



Harris County Auditor's Office Newsletter



Michael Post, CPA
County Auditor

March
2019



Auditor's Office

Michael Post
County Auditor

Accounting Division

Leslie Wilks Garcia
First Assistant

Jenny Ly
Director Payroll

Reginald Yancey
Director
Accounts Payable

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Director
Financial Accounting

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Revenue & Financial Controls

Michelle Ramsey
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Grants & Accounts Receivable

Steve Hoza
Director
Systems & Procedures

Gary Gray
Senior Director
ERP Support Group

Executive Division

Dan Baumel
Director
Budget & Special Projects

Audit Division

Errika Perkins
Chief Assistant

Bobby Cato
Director Audit Service

C. Patrick Rodriguez
Director Continuous Auditing

John Steen
Director Compliance Audit

2019 STARS Update

As you may recall, STARS is the name of our new PeopleSoft Enterprise Resource Planning (ERP) system that includes fully integrated accounting, finance, purchasing, and human resources modules and a self-service portal for county employees and managers. Our primary goal is to retire/decommission IFAS, which is near end of life. Additional goals include improved functionality, efficiency gains, better reporting and access to information. In this article, the Auditor's Office ERP Support Team shares with you some of our most current knowledge and information as it relates to the STARS rollout and implementation.



Merle Ray
ERP OCM
Project Team

Timing

The Executive Steering Committee (ESC) has made the decision to postpone the STARS/PeopleSoft rollout, including payroll and human resources functionality. Mid-summer is the anticipated go-live date for payroll and human resources and March 1, 2020 is the proposed go-live date for the accounting, finance and purchasing functionality.

The CTS project team, along with individuals from various departments, continues to work diligently so that we can ensure a successful rollout. As you probably know, a change of this size, impacting over 17,000 employees

within 80 different departments, is a complex task. Our main focus is ensuring that the rollout is a success!

Communication

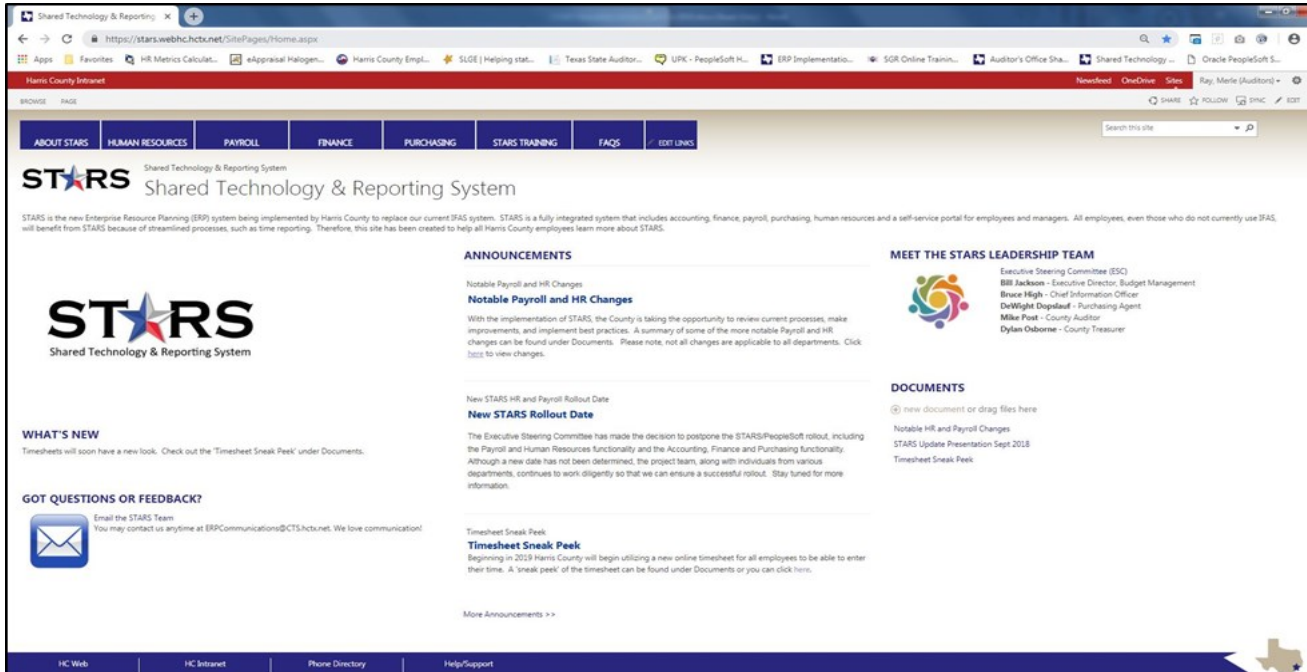
Considering our awareness that communication is critical to ensure that employees are fully able to embrace and utilize the new system and processes, we have created a STARS website where employees can go to learn more about STARS and submit questions.

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To access the website:

- Go to the Harris County Employee Home page, select Enterprise Services and then select STARS site.
- OR Enter the following URL in your browser (<https://stars.webhc.hctx.net/SitePages/Home.aspx>)



In addition, the project team has identified key subject matter experts (SME) within each department to help distribute information the project team provides to them. These individuals are key in ensuring all employees are kept informed. A list of these SME's for each department is being posted to the STARS website soon. We value your feedback and your questions help populate the FAQ section.

Readiness

The assistance of Overall Project Contacts (OPCs), Human Resources (HR), and Time Entry contacts are critical to ensuring a successful STARS rollout. These groups were invited to Come See the STARS for a sneak peek at the system and learn more about their role as key departmental contacts. These readiness information sessions were held March 5th and March 7th in the County Attorney's Conference Center located at 1019 Congress. The sessions included a look at the new system functionality and changes coming this summer. Participants previewed how time will be entered, learned about the time entry and approval process, reviewed notable HR and payroll related changes, and discussed upcoming communications and training. Because time entry clerks from the departments play a critical role in ensuring employee time is entered accurately and on-time, the sessions provided them an opportunity to learn more about their role.

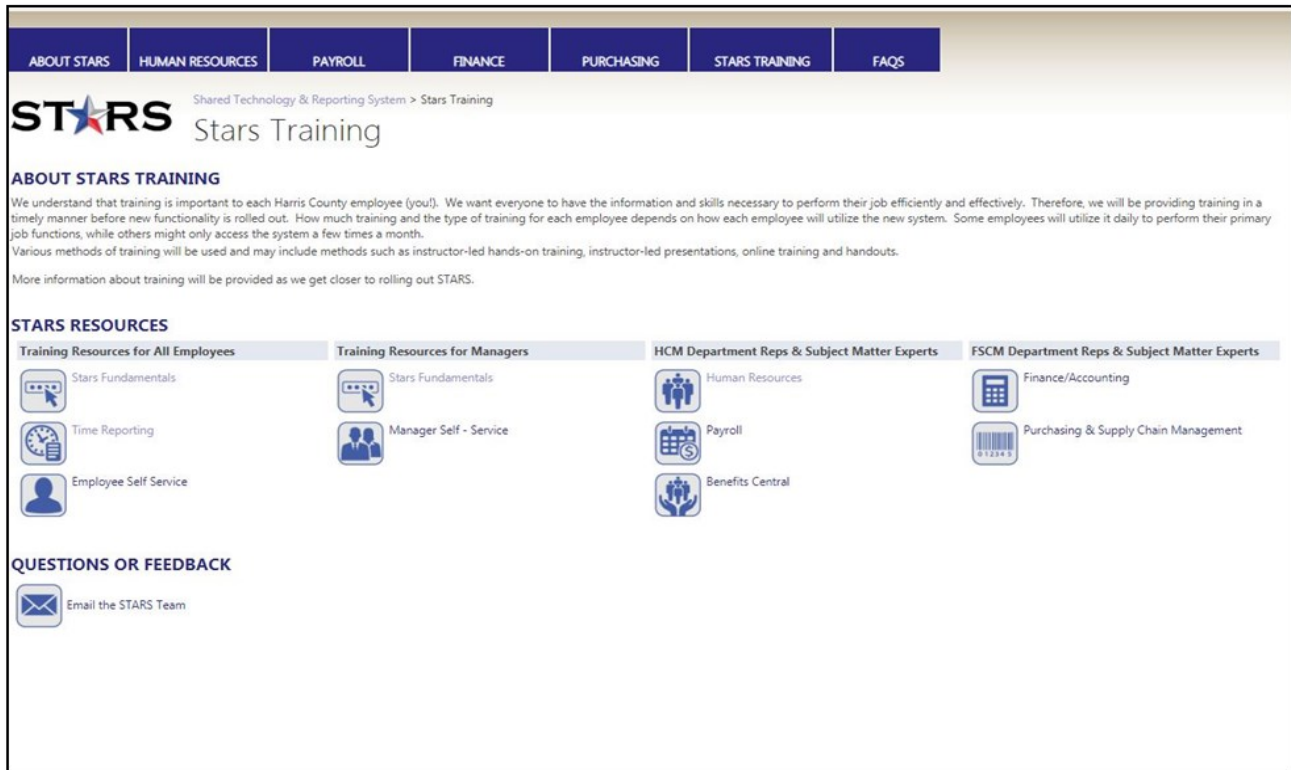
Employees may be able to view more information as it becomes available on the STARS website. See pages 4 and 5 for a sneak peek of the new timesheet and a summary of other notable payroll and HR changes.

Training

Training is another critical element of a successful rollout for a project this size. Training for the various aspects of the project will take place as we get closer to the rollout date. Training will consist of a variety of methods, based on the topic and the audience. For example, project training staff have been working on a short online video presentation highlighting some of the Employee Self-Service showing Time Reporting processes and how employees may be able to enter the system to report their time. Other methods of training will include:

- Classroom style train-the-trainer sessions (in which select individuals within each department will be provided training and teaching materials to go back and train others in their department),
- Knowledge transfer sessions,
- Job aids and reference materials.

As these training materials are completed, employees may access this information again from the STARS website located at: <https://stars.webhc.hctx.net/training/SitePages/Home.aspx>.



New STARS Executive Steering Committee

Since the last county-wide election process, the Executive Steering Committee has added the new County Treasurer, Dylan Osbourne. The Committee wishes to appreciate everyone's patience and cooperation as we work together to make the STARS rollout a success. A full list of the committee members is shown below.

- DeWight Dopslauf - Purchasing Agent
- Bruce High - Universal Services Executive Director & CIO
- Bill Jackson - Executive Director and County Budget Officer
- Mike Post - County Auditor
- Dylan Osbourne - County Treasurer

Auditor's Office ERP Support Team

The Harris County Auditor has created a core ERP Support Group:

- Gary Gray, Senior Director - ERP Support Group
- Tony Padon, Manager - ERP Implementation
- Merle Ray, Manager - Training and Organizational Change Management
- Carol Market, Director - Financial Projects
- Robert Hayner - PeopleSoft Systems Administrator
- Tammie Sonnier - PeopleSoft Systems Administrator
- Richard Pena - PeopleSoft Systems Administrator

STARS TIMESHEET SNEAK PEEK

Following is a sneak peek at part of the timesheet that Harris County employees will begin utilizing in 2019 along with some key features. Detailed instructions on how to enter time will be provided at a later date.

Employees can verify number of reported hours as they enter time.

Time is entered as 'in' and 'out' time and can be entered using a variety of formats such as 8AM, 12PM, 1300, or 5P.

Time Reporting Code is selected from a drop down list. Examples include Regular Hours (worked), Vacation and Sick.

For non-work time, such as Vacation, just enter the number of hours.

A new line can be inserted to report time for a specific day to more than one Time Reporting Code such as Sick Leave and Regular Hours or if time needs to be charged to a specific project or grant.

Employees can see available leave balances when recording time.

A new line can be inserted to report time for a specific day to more than one Time Reporting Code such as Sick Leave and Regular Hours or if time needs to be charged to a specific project or grant.

Summary | **Leave / Compensatory Time** | Exceptions

Leave and Compensatory Time Balances ?

Plan Type	Plan	Recorded Balance	Minimum Allowed	Maximum Allowed	View Detail
Leave	Sick	8.50	0	720	
Leave	Vacation	4.00	0	280	
Leave	Floating Holiday	0.00	0	24	

Key Features

Following are some of the key features and processes associated with the new timesheet. Please keep in mind some departments may choose to implement additional policies or processes.

- Employees enter time in an online timesheet
- Time worked is entered as 'in' and 'out' wall clock times; not elapsed time
- Accrual balances are displayed on timesheet and validated immediately
- Managers approve time online
- Time editors and managers can enter or correct employee time if needed

For more information on STARS, please refer to the STARS Website (<https://stars.webhc.hctx.net/SitePages/Home.aspx>). You can access the site using the URL or by going to the Harris County Employee Page > Enterprise Services > STARS site.



NOTABLE PAYROLL AND HR CHANGES SUMMARY

TIME ENTRY

- Employees enter time in an online timesheet
- Time entered as 'in' and 'out' wall clock times; not elapsed time
- Accrual balances displayed on timesheet and validated immediately
- Employees indicate on timesheet if time is charged to a project or grant
- Managers approve time online
- Time editors and managers can enter or correct employee time
- Online timesheets enable employees to submit timesheets as late as the Monday following the pay period, eliminating the need to estimate time and turn in timesheets early
- Corrections made online and picked up on next payroll; supplemental payroll correction form and supplemental payrolls for corrections no longer needed

EMPLOYEE INFORMATION ONLINE

- Employee self-service tasks (such as, but not limited to, viewing paystubs and updating emergency contacts) will only be accessible from within the County network (behind firewall). Eliminating the ability to access this information outside of the County's network provides required security of employee information.

BENEFITS

- Deduction amount for benefits spread out evenly over all 26 paychecks instead of 24 paychecks
- Employees enter enrollment changes online instead of using a paper form given to a benefits coordinator
- Benefits for new employees are effective at beginning of pay period, following 75 days of employment, instead of beginning of calendar month following 2 months of employment

OVERTIME, COMP TIME AND VACATION

- Employees scheduled to work less than 40 hours a week will receive pay instead of comp time for hours worked up to 40 hours
- Comp time will only be earned when an employee paid hours are over 40 hours in a week

VACATION, SICK AND FLOATING HOLIDAY

- Vacation accrual rate will be the same for each pay period, instead of having an additional amount accrue on an extra pay period. The yearly amount is not changing; it is simply being divided evenly among all 26 pay periods
- All regular employees may accrue vacation up to a maximum balance of 280 hours.

OTHER

- All employees will have an Active Directory account
- If an employee transfers to a new department, their County employment history transfers with them
- New "Reports To" feature provides functionality, such as approval routing, manager self service functions and organization charts
- Car Allowance given on a monthly basis, eliminating the need to code a C to timesheet

** Depending on your department's operations, some of these changes may not be relevant to your department.*

Cybersecurity and Credit Card Protection

Identity Theft:

As with many other organizations, Harris County faces a continuing challenge, which includes a digital war to steal our customers' credit card information. Credit card fraud is the most common form of identity theft in the United States today.



John Steen, CPA, CFE
Director
Compliance Audit

The threat of credit card fraud and information theft has never been more prevalent. There are literally thousands of skilled hackers around the globe, each with their own tactical strategies, attempting to penetrate networks and databases that process credit cards in an attempt to steal customer credit card numbers, customer names, addresses and social security numbers. This information is then sold on the dark web to criminals throughout the world. Many of us have already been the victims of debit or credit card fraud.

Nothing can send a chill down your spine faster than the thought of having your credit card information stolen. If thieves get their hands on your credit card data and go on a shopping spree, it can take months to undo the damage to your finances and emotional security. ACI Worldwide (an electronic payment systems company) estimates that 46% of Americans have had their card information compromised at some point in the past 5 years.

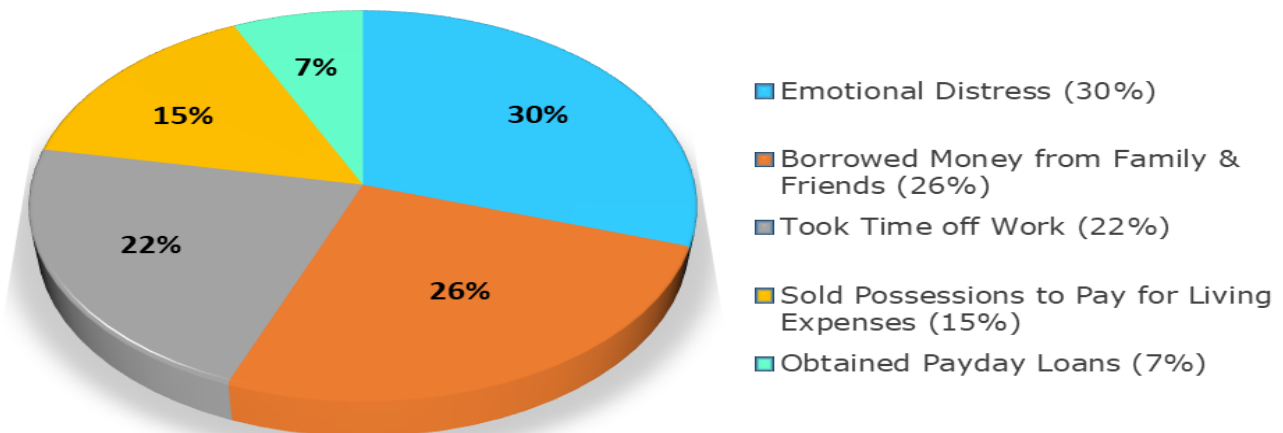
Identity theft has consequences beyond the loss of personal information. A recent survey of identity theft victims conducted by the Identity Theft Resource Center revealed the following consequences:

- Severe emotional distress.
- Forced to borrow money from family or friends.
- Had to take time off work.
- Sold possessions to pay for expenses caused by their identity theft.
- Obtained payday loans to meet immediate cash flow needs.

To address this threat, Visa, MasterCard, Discover, American Express and JCB International formed together to establish the Payment Card Industry (PCI) Security Standards Council. This council is responsible for enforcing the PCI Data Security Standards. Merchants that fail to meet the PCI Data Security Standards can incur large fines (between \$5,000 and \$500,000) and be prohibited from accepting credit card payments for several years, depending on the severity of the data breach.

The Harris County Auditor's Office (Compliance Audit Department), in conjunction with Budget Management and Universal Services, are working together to reduce this risk to Harris County and to help ensure all County departments that accept credit card payments are in compliance with the PCI Data Security Standards. To assist with our efforts, the County has engaged a global consulting firm that specializes in cybersecurity, including PCI Data Security Standards.

IDENTITY THEFT CONSEQUENCES



The County's existing data security standards are being evaluated as part of the PCI compliance review. Enhancements to the County's existing PCI Data Security Standards may be implemented for County departments that process credit card transactions upon the completion of the review. The evaluation and possible enhancements to the County's PCI Data Security Standards will also assist County departments that plan to process credit card transactions in the future. Additionally, the Auditor's Office will continue to monitor the County's compliance with PCI Data Security Standards.

Annual Self-Assessment Questionnaires:

Each County department that processes credit card transactions is required to complete a Self-Assessment Questionnaire on an annual basis. The Self-Assessment Questionnaire focuses on ensuring that County departments meet or exceed the PCI Data Security Standards' requirements regarding the protection of consumer credit card information, which includes both electronically stored data and hard-copy data.

The Compliance Audit Department will audit all Self-Assessment Questionnaires for PCI compliance prior to their submission to the County's participating banks. It is important to note that just one inaccurate departmental Self-Assessment Questionnaire that results in a data breach puts the entire County at risk for potential fines up to \$500,000 and the inability to process credit cards for several years.

Data security enhancements resulting from the current review of the County's PCI Data Security Standards and cybersecurity safeguards will be shared with existing departments that process credit card transactions to assist them in preparing their 2019 Self-Assessment Questionnaires.

Due to the rapid growth in technology, cybersecurity will continue to be a priority for Harris County. The County Auditor's Office will routinely audit all County departments that process credit card transactions to help ensure their compliance with the numerous Payment Card Industry Data Security Standards.

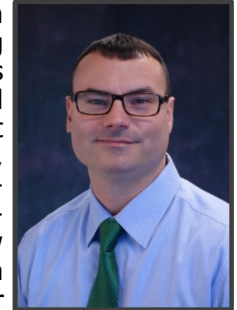
Questions:

If you have any questions regarding Payment Card Industry Compliance or the annual Self-Assessment Questionnaires, please contact:

John Steen, CPA, CFE
 Director of Compliance Audit
 (713) 274-1886
 John.Steen@aud.hctx.net

The 5 C's to an Impactful Audit Report

Internal Audit Reports often include issues observed during the engagement. Issues usually result from control weaknesses that pose a threat from either a financial, IT, fraud, compliance, governance, or regulatory standpoint. Failure of a new system, noncompliance with a key statutory requirement, or critical financial control weaknesses are sure to get both management and the reader's attention. Reports can also include a discussion on the effects associated with the issues identified during the engagement. After all, what drives a broken process home more than the potential consequences?



David Clark,
CIA, MBA
 Assistant Director
 Audit Services

While reports that include an extensive narrative on issues and effects can make for a great story, they can fall short of adding real value. Management does not need someone to come in and tell them they have issues. It is very likely that they already know they have issues. They need someone who can help them identify the root cause and present recommendations on how to fix their issues. It's the identification of the cause and the recommendations included in the report that provide real value.

This is where the 5 C's, adopted by the 2018 Government Auditing Standards, come into play:

1. Condition – What is the situation that exists? What is the issue? Conditions are identified and documented during the engagement.
2. Criteria – What should we expect to see? What are we basing our observation on? Criteria may include the laws, regulations, contracts, grant agreements, standards, measures, expected performance, defined business practices, and benchmarks against which performance is compared or evaluated. Criteria identifies the required or desired state or expectation with respect to operations. Criteria provides a context for evaluating evidence and understanding the findings, conclusions, and recommendations

in the report. In a financial audit, the applicable financial reporting framework, such as generally accepted accounting principles, represents one set of Criteria.

3. Consequence/Effect – Why does the Condition matter now or in the future? The Consequence is a clear, logical link to establish the impact or potential impact of the difference between the situation that exists (Condition) and the required or desired state (Criteria).
4. Cause – What really is allowing the Condition to exist? What is the real problem that must be remediated to prevent the Consequences? The Cause is the factor or factors responsible for the difference between the Condition and the Criteria, and may also serve as a basis for recommendations for Corrective Actions. Common factors include poorly designed policies, procedures, or Criteria; inconsistent, incomplete, or incorrect implementation; or factors beyond the control of management.
5. Corrective Action/Recommendation – What should management do to correct or mitigate the Cause? What is the solution to the problem?

Criteria, Conditions, Consequences, and Corrective Actions are often included among the core elements of audit issues though not always identified as such. However, Cause (or root cause of the Condition) is not always addressed and is perhaps the most critical element. Without understanding the Cause, it is difficult to offer meaningful value added recommendations for Corrective Actions.

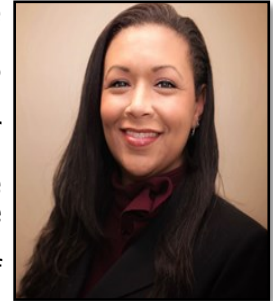
The IIA's Practice Advisory on root cause analysis points out that, in certain circumstances, identifying a root cause can be as simple as asking "why" in a five-step process. See the simplified example below:

I got caught speeding. Why? I was late for work. Why? I got up late. Why? My alarm clock didn't work. Why? The batteries were dead. Why? I forgot to replace them. Corrective Action – Get an alarm clock that plugs into the wall or set an automatic reminder to replace batteries at set intervals.

It is imperative to craft internal audit issues that provide value that include the 5 C's. Doing so will add more value to clients and provide a foundation for addressing the root cause of issues identified during our engagements. As the Auditor's Office seeks to continuously improve, we are working to incorporate the 5 C's reporting model into our Fiscal Year 2020 audit reports.

Welcome *Errika Perkins* — New Chief Assistant Audit Division

Errika recently joined the Auditor's Office in March 2019. She has over 16 years of internal audit and accounting experience. Her career started in the oil and gas industry, where she worked in Revenue Accounting and Internal Audit. After seven years of extensive travel in Egypt, Scotland, Australia and Canada, Errika transitioned from oil and gas to healthcare. While in



Errika Perkins,
CPA, CIA, CFE
Chief Assistant
Audit Division

healthcare, she worked at the University of Texas MD Anderson Cancer Center. Most recently, her career shifted to public accounting where she has served as a Crowe's Senior Manager of one of their largest non-profit clients.

Errika earned her Accounting degree at the University of Houston. She has obtained certifications as a Certified Public Accountant, Certified Internal Auditor and Certified Fraud Examiner. She has been married 14 years to her husband, who is an Accountant. They have two elementary kids and two dogs that keep them active in their local community on the weekends.

Introducing the Auditor's Office Fraud, Waste and Abuse Hotline

As part of our commitment to transparency in government, the Harris County Auditor's Office is in the process of establishing a countywide fraud, waste and abuse hotline.



Leslie Wilks Garcia, CPA
First Assistant County Auditor

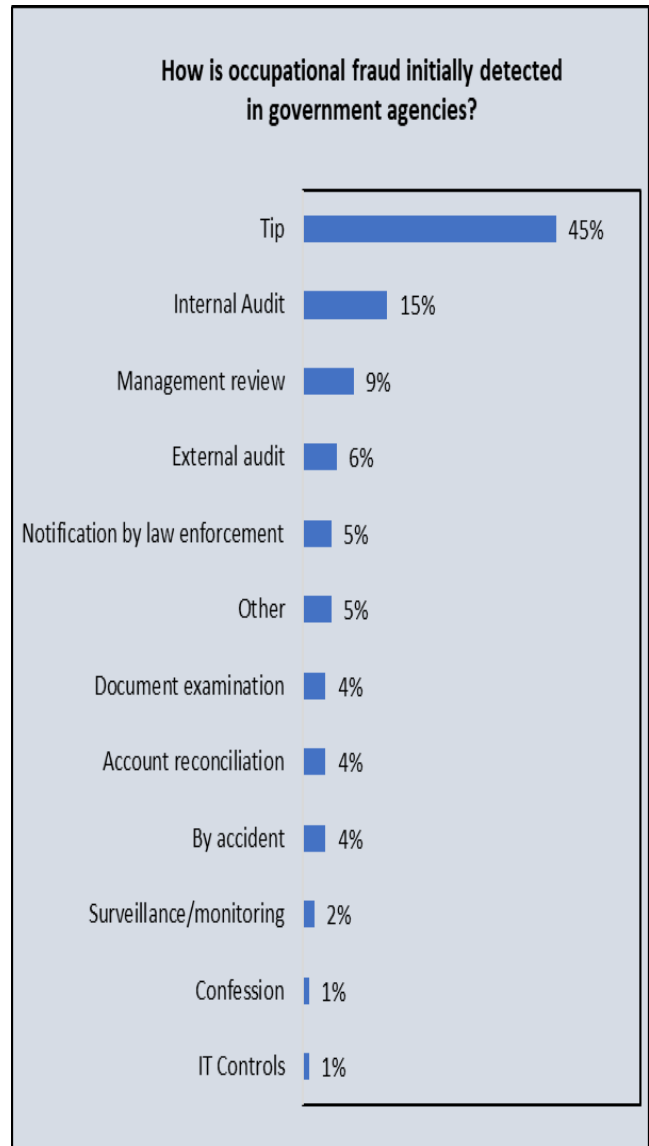
The hotline will be available to Harris County employees and to external parties. Tips will be screened by a third party service provider and will be routed either to the Auditor's Office, Human Resources and Risk Management and/or the County Attorney according to the nature of the tip.

Studies continue to show that the initial detection of occupational fraud is overwhelmingly by tip. In the *Report to the Nations, 2018 Global Study on Occupational Fraud and Abuse: Government Edition*, published by the Association of Certified Fraud Examiners (ACFE), tips accounted for 45% of the initial method of detection for the cases included in the study.

The fact that tips remain the most common method of initial detection of fraud year after year and study after study often invites the question, "why does internal and external audit rank so much lower?" The answer lies in the objectives of these audits. According to the Institute of Internal Auditors (IIA), the internal audit activity is designed to add value and improve an organization's operations. Internal audit activity helps an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes. The objective of the external audit is to provide reasonable assurance that the organization's financial statements are materially correct. While consideration of fraud is part of the planning and development of audit procedures, it is not the primary objective of internal or external audits. Although detecting fraud is not the primary objective of the audit function, the internal auditors do look for internal control weaknesses that indicate vulnerabilities that may allow fraud to occur and go undetected. They work with management to make recommendations to strengthen controls before those control weaknesses are exploited.

While any known or suspected fraud may be reported to the Chief Assistant County Auditor at 713-274-5673, the advantage of the fraud, waste and abuse hotline is that it provides anonymity in the reporting process.

Harris County departments will be notified by the Internal Audit Division once the fraud, waste and abuse hotline is implemented...stay tuned!



Social Engineering Fraud

Imagine peering out your office window on a crisp, clear afternoon. The sun is shining, the people along the sidewalk are gleefully cheering, and even the animals appear to be singing songs from a Disney movie. A notification sounds and you proceed to check your email and discover that a vendor that you have done business with needs to update their bank account information. You are familiar with the vendor and are more than obliged to update the banking information for them. Afterwards, you give yourself a pat on the back for making things right in the world and once again peer out the window to smiling faces. Unbeknownst to you, a storm of epic proportions is on the horizon.



Justin Alexander
Supervisor
Audit

A few days later, you receive a phone call from an irate vendor because they did not receive their scheduled payment for work performed. You explain to them that a representative from the company called and updated their bank account information. The individual's name was provided to the vendor to which the vendor shared that no employee with that name currently or in the past was employed by them. You gaze off in the distance in disbelief and horror as you realize that you have just become a victim of social engineering fraud.

According to Wikipedia, social engineering fraud in the context of information security, refers to the psychological manipulation of people to get them to perform actions or divulging confidential information.

Local news outlet KTRK reported that Galveston County was recently a victim of a social engineering scam that cost them more than \$525,000. If that isn't close enough to home for you, our own beloved County was nearly scammed out of \$880,000. Harris County has since implemented additional controls to mitigate incidents like this from happening again.

Social engineering fraud can take shape in many forms. The most prevalent today is phishing, which is believed to be how

cyber criminals were able to manipulate Galveston County employees to change the financial information of vendors. Phishing is the fraudulent practice of sending emails purporting to be from reputable companies in order to induce individuals to reveal personal information. Some other methods of social engineering include: pretexting, baiting, quid pro quo, and tailgating.

- **Pretexting** is a form of social engineering where attackers focus on creating a good pretext, or a fabricated scenario, that they can use to try and steal their victims' personal information. These types of attacks commonly take the form of a scammer who pretends that they need certain bits of information from their target in order to confirm their identity.
- **Baiting** is in many ways similar to phishing attacks. However, what distinguishes them from other types of social engineering is the promise of an item or good that hackers use to entice victims.
- **Quid pro quo** attacks promise a benefit in exchange for information. This benefit usually assumes the form of a service, whereas baiting frequently takes the form of a good.
- **Tailgating** or "piggybacking" involves someone who lacks the proper authentication following an employee into a restricted area.

The United States Computer Emergency Readiness Team provided the following tips on the United States' Department of Homeland Security website to avoid becoming victim to social engineering fraud:

- Be suspicious of unsolicited phone calls, visits, or email messages from individuals asking about employees or other internal information. If an unknown individual claims to be from a legitimate organization, try to verify his or her identity directly with the company.
- Do not provide personal information or information about your organization, including its structure or networks, unless you are certain of a person's authority to have the information.
- Do not reveal personal or financial information in email, and do not respond to email solicitations for this information. This includes following links sent in email.

- Don't send sensitive information over the internet before checking a website's security.
- Pay attention to the Uniform Resource Locator (URL) of a website. Malicious websites may look identical to a legitimate site, but the URL may use a variation in spelling or a different domain (e.g., .com vs. .net).
- If you are unsure whether an email request is legitimate, try to verify it by contacting the company directly. Do not use contact information provided on a website connected to the request; instead, check previous statements for contact information. Information about known phishing attacks is also available online from groups such as the Anti-Phishing Working Group.
- Install and maintain anti-virus software, firewalls, and email filters (done by Harris County Universal Services) to reduce some of this traffic.
- Take advantage of any anti-phishing features offered by your email client and web browser.

The best way to remain safe in today's rapidly changing cyber environment is to always remain alert. Use professional skepticism with any correspondence received that leaves even the slightest trace of doubt in your mind. Together, we can all do our part to help combat social engineering fraud.

2019 Payroll Rates and Limits

SOCIAL SECURITY & MEDICARE TAX INFO:

The Social Security (SS) wage base for 2019 is \$132,900. As in prior years, there is no limit to the wages subject to the Medicare tax. All covered wages are subject to the 1.45% tax. Wages paid in excess of \$200,000 in 2019 will be subject to an additional 0.9% Medicare tax that is only withheld from the employees' wages. The maximum social security tax employees and employers will each pay in 2019 is \$8,239.80.



Jenny Ly
Director
Payroll

FORM W-2 ONLINE:

Form W-2 is available to download and print from the Harris County Employee Information Online website. If you have not chosen the option to go paperless, your W-2 was mailed by January 31, 2019. Our continued mission to "GO GREEN" utilizes the employee website to download and print the W-2. About one half of our employees have gone green and print their W-2 from the website.

DEFERRED COMPENSATION:

The elective deferral limit for a 457(b) Plan for 2019 is \$19,000. The catch-up provision for individuals age 50 or older at the end of the calendar year is \$6,000.

STANDARD MILEAGE RATES FOR BUSINESS, MEDICAL, AND MOVING:

Beginning January 1, 2019, the standard mileage rates are as follow:

- 58 cents per mile driven for business use
- 20 cents per mile driven for medical or moving purposes
- 14 cents per mile driven in service of charitable organization

REVIEW FORM W-4:

Remember to submit a new Form W-4 for 2019 if your filing status changed at any time during the year. If you claimed "exempt" from federal withholding during 2018, you must have completed a new Form W-4 by February 15, 2019 to continue to be exempt from withholding. If the employee does not provide a new Form W-4, the payroll department will begin withholding federal income tax as single, claiming no withholding allowances. Employees can use the Harris County Employee Information Online website to make changes to Form W-4.

Employees can access the IRS Withholding Calculator on the IRS website at <https://www.irs.gov/Individuals/IRS-Withholding-Calculator> for help in determining how many withholding allowances to claim on their Form W-4.

Why is Governmental Accounting so different from Private Sector Accounting?

Have you ever wondered why governments have different accounting standards from all other types of businesses? Due to the unique needs of governments, a separate set of accounting standards was developed and the Governmental Accounting Standards Board (GASB) creates and updates accounting and financial reporting standards.



Brandy Shaw, CPA
Director
Financial Accounting

The goals of governmental accounting and private sector accounting are completely different. Private sector entities' main goal is gaining profit, whereas governments have the responsibility of fiscal accountability, which is demonstrated by using resources within a budget. In the private sector the budget is a tool for planning and it is not mandatory to comply with it.

Governmental entities have two important objectives that differ from private entities:

- The accounting of activities for accountability purposes - the representatives of the public, and officials appointed by them, must be accountable to the public for powers and tasks delegated to them. The public are in a position that differs significantly from that of private entity shareholders and therefore need financial information that is applicable and relevant to them and their purposes.
- Decision-making purposes - officials and representatives within governmental entities need financial information that is accounted, organized and presented for the objectives of their decision-making. These objectives bear no relation to net income results, like private entities, but are rather about service delivery and efficiency.

The above objectives are met as governments operate on a fund accounting basis. A fund is an accounting entity with a self-balancing set of accounts that is used to record financial resources and liabilities, as well as operating activities, and which is segregated in order to carry on certain activities or attain targeted

objectives. Funds are used by governments because governments need to maintain very tight control over their resources and funds are designed to monitor resource inflows and outflows, with particular attention to the remaining amount of funds available. By segregating resources into multiple funds, a government can more closely monitor resource usage, thereby minimizing the risk of over-spending or of spending in areas not authorized by a government budget.

Governments have three categories of funds:

- Governmental funds are those through which most governmental functions are accounted for (i.e. Special Revenue, Debt Service, Capital Projects).
- Proprietary funds are used to account for a government's ongoing organizations and activities that are similar to those often found in the private sector (i.e. Toll Road).
- Fiduciary funds are used to account for assets held by a government in a trustee capacity.

Governmental entities use three main financial statements in their reporting including:

- Statement of Net Position
- Statement of Activities
- Statement of Cash Flows

These statements are similar to balance sheets used by profit businesses and published in their annual reports. Financial statements for government accounting summarize assets and liabilities, showing the net assets of the organization or agency. Net assets are then used by city councils, legislatures, and other governing bodies to assess the financial health of a department, organization, or agency.

HUD Grant to Aid Residents with Hurricane Harvey Recovery Efforts

During Hurricane Harvey, all 4.7 million people in Harris County were impacted directly or indirectly by the widespread flooding that ensued. Over a seven day period, in excess of two dozen rain gauges throughout the county registered over 40 inches of rain. As a result, a Presidential Disaster Declaration was declared on August 25, 2017, (FEMA DR-4332) that included Harris County.



Paul Wilden, MBA
Manager
Grants Accounting

The U.S. Department of Housing and Urban Development has provided Community Development Block Grant Disaster recovery funds (CDBG-DR) passed through the Texas General Land Office (GLO) to Harris County in the amount of \$1.115 billion. This CDBG-DR funding is intended to assist with long term recovery activities in the areas affected by Hurricane Harvey. CDBG-DR grantees are responsible for assuring that all projects meet one of three national objectives:

- 1) Benefits low and moderate income persons,
- 2) Aids in prevention or elimination of slums or blight, or
- 3) Meets an urgent need.

On January 29, 2019, the Harris County Commissioners Court executed a contract between Harris County and the GLO allocating CDBG-DR Harvey Round 1 funds in the amount of \$909,609,114. These funds are for housing, planning and administration. The amount allocated to housing is \$837,097,816 and will be used for the following:

- A Homeowner Assistance Program to provide down payment assistance to an estimated 1,200 low income households
- A Buyout & Acquisition residential buyout program in the areas affected by continual severe flooding for an estimated 765 households

- A Single Family Affordable Housing Preservation Program (SFAHPP) will purchase and then rehab and resell up to 140 homes to eligible households who are Low-to-Moderate Income (LMI)
- A Homeowner Reimbursement Program which may reimburse eligible expenses incurred by up to 500 homeowners for repairs to a primary residence
- An Affordable Rental Program to benefit an estimated 1,600 households by providing funds for the acquisition, rehabilitation, and construction of multi-family housing projects
- Approximately 562 affordable new single-family homes will be constructed under a Single Family New Home Construction Program (SFNCP)

These Round 1 funds will also be used for administration and planning activities to accurately identify unmet needs, which will ensure that projects are implemented in a manner to achieve successful completion.

Amendments to the contract with GLO for the Round 2 additional CDBG-DR Harvey funds in the amount of \$222,519,672 are anticipated to begin within the next month. These funds will be for Harris County non-housing "Infrastructure" projects and will consist of a Commercial Buyout Program and provide disaster relief, long-term recovery, and the restoration of infrastructure for Harris County communities impacted by Hurricane Harvey.

For additional information on applying for these CDBG-DR grant funds please see Harris County Community Services Department website <https://csd.harriscountytexas.gov> or contact Paul Wilden at 832-927-4625.

Employee Service Anniversaries

Congratulations to the following Auditor's Office employees who have reached anniversary milestones with Harris County

Over 30 years

Leslie Pope	34
Lula Bookman	33
Yolanda Anderson	33

Over 15 years

Brenda Tucker	15
Martha Abdullahad	15
Connie Sanders	15
Clarese Brown	15
Cynthia Smith	15

Over 5 years

Sonja Lewis-Jones	8
Yang Liu	7
Marie LaGrone	7
Bobby Cato	7
Jacqueline Roney	7
Shane Carter	7
Kimberlyn Olison	6
Angela Billard	6
Ingrid St. Cyr	6
La'Sha Kelly	6
Sharonda Cato	6
Simone Mergerson	6
Felipe Alvarado	6
Derryle Simpson	6
Justin Alexander	6
Michelle Ramsey	6
Jolanda Smith	6
Damodar Tripathee	6
Athena Reece	5
Davina Hewitt	5
Janice Butera	5
Maricela Barrera	5
Yolanda Gentry	5
Sonia Johnson	5
Raquel Vasquez	5
Veronica Kanode	5
Richard Pena	5
Angie Moore	5
Penney Kazee-Davis	5
Kirk Mashue	5
Valerie Pena	5
Danielle Leon	5
Carol Chatman	5
Marie Xefteris	5

Over 20 years

Steve Hoza	29
Tammie Sonnier	28
Wendee McCain	28
Synithia Jacquet	26
Michael Post	22
Chris Casas	22
Kimberly Lewis	22
Connie Kirkpatrick	22

Over 10 years

Jennifer Pham	14
Tijuana Smith	14
Ronald Foster	14
Eric Pertl	13
Winfred Iles	13
Betty Lew	12
David Tish	12
Sylvia Mercy	12
Patricia Moreno	11
Wai Leung	11
Marie Cary	11
Yesenia Cantu	11
Charles McDonald	11
Lisa Godfrey	10
Lin Zhong	10
Porter Broyles	10
David Clark	10
Mellanie Tostado	10
Robert Jones	10

Over 15 years

Gwendolyn Foy	19
Erma Warner	19
Timothy Leonard	19
Patricia Mata	19
Toya Edwards	18
Paul Wilden	18
JoEllen Lamb	18
Filomeno Vilorio	18
Tom Ngo	17
Jacqueline Ards	17
June Davis	17
Nicholas McGee	16
Jose Mendoza	16
Carol Market	16
Anna Spalding	16

Over 5 years

Velia Frias	9
Edgar Serrano	9
JoAnn Lloyd	9
Tera Thompson	9
Ada Rodriguez	9
Shannen Williams	8

Congratulations to each of YOU!!!

Less than 5 years

Joan Wu	4
Dedra Jones	4
Destinee Lester	4
Dora Sanchez	4
Felicia Okatta	4
Reginald Yancey	4
Arlen Alanis	4
Merle Ray	4
Reena Pun	4
Argentina Vazquez	4
Francis Garcia	4
Greg Johnson	4
Sam McCants	4
Ganel Sykes	4
Mario Galvan	4
Paul Witt	4
Maria Alfaro	4
Sherrie McClenon	4
Carmella Sanford	4
Lorraine Wright	4
John Rowan	4
Sondra Dawson	4
Jeffrey Boso	4
Michelle Simpson	4
Carolyn Phillips	3
Jenny Ly	3
Robert Hayner	3
Cristal Vazquez	3
Amy Yarbrough	3
Patrick Rodriguez	3
Shannon Norman	3
Tony Padon	3
Tenishia Brown	3
Terence Drew	3
Craig McFarlin	3
Tien Nguyen	3
Luis Turcios	3
Steven Mathews	3
Ana Flores	3

Less than 5 years

Shaleeta Mitchell	3
Wanda Rodriguez	3
Douglas Chemaly	3
Elizabeth Garcia	3
Melissa Villalobos	2
Rebecca Dupree	2
Axel Nieves	2
Carmen Garcia	2
Tachia Smith	2
Sharlene Cate	2
Silvia Diaz	2
Anthony Li	2
Alfred Rodriguez	2
Joshua Sadler	2
Ola Ogundipe	2
John Steen	2
Amanda Rich	2
Angela Fu	2
Gary Gray	2
Shawn Varghese	2
Patrick LeBlanc	1
Reagan Sharkey	1
Mary Drugovich	1
Leslie Wilks-Garcia	1
Owanda Runnels	1
Dan Baumel	1
JoAnn Guerrero	1
Apryl Erwin	1
Grant Griffin	1
Patricia Sanchez	1
Brandy Shaw	1
Rebecca Luis	1
Yanhua Qiu	1
Krissi Boggess	1
Andrew Walters	1
Eddie Juarez, Jr.	1
Christina Hollie	1
Tracy McChristian	1
Ann Payne	1

Less than 5 years

Alma Figueroa	1
Anita Kittridge	1
Alina Valtierra	1
Shelby Hylton	1
Delores Perez	1
Nina Harris	<1
Mayra Tello	<1
Darya Trapeznikova	<1
Anthony Dunn, Jr.	<1
Gynel Irakoze	<1
Carolyn Powell	<1
Tishondria Williams	<1
Taneka Seals	<1
Moheb Raoufi	<1
Christopher Meek	<1
Chad Sussen	<1
LeRoy Mayers	<1
Emelia Suarez	<1
Anthony Tran	<1
Omar Johnson	<1
Kelly Aubrey	<1
Tracy Smith	<1
Joe Valadez	<1
Jade Butcher	<1
Adriana Sanchez	<1
Jayell Scott	<1
ShaKeshia Leday	<1
Errika Perkins	<1

Congratulations to each of YOU!!!



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