

# Harris County Auditor's Office



## Memorandum

To: Commissioners Court

From: Mike Post, County Auditor

*MP-t*

Errika Perkins, Chief Assistant County Auditor-  
Audit Division *EP*

CC: Joe Madden, County Judge's Office  
Brandon Dudley, Precinct 1  
Mike Lykes, Precinct 2  
Conrad Joe, Precinct 3  
Cheryl Guenther, Precinct 4

Vince Ryan, County Attorney  
Robert Soard, County Attorney's Office  
Leslie Wilks Garcia, 1st Asst. County Auditor  
John Blount, County Engineer

RE: Harris County General and Construction Payment Review

Date: February 27, 2020

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On September 10, 2019, Commissioners Court (Court) requested the Audit Division perform procedures to evaluate County wide vendor payments. Based upon this request, general payments, as well as construction payments for the County Engineer, Harris County Toll Road Authority and Flood Control District were reviewed. The objective of the engagement was to determine if vendor/construction payments are made in a timely manner.

### Overall Conclusion

Analysis of general payments from the September 10, 2019 Court demonstrated that 90.6% of payments were processed, on average, within 30 days. Processing time for general payments was calculated as the difference between the times that invoices were received by the Auditor's Office Accounts Payable Department and Treasury's check release. General payments not associated with a purchase order (PO) had an average processing time of 18.2 days. General payments associated with a PO had an average processing time of 24.2 days.

In addition, we analyzed construction payments from April 1 through September 30, 2019. Processing times for construction payments were calculated as the difference between the time of pay estimate creation in the department's construction software and Treasury's check release. Engineering final pay estimates with a change in contract had the longest average processing time of 71.5 days.

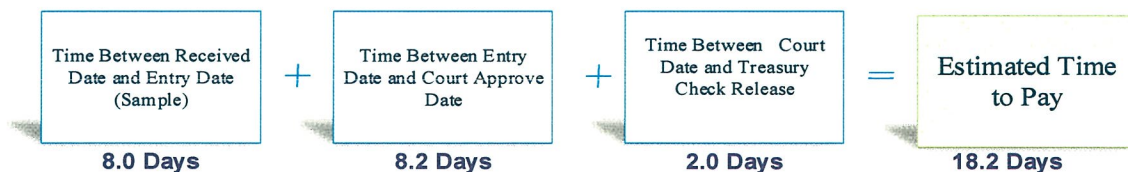
Based on discussions with department management, several factors contributed to processing delays as noted below:

1. General payment invoices without sufficient PO funding. Refresher training of department personnel in reviewing their PO balances prior to ordering may prevent these payment delays.
2. Construction Engineering experienced delays in final pay estimates with a change in contract due to waiting for the contractor's agreement on final quantities, construction delays, and performance of out of scope work. County Engineer management informed us that general conditions in contracts have been adjusted to state the Contractor must review and resolve any disputed item within 30 days or the County Engineer will proceed with final payment processing.
3. In order to maintain compliance with current Texas statutes, both a final change in contract and the associated final payment must be approved by Commissioners Court. This normally requires two separate Commissioners Court meetings.

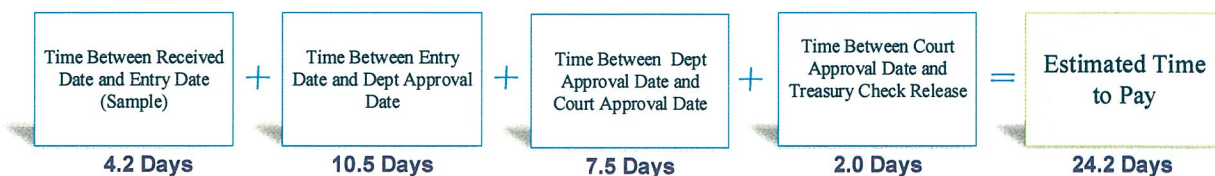
## Summary of Results

### General Payments

**Payments Not Associated with POs** - Based on a sample of 1,575 invoices, it was determined that the County paid all invoices within 30 days. The average processing time was:

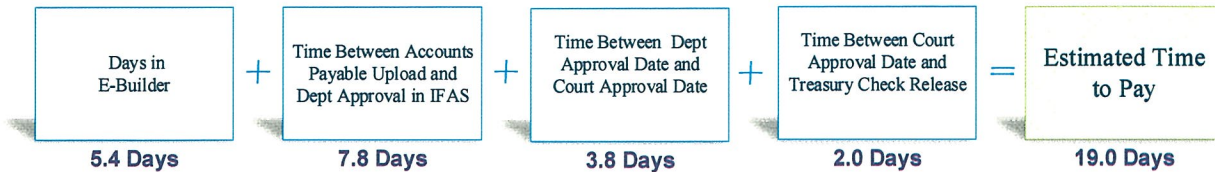


**Payments Associated with Purchase Order** - Based on a sample of 6,320 invoices, it was determined that the County paid 5,726 (90.6%) invoices within 30 days. The average processing time was:



### County Engineer - Construction Programs Division

**Partial Pay Estimates** - Based on a sample of 25 invoices, the average number of days to process was:



**Final Pay Estimates with No Change in Contract** - Based on a sample of 22 invoices, the average number of days to process was:



Of the 22 invoices, six final payments with no change in contract were made after 60 days.

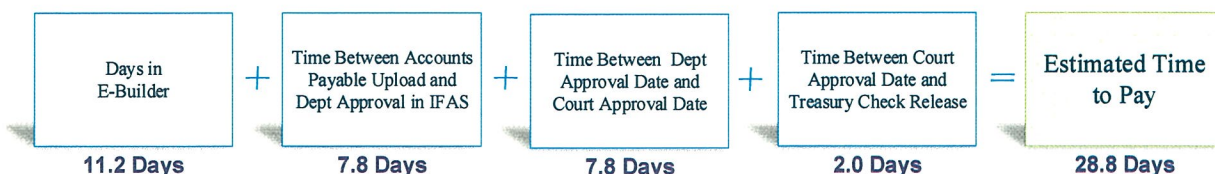
**Final Payments with Change in Contract** - Based on a sample of 24 invoices, the average number of days to process was:



Of the 24 invoices, eighteen final payments with a change in contract were made after 60 days.

### County Engineer - Cost Processing Group

**Consulting Invoices** - Based on a sample of 45 invoices the average number of days to process was:

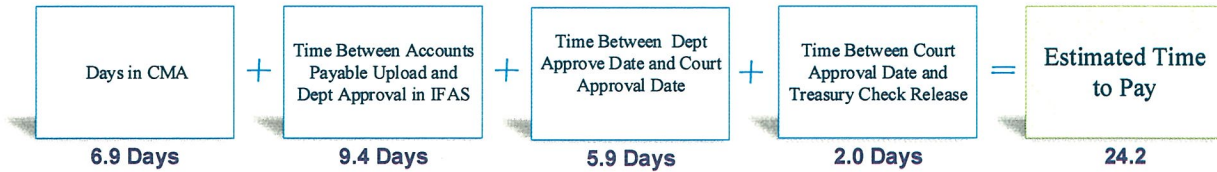


Of the 45 invoices, two consulting invoices payments were made after 60 days.

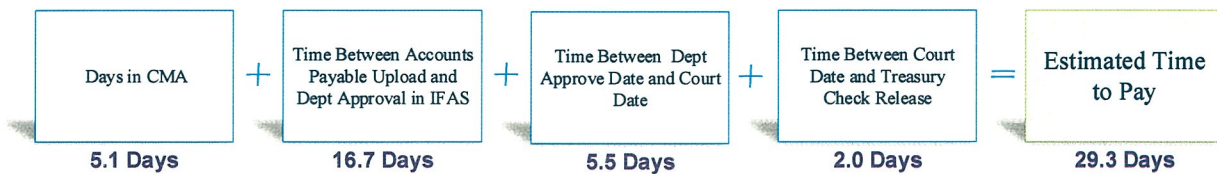


## Flood Control District

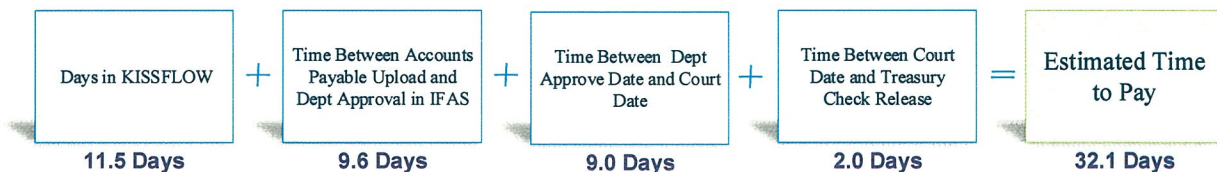
**Partial Pay Estimates** - Based on a sample of 20 invoices, the average number of days to process was:



**Final Pay Estimates** - Based on a sample of 15 invoices, the average number of days to process was:



**Consulting Invoices** - Based on a sample of 25 invoices, the average number of days to process was observed as follows:

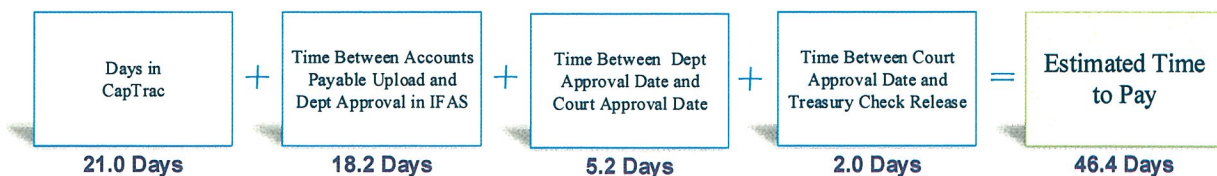


## Harris County Toll Road Authority

**Partial Pay Estimates** - Based on a sample of 29 invoices, the average number of days to process was:

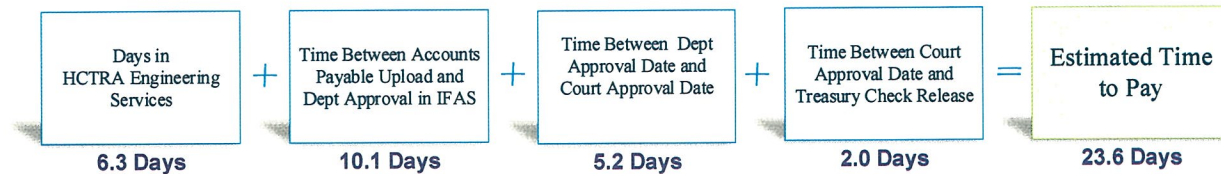


**Final Pay Estimates** - Based on a sample of 5 invoices, the average number of days to process the payment was:



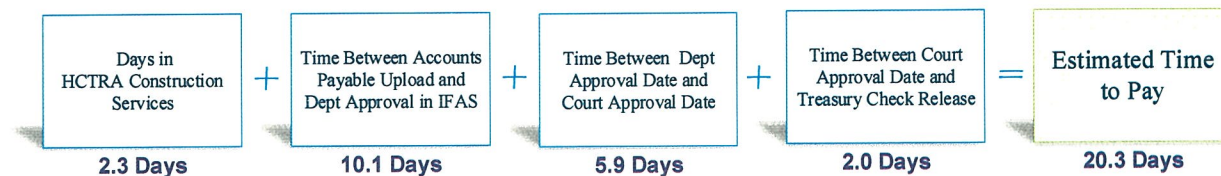
Of the five invoices, one final pay estimate was made after 60 days.

**Engineering Service Agreements** - Based on a sample of 25 invoices, the average number of days to process the payment was:



Of the 25 invoices, one engineering service agreement was made after 60 days.

**Consulting Invoices** - Based on a sample of 14 invoices, the average number of days to process the payment was:



### Process Application Legend

Application Name	Department	Purpose
E-Builder	County Engineer	Used to create, process, and document construction invoices and pay estimates.
Construction Management Application (CMA)	Flood Control	Used to create and process pay estimates.
KISSFLOW (Keep It Simple and Smart Workflow)	Flood Control	Used to process, monitor, and manage invoices.
Capital Projects Management Tracking System (Captrac)	Toll Road Authority	Used to create and process pay estimates.