

AUDIT REPORT

An Audit of Salt Lake County Arts & Culture Payroll

JULY 2024



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AUDITOR'S LETTER

July 2024

I am pleased to present our audit of Arts & Culture payroll operations for the period from September 1, 2021, to August 31, 2022. The objectives of this audit were to provide reasonable assurance regarding the adequacy and effectiveness of internal controls and to ensure that payroll processes comply with all applicable fiscal ordinances, policies, and procedures.

Our audit identified significant deficiencies in Arts and Culture payroll operations. These issues included data reconciliation, supervisory approval, and documentation processes. Furthermore, the audit found delays in processing termination requests, leading to extended access to PeopleSoft and network systems for terminated employees. These findings underscore the need for more stringent control measures, written procedures, and enhanced training to ensure compliance, mitigate risks, and improve overall operational effectiveness.

We strongly recommend that the Arts & Culture Division promptly review and implement the detailed recommendations in the attached audit report. Addressing these issues is crucial to safeguarding the operational and financial integrity of the county.

This audit was authorized under Utah Code Title 17, Chapter 19a, "County Auditor", Part 2, "Powers and Duties." We conducted this performance audit in accordance with generally accepted government auditing standards. 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. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions.

We appreciate the cooperation of all involved personnel during this audit. For further details, please refer to the enclosed detailed audit report. Should you require any further information or clarification, please do not hesitate to contact me at 385-468-7200.

A handwritten signature in black ink that reads "Chris Harding".

Chris Harding, CPA, CFE, CIA
Salt Lake County Auditor

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ARTS AND CULTURE PAYROLL AUDIT

JULY 2024

Objectives

The audit objectives were to provide reasonable assurance that the internal controls in place are adequate and effective and that the payroll processes comply with all applicable fiscal ordinances, policies, and procedures. Areas of audit focus included the processes and procedures for the following:

- Onboarding of new employees
- Timekeeping
- Special allowances paid through payroll
- Overtime and compensatory time
- Reconciliations of payroll time and expenditures
- Offboarding of terminated employees

The scope of the audit was from September 1, 2021, to August 31, 2022.

REPORT HIGHLIGHTS

No reconciliation of data transferred to the payroll system.

We tested the accuracy of data transferred over the 16 pay periods. Five employees had variances between TCP and PeopleSoft over four pay periods. Specifically, each of these periods had one to two employees with variances.

Timecards not approved by a supervisor and inadequate segregation of duties

Employee time for PeopleSoft users was not approved by a supervisor for 25 out of 33 (76%) employees, for 523 out of 5,830 (9%) time entries. In addition, we tested 52 employees to ensure that Peoplesoft users entered their own time and where edits or corrections were made, those changes were communicated back to the employee. Nine out of 52 (17%) employees had 44 out of 1044 (4%) time edits that adjusted time worked, pay, or decreased leave banks. However, management did not maintain sufficient documentation to support the entries or to document that the employee was notified.

Outdated and inadequate documentation supporting employee cell phone allowances

During the audit period, 13 Arts & Culture employees received cell phone allowances. For one of the 13 (8%) employees, a new form was not obtained when the employee transferred from a different department. Out of the remaining 12 employees, three (25%) employees' cell phone bills did not include a cell phone number. Therefore, we could not confirm that the cell phone bill provided was for a cell phone used for County purposes.

For one of the 12 (8%) employees, the bill submitted listed a business name on the account and the cell phone numbers did not match the one listed as a County contact for the employee. The employee did not respond to a request to provide proof of having incurred personal costs eligible for reimbursement.

Termination Requests Submitted After Employees' Last Working Date

During the audit period, 30 employees terminated from Arts & Culture. We found that for six temporary employees (20%), termination ePARs to remove PeopleSoft access were submitted, on average, 152 days after the employee's last day. In addition, for two merit employees (7%), termination ePARs to remove PeopleSoft access were submitted, on average, 16 days after the employee's last day.



Finding Risk Classifications

Classification	Description
<p>1 – Low Risk Finding</p>	<p>Low risk findings may have an effect on providing reasonable assurance that County funds and assets were protected from fraud, waste, and abuse.</p> <p>Recommendations may or may not be given to address the issues identified in the final audit report. If recommendations are given, management should try to implement the recommendations within one year of the final audit report date if possible. Follow-up audits may or may not focus on the status of implementation.</p>
<p>2 – Moderate Risk Finding</p>	<p>Moderate risk findings may have an effect on whether there is reasonable assurance that County funds and assets were protected from fraud, waste, and abuse.</p> <p>Recommendations will be given to address the issues identified in the final audit report. Management should implement the recommendations within one year of the final audit report date if possible. Follow-up audits will focus on the status of implementation.</p>
<p>3 – Significant Risk Finding</p>	<p>Significant risks are the result of one or more findings that may have an effect on whether there is reasonable assurance that County funds and assets were protected from fraud, waste, and abuse.</p> <p>Recommendations will include necessary corrective actions that address the significant risks identified in the final audit report. Management should implement the recommendations within six months of the final audit report date if possible. Follow-up audits will focus on the status of implementation.</p>
<p>4 – Critical Risk Finding</p>	<p>Critical risks are the result of one or more findings that would have an effect on whether there is reasonable assurance that County funds and assets were protected from fraud, waste, and abuse.</p> <p>Recommendations will include necessary corrective actions that address the critical risks identified in the final audit report. Management should implement the recommendations as soon as possible. Follow-up audits will focus on the status of implementation.</p>

BACKGROUND

The Salt Lake County Auditor's Audit Services Division completed an audit of the Salt Lake County Arts & Culture Payroll Operations for the period of September 1, 2021, to August 31, 2022. The audit was performed in conjunction with a Countywide Audit of Payroll Operations, focusing on Mayor's Finance Administration (Payroll Administration), Human Resources, and twelve County Agencies.

For the audit period, Arts & Culture payroll encompassed a workforce of 172 employees, with cumulative earnings of approximately \$3.6 million.

The Arts & Culture Human Resources and Payroll Coordinators are entrusted with the responsibilities of employee hiring, rehiring, promotions, and terminations, as well as processing timekeeping and special allowances.

OBJECTIVES AND SCOPE

The audit objectives were to provide reasonable assurance that the internal controls in place are adequate and effective and that the payroll processes comply with all applicable fiscal ordinances, policies, and procedures. Areas of audit focus included the processes and procedures for the following:

- Onboarding of new employees
- Timekeeping
- Special allowances paid through payroll
- Overtime and compensatory time
- Reconciliations of payroll time and expenditures
- Offboarding of terminated employees

The scope of the audit was from September 1, 2021, to August 31, 2022.

AUDIT CRITERIA

Salt Lake County Human Resources Policy 5-100: Pay and Employment Practices establishes procedures to implement pay practices and provide the foundation for a performance-based pay system. Procedures include:

- Department management and Human Resources roles and responsibilities
- Temporary Employee compensation
- Employment practices for rehire, transfer, promotion, termination
- Pay Differentials

- Career development, such as acting in positions, temporary assignments, and in-grade advancements
- Bonus Awards and Incentive Plans

Salt Lake County Human Resources Policy 5-300: Payroll establishes a uniform and consistent application of the provisions of the Salt Lake County Payroll System. The policy's purpose is that the maintenance of payroll records for each employee will be consistent with FLSA requirements. Procedures include:

- Certification of Payrolls
- Payment Procedures
- Off-Cycle Checks
- Termination Pay
- Payroll Corrections
- Overtime and Compensatory time
- On Call Duty Assignments

Salt Lake County Countywide Policy 1035: Employee Use of Cell Phones outlines expectations for agencies and employees who use cell phones for County business. Adherence to the policy will ensure compliance with applicable Internal Revenue Service (IRS) regulations. The policy's purpose is to establish the responsibilities and procedures regarding County-provided cell phones and allowances for cell phones.

Government Accountability Office (GAO) December 2000 Publication, "Maintaining Effective Control Over Employee Time and Attendance Reporting" outlines best practices for an internal control environment for a time and attendance reporting system. Publications key area for this audit included the authorization and approval of time and attendance transactions.

METHODOLOGY

We used several methodologies to gather and analyze information related to our audit objectives. The methodologies included but were not limited to:

1. Auditors met with agency personnel to gain an understanding of payroll procedures and agency controls in place. Processes observed and described were documented and agreed upon.
2. Controls were observed in operation, such as employee use of physical timeclocks, safeguarding of sensitive documents, and payroll system access controls.
3. Documents were examined, such as emails or memos authorizing overtime, gift card request forms, and W-4s.

4. Payroll data was analyzed, such as analytics to identify whether timecards were approved, and no terminated employees were still receiving a paycheck.
5. Where appropriate statistical or judgmental sampling was used to identify transactions selected for review.

CONCLUSIONS

During the COVID-19 pandemic, payroll operations throughout the County were more vulnerable to deviations from existing internal controls derived from established policies and procedures. While we did not find evidence of wrongdoing, we noted payroll operations did not comply with several key controls, including those required by County policy, such as:

- No Reconciliation of data transferred to the payroll system
- Timecards not approved by a supervisor and inadequate segregation of duties
- Outdated and inadequate documentation supporting employee cell phone allowances
- Agency did not understand retro pay and final payout responsibilities
- W-4 forms not obtained and on file
- Termination requests submitted after the employees' last working date
- Gift Card Requests Lacking Segregation of Duties and Authority
- Insufficient overtime and compensatory time approvals, no internal policy, and missing or conflicting Compensation Agreement Forms.
- Documentation of an Employee Bonus Award Not Retained

As a result, time keeping and payroll processing are at an increased risk of undetected errors and omissions, potential fraud, waste, and abuse. To mitigate these risks and improve operational effectiveness, it is crucial for Arts & Culture Management to establish and implement written policies and procedures regarding payroll processing, including practices to monitor for compliance. In addition, management should collaborate with Human Resources (HR) and Mayors Finance Administration (MFA) Payroll Administration to expand and reinforce Countywide policies and procedures related to Payroll.

FINDING 1 AND RECOMMENDATIONS

No Reconciliation of Data Transferred to the Payroll System

Risk Rating: **Significant Risk Finding**

During the audit period, Arts & Culture used timekeeping software, TimeClock Plus (TCP), for tracking temporary, non-merit employee time. Data from TCP was then uploaded to the County's Payroll System in PeopleSoft. Arts and Culture implemented TCP during the audit period. TCP was used for 16 out of the 27 pay periods within scope. The accuracy of time entries between TCP and PeopleSoft was not cross verified through a reconciliation process.

We tested all 65 employees who used TCP to assess the accuracy of the data transfer. This resulted in the examination of 652 pay periods (temporary employees may not work each pay period). We compared the time entered in PeopleSoft to the time recorded in TCP and followed up on any variances over 15 minutes.

We found that unexplained variances occurred between TCP and PeopleSoft for five employees over four pay periods. In each of these pay periods, we found one to two employees with variances. The analysis revealed an overall error rate of approximately 0.77% (five employee's pay periods out of 652 employee pay periods tested).

Salt Lake County Human Resources Policy 5-300: Payroll, Part II Procedures, Section A.4. states, "Each payroll unit is responsible for accurately recording their information in the payroll system."

The Arts & Culture Division HR Coordinator (Division HR Coordinator) noted that four of the five variances resulted from supervisors adding employee time in TCP after the payroll had been processed for the pay period, without letting the Division HR Coordinator know to include the time in PeopleSoft. The fifth variance could not be explained.

Four of the five employees with data transfer variances were underpaid by a combined total of 6.33 hours. The fifth employee was paid an additional 8 hours in PeopleSoft, but these hours were not recorded in TCP. While the variances noted were not significant overall, the lack of a reconciliation process increases the risk that larger variances could occur without detection. This exposes Salt Lake County to unexpected expenses, potential legal fees, and potential damage to its reputation.

1.1

RECOMMENDATION

Time Verification

We recommend that Arts & Culture Management work with MFA Payroll Administration to make the necessary corrections to the employees' time for the variances identified.

AGENCY RESPONSE: AGREE

IMPLEMENTATION DATE: ALREADY IMPLEMENTED

SEE PAGE 39 FOR THE AGENCY'S FULL RESPONSE TO OUR RECOMMENDATION

1.2

RECOMMENDATION

Pay Correction

We recommend that Arts & Culture Management implement a documented reconciliation of time entries transferred from external timekeeping applications to PeopleSoft each pay period to ensure accuracy and completeness. Procedures should include an independent review and approval of the reconciliation performed.

AGENCY RESPONSE: AGREE

IMPLEMENTATION DATE: 30 DAYS

SEE PAGE 40 FOR THE AGENCY'S FULL RESPONSE TO OUR RECOMMENDATION

FINDING 2 AND RECOMMENDATIONS

Timecards not Approved by a Supervisor and Inadequate Segregation of Duties

Risk Rating: **Significant Risk Finding**

Employee timecards are essential for maintaining accurate records of work hours, streamlining payroll processes, and ensuring compliance with labor laws, county, and division policies. They also provide valuable data for stakeholders.

Arts & Culture merit employees entered time in PeopleSoft while temporary employees used TCP. We reviewed a sample of 19 TCP and 33 PeopleSoft users' time to determine if supervisors reviewed and approved Arts & Culture employee time. We found that:

TCP:

Supervisors with proper segregation of duties approved all time entries (100%, or 717 entries) for all sampled TCP users (100%, or 19 users).

Peoplesoft:

- Supervisors did not approve time entries for 25 out of 33 (76%) employees.
- The unapproved entries, 523 out of 5,830 (9%) time entries were instead approved by an individual who was not their supervisor according to PeopleSoft, and the individual's job title did not identify them as a superior supervisor or manager.

We tested to ensure that employees using Peoplesoft entered their own time. Additionally, we verified that any edits or corrections made to timesheets were communicated back to the employees. We reviewed a random sample of 52 out of 110 PeopleSoft users. Four out of the 52 (8%) employees did not have any entries or changes to their timecard by someone else and therefore no further testing was done. We found that:

- Nine out of 52 (17%) employees had 44 (4%) out of 1044 timecard edits made to their timesheets by someone other than themselves. These edits affected actual worked hours, pay, or reduced leave balances. However, there was no documentation on file in support of the time edits.
- Five out of 52 (9%) employees had 41 (4%) timecard edits that adjusted time worked. The ArtTix yearly timesheet calendar Excel document

solely supported the edits.

Government Accountability Office (GAO) December 2000 Publication, "Maintaining Effective Control Over Employee Time and Attendance Reporting," states, "Primary responsibility for authorizing and approving [Time and Attendance] T&A transactions rests with the employee's supervisor, who approves the employee's T&A reports. Timekeepers and supervisors must be aware of the work time and absence of employees for whom they are responsible to ensure the reliability of T&A data."

The Division HR Coordinator explained that managers contact her for employee time approval when managers themselves are unable to do so. Her verbal authorization for this task was granted during her hiring and training. She clarified that the Fiscal Manager and Fiscal Coordinator also have this authority as backups.

The Division HR Coordinator actively updates employee timesheets upon request, particularly when employees lack a home computer or encounter difficulties logging into PeopleSoft from home. Additionally, the Division HR Coordinator corrects timecard exceptions flagged by PeopleSoft (e.g., leave availability issues or incorrect time reporting codes used) to ensure everything is rectified before the payroll cutoff. If an employee fails to address these exceptions or doesn't respond promptly, the Division HR Coordinator intervenes and fixes the issue.

When supervisors do not approve employee time, and when employees do not enter information on their own time, employee accountability may be diminished. In addition, there is an increased risk of noncompliance with policies, laws, and regulations, as well as a greater potential for payroll inaccuracies. Individuals other than the employee's supervisor may not be aware of the time the employee worked, or what hours the employee was authorized to work which can lead to fraud, waste, and abuse.

2.1

RECOMMENDATION

Policies and Procedures

We recommend that Arts & Culture Management establish and document procedures regarding the review and approval of employee time by direct supervisors or managers.

AGENCY RESPONSE: AGREE

IMPLEMENTATION DATE: 90 DAYS

SEE PAGE 40 FOR THE AGENCY'S FULL RESPONSE TO OUR RECOMMENDATION

2.2

RECOMMENDATION

Approval Procedures

We recommend that Arts & Culture Management establish clear procedures that address situations when the direct supervisor is unavailable to approve time, outlining alternative approval processes. These procedures should include documentation requirements to ensure proper oversight and accountability.

AGENCY RESPONSE: AGREE

IMPLEMENTATION DATE: 90 DAYS

SEE PAGE 41 FOR THE AGENCY'S FULL RESPONSE TO OUR RECOMMENDATION

2.3

RECOMMENDATION

Review of Employee Records

We recommend that Arts & Culture Management establish and document procedures regarding time edits made by supervisors and other staff and the communication of those time edits to the employee affected by them. These procedures should include documentation requirements to ensure proper oversight and accountability.

AGENCY RESPONSE: AGREE

IMPLEMENTATION DATE: 90 DAYS

SEE PAGE 41 FOR THE AGENCY'S FULL RESPONSE TO OUR RECOMMENDATION

We recommend that the Arts & Culture Management implement a review process for timecard entries that were not made by the employee, requiring timecards to be reviewed and approved by a higher-level manager or by an independent reviewer who is at a higher organizational level.

AGENCY RESPONSE: AGREE

IMPLEMENTATION DATE: 90 DAYS

SEE PAGE 42 FOR THE AGENCY'S FULL RESPONSE TO OUR RECOMMENDATION

FINDING 3 AND RECOMMENDATIONS

Outdated and Inadequate Documentation Supporting Employee Cell Phone Allowances

Risk Rating: **Significant Risk Finding**

Salt Lake County allows agencies to provide cell phones or offer allowances to employees for business purposes, where deemed appropriate. Salt Lake County agencies can choose to offer employees one of the following for business-related cell phone use: an ongoing allowance, reimbursement for actual costs incurred, or a County-issued cell phone.

During the audit period, 13 Arts & Culture employees received cell phone allowances. We reviewed each employee's file to confirm they had a completed County Provided Cell Phone Agreement Form (1035-A form) and a personal cell phone bill on file. In addition, we verified that the allowance did not exceed what the employee paid for their cell phone. Finally, we ensured that employees did not receive more than the division's maximum allowance of \$50 per month. Our review identified the following:

- For one of the 13 (8%) employees, a new form was not obtained when the employee transferred from a different department. The employee's allowance amount was carried over without confirmation of the employee's current cell phone bill. In addition, this employee's reimbursement exceeded Arts & Culture's maximum allowance of \$50 per month.
- For the remaining 12 (92%) employees the form was on file. However, Arts & Culture had modified Countywide form 1035-A to indicate that employee cell phone allowances would be paid monthly instead of per pay period. They did so by crossing out "pay period" and writing in the word "month."
- For three of the 12 (25%) employees, the bill did not include the cell phone number. Therefore, we could not confirm that the cell phone bill provided was for a cell phone used for County purposes.
- For one of the 12 (8%) employees, the bill submitted listed a business name on the account and the cell phone numbers did not match one listed as a County contact for the employee.

Salt Lake County Countywide Policy 1035: Employee Use of Cell Phones, Part 4.0 Responsibilities of Agencies, Section 4.3, states, "For County-provided cell phone services or allowances paid for business use of an employee's own service, the agency shall prepare an agreement justifying

the business need, how the service will be provided, allowance amount (if applicable), and any related conditions. The agreement will be signed by the employee, supervisor, and agency head or designee. A new agreement shall be completed when changes to the plan or business need occur.”

Salt Lake County Countywide Policy 1035: Employee Use of Cell Phones, Part 5.0 Allowances and Reimbursement for Business use of Personal Cell Phones, states, “5.1 The allowance or reimbursement shall not exceed the actual cost of the plan... 5.2.1 Employee must submit a copy of their first cell phone bill to Mayor’s Finance. 5.3 Employees may be reimbursed for approved County usage incurred by the employee on their own cell phone. To be eligible for reimbursement, the employee must incur out-of-pocket costs that must be approved by their supervisor and must submit the original bill or other valid receipt substantiating the costs. These reimbursements will be processed through the payroll system as a non-taxable amount.”

The Division HR Coordinator explained that the previous Division Director implemented a monthly cell phone allowance, not per pay period. However, the reason behind this change remains unclear. The new Division HR Coordinator inherited this practice upon taking over.

Salt Lake County Countywide Policy 1035 does not require regular reviews of employee cell phone allowances, stating in Section 4.3 that, “A new agreement shall be completed when changes to the plan or business need occur.” In addition, Arts & Culture does not have internal written policies or procedures for ensuring cell phone records stay up to date.

For the four instances where the employees’ phone number was not on the submitted bill or on record with the County, Arts & Culture Management explained that they cross referenced the phone number with the bill, if the phone number was on it. Management also noted that if an employee updated their phone number, a new bill showing the updated phone number was not required.

For the employee that submitted a cell phone bill under a business account, the Division HR Coordinator reached out to the employee who explained it was part of a family plan that they paid the bill for. As far as the phone numbers not matching County records, the employee indicated that she used a Google Voice number linked to one of the numbers listed. The Google number was used for privacy, since the cell number was available to clients. However, the employee did not respond when documentation was requested to show that the phone numbers were linked, and that the employee incurred out-of-pocket costs. The County might have reimbursed costs that the employee did not incur. Reimbursements totaled \$650 during the audit period.

When management does not verify that the employees’ cell phone bills show the phone number being used for business purposes, employees could submit a cell phone bill for a different cell phone number. When

updated cell phone bills are not reviewed on a periodic basis, and with changes in departments, the amount being reimbursed may no longer be valid. Selecting a per month reimbursement amount requires additional calculations by payroll and does not comply with County Policy. In each scenario the County may be paying more than required.

For example, the transferred employee's cell phone allowance exceeded the Division policy of a maximum cell phone allowance of \$50 per month by \$9.99. As a result, the employee was reimbursed almost \$120 extra over the audit period.

3.1	RECOMMENDATION	Documentation
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We recommend that Arts & Culture Management obtain and submit unaltered 1035-A forms showing reimbursements on a per pay period basis.

AGENCY RESPONSE: AGREE

IMPLEMENTATION DATE: 90 DAYS

SEE PAGE 42 FOR THE AGENCY'S FULL RESPONSE TO OUR RECOMMENDATION

3.2	RECOMMENDATION	Review Process
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We recommend that Arts & Culture Management establish and implement a regular review process for actual cell phone bill costs. This process should include receiving annual updates of billing statements from employees, verifying matching cell phone numbers and documenting the review.

AGENCY RESPONSE: AGREE

IMPLEMENTATION DATE: 30 DAYS

SEE PAGE 43 FOR THE AGENCY'S FULL RESPONSE TO OUR RECOMMENDATION

We recommend that Arts & Culture Management obtain new 1035-A forms and current billing statements for all employees, including transfers, who are receiving a cell phone allowance.

AGENCY RESPONSE: AGREE

IMPLEMENTATION DATE: 90 DAYS

SEE PAGE 43 FOR THE AGENCY'S FULL RESPONSE TO OUR RECOMMENDATION

We recommend that Arts & Culture Management establish and implement a standard procedure for when an employee changes their phone number that includes obtaining an updated billing statement and verifying the employee's cell phone number.

AGENCY RESPONSE: AGREE

IMPLEMENTATION DATE: 90 DAYS

SEE PAGE 44 FOR THE AGENCY'S FULL RESPONSE TO OUR RECOMMENDATION

We recommend that Arts & Culture Management stop the reimbursement to the employee whose phone number used for County business was not listed on the billing documentation, until documentation showing the employee is incurring out-of-pocket costs is obtained.

AGENCY RESPONSE: AGREE

IMPLEMENTATION DATE: ALREADY IMPLEMENTED

SEE PAGE 44 FOR THE AGENCY'S FULL RESPONSE TO OUR RECOMMENDATION

FINDING 4 AND RECOMMENDATIONS

Termination Requests Submitted After Employees' Last Working Date

Risk Rating: **Significant Risk Finding**

When an employee departs from Salt Lake County, certain offboarding procedures are necessary at the agency level. These include terminating the employee's access to the County network, PeopleSoft, and any external timekeeping software. Agencies submit a "Termination" Employee Personnel Action Request (ePAR) in PeopleSoft, and network termination is requested through an Information Technology Division service request.

During the audit period, 30 employees terminated from Arts & Culture. We evaluated whether the agency promptly requested the removal of the employee's timekeeping and network access.

For Peoplesoft access removal we found that:

- For six temporary employees (20%), termination ePARs to remove PeopleSoft access were submitted, on average, 152 days after the employee's last day.
- For two merit employees (7%), termination ePARs to remove PeopleSoft access were submitted, on average, 16 days after the employee's last day.

For network access removal we found that:

- For 16 temporary employees (53%), the agency did not submit network access termination requests. Twelve of the 16 (75%) employees no longer had active accounts, however two (12.5%) remained active. Another two employees (12.5%) were rehired and therefore had active network accounts.
- For three temporary employees (10%), network access termination requests were made, on average, 161 days after their final working day after an Active Directory cleanup was initiated with Information Services.
- For two merit employees (7%), the agency did not submit network access termination requests. One employee no longer had access and one employee had been rehired.
- For another merit employee (3%), a network access termination request was made 100 days after their final working day.

The Human Resources' "Offboarding Checklist" for supervisors specifies that while supervisors might not directly handle every task, they are accountable for ensuring task completion. This checklist includes deactivating all agency-specific and network access for departing employees.

Countywide policies currently lack specific guidelines on access termination requests and their timing. The Division HR Coordinator explained that she did not have the option to submit termination requests through the County's IT Service Request system. She has since collaborated with Information Technology (IT) to get it set up. Additionally, she noted that there is no training, policy, or procedure with instructions for entering termination ePARs within a specific time frame.

Retained access to timekeeping systems by former employees poses risks, such as potential timesheet manipulation or fraudulent time entries, leading to payroll inaccuracies. Additionally, continued network access can lead to malicious activities like data theft, operational disruptions, or system infections, potentially involving persons other than the former employee.

We recommend that Arts & Culture Management establish and implement policies and procedures for employee offboarding. These procedures should outline the specific timeframe for terminating access to sensitive data systems, including timekeeping and network access.

AGENCY RESPONSE: AGREE

IMPLEMENTATION DATE: 30 DAYS

SEE PAGE 45 FOR THE AGENCY'S FULL RESPONSE TO OUR RECOMMENDATION

We recommend that Arts & Culture Management ensure the timely removal of employees from timekeeping applications upon termination of employment.

AGENCY RESPONSE: AGREE

IMPLEMENTATION DATE: 30 DAYS

SEE PAGE 45 FOR THE AGENCY'S FULL RESPONSE TO OUR RECOMMENDATION

We recommend that Arts & Culture Management work with Information Technology to ensure the timely removal of employees from network access upon termination of employment.

AGENCY RESPONSE: AGREE

IMPLEMENTATION DATE: 30 DAYS

SEE PAGE 45 FOR THE AGENCY'S FULL RESPONSE TO OUR RECOMMENDATION

Auditor's note: Related findings and recommendations will be addressed to Human Resources congruent with their oversight role and related responsibilities. These recommendations will be detailed in a dedicated Audit Report specifically addressed to Human Resources.

FINDING 5 AND RECOMMENDATIONS

Agency Did Not Understand Retro Pay and Final Payout Responsibilities

Risk Rating: **Moderate Risk Finding**

We reviewed controls over retroactive payroll payments (retro payments). Retro pay refers to additional compensation added to an employee's paycheck to correct an underpayment from a previous pay period. Examples of retro payments include back pay for a raise effective in a prior period, or employees due a shift-differential, or acting-in rate, also not paid in a prior period.

During the audit period, Arts & Culture processed 13 retro payments for employees. We selected payments above the Countywide retro payment average of \$280 for agencies in scope, as well as any adjusting, negative transactions for review. We identified four employees with six retro payments totaling \$6,569 and two negative adjustments totaling (\$137) met the criteria. We found that communication regarding the reason retro payment was required as well as authorized approval was on file for each transaction. However, the agency did not provide supporting calculations to MFA Payroll Administration for any of the eight transactions.

In addition to retro pay, we reviewed controls over final payouts. When merit and time limited appointed employees terminate employment, they have the option to either use up their accrued vacation or be paid out for it. Retiring employees also receive a payout of twenty-five percent of sick leave hours accrued.

During the audit period 30 Arts & Culture employees terminated their employment with the County. Three out of the 30 (10%) employees received final payouts. However, there was no documentation of the calculations performed by the agency to support the amount of the payouts.

Government Accountability Office (GAO) September 2014 Publication, "Standards for Internal Control in the Federal Government," Section 10.02, states, "Management designs control activities in response to the entity's objectives and risks to achieve an effective internal control system. Control activities are the policies, procedures, techniques, and mechanisms that enforce management's directives to achieve the entity's objectives and address related risks. As part of the control environment component, management defines responsibilities, assigns them to key roles, and delegates authority to achieve the entity's objectives... Management designs control activities to fulfill defined responsibilities and address identified risk responses."

Salt Lake County Human Resources Policy 5-300, Part II Procedures, Section A.4, states, “Each payroll unit is responsible for accurately recording their information in the payroll system.”

While County Policy places responsibility for accurate payroll submission at the agency level, including retro payments and final payouts, there were no written procedures regarding these transactions. This gap arises from the absence of formal Countywide Payroll Procedures and internal agency written procedures, along with a lack of training for Payroll Coordinators. As a result, there is a lack of clear understanding and consistency in handling the payments.

When procedures are not documented, key controls may not be in place and may degrade over time. Errors and omissions are more likely to occur and not be detected. Employees may be, or may have been, under or overpaid without detection.

5.1

RECOMMENDATION

Establish Procedure

We recommend that Arts & Culture Management establish and implement clear written policies and procedures for calculating and verifying retroactive payments and leave payouts.

AGENCY RESPONSE: AGREE

IMPLEMENTATION DATE: ALREADY IMPLEMENTED

SEE PAGE 46 FOR THE AGENCY’S FULL RESPONSE TO OUR RECOMMENDATION

5.2

RECOMMENDATION

Document Retention

We recommend that Arts & Culture Management work with Payroll Administration to establish and implement a documentation retention system to ensure that documentation supporting payroll payments is maintained on file.

AGENCY RESPONSE: AGREE

IMPLEMENTATION DATE: ALREADY IMPLEMENTED

SEE PAGE 46 FOR THE AGENCY’S FULL RESPONSE TO OUR RECOMMENDATION

Auditor’s note: Related findings and recommendations will be addressed to Human Resources congruent with their oversight role and related responsibilities. These recommendations will be detailed in a dedicated Audit Report specifically addressed to Human Resources.

FINDING 6 AND RECOMMENDATIONS

W-4 Forms Not Obtained and On File

Risk Rating: **Moderate Risk Finding**

The Internal Revenue Service's Form W-4, Employee's Withholding Certificate, provides instructions to Salt Lake County on the proper withholding of Federal taxes from employee pay. We requested proof of W-4 documentation for 29 out of the 84 (35%) employees hired during the audit period. We found that Arts & Culture did not have a W-4 form on file for 16 out of 29 (55%) employees tested.

Internal Revenue Service (IRS) Publication 15 (2023), Circular E, Employer's Tax Guide and Topic No 753 Employee's Withholding Certificate, states, "Form W-4 tells you, as the employer, the employee's filing status, multiple jobs adjustments, amount of credits, amount of other income, amount of deductions, and any additional amount to withhold from each paycheck to use to compute the amount of federal income tax to deduct and withhold from the employee's pay." "You should inform your employees of the importance of submitting an accurate Form W-4. An employee may be subject to a \$500 penalty if he or she submits, with no reasonable basis, a Form W-4 that results in less tax being withheld than is required."

The Division HR Coordinator explained that she started in the position in May 2022 and was unaware of how the previous Division HR Coordinator handled these records. Mayor's Finance Administration indicated that agencies were responsible for W-4s. However, there was no Countywide Payroll policy establishing W-4 procedures, roles, and responsibilities.

Each employee without a Form had their withholding set to the default tax status of single, with no other jobs, dependent amounts, other income, deductions, or extra withholding. As a result, employees' tax withholdings may have been under or over the amount required depending on whether the default setting was correct. Additionally, failure to maintain forms on file may leave the County unprotected in the event of an audit by the IRS.

We recommend that Arts & Culture Management establish and document procedures for obtaining, storing, and entering W-4 forms. These procedures should include a documented secondary review and approval process to ensure the accuracy of the data entered.

AGENCY RESPONSE: AGREE

IMPLEMENTATION DATE: ALREADY IMPLEMENTED

SEE PAGE 47 FOR THE AGENCY'S FULL RESPONSE TO OUR RECOMMENDATION

We recommend that Arts & Culture Management maintain hard or electronic copies of each employee's W-4 documentation for a minimum of four years.

AGENCY RESPONSE: AGREE

IMPLEMENTATION DATE: ALREADY IMPLEMENTED

SEE PAGE 47 FOR THE AGENCY'S FULL RESPONSE TO OUR RECOMMENDATION

Auditor's note: Related findings and recommendations will be addressed to Human Resources congruent with their oversight role and related responsibilities. These recommendations will be detailed in a dedicated Audit Report specifically addressed to Human Resources.

FINDING 7 AND RECOMMENDATIONS

Gift Card Requests Lacking Proper Segregation of Duties and Authority

Risk Rating: **Moderate Risk Finding**

To attract and retain a talented workforce, Salt Lake County recognizes and rewards its talented workforce through awards for commendable performance, years of service, and to employees who retire from the organization. Salt Lake County Human Resources Policy 4-800: Service Awards, Part II Procedures, Section A.1, states, "An Administrator may recognize an employee's commendable performance by awarding a Letter of Commendation, a Certificate of Appreciation, a bonus award, or a gift card." To request a gift card, managers or supervisors complete the online "Gift Card Request Form" and submit it to the HR Employee Service Reserve Fund Manager. Completed forms must include all required department-authorized signatures.

During the audit period, Arts & Culture issued gift cards to 14 employees. We verified that a completed Gift Card Request Form was on file for each employee and ensured compliance with county policy by verifying that no employee received more than \$200 annually.

However, for four of the 14 (29%) employees, the Division HR Coordinator handles both requesting and approving the Gift Card Request Form. This creates a lack of proper segregation of duties. In addition, the Division HR Coordinator was not the supervisor for the four employees.

Government Accountability Office (GAO) September 2014 Publication, "Standards for Internal Control in the Federal Government," Section 3.08, states, "Management determines what level of authority each key role needs to fulfill a responsibility. Management delegates authority only to the extent required to achieve the entity's objectives. As part of delegating authority, management evaluates the delegation for proper segregation of duties within the unit and in the organizational structure. Segregation of duties helps prevent fraud, waste, and abuse in the entity by considering the need to separate authority, custody, and accounting in the organizational structure..." and Section 10.13, states, "Segregation of duties helps prevent fraud, waste, and abuse in the internal control system. Management considers the need to separate control activities related to authority, custody, and accounting of operations to achieve adequate segregation of duties. Management override circumvents existing control activities and increases fraud risk. Management addresses this risk through segregation of duties but cannot absolutely prevent it because of the risk of collusion, where two or more employees act together to commit fraud."

The Division HR Coordinator, who also serves as the payroll coordinator, explained that Arts & Culture has an employee rewards program. The Division Director has assigned her the responsibility of completing and signing the Gift Card Request forms. Her responsibilities for the task include managing the request forms, having the committee review the forms and, if applicable, grant a reward, contacting the employee who was rewarded, filling in the form, collecting the signatures from the Arts & Culture Fiscal Manager and Director, submitting the form for the gift cards, picking up the gift cards, and distributing the gift cards to the employees.

The combined lack of authority and proper segregation of duties weakens the integrity of the gift card approval process and raises concerns about monitoring and oversight, errors, miscommunication, or even intentional misuse of County resources. Additionally, it exposes Arts & Culture and the County to risks related to financial improprieties and mismanagement.

7.1	RECOMMENDATION	Internal Controls
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We recommend that Arts & Culture Management design and implement controls to ensure a clear segregation of responsibilities within the gift card process where designated individuals with the appropriate managerial roles initiate, authorize, and approve gift cards.

AGENCY RESPONSE: AGREE

IMPLEMENTATION DATE: 30 DAYS

SEE PAGE 48 FOR THE AGENCY'S FULL RESPONSE TO OUR RECOMMENDATION

7.2	RECOMMENDATION	Approval Process
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We recommend that Arts & Culture Management conduct regular reviews of the gift card approval process to identify any irregularities and prevent such instances from occurring in the future.

AGENCY RESPONSE: AGREE

IMPLEMENTATION DATE: 30 DAYS

SEE PAGE 49 FOR THE AGENCY'S FULL RESPONSE TO OUR RECOMMENDATION

FINDING 8 AND RECOMMENDATIONS

Insufficient Overtime and Compensatory Time Approvals, No Internal Policy, and Missing or Conflicting Compensation Agreement Forms

Risk Rating: **Moderate Risk Finding**

Employees are classified under the Fair Labor Standards Act (FLSA) as either exempt or non-exempt. Exempt employees typically do not receive overtime pay for hours worked beyond the standard 40-hour workweek.

At Salt Lake County, each agency is tasked with determining and documenting through written policy whether exempt employees accrue compensatory time for overtime hours worked over 40 per Salt Lake County Human Resources Policy 5-300: Payroll. However, Arts & Culture Management reported the absence of an internal policy regarding compensatory time for exempt employees. During the audit period Arts & Culture had at least one exempt employee who received pay for compensatory time.

In contrast, non-exempt employees are entitled to compensation at one and one-half times their hourly rate for every hour over 40. Non-exempt employees that prefer to accrue compensatory time at that rate, instead of extra compensation, complete the Salt Lake County Human Resource's Overtime Compensation Agreement form.

We tested 18 out of 31 non-exempt employees who worked more than 40 hours. Two of the 18 (11%) employees received overtime, not compensatory time, during the audit period. Since overtime was the default pay, a form was not required.

Of the remaining 16 employees:

- Ten of the 16 (62%) employees had an agreement form on file. However, one (10%) of the 10 employees been paid overtime, which was not congruent with the employee's selection on the form.
- Six of the 16 (38%) employees received comp time, but no Overtime Compensation Agreement form was on file. For five of these employees, the Division HR Coordinator obtained forms after the comp time was received.

Additionally, six (33%) of all 18 employees tested had overtime or compensatory time that was over the agency's documented pre-approval limit of two hours. Furthermore, these employees' time was approved in PeopleSoft by individuals other than their supervisors, and no documented supervisor approval (such as emails) was provided.

Salt Lake County Human Resources Policy 5-300: Payroll, Part II Procedures, Section G.3, states, “Each Department Director or Elected Official shall adopt written internal policies regarding compensatory time off for FLSA exempt employees.”

Salt Lake County Human Resources Policy 5-300: Payroll, Part II Procedures, Section F.1, states, “Any non-exempt employee who works more than forty hours in a workweek will be paid one and one-half times their regular rate of pay for each hour worked more than 40 unless the employee requests compensatory time off. Employees may request in writing compensatory time off in lieu of cash payment prior to working the overtime hours.”

When asked for Arts & Culture’s written internal policy on exempt employees earning compensatory time off, the Division HR Coordinator could not locate any such policy. She was advised that they followed Salt Lake County Human Resources Policy 5-300.

Additionally, the Division HR Coordinator explained that she could not locate the original Overtime Compensation Agreement forms for the five employees. In October 2022, she worked to obtain new forms since the employees were all previously set up to receive compensatory time and should have had forms on file.

The employee who earned overtime instead of compensatory time, as indicated on his agreement, had been reclassified. PeopleSoft automatically changed the employee’s status to the default of earning overtime when the reclassification was processed. The Division HR Coordinator was not aware of the change.

For the six employees with approvals to their overtime or compensatory time by an individual that was not their supervisor, the Division HR Coordinator noted that the payroll coordinator or their back up approves all time not approved by managers so that Payroll can be processed. In addition, she explained that managers are sometimes confused about compensatory time or other time entries and ask questions about approving time in PeopleSoft.

When time is reported as overtime instead of compensatory time, it can lead to higher labor costs for the organization and potential budgetary overruns. Additionally, this incorrect reporting may not comply with legal requirements, potentially exposing the County to legal liabilities, fines, or penalties.

In the absence of a written internal Arts & Culture policy, there is a lack of clarity for exempt employees on whether they are entitled compensatory time. This ambiguity can lead to inconsistencies in payroll processing and conflicting information being given to employees. Without documentation to support that overtime was approved, there is no way to identify if these overtime hours were accurate.

8.1

RECOMMENDATION

Consistency

We recommend that Arts & Culture Management establish and implement controls to ensure overtime and compensatory time earned during each pay period are consistent with each employee's election.

AGENCY RESPONSE: AGREE

IMPLEMENTATION DATE: 90 DAYS

SEE PAGE 49 FOR THE AGENCY'S FULL RESPONSE TO OUR RECOMMENDATION

8.2

RECOMMENDATION

Review Time

We recommend that Arts & Culture Management establish and implement procedures that include supervisors and the payroll coordinator reviewing time for unexpected changes in time reporting.

AGENCY RESPONSE: AGREE

IMPLEMENTATION DATE: 90 DAYS

SEE PAGE 50 FOR THE AGENCY'S FULL RESPONSE TO OUR RECOMMENDATION

8.3

RECOMMENDATION

Leave Policy

We recommend that Arts & Culture Management establish and implement written internal policies and procedures addressing compensatory time for FLSA exempt employees.

AGENCY RESPONSE: AGREE

IMPLEMENTATION DATE: IMPLEMENTED

SEE PAGE 50 FOR THE AGENCY'S FULL RESPONSE TO OUR RECOMMENDATION

We recommend that Arts & Culture Management establish and implement written internal policies and procedures addressing retention of Overtime Compensation Agreement Forms as well as overtime pre-approval authorizations. All support documentation should be retained in a central location or electronic file that is accessible to management, and not in an email account.

AGENCY RESPONSE: AGREE

IMPLEMENTATION DATE: 90 DAYS

SEE PAGE 50 FOR THE AGENCY'S FULL RESPONSE TO OUR RECOMMENDATION

FINDING 9 AND RECOMMENDATIONS

Documentation of an Employee Bonus Award Not Retained

Risk Rating: **Moderate Risk Finding**

Agency administrators have the option to recognize exceptional employee performance through various forms of bonus awards, including cash bonuses, gift cards, or paid administrative leave. During the audit period, Arts & Culture employees used 36 hours of paid administrative bonus leave by taking time off, received 99 cash bonus awards, and two cash incentive plan awards.

We reviewed a random sample of 34 transactions (32 bonus transactions and both incentive plan payments). We verified whether there was documentation supporting outstanding performance, evidence of approvals by authorized individuals, and proper segregation of duties.

The agency did not provide documentation for one of the 34 (3%) transactions. This transaction, awarded \$250, lacked details on the specific accomplishment, date and approval process.

Salt Lake County Human Resource Policy 5-100: Pay and Employment Practices, Part II Procedures, Section I.1, states, "An agency administrator may give a discretionary Bonus Award to an employee for outstanding performance. The award may be in the form of cash or paid administrative leave. The agency shall keep a record of the outstanding performance being awarded and ensure that other similar outstanding performance is being awarded equitably."

Salt Lake County Records Management, Salt Lake County Department Retention Schedules, Human Resources, Payroll, "Personnel Files," states, "Record copy: These files are the official employment files for all county employees and usually include the original employment application, correspondence, credential files, payroll and leave history, work performance, written disciplinary and grievance documents, transcript of training classes, documented [sic] of required training, and performance evaluation forms... Agency, supervisor, division copy: These files contain copies of documents from the official file, as well as training certificates, letters of commendation, driver's license information ... etc." The retention period for these files is "65 years from the date of employment. Agency file, Supervisor file, Division file or all other duplicate files: 5 years after separation."

Arts & Culture Management does not consistently use standardized documentation formats and templates to document and track bonus awards, which may have contributed to missing documentation. The

Division HR Coordinator stated that the manager could not recall what the bonus was for and provided a list of the employee's accomplishments during that period.

In addition to possible legal and compliance risks, proper documentation serves as evidence of the agreed-upon terms and can help prevent or resolve disputes over the amount received. Proper documentation ensures compliance and fosters transparency, accountability, and trust within the organization.

9.1

RECOMMENDATION

Document Management

We recommend that Arts & Culture Management develop and implement document management procedures to ensure that all relevant support documentation is systematically organized, filed, and easily retrievable.

AGENCY RESPONSE: AGREE

IMPLEMENTATION DATE: IMPLEMENTED

SEE PAGE 51 FOR THE AGENCY'S FULL RESPONSE TO OUR RECOMMENDATION

9.2

RECOMMENDATION

Consistent Formats

We recommend that Arts & Culture Management establish standardized documentation formats and templates to ensure consistency and completeness. This will facilitate easy review and verification of support documentation.

AGENCY RESPONSE: AGREE

IMPLEMENTATION DATE: IMPLEMENTED

SEE PAGE 51 FOR THE AGENCY'S FULL RESPONSE TO OUR RECOMMENDATION

Complete List of Audit Recommendations

This report made the following 26 recommendations.

RECOMMENDATION 1.1:

We recommend that Arts & Culture Management work with MFA Payroll Administration to make the necessary corrections to the employees' time for the variances identified.

RECOMMENDATION 1.2:

We recommend that Arts & Culture Management implement a documented reconciliation of time entries transferred from external timekeeping applications to PeopleSoft each pay period to ensure accuracy and completeness. Procedures should include an independent review and approval of the reconciliation performed.

RECOMMENDATION 2.1:

We recommend that Arts & Culture Management establish and document procedures regarding the review and approval of employee time by direct supervisors or managers.

RECOMMENDATION 2.2:

We recommend that Arts & Culture Management establish clear procedures that address situations when the direct supervisor is unavailable to approve time, outlining alternative approval processes. These procedures should include documentation requirements to ensure proper oversight and accountability.

RECOMMENDATION 2.3:

We recommend that Arts & Culture Management establish and document procedures regarding time edits made by supervisors and other staff and the communication of those time edits to the employee affected by them. These procedures should include documentation requirements to ensure proper oversight and accountability.

RECOMMENDATION 2.4:

We recommend that the Arts & Culture Management implement a review process for timecard entries that were not made by the employee, requiring timecards to be reviewed and approved by a higher-level

manager or by an independent reviewer who is at a higher organizational level.

RECOMMENDATION 3.1:

We recommend that Arts & Culture Management obtain and submit unaltered 1035-A forms showing reimbursements on a per pay period basis.

RECOMMENDATION 3.2:

We recommend that Arts & Culture Management establish and implement a regular review process for actual cell phone bill costs. This process should include receiving annual updates of billing statements from employees, verifying matching cell phone numbers and documenting the review.

RECOMMENDATION 3.3:

We recommend that Arts & Culture Management obtain new 1035-A forms and current billing statements for all employees, including transfers, who are receiving a cell phone allowance.

RECOMMENDATION 3.4:

We recommend that Arts & Culture Management establish and implement a standard procedure for when an employee changes their phone number that includes obtaining an updated billing statement and verifying the employee's cell phone number.

RECOMMENDATION 3.5:

We recommend that Arts & Culture Management stop the reimbursement to the employee whose phone number used for County business was not listed on the billing documentation, until documentation showing the employee is incurring out-of-pocket costs is obtained.

RECOMMENDATION 4.1:

We recommend that Arts & Culture Management establish and implement policies and procedures for employee offboarding. These procedures should outline the specific timeframe for terminating access to sensitive data systems, including timekeeping and network access.

RECOMMENDATION 4.2:

We recommend that Arts & Culture Management ensure the timely removal of employees from timekeeping applications upon termination of employment.

RECOMMENDATION 4.3:

We recommend that Arts & Culture Management work with Information Technology to ensure the timely removal of employees from network access upon termination of employment.

RECOMMENDATION 5.1:

We recommend that Arts & Culture Management establish and implement clear written policies and procedures for calculating and verifying retroactive payments and leave payouts.

RECOMMENDATION 5.2:

We recommend that Arts & Culture Management work with Payroll Administration to establish and implement a documentation retention system to ensure that documentation supporting payroll payments is maintained on file.

RECOMMENDATION 6.1:

We recommend that Arts & Culture Management establish and document procedures for obtaining, storing, and entering W-4 forms. These procedures should include a documented secondary review and approval process to ensure the accuracy of the data entered.

RECOMMENDATION 6.2:

We recommend that Arts & Culture Management maintain hard or electronic copies of each employee's W-4 documentation for a minimum of four years.

RECOMMENDATION 7.1:

We recommend that Arts & Culture Management design and implement controls to ensure a clear segregation of responsibilities within the gift card process where designated individuals with the appropriate managerial roles initiate, authorize, and approve gift cards.

RECOMMENDATION 7.2:

We recommend that Arts & Culture Management conduct regular reviews of the gift card approval process to identify any irregularities and prevent such instances from occurring in the future.

RECOMMENDATION 8.1:

We recommend that Arts & Culture Management establish and implement controls to ensure overtime and compensatory time earned during each pay period are consistent with each employee's election.

RECOMMENDATION 8.2:

We recommend that Arts & Culture Management establish and implement procedures that include supervisors and the payroll coordinator reviewing time for unexpected changes in time reporting.

RECOMMENDATION 8.3:

We recommend that Arts & Culture Management establish and implement written internal policies and procedures addressing compensatory time for FLSA exempt employees.

RECOMMENDATION 8.4:

We recommend that Arts & Culture Management establish and implement written internal policies and procedures addressing retention of Overtime Compensation Agreement Forms as well as overtime pre-approval authorizations. All support documentation should be retained in a central location or electronic file that is accessible to management, and not in an email account.

RECOMMENDATION 9.1:

We recommend that Arts & Culture Management develop and implement document management procedures to ensure that all relevant support documentation is systematically organized, filed, and easily retrievable.

RECOMMENDATION 9.2:

We recommend that Arts & Culture Management establish standardized documentation formats and templates to ensure consistency and completeness. This will facilitate easy review and verification of support documentation.

AGENCY RESPONSE



Jennifer Wilson, *Salt Lake County Mayor*
Erin Litvack, *Deputy Mayor*
Robin B. Chalhoub, *Community Services Director*
Matthew Castillo, *Division Director*

7/10/2024

Auditor Chris Harding, CPA

Office of the Auditor

Salt Lake County

2001 S State Street

Salt Lake City, UT 84121

Auditor Harding,

I have reviewed your report with the appropriate employees in my division, please find our response below to each of the recommendations made in your report.

AUDIT FINDING 1: No Reconciliation of Data Transferred to the Payroll System

RECOMMENDATION 1.1 We recommend that Arts & Culture Management work with MFA Payroll Administration to make the necessary corrections to the employees' time for the variances identified.		
Agree or Disagree with Recommendation	Target date to complete implementation activities (Generally expected within 60 to 90 days)	Name and Title of specific point of contact for implementation
Agree	Already corrected	Jacque Jones, HR Coordinator

Narrative for Recommendation 1.1 including action plan. Already corrected.

RECOMMENDATION 1.2 We recommend that Arts & Culture Management implement a documented reconciliation of time entries transferred from external timekeeping applications to PeopleSoft each pay period to ensure accuracy and completeness. Procedures should include an independent review and approval of the reconciliation performed.		
Agree or Disagree with Recommendation	Target date to complete implementation activities (Generally expected within 60 to 90 days)	Name and Title of specific point of contact for implementation
Agree	30 days	Jacque Jones, HR Coordinator; Sarah Dibble, Fiscal Manager

Narrative for Recommendation 1.2 including action plan. Payroll coordinator will begin saving reconciliation files which will be reviewed by a member of Fiscal within two week of the close of payroll. Documentation will be maintained in the fiscal files.

AUDIT FINDING 2: Timecards not Approved by a Supervisor and Inadequate Segregation of Duties

RECOMMENDATION 2.1 We recommend that Arts & Culture Management establish and document procedures regarding the review and approval of employee time by direct supervisors or managers.		
Agree or Disagree with Recommendation	Target date to complete implementation activities (Generally expected within 60 to 90 days)	Name and Title of specific point of contact for implementation
Agree	90 days	Jacque Jones, HR Coordinator

Narrative for Recommendation 2.1 including action plan. Arts & Culture will develop and document specific procedures according to County policy for review and approval of employee time by direct supervisors or managers, including when supervisor is unavailable to approve

time, and time edits made by supervisors. Arts & Culture will distribute and train all employees on this procedure.

RECOMMENDATION 2.2 We recommend that Arts & Culture Management establish clear procedures that address situations when the direct supervisor is unavailable to approve time, outlining alternative approval processes. These procedures should include documentation requirements to ensure proper oversight and accountability.		
Agree or Disagree with Recommendation	Target date to complete implementation activities (Generally expected within 60 to 90 days)	Name and Title of specific point of contact for implementation
Agree	90 days	Jacque Jones, HR Coordinator

Narrative for Recommendation 2.2 including action plan. Arts & Culture will develop and document specific procedures according to County policy for review and approval of employee time by direct supervisors or managers, including when supervisor is unavailable to approve time, and time edits made by supervisors. Arts & Culture will distribute and train all employees on this procedure.

RECOMMENDATION 2.3 We recommend that Arts & Culture Management establish and document procedures regarding time edits made by supervisors and other staff and the communication of those time edits to the employee affected by them. These procedures should include documentation requirements to ensure proper oversight and accountability.		
Agree or Disagree with Recommendation	Target date to complete implementation activities (Generally expected within 60 to 90 days)	Name and Title of specific point of contact for implementation
Agree	90 days	Jacque Jones, HR Coordinator

Narrative for Recommendation 2.3 including action plan. Arts & Culture will develop and document specific procedures according to County policy for review and approval of employee time by direct supervisors or managers, including when supervisor is unavailable to approve time, and time edits made by supervisors. Arts & Culture will distribute and train all employees on this procedure.

RECOMMENDATION 2.4 We recommend that the Arts & Culture Management implement a review process for timecard entries that were not made by the employee, requiring timecards to be reviewed and approved by a higher-level manager or by an independent reviewer who is at a higher organizational level.		
Agree or Disagree with Recommendation	Target date to complete implementation activities (Generally expected within 60 to 90 days)	Name and Title of specific point of contact for implementation
Agree	90 days	Jacque Jones, HR Coordinator

Narrative for Recommendation 2.4 including action plan. Arts & Culture will develop and document specific procedures according to County policy for review and approval of employee time by direct supervisors or managers, including when supervisor is unavailable to approve time, and time edits made by supervisors. Arts & Culture will distribute and train all employees on this procedure.

AUDIT FINDING 3: Outdated and Inadequate Documentation Supporting Employee Cell Phone Allowances

RECOMMENDATION 3.1 We recommend that Arts & Culture Management obtain and submit unaltered 1035-A forms showing reimbursements on a per pay period basis.		
Agree or Disagree with Recommendation	Target date to complete implementation activities (Generally expected within 60 to 90 days)	Name and Title of specific point of contact for implementation
Agree	90 days	Jacque Jones, HR Coordinator

Narrative for Recommendation 3.1 including action plan. Arts & Culture will obtain and submit new cell phone reimbursement forms for all employees authorized for reimbursement to receive up to \$50 per month over two pay periods. Employees will be required to submit documentation of cell phone bill in January of each year or whenever their cell phone plan changes to continue receiving cell phone reimbursement.

RECOMMENDATION 3.2 We recommend that Arts & Culture Management establish and implement a regular review process for actual cell phone bill costs. This process should include receiving annual updates of billing statements from employees, verifying matching cell phone numbers and documenting the review.		
Agree or Disagree with Recommendation	Target date to complete implementation activities (Generally expected within 60 to 90 days)	Name and Title of specific point of contact for implementation
Agree	30 days	Jacque Jones, HR Coordinator

Narrative for Recommendation 3.2 including action plan. Arts & Culture will obtain and submit new cell phone reimbursement forms for all employees authorized for reimbursement to receive up to \$50 per month over two pay periods. Employees will be required to submit documentation of cell phone bill in January of each year or whenever their cell phone plan changes to continue receiving cell phone reimbursement.

RECOMMENDATION 3.3 We recommend that Arts & Culture Management obtain new 1035-A forms and current billing statements for all employees, including transfers, who are receiving a cell phone allowance.		
Agree or Disagree with Recommendation	Target date to complete implementation activities (Generally expected within 60 to 90 days)	Name and Title of specific point of contact for implementation
Agree	90 days	Jacque Jones, HR Coordinator

Narrative for Recommendation 3.3 including action plan. Arts & Culture will obtain and submit new cell phone reimbursement forms for all employees authorized for reimbursement to receive up to \$50 per month over two pay periods. Employees will be required to submit documentation of cell phone bill in January of each year or whenever their cell phone plan changes to continue receiving cell phone reimbursement.

RECOMMENDATION 3.4 We recommend that Arts & Culture Management establish and implement a standard procedure for when an employee changes their phone number that includes obtaining an updated billing statement and verifying the employee's cell phone number.		
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Agree or Disagree with Recommendation	Target date to complete implementation activities (Generally expected within 60 to 90 days)	Name and Title of specific point of contact for implementation
Agree	90 days	Jacque Jones, HR Coordinator

Narrative for Recommendation 3.4 including action plan. Arts & Culture will obtain and submit new cell phone reimbursement forms for all employees authorized for reimbursement to receive up to \$50 per month over two pay periods. Employees will be required to submit documentation of cell phone bill in January of each year or whenever their cell phone plan changes to continue receiving cell phone reimbursement.

RECOMMENDATION 3.5 We recommend that Arts & Culture Management stop the reimbursement to the employee whose phone number used for County business was not listed on the billing documentation, until documentation showing the employee is incurring out-of-pocket costs is obtained.		
Agree or Disagree with Recommendation	Target date to complete implementation activities (Generally expected within 60 to 90 days)	Name and Title of specific point of contact for implementation
Agree	Already implemented	Jacque Jones, HR Coordinator

Narrative for Recommendation 3.5 including action plan. Already implemented.

AUDIT FINDING 4: Termination Requests Submitted After Employees' Last Working Date

RECOMMENDATION 4.1 We recommend that Arts & Culture Management establish and implement policies and procedures for employee offboarding. These procedures should outline the specific timeframe for terminating access to sensitive data systems, including timekeeping and network access.
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Agree or Disagree with Recommendation	Target date to complete implementation activities (Generally expected within 60 to 90 days)	Name and Title of specific point of contact for implementation
Agree	30 days	Jacque Jones, HR Coordinator

Narrative for Recommendation 4.1 including action plan. Arts & Culture will update procedures to ensure removal from all applicable systems. For temporary employees that don't work regular schedules, Arts & Culture will terminate any temporary employees that haven't been scheduled for more than 90 days.

RECOMMENDATION 4.2 We recommend that Arts & Culture Management ensure the timely removal of employees from timekeeping applications upon termination of employment.		
Agree or Disagree with Recommendation	Target date to complete implementation activities (Generally expected within 60 to 90 days)	Name and Title of specific point of contact for implementation
Agreed	30 days	Jacque Jones, HR Coordinator

Narrative for Recommendation 4.2 including action plan. Arts & Culture will update procedures to ensure removal from all applicable systems. For temporary employees that don't work regular schedules, Arts & Culture will terminate any temporary employees that haven't been scheduled for more than 90 days.

RECOMMENDATION 4.3 We recommend that Arts & Culture Management work with Information Technology to ensure the timely removal of employees from network access upon termination of employment.		
Agree or Disagree with Recommendation	Target date to complete implementation activities (Generally expected within 60 to 90 days)	Name and Title of specific point of contact for implementation
Agree	30 days	Jacque Jones, HR Coordinator

Narrative for Recommendation 4.3 including action plan. Arts & Culture will update procedures to ensure removal from all applicable systems. For temporary employees that don't work regular schedules, Arts & Culture will terminate any temporary employees that haven't been scheduled for more than 90 days.

Auditor's note: Related findings and recommendations will be addressed to Human Resources congruent with their oversight role and related responsibilities. These recommendations will be detailed in a dedicated Audit Report specifically addressed to Human Resources.

AUDIT FINDING 5: Agency Did Not Understand Retro Pay and Final Payout Responsibilities

RECOMMENDATION 5.1 We recommend that Arts & Culture Management establish and implement clear written policies and procedures for calculating and verifying retroactive payments and leave payouts.		
Agree or Disagree with Recommendation	Target date to complete implementation activities (Generally expected within 60 to 90 days)	Name and Title of specific point of contact for implementation
Agreed	Implemented	Jacque Jones, HR Coordinator

Narrative for Recommendation 5.1 including action plan. Implemented.

RECOMMENDATION 5.2 We recommend that Arts & Culture Management work with Payroll Administration to establish and implement a documentation retention system to ensure that documentation supporting payroll payments is maintained on file.		
Agree or Disagree with Recommendation	Target date to complete implementation activities (Generally expected within 60 to 90 days)	Name and Title of specific point of contact for implementation
Agreed	Implemented	

Narrative for Recommendation 5.2 including action plan. Implemented.

Auditor’s note: Related findings and recommendations will be addressed to Mayors Financial Administration (MFA) and Payroll Administration congruent with their oversight role and related responsibilities. These recommendations will be detailed in a dedicated Audit Report specifically addressed to MFA.

AUDIT FINDING 6: W-4 Forms Not Obtained and On File

RECOMMENDATION 6.1 We recommend that Arts & Culture Management establish and document procedures for obtaining, storing, and entering W-4 forms. These procedures should include a documented secondary review and approval process to ensure the accuracy of the data entered.		
Agree or Disagree with Recommendation	Target date to complete implementation activities (Generally expected within 60 to 90 days)	Name and Title of specific point of contact for implementation
Agreed	Implemented	Jacque Jones, HR Coordinator

Narrative for Recommendation 6.1 including action plan. Whenever paper W4s are submitted, HR coordinator and a member of fiscal will sign off on entering and reviewing correct input. W4, including documentation of review will be maintained.

RECOMMENDATION 6.2 We recommend that Arts & Culture Management maintain hard or electronic copies of each employee’s W-4 documentation for a minimum of four years.		
Agree or Disagree with Recommendation	Target date to complete implementation activities (Generally expected within 60 to 90 days)	Name and Title of specific point of contact for implementation
Agreed	Implemented	Jacque Jones, HR Coordinator

Narrative for Recommendation 6.2 including action plan. W4, including documentation of review will be maintained.

Auditor's note: Related findings and recommendations will be addressed to Mayors Financial Administration (MFA) and Payroll Administration congruent with their oversight role and related responsibilities. These recommendations will be detailed in a dedicated Audit Report specifically addressed to MFA

AUDIT FINDING 7: Gift Card Requests Lacking Proper Segregation of Duties and Authority

RECOMMENDATION 7.1 We recommend that Arts & Culture Management design and implement controls to ensure a clear segregation of responsibilities within the gift card process where designated individuals with the appropriate managerial roles initiate, authorize, and approve gift cards.		
Agree or Disagree with Recommendation	Target date to complete implementation activities (Generally expected within 60 to 90 days)	Name and Title of specific point of contact for implementation
Agree	30 days	Sarah Dibble, Fiscal Manager

Narrative for Recommendation 7.1 including action plan. For distribution of Gift Cards, the supervisor will sign off on the gift card form as initial approval. For Division Fun Committee gift card awards, the Fun Committee Chair will sign off on the gift card form as initial approval. Fiscal Manager and Division Director will provide second and third approval. A member of fiscal not involved in the approval chain will submit the completed and approved form to payroll. HR Coordinator will then pick up gift cards and distribute them. When gift cards are distributed, the receiver will initial that they have received the gift card with documentation of initial maintained.

RECOMMENDATION 7.2 We recommend that Arts & Culture Management conduct regular reviews of the gift card approval process to identify any irregularities and prevent such instances from occurring in the future.

Agree or Disagree with Recommendation	Target date to complete implementation activities (Generally expected within 60 to 90 days)	Name and Title of specific point of contact for implementation
Agree	30 days	Sarah Dibble, Fiscal Manager

Narrative for Recommendation 7.2 including action plan. Fiscal manager will at least twice a year review of all gift card disbursements to ensure the proper approval and sign off of receipt are documented.

AUDIT FINDING 8: Insufficient Overtime and Compensatory Time Approvals, No Internal Policy, and Missing or Conflicting Compensation Agreement Forms

RECOMMENDATION 8.1 We recommend that Arts & Culture Management establish and implement controls to ensure overtime and compensatory time earned during each pay period are consistent with each employee's election.		
Agree or Disagree with Recommendation	Target date to complete implementation activities (Generally expected within 60 to 90 days)	Name and Title of specific point of contact for implementation
Agree	90 days	Sarah Dibble, Fiscal Manager

Narrative for Recommendation 8.1 including action plan. At least twice a year, fiscal year will do a review of overtime worked and ensure that comp time/overtime payout are consistent with the employee election.

RECOMMENDATION 8.2 We recommend that Arts & Culture Management establish and implement procedures that include supervisors and the payroll coordinator reviewing time for unexpected changes in time reporting.		
Agree or Disagree with Recommendation	Target date to complete implementation activities	Name and Title of specific point of contact for implementation

	(Generally expected within 60 to 90 days)	
Agreed	90 days	Jacque Jones, HR Coordinator

Narrative for Recommendation 8.2 including action plan. Arts & Culture will establish a policy and procedure for documenting and reviewing any changes made to time reporting records.

RECOMMENDATION 8.3 We recommend that Arts & Culture Management establish and implement written internal policies and procedures addressing compensatory time for FLSA exempt employees.		
Agree or Disagree with Recommendation	Target date to complete implementation activities (Generally expected within 60 to 90 days)	Name and Title of specific point of contact for implementation
Agree	Implemented	Jacque Jones, HR Coordinator

Narrative for Recommendation 8.3 including action plan. Policy has been completed.

RECOMMENDATION 8.4 We recommend that Arts & Culture Management establish and implement written internal policies and procedures addressing the retention of Overtime Compensation Agreement Forms as well as overtime pre-approval authorizations. All support documentation should be retained in a central location or electronic file that is accessible to management, and not in an email account.		
Agree or Disagree with Recommendation	Target date to complete implementation activities (Generally expected within 60 to 90 days)	Name and Title of specific point of contact for implementation
Agree	90 days	Matt Castillo, Division Director

Narrative for Recommendation 8.4 including action plan. Arts & Culture will work with Department to determine an appropriate policy and procedure related to pre-approval and related documentation for overtime.

AUDIT FINDING 9: Documentation of an Employee Bonus Award Not Retained

RECOMMENDATION 9.1 We recommend that Arts & Culture Management develop and implement document management procedures to ensure that all relevant support documentation is systematically organized, filed, and easily retrievable.		
Agree or Disagree with Recommendation	Target date to complete implementation activities (Generally expected within 60 to 90 days)	Name and Title of specific point of contact for implementation
Agree	Implemented	Matt Castillo, Division Director

Narrative for Recommendation 9.1 including action plan. Implemented

RECOMMENDATION 9.2 We recommend that Arts & Culture Management establish standardized documentation formats and templates to ensure consistency and completeness. This will facilitate easy review and verification of support documentation.		
Agree or Disagree with Recommendation	Target date to complete implementation activities (Generally expected within 60 to 90 days)	Name and Title of specific point of contact for implementation
Agree	Implemented	Matt Castillo, Division Director

Narrative for Recommendation 9.2 including action plan. Implemented

Sincerely,

**Matthew
Castillo**

Digitally signed by
Matthew Castillo
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Matt Castillo, Division Director
Salt Lake County Arts & Culture