written policies and procedures for the payroll distribution functions.

Written policies and procedures clarify the activities that are to be performed, and also provide guidance to new employees or employees who might have to fill in for the employees who currently perform the functions. Without this guidance, errors and or irregularities are more likely to occur in situations where employees are not properly trained to perform the payroll distribution functions.

Recommendation

We recommend that the Water Division:

- Develop clear written payroll policies and procedures for all of its sections.
- Distribute the policies & procedures to all supervisors and employees.
- Use the policies & procedures as a training tool for new employees.

Management Response

We agree with the recommendations and will implement them.