



THE COUNTY OF GALVESTON
COUNTY AUDITOR'S OFFICE
P.O. Box 1418
GALVESTON, TEXAS 77553

County Auditor
Randall Rice CPA
CITP CISA CIO CBM DABFA CGMA

Ron Chapa CPA
First Assistant, Director of Auditing

Jeff Modzelewski CPA
First Assistant, Director of Accounting

Latoya Jordan
First Assistant, I.T. Systems

June 24, 2014

Honorable Judge Mark A. Henry and
Members of the Commissioner's Court

Re: FY 2014 First Quarter Payroll Review
Biweekly # 21, 2013 – Biweekly # 26, 2013

Honorable Judge and Members of the Court:

The Auditor's Office and Treasurer's office have completed the regular biweekly audits of the Galveston County Payrolls. The offices work together to identify and correct all errors before the payroll is finalized. The audit included the following:

• Biweekly 21	1,382 employees	Payroll Total	\$2,898,279.08
• Supplemental	1 employee	Payroll Total	\$ 1,138.76
• Biweekly 22	1,291 employees	Payroll Total	\$2,952,641.72
• Biweekly 23	1,657 employees	Payroll Total	\$3,704,019.95
• Biweekly 24	1,304 employees	Payroll Total	\$3,020,404.86
• Biweekly 25	1,290 employees	Payroll Total	\$3,035,182.79
• Biweekly 26	1,300 employees	Payroll Total	\$2,929,472.49
• Supplemental	1 employee	Payroll Total	\$ 1,599.68

Employee count varies due to checks issued for the Election Workers included with regular employee checks.

Our testing included verifying the accuracy of the following:

- All Personnel Actions were entered properly. Personnel Actions include new hires, terminations, promotions, transfers, reclassifications and salary increases/decreases.
- All changes to an individual's payroll record are supported by a personnel action.
- All changes to salary appear to be reasonable and in accordance with County policy.
- All benefit changes were authorized by the employee and entered correctly.
- All Electronic Funds Transfers are directed as authorized by the employee.
- All salary adjustments or docked amounts are in accordance with FLSA rules and regulations.

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During the fiscal period October 1, 2013 through December 31, 2013, the total errors found for each biweekly payroll is shown below:

- Biweekly # 21 20 Errors
- Biweekly # 22 23 Errors
- Biweekly # 23 15 Errors
- Biweekly # 24 13 Errors
- Biweekly # 25 11 Errors
- Biweekly # 26 14 Errors

The majority of the errors were caused by various departments entering incorrect information: such as 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 a new employee in their department on the payroll claim sheet; not submitting a termination form to Human Resource but noting the employee should be terminated; also, entering overtime payments to an *Exempt* employee.

Please see the attached for more detail. All corrections were made by the payroll processing team before checks were issued.

Effective with the audit of biweekly 18, 2013 we are now using the IDEA Audit Software to test calculations with rate times the number of hours worked. During the audit period we found the following errors:

- Biweekly # 19 – Sheriff’s Dept – employee was overpaid \$ 452.68
- Biweekly # 25 – Community Services – employee was overpaid \$ 203.41

All monies were recovered the following payroll period.

Reviews performed by both the Treasurer and Auditor 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 the responsibility for the accuracy and completeness of the financial information.

The Auditor's Office continues to work with Information Technology, the Treasurer, 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,



Randall Rice CPA
County Auditor

cc: Ron Chapa CPA
Lori McWhirter