

AUDIT REPORT

An Audit of Salt Lake County Mayor's Financial Administration Payroll Operations

MARCH 2025



PAYROLL

SALARIES



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AUDITOR'S LETTER

March 25, 2025

I am pleased to present our audit of the Salt Lake County Mayor's Financial Administration Payroll Operations, covering the period from September 1, 2021, to August 31, 2022. This audit was conducted as part of a Countywide Audit of Payroll Operations, which encompassed Human Resources, and 12 County agencies.

The objectives of the audit were to provide reasonable assurance regarding the adequacy and effectiveness of internal controls, ensure payroll processes complied with all applicable fiscal ordinances, policies, and procedures, and identify areas for improvement.

Audits of payroll operations are vital for ensuring the safeguarding of sensitive employee data and promoting operational efficiency. Additionally, audits are important to identify and mitigate risks such as non-compliance, payroll errors, data breaches, fraud, waste, or abuse, while ensuring fair and consistent application of policies.

The Countywide Audit of Payroll Operations identified opportunities to improve payroll accuracy and efficiency through establishing clear oversight authority. Key areas for improvement include countywide employee training, enhanced payroll policies and procedures, securing and relocating check stock and printing equipment stored at an employee's home, and implementing segregation of duties and reconciliations for gift cards purchased for County employees.

We urge Mayor's Financial Administration Payroll to take immediate action by thoroughly reviewing and implementing the detailed recommendations in the attached audit report. Addressing these issues is vital to safeguarding the operational and financial integrity of the County. The agency-level payroll audits have identified several key opportunities to enhance Salt Lake County's payroll policies, procedures, and training programs, specifically in areas such as timecard approvals, retroactive payments, agency timekeeping reconciliations, cellphone allowances, payment errors, and W-4 processing. Strengthening these areas is essential to prevent recurring issues at the agency level and ensure a more accurate and efficient payroll system.

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.

Salt Lake County Auditor



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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, appearing to read "Chris Harding".

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

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PAYROLL ADMINISTRATION PAYROLL AUDIT

MARCH 2025

Objectives

The objectives of the audit were to provide reasonable assurance that:

- Internal controls in payroll processes are adequate and effective.
- Payroll operations comply with fiscal ordinances, policies, and procedures.

The areas of focus included:

- Procedures during a biweekly payroll cycle.
- Safeguarding data confidentiality, availability, and integrity.
- Payroll adjustments and supporting documentation.
- Management of paper paychecks and pay card procedures.

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

REPORT HIGHLIGHTS

Opportunity to Improve Payroll Accuracy Through Enhanced Oversight Authority

In the Countywide Audit of Payroll Operations, we conducted more than 264 tests related to the 12 County Agencies included in the audit scope. Out of the 192 agency recommendations, 91 (47%) highlighted opportunities to strengthen Salt Lake County's Countywide payroll policies, procedures, and training programs for agency payroll staff.

Opportunity to Improve the Security of Payroll Check Stock and Printing Equipment

Paper paychecks are generated using specialized printers that use Magnetic Ink Character Recognition (MICR) ink. MICR ink is required by banks to help verify the legitimacy of checks. The Mayor's Financial Administration Payroll Applications Manager kept a supply of blank check stock at her home, as well as a MICR printer, for emergency use. The check numbers and signatures were auto generated by PeopleSoft whenever payroll checks were printed. An alternative, secure location for printing checks would help mitigate the related risks, should the government center be unavailable, such as the Emergency Operations Center.



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 recently completed an audit of the Mayor's Financial Administration Payroll for the period of September 1, 2021, to August 31, 2022. This audit was part of a Countywide Audit of Payroll Operations that also included Human Resources and twelve County agencies.

During the audit period, County payroll covered a workforce of approximately 10,000 employees, with total earnings amounting to \$270 million. This figure includes turnover related to seasonal and temporary COVID-19 workers, meaning the number of employees on staff at any given time was lower.

Mayor's Financial Administration Payroll plays a critical role in ensuring the accurate and timely processing of payroll across the County. The team is responsible for overseeing payroll operations, distributing pay, resolving payroll issues, and supporting payroll coordinators across various County agencies. The Mayor's Financial Administration Payroll team consists of:

- One Payroll Applications Manager
- One Payroll Manager
- Three Payroll Administrators

Each agency is responsible for ensuring that their specific payroll processes are accurate and compliant with County policies.

OBJECTIVES AND SCOPE

The objectives of the audit were to provide reasonable assurance that:

- Internal controls in payroll processes are adequate and effective.
- Payroll operations comply with fiscal ordinances, policies, and procedures.

The areas of focus included:

- Procedures during a biweekly payroll cycle.
- Safeguarding data confidentiality, availability, and integrity.
- Payroll adjustments and supporting documentation.
- Management of paper paychecks and pay card procedures.

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

AUDIT CRITERIA

Salt Lake County Human Resources Policy 5-300: Payroll Outlines the frequency of payroll payments, how payroll is certified, guidelines for off-cycle checks, termination pay, overtime and compensatory time guidelines, on call pay and Sheriff's Office court compensation.

Salt Lake County Human Resources Policy 4-800: Service Awards outlines procedures for proper recognition of benefit eligible employees for commendable performance. Key areas include documentation and approval requirements for bonus awards and employee gift cards. Requirements regarding gift cards include:

- A Gift Card Request Form must be completed for all employee gift cards, regardless of amount.
- A copy of the form will be routed to the Employee Service Reserve (ESR) Fund Manager, Human Resources, and Mayor's Financial Administration Payroll.
- Mayor's Financial Administration Payroll will include the amount on the employee's employment tax withholding record.
- Employees are limited to \$200 of gift card(s) in any tax year.

Salt Lake County Human Resources Policy 5-100: Pay and Employment Practices outlines policy and procedures of employee pay and employment. Key areas of the policy include:

- Pay Differentials
- Bonus Awards
- Incentive Plans

Salt Lake County Human Resources Policy 6-200: Training and Training Repayment establishes the responsibilities for training of employees. Key areas of the policy include required and optional training and optional repayment requirements for terminating employees.

Salt Lake County Code of Ordinances, Title 2 Administration and Personnel, Chapter 2.81 Security of Personal Identifiers, Section 2.81.020 which states, "County agencies shall ensure that all personal identifiers in the agency's control are kept confidential and secure and are not used for any purpose other than a bona fide government necessity."

Salt Lake County Countywide Policy 1060: Financial Goals and Policies, Part 8. Internal Control Policy, Section 8.3, states, "Adequate

documents and records shall be designed and used to ensure the proper recording of events; the development of adequate safeguards over access to and use of assets and resources; and the use of independent checks on performance and on the proper valuation of recorded amounts.”

Salt Lake County Countywide Policy 2020: Records and Information Management provides guidelines for best practices for agency staff records management and storage. Key areas of the policy regarding agency responsibilities:

- Establishment of a records management program including staff training
- Storage of electronic records

Government Accountability Office (GAO) September 2014 Publication, “Standards for Internal Control in the Federal Government” which states that management is responsible for designing control activities, including policies and procedures, assignment of roles and responsibilities, and delegation of authority. The publication requires that management include considerations of training and tailoring training based on the needs of specific job duties.

METHODOLOGY

To achieve the audit objectives, we employed the following methodologies:

1. **Collaborative Interviews:** We met with agency personnel to understand procedures and controls.
2. **Direct Observation:** We observed controls, such as document security and system access.
3. **Document Review:** We examined records, including payroll documentation and approval letters.
4. **Data Analysis:** We analyzed payroll data to verify accuracy in position changes and payments.
5. **Sampling:** We used statistical and judgmental sampling to select transactions for review.

CONCLUSIONS

The Mayor’s Financial Administration Payroll team manages payroll operations for the County, ensuring wages are processed and distributed accurately. During the audit we identified areas where controls could be strengthened to enhance efficiency and reduce risk. The following findings highlight these areas:

1. Opportunity to Improve Payroll Accuracy Through Enhanced Oversight Authority
2. Opportunity to Improve the Security of Payroll Check Stock and Printing Equipment
3. Opportunity to Strengthen Controls Over Paper Paychecks and Pay Card Distribution Processes
4. Opportunities for Improving Oversight and Procedures for Tuition Reimbursement and Repayment
5. Opportunities to Improve Segregation of Duties and Inventory Reconciliation in the ESR Gift Card Program
6. Opportunities to Strengthen Documentation and Accuracy in Garnishment Processing

While we did not find evidence of wrongdoing, addressing these areas will help reduce errors, omissions, and inefficiencies. Strengthening policies, procedures, and training will enhance the County's payroll operations and ensure compliance with applicable regulations. Collaboration between Payroll, Human Resources, and County agencies will be essential to implement these improvements successfully.

FINDING 1 AND RECOMMENDATIONS

Opportunity to Improve Payroll Accuracy Through Enhanced Oversight Authority

Risk Rating: **Significant Risk Finding**

The payroll process is a critical function that ensures accuracy, accountability, and fairness across all agencies. Current limitations on Mayor's Financial Administration Payroll's oversight authority hinder its ability to effectively address payroll discrepancies and procedural errors occurring within individual agencies. Furthermore, existing policies lack clarity regarding the roles and responsibilities for overseeing and supporting payroll coordinators, creating ambiguity around accountability for ensuring consistent payroll practices across agencies. To effectively fulfill this vital function, empowering Mayor's Financial Administration Payroll with the necessary oversight authority is crucial.

Limitations on Mayor's Finance Payroll's oversight authority impede its ability to address payroll discrepancies and procedural errors effectively.

These errors are not the result of shortcomings within Mayor's Financial Administration Payroll itself; rather, they stem from a lack of clear authority to enforce consistent payroll policies and standards across various departments. When payroll irregularities arise, Mayor's Financial Administration Payroll often finds itself constrained, unable to intervene proactively or impose necessary corrections. This restricted oversight diminishes the potential for comprehensive, system-wide improvements and leaves agencies vulnerable to preventable errors.

Granting Mayor's Financial Administration Payroll enhanced oversight authority would empower them to:

1. **Standardize Payroll Procedures** – Establish uniform practices that agencies must follow, reducing inconsistencies.
2. **Proactively Identify and Correct Errors** – Take corrective action before small errors escalate into larger issues.
3. **Provide Consistent Guidance and Accountability** – Ensure all agencies adhere to best practices in payroll management.

To illustrate the specific issues that Mayor's Financial Administration Payroll could address, Appendix A provides examples of findings across various agencies. These examples can serve as a road map for identifying key areas where enhanced oversight authority could drive improvements.

By broadening their oversight capabilities, Mayor's Financial Administration Payroll can play a pivotal role in creating a more

reliable, transparent, and accountable payroll system for all agencies. This change would not only reduce errors but also foster greater confidence in the integrity of payroll operations.

The development of Countywide Payroll Policies and Procedures, a comprehensive Payroll Manual, and enhanced training programs along with explicitly defining Mayor's Financial Administration Payroll's oversight role would mitigate these errors by providing clear guidance, improving accountability, and equipping staff with the knowledge necessary to process payroll accurately and consistently.

1.1

RECOMMENDATION

Grant Formal Oversight Authority to Mayor's Financial Administration Payroll

We recommend that Mayor's Financial Administration Payroll Management work with the Council to obtain the necessary authority to review, enforce, and standardize payroll practices across all agencies. This authority should be formalized through policy or administrative directives to ensure compliance and consistency.

AGENCY RESPONSE: AGREE

IMPLEMENTATION DATE: SEPTEMBER 30, 2025

SEE PAGE 28 FOR THE AGENCY'S FULL RESPONSE TO OUR RECOMMENDATION

1.2

RECOMMENDATION

Develop and Implement Standardized Payroll Policies

We recommend that Mayor's Financial Administration Payroll Management take the lead in developing a comprehensive set of standardized payroll policies and procedures. These policies should be uniformly adopted by all agencies to ensure consistency, accuracy, and adherence to best practices.

AGENCY RESPONSE: AGREE

IMPLEMENTATION DATE: SEPTEMBER 30, 2025

SEE PAGE 29 FOR THE AGENCY'S FULL RESPONSE TO OUR RECOMMENDATION

1.3

RECOMMENDATION

Establish a Centralized Payroll Monitoring System

We recommend that Mayor's Financial Administration Payroll Management implement a centralized system that allows Mayor's Financial Administration Payroll to regularly review agency payroll processes. This system should include routine audits, real-time monitoring capabilities, and the ability to flag discrepancies for prompt corrective action.

AGENCY RESPONSE: AGREE

IMPLEMENTATION DATE: SEPTEMBER 30, 2025

SEE PAGE 29 FOR THE AGENCY'S FULL RESPONSE TO OUR RECOMMENDATION

1.4

RECOMMENDATION

Provide Training and Guidance to Agencies

We recommend that Mayor’s Financial Administration Payroll Management establish a collaborative training program where Mayor’s Financial Administration Payroll provides regular training and guidance to agencies. This training should focus on correct payroll procedures, common errors, and best practices, ensuring agencies have the knowledge and resources to adhere to established standards.

AGENCY RESPONSE: AGREE

IMPLEMENTATION DATE: ALREADY IMPLEMENTED

SEE PAGE 30 FOR THE AGENCY’S FULL RESPONSE TO OUR RECOMMENDATION

1.5

RECOMMENDATION

Create a Mechanism for
Corrective Action and Accountability

We recommend that Mayor’s Financial Administration Payroll Management establish a clear process for Mayor’s Financial Administration Payroll to recommend and enforce corrective actions when payroll errors or discrepancies are identified. This mechanism should include follow-up procedures to verify that issues have been resolved.

AGENCY RESPONSE: AGREE

IMPLEMENTATION DATE: SEPTEMBER 30, 2025

SEE PAGE 30 FOR THE AGENCY’S FULL RESPONSE TO OUR RECOMMENDATION

1.6

RECOMMENDATION

Regular Reporting to Senior Leadership

We recommend that Mayor’s Financial Administration Payroll Management regularly report to senior leadership on the status of payroll oversight. These reports should detail identified issues and corrective actions taken. This collaborative reporting mechanism will enhance transparency and accountability in payroll management.

AGENCY RESPONSE: AGREE

IMPLEMENTATION DATE: APRIL 1, 2025

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

FINDING 2 AND RECOMMENDATIONS

Opportunity to Improve the Security of Payroll Check Stock and Printing Equipment

Risk Rating: **Significant Risk Finding**

Check stock and a MICR printer were stored at the MFA Payroll Applications Manager's home.

We observed that Mayor's Financial Administration Payroll's check stock and specialized Magnetic Ink Character Recognition (MICR) printers, necessary for printing payroll checks, were stored at the Mayor's Financial Administration offices. However, a supply of check stock and a MICR printer were also stored at the home of the Mayor's Financial Administration Payroll Applications Manager.

While this arrangement was intended to ensure payroll operations could continue during emergencies, such as during the height of COVID-19, storing these resources in a home environment introduces significant risks. Employee homes lack the physical security controls present in government facilities, increasing the risk of:

- Unauthorized access to check stock and printers,
- Theft or loss of check stock,
- Potential misuse or fraudulent activity.

Salt Lake County Countywide Policy 1060: Financial Goals and Policies, Part 8, Internal Control Policy, Section 8.3, states:

"Adequate documents and records shall be designed and used to ensure the proper recording of events; the development of adequate safeguards over access to and use of assets and resources; and the use of independent checks on performance and on the proper valuation of recorded amounts."

Ensuring payroll check resources are stored in secure, controlled environments is essential for mitigating these risks and protecting County assets.

2.1

RECOMMENDATION

Ensure Payroll Check Stock and MICR Printers Are Stored Securely

We recommend that Mayor’s Financial Administration Payroll Management ensure that check stock and MICR printers are not stored at employees’ homes. These resources should be kept in secure County facilities where access can be appropriately controlled and monitored.

AGENCY RESPONSE: AGREE

IMPLEMENTATION DATE: ALREADY IMPLEMENTED

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

2.2

RECOMMENDATION

Identify Secure Alternative Locations for Emergency Check Printing

We recommend that Mayor’s Financial Administration Payroll Management identify alternate secure locations for printing payroll checks in the event that the government center becomes inaccessible. Suitable alternatives could include the Emergency Operations Center or other secure County facilities equipped to handle payroll processing during emergencies.

AGENCY RESPONSE: AGREE

IMPLEMENTATION DATE: JULY 1, 2025

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

FINDING 3 AND RECOMMENDATIONS

Opportunities to Improve Segregation of Duties and Inventory Reconciliation in the ESR Gift Card Program

Risk Rating: **Significant Risk Finding**

Lack of separation of duties and inadequate reconciliations in the purchase, receipt, and distribution of gift cards.

Salt Lake County Human Resources Policy 4-800 allows for employee recognition through awards, including gift cards. The Mayor's Financial Administration Employee Service Reserve manages the gift card program, maintaining an inventory of approximately \$20,000 in gift cards. These gift cards are securely stored in two lock boxes within a safe at the Treasurer's Office.

Segregation of Duties Weaknesses

We identified inadequate segregation of duties in the gift card process:

- The Mayor's Financial Administration Internal Services Manager was responsible for purchasing, receiving, and distributing gift cards, depending on availability.
- This lack of separation increases the risk of errors or misuse going undetected.

Inventory Reconciliation Weaknesses

Gift card inventory was tracked using a spreadsheet, but periodic reconciliations were not documented. The Mayor's Financial Administration Employee Services Reserve Budget Manager indicated they visually matched the tracked inventory to the physical amount on hand but did not perform or document a formal reconciliation. Specifically:

- There was no reconciliation of the beginning balance, plus gift cards purchased, less gift cards distributed, to the ending balance.
- This lack of reconciliation increases the risk of missing or unaccounted-for gift cards.

Salt Lake County Policy 1060: Financial Goals and Policies, Part 8, Internal Control Policy, requires adequate internal controls, segregation of duties, and independent checks to ensure accurate recording and safeguarding of County assets.

3.1

RECOMMENDATION

Strengthen Segregation of Duties in Gift Card Processing

We recommend that Mayor’s Financial Administration Management assign different individuals to the roles of purchasing, receiving, and distributing gift cards to ensure proper segregation of duties. When staffing is limited, consider implementing a documented review and approval process by a supervisor or independent party.

AGENCY RESPONSE: AGREE

IMPLEMENTATION DATE: ALREADY IMPLEMENTED

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

3.2

RECOMMENDATION

Implement and Document
Periodic Inventory Reconciliations

We recommend that Mayor’s Financial Administration Management establish a formal process for reconciling gift card inventory. This should include:

- Reconciling the beginning balance, plus purchases, minus distributions, to the ending balance.
- Documenting the reconciliation, including the date and the names of the individuals performing and approving the reconciliation.

AGENCY RESPONSE: AGREE

IMPLEMENTATION DATE: ALREADY IMPLEMENTED

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

3.3

RECOMMENDATION

Improve Documentation and Oversight

We recommend that Mayor’s Financial Administration Management implement a system of documented, independent checks to verify inventory accuracy and ensure that any discrepancies are promptly investigated and resolved.

AGENCY RESPONSE: AGREE

IMPLEMENTATION DATE: ALREADY IMPLEMENTED

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

We recommend that Mayor's Financial Administration Management strengthen policies and procedures over employee gift cards to include:

Segregating the duties of purchasing, receiving, tracking and distributing gift cards.

- Requiring a periodic reconciliation of amounts purchased, distributed and on hand, including the beginning and ending balances.
- Independent review and approval of the reconciliation performed.
- Requiring employees to receive independent notification that a gift card has been awarded, prior to the gift card being distributed.

AGENCY RESPONSE: AGREE

IMPLEMENTATION DATE: SEPTEMBER 30, 2025

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

We recommend that Mayor's Financial Administration Management revise the employee gift card request form to include the name and signature of the individual from the County Agency taking custody of the cards.

AGENCY RESPONSE: AGREE

IMPLEMENTATION DATE: ALREADY IMPLEMENTED

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

FINDING 4 AND RECOMMENDATIONS

Opportunity to Strengthen Controls Over Paper Paychecks and Pay Card Distribution Processes

Risk Rating: **Moderate Risk Finding**

Paper paychecks were issued without letters reminding employees to set up direct deposit.

Additionally, employees were not required to print their names when retrieving pay cards.

Due to the bank's prenote process, setting up direct deposit can take up to two pay periods. During this period, employees receive paper paychecks. While Salt Lake County Human Resources Policy 5-300 requires employees to be paid via direct deposit or pay cards, there is currently no specific requirement for when paper paychecks must stop. Mayor's Financial Administration Payroll is responsible for overseeing the paper checks and pay card distribution processes.

According to Mayor's Financial Administration Payroll policy, if an employee has not set up direct deposit by their third pay period, they are issued a pay card. A reminder letter is sent after two pay periods of receiving paper paychecks, informing the employee to set up direct deposit or receive payment through a pay card.

In our review of 70 employees who received 298 paper paychecks, we found:

- 164 checks (55%) were issued for legitimate reasons:
 - Bank account changes,
 - Minor employees without bank accounts,
 - Final payouts or other administrative reasons.
- 117 checks (39%) were issued due to:
 - First three pay periods,
 - Checks issued before the pay card program began in December 2021,
 - Temporary employees with breaks in their work schedules.
- 17 checks (6%) had control issues:
 - 13 checks were issued without a reminder letter being sent,
 - 2 checks were issued to an employee using partial direct deposit and partial paper checks,
 - 2 checks were issued more than three pay periods after the reminder letter.

Pay Card Distribution Weaknesses

We also observed the following weaknesses in the pay card process managed by Mayor's Financial Administration Payroll:

- Employees were not required to print their names when retrieving

- pay cards.
- The Payroll Administrator distributing the cards did not document their name or signature.

These weaknesses increase risks associated with lost, stolen, or misused checks and pay cards.

4.1	RECOMMENDATION	Improve Pay Card Distribution Documentation
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We recommend that Mayor’s Financial Administration Payroll Management ensure that employees’ printed names and signatures, along with the Payroll Administrator’s name and signature, are recorded whenever pay cards are distributed.

AGENCY RESPONSE: AGREE

IMPLEMENTATION DATE: ALREADY IMPLEMENTED

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

4.2	RECOMMENDATION	Establish Guidelines for Paper Paycheck Limits
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We recommend that Mayor’s Financial Administration Payroll Management develop and implement a formal policy specifying when paper paychecks should stop and under what circumstances employees should transition to direct deposit or pay cards.

AGENCY RESPONSE: AGREE

IMPLEMENTATION DATE: DECEMBER 31, 2025

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

4.3	RECOMMENDATION	Assign Backup Staff for Payroll Processes
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We recommend that Mayor’s Financial Administration Payroll Management ensure that backup staff are designated to handle queries used to identify employees that may need a pay card and employee follow-up when the Payroll Applications Manager is unavailable.

AGENCY RESPONSE: AGREE

IMPLEMENTATION DATE: ALREADY IMPLEMENTED

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

FINDING 5 AND RECOMMENDATIONS

Opportunities for Improving Oversight and Procedures for Tuition Reimbursement and Repayment

Risk Rating: **Moderate Risk Finding**

Salt Lake County supports employee development through its tuition reimbursement program, which helps employees advance their skills and knowledge. Employees must be merit or appointed and have completed at least six months of employment to be eligible for this benefit. Mayor's Financial Administration is responsible for overseeing the tuition reimbursement and repayment process.

Tuition Reimbursement

Employees are required to complete a Tuition Reimbursement Application within 30 calendar days before or after the start of the academic period. During the audit scope, 120 employees received 211 tuition reimbursement payments, totaling \$441,425. We reviewed a sample of 31 employees with 37 payments totaling \$76,100 and found no improper payments or errors.

However, we noted opportunities to strengthen the oversight process managed by Mayor's Financial Administration:

- The Learning and Education Assistant reviewed applications and calculated payment amounts but did not have an independent review of these calculations.
- The Mayor's Financial Administration Employee Service Reserve Budget Analyst focused on verifying employee grades and ensuring the payment did not exceed the annual maximum allowed, but did not verify the accuracy of the payment calculations.
- Once payments were processed, there was no verification that the correct employees received the correct payments.

Tuition Repayment

Employees who receive tuition reimbursement agree to repay a prorated amount if they leave County employment within two years. We reviewed a sample of 20 employees who received tuition reimbursement and left employment within the audit period. We identified issues with four out of 20 employees (20%):

- One employee was overcharged for their repayment.
- One employee's payments were not recorded in the tracking software.
- Two employees were sent to collections prematurely before the

Tuition reimbursement applications did not have an independent review for verification of calculation accuracies.

Employee was overcharged for a tuition reimbursement repayment.

90-day deadline, with conflicting due dates provided in their documentation.

Additionally, we found:

- No independent review of the prorated amounts billed to former employees.
- No Aging Report or periodic reconciliation of tuition repayment accounts receivable, as required by Countywide Policy 1220.

These issues highlight the need for consistent oversight, documented procedures, and adherence to County policies to ensure accurate processing and tracking of tuition reimbursements and repayments.

5.1	RECOMMENDATION	Strengthen Oversight of Tuition Reimbursement Payments
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We recommend that Mayor’s Financial Administration Management implement a system where the Mayor’s Financial Administration Employee Service Reserve Budget Analyst, or another authorized individual, independently reviews and verifies payment calculations before submitting payments for processing.

AGENCY RESPONSE: AGREE

IMPLEMENTATION DATE: ALREADY IMPLEMENTED

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

5.2	RECOMMENDATION	Verify Payments and Improve Documentation
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We recommend that Mayor’s Financial Administration Management implement procedures to ensure the correct employees receive the correct amounts by:

- Establishing a documented, independent review and approval of payment amounts.
- Sending monthly invoices or statements to former employees with clear and consistent due dates.
- Adhering to Countywide Policy 1220 for managing accounts receivable and collections.

AGENCY RESPONSE: AGREE

IMPLEMENTATION DATE: ALREADY IMPLEMENTED

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

We recommend that Mayor's Financial Administration Management review tuition repayment records and issue refunds for any identified overcharges, including those noted during the audit.

AGENCY RESPONSE: AGREE

IMPLEMENTATION DATE: ALREADY IMPLEMENTED

SEE PAGE 37 FOR THE AGENCY'S FULL RESPONSE TO OUR RECOMMENDATION

FINDING 6 AND RECOMMENDATIONS

Opportunities to Strengthen Documentation and Accuracy in Garnishment Processing

Risk Rating: **Moderate Risk Finding**

Employee garnishments occur when a court or other authority orders the County to withhold a portion of an employee's wages for debt repayment. Mayor's Financial Administration Payroll is responsible for receiving garnishment orders, entering the terms into PeopleSoft, and removing garnishments from job records when employees terminate. This process is described as part of the "Run Net Pay Query" step on the payroll checklist.

Issues Identified

In our review of 50 employees with 642 garnishment transactions, we found issues with two employees (4%), including:

The amount garnished from one employee did not match the writ on file.

- One employee was garnished \$352 after the expiration date of the writ.
- A second employee was garnished \$406 less than specified in the writ.

These issues indicate weaknesses in the documentation and accuracy of garnishment processing.

Root Causes

- **Missing Documentation:** The Payroll Manager suggested that the writ matching the garnished amounts may have been received, but could not be located.
- **Expired Garnishments:** One error occurred because a garnishment was not deactivated when an employee terminated, leading to incorrect deductions when they were rehired.
- **Lack of Written Procedures:** The garnishment process was not explicitly documented in a payroll procedure manual, making it challenging to ensure consistency and oversight.

Salt Lake County Policy 1060: Financial Goals and Policies, Part 8, Internal Control Policy, emphasizes the need for adequate documentation, safeguards, and independent checks to ensure accurate financial transactions.

6.1

RECOMMENDATION

Implement a Garnishment Procedure Manual

We recommend that Mayor's Financial Administration Payroll Management develop a detailed garnishment procedure manual. This manual should outline:

- Steps for receiving, entering, and validating garnishment orders.
- Procedures for deactivating garnishments when employees terminate.
- Processes for reviewing and ensuring writs are on file for each garnishment.

AGENCY RESPONSE: AGREE

IMPLEMENTATION DATE: JUNE 15, 2025

SEE PAGE 37 FOR THE AGENCY'S FULL RESPONSE TO OUR RECOMMENDATION

6.2

RECOMMENDATION

Conduct Regular Reviews and Audits of Garnishment Entries

We recommend that Mayor's Financial Administration Payroll Management implement periodic reviews or audits of garnishment entries to ensure accuracy and compliance with writ terms. These reviews should:

- Verify that all garnishments are supported by valid and active writs.
- Confirm that garnishment amounts match the orders on file.

AGENCY RESPONSE: AGREE

IMPLEMENTATION DATE: APRIL 15, 2025

SEE PAGE 38 FOR THE AGENCY'S FULL RESPONSE TO OUR RECOMMENDATION

6.3

RECOMMENDATION

Strengthen Controls for Terminated Employee Records

We recommend that Mayor's Financial Administration Payroll Management establish controls to ensure garnishments are promptly deactivated when employees terminate. This should include:

- Adding a specific step to the payroll checklist for deactivating garnishments.
- Verifying that terminated employee records are reviewed for active garnishments.

AGENCY RESPONSE: AGREE

IMPLEMENTATION DATE: ALREADY IMPLEMENTED

SEE PAGE 38 FOR THE AGENCY'S FULL RESPONSE TO OUR RECOMMENDATION

COMPLETE LIST OF AUDIT RECOMMENDATIONS

This report made the following 22 recommendations.

Recommendation 1.1: Grant Formal Oversight Authority to Mayor's Financial Administration Payroll

We recommend that Mayor's Financial Administration Payroll Management work with the Council to obtain the necessary authority to review, enforce, and standardize payroll practices across all agencies. This authority should be formalized through policy or administrative directives to ensure compliance and consistency.

Recommendation 1.2: Develop and Implement Standardized Payroll Policies

We recommend that Mayor's Financial Administration Payroll Management take the lead in developing a comprehensive set of standardized payroll policies and procedures. These policies should be uniformly adopted by all agencies to ensure consistency, accuracy, and adherence to best practices.

Recommendation 1.3: Establish a Centralized Payroll Monitoring System

We recommend that Mayor's Financial Administration Payroll Management implement a centralized system that allows Mayor's Financial Administration Payroll to regularly review agency payroll processes. This system should include routine audits, real-time monitoring capabilities, and the ability to flag discrepancies for prompt corrective action.

Recommendation 1.4: Provide Training and Guidance to Agencies

We recommend that Mayor's Financial Administration Payroll Management establish a collaborative training program where Mayor's Financial Administration Payroll provides regular training and guidance to agencies. This training should focus on correct payroll procedures, common errors, and best practices, ensuring agencies have the knowledge and resources to adhere to established standards.

Recommendation 1.5: Create a Mechanism for Corrective Action and Accountability

We recommend that Mayor's Financial Administration Payroll Management establish a clear process for Mayor's Financial Administration Payroll to recommend and enforce corrective actions when payroll errors or discrepancies are identified. This mechanism

should include follow-up procedures to verify that issues have been resolved.

Recommendation 1.6: Regular Reporting to Senior Leadership

We recommend that Mayor's Financial Administration Payroll Management regularly report to senior leadership on the status of payroll oversight. These reports should detail identified issues and corrective actions taken. This collaborative reporting mechanism will enhance transparency and accountability in payroll management.

Recommendation 2.1: Ensure Payroll Check Stock and MICR Printers Are Stored Securely

We recommend that Mayor's Financial Administration Payroll Management ensure that check stock and MICR printers are not stored at employees' homes. These resources should be kept in secure County facilities where access can be appropriately controlled and monitored.

Recommendation 2.2: Identify Secure Alternative Locations for Emergency Check Printing

We recommend that Mayor's Financial Administration Payroll Management identify alternate secure locations for printing payroll checks in the event that the government center becomes inaccessible. Suitable alternatives could include the Emergency Operations Center or other secure County facilities equipped to handle payroll processing during emergencies.

Recommendation 3.1: Strengthen Segregation of Duties in Gift Card Processing

We recommend that Mayor's Financial Administration Management assign different individuals to the roles of purchasing, receiving, and distributing gift cards to ensure proper segregation of duties. When staffing is limited, consider implementing a documented review and approval process by a supervisor or independent party.

Recommendation 3.2: Implement and Document Periodic Inventory Reconciliations

We recommend that Mayor's Financial Administration Management establish a formal process for reconciling gift card inventory. This should include:

- Reconciling the beginning balance, plus purchases, minus distributions, to the ending balance.
- Documenting the reconciliation, including the date and the names of the individuals performing and approving the reconciliation.

Recommendation 3.3 Improve Documentation and Oversight

We recommend that Mayor's Financial Administration Management implement a system of documented, independent checks to verify inventory accuracy and ensure that any discrepancies are promptly investigated and resolved.

Recommendation 3.4: Strengthen Policies and Procedures

We recommend that Mayor's Financial Administration Management strengthen policies and procedures over employee gift cards to include:

- Segregating the duties of purchasing, receiving, tracking and distributing gift cards.
- Requiring a periodic reconciliation of amounts purchased, distributed and on hand, including the beginning and ending balances.
- Independent review and approval of the reconciliation performed.
- Requiring employees to receive independent notification that a gift card has been awarded, prior to the gift card being distributed.

Recommendation 3.5: Revise Employee Gift Card Request Form

We recommend that Mayor's Financial Administration Management revise the employee gift card request form to include the name and signature of the individual from the County Agency taking custody of the cards.

Recommendation 4.1: Improve Pay Card Distribution Documentation

We recommend that Mayor's Financial Administration Payroll Management ensure that employees' printed names and signatures, along with the Payroll Administrator's name and signature, are recorded whenever pay cards are distributed.

Recommendation 4.2: Establish Guidelines for Paper Paycheck Limits

We recommend that Mayor's Financial Administration Payroll Management develop and implement a formal policy specifying when paper paychecks should stop and under what circumstances employees should transition to direct deposit or pay cards.

Recommendation 4.3: Assign Backup Staff for Payroll Processes

We recommend that Mayor's Financial Administration Payroll Management ensure that backup staff are designated to handle paper paycheck reporting and employee follow-up when the Payroll Applications Manager is unavailable.

Recommendation 5.1: Strengthen Oversight of Tuition Reimbursement Payments

We recommend that Mayor's Financial Administration Management

implements a system where the Mayor's Financial Administration Employee Service Reserve Budget Analyst, or another authorized individual, independently reviews and verifies payment calculations before submitting payments for processing.

Recommendation 5.2: Verify Payments and Improve Documentation

We recommend that Mayor's Financial Administration Management implement procedures to ensure the correct employees receive the correct amounts by:

- Establishing a documented, independent review and approval of payment amounts.
- Sending monthly invoices or statements to former employees with clear and consistent due dates.
- Adhering to Countywide Policy 1220 for managing accounts receivable and collections.

Recommendation 5.3: Correct Repayment Discrepancies

We recommend that Mayor's Financial Administration Management review tuition repayment records and issue refunds for any identified overcharges, including those noted during the audit.

Recommendation 6.1: Implement a Garnishment Procedure Manual

We recommend that Mayor's Financial Administration Payroll Management develop a detailed garnishment procedure manual. This manual should outline:

- Steps for receiving, entering, and validating garnishment orders.
- Procedures for deactivating garnishments when employees terminate.
- Processes for reviewing and ensuring writs are on file for each garnishment.

Recommendation 6.2: Conduct Regular Reviews and Audits of Garnishment Entries

We recommend that Mayor's Financial Administration Payroll Management implement periodic reviews or audits of garnishment entries to ensure accuracy and compliance with writ terms. These reviews should:

- Verify that all garnishments are supported by valid and active writs.
- Confirm that garnishment amounts match the orders on file.

Recommendation 6.3: Strengthen Controls for Terminated Employee Records

We recommend that Mayor's Financial Administration Payroll Management establish controls to ensure garnishments are promptly deactivated when employees terminate. This should include:

- Adding a specific step to the payroll checklist for deactivating garnishments.
- Verifying that terminated employee records are reviewed for active garnishments.

Appendix A

Table 1: Number of Finding Recommendations Related to Payroll Policy and Procedure Gaps. Gaps in payroll policy and procedures and limited training opportunities contributed to agency-level findings. *We found that gaps in Salt Lake County County payroll policies and procedures, as well as a lack of understanding of policy requirements, contributed to 91 (47%) of the finding recommendations.*

Subject of Finding	Related Gap in Policies and Procedures	Number of Finding Recommendations	Number of Agencies Affected*
Timecard Approvals	No policies or procedures on the authorized approval of employee time or for corrections to employee time.	35	11 out of 12 agencies
Retroactive and Final Payout Payments	No policies or procedures for retroactive corrections. Existing policies and procedures for final payouts to terminating employees were insufficient.	20	10 out of 12 agencies
Cell Phone Allowances	Countywide policy 1035 does not include requirements for periodic updates to supporting documentation or verification of employee phone numbers.	11	3 out of 4 agencies with cell phone allowances
Timekeeping Systems Reconciliation	No policies or procedures for requiring reconciliation of timecard data between different systems.	7	4 out of 7 agencies with external timekeeping systems
Payment Errors	Weak or missing policies and procedures contributed to employee payment errors.	6	3 out of 12 agencies
W-4	No policies or procedures for entering W-4 form information into PeopleSoft or retaining W-4 forms.	13	8 out of 12 agencies

*Number of agencies for which the test was applicable. Not all tests applied to all 12 agencies.

Agency Response



SALT LAKE COUNTY GOVERNMENT CENTER • 2001 S. State St., Ste. N4-200 • Salt Lake City, UT 84190
 Phone 385-468-7070 Fax 385-468-7071

3/21/2025

JENNY WILSON
Salt Lake County Mayor

**MAYOR'S
 FINANCIAL
 ADMINISTRATION**

DARRIN CASPER
*Deputy Mayor/
 Chief Financial Officer*

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

Auditor Harding,

We appreciate very much all the audits of payroll operations across the County that your office has conducted over the last couple of years, including this audit of Mayor Finance Payroll. The findings and recommendations will result in improvements to the payroll processes that are vital to the County's many varied services. A big thank you to your team for their professional approach to these audits.

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

AUDIT FINDING 1: Opportunity to Improve Payroll Accuracy Through Enhanced Oversight Authority

<p>RECOMMENDATION 1.1: We recommend that Mayor's Financial Administration Payroll Management work with the Council to obtain the necessary authority to review, enforce, and standardize payroll practices across all agencies. This authority should be formalized through policy or administrative directives to ensure compliance and consistency.</p>		
<p>Agree or Disagree with Recommendation</p>	<p>Target date to complete implementation activities (Generally expected within 60 to 90 days)</p>	<p>Name and Title of specific point of contact for implementation</p>
<p>Agree</p>	<p>9/30/2025</p>	<p>Greg Folta, Finance & Payroll Director</p>

Narrative for Recommendation 1.1 including action plan: We appreciate this recommendation, which is an affirmation that the "dotted-line authority" of the CFO's Office is inadequate for payroll operations and look forward to collaborating with the Council on implementing it. Due to the complex issues involved in this, the need to

explore different options as to specifically how to address, and the necessary coordination across the County we anticipate needing additional time to implement, as indicated by the target date.

<p>RECOMMENDATION 1.2: We recommend that Mayor’s Financial Administration Payroll Management take the lead in developing a comprehensive set of standardized payroll policies and procedures. These policies should be uniformly adopted by all agencies to ensure consistency, accuracy, and adherence to best practices.</p>		
<p>Agree or Disagree with Recommendation</p>	<p>Target date to complete implementation activities (Generally expected within 60 to 90 days)</p>	<p>Name and Title of specific point of contact for implementation</p>
<p>Agree</p>	<p>9/30/2025</p>	<p>Greg Folta, Finance & Payroll Director</p>

Narrative for Recommendation 1.2 including action plan: We appreciate this recommendation and will work in conjunction with the Human Resources Director on it to ensure the payroll policies don’t conflict with the statutory responsibilities of that position and existing HR policies. Due to the complex issues involved in this and the necessary coordination across the County we anticipate needing additional time to implement, as indicated by the target date.

<p>RECOMMENDATION 1.3: We recommend that Mayor’s Financial Administration Payroll Management implement a centralized system that allows Mayor’s Financial Administration Payroll to regularly review agency payroll processes. This system should include routine audits, real-time monitoring capabilities, and the ability to flag discrepancies for prompt corrective action.</p>		
<p>Agree or Disagree with Recommendation</p>	<p>Target date to complete implementation activities (Generally expected within 60 to 90 days)</p>	<p>Name and Title of specific point of contact for implementation</p>
<p>Agree</p>	<p>09/30/2025</p>	<p>Greg Folta, Finance & Payroll Director</p>

Narrative for Recommendation 1.3 including action plan: This recommendation is highly interrelated with 1.1 and to some extent with 1.2. How this gets implemented specifically will depend on the approach used to implement 1.1. Due to this we anticipate needing additional time to implement, as indicated by the target date.

RECOMMENDATION 1.4: We recommend that Mayor’s Financial Administration Payroll Management establish a collaborative training program where Mayor’s Financial Administration Payroll provides regular training and guidance to agencies. This training should focus on correct payroll procedures, common errors, and best practices, ensuring agencies have the knowledge and resources to adhere to established standards.

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	Greg Folta, Finance & Payroll Director

Narrative for Recommendation 1.4 including action plan: While the primary responsibility to train new Payroll Coordinators has always been with the agencies Mayor Finance Payroll has historically provided training and informational e-mails. In February of 2024 we implemented monthly Payroll Operations meetings. The stated purpose of these meetings is to gather, share, define, train, foster improvement, and increase trust. Both Mayor Finance Payroll staff and agency Payroll Coordinators provide training at these meetings. We also post recordings of these meetings and the training presentations on the Mayor Finance payroll SharePoint site for easy reference by the participants.

RECOMMENDATION 1.5: We recommend that Mayor’s Financial Administration Payroll Management establish a clear process for Mayor’s Financial Administration Payroll to recommend and enforce corrective actions when payroll errors or discrepancies are identified. This mechanism should include follow-up procedures to verify that issues have been resolved.

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	9/30/2025	Greg Folta, Finance & Payroll Director

Narrative for Recommendation 1.5 including action plan: This recommendation is highly interrelated with 1.1, 1.2 and 1.3. How this gets implemented specifically will depend on the approach used to implement 1.1. Due to this we anticipate needing additional time to implement, as indicated by the target date.

RECOMMENDATION 1.6: We recommend that Mayor’s Financial Administration Payroll Management regularly report to senior leadership on the status of payroll oversight. These reports should detail identified issues and corrective actions taken. This collaborative reporting mechanism will enhance transparency and accountability in payroll management.

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	4/1/2025	Greg Folta, Finance & Payroll Director

Narrative for Recommendation 1.6 including action plan: The Finance and Payroll Director will report on the status of payroll oversight during weekly meetings with the Deputy Mayor of Finance and Administration/Chief Financial Officer.

AUDIT FINDING 2: Opportunity to Improve the Security of Payroll Check Stock and Printing Equipment

RECOMMENDATION 2.1: We recommend that Mayor’s Financial Administration Payroll Management ensure that check stock and MICR printers are not stored at employees’ homes. These resources should be kept in secure County facilities where access can be appropriately controlled and monitored.

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	Greg Folta, Finance and Payroll Director

Narrative for Recommendation 2.1 including action plan: The check stock was returned to the Government Center while the audit was underway. The printer remains at the home serving as the main work printer using only regular toner.

RECOMMENDATION 2.2: We recommend that Mayor’s Financial Administration Payroll Management identify alternate secure locations for printing payroll checks in the event that the government center becomes inaccessible. Suitable alternatives could include the Emergency Operations Center or other secure County facilities equipped to handle payroll processing during emergencies.

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	7/1/2025	Glenna Jensen, Payroll Manager

Narrative for Recommendation 2.2 including action plan: In our Continuity of Operations plan (COOP), the primary work location is from home with alternate locations of the Government Center or the ECC. We are working to establish on-going backup payroll check printing capabilities at the ECC.

AUDIT FINDING 3: Opportunities to Improve Segregation of Duties and Inventory Reconciliation in the ESR Gift Card Program

RECOMMENDATION 3.1: We recommend that Mayor’s Financial Administration Management assign different individuals to the roles of purchasing, receiving, and distributing gift cards to ensure proper segregation of duties. When staffing is limited, consider implementing a documented review and approval process by a supervisor or independent party.

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	Greg Folta, Finance and Payroll Director

Narrative for Recommendation 3.1 including action plan: These duties have been segregated as follows:
Approval of Purchases - Benefits Budget Administrator
Person Purchasing - Internal Service Manager
Person Receiving - ESR Accountant

<p>RECOMMENDATION 3.2: We recommend that Mayor’s Financial Administration Management establish a formal process for reconciling gift card inventory. This should include:</p> <ul style="list-style-type: none"> •Reconciling the beginning balance, plus purchases, minus distributions, to the ending balance. •Documenting the reconciliation, including the date and the names of the individuals performing and approving the reconciliation. 		
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	Greg Folta, Finance and Payroll Director

Narrative for Recommendation 3.2 including action plan: Monthly reconciliations will be completed by the ESR Accountant and approved by the Benefits Budget Administrator.

<p>RECOMMENDATION 3.3: We recommend that Mayor’s Financial Administration Management implement a system of documented, independent checks to verify inventory accuracy and ensure that any discrepancies are promptly investigated and resolved.</p>		
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	Greg Folta, Finance and Payroll Director

Narrative for Recommendation 3.3 including action plan: Quarterly physical inventory counts will be completed by the ESR Accountant and the Benefits Budget Administrator. The ESR Accountant will complete a quarterly physical count reconciliation, and the Benefits Budget Administrator will approve it.

<p>RECOMMENDATION 3.4: We recommend that Mayor’s Financial Administration Management strengthen policies and procedures over employee gift cards to include: Segregating the duties of purchasing, receiving, tracking and distributing gift cards.</p> <ul style="list-style-type: none"> • Requiring a periodic reconciliation of amounts purchased, distributed and on hand, including the beginning and ending balances. • Independent review and approval of the reconciliation performed. • Requiring employees to receive independent notification that a gift card has been awarded, prior to the gift card being distributed. 		
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	9/30/2025	Becky Timothy, Benefits Budget Administrator

Narrative for Recommendation 3.4 including action plan: Written policies and procedures regarding gift cards will be updated as recommended.

<p>RECOMMENDATION 3.5: We recommend that Mayor’s Financial Administration Management revise the employee gift card request form to include the name and signature of the individual from the County Agency taking custody of the cards.</p>		
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	Greg Folta, Finance and Payroll Director

Narrative for Recommendation 3.5 including action plan: The gift card request form has been updated to include this information.

AUDIT FINDING 4: Opportunity to Strengthen Controls Over Paper Paychecks and Pay Card Distribution Processes

<p>RECOMMENDATION 4.1: We recommend that Mayor’s Financial Administration Payroll Management ensure that employees’ printed names and signatures, along with the Payroll Administrator’s name and signature, are recorded whenever pay cards are distributed.</p>
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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	Already implemented	Greg Folta, Finance and Payroll Director

Narrative for Recommendation 4.1 including action plan: While the employee name was already printed on the document they signed, we now have the employee print their name along with their signature, and the person distributing it now prints and signs their name.

RECOMMENDATION 4.2: We recommend that Mayor’s Financial Administration Payroll Management develop and implement a formal policy specifying when paper paychecks should stop and under what circumstances employees should transition to direct deposit or pay 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	12/31/2025	Jo Ann Buechler, Payroll Applications Manager

Narrative for Recommendation 4.2 including action plan: We are in the process of canceling our contract with the current pay card vendor and going out to RFP for a new one. During the interim, no pay cards are being issued. Once a vendor has been contracted with, we will develop a policy regarding pay cards.

RECOMMENDATION 4.3: We recommend that Mayor’s Financial Administration Payroll Management ensure that back-up staff are designated to handle queries used to identify employees that may need a pay card and employee follow-up when the Payroll Applications Manager is unavailable.		
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	Greg Folta, Finance and Payroll Director

Narrative for Recommendation 4.3 including action plan: Trained the ESR Accountant to run the queries and identify those employees needing pay cards.

AUDIT FINDING 5: Opportunities for Improving Oversight and Procedures for Tuition Reimbursement and Repayment

<p>RECOMMENDATION 5.1: We recommend that Mayor’s Financial Administration Management implement a system where the Mayor’s Financial Administration Employee Service Reserve Budget Analyst, or another authorized individual, independently reviews and verifies payment calculations before submitting payments for processing.</p>		
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	Greg Folta, Finance and Payroll Director

Narrative for Recommendation 5.1 including action plan: Tuition is verified by the ESR Accountant to ensure there are no overpayments.

<p>RECOMMENDATION 5.2: We recommend that Mayor’s Financial Administration Management implement procedures to ensure the correct employees receive the correct amounts by:</p> <ul style="list-style-type: none"> • Establishing a documented, independent review and approval of payment amounts. • Sending monthly invoices or statements to former employees with clear and consistent due dates. • Adhering to Countywide Policy 1220 for managing accounts receivable and collections. 		
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	Greg Folta, Finance and Payroll Director

Narrative for Recommendation 5.2 including action plan: The ESR Accountant will perform monthly reconciliations of payments recorded in the repayment software to PeopleSoft and will send collection invoices to former employees with clear and consistent due dates, while adhering to Countywide Policy 1220.

RECOMMENDATION 5.3: We recommend that Mayor’s Financial Administration Management review tuition repayment records and issue refunds for any identified overcharges, including those noted during the audit.		
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	Greg Folta, Finance and Payroll Director

Narrative for Recommendation 5.3 including action plan: The ESR Accountant will perform monthly reconciliations of payments recorded in the repayment software to PeopleSoft and issue refunds for any overcharges.

AUDIT FINDING 6: Opportunities to Strengthen Documentation and Accuracy in Garnishment Processing

RECOMMENDATION 6.1: We recommend that Mayor’s Financial Administration Payroll Management develop a detailed garnishment procedure manual. This manual should outline: <ul style="list-style-type: none"> • Steps for receiving, entering, and validating garnishment orders. • Procedures for deactivating garnishments when employees terminate. • Processes for reviewing and ensuring writs are on file for each garnishment. 		
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	6/15/2025	Glenna Jensen, Payroll Manager

Narrative for Recommendation 6.1 including action plan: We have started creating a manual for creditor garnishments. We will incorporate ORS orders as well.

<p>RECOMMENDATION 6.2: We recommend that Mayor’s Financial Administration Payroll Management implement periodic reviews or audits of garnishment entries to ensure accuracy and compliance with writ terms. These reviews should:</p> <ul style="list-style-type: none"> • Verify that all garnishments are supported by valid and active writs. • Confirm that garnishment amounts match the orders 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	4/15/2025	Glenna Jensen, Payroll Manager

Narrative for Recommendation 6.2 including action plan: The Payroll Manager will do a quarterly audit on creditor garnishments and ORS orders to verify that paperwork is in order and amounts deducted match the paperwork.

<p>RECOMMENDATION 6.3: We recommend that Mayor’s Financial Administration Payroll Management establish controls to ensure garnishments are promptly deactivated when employees terminate. This should include:</p> <ul style="list-style-type: none"> • Adding a specific step to the payroll checklist for deactivating garnishments. • Verifying that terminated employee records are reviewed for active garnishments. 		
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	Greg Folta, Finance and Payroll Director

Narrative for Recommendation 6.3 including action plan: As employees terminate, Payroll Administrators are inactivating garnishments and deductions as part of their termination validation.

Kindest regards,

Darrin Casper Digitally signed by Darrin Casper
Date: 2025.03.21 14:21:10
-06'00'

Darrin Casper
Deputy Mayor – Finance and Administration, Salt Lake County