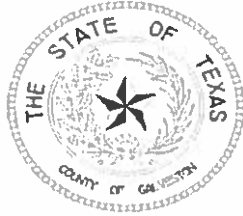


GALVESTON COUNTY



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 16, 2020

Honorable Mark A. Henry, County Judge, and
Members of the Commissioners Court
722 Moody Avenue
Galveston, Texas 77550

Honorable Mark A. Henry and Members of the Court:

Attached to be received and filed is the quarterly audit report of the payroll audit that covered the period July 1, 2020 to September 30, 2020 (biweekly #14, 2020 to biweekly #20, 2020).

Sincerely,

Randall Rice CPA Digitally signed by Randall Rice CPA
Date: 2020.11.05 15:33:22 -06'00'

Randall Rice CPA
County Auditor

Cc: Kristin Bulanek CIA, First Assistant County Auditor
Kevin Walsh CPA, County Treasurer
Arnel Wetzel, Department of Human Resources
Walter LaGrone, Department of Information Technology

Attachment: Quarterly Payroll Audit Report – FY 2020 Quarter 4

GALVESTON COUNTY



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November 16, 2020

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

From: Mr. Randall Rice CPA
Galveston County Auditor

Re: FY 2020 Quarter 4 Payroll Review
Biweekly # 14, 2020 – Biweekly # 20, 2020

Introduction

The Galveston County Auditor's Office, with the assistance of the County Treasurer's Office, has examined the Biweekly Payroll in accordance with Local Government Code §115. The internal audit covered the period July 1, 2020 through September 30, 2020 (PP14 – PP20).

The primary objectives of the internal audit are to provide reasonable assurance concerning:

- Reliability and integrity of the information
- Preventing and/or detecting fraud
- Minimizing errors

As the internal audit was not a detailed examination of all transactions, there is a risk that errors or fraud may not be detected. However, our internal audit was performed with objectivity and due professional care.

The total funded payroll for the audit period was \$27,268,621.50.

Personnel and Bank Information

When there is a new hire, termination, promotion, transfer, reclassification or salary increase/decrease, a Personnel Action Request (PAR) form, signed by the Department Head, must be submitted. When an employee decides to have their payroll check deposited via electronic funds transfer (EFT), an appropriate form reflecting the banking information, signed by the employee, must be submitted. Human Resources uses these forms to update information in the county's financial system, ONESolution. Personnel and bank information is recorded in the Human Resources (HR) module of ONESolution by Human Resources personnel, then flows through the system to the Payroll (PY) module. Internal Audit reviewed changes to personnel and bank information to ensure adequate support documentation was provided, changes were recorded completely and accurately in ONESolution and information flowed through the system as configured.

- Adequate support documentation was provided for all changes in personnel and bank information.
- 1 data entry error was detected.
- All were corrected by Human Resources prior to release of payroll.

- Changes made to electronic funds transfer (EFT) were verified by Human Resources.
- Electronic funds transfers flowed through the system as configured.

Contributions and Deductions

A contribution is the portion of benefit expenses that Galveston County covers as a courtesy for employees and a deduction is the portion of benefit expenses that an employee must pay in order to receive the benefit. There are mandatory and optional benefits. Mandatory benefits are administrated directly by the county and include retirement benefits such as TCDRS and AUL. Optional benefits are administrated by First Financial who provides a list of employee selected benefits to Galveston County. Internal Audit reviewed payroll records for the audit period to ensure all benefit deductions and contributions for optional benefits were recorded accurately and completely in OneSolution.

- No exceptions were noted in the review of the mandatory contributions and deductions for all eligible employees.
- Due to errors in the First Financial reports, 2 exceptions were noted for optional benefits. Human Resources corrected the issues prior to release of payroll. The absolute value of biweekly financial impact was \$3,151.34.

Timesheets

As of November 28, 2019, every employee is required to use TimeClockPlus (TCP) to record and track their time. At the end of each pay period, the Treasurer's Office exports all timesheet activity from TCP and uploads the data into ONESolution. Internal Audit reviewed the bi-weekly TCP and ONESolution reports for the audit period.

- All payroll check stubs reconciled to the TCP timesheets. Any errors were corrected prior to payroll being released. No exceptions were noted.
- All active employees who received \$0 net pay in a pay period were reviewed. All instances of \$0 net pay were explained. No exceptions were noted.
- No duplicate timesheets were detected.
- No employees were set up to receive both salary and hourly pay in a single pay period.
- No employees were set up to receive overtime pay without having worked at least 40 hours in the pay period.
- All employees reporting Family Medical Leave Act (FMLA) time were approved by HR.
- District Attorney (DA) longevity pay was accurately paid to appropriate employees.

Recalculations

ONESolution's Payroll Module is configured to perform numerous calculations while processing payroll. Internal audit reviewed the accuracy of the following payroll calculations:

- Gross Pay (Hours worked multiplied by the pay rates)
- Ratios between annual, biweekly and hourly pay
- Law Enforcement longevity pay

No detections were noted in the review of the bi-weekly payroll audit calculations.

Holiday and Vacation Paid Leave

The Galveston County Human Resources Policy Manual, Policy HR008-Time-Off Holiday, states employees shall be allowed such holiday paid leave as is annually authorized by Commissioners Court, immediately upon hire. Policy HR008-Time-Off Vacation states employees shall accrue vacation paid leave based on their years of service. Holiday and vacation paid leave are recorded in the HR module of ONESolution by HR personnel. Internal Audit reviewed the holiday and vacation paid leave recorded in OneSolution to ensure compliance with the Human Resources Policy manual. No detections were noted for the audit period.

Miscellaneous Testing

Internal Audit performs other miscellaneous tests to help detect potential fraudulent activity related to payroll. These tests include verifying inactive personnel do not receive pay, duplicate employees do not exist and payroll check numbers do not contain any gaps or duplicates. No detections were noted for the audit period.

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 Digitally signed by Randall Rice CPA
Date: 2020.11.05 15:32:16 -06'00'

Randall Rice CPA
County Auditor

CC: Kristin Bulanek CIA, First Assistant County Auditor
Kevin Walsh CPA, County Treasurer
Arnel Wetzel, Department of Human Resources
Walter LaGrone, Department of Information Technology