



## OFFICE OF THE FANNIN COUNTY AUDITOR

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February 10, 2020

The Honorable David Woodson  
Fannin County Treasurer  
101 East Sam Rayburn Dr.  
Suite 302  
Bonham, Texas 75418

Dear Mr. Woodson,

I have completed the review of your office's records for the period of January 1, 2019 through December 31, 2019. Included in the review were internal controls, payroll, 941 payroll reports, paid time off accruals, TCDRS deposits, investments reports, interest earned and your continuing education requirements.

In counties that have a County Treasurer; Local Government Code Title 4, Subtitle B, Chapter 113 states that the County Treasurer shall keep in a designated depository and shall account for all money belonging to the county. The Treasurer shall keep an account of all of the receipts and expenditures of all money that the Treasurer receives by virtue of office and of all the debts due to and owed to the county. The Treasurer shall receive all money belonging to the county from whatever source it is derived. Upon review it is noted that all monies derived are processed through the Treasurer's office. Upon receipt of funds you complete a deposit warrant and deposit money daily as necessary. Once funds are deposited you then are making the necessary entries in the accounting system in the appropriate lines. It is observed that you complete and maintain all supporting documents with the deposit warrant.

Local Government Code Title 4, Subtitle B, Chapter 113 also states that the county depository shall provide statements (electronic accepted) of all bank activity and documentation supporting a statement's transactions not less than once a month to you. It is observed that this is being done. The Treasurer shall then reconcile all balances and transactions for each treasury account in the county depository's statement of activity to the transactions and balances shown on the treasurer's records; and ensure all financial adjustments are made regarding the depository account as required. The only observation noted is that Ms. Haggard, Assistant Treasurer, reconciles the payroll account. Ms. Haggard processes payroll, therefore should not reconcile the account. There should always be a separation of duties. All other accounts are good as they are being reconciled by you or by Ms. Zindar's, Assistant Auditor.

I performed an in depth review of your compliance with the County's investment policy, which is modeled after and closely follows the Public Funds Investment Act. The

investment policy requires specific information to be reported; depending on if a particular investment is pooled or individual. The pooled investments should have a beginning market value, ending market value, and fully accrued interest for the reporting period. A summary statement should also be presented in accordance with Generally Accepted Accounting Principles (GAAP). The Texpool investment report does not contain market information including the beginning or additions and/or changes. All interest shows to be reported. I reviewed the continuing education requirements with you and noted that you obtained approximately 34 hours of training, 15 is required.

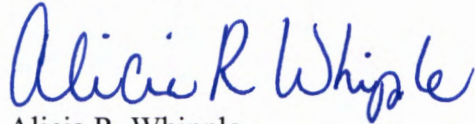
Next I reviewed accrued leave balances for County employees, including comp time calculations, holiday, sick and vacation accruals for January 1, 2019 through December 31, 2019. I pulled a total of 17 employee files from various departments throughout the County. I have discussed with Ms. Haggard these findings. Of the 17 files pulled 9 had comp time accrual at some point throughout the year. The 9 files pulled had a combined total of 454.31 hours of comp. Of that 454.31 hours of comp 177.75 belonged to one employee. The policy manual for the County states that **no non-exempt employee should work any hours that are not authorized by their supervisor. They are not to work early, finish work late, work during a meal break, or perform any other extra or overtime work unless it is authorized to do so.** Most all of the comp that was accrued was not major or out of the ordinary and very explainable. For example, election workers had comp. However, there are some questionable comp hours that were accrued. Time was taken off during the regular scheduled work week (comp time was used when taken off from prior accrual) but then time was worked at time and a half on the weekend to catch up for the time missed during the work week. The value of the 454.31 hours of the nine employees at regular time would have been \$9,255.53 (at average of these 9 employees at \$20.37/hour). Those same comped hours actually cost the County \$13,883.87 (at average of 9 employees at \$30.56/hour). Although the actual expense of the comp isn't recognized on a department line item it is recognized if an employee with comp leaves employment and is paid out. Comp time is also recognized by the outside auditors in our accrued time worksheet value of the yearly audit. I asked Ms. Haggard if comp was approved by the department heads/supervisor she could only attest for those signed by you as the Treasurer when time sheets were turned in for payroll. The commissioners' court gave you the authority to sign off on time sheets but this is after the fact not prior to hours worked. Therefore, by allowing after the fact authorization there is no pre authorization denoted anywhere on time sheets. Of the 17 employee files audited, 3 submitted time sheets with no supervisor approval. One employee, out of 26 time sheets, signed both as the employee and the supervisor on 15 time sheets because the elected official/department head wasn't available. One employee signed as both employee and supervisor 7 out of 26 pay sheets. There should never be an instance where the employee approves their own time sheets. I have discussed this already with Ms. Haggard. No time sheets should be processed if not correctly completed. I believe first and foremost employees get pre approval on the comp. This should be noted on all time sheets. An automated time keeping system would alleviate many of these issues.

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In addition to the testing in this review, The Auditor's office has re-implemented review prior to every payroll disbursement. The payroll findings will be reported to your office at the time of the payroll, so any corrections can be made and corrected prior to checks being delivered.

This concludes the review of your financial records for January 1, 2019 through December 31, 2019 timeframe. I appreciate your willingness and cooperation in answering and explaining all of my questions regarding your office. If you have any questions or concerns, feel free to contact my office.

Very cordially,



Alicia R. Whipple  
County Auditor

Cc: The Honorable Laurine J. Blake  
District Judge, 336<sup>th</sup> Judicial District

The Honorable Commissioners Court  
Fannin County

Ms. Christy Haggard  
Assistant Treasurer