



OFFICE OF INTERNAL AUDIT
LOUISVILLE, KENTUCKY

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PRESIDENT METRO COUNCIL

December 11, 2014

Councilman David Tandy
Chairman, Labor and Economic Development Committee
Louisville Metro Council
601 West Jefferson Street
Louisville, KY 40202

SUBJ: Requested Review of Financial Impact Statement on Minimum Wage Ordinance

Introduction

The Office of Internal Audit was requested to perform a review of the financial impact statement on the minimum wage ordinance. The Office of Internal Audit accepted the request to provide an independent, objective assessment on the reasonableness of the information provided in the financial impact statement. We were not asked to make a recommendation regarding the minimum wage ordinance, or to prepare a financial impact statement of the ordinance.

Background

On September 23, 2014, a review of the economic impact of the minimum wage ordinance on Louisville Metro Government was requested by District 6 Councilman, David James. This request was made to the Office of Management and Budget. On December 8, 2014, the Office of Internal Audit was formally requested by the Chairman of the Labor and Economic Development Committee (Committee) to perform a review of the reasonableness of the financial impact statement provided by the Office of Management and Budget. This request was based on a motion granted in the December 4, 2014 Committee meeting.

Objective

The objective of the review was to provide assurance that the information provided was accurate, complete and relevant to the request. The data provided by the Office of Management and Budget focused on payroll information during the period Fiscal Year 2014 (July 1, 2013 through June 30, 2014). This included all Louisville Metro Government employees who earned an hourly rate of pay less than \$10.10. For employees who fit this criterion, the difference between their current hourly rate and the proposed minimum wage increase was multiplied by their actual hours in Fiscal Year 2014 to arrive at the increase in wages to be paid by Louisville Metro Government due to the passing of the ordinance. The Office of Internal Audit obtained payroll data directly from Louisville Metro Government's payroll system, PeopleSoft, in order to recalculate and confirm the accuracy and completeness of the information provided.

Results

The Office of Internal Audit provides reasonable assurance that the information provided in the financial impact statement on the minimum wage ordinance is accurate, complete and relevant to the request. This assurance only applies to the increase in wages paid by Louisville Metro Government due to the passing of the minimum wage ordinance.

If you have any questions, or if I can be of further assistance, please let me know.

Sincerely,



Ingram Quick, CIA, CFE
Chief Audit Executive

cc: Mayor
Louisville Metro Council President
Labor and Economic Development Committee
Louisville Metro Council
Director of the Office of Management and Budget