

AUDITOR'S REPORT

AUDITOR'S OFFICE PAYROLL 2015 TAX TABLE UPDATE



March 20, 2015

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HARRIS COUNTY AUDITOR

March 20, 2015

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RE: Auditor's Office Payroll Tax Table Update

The Audit Services Department performed procedures relative to the Auditor's Office Payroll Tax Table Update. The objective of the engagement was to determine whether the controls of this project are adequate, and that acceptance testing by the Information Technology Center (ITC) and the Auditor's Office Payroll (Payroll) provides assurance that the Payroll Tax Table Update Project is properly implemented. Our procedures included the following:

- Evaluated the reasonableness of the test plan and test results, reviewing the completed acceptance testing to evaluate whether Payroll's testing agreed that withholding calculations are using the 2015 tax brackets and rates.
- Determined if the project methodology is in compliance with County application change request policies and procedures.
- On a sample basis, independently calculated employees' income tax withholding amounts for the first pay check in 2015 (payday of 1/2/2015 for bi-weekly paid employees and payday of 1/29/2015 for monthly paid employees), and verified that the results matched with the tax withholding amounts calculated by the County 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
 El Franco Lee
 Jack Morman
 Steve Radack
Devon Anderson
Vince Ryan
William J. Jackson

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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. Computer generated payroll reports, deduction and contribution registers, as well as exception reports are reviewed by Payroll before funds are disbursed by the County Treasurer. 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 receives 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 controls of this project are adequate, and that acceptance testing by ITC and Payroll provides assurance that the Payroll Tax Table Update Project was properly implemented. In addition, we have determined that:

- The test plan and test results were reasonable, and the acceptance testing performed by Payroll agreed that withholding calculations are using the 2015 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 2015 (payday of 1/2/2015 for bi-weekly paid employees and payday of 1/29/2015 for monthly paid employees) without exception.