



**FULTON  
COUNTY**

**FULTON COUNTY, GEORGIA  
OFFICE OF THE COUNTY AUDITOR  
Pay Card Audit  
August 19, 2022**

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**INTRODUCTION**

In accordance with the 2022 approved Audit Plan, the Office of the County Auditor performed an audit of the Pay Card Program.

**BACKGROUND**

Georgia employers may pay employees through the use of payroll card accounts under a law signed by Governor Nathan Deal on May 5, 2015. Prior to the amendment, state law (O.C.G.A. § 34-7-2 referenced only cash, check, and direct deposit (with the consent of the employee) as the permissible methods of payment of wages. The new version of the statute expressly permits employers to pay employees “by credit to a payroll card account.”

The statute defines “payroll card account” as “an account that is directly or indirectly established through a person, firm, or corporation employing wage workers or other employees and to which electronic funds transfers of the wages or salary of such employees are made on a recurring basis, whether the account is operated or managed by such person, firm, or corporation or a third-party payroll processor, a depository institution, or any other person.” Cash, check, and direct deposit are still permitted under the new law, but consent of the employee is required for payment by direct deposit.

Electronic payments are required for existing and/or newly hired County employees, consisting of active permanent, elected officials, contract, fee, temporary and work test employees that receive payroll payment from the County on a bi-weekly/monthly basis, in accordance with the respective payroll schedules via direct deposit to a personal bank account or via the Bank of America Pay Card program. An employee’s pay will be defaulted to a pay card if a personal bank account is not provided at time of hire. During the scope of our audit, there was approximately eighty-four (84) active employees issued a pay card.

Effective April 18, 2017, the Registration and Elections Department began distributing pay cards to poll workers for their services to enhance efficiency by eliminating paper pay checks. Paper pay checks are only distributed when a poll worker’s information can’t be verified. During the scope of our audit, approximately four-hundred and fifty (450) poll workers were issued a pay card.

**OBJECTIVE**

The objectives of the audit were to evaluate the effectiveness of the processes and procedures over the Pay Card Program, and to ensure compliance with applicable laws and regulations.

**SCOPE**

The scope of the audit was from January 1, 2020 – December 31, 2021.

## METHODOLOGY

We conducted this audit in accordance with Generally Accepted Government Auditing Standards (GAGAS). Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives.

To achieve our audit objectives, we reviewed the following documentation:

- Departmental Pay Card Operating Policies and Procedures
- State of Georgia Law

Additionally, we interviewed key staff within the departments to determine the established processes and procedures related to the pay card process and performed walkthroughs to observe key processes and procedures related to the day-to-day operations.

We believe the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives. Our findings and recommendations are detailed below.

## FINDINGS AND RECOMMENDATIONS

### Finding 1 – Lack of Segregation of Duties

Segregation of duties and internal controls help prevent not only human data entry errors, but also potential fraud. The responsibilities and/or job functions that consist of authorizing transactions, maintaining custody of assets, and the recordkeeping process should be assigned to different individuals. During the audit, we noted that the Regional Coordinators for the Registration and Elections Department were responsible for entering the poll workers' information into the AMS system, verifying the information against the Fee Schedules, and mailing the pay cards to the respective poll workers. Consequently, the same employee performed incompatible financial duties. Management informed us that additional resources were needed to properly segregate the aforementioned duties and therefore hired additional resources. Failure to appropriately segregate duties increase the risks of fraud and inaccuracies in financial reporting.

### Recommendation

To strengthen internal controls, duties should be properly segregated. Segregation of duties and solid internal controls can minimize the organization's risks all around. In the event proper segregation of duties cannot be achieved, the appropriate compensating controls should be established, such as increased monitoring to prevent errors. Having a cohesive team can provide accurate information and contribute to the overall efficiency of the organization.

### **Finding 2 – Inadequate Pay Card Procedures**

Standard Operating Procedures (SOPs) must be current, complete, and effectively implemented within the department to achieve the desired impact. Clearly written standard operating procedures are essential because they eliminate uncertainty about how to best complete assignments. Upon requesting the departmental Pay Card Procedures, we noted that the procedures were not readily available and did not appear to be complete as the document reflected a revision date, which was the date the document was submitted to our office, but there was no effective date. Additionally, the scope and responsibilities were not adequately outlined. It appears that management has not effectively drafted or approved departmental Pay Card Procedures. SOPs will prove to be ineffective and unused if they are not current, aligned with State guidelines, and properly implemented.

### **Recommendation**

The Registration and Elections Department should ensure departmental SOPs are complete and clearly written. Additionally, management should ensure that everyone is informed about the departmental SOPs and understands their significance in maintaining the overall integrity of the department.

### **Finding 3 – Inadequate Verification Process for Fee Schedules**

The Fee Schedule is a preprinted document with the name of the poll workers and their respective pay for each precinct; there is a flat fee per position. Accurate verification of the Fee Schedule helps mitigate issues and/or errors with poll workers' pay. During our walkthrough of the Fee Schedule approval process, we discovered that pay corrections were made in the AMS system by the respective Regional Coordinator without a verification process. This may have occurred as the result of the 3-day turnaround time provided to the Regional Coordinators to complete the reviews. The inadequate verification of Fee Schedules puts the County at risk for inaccurate payments to poll workers.

### **Recommendation**

The Registration and Elections Department should implement an effective verification process to properly manage any pay discrepancies that arise when reviewing the Fee Schedules against the pay information reflected in the AMS system.

### **Finding 4 – Lack of Supervisory Reviews for the Deactivation of Poll Workers**

Supervisory reviews are a great form of redundancy to ensure that mistakes are caught, fraud is prevented, and processes are performed effectively. Poll Managers and the Regional Coordinators work in conjunction to identify individuals who should be deactivated in the system

as poll workers. However, there is no supervisory review to ensure the accuracy of the process. During our review of the Precincts' fee schedules, we revealed a prior poll worker who should've been deactivated from the system reflected on the Fee Schedule. Additionally, prior poll workers have contacted the County to inform us they received a W-9 for calendar year 2021, but did not work. Management informed us that this may have occurred because the new Regional Coordinators were not properly trained on deactivating poll workers from the system. The lack of supervisory reviews increase the risks of human error and inaccurate financial reporting.

### **Recommendation**

We recommend the Registration and Elections Department incorporate supervisory reviews for the deactivation of poll workers in the system to promote adequate checks and balances, eliminate opportunities for human error and ensure accurate financial reporting.

### **Concern 1 – Improper Storage of Pay Card Applications**

Proper data protection is an essential part of any organization. Departments handling sensitive information such as employee records must ensure the information is stored securely. During our audit, we noted that the pay card applications, which contained personal identifiable information, were being stored in a box in an open area. Management stated that they did not know what to do with the applications. The improper storage of sensitive information can lead to fraud, identity theft, or similar harms.

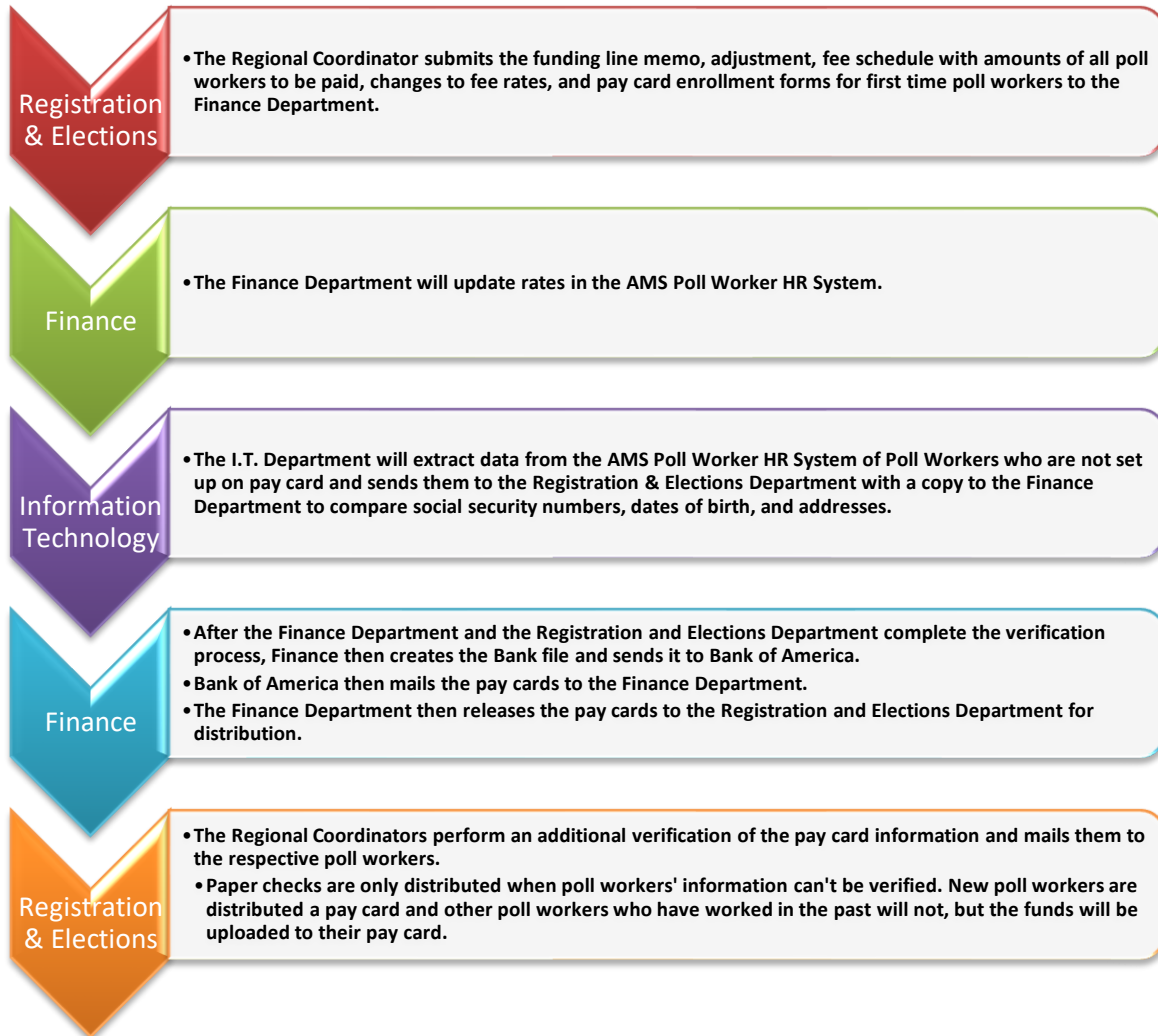
### **Recommendation**

We recommend the department consider electronically storing this information as it will allow password protection of files, tracking of viewed information, and control layers of access.

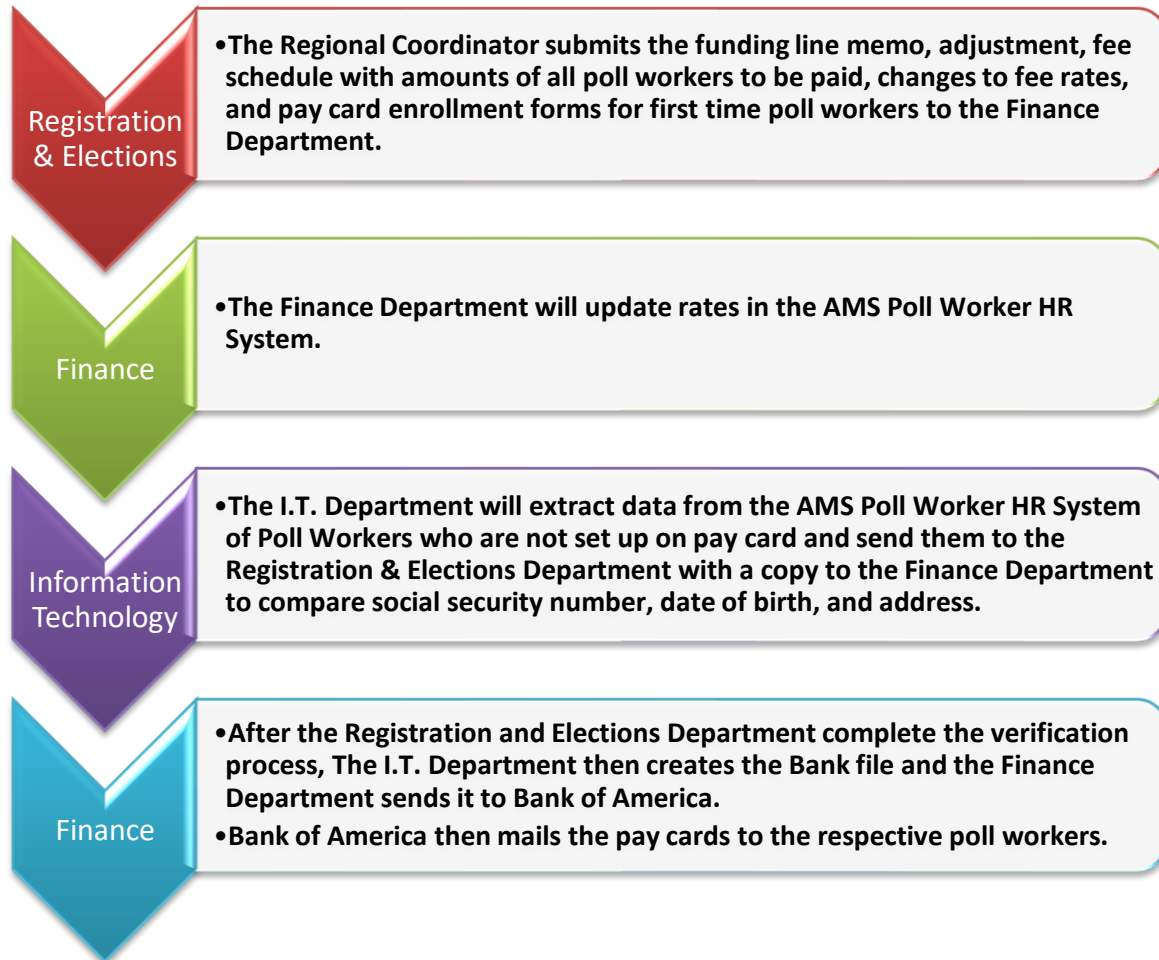
### **Concern 2 – Distribution of Poll Workers' Pay Cards**

Best practices reflect that workflow processes should be streamlined and efficient. We discovered that the current workflow process (*reflected below*), in reference to the distribution of poll workers' pay cards, could be more streamlined.

**Current Process**



**Recommended Process**



The Registration and Elections Department informed us that they are currently responsible for mailing the pay cards because the poll workers fall under their purview. However, a complex workflow process could increase the potential for fraud, errors, and prolongs the time to actually complete the task.

**Recommendation**

We recommend the Finance Department and the Registration and Elections Department review the current process for the distribution of poll workers’ pay cards to ensure the process is streamlined, efficient and effective.

**Concern 3 – Manual Processes**

Business processes should be reviewed to increase operational efficiencies. During our review, we noted the Department of Finance relies on the manual input of employees’ data into the Bank of America system in order to process pay cards for payment; this is due to the limited number



of active employees electing pay cards. However, this may create increased opportunities for errors or data manipulation as human error is always a factor in manual processes.

### **Recommendation**

We recommend the Department of Finance review their manual processes, and perform business process reviews to determine ways to automate systems in order to reduce errors and streamline operational efficiency.

### **CONCLUSION**

Based on the audit performed, we identified the following four (4) findings that require the attention of management:

- Lack of Segregation of Duties;
- Inadequate Pay Card Procedures;
- Inadequate Verification Process for Fee Schedules; and
- Lack of Supervisory Reviews for the Deactivation of Poll Workers

Additionally, we had three concerns in reference to the improper storage of pay card applications, the distribution of pay cards to poll workers, and manual processes.

Management should continue to ensure that appropriate corrective actions are taken to strengthen the internal controls and improve the operations of the respective departments.

Please provide a written response to this audit within ten (10) business days. Be sure to address the written response to Anthony Nicks, County Auditor. The written response should be submitted through the County Manager's Office and to Joi Hargis, Audit Coordinator, in the Office of the County Auditor at [joi.hargis@fultoncountyga.gov](mailto:joi.hargis@fultoncountyga.gov). We would like to thank management and staff for their timely cooperation and assistance during this audit. The distribution of this report is reserved for the executive management of Fulton County and the Board of Commissioners.