

AUDIT REPORT

An Audit of Salt Lake County Solid Waste Management Payroll

OCTOBER 2024



PAYROLL

SALARIES



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AUDITOR'S LETTER

October 2024

I am pleased to present our audit of the Salt Lake County Solid Waste Management Division's 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 Solid Waste Management's payroll operations. The audit identified several issues, including timecards that were not approved by a supervisor and inadequate segregation of duties in the approval process. Additionally, we observed termination requests either not submitted or submitted after the employees' last working day. Furthermore, documentation supporting employee cell phone allowances was either missing or insufficient.

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 Solid Waste Management 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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**SHERIFF'S OFFICE
PAYROLL AUDIT
OCTOBER 2024**

Objectives

The audit objectives were to provide reasonable assurance that the internal controls in place are adequate and effective for payroll processing 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

Timecards were not approved by supervisors and inadequate segregation of duties

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."

We reviewed a sample of 25 employees to assess whether Solid Waste Management employee time was reviewed and approved by the employee's supervisor. We found that 16 employees (64%) had 319 entries (5%) approved by an individual who was not their supervisor according to PeopleSoft, and the individuals' job title did not identify them as a superior supervisor or manager. Additionally, there were 16 employees (64%) with 416 (7%) of their time entries approved by the same person in both timekeeping application systems.

In a separate test of overtime hours, we noted that seven (30%) out of 23 employees tested with reported overtime hours had approvals in TCP from the Administrative and Fiscal Manager, Office Manager, or Fiscal Coordinator and not their management chain.



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 Solid Waste Management (SWM) 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, the Solid Waste Management payroll encompassed a workforce of 55 employees, with cumulative earnings of approximately \$3 million.

The Solid Waste 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 Resource Policy 2-800: Resignation and Exit Interviews identifies the procedures an employee should take to resign from Salt Lake County employment and to identify the procedures a supervisor should take to respond to an employee resignation.

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 Fair Labor Standards Act (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.

Salt Lake County Payroll Manual, Payroll Coordinator Responsibilities, Section 4. states, "Procedures should be in place to ensure that whatever timekeeping system the coordinator's organization(s) choose to use, accurate results are produced, that internal controls in general are in place (and are being followed) so timely and accurate organizational payrolls result, and that paychecks are released only to bona fide employees (unless other legal and appropriate arrangements have been made)."

US General Accounting 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:

- Timecards not approved by a supervisor and lack of segregation of duties in approvals
- Termination requests not submitted or submitted after the employees' last working date
- Missing and inadequate documentation supporting employee cell phone allowances
- Agency did not understand final payout responsibilities
- No documentation of reconciliation procedures performed
- Badges used to clock in and out not secured
- W-4 forms not on file
- No internal standard operating procedures (SOP) for on-call employees

As a result, time keeping and payroll processing are at an increased risk of undetected errors and omissions, potential fraud, waste, or abuse. To mitigate these risks and improve operational effectiveness, it is crucial for Solid Waste 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

Timecards Not Approved by a Supervisor and Lack of Segregation of Duties in Approvals

Risk Rating: **Significant Risk Finding**

Employee timecards are essential for maintaining accurate records of the hours employees work, streamlining payroll processes, and ensuring compliance with labor laws, County, and division-level policies. Timecards also provide valuable data for stakeholders.

SWM employees use an external timekeeping tool known as TimeClock Plus Software (TCP) to log their work hours. These timecards require supervisory approval within TCP before transfer to the County's payroll system, PeopleSoft, for final processing. We tested 25 out of the agency's 55 employees. We verified whether timecards were approved by an authorized individual and that adequate segregation of duties were in place. We found that:

- 64% of employees (16 out of 25) had timecard entries that were not approved by their supervisors, as determined by PeopleSoft and the SWM organization chart.
 - 5% (319 out of 5,900) of the timecard entries were not approved by their supervisor.
- 64% of employees (16 out of 25) also had time entries approved by the same individual in both TCP and PeopleSoft.
 - 7% (416 out of 5,900) of the time entries were approved in this manner.

Employees are classified as either exempt or non-exempt from specific provisions outlined in the Fair Labor Standards Act (FLSA). Exempt employees are generally not entitled to receive overtime pay for hours worked beyond 40 hours in a workweek. Non-exempt employees are entitled to compensation at one and one-half times their hourly rate for every hour over 40.

In a separate test of employees who worked more than 40 hours in a workweek, we noted that 46 nonexempt employees at SWM received overtime during the audit period. We tested 23 out of the 46 employees and found that overtime approvals for seven (30%) employees was approved in TCP by the Admin and Fiscal Manager, Office Manager, or Fiscal Coordinator, rather than by their supervisor as indicated by PeopleSoft or the organization chart provided by SWM.

Government Accountability Office (GAO) December 2000 Publication, Maintaining Effective Control Over Employee Time and Attendance Reporting, states, “Primary responsibility for authorizing and approving 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.”

Management explained the absence of supervisory approval and lack of segregation of duties was primarily due to time constraints when finalizing payroll. Management also explained supervisors and managers occasionally delegated approval authority without formal documentation.

When supervisors do not approve employee time, including overtime, employee accountability may be diminished. In addition, there is an increased risk of non-compliance 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. Additionally, with no segregation of duties in approvals across two reporting systems, an opportunity for fraud exists.

1.1

RECOMMENDATION

Documented Procedures

We recommend that Solid Waste Management establish and document procedures regarding the review and approval of employee time, including overtime, by direct supervisors or managers.

AGENCY RESPONSE: AGREE

IMPLEMENTATION DATE: 1/1/25

SEE PAGE 31 FOR THE AGENCY'S FULL RESPONSE TO OUR RECOMMENDATION

1.2

RECOMMENDATION

Segregation of Duties

We recommend that Solid Waste Management establish and document procedures regarding the segregation of duties in time approvals between the two time keeping systems.

AGENCY RESPONSE: AGREE

IMPLEMENTATION DATE: 1/1/25

SEE PAGE 31 FOR THE AGENCY'S FULL RESPONSE TO OUR RECOMMENDATION

1.3

RECOMMENDATION

Approval Process

We recommend that Solid Waste Management establish and document procedures that address situations when the direct supervisor is unavailable to approve time. These procedures should include documentation requirements to ensure proper oversight and accountability.

AGENCY RESPONSE: AGREE

IMPLEMENTATION DATE: 1/1/25

SEE PAGE 31 FOR THE AGENCY'S FULL RESPONSE TO OUR RECOMMENDATION

FINDING 2 AND RECOMMENDATIONS

Termination Requests not Submitted or Submitted After the Employees' Last Working Date

Risk Rating: **Moderate Risk Finding**

When an employee departs from Salt Lake County employment, 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 Personal Action Request (ePAR) in PeopleSoft, and network termination is requested through an Information Technology Division service request.

During the audit period, eight employees were terminated from SWM. We tested all eight SWM employees to determine whether the agency promptly requested removal of timekeeping and network access. We found that:

- Network access termination requests were not submitted for five of the eight (62.5%) employees.
- One (12.5%) employee's access removal request was submitted 13 days after the employee's effective termination date.

No policy or procedure specifically addresses the timing of employee terminations. The Human Resources Operations and Technology Manager indicated that there was an unwritten practice to terminate temporary employees after 90 days of inactivity.

Management explained that the access termination requests were missed during the termination process due to human error.

Failure to promptly terminate employee's access to network systems raises the County's vulnerability to potential network vulnerabilities. If disgruntled ex-employees retain access to network resources, they could engage in malicious activities, such as deleting data, disrupting operations, or infecting systems with malware.

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

AGENCY RESPONSE: AGREE

IMPLEMENTATION DATE: 1/1/25

SEE PAGE 32 FOR THE AGENCY'S FULL RESPONSE TO OUR RECOMMENDATION

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

FINDING 3 AND RECOMMENDATIONS

Missing and Inadequate Documentation Supporting Employee Cell Phone Allowances

Risk Rating: **Moderate Risk Finding**

Salt Lake County provides employees with a cell phone or cell phone allowance for business purposes, when deemed appropriate. Employees may receive one of three options from their agency: an ongoing allowance, reimbursement for actual costs incurred for these services, or a County-cell phone.

During the audit period, SWM provided cell phone allowance to three of the agency's employees. For testing purposes we:

- verified whether a County Provided Cell Phone Agreement Form (1035-A form) and a personal cell phone bill were on file for each employee.
- verified that the allowance did not exceed what the employee paid for their cell phone.
- ensured that that the employee's cell phone bill included the same cell phone number.

We found that:

- SWM had not requested copies of cell phone bills from the three (100%) employees to verify that the allowance did not exceed the cost of the services.
- One of three employee's (33%) required Form 1035-A was not on file.
- One of three employee's (33%) Form 1035-A erroneously listed their cell phone allowance as \$30 per pay period, instead of per month.

Countywide Policy 1035: Employee Use of Cell Phones, Sections 4 and 5, state, "4.3 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 to occur...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 Admin and Fiscal Manager explained that SWM did not require copies of the cell phone bills since the allowance was lower than the County phone bill of \$42 per line. She also noted that the Mayor’s Finance Administration had not requested these from SWM either.

The 1035-A form listing \$30 per pay period instead of per month was due to human error. The employee received a reimbursement of \$13.85 per pay period, equivalent to \$30 per month, consistent with the rate provided to all employees within the agency.

CWP 1035 did not include requirements for regular reviews of employee cell phone allowances. The policy’s sole reference to this matter is found in Section 4.3: “A new agreement shall be completed when changes to the plan or business need occur.” However, the ambiguity of this statement fails to establish the necessary control for ensuring desired compliance. CWP 1035 also does not clarify that the required cell phone bill must contain the phone number of the employee receiving the cell phone allowance.

Without a current cell phone bill on file showing the employee’s phone number, management cannot confirm that the employee incurred out-of-pocket costs that are equal to or greater than the allowance received. In addition, having a mismatch between the documentation on file and the actual allowance may result in employee disputes and damage to transparency, accountability, and trust.

3.1

RECOMMENDATION

Document Retention

We recommend that Solid Waste Management obtain and keep on file current 1035-A forms and current billing statements for all employees who are receiving a cell phone allowance.

AGENCY RESPONSE: AGREE

IMPLEMENTATION DATE: 1/1/25

SEE PAGE 32 FOR THE AGENCY'S FULL RESPONSE TO OUR RECOMMENDATION

3.2

RECOMMENDATION

Periodic Review

We recommend that Solid Waste Management establish and implement a policy and procedure for regular reviews of cell phone agreement forms and cell phone charges incurred to ensure alignment with any changes in employee cell phone services.

AGENCY RESPONSE: AGREE

IMPLEMENTATION DATE: 1/1/25

SEE PAGE 33 FOR THE AGENCY'S FULL RESPONSE TO OUR RECOMMENDATION

3.3

RECOMMENDATION

Provide Statements

We recommend that Solid Waste Management require employees to provide cell phone billing statements as well as evidence that the cell phone number used for County business purposes matches the bill provided.

AGENCY RESPONSE: AGREE

IMPLEMENTATION DATE: 1/1/25

SEE PAGE 33 FOR THE AGENCY'S FULL RESPONSE TO OUR RECOMMENDATION

FINDING 4 AND RECOMMENDATIONS

Agency Did Not Understand Final Payout Responsibilities

Risk Rating: **Moderate Risk Finding**

We reviewed controls over final payouts for the six employees who terminated from SWM during the audit period. We found that two (33%) of the six employees were eligible to receive final payouts for accrued vacation time. However, SWM did not maintain documentation of calculations supporting the amount of the payouts.

Salt Lake County Human Resource Policy 2-800: Resignation and Exit Interviews, Part II Procedures, Section D.1, states, "Merit and time limited appointed employees who terminate County employment will be paid for accumulated vacation at the current daily rate of pay. Accrued vacation will be paid for by the employing agency and reimbursed by the Employee Service Reserve Fund when an employee terminates County employment. Payment for accrued vacation will be calculated by multiplying the vacation hours accrued by the hourly rate in effect on the day of termination."

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: Payroll, Part II Procedures, Section A.4. states, "Each payroll unit is responsible for accurately recording their information in the payroll system."

County Policy assigns the responsibility for accurate payroll submission, including retro payments and final payouts, to the agency level. However, there are no written procedures specifically addressing these transactions. This gap exists because Countywide Payroll Procedures and internal agency written procedures are not formalized, and Payroll Coordinators lack sufficient training. As a result, there is a lack of clear understanding and consistency in handling the payments.

Solid Waste Management acknowledged that they understood payouts and calculations were handled by MFA Payroll Administrators. They

confirmed that they only supply holiday hours for payout, compensatory time, 30-day notice, and details of hours worked along with the corresponding gross pay.

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.

4.1

RECOMMENDATION

Leave Payouts

We recommend Solid Waste Management establish and implement clear written policies and procedures for calculating and verifying leave payouts.

AGENCY RESPONSE: AGREE

IMPLEMENTATION DATE: 1/1/25

SEE PAGE 34 FOR THE AGENCY'S FULL RESPONSE TO OUR RECOMMENDATION

4.2

RECOMMENDATION

Document Retention

We recommend Solid Waste Management work with Payroll Administration to establish a documentation retention system to ensure that documentation supporting payroll payments is maintained on file.

AGENCY RESPONSE: AGREE

IMPLEMENTATION DATE: 1/1/25

SEE PAGE 34 FOR THE AGENCY'S FULL RESPONSE TO OUR RECOMMENDATION

FINDING 5 AND RECOMMENDATIONS

No Documentation of Reconciliation Procedures Performed

Risk Rating: **Moderate Risk Finding**

At the end of each payroll period, time recorded in the TCP timekeeping application is uploaded into the County's payroll system, PeopleSoft for final processing. We requested reconciliation documentation for a random sample of 10 of the 27 payroll periods in the audit period to verify time transferred from TCP to PeopleSoft. Management explained that they did not create or retain documentation of the procedures performed.

The Administrative and Fiscal Manager explained to us that on the Internal Services Manager visually compared each employee's time by cross referencing the PeopleSoft data with the TCP data on the Monday after the pay period ends and time is uploaded to PeopleSoft. However, management did not retain any overall report documenting the comparison, overall total hours, or individuals involved in the process.

We tested a sample of 50 employees during 10 out of the 27 payroll periods in scope to assess the accuracy of data transferred from the external timekeeping application during the audit period. Despite no documentation of the comparisons performed, we found no errors in the timekeeping transfer from TCP to PeopleSoft for all the 50 (100%) employees tested.

Salt Lake County Payroll Manual, Payroll Coordinator Responsibilities, Section 4. states, "Procedures should be in place to ensure that whatever timekeeping system the coordinator's organization(s) choose to use, accurate results are produced, that internal controls in general are in place (and are being followed) so timely and accurate organizational payrolls result, and that paychecks are released only to bona fide employees (unless other legal and appropriate arrangements have been made)."

There were no internal or Countywide policies and procedures regarding reconciliation of Payroll.

Without supporting documentation, third parties, such as the Auditor's Office cannot provide assurance regarding the operation of controls. Although our sample testing revealed no discrepancies in data transferred from TCP to PeopleSoft, the absence of a documented reconciliation process heightens the risk of data errors. This exposure could result in potential legal liabilities and damage to Salt Lake County's reputation.

We recommend that Solid Waste Management implement a documented reconciliation procedure for time entries transferred from external timekeeping applications to PeopleSoft to ensure accuracy and completeness. Procedures should include an independent review and approval of the reconciliation performed.

AGENCY RESPONSE: AGREE

IMPLEMENTATION DATE: 1/1/25

SEE PAGE 35 FOR THE AGENCY'S FULL RESPONSE TO OUR RECOMMENDATION

FINDING 6 AND RECOMMENDATIONS

Badges Used to Clock In and Out Not Secured

Risk Rating: **Moderate Risk Finding**

Employees that work remotely, and those with hybrid schedules, use the TimeClock Plus (TCP) Mobile Clock Application to clock in and out for work. In addition, the Executive Director and the Accountant do not use TCP for timekeeping and instead rely on PeopleSoft. The remaining SWM employees clock in and out using a physical timeclock, and either swipe their badge or enter a 3-digit TCP profile number. To ensure the integrity of time entries, we observed employees clocking out at SWM using the physical TCP timeclock located in the breakroom of the facility. We observed twenty (95%) out of the 21 employees swiping a badge, while one (5%) employee used a 3-digit TCP profile number. Badges were stored adjacent to the timeclock in a cardholder on the wall and were easily accessible to anyone at the location.

We also noted the time clock did not include additional authentication requirements such as a passcode or biometric scan when the badge or 3-digit code were used. Some County agencies that use TCP time clocks have incorporated such additional security measures.

Government Accountability Office (GAO) December 2000 Publication, "Maintaining Effective Control Over Employee Time and Attendance Reporting," Page 7 under Recording and Maintaining Complete and Accurate T&A Records/Recording T&A Data, states, "Agency policy must assign accountability for recording and maintaining T&A data referred to in the previous section. If the employee is not recording his or her T&A data, the basis for recording the data could be (1) the timekeeper's or supervisor's observation, (2) time clocks, or other automated timekeeping devices, where not prohibited by law, or (3) other applicable techniques. The person recording the T&A data acknowledges responsibility for the accuracy of the recorded data. The point at which T&A data are recorded can vary among different T&A systems. For example, T&A data may be recorded (1) daily, (2) when deviations occur from an individual's or agency's established work schedule, or (3) at the end of the pay period. Regardless of the timing of recording T&A data, management must have in place a system of control techniques that gives reasonable assurance that the recorded information reflects time worked, leave taken, or other absences."

The Office Manager noted that while Solid Waste Management does not have a policy or procedure concerning timekeeping and the use of swiping badges, they have considered either installing a camera in the timeclock

location or requiring all employees to use the 3-digit TCP profile number to clock in and out.

The practice of leaving employee badges unsecured poses the risk of unauthorized access. This increases the likelihood of fraud, waste, or abuse, potentially allowing employees to clock in or out on behalf of others.

6.1

RECOMMENDATION

Secure Badges

We recommend that Public Works Operations Management ensure that employee badges are secured so that employees do not have access to another employee's badge.

AGENCY RESPONSE: AGREE

IMPLEMENTATION DATE: 1/1/25

SEE PAGE 35 FOR THE AGENCY'S FULL RESPONSE TO OUR RECOMMENDATION

6.2

RECOMMENDATION

Authentication Measures

We recommend that Public Works Operations consider implementing additional authentication measures, such as use of passcodes or employee fingerprints.

AGENCY RESPONSE: AGREE

IMPLEMENTATION DATE: 1/1/25

SEE PAGE 36 FOR THE AGENCY'S FULL RESPONSE TO OUR RECOMMENDATION

FINDING 7 AND RECOMMENDATIONS

Form W-4s Not on File

Risk Rating: **Moderate Risk Finding**

The Internal Revenue Service's Form W-4 (Form W-4), Employee's Withholding Certificate, provides instructions to Salt Lake County on the proper withholding of Federal taxes from employee pay. We tested the full population of eight employees hired during the audit period. We found that SWM did not have a Form W-4 on file for five out of eight (62%) 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."

A breakdown in training and a misunderstanding regarding roles and responsibilities caused Form W-4s to be missing from files. The Office Manager explained that she was not aware that Form W-4s were obtained at the agency level until May 2022. She stated that once she was made aware of this, she corrected the issue and ensured they were on file going forward.

When Form W-4s are not obtained from employees, tax withholding amounts may not be correct. Additionally, failure to maintain the forms on file may leave the County unprotected in the event of an IRS audit.

We recommend that Solid Waste Management obtain W-4 forms for the employees who did not have one on file and update their withholding information in PeopleSoft if their W-4 form elections differ from the default of single, no extra jobs, no dependents, no extra withholding.

AGENCY RESPONSE: AGREE

IMPLEMENTATION DATE: 1/1/25

SEE PAGE 36 FOR THE AGENCY'S FULL RESPONSE TO OUR RECOMMENDATION

We recommend that Solid Waste Management establish and document procedures for obtaining, storing, and accurately entering W-4 forms. These procedures should outline the steps, individuals responsible, and timelines for collecting, storing, and updating W-4 forms.

AGENCY RESPONSE: AGREE

IMPLEMENTATION DATE: 1/1/25

SEE PAGE 36 FOR THE AGENCY'S FULL RESPONSE TO OUR RECOMMENDATION

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.

FINDING 8 AND RECOMMENDATIONS

No Internal Standard Operating Procedure (SOP) for On-Call Employees

Risk Rating: **Moderate Risk Finding**

Internal policies and standard operating procedures are essential tools for departments to maintain consistency, manage risk, provide employee guidance and accountability, and remain in compliance with Salt Lake County policies. Salt Lake County Human Resources Policy 5-300 requires departments to have internal policies and standard operating procedures (SOP) for employees that are required to be on-call.

We noted that SWM had four employees that had been paid for being called back to work, based on the use of on-call earning codes. However, SWM did not have a Standard Operating Procedure for on-call duties in place.

Salt Lake County Human Resources Policy 5-300: Payroll, Part II Procedures, Section I.2, states, "An office or division may not require an employee to be on-call unless it has a standard operating procedure that requires an on-call employee to respond in a specified period of time. Employees will perform work telephonically or electronically when possible."

Management explained that SWM does not consider their employees to be on call, instead they occasionally will call employees to come in if there is a fire during the night.

Without a documented internal SOP for on-call employees, on-call employees may not have a clear understanding of requirements and compensation associated with on-call work, and those in management may not be consistent in their requirements and standards for on-call work.

8.1	RECOMMENDATION	Internal Standard
	<p>We recommend that Solid Waste Management develop and document an internal standard operating procedure for on-call employees, in compliance with HR Policy 5-300.</p> <p>AGENCY RESPONSE: AGREE</p> <p>IMPLEMENTATION DATE: 1/1/25</p> <p>SEE PAGE 37 FOR THE AGENCY'S FULL RESPONSE TO OUR RECOMMENDATION</p>	

Complete List of Audit Recommendations

This report made the following 15 recommendations.

RECOMMENDATION 1.1:

We recommend that Solid Waste Management establish and document procedures regarding the review and approval of employee time, including overtime, by direct supervisors or managers.

RECOMMENDATION 1.2:

We recommend that Solid Waste Management establish and document procedures regarding the segregation of duties in time approvals between the two time keeping systems.

RECOMMENDATION 1.3:

We recommend that Solid Waste Management establish and document procedures that address situations when the direct supervisor is unavailable to approve time. These procedures should include documentation requirements to ensure proper oversight and accountability.

RECOMMENDATION 2.1:

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

RECOMMENDATION 3.1:

We recommend that Solid Waste Management obtain and keep on file current 1035-A forms and current billing statements for all employees who are receiving a cell phone allowance.

RECOMMENDATION 3.2:

We recommend that Solid Waste Management establish and implement a policy and procedure for regular reviews of cell phone agreement forms and cell phone charges incurred to ensure alignment with any changes in employee cell phone services.

RECOMMENDATION 3.3:

We recommend that Solid Waste Management require employees to provide cell phone billing statements as well as evidence that the cell phone number used for County business purposes matches the bill provided.

RECOMMENDATION 4.1:

We recommend Solid Waste Management establish and implement clear written policies and procedures for calculating and verifying leave payouts.

RECOMMENDATION 4.2:

We recommend Solid Waste Management work with Payroll Administration to establish a documentation retention system to ensure that documentation supporting payroll payments is maintained on file.

RECOMMENDATION 5.1:

We recommend that Solid Waste Management implement a documented reconciliation procedure for time entries transferred from external timekeeping applications to PeopleSoft to ensure accuracy and completeness. Procedures should include an independent review and approval of the reconciliation performed.

RECOMMENDATION 6.1:

We recommend that Public Works Operations Management ensure that employee badges are secured so that employees do not have access to another employee's badge.

RECOMMENDATION 6.2:

We recommend that Public Works Operations consider implementing additional authentication measures, such as use of passcodes or employee fingerprints.

RECOMMENDATION 7.1:

We recommend that Solid Waste Management obtain W-4 forms for the employees who did not have one on file and update their withholding information in PeopleSoft if their W-4 form elections differ from the default of single, no extra jobs, no dependents, no extra withholding.

RECOMMENDATION 7.2:

We recommend that Solid Waste Management establish and document procedures for obtaining, storing, and accurately entering W-4 forms. These procedures should outline the steps, individuals responsible, and timelines for collecting, storing, and updating W-4 forms.

RECOMMENDATION 8.1:

We recommend that Solid Waste Management develop and document an internal standard operating procedure for on-call employees, in compliance with HR Policy 5-300.

AGENCY RESPONSE



SALT LAKE VALLEY SOLID WASTE MANAGEMENT FACILITY

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Patrick Craig
Executive Director

John (Yianni) Ioannou
Division Director

Council Members

Scott Baird
Salt Lake County

Chris Bell
Salt Lake City

Joe Smolka
Mayor
Emigration Township Council of Governments

Ronald Lund
Salt Lake County Health Department

Brent Beardall
Technical Expert

10/7/2024

Auditor Chris Harding, CPA
Office of the Auditor
Salt Lake County
2001 S State Street
Salt Lake City, UT 84121

Auditor Harding,

Please find our response below to each of the recommendations made in your report.

Sincerely,


Patrick A. Craig (Oct 7, 2024 13:46 MDT)

Patrick Craig
Executive Director
Solid Waste Management

AUDIT FINDING 1: Timecards Not Approved by a Supervisor and Lack of Segregation of Duties in Approvals

RECOMMENDATION 1.1: We recommend that Solid Waste Management establish and document procedures regarding the review and approval of employee time, including overtime, 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	1/1/2025	Jenneth Hampton – Admin & Fiscal Manager

Narrative for Recommendation 1.1 including action plan.

Solid Waste Management will establish and document procedures regarding the review and approval of employee time, including overtime, by direct supervisors or managers.

RECOMMENDATION 1.2: We recommend that Solid Waste Management establish and document procedures regarding the segregation of duties in time approvals between the two time keeping systems.		
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	1/1/2025	Jenneth Hampton – Admin & Fiscal Manager

Narrative for Recommendation 1.2 including action plan.

Solid Waste Management will establish and document procedures regarding the segregation of duties in time approvals between the two time keeping systems.

RECOMMENDATION 1.3: We recommend that Solid Waste Management establish and document procedures that address situations when the direct supervisor is unavailable to approve time. These procedures should include documentation requirements to ensure proper oversight and accountability.		
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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	1/1/2025	Jenneth Hampton – Admin & Fiscal Manager

Narrative for Recommendation 1.3 including action plan.

Solid Waste Management will establish and document procedures that address situations when the direct supervisor is unavailable to approve time. These procedures should include documentation requirements to ensure proper oversight and accountability.

AUDIT FINDING 2: Termination Requests not Submitted or Submitted After the Employees' Last Working Date

RECOMMENDATION 2.1: We recommend that Solid Waste 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	1/1/2025	Jenneth Hampton – Admin & Fiscal Manager

Narrative for Recommendation 2.1 including action plan.

Solid Waste Management will work with Information Technology to ensure the timely removal of employees from network access upon termination of employment.

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

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

RECOMMENDATION 3.1: We recommend that Solid Waste Management obtain and keep on file current 1035-A forms and current billing statements for all employees who are receiving a cell phone allowance.		
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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	1/1/2025	Jenneth Hampton – Admin & Fiscal Manager

Narrative for Recommendation 3.1 including action plan.

Solid Waste Management will obtain and keep on file current 1035-A forms and current billing statements for all employees who are receiving a cell phone allowance.

RECOMMENDATION 3.2:		
We recommend that Solid Waste Management establish and implement a policy and procedure for regular reviews of cell phone agreement forms and cell phone charges incurred to ensure alignment with any changes in employee cell phone services.		
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	1/1/2025	Jenneth Hampton – Admin & Fiscal Manager

Narrative for Recommendation 3.2 including action plan.

Solid Waste Management will establish and implement a policy and procedure for regular reviews of cell phone agreement forms and cell phone charges incurred to ensure alignment with any changes in employee cell phone services.

RECOMMENDATION 3.3:		
We recommend that Solid Waste Management require employees to provide cell phone billing statements as well as evidence that the cell phone number used for County business purposes matches the bill provided.		
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	1/1/2025	Jenneth Hampton – Admin & Fiscal Manager

Narrative for Recommendation 3.3 including action plan.

Solid Waste Management will require employees to provide cell phone billing statements as well as evidence that the cell phone number used for County business purposes matches the bill provided.

AUDIT FINDING 4: Agency Did Not Understand Final Payout Responsibilities

RECOMMENDATION 4.1: We recommend Solid Waste Management establish and implement clear written policies and procedures for calculating and verifying 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
Agree	1/1/2025	Jenneth Hampton – Admin & Fiscal Manager

Narrative for Recommendation 4.1 including action plan.

Solid Waste Management will establish and implement clear written policies and procedures for calculating and verifying leave payouts.

RECOMMENDATION 4.2: We recommend Solid Waste Management work with Payroll Administration to establish 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
Agree	1/1/2025	Jenneth Hampton – Admin & Fiscal Manager

Narrative for Recommendation 4.2 including action plan.

Solid Waste Management will work with Payroll Administration to establish a documentation retention system to ensure that documentation supporting payroll payments is maintained on file.

AUDIT FINDING 5: No Documentation of Reconciliation Procedures Performed

RECOMMENDATION 5.1: We recommend that Solid Waste Management implement a documented reconciliation procedure for time entries transferred from external timekeeping applications to PeopleSoft 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	1/1/2025	Jenneth Hampton – Admin & Fiscal Manager

Narrative for Recommendation 5.1 including action plan.

Solid Waste Management will implement a documented reconciliation procedure for time entries transferred from external timekeeping applications to PeopleSoft to ensure accuracy and completeness. Procedures should include an independent review and approval of the reconciliation performed.

AUDIT FINDING 6: Badges Used to Clock In and Out Not Secured

RECOMMENDATION 6.1: We recommend that Solid Waste Management ensure that employee badges are secured so that employees do not have access to another employee’s badge.		
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	1/1/2025	Jenneth Hampton – Admin & Fiscal Manager

Narrative for Recommendation 6.1 including action plan.

Solid Waste Management will eliminate the use of badges.

RECOMMENDATION 6.2: We recommend that Solid Waste Management consider implementing additional authentication measures, such as use of passcodes or employee fingerprints.		
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	1/1/2025	Jenneth Hampton – Admin & Fiscal Manager

Narrative for Recommendation 6.2 including action plan.

Solid Waste Management will implement the use of employee fingerprints.

AUDIT FINDING 7: Form W-4s Not on File

RECOMMENDATION 7.1: We recommend that Solid Waste Management obtain W-4 forms for the employees who did not have one on file and update their withholding information in PeopleSoft if their W-4 form elections differ from the default of single, no extra jobs, no dependents, no extra withholding.		
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	1/1/2025	Jenneth Hampton – Admin & Fiscal Manager

Narrative for Recommendation 7.1 including action plan.

Solid Waste Management will obtain W-4 forms for the employees who did not have one on file and update their withholding information in PeopleSoft if their W-4 form elections differ from the default of single, no extra jobs, no dependents, no extra withholding.

RECOMMENDATION 7.2: We recommend that Solid Waste Management establish and document procedures for obtaining, storing, and accurately entering W-4 forms. These procedures should outline the steps, individuals responsible, and timelines for collecting, storing, and updating W-4 forms.		
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)	
Agree	1/1/2025	Jenneth Hampton – Admin & Fiscal Manager

Narrative for Recommendation 7.2 including action plan.

Solid Waste Management will establish and document procedures for obtaining, storing, and accurately entering W-4 forms. These procedures should outline the steps, individuals responsible, and timelines for collecting, storing, and updating W-4 forms.

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 8: No Internal Standard Operating Procedure (SOP) for On-Call Employees

RECOMMENDATION 8.1:		
We recommend that Solid Waste Management develop and document an internal standard operating procedure for on-call employees, in compliance with HR Policy 5-300.		
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	1/1/2025	Jenneth Hampton – Admin & Fiscal Manager

Narrative for Recommendation 8.1 including action plan.

Solid Waste Management will develop and document an internal standard operating procedure for call back employees, in compliance with HR Policy 5-300.