

AUDIT REPORT

Fraud Hotline Annual Report 2024



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AUDITOR'S LETTER

March 5, 2025

I am pleased to present the Salt Lake County Auditor's Office Fraud Hotline Annual Report for 2024, summarizing hotline activity from January 1 to December 31, 2024.

The Fraud Hotline received 16 tips in 2024. We referred twelve tips to other entities (eight to Salt Lake County agencies and four to state or local agencies). We initiated investigations on the remaining four tips.

Of the four investigations:

- Two were closed after the initial concerns were resolved independently of our office.
- One investigation, after our review of relevant documents, found no evidence of wrongdoing.
- One investigation resulted in an audit of the agency involved, which began in February 2025.

The Fraud Hotline serves as a valuable tool for the Auditor's Office to identify and address potential issues within Salt Lake County government. It allows employees, contractors, and the public to report concerns anonymously and facilitates efficient resource allocation for further investigation.

Looking ahead, the Auditor's Office remains committed to maintaining and promoting the use of the Fraud Hotline as a critical resource for promoting transparency and accountability within Salt Lake County government. We encourage the continued use of the hotline by employees, contractors, and the public to report any suspected wrongdoing.

We appreciate your continued support in maintaining a strong internal control environment and ensuring efficient and effective operations within Salt Lake County.

Sincerely,

A handwritten signature in black ink, appearing to read "Chris Harding".

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

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Fraud Hotline Annual Report

2024

Objectives

The Salt Lake County Auditor's Fraud Hotline, established under Countywide Policy 1300, aims to provide a dedicated avenue for reporting suspected fraud, waste, and abuse of county resources, as well as instances of improper behavior by county officers or employees.

EXECUTIVE SUMMARY

The Salt Lake County Auditor's Office Fraud Hotline received 16 tips in 2024, providing a valuable tool for identifying and addressing potential issues within the county government. Twelve of these tips were referred to other entities and four resulted in further investigations.

Shortly after beginning two of these investigations, the Auditor's Office determined the circumstances of the tip had changed and the situation warranted no further investigation. In one, the contract in question ended and in the second tip, the Request for Proposal (RFP) was canceled and rebid. For the third investigation, the Auditor's Office reviewed documents related to the tip and ultimately determined there was no evidence of wrongdoing. The fourth investigation resulted in an audit of the agency involved, that began in February 2025.

The Fraud Hotline helps promote transparency and accountability by offering employees, contractors, and the public an anonymous way to report concerns. The Auditor's Office remains committed to maintaining and promoting the use of this crucial resource for a stronger and more efficient Salt Lake County government.

COUNTYWIDE POLICY 1300 – COUNTY AUDITOR HOTLINE

Countywide Policy 1300 authorizes and establishes an Auditor Hotline for the purpose of receiving reports of suspected fraud, waste, and abuse of Salt Lake County resources or improper behavior of County officers or employees. The Auditor Hotline provides an avenue for citizens, including County employees and contractors, to report their concerns about potentially improper governmental activities to the Salt Lake County Auditor. The purpose of the Auditor Hotline is to help Salt Lake County government achieve the following objectives:

- Identify opportunities for improvement in operations and compliance
- Foster good governance at all levels of county government
- Empower residents to be actively engaged in ensuring government transparency and accountability.

INTRODUCTION

The annual report on the Auditor's Fraud Hotline ("Fraud Hotline") is for activity that was reported from January 1, 2024, through December 31, 2024. The scope of the Fraud Hotline activity applies to acts of wrongdoing (fraud, waste, and abuse) within the Salt Lake County government. Occasionally, tips received on acts of wrongdoing within the Salt Lake County Government are outside the scope of the Auditor's statutory duties and these tips are either referred to the appropriate entities or irrelevant for a referral.

In 2024, the Fraud Hotline received 16 tips:

- Eight were referred to another Salt Lake County entity.
- Four were referred to another state or local agency.
- Four were investigated:
 - Two investigations ended after the initial conditions of the tip were resolved outside of the Auditor's Office involvement.
 - One investigation resulted in the Auditor's Office determining there was no evidence of wrongdoing.

One investigation resulted in an audit of the involved agency, which began in February 2025.

BACKGROUND

Fraud is defined as “intentional perversion of truth in order to induce another to part with something of value or to surrender a legal right” or as “an act of deceiving or misrepresenting.” According to the biannual report Occupation Fraud 2024: A Report to the Nations performed by the Association of Certified Fraud Examiners (ACFE), the typical fraud case lasts 12 months before detection, costing a median loss of \$145,000 per case. Certified Fraud Examiners estimate organizations lose 5% of revenue to fraud each year, and 22% of fraud cases cost the organization more than \$1 million.

Fraud hotlines are a critical tool for fraud detection. In 2024, the ACFE reported that fraud tips were three times as likely to detect fraud than internal audits.

The Audit Services Division works to provide confidence in the integrity and financial reliability of County operations and to instill confidence that the County is operating with efficiency and effectiveness. In support of these goals, Audit Services established an online Fraud Hotline in 2017.

The Auditor’s Office Fraud Hotline allows Salt Lake County employees or contractors to report acts of wrongdoing within the Salt Lake County government. Additionally, non-County employees can submit a report to the Fraud hotline. The goal of the hotline is to identify misuse of taxpayer funds. All concerns submitted are taken seriously.

The hotline includes three key features:

- Available to County employees, contractors, and the public
- Operates 24 hours a day, 7 days a week
- Features the option for confidentiality

The Fraud Hotline can also be used to identify other risks within Salt Lake County. Some tips may not rise to the level of fraud, but they can indicate that there are issues with the internal control environment, efficiency or effectiveness of operations, or other unethical behavior. Every tip received from the Fraud Hotline is given due process.

OBJECTIVES AND SCOPE

The primary objective of the Salt Lake County Auditor’s Fraud Hotline, as established under Countywide Policy 1300: County Auditor Hotline, is to provide a dedicated avenue for receiving reports of suspected fraud, waste, and abuse of county resources, as well as instances of improper behavior by county officers or employees. The overarching

goals of the Auditor Hotline are as follows:

- To provide Salt Lake County employees, contractors, and the public with a confidential and accessible mechanism to report suspected fraud, waste, and abuse within the Salt Lake County government, as well as potential misconduct of county officers and employees.
- To enhance transparency and accountability within Salt Lake County government by encouraging citizen engagement in identifying and reporting potential issues.
- To assist the Salt Lake County Auditor's Office in achieving its goals of:
 - Identifying opportunities for improvement in county operations and compliance
 - Fostering good governance at all levels of county government

Scope: The annual report covers activity reported from January 1, 2024 through December 31, 2024.

METHODOLOGY

Every tip submitted either to the Auditor's Office website or emailed to fraud@slco.org¹ is processed using the methodology outlined below:

1. A case number is assigned to each tip so that it can be tracked within the Auditor's Office project tracking software.
2. The tip is reviewed for validity and type (potential fraud, unethical conduct, waste, etc.). Additionally, we determine whether the nature of the tip falls within the duties of the Auditor's Office.
3. Each tip is then Investigated (Option A), Referred (Option B), or Discarded (Option C) and processed in accordance with the results of Step 2.

Option A: Investigate the tip if it falls within the duties of the Auditor's Office.

An investigation is similar to an audit. The auditor identifies and analyzes risks, gathers evidence, draws conclusions, develops corrective recommendations, and performs follow-up work as appropriate. Investigations differ from traditional audits in that they are more focused and are aimed at determining if an event occurred and the nature of that event. Audits, by contrast, provide reasonable assurance that controls are designed appropriately and operate effectively. An auditor may also use different techniques to gather and analyze evidence compared to a standard audit.

¹ The County's email domain changed in 2024. In 2025, the fraud hotline email is Fraud@saltlakecounty.gov.

Option B: Refer the tip to an outside authority.

The Auditor's Office may receive a tip that is outside the scope of the Auditor's duties. In these cases, we will refer the tip to the most appropriate authority for follow-up.

As referenced in Salt Lake County Countywide Policy 1300: County Auditor Hotline, Part 1.0 Auditor Hotline Established, states,

1.4.3 The Auditor shall not investigate reports that are merely based upon disagreements with the lawful management determinations or policy decisions of Salt Lake County government.

1.4.4 The Auditor shall refer reports relating to subjects covered by Salt Lake County Human Resources Policies to the County's Human Resources Department, or to another appropriate entity designated by law or policy.

1.4.5 The Auditor may refer reports that are not appropriately related to this policy or the Auditor's statutory duties to the relevant County office or department having appropriate subject matter jurisdiction or relevant expertise concerning the matter. If a report pertains to an entity outside of Salt Lake County, the Auditor may refer the report to the appropriate entity.

Option C: Close the tip if it is deemed irrelevant.

Some tips do not fall within the Auditor's Office's statutory duties and are irrelevant for a referral. Reasons for discarding tips vary. Some examples include:

- Irrelevant subject matter, such as federal income tax issues, tips not associated with County government, and complaints against citizens or establishments.
- Tips with incomplete information.
- Meaningless tips or bogus tips submitted as a prank.

Closed tips are still documented by the Auditor's Office.

2024 RESULTS

The 16 tips submitted to the Fraud Hotline are detailed in Appendix A. Eight of the tips were referred to other Salt Lake County entities, including:

- Two to Parks and Recreation.
- Two to the County Council.
- One to the Sheriff's Office.

- One to the Health Department.
- One to the Clerk's Office.
- One to Animal Services.

Four tips were referred to other state and local entities, including the State of Utah's Division of Professional Licensing and the West Jordan Police Department.

The remaining four prompted investigations:

- For a tip related to fraudulent billing practices of a contractor, the Auditor's Office reached out to the parties involved and learned the contract had ended. No further investigation was conducted.
- For a tip related to a potential conflict of interest in awarding an RFP, after beginning its investigation, the Auditor's Office learned the Mayor's office received the same tip and the RFP in question was canceled and rebid. No further investigation was conducted.
- For a tip involving members of an agency improperly applying for grants, the Auditor's Office reviewed documents relevant to the tip and ultimately determined there was no evidence of wrongdoing. No further investigation was conducted.
- For a tip regarding improper billing practices at a Salt Lake County agency, the investigation by the Auditor's Office resulted in an audit of the agency which began in February 2025.

The fraud tips were beneficial in directing our Audit Division to discover control weaknesses and areas of improvement for the applicable agencies.

CONCLUSION

The Fraud Hotline provides a simple, effective, and anonymous way for employees and members of the public to raise concerns about Salt Lake County operations without fear of retaliation. In recent years, the Fraud Hotline has also offered the Auditor's Office an opportunity for community outreach, allowing us to instruct other avenues where a concern might be addressed. By offering earlier detection, Fraud Hotlines have the potential to save taxpayers funds that might otherwise be diverted to personal use or simply wasted.

The Auditor's Fraud Hotline is one tool the Audit Division uses to help management strengthen the County's internal control environment and improve operational effectiveness. It also helps instill confidence that the County is operated efficiently and effectively.

Appendix A: 2024 Fraud Hotline Details

Allegation Reported in Tip	Case Status	Auditor Conclusion
Allegations of fraudulent billing practices by a contractor	Investigated	Auditor's Office began investigating the tip but the contract had ended. No further investigation conducted.
Allegations of a conflict of interest in awarding a bid	Investigated	Auditor's Office began investigating this tip and learned the RFP in question was canceled and rebid. No further investigation conducted.
Allegations of employee timecard fraud	Referred	Referred to Parks and Recreation.
Theft of personal property	Referred	Referred to Parks and Recreation.
Police impersonation fraud scam	Referred	Referred to the Sheriff's Office.
Allegations of a contractor not paying employees	Referred	Referred to the State of Utah's Division of Professional Licensing.
Allegations of policy advisors not working but getting paid	Referred	Referred to the County Council; asked to ensure policy advisors are working.
Allegations of misuse of public funds for vaccines	Referred	Referred to the Health Department.
Allegations of employee timecard fraud	Referred	Referred to the Clerk's Office.
Allegations of false advertising and theft	Referred	Referred to the State of Utah's Division of Professional Licensing.
Complaint of favoritism and discrimination	Referred	Referred to the respective code enforcement agency.
Puppy taken to animal shelter and adopted out before owner could retrieve.	Referred	Referred to Animal Services.
Allegations of misuse of public funds, electioneering	Referred	Referred to the County Council.
Allegations of improperly applying for grants	Investigated	Auditor's Office reviewed documents related to this tip and ultimately determined there was no evidence of wrongdoing. No further investigation.
Complaint of discrimination	Referred	Referred to West Jordan Police Dept.
Allegations of fraudulent billing	Investigated	The Auditor's Office investigated the tip and subsequently initiated an audit in February 2025.