

AUDITOR'S REPORT

CONSTABLE PRECINCT 7 MAY WALKER TIME REPORTING AND PROCESSING



November 1, 2013

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HARRIS COUNTY AUDITOR

November 1, 2013

Ms. May Walker
Constable Precinct 7
5290 Griggs Road
Houston, TX 77021

RE: Constable Precinct 7 Time Reporting and Processing

The Audit Services Department performed procedures relative to the Constable Precinct 7 (Precinct 7) Time Reporting and Processing engagement, the objective of which was to evaluate Precinct 7's time reporting and processing practices for compliance with the County's Personnel Regulations and Accounting Procedures. The following procedures were performed relative to 652 employee time sheets for seven pay periods with beginning pay period dates selected between August 13, 2011, through July 28, 2012:

- Obtained an understanding of internal policies and procedures related to time reporting and processing practices specific to Precinct 7 personnel.
- Tested pay periods for the twelve month period ended July 31, 2012, to evaluate whether time sheets were properly completed and complied with the County's Personnel Regulations and Accounting Procedures.
- Tested whether time sheets supported the time entered in the County's Daily Time Entry (DTE) system.
- Performed analytical procedures to identify trends in time reporting and processing practices.

During the course of the engagement, and again at a formal exit meeting on November 13, 2012, issues were communicated with you and your staff. As a result of discussions held at the formal exit meeting, further procedures were deemed necessary. These additional procedures included testing whether secondary job assignments were properly approved by Precinct 7 management and did not conflict with County time reported. The additional procedures resulted in a delay to the original anticipated engagement completion date.

The engagement process included providing you with a combined engagement and scope letter and conducting an entrance and exit conference with your personnel. The purpose of the letter and conferences was to explain the process, identify areas of concern, describe the procedures to

Ms. May Walker
Constable Precinct 7

be performed, discuss issues identified during the engagement, and solicit suggestions for resolving the issues. A draft report was provided to you and your personnel for review.

The enclosed Auditor's Report presents the significant issues identified during our procedures, recommendations developed in conjunction with your staff, and any actions you have taken to implement the recommendations.

We appreciate the time and attention provided by you and your staff during this engagement.

Sincerely,



Barbara J. Schott
County Auditor

cc: District Judges
County Judge Ed Emmett
Commissioners:
R. Jack Cagle
El Franco Lee
Jack Morman
Steve Radack
Devon Anderson
Vince Ryan
William J. Jackson

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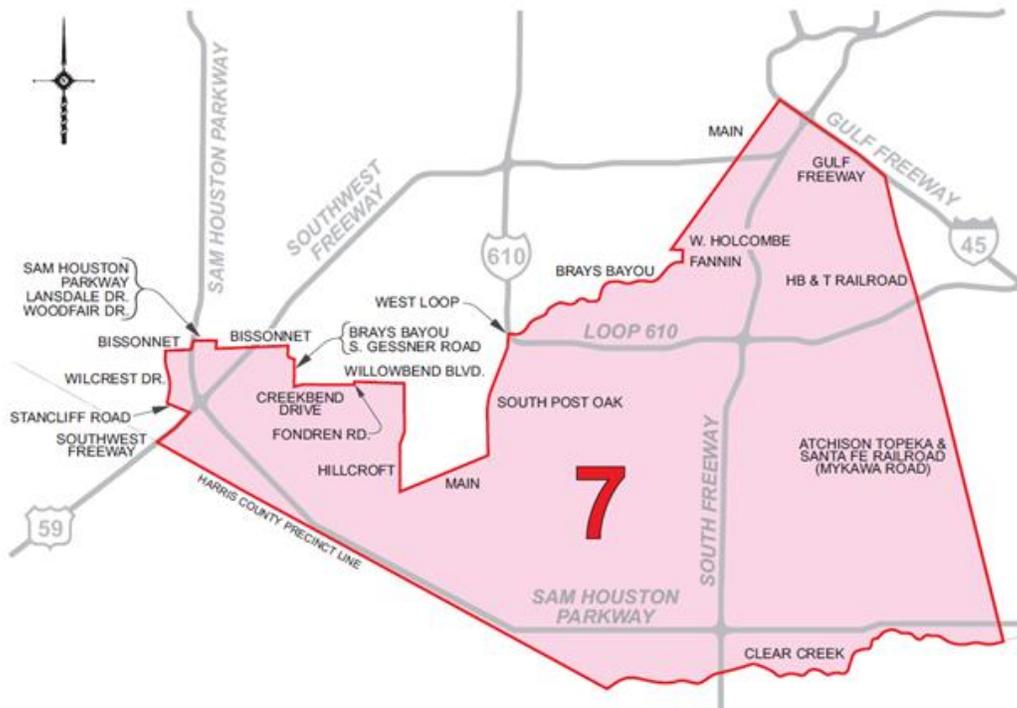
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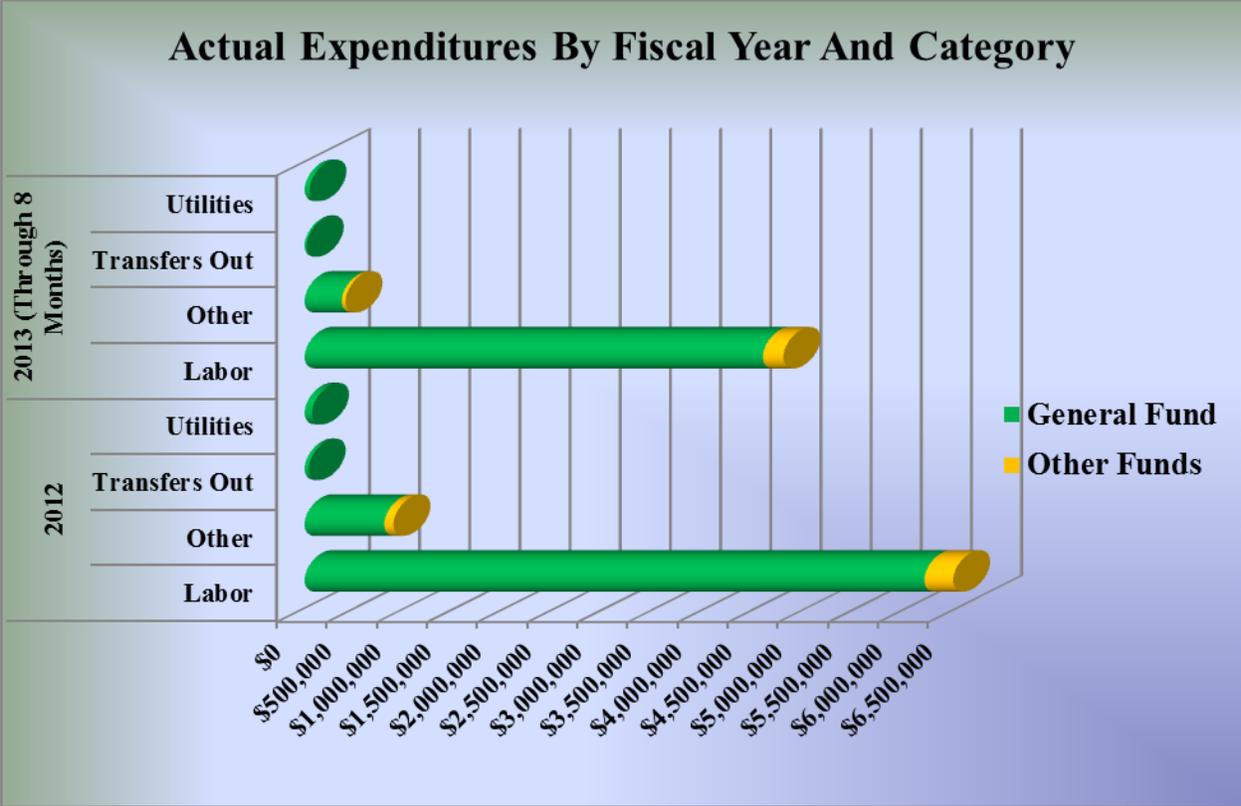
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OVERVIEW

Precinct 7 is situated in the southern sector of Harris County and includes parts of southwest and southeast incorporated and unincorporated areas. Precinct 7's responsibilities include serving civil processes (including Writs of Execution, Writ of Mandamus, Eviction Notices, Subpoenas, and numerous others), performing bailiff duties in the Precinct 7 Justice of the Peace Courts, serving criminal warrants, performing traffic and other law enforcement duties, providing contract deputy services, and other statutory duties. The following map shows the jurisdictional boundaries of Precinct 7.



For the two County fiscal years covering the pay periods tested, the graph on page 6 reflects the actual expenditures Precinct 7 incurred in performing its responsibilities.



As the above graph illustrates, the greatest portion of expenditures covering the two fiscal years relate to Labor (salaries and fringe benefits) and are funded predominantly by the General Fund.

The primary requirements relating to the tracking, monitoring, and recording of time for Labor related expenditures are in Local Government Code (LGC) §151.903, Personnel and Payroll Records in County With Population of 500,000 or More. Pursuant to LGC §151.903(c), each county officer employing a person paid in whole or part by county funds as a deputy, assistant, or any other county employee "...shall file a signed and sworn payroll at the close of the month, or more often if authorized or required by law. The payroll must state the name of each employee and show the employee's dates and hours of work, rate of compensation, and amount due for the current pay period..." The responsibility for prescribing and approving forms and prescribing systems (including personnel and equipment records) necessary to carry out these sections is placed with the County Auditor (excerpted from LGC §151.903(d) and (e)).

In instances where a County has a chief personnel officer, LGC §151.903(f) grants commissioners court the authority to designate either the County Auditor or the chief personnel officer to approve personnel forms. Through the adoption of the County's Personnel Regulations, such authority has been placed with the County Auditor. Section 7.011 states,

"The County Auditor establishes procedures for the payroll forms or documents that Department Heads must complete and retain regarding the appointment, compensation, and termination of employees."

Commissioners Court has also addressed specific requirements of employees, supervisors, and department heads (elected or appointed officials) relating to time records and corrections in the County Personnel Regulations §7.031 and §7.034. Section 7.031 addressing time records states,

“All employees (except Elected Officials and certain individuals designated by Commissioners Court) must prepare time records in accordance with procedures prescribed by the County Auditor. **Employees must report their time accurately. Employees must check their records to ensure that the County processed the time correctly each pay period and report any discrepancies to the payroll clerk.** Supervisors review time records and ensure that the time recorded is accurate. Department Heads are responsible for preparing timely and accurate time records and submitting their payroll to the Auditor. The County Auditor or her designee may inspect the time records at any time.”

Personnel Regulations §7.034 addressing corrections and the time requirements for submission states,

“Except for corrections, payrolls are final upon approval by the Department Head. Department Heads must submit changes that may result in an overpayment to a terminated employee *immediately*. Department Heads submit other changes as a supplemental payroll. **Payroll changes or corrections are limited to the 2 preceding pay periods, except as required by law (e.g., Workers’ Compensation, etc.) or court order.**”

The County Auditor has prescribed procedures and forms related to time records in Accounting Procedure O.1, – *Preparation of Time Record* (Procedure O.1). This procedure specifically addresses:

- The forms to be used as the time record, generally County Auditor’s Form 1084B-1 or County Auditor’s Form 1084B-2 (Time Sheet), unless one of the special circumstances applies.
- The employee’s responsibilities for accurately reporting time through the initial submission of the Time Sheet or a correction to a previously prepared Time Sheet.
- The supervisor’s responsibilities for reviewing and approving the original or revised Time Sheet.
- The department payroll clerk’s responsibilities for reviewing the document for completion and accuracy, including appropriate signatures, and retaining the original or revised Time Sheet.
- The County Auditor’s responsibilities for auditing Time Sheets and supporting documentation.

To assist employees and departments, the County Auditor’s prescribed forms and procedures are periodically updated with quarterly updates sent to all County departments through communications from the County Auditor’s Systems and Procedures Department. In addition, the forms and procedures are made available via the Auditor’s intranet site.

RESULTS

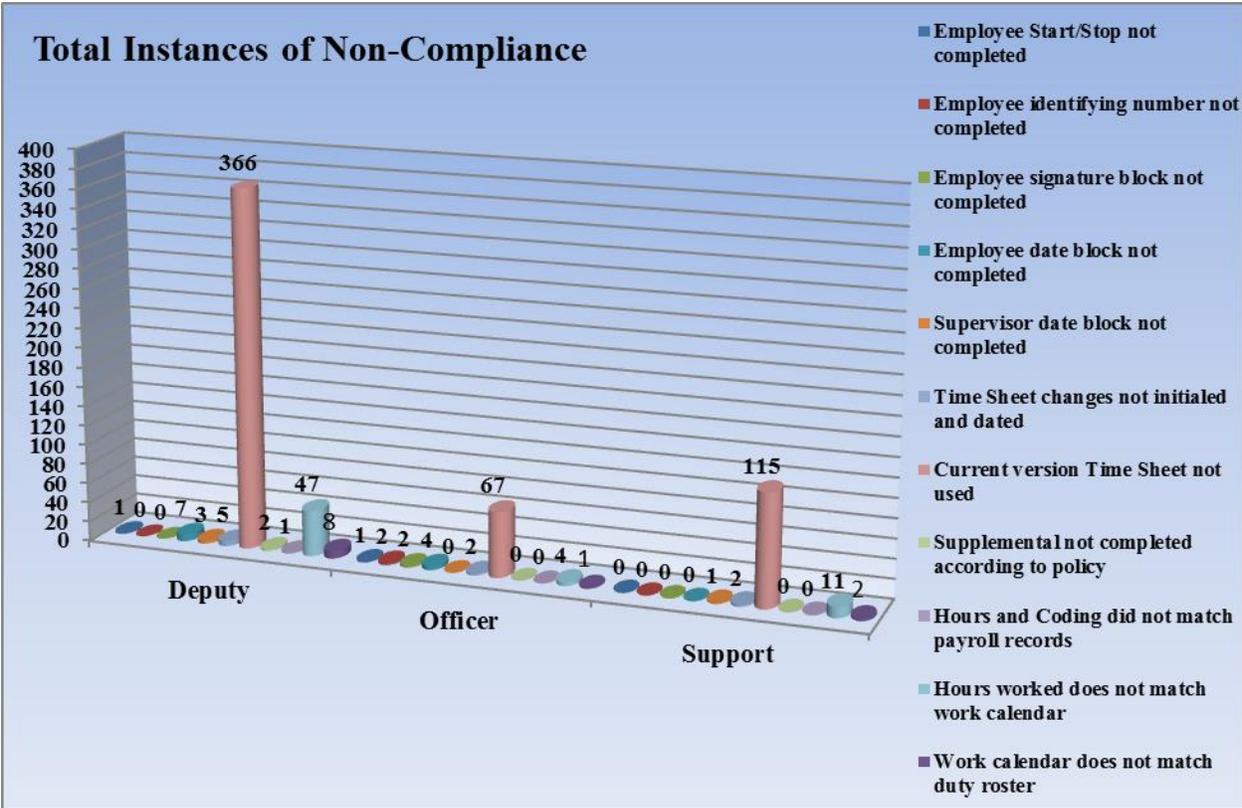
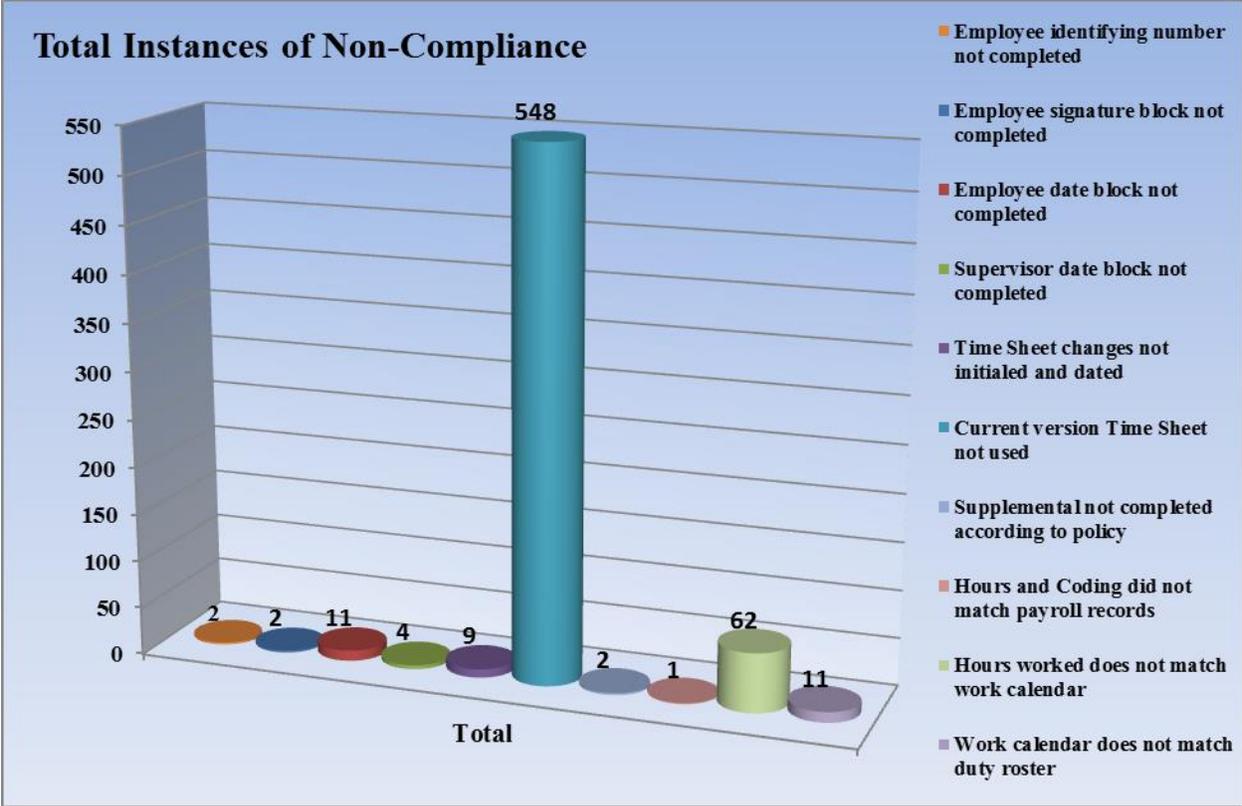
Based on the procedures performed relative to 652 employees Time Sheets covering seven pay periods between August 13, 2011, and July 28, 2012, it appears that Precinct 7 complied with the County Personnel Regulations. However, there were several instances of non-compliance with the County's Accounting Procedures. Instances of non-compliance were identified in the following areas:

- 6 of the 7 pay periods tested used an outdated version of the Time Sheet
- 29 out of 102 (28.4%) employees' work calendars assigned within the DTE system did not agree to the days/hours worked per the Time Sheets
- Employee identifying information and Start/Stop times were not completed.
- Employee initials and dates of Time Sheet changes were not documented.
- Employee signature date was either omitted or incomplete.
- Supervisor signature date was either omitted or incomplete.
- Supplemental Time Sheets were not completed in accordance with the County's Accounting Procedures.

There were no issues related to the County's Accounting Procedures regarding missing Time Sheets, supervisor signatures, pay period blocks, and Time Sheet dates. Time Sheets supported the time entered in the DTE system, except for one instance which is explained in detail on page 10 of the report. Subsequent to our procedures, Precinct 7 management submitted a request to County Commissioners Court to correct the overpayment of compensatory hours.

The two graphs on page 9 illustrate the composition of the noncompliance instances, first in total and second by position. The following groupings are used: Deputy includes deputies with a rank below sergeant, Officer represents deputies with a rank of sergeant to chief, and Support contains all other personnel.

These and other issues are discussed in more detail in the attached "Issues and Recommendations" section, which includes Precinct 7's response to the recommendations presented in the Auditor's Report.



ISSUES AND RECOMMENDATIONS

Subject	Background	Issue	Recommendation	Management Response
Time and Attendance Recording	In accordance with Harris County Accounting Procedure L.3, <i>Payroll Authorization</i> , a department designee authorized to sign financial documents pertaining to payroll shall utilize each employee's completed and approved Time Sheet to input the employee's time and attendance into the County's DTE system.	Of the 652 Time Sheets reviewed, in one instance, a Time Sheet's hours worked detail did not match the hours recorded in the County's DTE system. During testing, it was noted that a member of management incorrectly recorded an additional 8 hours worked during the pay period beginning 2/11/2012 for one employee. The error resulted in 88 hours worked versus 80 hours and earned compensatory time of twelve hours versus zero hours. Consequently, the County overpaid the respective employee twelve compensatory time hours (or \$322.44 in monetary value).	Pursuant to the County's Personnel Regulations §7.034, Payroll changes or corrections are limited to the two preceding pay periods, except as required by law (i.e., Workers' Compensation, etc.) or court order. Precinct 7 Management should work with the County Auditor's Office to correct the overpayment of compensatory time and double-check all future Time Sheets entered into DTE prior to certification/authorization. Subsequent to our procedures, Precinct 7 Management submitted a request to County Commissioners Court to correct the overpayment of compensatory hours.	The time was recorded but it was recorded on the wrong date. A letter was submitted to Commissioner's Court for approval to correct the mistake and the letter was approved and correction was made and the extra 8 hours (twelve compensatory time hours) were deducted from the employee payroll.

ISSUES AND RECOMMENDATIONS

Subject	Background	Issue	Recommendation	Management Response
Payroll Processing and Approval Access	Harris County Accounting Procedure L.3, <i>Payroll Authorization</i> , prescribes the required procedures for the authorization of County departmental employees to submit payroll information. The procedure states that the responsibility of the County department "Designates department employees, other than the department head, having authorization to sign financial documents pertaining to payroll, and completes County Auditor's Form 127, <i>Signature Authorization Form</i> , indicating the designated employees. County Auditor's Form 127, <i>Signature Authorization Form</i> , should also be completed and re-submitted to Payroll if the authorized employees have any type of authorization change or employee change	Precinct 7 had an IFAS system access issue for two individuals with access to submit a payroll authorization and supplemental payroll authorization within the IFAS system, but were not authorized to sign financial documents per County Auditor's Form 127, <i>Signature Authorization Form</i> . Per Harris County Accounting Procedure O-6, <i>IFAS Security Policy</i> , IFAS system access should mimic the payroll authorization access per County Auditor's Form 127, "Daily Time Entry (DTE) payroll authorization is assigned based on the Approved Authorization Listing maintained in Payroll. Payroll is responsible for maintaining the supporting documentation for this listing and to provide the	Precinct 7 Management should work with ITC and the County Auditor's Payroll Department to ensure that the IFAS access and County Auditor's Form 127, <i>Signature Authorization Form</i> , are synchronized for those individuals whom should have appropriate access to submit a payroll authorization. During our procedures, Precinct 7 Management submitted an updated County Auditor's Form 127 <i>Signature Authorization Form</i> , to the County Auditor's Payroll Department to remove an employee no longer with the department. In addition, a request was sent to ITC to remove IFAS system access for the two individuals whom were not on the corrected County Auditor's Form 127	There were no issue, ITC was contacted and the County Auditor's Form 127 was sent to the Auditor's Office. The employee was only authorized to enter data into the DTE System.

ISSUES AND RECOMMENDATIONS

Subject	Background	Issue	Recommendation	Management Response
(Continued) Payroll Processing and Approval Access	from those originally filed with Payroll. Note: Only department approved personnel may authorize time. Employees who are not listed on County Auditor's Form 127, <i>Signature Authorization Form</i> , are not given the necessary security to authorize."	County's Information Technology Center (ITC) with the latest version." Although neither of the two individuals submitted a payroll authorization or supplemental payroll authorization, the intent to grant IFAS system access to these functions should have been followed by a subsequent request to update the County Auditor's Form 127, <i>Signature Authorization Form</i> . Although there were no instances of improper payroll authorizations during the engagement test period, improper access to the IFAS system to submit a payroll authorization or supplemental payroll authorization may result in an employee with access to manipulate payroll information or submitting an inaccurate or incomplete payroll authorization,	<i>Signature Authorization Form.</i>	

ISSUES AND RECOMMENDATIONS

Subject	Background	Issue	Recommendation	Management Response
		resulting in financial loss to the County.		
Work Calendars	The County uses the IFAS system Payroll Module and DTE (Payroll System) to record all hours worked based on the Time Sheets provided by the employees. Within the Payroll System, employees may be assigned a calendar, which coincides with the days of the week that the employee is expected to work. Currently, the Payroll System contains about 80 work calendars to accommodate the various work schedules utilized by County departments. The calendar is used to populate the time for the department's payroll for each pay period (i.e., eight hours are automatically loaded into the day the employee is expected to work - referred to as "Pre-	For Precinct 7, we reviewed 102 unique full-time employees and noted that 29 (28.4%) of the employees' days/hours worked per the Time Sheets did not match the work calendars loaded into the Payroll System. In addition, we compared the Time Sheets to the duty roster provided by Management for the last pay period under testing and determined that 11 of 93 full time employees (11.8%) of those schedules also did not match the Time Sheets provided. Incorrect work schedules in the Payroll System may result in inefficient time entry, errors entering actual hours and days worked for departmental personnel, and overpayments to	Precinct 7 Management, in conjunction with Payroll, should work towards correcting the work calendars within the Payroll System to coincide with the work schedules of the full-time employees. They should consider putting in place a monthly review process of their duty roster in order to keep the calendars accurate.	Corrections have been made in reference to the work schedules/calendars.

ISSUES AND RECOMMENDATIONS

Subject	Background	Issue	Recommendation	Management Response
(Continued) Work Calendars	post”). This Pre-posting of hours is used to reduce the data entry requirements for the departmental payroll clerk by only requiring changes to be made to the Pre-posted hours (i.e., reflect the use of vacation, compensatory time, sick leave, etc.). Precinct 7 also maintains a duty roster documenting each employee's schedule and work days and hours.	employees, resulting in financial loss to the County.		

ISSUES AND RECOMMENDATIONS

Subject	Background	Issue	Recommendation	Management Response
Outdated Time and Attendance Records	On July 1, 2011, the County Auditor's Office - Systems and Procedures Department (Systems and Procedures) informed all County departments that a new version of <i>Time and Attendance Record</i> (Time Record) was available on the Auditor's intranet home page, and older versions would no longer be acceptable.	Precinct 7 employees are not utilizing the current version of the Time Sheet prescribed by the County Auditor. During the 12-month test period, it was noted that 6 of seven pay periods selected for testing were utilizing an out of date version. As a result, incorrect time codes could potentially be used, causing inaccurate time recording and/or financial loss to the County.	Precinct 7 Management began using the current Time Sheet version (July 2012) starting with the pay period that began 7/28/2012; however, in the future, they should monitor changes to Time Sheets by ensuring they are included on the distribution list for the County Auditor's Accounting Manual Procedures and Forms Quarterly Update. When notified of a form change, Management should ensure that the correct form is distributed to all employees of the department for immediate implementation.	On August 13, 2011, we were not aware of updated time sheets, no one forwarded this information to Precinct 7, Once we were notified the updated time sheets are being used.
Secondary Job Permit Maintenance	Secondary jobs may be requested by Precinct 7 personnel (support staff and deputies). Pursuant to Precinct 7 General Order 300-07, section C.1, <i>Application for Secondary Employment Procedure</i> , a completed, signed, and	Precinct 7 office personnel are not updating the Extra Jobs Database for certain changes occurring subsequent to the initial permanent permit approval process. We tested 35 of the 379 secondary job assignments in the Extra	Although Precinct 7 Management has implemented additional procedures governing secondary job employment, management should consider additional procedural changes for permanent permits to	There is no need to update our database because Precinct 7 data base automatically changes at the time another secondary job has been noted. We have already updated our Internal Policy and General Orders that govern the secondary

ISSUES AND RECOMMENDATIONS

Subject	Background	Issue	Recommendation	Management Response
<p>(Continued) Secondary Job Permit Maintenance</p>	<p>approved (through the Chief Deputy and Constable level) secondary employment application must be processed before an employee is allowed to work outside secondary employment.</p> <p>Once approved, the permit is entered into the department's Extra Jobs Database for the deputy, job description, and work days/hours. Access to the database is controlled by the Sr. Lieutenant, the Chief Deputies, and the Constable.</p>	<p>Jobs Database occurring within the audit period. Of the 35 tested, it was noted that three deputies had changes to their secondary job work schedule that required updating the database for the most current work schedule information.</p> <p>Because independent verification could not be obtained, the three instances of the changed secondary job work schedules were discussed with management and management informed us that the deputies' County and secondary work hours did not result in simultaneous hours being worked and did not result in duplicate pay for the same hours.</p> <p>Not properly maintaining the Extra Jobs Database</p>	<p>incorporate:</p> <ul style="list-style-type: none"> • Notification by the employee of schedule or ending date changes related to their secondary employment permit for the updating of the Extra Jobs Database. • Periodic verification of secondary employment shift schedules for validity and accuracy. • Periodic comparison of employee Time Sheets against secondary employment information within the Extra Jobs Database to identify potential conflicts or instances in which employees may be paid twice for the same hours worked. 	<p>job assignment.</p>

ISSUES AND RECOMMENDATIONS

Subject	Background	Issue	Recommendation	Management Response
(Continued) Secondary Job Permit Maintenance		may impact Precinct 7 Management's ability to identify employees who may be getting paid twice for the same hours worked.		
County Accounting Procedure Compliance	County Auditor Procedure O-1, <i>Preparation of Time Record</i> , requires a Time Sheet to be completed by employees to record time worked and provides the instructions on how to properly fill out a Time Sheet. The procedure also requires supervisors to review, approve, and date each Time Sheet to indicate they have no reason to believe the time is incorrect before forwarding it to the department's payroll clerk. In addition to processing and filing Time Sheets, the payroll clerks' are responsible for reviewing the Time Sheets for proper completion, accuracy, and proper signatures. Procedure O-1, <i>Preparation</i>	<p>During the seven pay periods between August 13, 2011, and July 28, 2012, Precinct 7 employees were not complying with certain Accounting Procedures. As such, a number of issues were identified where the 652 Time Sheets tested were not accurately prepared, approved, and processed, as presented below:</p> <ul style="list-style-type: none"> • 4 (.6%) Time Sheets were not properly completed for the following fields: employee ID number, beginning and ending times. • 11 (1.7%) Time Sheets omitted the employee's date of signature. • 4 (.6%) Time Sheets 	Precinct 7 Management was informed of the Time Sheet discrepancies presented in the report. Precinct 7 Management should communicate to employees the importance of complying with the County's Personnel Regulations and Accounting Procedures relating to Time Sheets. Specifically, management should communicate the importance of dating as well as signing Time Sheets by employees and supervisors; initialing and dating any manual changes or corrections to the Time Sheet by the employee or supervisor; and communicate the proper procedures to employees	<p>At no time during the pay period August 13, 2011 thru July 28, 2012 did we have 652 Time Sheets that were not prepared, approved and processed incorrectly There were about 30 Time Sheets that may have not be properly completed as you noted under issues. Nevertheless, corrections have been made to all our time sheets being prepared, approved and processed.</p> <p>We have always complied to Accounting Policies and procedures.</p> <p>Proper documents to support compensation of employees were being maintained then and now.</p>

ISSUES AND RECOMMENDATIONS

Subject	Background	Issue	Recommendation	Management Response
<p>(Continued) County Accounting Procedure Compliance</p>	<p><i>of Time Record</i>, also prescribes the methods for submitting corrections to previously submitted Time Sheets.</p> <p>Through the compliance with County Personnel Regulations and Accounting Procedures, the employees' Time Sheet preparation, supervisors' attesting to the accuracy of the time recorded, and the payroll clerks' compliance review and processing; a system of internal controls is established that allows time worked and paid to be documented and verifiable.</p>	<p>omitted the supervisor's date of signature date, therefore we could not identify whether the Time Sheets were approved in a timely manner.</p> <ul style="list-style-type: none"> • 9 (1.4%) Time Sheets included manual changes which were not initialed and dated by the employee. • 2 (.3%) Time Sheets corrections were not prepared in accordance with the methods prescribed in completing corrections for previously submitted Time Sheets <p>Not complying with the Accounting Procedures significantly reduces internal controls relating to time reporting, prevents management from timely detecting and correcting misreported time, and increases the risk that changes may be made to employees' time without</p>	<p>and supervisors for making corrections to Time Sheets previously submitted (Procedure O-1).</p> <p>In addition, Precinct 7 should:</p> <ul style="list-style-type: none"> • Continue compliance efforts by periodically discussing the Time Sheet requirements with existing employees and develop an employee orientation program to train new employees on the proper procedures for completing, correcting, approving, and processing Time Sheets. • Consider using senior personnel who are not responsible for Time Sheet processing to review Time Sheets periodically for compliance with Personnel Regulations and Accounting Procedures. 	

ISSUES AND RECOMMENDATIONS

Subject	Background	Issue	Recommendation	Management Response
(Continued) County Accounting Procedure Compliance		their knowledge. Additionally, proper documentation to support the compensation of employees is not being maintained.		