

AUDITOR'S REPORT

AUDITOR'S OFFICE PAYROLL 2016 TAX TABLE UPDATE



February 19, 2016

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HARRIS COUNTY AUDITOR

February 19, 2016

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Chief Assistant County Auditor
Auditor's Office
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Chief Information Officer
Central Technology Services
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RE: Auditor's Office Payroll 2016 Tax Table Update

The Audit Services Department performed procedures relative to the Auditor's Office Payroll 2016 Tax Table Update. The objective of the engagement was to determine whether the controls were adequate and that acceptance testing by the Central Technology Services (CTS) and the Auditor's Office Payroll (Payroll) provided assurance that the Payroll Tax Table Update Project was properly implemented. Our procedures included the following:

- Determining if the Payroll Tax Table Update was in compliance with Harris County Accounting Procedures O.9, *IFAS Program Changes*, and O.12, *Financial System Testing Guidelines*, by verifying that the implementation plan contained the following:
 - A completed County Auditor's Form 25, *IFAS Program Change Request*.
 - An adequate test plan of procedures for testing the proposed program change.
 - Problem logging and/or error tracking and resolutions.
 - Completed user acceptance testing and results with required approvals.
- On a sample basis, reviewing the completed acceptance testing to evaluate whether Payroll's testing agreed that withholding calculations used the 2016 tax brackets and rates.
- On a sample basis, independently calculating selected bi-weekly and monthly employees' tax withholding amounts and net pay for their first paychecks in 2016 and verifying that the results match the tax withholding amounts calculated by the County's Integrated Financial and Administrative Solution (IFAS) system.

A draft report was provided to you and your personnel for review.

Mr. Mike Post
Chief Assistant County Auditor

Mr. Bruce High
Chief Information Officer

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
 Jack Morman
 Steve Radack
 Gene Locke
Devon Anderson
Vince Ryan
William J. Jackson
Dorothy Washington
Judy Springer

TABLE OF CONTENTS

OVERVIEW	4
RESULTS	4

OVERVIEW

Payroll information originates in each County department. Payroll verifies and processes payroll disbursements each pay period by using information such as salaries, hourly rates, changes of employee's status, deductions, etc., already stored in IFAS. System-generated payroll reports, deduction and contribution registers, as well as exception reports are reviewed by Payroll before funds are disbursed by the County Treasurer's office. Payroll is also responsible for preparing the federal payroll tax deposits and related payroll reports.

As part of the payroll process, Federal Income Taxes are withheld for each employee based on the tax tables published by the Internal Revenue Service. Payroll received tax updates for these tables from the developer of IFAS. The tax brackets and rates are applied to the test environment and test calculations are verified before they are moved to the production environment. The updated tables must be moved to production prior to the first payroll run of the year or adjustments will have to be made.

RESULTS

Based on the procedures performed, it appears that the internal controls related to this project were adequate and the acceptance testing performed by CTS and Payroll provided assurance that the Payroll Tax Table Update Project was properly implemented. In addition, we have determined that:

- The Payroll Tax Table Update was in compliance with Harris County Accounting Procedures O.9, *IFAS Program Changes*, and O.12, *Financial System Testing Guidelines*.
- The test plan was reasonable, and the test results were supported. Therefore, the acceptance testing performed by Payroll agreed that withholding calculations used the 2016 tax brackets and rates.
- The tax withholding amounts calculated by IFAS were correct as Audit Services independently verified selected employees' income tax withholding amounts for the first pay check in 2016 (payday as of 1/15/2016 for bi-weekly paid employees and payday as of 1/28/2016 for monthly paid employees) without exception.