



THE COUNTY OF GALVESTON
COUNTY AUDITOR'S OFFICE
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November 12, 2014

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

Re: FY 2014 Fourth Quarter Payroll Review
Biweekly # 15, 2014 – Biweekly # 21, 2014

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 15	1,292 employees	Payroll Total	\$3,172,672.54
• Biweekly 16	1,286 employees	Payroll Total	\$2,885,085.01
• Biweekly 17	1,292 employees	Payroll Total	\$3,017,926.28
• Biweekly 18	1,281 employees	Payroll Total	\$2,859,960.35
• Biweekly 19	1,320 employees	Payroll Total	\$3,131,527.20
• Biweekly 20	1,297 employees	Payroll Total	\$2,836,955.15
• Biweekly 21	1,334 employees	Payroll Total	\$2,880,517.19

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 fund transfers are directed as authorized by the employee.
- All salary adjustments or docked amounts are in accordance with FLSA rules and regulations.

During the fiscal period July 3, 2014 through October 8, 2014, the total errors found for each biweekly payroll is shown below:

- Biweekly # 15 16 Errors
- Biweekly # 16 21 Errors
- Biweekly # 17 20 Errors
- Biweekly # 18 30 Errors
- Biweekly # 19 26 Errors
- Biweekly # 20 23 Errors
- Biweekly # 21 ***

***There were a significant number of errors resulting from the county financial system failing to account for fiscal year end payroll changes accurately. Due to the high number of errors, the Treasurer's Office and Auditor's Office was unable to review all exceptions prior to the submission of payroll. However, upon completion of the review, it was determined three errors remained which were due to various departments entering incorrect information. A supplemental payroll was issued to address these errors. An additional 2 errors were identified due to the system not applying different pay rates appropriately to dock hours. Adjustments were made to address these issues.

For Biweekly # 15 through Biweekly # 20, 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 Resources but noting the employee should be terminated. Corrections were made 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 the responsibility for the accuracy and completeness of the 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,



Randall Rice CPA
County Auditor

cc: Ron Chapa CPA, Director of Internal Audit
Lori McWhirter, Internal Audit Manager