

The Harris County
Auditor's Office



Newsletter



September 2015



Auditor's Office

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IFAS Replacement Project Gains Momentum

In the March 2015 edition of the Auditor's Newsletter I provided not only an update on the planning activities for IFAS replacement but also insight into the scope and benefits of a new *Enterprise Resource Planning* (ERP) system. Since March the project has continued to move forward and gain momentum along the way.



Bill Briggs—ERP
Project Manager

Accomplishments and Status

- Over the past five months the five-member ERP Executive Steering Committee (ESC) has continued to meet monthly and provide overall project planning direction and decisions.
- The ERP Executive Advisory Committee (EAC) has increased membership from twenty to twenty-nine members. Membership was expanded to include managers from across all four County precincts as well as the County Judge's Office. The expanded membership will help to ensure input and participation by a more inclusive customer base of end users of the new ERP system. The EAC and EAC subcommittees continue to meet weekly to address project planning initiatives and report status to the ESC.
- Documentation of Harris County "To Be" business requirements has been completed. Over 150 subject matter experts from across the County participated in the documentation of over 6000 functional and technical business requirements that are being used to assess the ERP system product.
- The Business Case for the project has been

completed. The business case is a very important document that, based on key project assumptions, brings together our best estimates at this time of project functional and technical scope, project implementation approach and timeline, and estimated costs.

- Through a "Discovery" process the EAC members have conducted extensive research over the past several months in evaluating the ERP products on the market today that

INSIDE THIS ISSUE:

- IFAS Replacement Project Gains Momentum
- Proposed FLSA "White Collar" Exemption Regulations
- The 84th Regular Legislative Session has Adjourned
- Harris County Compliance Audit Department And Harris County Civil Service Process Fees
- Become A Star
- The Federal Government will Electronically Deposit Funds into The Agencies Bank Account
- *Timely Invoice Payments—More Than Just a Stroke of Luck*
- What is Grant Cost Sharing?
- Accounts Payable Review and Recovery Engagement
- Accounting Brain Teasers
- Texas State Board of Accountancy 100 Years of Public Accountancy In Texas



could be viable alternatives for replacing Harris County's IFAS system.

- As a result of the Discovery process, the field of possible ERP product solutions has been narrowed to one product which the EAC continues to evaluate. The ERP product includes a comprehensive suite of modules and functionality to address Harris County's human resources, payroll, financial and procurement requirements.
- As a part of the ongoing evaluation process, a site visit was held at Brazoria County offices in Angleton, Texas. Brazoria County recently implemented PeopleSoft and provided the EAC members with invaluable information about the product and its implementation from an end user perspective.
- A three-day demonstration was held in August and more focused demonstrations in functional and technical areas important to Harris County are planned.

Next Steps

- *Software Acquisition Process* – Based on Harris County business needs and the scope of the project, the EAC will identify which ERP modules (software) to buy. The acquisition process is coordinated by Purchasing and will possibly include such things as price negotiations for module licenses, annual maintenance and other software and hardware considerations.
- *Determine the Implementation Partner* – Through an RFP process, the EAC and ESC will evaluate and select an ERP implementation firm that will ensure the new software is successfully implemented within Harris County and meets the needs of our customers.
- *Planning for the Implementation "Make Ready"* - There are many initiatives that can and should be accomplished prior to the implementation firm coming onboard and beginning the implementation of the new system. The EAC has identified a number of key initiatives such as:
 - ◆ Learning about the product through online documentation and training;
 - ◆ Reconciling and begin to map recommended modules to Harris County "To Be" functional and technical requirements and business processes;
 - ◆ Identify Harris County data to be migrated to the new ERP system and assess whether the data is clean enough to be effectively transferred;
 - ◆ Assess Harris County policies to determine which will require changes with the introduction of the new ERP system and which changes can be initiated now;
 - ◆ Confirm the inventory of Harris County

systems that will require to/from interfaces with the new ERP System and that the data formats are compatible or can be translated;

- ◆ Develop quality inventory of current reports, forms and queries that are prioritized as to need and level of effort to develop;
- ◆ Identification of "Super Users", which are those subject matter experts that will become experts on the new ERP system in their area of expertise;
- ◆ Establishment of project governance including the roles and responsibilities of project team members, the EAC and other project stakeholders.

*Proposed FLSA
"White Collar"
Exemption Regulations*

The Department of Labor (DOL) is proposing to update the regulations governing which executive, administrative, and professional employees (white collar workers) are entitled to the FLSA's minimum wage and overtime pay protections. The DOL last updated these regulations in 2004, and the current salary threshold for exemption is \$455 per week (\$23,660 per year). With this proposed rule, the DOL seeks to update the salary level required for exemption to ensure that the FLSA's intended overtime protections are fully implemented, and to simplify the identification of nonexempt employees, thus making the exemption easier for employers and workers to understand and apply.



Jenny Ly,
Director of Payroll

The DOL is wanting to:

1. Increase the current salary requirement to \$970 per week (\$50,440 per year)
2. Increase the threshold for exemption as a highly compensated employee (HCE) from \$100,000 to at least \$122,148.
3. Both the minimum salary level for exemption and the HCE threshold would be increased on an annual basis after the new regulations become effective.

The DOL's proposal to set the standard salary level at the 40th percentile of weekly earnings for full-time salaried workers "represents the most appropriate line of demarcation between exempt and nonexempt employees". By raising the threshold significantly, the DOL believes this should adequately distinguish between those workers who may be properly classified as exempt and those who likely are not, without the need for immediate change to the duties tests.

To briefly recap, the FLSA generally requires that employers pay employees overtime—at least straight time plus one-half their regular rate of pay for every hour they work in excess of 40 hours in a particular week. However, certain groups of employees may be exempted from the overtime pay requirements. One exemption relates to employees working in jobs that the FLSA describes as executive, administrative, or professional—the so-called "white collar" exemptions. Here are some of the "duties tests" by exemption:

1. Executive—managing a department, primary duty, supervise two or more full-time employees
2. Administrative—office or non-manual work, primary duty to enforce management policies and who has discretion and independent judgment regarding matters of significance
3. Outside sales—primary duty of sales/orders, regularly away from place of business
4. Professional—teaching, advanced knowledge
5. Computer—primary duty of systems analysis, designing or modifying computer systems

The DOL comment period for employers is 60 days. At the end of the comment period, the DOL will review the comments and publish the final regulations. This change is on the "fast-track" and final regulations will likely appear during the fourth quarter of 2015 with an effective date of January 1, 2016. Congress is not expected to block the new regulations. The practical impact is that fewer employees will qualify for exempt status. Departments should ensure that exempt duties constitute more than 50% of the work time.

The 84th Legislative Session has Adjourned



Steve Hoza, CPA
Director of Systems
& Procedures

Pre-filing of legislation for the 84th Texas Legislature began on November 10, 2014, with the first day of the official session being January 13, 2015. Harris County's legislative team, led by Donna Warndof, Director of the Office of Legislative Relations, actually started working on Harris County proposed bills back in early 2014. The last day of the Regular Session was June 1, 2015. Then, the Governor had until June 21, 2015 (the 20th day following final adjournment of Regular Session) to sign or veto bills passed during the 84th legislature. The Governor can also allow a bill to become law without signing it, as long as the Governor does not veto the bill. During this session, over 11,000 House and Senate bills were filed. However, only a fraction of those filed bills, about 1366, became or will become law. Bills that become law become effective either immediately, in 90 days, on September 1 of the legislative year, or January 1 of the following year. The Auditor's Office works jointly with other applicable County Departments to assure that the proper fees/fines/court costs, procedures/forms, special fund setup, and any other changes needed are in place when new laws become effective. Below is a listing of just some of the bills that passed which may affect Harris County:

HB 114 Relating to the issuance of certain capital appreciation bonds by political subdivisions.

HB 121 Relating to an alternative means of payment of certain criminal fines and court costs.

HB 408 Relating to the retirement benefits for certain elected state officials.

HB 445 Relating to providing notice of the availability of paid leave for military service to public officers and employees.

HB 530 Relating to the use of proceeds from criminal asset forfeiture to provide college scholarships to children of peace officers killed in the line of duty and to an annual report regarding the total value of forfeited property in this state.

HB 577 Relating to pay, benefits and requirements for state active duty service members.

HB 685 Relating to the production of public information available on the website of a political subdivision of this state.

HB 870 Relating to the investment training requirement for certain local government officers.

HB 1062 Relating to authorizing a fee for county records technology and infrastructure costs in certain counties.

HB 1378 Relating to annual financial reporting of debt information.

HB 2134 Relating to allowing a governmental body to request clarification of a request for public information by electronic mail.

HB 2182 Relating to the collection and refunding of certain fees and deposits by a county clerk or district clerk.

SB 287 Relating to the elimination of certain court fees and costs.

SB 374 Relating to requiring state agencies to participate in the federal electronic verification of employment authorization program, or E-verify.

SB 435 Relating to the powers and duties of a county treasurer.

SB 463 Relating to the restructuring of certain fund accounts of the Texas County and District Retirement System.

SB 733 Relating to the authority of certain political subdivisions to change the date of their general elections.

SB 871 Relating to the compensation of county auditors for certain counties.

SB 1452 Relating to the power of certain commissioners courts to authorize ad valorem tax sales of real property to be conducted by means of online auctions.

SB 1510 to Relating to authority of the county auditor to examine the records of certain special districts.

If you would like to view the exact wording of these or other bills, just go to <http://www.capitol.state.tx.us/>.

Harris County Civil Service Process Fees— Have you been Wondering?

Question: Have you been wondering what are civil service process fees?



Connie Sanders,
Senior Compliance
Auditor

Answer: It's the job of the Civil Division of the Constable Office to serve various papers sent from the Courts. These papers include citations, small claims, tax suits, executions, forcible detainers, writs of possession, writs of sequestrations, summons and subpoena.

When civil papers are received from the courts they are assigned to a deputy. The civil clerk then enters information into the Constable tracking system (CTS) and stamps the paper with the date and time that the paper was received. Papers are given to the deputy who serves the paper, fills out the Officer's Return and then gives it back to the civil clerk. The clerk then enters the information into CTS if the paper was served, unserved or transferred out along with any notes that the deputy makes on the paper. The paper is then returned to the court of issuance.

Question: Have you been wondering how Compliance Audit is involved with civil service process fees?

Answer: One of the many responsibilities of Compliance Audit is to perform a monthly compliance audit of all eight Constable Offices. Prior to our scheduled visit we review an IFAS report titled, "Fee Officer's Monthly Report" (FOMR) for discrepancies. We verify that the civil process fees that are being collected agrees with the account codes being used.

Question: Have you been wondering why some fees increase yearly?

Answer: A comparison schedule of the Harris County Fees to that of other similar type counties are done by a Constable Office. This schedule is sent to all the other Constable's offices and the County Attorney's Office for review. Each of the departments reviews the list and make necessary changes (if needed).

Question: Have you been wondering who authorizes these fees to be charged?

Answer: Local Government Code §118.131 allows the Commissioners Court of a county to set fees to be charged for services by the offices of the Constables. These fees must be set before October 1st of each year to be effective January 1st of

the following year.

Question: Have you been wondering what would happen if these fees are not set before October 1st?

Answer: The statute states that if the fees are not set by October 1st then the fees will revert back to the amounts that were in effect on August 31, 1981.

Question: Have you been wondering what are Compliance Audit internal procedures to determine whether the approved civil service fees are correctly entered in IFAS on January 1st?

Answer: Compliance Audit does the following:

- ◆ After Commissioners Court approves the fee schedule, Compliance Audit compares the amounts currently being used to the new amounts to determine if any changes were made. Compliance Audit also reviews the fee schedule to identify the names of any new fees that might have been added.
- ◆ Compliance Audit sends District Clerk, County Clerk and the Justices of the Peace a copy of the Commissioners Court approved new fee schedule reminding them to update their various tracking systems.
- ◆ Compliance Audit requests and obtains from Revenue Accounting a new account code for the names of any new fees that were added.
- ◆ Compliance Audit requests eight quick keys (for the eight Constable Offices) be set-up. (see next section below about quick keys).
- ◆ Compliance Audit sends copies of their internal Quick Key & Product Code spreadsheets to the Chief Clerks and other designated representatives in the Constable Offices for distribution to staff and customers. The Central Technology Services (formerly called ITC) is also sent the information.
- ◆ Compliance Audit (on the next county's business day after the New Year) verifies with Central Technology Services that IFAS has been updated.

Question: Have you been wondering what are quick keys and product codes?

Answer: For each civil service, fee a unique quick key and product code is established to identify that specific fee in the Constable Tracking System and the Cash Receipting Module in IFAS. A quick key provides a short cut for the account coding and a product code defaults to the cost. The

use of both of these together, allows the user to make less errors when entering the information in the systems.

Question: Have you been wondering which Harris County civil service fees increased in 2015?

Answer: There were a total of 44 fees that increased. They included increases from \$5 to \$75.00.

Question: Have you been wondering how increases in fees affect each Constable Office revenue estimates for the next fiscal year?

Answer: When the civil service fees are increased, the Constable Offices can include the amounts to be used in their Revenue Estimates for the new fiscal year. Depending on the number of papers they serve, this amount could be a substantial increase.

I hope that this article has answered most or all of your questions about how, when and why Compliance Audit gets involved with Harris County civil service process fees. For a listing of all of the County's civil service fees that are charged for "In Harris County" cases and "Out of Harris County" cases visit the County's website at: www.harriscounty.tx.gov/constablefees.aspx

“Become A Star”

It is the 21st century, how many of our day to day processes are performed manually as compared to automating them? Like most organizations, the Harris County Auditor's office has people that perform various manual tasks daily, weekly, or monthly using data from the same systems. Repetitive tasks can be time consuming.



Porter Broyles, CIA - Senior Auditor

What if I told you that these are the exact tasks that can turn you into your department's star? Do you want to shine in your department? Then take a look at those repetitive processes that you perform every day or every month and ask yourself if there might be an easier way to perform the task. Is there a way to automate the process?

When you identify a potential process improvement, contemplate the following:

1. What is the process looking for?
2. How might the process be improved?
3. How would the process look if it was automated?
4. What are the key data elements required to perform this analysis?
5. How else might the data be presented to make it more usable?
6. Can I use the data as provided or would Central Technology Services (CTS) need to provide the data in a different format?
7. What other improvements could be added to the process?

I recently reviewed a process wherein thousands of receipts were generated on a monthly basis. Each of these receipts contained transaction details for individual cases. The process requires the clerk to validate the total deposit amount for these transactions and then to select a sample for testing. After selecting the receipts to be reviewed, the clerk had to find the receipts and manually validate certain information on them. While the data was electronic, the receipts are provided in the same layout that they appear in when they were printed out.

The clerk then validated certain key information from the receipt. They checked the name of the person making the payment, the receipt number, the amount, and the total. They then checked the total fees charged for each fee description. If they found a case where the wrong amount was charged for a fee or the total was calculated incorrectly, then they would investigate further.

This process had been essentially unchanged since the system went into place. While the receipts were provided to the clerk as they appeared, the same information was undoubtedly saved on the computer data base and could be provided in a different format.

Instead of having each receipt provided individually, what types of tests could be performed if every receipt was provided in a single data file? How might the data be saved in a computer system? How might a different presentation of the same information allow for simple data analytics? Perhaps the data base captures each fee description as a separate line item:

Table 1

Receipt	Name	Case Number	Fee Description	Amount
ABCDEF	John Smith	1111	Alternative Dispute Resolution	10
ABCDEF	John Smith	1111	Appellate Judicial Fund	5
ABCDEF	John Smith	1111	County Clerk	15
ABCDEF	John Smith	1111	County Clerk E filing Copies	0.5
ABCDEF	John Smith	1111	Court Reporter Fee	15

If this is the case, then using a V-look up in Excel could be performed to compare the fee descriptions and the fee amount from table 1 with a master file. Rather than spot checking a sample of transactions manually, the clerk could instantly identify transactions wherein the charged fee did not match the expected rate and this would be performed on the entire population.

Maybe the data is stored on the system where each fee description is captured as an individual column:

Table 2

Receipt	Name	Case #	ADR	Judicial Fund	County Clerk	Efiling Copies	Court Reporter	Efiling Fees
ABCDEF	John Smith	1111	10.00	5.00	15.00	0.50	15.00	2.00
EFGHY	Jane Doe	1234	10.00	5.00	15.00	0.50	15.00	2.00
ASDFE	Suzy Q	5678	10.00	5.00	15.00	0.50	15.00	2.00
ASFDW	John Q Public	9999	10.00	5.00	15.00	0.50	17.00	2.00
KJDSFs	Billy Bob	6646A	10.00	5.00	15.00	0.50	15.00	2.00

In this case it becomes easier to spot abnormalities. You could still perform a V-look up in Excel to validate the individual fee amounts, but additional reviews might be possible as well.

Perhaps sorting columns by highest to lowest amounts to identify outliers? Perhaps a test looking to see if there are any unexpected values? How about a test checking to see if there are invalid values?

For example, using table two, if the Court Reporter Fee is supposed to be \$15, then why does the fourth transaction have an entry for \$17? If case numbers are supposed to be four digit numeric values, why does the fifth transaction have five digits with an alpha character? Suddenly, rather than analyzing a limited sample of transactions, the total population can be reviewed. Transactions with missing or invalid data might be identified. When one reviews a limited population, one might miss the exception. By reviewing the total population and identifying the outliers, one might be able to identify systemic issues otherwise missed, human error, potential training issues, or potential fraud.

While Harris County's Auditor's Office does invest in some sophisticated tools, such as ACL, to help identify these issues, with a little creativity and inquiry, you might be able to identify process improvements that can improve the quality and quantity of work performed in your department. Find a way to save time and increase the quality of your work and you will be the departmental rock star!

If you need assistance in automating a process, please feel free to contact Porter Broyles, Senior Auditor (713-274-5675) or Arlen Alanis, Audit Analyst I (713-274-5677).

*The Federal Government Will
Electronically Deposit Funds into
The Agencies Bank Account*

Each year in the State of Texas, millions of dollars are seized by law enforcement agencies in criminal cases. After the cases go to court and judgement is pronounced, a percentage of forfeited funds are awarded to the seizing agency responsible for each case. As Harris County has multiple law enforcement agencies that receive forfeited funds each year, the following questions often arise:



Bobby Cato, CIA
Director of Audit

Question: When should I deposit forfeited funds received from the District Attorney?

Answer: All forfeited funds should be deposited timely on a separate deposit slip into the appropriate bank account in accordance with **Accounting Procedure A.1 Cash Handling Guidelines**, and **Accounting Procedure F.1-2-1, Deposits via Treasurer**, or **Accounting Procedure F.1-2-2, Deposits via Armored Carrier or Field Location**, as applicable. It is important to note that **Local Government Code §113.022** requires a department to deposit their cashier's check on or before the **next regular business day** after the day they received the funds from the District Attorney's Office. If this deadline is not met, the department **must deposit their cashier's check without exception, on or before the 5th business day** after the day they received the funds from the District Attorney's Office.

Question: How will Audit Services determine if forfeited funds are deposited in a timely manner?

Answer: The District Attorney provides documentation contained on a "Receipt" to the department representative picking up the forfeited funds. This receipt contains the date the funds are picked up and the identification and signature of the representative picking up the funds. This receipt is scanned into a system called DEEDS by the Treasures' Office if the funds are deposited via the Treasures' Office. Once the form is scanned into DEEDS the auditors can electronically access and assess the information for timeliness of deposit.

Question: How does a department get approval to use forfeited funds?

Answer: State Funds - Pursuant to Chapter 59.06(d) Proceeds awarded under this chapter to a law enforcement agency or to the attorney representing the state may be spent by the agency or the attorney after a budget for the expenditure of the proceeds has been submitted to the commissioners court or governing body of the municipality. The budget must be detailed and clearly list and define the categories of expenditures, but may not list details that would endanger the security of an investigation or prosecution. In addition, Pursuant to Chapter 59.06 (d-1) (6) (a-b) the head of a law enforcement agency or an attorney representing the state may not use proceeds or property received under this chapter to: (6) make any expenditure not approved by the Commissioner's Court or governing body of the municipality, as applicable, if the head of a law enforcement agency or attorney representing the state holds an elective office and: (A) the deadline for filing an application for a place on the ballot as a candidate for reelection to that office in the general primary election has passed and the person did not file an application for a place on that ballot; or (B) during the person's current term of office, the person was a candidate in a primary, general, or runoff election for reelection to that office and was not the prevailing candidate in that election. This rule is known as the "lame duck" official rule.

Federal Funds - Pursuant to the Guide to Equitable Sharing for State and Local Law Enforcement Agencies, after the seizure in a joint investigation, a state or local agency that helps in Federal investigation may request a share of the property by submitting a Form DAG-71, Application for Transfer of Federally Forfeited Property, to the federal seizing agency. A separate Form DAG-71 must be completed for each asset to be shared.

If the assets from the investigation are forfeited and the Law Enforcement Agency DAG-71 forms are approved, the Agency will receive Justice Department shared Funds from the U.S. Marshals Office or Treasury Department shared funds from the U.S. Treasury Office. Sharing will be withheld from any state or local law enforcement agency where the governing body, state or local law, regulation, or policy requires or directs 1) specific expenditures of shared funds, 2) the transfer of federal equitable sharing funds to non-law enforcement agencies, or 3) expenditures for nonlaw enforcement purposes.

Question: How does a department get approval to add forfeited funds received after the annual forfeited budget has been approved?

Answer: If a department wants to add forfeited funds to their current budget to be available for use, the department needs to submit a supplemental revenue request in writing (email acceptable) to the Auditor's Office – Revenue

Accounting Department, in accordance with **Accounting Procedure A.19, Revenue Recognition Guidelines**, to increase their current forfeited budget by the amount of the new funds. Revenue Accounting will submit the supplemental revenue request to Commissioners Court for certification, and the Budget Management Department will submit the expense budget for the new funds to Commissioners Court. Upon Commissioners Court approval, Revenue Accounting will enter the supplemental revenue information into IFAS, and the Budget Management Department will enter the supplemental budget of expenditures into IFAS.

If the department does not initiate and undergo the supplemental revenue process, the funds will remain in the department's cash balance and become a part of the department's available resources for the next fiscal year.

Question: What is the County Auditor's Office responsibility for forfeited funds?

Answer: The County Auditor's Office is responsible for conducting an audit of the Department's Accounts in accordance with Local Government Code §115.0035, *Examination of Funds Collected by County Entity or the District Attorney*. The code states:

- a. For purposes of this section, "accounts" means all public funds that are subject to the control of any precinct, county or district official, including the accounts of law enforcement agencies and the attorney for the state composed of money and proceeds of property seized and forfeited to those officials.
- b. At least once each county fiscal year, or more often if the county auditor desires, the auditor shall, without advance notice, fully examine the accounts of all precinct, county and district officials.
- c. The auditor shall verify the correctness of the accounts and report the findings of the examination to the commissioner's court of the county at its next term beginning after the date of the audit is completed.

Question: What can the department spend forfeited funds on?

Answer: For specific guidance on proper expenditures of state forfeited funds please refer to Criminal Code 59.06(d-1) (<http://www.statutes.legis.state.tx.us/Docs/CR/htm/CR.59.htm>). For specific guidance on Federal Seized and Forfeited Funds please refer to the Department of Treasury Seized and Forfeited Property Guidelines (<http://www.treasury.gov/resource-center/terrorist-illicit-finance/Asset-Forfeiture/pages/index.aspx>) and the Department of Justice Guide to Equitable Sharing for State and Local Law Enforcement Agencies (<http://www.justice.gov/criminal-afmls/equitable-sharing-program>).

The questions and answers provided above will help guide you in the financial management of your forfeited funds. If you

have additional questions regarding forfeited funds, please contact Steve Hoza, Systems and Procedures Director, at 713-755-6559. If you have additional questions regarding Chapter 59 Asset Forfeiture Reports please contact Kent Richardson at the Office of Attorney General, 512-936-1348, or email - Kent.Richardson@texasattorneygeneral.gov. If you have additional questions regarding Federal Treasury asset forfeitures please contact Eliot Van Velzen at (317) 614-4613. If you have additional questions regarding Federal Justice asset forfeitures please contact Kay Carter at (202) 616-1234.

Timely Invoice Payments— More Than Just a Stroke of Luck

Timely invoice payments don't just happen. The payment of invoices in a timely fashion not only depends upon an Accounts Payable department that is poised to handle the volume of invoices being received, it also depends on a vendor that's been properly educated with regard to what Harris County considers a "properly submitted" invoice for payment. It is very important to note that we all play a role in making sure our vendors are aware of the minimum critical elements needed when it comes to getting their invoices entered into IFAS and ultimately paid in a timely fashion.



Reginald Yancey,
Director Accounts

Aside from being clear, accurate, and free of mathematical errors, vendor invoices submitted to Harris County must contain at a minimum the following elements to facilitate efficient and effective payment processing:

- The word invoice should appear on the face of the document being submitted.

Accounts payable cannot and will not pay from quotes, statements, purchasing slips, order forms, delivery tickets, or estimates. Paying from a document other than an invoice can result in a duplicate payment which forces personnel to spend valuable time collecting funds that were improperly dispersed. The document submitted to Accounts Payable for payment must be an invoice.

- Name of the vendor and remit to address.

This information is essential in ensuring the payment is made payable to and is sent to the correct vendor location. Payments

sent to the wrong location or made payable to the wrong vendor can potentially delay payment up to an additional thirty days. Delays of this nature place Harris County at risk of having services interrupted, accounts placed on hold, and in extreme cases, the discontinuation of business with a particular vendor entirely.

- Vendor invoice number and date

Every invoice submitted should contain an invoice number that has been assigned by the vendor. Vendor assigned invoice numbers prevent Harris County personnel from having to assign internally generated numbers which have the potential for duplication. Having a preassigned number reduces the likelihood that an invoice is paid twice.

- Name and address of county department

Listing the department helps Accounts Payable identify the AP processor that the invoice belongs to without having to contact the vendor.

- Valid purchase order number

A valid purchase order number should always appear on the invoice. The name on the invoice must also match the name used on the purchase order. Having a valid purchase order allows the Accounts Payable processor to match and audit prices, confirm that the correct department is being charged for the goods or services, and apply purchases against encumbered funds.

- Detailed description of goods/services delivered and the delivery or service date

This identifies exactly what the department purchased, which will in turn eliminate (or reduce significantly) the time needed by Accounts Payable or the department to research and determine what the department is being invoiced for.

- Total amount due and the payment due date

In order to properly pay, we must know the amount and when payment is due. Since payments require the approval of commissioner's court, it is most important that an amount and due date be present so that payment is scheduled on the appropriate commissioner's court date.

Now that we've touched on what vendors can do to expedite the payment process, here are three things that we (the departments within Harris County) can do to assist as well.

1. Ask vendors to send all invoices directly to the Harris County Accounts Payable Department via email or US Mail. Sending invoices directly to Account Payable allows for immediate processing.

Hard copy invoices should be mailed directly to

**Harris County Auditor's Office
Accounts Payable
1001 Preston, 8th Floor
Houston, Texas 77002**

Electronic invoices may be submitted via email to:

vendorinvoices@hctx.net

2. Run, review, and correct items shown on the problems PO report weekly (more frequently if necessary). Insufficient funds is the number one reason items are placed on the problem PO report. Work with your buyer in purchasing to see that open PO's are amended to increase available funds, or if necessary a new PO is issued with sufficient funding to cover the amount of the claim.

The CDD report for problem PO's can be found in IFAS under:

AP_PROB_POS (PO's with problems – Invoices by Dept)

At the prompt input your department number and tap enter. This will generate a listing of all items that have been entered into IFAS, but cannot be paid until further action is taken by the department. Once the necessary adjustments have been made, **contact your Accounts Payable claim processor** and advise them that the item(s) can now be paid.

3. Make sure items appearing on the Invoices in Department Approval Process report get approved as quickly as possible and don't spend an unnecessary amount of time in this phase of the payment process. This report lists all items that are in the approval queue and pending for a particular department.

The CDD report for invoice in department approval process can be found in IFAS under:

AP_IN_DEPT_APRV (AP: Invoices In Approval Process)

At the prompt input your department number and tap enter. This will generate a listing of all items in the approval queue and the person in your department slated to approve them.

If you have questions regarding invoice payments, please contact Reginald Yancey, Accounts Payable Director, at 713-755-1455 or Reginald.Yancey@aud.hctx.net.

With the ERP implementation just over the horizon, the importance of a smooth transition cannot be over emphasized. Getting invoices paid timely, and having as few invoices on the IFAS Problem PO report as possible will minimize substantially the amount of unpaid items that will need to be migrated over to the new ERP system. It also keeps us in good

standing with our vendors, and helps us continue to provide superior levels of service to the residents of Harris County.

What is Grant Cost Sharing

In accordance with OMB Uniform Guidance 2 CFR 200.29, cost sharing is the portion of a grantee project's costs that are paid from sources other than the funds provided by the granting agency. Cost Sharing can either be required by a grantor as a condition of the award or it can be voluntarily pledged by the grantee. Some granting agencies make a distinction between "Cost Sharing," "In-kind" and "Matching." Generally, all these terms refer to costs not charged to the grantor. These terms can refer to cash contributions, contributed time, and In-Kind services whether from Harris County or Third-Party sources.



Paul Wilden,
Manager—Grants
Accounting

Many granting agencies require that the costs of a grant project be shared between the grantor and the grantee. Some programs expect the grantee to match the sponsor's resources in a specific proportion (80/20 or 50/50, etc.). Other programs simply require evidence of some cost sharing.

Cost Sharing has a significant financial impact on the department providing the funds. Commitments should be held to a minimum. However, if the grant program costs exceed the reimbursable amount then the additional "discretionary" match should also be recorded in the general ledger but not reported to the granting agency. However, if a grantee does not contribute sufficient match, the agency support may be reduced proportionately to maintain required matching ratios. Therefore, caution must be exercised in estimating all cost share amounts.

To qualify as cost sharing, a cost must be verifiable from the recipient's records. The costs used may not be obtained from federal or state sources (unless otherwise authorized by statute such as with Community Development Block Grant funds) nor can they be costs used for match on any other grant. The cost must be allowable under OMB Uniform Guidance 2 CFR 200. If cost sharing is offered and accepted, it *must* be tracked and reported.

If a grantor does not require matching or if a grantee exceeds the matching requirement, you may wish to include this in the project proposal if applying for a competitive grant. However, keep in mind that any cost share offered in a grant proposal becomes a binding commitment to that agreement even if the grantor agency did not originally require such a match.

For further reference please see Harris County Auditor's Office Procedure G.7 *Accounting for Required, Discretionary and In-*

Kind Matches. For any questions or concerns please contact Paul Wilden, Grants Accounting Manager at 713-755-3584 or paul.wilden@aud.hctx.net.

Accounts Payable Review and Recovery Engagement

The Harris County Auditor's Office processes approximately 400,000 invoices annually, totaling approximately \$1.4 billion (including Construction payments). As a part of the County's fiscal responsibilities, the Harris County Auditor's Office plans to engage a firm to determine if any discrepancies in payments exist, report the findings, and assist in recovering payments as required by the County.



Mark Ledman
Audit Division Chief

Accounts Payable processes invoices for approximately 73 Departments throughout the County. As one might expect, the process from requisition to payment (check/electronic funds transfer (EFT)) is complex, and as the Accounts Payable activity is toward the end of that process, this also adds to the complexity. Accounts Payable is responsible for auditing all claims submitted for payment. The claims are scanned for permanent retention, data entered, audited, and electronically routed to the appropriate department for approval for payment. After claims are approved, they are posted to the general ledger to record the associated liability or expense on the County's financial records. The claims are then selected for payment and checks, EFTs, and related reports are produced. The checks, EFTs, and reports are reviewed for accuracy before transferring the checks and EFTs to the Harris County Treasurer's Office for disbursing.

The Accounts Payable Review and Recovery engagement will be managed by Mel Trammell. As stated earlier, the purpose of the engagement is to identify and recover overpayments for goods and services. Although the primary goal is to obtain assurance there are minimal overpayments or unidentified credits, the secondary goal is to identify opportunities to improve internal controls. The Firm will be conducting interviews to assist their audit team in understanding current invoice processing and related concerns. The engagement is anticipated to be completed by June 2016.

If you should have any questions concerning this engagement, please feel free to contact Mel Trammell, Assistant Chief-Disbursements at 713-755-8374.

ACCOUNTING BRAIN TEASERS

Instructions: Unscramble each jumbled arrangement of letters to form words related to Harris County Auditor's Office.

Puzzle

1. An amount of cash kept on hand and used for making small payments.

2. Financial Statement showing the revenue and expenses for a fiscal period.

3. An amount recorded on the left side of an account.

4. Consecutive 12-month (or 52 week) period chosen as the organization's annual accounting period.

5. An increase in fund balance resulting from the operation of a business.

6. An amount recorded on the right side of an account.

7. A financial statement that reports assets, liabilities, and fund balances on a specific date.

8. Individuals hired to review financial reports and information systems of organizations.

9. Expense created by allocating the cost of plant and equipment to periods in which they are used.

10. A decrease in fund balance resulting from the operation of a business.



Lorraine Wright,
Accountant III
Financial Accounting

Word Bank:

YTPET HASC

CNIOEM
TNEESAMTT

EDTBI

SACFIL ERYA

ENVERUE

DCEITR

ELBAANC TEHSE

OTUASDIR

NTEPIAODIECR

TUEXIRENPDE

TEXAS STATE BOARD OF ACCOUNTANCY
100 YEARS OF PUBLIC ACCOUNTANCY IN TEXAS
(Portions of this article were excerpted from the www.tsbpa.state.tx.us)

March 2015 marked the 100-year anniversary of the Public Accountancy Act (the Act), originally created in 1915 by the Texas Legislature to form the Texas Board of Accountancy (*the Board*). The Act mandates the Board to protect the public and ensure competence in the practice of public accountancy by administering examinations, issuing certificates, and licensing certified public accountants (CPAs). Additionally, the Act restricts the use of the terms “accountant” and “auditor” (and any derivation of those terms) solely to the Boards’ licensees.

The Public Accountancy Act of 1945 was enacted by the Texas Legislature. Under the Act, the Board was given the statutory authority to promulgate rules of professional conduct, also known as the code of professional ethics. Practicing public accountancy was limited to individuals holding a license issued by the Board, CPAs were authorized on a one-time basis to register with the Board, accountants not registered by the Board, were subject to misdemeanor charges and a \$500 fine.



The first Board, 1915. Left to right: Milton Morris, CPA, Austin; Edward J. Archinard, CPA, Fort Worth; Harry V. Robertson, CPA, Amarillo; E. F. Hunter, CPA, San Antonio; and P. Peter, CPA, Dallas

Throughout the years, the Texas Legislature has made Amendments to the Act to strengthen the definition of “the practice of public accountancy”, excerpts from Amendments include the points below:

- **1961 Amendments:** Delineated exactly those activities that were limited to a licensee of the Board, giving the Board leverage in prosecuting unauthorized practice.
- **1979 Amendments:** The Board strengthened authority to maintain the security and integrity of the examination process, in 1981. The Act was amended again in 1989, to give the Board expanded sanctions to include probation and limitation on the scope of practice, deny exam applications, prohibit individuals from taking the examination for up to five years, or void candidate’s grades. This amendment also increased the education requirement for CPAs to 150 college credit hours, which later became effective in September 1, 1997.
- **2001 Amendments:** Allowed the following:
 - Offer CPA Examination via computer, the Act was later revised to accommodate a uniform CPA examination into an automated multiple choice question examination
 - Non-CPA ownership of firms
 - Changing the term “quality review” to “peer review”
- **2007 Amendments:** Created a “practice privilege” for CPAs and CPA firms licensed in a substantially equivalent state to temporarily practice in Texas without providing notice or paying a fee prior to practicing in Texas unless preparing financial statements or attestations.
- **2009 Amendments:** Responsibility for administering the fifth-year accounting students scholarship fund was transferred from the Texas Higher Education Coordinating Board to the Texas State Board of Public Accountancy.

**The complete details for the Amendments are available at the Texas Board of Accountancy website:
www.tsbpa.state.tx.us**

Continued...

The Board has been providing information on pass rates since April 5, 2004, and their website contains statistical data regarding CPA examination pass rates. This data is interesting for those who want to know more about the profession, are in the profession, know someone who is seeking to be in the profession or are seeking to be in the profession. The website link is www.tsbpa.state.tx.us, for those interested in looking into the raw data and wish to do their own research.

Presented below is a university comparison from five (5) schools in Texas listing CPA examination success rates of candidates who took one or more sections of the CPA exam during the testing window of January, February, and March 2015. Readers of this article are invited to draw their own conclusions as to what this data means. There are many factors to consider such as the admission requirements of schools, the volume of students, attendance at multiple undergraduate or graduate school education just to name a few.

Candidate Success Rate – University Comparison				
	Number of Candidates Who Tested	Number of Sections Tested	Number of Sections Passed	Percent (%) of Sections Passes
Texas A&M - College Station	274	415	344	82.89
University of Texas - Austin	201	245	198	80.82
Texas Tech University	124	151	83	54.97
University of Texas - Dallas	162	190	93	48.95
University of Houston	250	292	138	47.26

Compiled from Texas State Board of Public Accountancy www.tsbpa.state.tx.us

After 100 years, the CPA certificate numbers above 100,000 licensed Texas CPAs. Of course, overtime many licenses are no longer active. The profession is strong and has built a solid reputation because of the founders and many many other CPA professionals.

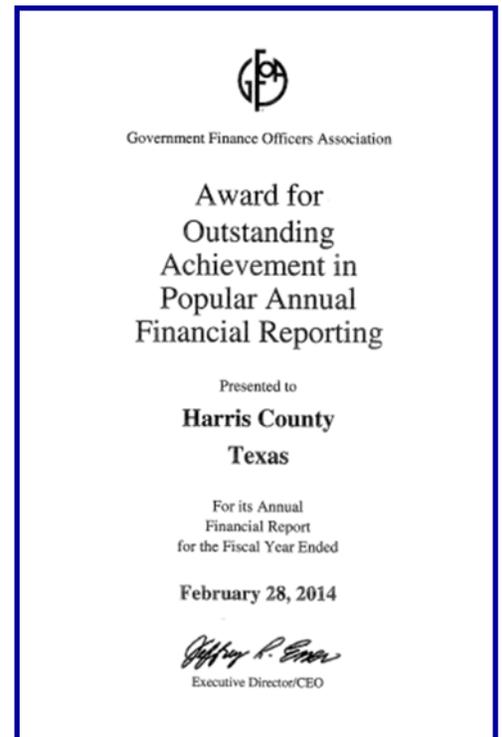
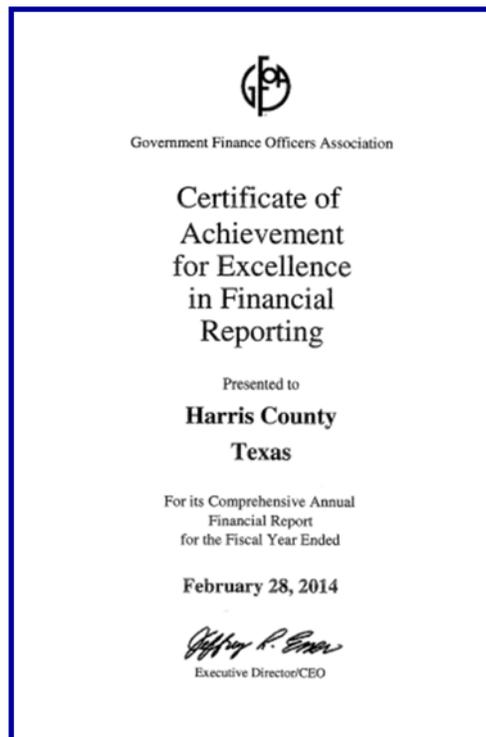
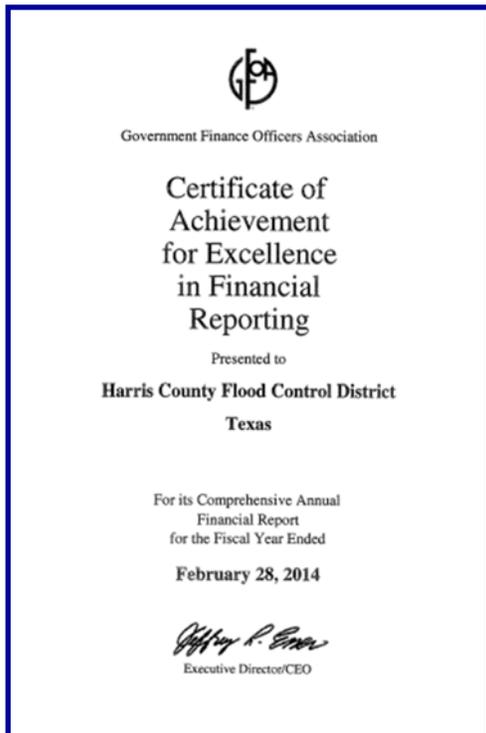
In recognition of the 100-year anniversary of the Public Accountancy Act, the Auditor's Office would like to recognize the profession, and all Auditor's Office CPA professionals:

Auditor's Office CPAs

- | | | |
|-------------------------|---------------------------|------------------------------|
| Jeffery Boso, C.P.A. | Wai Leung, C.P.A. | Darlene Taylor, C.P.A. |
| Yesenia Cantu, C.P.A. | Joan Lora, C.P.A. | David Tish, C.P.A. |
| Calvin Clark, C.P.A. | Carol Market, C.P.A. | Wendi Welch, C.P.A. |
| Ronald Foster, C.P.A. | Charles McDonald, C.P.A. | Susan Wheeler, C.P.A. |
| Steve Hoza, C.P.A. | Hemant Patel, C.P.A. | Heather Wrightington, C.P.A. |
| Winfred Iles, C.P.A. | Jennifer Pham, C.P.A. | Joan Wu, C.P.A. |
| Gregory Johnson, C.P.A. | Mike Post, C.P.A. | Reginald Yancey, C.P.A. |
| Chandra Jones, C.P.A. | Michelle Ramsey, C.P.A. | Carrie Zheng, C.P.A. |
| Mark C. Ledman, C.P.A. | Barbara J. Schott, C.P.A. | Lin Zhong, C.P.A. |

AWARDS

Congratulations to the Accounting Division, Carol Market, and Cassie Smith for their diligent efforts in ensuring that the County is a recipient of the following prestigious National Awards from the Government Finance Officers Association (GFOA)





Barbara J. Schott, C.P.A.
Harris County Auditor
1001 Preston, Suite 800
Houston, Texas 77002