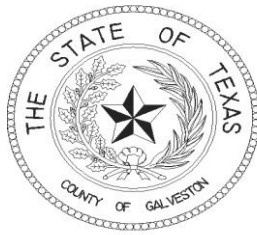


GALVESTON COUNTY



Office of County Auditor

Randall Rice CPA CISA CIO, County Auditor
Madeline Walker CPA CFE, First Assistant County Auditor

P.O. Box 1418, Galveston, Texas 77553

(409) 770-5304

722 Moody Ave 4th Floor, Galveston, TX 77550

April 29, 2024

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 January 1, 2024 to March 31, 2024 (biweekly #01, 2024 to biweekly #06, 2024).

Sincerely,

Randall Rice CPA

Randall Rice CPA
County Auditor

Cc: Madeline Walker CPA CFE, First Assistant County Auditor
Sergio Cruz, Department of Professional Services
Rebecca Gilliam, Department of Human Resources
Misty Witmer, Department of Information Technology

Attachment: Quarterly Payroll Audit Report – FY 2024 Quarter 2

GALVESTON COUNTY



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April 18, 2024

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

From: Mr. Randall Rice CPA
Galveston County Auditor

Re: FY 2024 Quarter 2 Payroll Review
Biweekly # 01, 2024 – Biweekly # 06, 2024

Introduction

The Galveston County Auditor's Office, with the assistance of Professional Services and Human Resources, has examined the Biweekly Payroll in accordance with Local Government Code §115. The internal audit covered the period January 1, 2024 through March 31, 2024 (PP01 – PP06).

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 \$ 26,827,851.03.

Personnel and Bank Information

When there is a new hire, termination, promotion, transfer, reclassification or salary increase/decrease, a Personnel Action Request form, signed by the Department Head, must be submitted. When an employee decides to have their payroll check deposited via electronic funds transfer, 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 module of ONESolution by Human Resources personnel, then flows through the system to the Payroll 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.

- Testing detected 3 data entry errors. All were corrected prior to the release of payroll. The absolute value of financial impact was \$0.00.
- Changes made to electronic funds transfer 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 benefits such as retirement benefits (TCDRS and AUL), State Unemployment Insurance and Medicare. 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 were recorded accurately and completely in ONESolution.

- 83 exceptions were noted in the review of the mandatory benefits for all employees. All were corrected prior to payroll being released. The absolute value of financial impact was \$5,470.87.

Timesheets

As of November 28, 2019, employees are required to use TimeClockPlus to record and track their time. At the end of each pay period, Professional Services exports all timesheet activity from TimeClockPlus and uploads the data into ONESolution. Internal Audit reviewed the bi-weekly TimeClockPlus and ONESolution exports for the audit period.

- Payroll check stubs were reconciled to the TimeClockPlus timesheets export. 26 exceptions were noted during the audit period. All were corrected prior to payroll being released. The absolute value of financial impact was \$14,287.07.
- No duplicate timesheets were detected.
- 5 exceptions were noted in the review of employees with more or less than their expected hours. All were corrected prior to payroll being released. The absolute value of financial impact was \$6,782.70.
- District Attorney longevity pay was accurately paid to appropriate employees.
- 2 exceptions were noted in the review of all active employees who received \$0 net pay in a pay period. Both were corrected prior to payroll being released. The absolute value of financial impact was \$1,774.06.
- 3 employees were set up to receive overtime pay without having worked at least 40 hours in the pay period. All were corrected prior to payroll being released. The absolute value of financial impact was \$3,035.27.
- 5 exceptions were noted in the review of FMLA time used during the period. All were corrected prior to payroll being released. The absolute value of financial impact was \$161.78.
- No employees were set up to receive both salary and hourly pay in a single pay period.
- 4 employees with exempt status were set up to receive overtime pay. All were corrected prior to payroll being released. The absolute value of financial impact was \$2,591.93.

Recalculations

ONESolution's Payroll module is configured to perform numerous calculations while processing payroll. Internal Audit reviewed the accuracy of the below payroll calculations.

- No exceptions were noted for gross pay (hours worked multiplied by the pay rates).
- No exceptions were noted for ratios between annual, biweekly and hourly pay.
- No exceptions were noted for law enforcement longevity pay calculations for eligible employees.
- 16 exceptions were noted in the review of compensatory time in excess of county policy. All hours were paid out to employee prior to payroll being released. The absolute value of financial impact was \$6,945.87.
- 2 exceptions were noted in the review of payout amounts. All were corrected prior to payroll being released. The absolute value of financial impact was \$86.92.

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 Human Resources module of ONESolution by Human Resources personnel. Internal Audit reviewed the holiday and vacation paid leave recorded in ONESolution to ensure compliance with the Human Resources Policy manual. 6 exceptions were noted for the audit period. All were corrected prior to payroll being released. The absolute value of financial impact was \$2,809.17.

Miscellaneous Testing

Internal Audit performs other miscellaneous tests to help detect errors or potentially fraudulent activity related to payroll.

- No inactive personnel received pay.
- 3 exceptions were noted in the review of active employees not receiving pay. All were corrected prior to payroll being released. The absolute value of financial impact was \$5,894.30.
- No exceptions were noted in the review of general ledger continuity.
- No exceptions were noted in the review of general ledger validity.
- No duplicate employees were detected.
- Payroll check numbers did not contain any gaps or duplicates.

The Auditor's Office continues to work with Professional Services, Human Resources and Information Technology 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

Randall Rice CPA
County Auditor

CC: Madeline Walker CPA CFE, First Assistant County Auditor
Sergio Cruz, Department of Professional Services
Rebecca Gilliam, Department of Human Resources
Misty Witmer, Department of Information Technology