

GALVESTON COUNTY



Office of County Auditor

Randall Rice CPA CISA CIO, County Auditor
Jeff Modzelewski CPA, First Assistant Accounting
Kristin Bulanek CIA, First Assistant Auditing

P.O. Box 1418, Galveston, Texas 77553

(409) 770-5304

722 Moody Ave 4th Floor, Galveston, TX 77550

November 22, 2016

Honorable Mark A. Henry, County Judge, and
Members of the Commissioners Court

Honorable Mark A. Henry and Members of the Court:

Attached for your consideration is the internal audit report of the payroll audit conducted October 1, 2015 to September 30, 2016 (biweekly #21, 2015 to biweekly #20, 2016).

Sincerely,

A handwritten signature in blue ink that reads "Rice CPA".

Randall Rice CPA
County Auditor

Cc: Kristin Bulanek CIA, First Assistant County Auditor
Kevin Walsh, County Treasurer
Department of Human Resources
Department of Information Technology

Attachment: Annual Payroll Audit Report – FY2016

GALVESTON COUNTY



Office of County Auditor

Randall Rice CPA CISA CIO, County Auditor
Kristin Bulanek CIA, First Assistant County Auditor

P.O. Box 1418, Galveston, Texas 77553

(409) 770-5304

722 Moody Ave 4th Floor, Galveston, TX 77550

November 22, 2016

Honorable Mark A. Henry, County Judge, and
Members of the Commissioners Court

Re: FY 2016 Payroll Review
Biweekly # 21, 2015 – Biweekly # 20, 2016

Honorable Mark A Henry, and Members of the Court:

The Auditor's Office and Treasurer's Office have completed the regular biweekly audits of the Galveston County payrolls. Both offices work together to identify and correct all errors before the payroll is finalized. The audits included biweekly #21, 2015 through biweekly #20, 2016.

Total funded payroll for fiscal year ending September 30, 2016 was \$82,509,905.48.

The payroll review included verifying the following:

- All paid personnel were paid for time reported, after testing for reasonableness.
- All paid personnel had an active payroll record.
- All Personnel Actions were entered accurately. Personnel Actions include new hires, terminations, promotions, transfers, reclassifications and salary increases/decreases.
- All changes to individual payroll records were supported by a Personnel Action.
- All changes to salaries were reasonable and in accordance with county policy.
- All benefit changes were authorized by the employee and entered accurately.
- All benefit deductions and contributions administrated by First Financial were tested for accuracy.
- The calculation of extensions were tested and verified for accuracy.
- All employees listed in the payroll were tested to ensure duplicates payments did not exist.
- Reasonableness of any active employees who were receiving \$0 net pay.
- All vacation was accrued in accordance with HR policy.
- All electronic fund transfers were directed as authorized by the employee.
- All salary adjustments or docked amounts were in accordance with FLSA rules and regulations.
- Paycheck sequencing was tested to ensure no numbers were skipped or duplicated.

The majority of the errors found were caused by various departments entering incorrect information. Examples of incorrectly entered information includes charging vacation or sick leave hours when the benefit balance is zero; not entering regular worked hours for an hourly employee causing the employee to receive no pay; not authorizing the payment of new employees in their department on the payroll claim sheet; not submitting a termination form to Human Resources but noting the employee should be terminated.

GALVESTON COUNTY



Office of County Auditor

Randall Rice CPA CISA CIO, County Auditor
Kristin Bulanek CIA, First Assistant County Auditor

P.O. Box 1418, Galveston, Texas 77553

(409) 770-5304

722 Moody Ave 4th Floor, Galveston, TX 77550

All errors found during the review were corrected by the payroll processing team before checks were issued.

Reviews performed by both the Treasurer's Office and Auditor's Office are critical in preventing/detecting fraud and minimizing incorrect payments. Since the review is not a detailed examination of all transactions, there is a risk errors and fraud may not always be detected. Each official retains responsibility for the accuracy and completeness of financial information.

The Auditor's Office continues to work with Information Technology, the Treasurer's Office and Human Resources to monitor each payroll, with the intent to reduce the number of payroll errors. We would like to thank the staff of all three offices for their cooperation.

Respectfully,

A handwritten signature in blue ink that reads "Rice CPA".

Randall Rice CPA
County Auditor

Cc: Kristin Bulanek CIA, First Assistant County Auditor
Kevin Walsh, County Treasurer
Department of Human Resources
Department of Information Technology