

**BROOME COUNTY
DEPARTMENT OF
AUDIT AND CONTROL**

**FEDERAL AND STATE INCOME TAX WITHHOLDING
REVIEW**

OFFICE OF MANAGEMENT & BUDGET

MARCH 2014

Alex J. McLaughlin, Comptroller



Broome County Department of Audit and Control

Alex J. McLaughlin, Comptroller . Jerry F. Marinich, Chairman of the Legislature

March 26, 2014

Debra A. Preston, County Executive:

The Department of Audit and Control has reviewed federal and state income tax withholding from Broome County employee paychecks as of the March 21, 2014 payroll.

The purpose of our review was to ensure that amounts withheld for federal and state income taxes are proper, in accordance with 2014 Federal and New York State wage withholding brackets and rates.

Based on the results of our review, amounts being withheld from employee paychecks for Federal and New York State income taxes are not correct.

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Sincerely,

Alex J. McLaughlin
Comptroller

cc: Jerry F. Marinich, Chairman of the Legislature
Members of the Legislature
Aaron M. Martin, Clerk of the Legislature
John M. Bernardo, Deputy County Executive
Bijoy Datta, Deputy County Executive
Marie Kalka, Director, Office of Management and Budget
Jennifer Lindsay, Deputy Director, OMB

**AUDIT FINDINGS, RECOMMENDATIONS AND RESPONSES
- OFFICE OF MANAGEMENT AND BUDGET-**

FINDING 1: AMOUNTS WITHHELD FROM EMPLOYEE PAYCHECKS FOR FEDERAL AND NEW YORK STATE INCOME TAXES ARE NOT CORRECT

During the course of our review, we noted that amounts being withheld from employee paychecks for Federal and New York State income taxes are not correct.

Annually, both the Federal government and New York State issue publications revising the income tax withholding tables (generally to adjust for inflation but potentially for larger adjustments as well).

For 2014, those notices were IRS notice 1036, issued in December of 2013 and New York State Publication NYS-50-T-NYS, issued effective January 1, 2014.

Broome County's income tax withholding tables have not been updated to reflect these changes. As a result, taxes are being withheld from employee paychecks at a rate that is higher than what is required.

RECOMMENDATION:

We recommend that the County update the Federal and State income tax withholding data to match what is required as soon as possible.

MANAGEMENT RESPONSE

Regarding the necessary update to both the Federal and NYS Tax Tables in PeopleSoft for the calendar year 2014, the tax table updates were included in the PeopleSoft Tax Update 14A; that will be moved into Production prior to the pay period ending March 30, 2014.

Below is a timeline regarding the 2014 Updates required:

- The updated tax tables for 2014 were released November 27, 2013 (by the IRS/NYS)
- Oracle released the last tax update for 2013 (13F) on December 2, 2013
- Due to the insufficient lead time, the programmers at Oracle were unable to incorporate the new changes that were published just days before
- Oracle released the first tax update for 2014 (14A) on January 14, 2014
- Broome County Information Technology (as part of their normal tax update process) downloaded the notes associated with this update on February 14, 2014

- The process of reviewing, testing and moving into production can take anywhere from 4-8 weeks; it is dependent upon the size and what is included in the update. As such, some take longer to test than others.
- Testing will be finalized and the update is scheduled to be moved into production prior to the pay period ending March 30, 2014.

AUDITORS' NOTE:

In our opinion, the updates could have been and should have been applied sooner. Proper tax withholding should be a priority.