

AUDIT REPORT

An Audit of Salt Lake County Behavioral Health Payroll

NOVEMBER 2023



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AUDITOR'S LETTER

December 19, 2023

I am writing to present the findings of our recent audit of the Behavioral Health Payroll operations for the period from September 1, 2021, to August 31, 2022. The audit was aimed at evaluating the internal controls over payroll processes. We identified several areas that necessitate immediate corrective action. These include inconsistencies in conducting required background checks before employment, issues with timecard approvals, a lack of clarity in managing retroactive payments, inadequate documentation for overtime compensation, and inaccuracies in W-4 data entries in the payroll system.

These findings highlight the need for strengthened internal controls and adherence to established procedures to mitigate risks of operational inefficiencies and compliance issues.

We urge the Behavioral Health Department to review and promptly implement the recommendations outlined in the attached audit report. Failure to address these issues could result in significant risks to the county's operations and financial integrity.

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 departments and offices 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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BEHAVIORAL HEALTH DEPARTMENT PAYROLL AUDIT

NOVEMBER 2023

Objectives

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

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

REPORT HIGHLIGHTS

Background checks not conducted

Salt Lake County Human Resources Policy 2-500: Background Check Requirements, Section II Procedures, A.1, states, "The Human Resources Division, in consultation with the relevant agencies and the District Attorney's office, will identify and maintain a current list of designated positions and volunteer functions that are subject to background checks." For three of the five employees hired (60%), the Utah Department of Health and Human Services UDHHS background check was not completed prior to the employee starting work. The background check was dated an average of 19 days after the employee's effective hire date. One of the five employee's (20%) positions required an additional Bureau of Criminal Identification (BCI) background check, but it had not been completed.

Timecard approvals by individuals lacking sufficient authority

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." Out of the agencies full population of 30 employees, with over 7,900-time entries, 24 employees of 30 employees (80%) had 243 (3%) time entries approved by an individual that was not their supervisor according to PeopleSoft, or the individual's job title did not match that of a supervisor or manager.



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 Behavioral Health Services 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 Behavioral Health Services' payroll encompassed a workforce of 30 employees, with cumulative earnings of \$2 million.

The Behavioral Health Services' Human Resources and Payroll Coordinators are entrusted with the responsibilities of employee hiring, rehiring, promotions, 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

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

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

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

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

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

Salt Lake County Human Resources Policy 2-500: Background Check Requirements, Section II Procedures, A.1, states, “The Human Resources Division, in consultation with the relevant agencies and the District Attorney’s office, will identify and maintain a current list of designated positions and volunteer functions that are subject to background checks.”

US 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 were observed, 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:

- Inconsistencies in which positions required a background check.
- Timecard approvals by individuals lacking sufficient authority.
- Absence of Overtime Compensation Agreement forms for employees earning Compensatory time.
- Incorrect input of Employee W-4 data into the payroll system.

As a result, there is an increased risk of undetected errors and omissions, potential fraud, waste, and abuse related to time keeping and payroll processing. To mitigate these risks and improve operational effectiveness, it is crucial for Behavioral Health Services 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 and Mayors Finance Administration (MFA) Payroll Administration to expand and reinforce Countywide policies and procedures related to Payroll.

FINDING 1 AND RECOMMENDATIONS

Background Checks Not Conducted or Not Conducted Before the Start of Employment

Risk Rating: **Significant Risk Finding**

In Behavioral Health Services, specific job positions involve handling confidential information and interacting with vulnerable individuals. To ensure the safety and confidentiality of clients, all employees in these positions are required to undergo a Utah Department of Health and Human Services (UDHHS) background check before they can work independently with a client or access client related information. Additionally, Salt Lake County Human Resources maintains a list of positions within the County that require a Bureau of Criminal Identification (BCI) background check.

During the audit period, Behavioral Health Services hired five employees into positions that required a UDHHS background check. For three out of the five employees (60%), the UDHHS background check was not completed prior to the employee starting work. On average, the background checks were conducted 19 days after the employee's effective hire date. Additionally, one of the five employees (20%) required an additional BCI background check for their position, but it had not been completed.

Behavioral Health Services does not have a written internal policy regarding UDHHS background checks and specific job functions an employee can perform before receiving background clearance. However, the Agency's Fiscal Manager indicated that Behavioral Health Services' determined employees should not engage with clients or access client information without supervision until proper clearance has been received. The Fiscal Manager agreed that documenting such requirements would clear up any confusion.

Salt Lake County Human Resources Policy 2-500: Background Check Requirements, Section II Procedures, A.1, states, "The Human Resources Division, in consultation with the relevant agencies and the District Attorney's office, will identify and maintain a current list of designated positions and volunteer functions that are subject to background checks."

The agency mistakenly assumed that the UDHHS background check sufficed, overlooking the requirement for a BCI background check. However, Human Resources, in consultation with legal counsel, clarified that the "BCI check is distinct and must be processed through Human

Resources (HR) or at BCI using specific County coding.”

To determine the potential impact, we queried PeopleSoft to determine Behavioral Health Services staff in July 2023 and found 27 current employees. Fifteen employees (56%) held positions requiring a BCI background check, as indicated by their job code or position title listed in the Human Resources list. When background checks are not conducted where needed, sensitive information and vulnerable individuals may be at risk. In addition, the County may be subject to reputational damage and potential lawsuits.

1.1

RECOMMENDATION

Background Check Requirements

We recommend that Behavioral Health Services Management work with their attorney to establish a clear internal policy outlining the UDHHS background check requirements. This policy should specify the permissible job functions that an employee can perform, if any, before receiving clearance.

AGENCY RESPONSE: AGREE

IMPLEMENTATION DATE - 1/31/2024

SEE PAGE 21 FOR THE AGENCY'S FULL RESPONSE TO OUR RECOMMENDATION

1.2

RECOMMENDATION

Updated List

We recommend that Behavioral Health Services Management work with Human Resources and the District Attorney's Office to review, validate, and update the list of positions requiring a BCI background check.

AGENCY RESPONSE: AGREE

IMPLEMENTATION DATE - 1/31/2024

SEE PAGE 21 FOR THE AGENCY'S FULL RESPONSE TO OUR RECOMMENDATION

1.3

RECOMMENDATION

Periodic Reviews

We recommend that Behavioral Health Services Management work with Human Resources and the District Attorney's Office to establish and conduct reviews of Behavioral Health Department positions and the list of positions requiring background checks at periodic intervals, such as annually, to ensure the list remains up to date.

AGENCY RESPONSE: AGREE

IMPLEMENTATION DATE - 1/31/2024

SEE PAGE 21 FOR THE AGENCY'S FULL RESPONSE TO OUR RECOMMENDATION

We recommend that Behavioral Health Services Management review existing employee records and obtain BCI background checks for any employees that do not have one file.

AGENCY RESPONSE: AGREE

IMPLEMENTATION DATE - 1/31/2024

SEE PAGE 21 FOR THE AGENCY'S FULL RESPONSE TO OUR RECOMMENDATION

FINDING 2 AND RECOMMENDATIONS

Timecards Not Approved by a Supervisor

Risk Rating: **Significant Risk Finding**

Employee timecards play a crucial role in maintaining accurate records of the hours employees work, streamlining payroll processes, and helping ensure compliance with labor laws as well as County and division-level policies. Additionally, these timecards also provide valuable data for stakeholders.

Behavioral Health Services employees enter time worked into the County payroll system, PeopleSoft. Employee timecards must be approved before the employee's payroll can be processed. Out of the agencies full population of 30 employees, with over 7,900-time entries, 24 employees (80%) had 243 (3%) time entries approved by an individual that was not their supervisor according to PeopleSoft records. Additionally, some of these approvals came from individuals whose job title did not match that of a supervisor or manager. During the audit period, the Office Supervisor approved 127 time entries for staff that she was not responsible for supervising. These time entries covered both standard work hours and deviations from the normal schedule such as overtime, vacation, and sick leave.

The 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."

Behavioral Health Services management stated that "supervisors approve their employee's time." They added that neither the Assistant Fiscal Manager nor Office Supervisor approved time unless they were specifically asked to do so, particularly when a supervisor was absent and there was no delegation of the duty entered in PeopleSoft. Management acknowledged that they do not have a "formal documentation process for these situations." Going on to explain that "Often, it's a text from a supervisor sick at home to another supervisor or payroll coordinator or even a phone call."

When supervisors do not approve employee time, employee accountability may be diminished. In addition, there is an increased risk of noncompliance with policies, laws, and regulations, as well as a greater potential for payroll

inaccuracies. Individuals other than the employee's supervisor may not be aware of the time the employee worked, or what hours the employee was authorized to work which can lead to fraud, waste, and abuse.

We recommend that Behavioral Health Services Management establish and implement written procedures that include:

- Clear guidelines outlining the review and approval process for employee time by their direct supervisors or managers.
- Procedures for situations when the direct supervisor is unavailable to approve time, specifying necessary documentation required to ensure proper oversight and accountability.

AGENCY RESPONSE: AGREE

IMPLEMENTATION DATE - 12/31/23

SEE PAGE 21 FOR THE AGENCY'S FULL RESPONSE TO OUR RECOMMENDATION

We recommend documentation be retained on file whenever a supervisor does not approve the employee's timecard, using PeopleSoft's delegation and comments feature, using the comments section available during timecard approval, or other documentation.

AGENCY RESPONSE: AGREE

IMPLEMENTATION DATE - 12/31/23

SEE PAGE 21 FOR THE AGENCY'S FULL RESPONSE TO OUR RECOMMENDATION

FINDING 3 AND RECOMMENDATIONS

Agency Did Not Understand Retro Pay Responsibilities

Risk Rating: **Moderate Risk Finding**

We reviewed controls over retroactive payroll payments (retro payments), which are defined as “compensation added to an employee’s paycheck to make up for a shortfall in a previous pay period.” Examples of retro payments include back pay for a raise effective in a prior pay period, or employees due a shift-differential, or acting in rate, also not paid in a prior pay period.

During the audit period, five retro payments were processed for Behavioral Health Services employees. We filtered the population for payments above the Countywide retro payment average of \$280, while excluding any adjusting or negative transactions. One transaction met the criteria for further review. We found that there was documentation on file explaining the reason for the retro payment. However, documentation supporting the calculations performed to support the payment was not on file.

The agency payroll coordinator is responsible for calculating and providing amounts due when retro payments are required. Both HR and MFA stated that MFA Payroll Administration is responsible to re-perform and verify the agency provided calculations. However, Behavioral Health Department Management stated that they rely on “PeopleSoft and MFA Payroll Administration to calculate the amounts.”

The United States Government Accountability Office (GAO) 2014 Standards for Internal Control in the Federal Government, Section 10.02, states,

“Management designs control activities to fulfill defined responsibilities and address identified risk responses. 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...”

County Human Resources Policy 5-300: Payroll, II. 4. States that “each payroll unit is responsible for recording their information in the payroll system.”

While County Policy places responsibility for accurate payroll submission at the agency level, there are not written procedures regarding retroactive payments. This gap arises from the absence of formal Countywide Payroll Procedures and internal agency written procedures, along with a lack of training for Payroll Coordinators. As a result, there is a lack of clear understanding and consistency in handling retroactive payments.

When policies and procedures are not documented, including roles and responsibilities, 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.

We recommend that Behavioral Health Services Management establish and implement clear written policies and procedures for calculating and verifying retroactive payments.

AGENCY RESPONSE: AGREE

IMPLEMENTATION DATE - 1/31/2024

SEE PAGE 21 FOR THE AGENCY'S FULL RESPONSE TO OUR RECOMMENDATION

We recommend that Behavioral Health Services Management work with Payroll Administration to establish a documentation retention system to ensure that documentation supporting retro payments is maintained on file.

AGENCY RESPONSE: AGREE

IMPLEMENTATION DATE - 1/31/2024

SEE PAGE 21 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 4 AND RECOMMENDATIONS

Overtime Compensation Agreement Forms Not on File

Risk Rating: **Moderate Risk Finding**

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 work week. Per Human Resources Policy 5-300 Payroll Section II(G)(3), within Salt Lake County, each agency is responsible for determining and documenting whether exempt employees accrue compensatory time for overtime hours worked.

Management provided a written internal policy for Behavioral Health's exempt employees which stated that compensatory time is accrued at straight time for overtime hours worked, consistent with Salt Lake County Human Resources Policy 5-300: Payroll Section II(G).

The internal policy mirrors County Human Resources Policy 5-300: Payroll Section II(F)(1), which provides that non-exempt employees are paid at one-half times their regular rate for every hour over 40 per week unless the employee requests comp time. The internal policy further provides that employees request comp time using the Salt Lake County Human Resource's Overtime Compensation Agreement form. Management also explained that all employees (exempt and non-exempt) complete the form when hired.

During the audit period, there were 10 employees (both exempt and non-exempt) with a total of 66 payroll entries related to comp time earned, comp time taken, and overtime. We selected eight employees for review. We found that there was no Overtime Compensation Agreement form on file for four (50%) out of eight employees, which was contrary to Behavioral Health Services Management's, expectation...that all employees fill out the Overtime Compensation Agreement Form at time of hire.

Without documentation of employee elections, we were unable to verify whether the time earned was congruent with the employee's preference. The four employees had a total of 28 hours of compensatory time taken. Three of the four employees were FLSA exempt and would be defaulted to compensatory time under HR Policy 5-300 Section II(G)(3). The remaining employee was non-exempt and would have required documentation of their election to earn compensatory time in lieu of the default of overtime pay.

Human Resources Policy 5-300: Payroll Section F. Overtime and Compensatory Time for FLSA Non-Exempt Merit Employees 1. States

that “Any non-exempt employee who works more than forty hours in a workweek will be paid one and one-half times their regular rate of pay for each hour worked in excess of 40 unless the employee requests compensatory time off. Employees may request in writing compensatory time off in lieu of cash payment prior to working the overtime hours.”

Salt Lake County Human Resource Overtime Compensation Agreement form states “as a non-exempt employee subject to the Fair Labor Standards Act (FLSA), I may elect to receive overtime ... or compensatory time off.”

The Office Supervisor explained that since most of the employees were hired before her tenure in the current position, she was uncertain about why the form was not on file.

Receiving compensatory time instead of overtime might result in the employee budgeting more in pay than they receive. In some cases, an employee may find it difficult to use the accrued comp time due to work demands. This could result in unused comp time accumulating and becoming a liability for the County. Additionally, inaccuracies in reporting may inadvertently result in non-compliance with legal requirements, potentially putting the County at risk of legal liabilities, fines, or penalties.

We recommend that Behavioral Health Services Management establish a procedure to ensure the completion of an Overtime Compensation Agreement form for every employee during the hiring process and whenever there is a decision to make changes in the selection.

AGENCY RESPONSE: AGREE

IMPLEMENTATION DATE - 1/31/2024

SEE PAGE 21 FOR THE AGENCY'S FULL RESPONSE TO OUR RECOMMENDATION

We recommend that Behavioral Health Services Management implement controls to ensure that overtime and compensatory time earned during each pay period are consistent with each employee's election.

AGENCY RESPONSE: AGREE

IMPLEMENTATION DATE - 1/31/2024

SEE PAGE 21 FOR THE AGENCY'S FULL RESPONSE TO OUR RECOMMENDATION

FINDING 5 AND RECOMMENDATIONS

Inaccurate Entries of W-4 Data

Risk Rating: **Moderate Risk Finding**

The Internal Revenue Service's Form W-4, Employee's Withholding Certificate, provides instructions to Salt Lake County regarding the Federal taxes to be withheld from employee pay. We found that Behavioral Health Services had incorrectly entered W-4 form information into PeopleSoft for two out of five employees (40%) hired during the audit period.

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."

Vice President of Government Affairs at Always Designing for People (ADP), in a webinar "Revisions to IRS Form W-4: What's the Impact to Employers?" responded to questions regarding some critical insights into 2019 IRS guidance on a new Form W-4. Regarding the liability for the employer of an input error, he stated that "Employers must accurately apply input from Forms W-4 and calculate withholding in accordance with the new formulas and instructions. Employers may be held liable for amounts that should have been withheld but were not."

The Office Specialist took responsibility for the data entry errors and corrected the entries the same day that we informed them. Mayor's Finance Administration indicated that agencies were responsible for W-4s. However, there was no Countywide Payroll policy establishing W-4 procedures, roles, and responsibilities.

Each error pertained to the tax status, specifically the distinction between single and head of household. For one employee, the status was inaccurately set as Head of Household instead of Single as indicated on their W-4 form, resulting in a lower tax rate. On the other hand, the second employee was erroneously set as Single with \$0 for dependents, instead of Head of Household with an additional \$2,000 for dependents, as clearly stated on their W-4 form.

We recommend that Behavioral Health Services Management establish and document procedures for obtaining, storing, and entering W-4 forms. These procedures should include a secondary review and approval to ensure the accuracy of the inputted data.

AGENCY RESPONSE: AGREE

IMPLEMENTATION DATE - IMMEDIATELY

SEE PAGE 21 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.

Agency Response



December 7, 2023

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Auditor Harding,

Though no division looks forward to being audited, we want to express our appreciation for the valuable feedback provided to the Division of Behavioral Health Services (DBHS) through this internal payroll audit. Your staff have been very courteous and professional as they have completed their work. We will do our best to use this report as an opportunity to improve.

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

AUDIT FINDING 1: Background Checks Not Conducted or Not Conducted Before the Start of Employment

RECOMMENDATION 1.1

We recommend that Behavioral Health Services Management work with their attorney to establish a clear internal policy outlining the UDHHS background check requirements. This policy should specify the permissible job functions that an employee can perform, if any, before receiving clearance.

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	1/31/2024	Zachary Case, Fiscal Manager

DBHS, due to requirements of its state licensure with the Utah Department of Health and Human Services (UDHHS), has required a background check of all division staff, performed by the UDHHS Division of Licensing and Background Checks. DBHS, because it no longer provides on-site treatment services, has recently made the decision to allow its licensure to lapse. DBHS' primary role is to administer a large network of licensed treatment agencies.

Though it's no longer required to have licensure, this finding is a timely reminder to meet with the District Attorney's Office (DA) and Human Resources (HR) to establish appropriate policy to address what background checks are required going forward.

During COVID there were significant delays in completing UDHHS background checks due to a backlog at UDHHS and we were advised by the DA via email that new employees awaiting the completion of their background checks could begin work if appropriately supervised. We will better clarify through written policy how that supervision will occur when background checks are delayed and work closely with the DA to ensure we are doing so appropriately.

RECOMMENDATION 1.2		
We recommend that Behavioral Health Services Management work with Human Resources and the District Attorney's Office to review, validate, and update the list of positions requiring a BCI background check.		
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	1/31/2024	Zachary Case, Fiscal Manager

Due to State licensure requirements, that are no longer applicable given the change in our work, we have always had the practice of requiring that all staff receive a background check. We have learned through this process that the UDHHS background check, required for licensure, is technically not a BCI background check, though they do use BCI for its fingerprinting process. We will work with the DA and HR to determine if the UDHHS background check is sufficient to satisfy County BCI requirements and we will determine the list of appropriate staff who will need a background check going forward. If the UDHHS process is found to be insufficient, we will immediately ensure that appropriate BCIs are performed for all positions on the list. We will also ensure that division policy is updated to address these changes.

RECOMMENDATION 1.3		
We recommend that Behavioral Health Services Management work with Human Resources and the District Attorney's Office to establish and conduct reviews of Behavioral Health Department positions and the list of positions requiring background checks at periodic intervals, such as annually, to ensure the list remains up to date.		
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	1/31/2024	Zachary Case, Fiscal Manager

We will discuss an appropriate periodic review process with HR and DA and include it in our policy update.

RECOMMENDATION 1.4		
We recommend that Behavioral Health Services Management review existing employee records and obtain BCI background checks for any employees that do not have one 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	1/31/24	Zachary Case, Fiscal Manager

Currently, all staff have the UDHHS criminal background check completed. As explained in previous findings, we will meet with the DA and HR and if the UDHHS process is deemed to not meet the County BCI requirement, we will immediately perform the appropriate BCI process for all applicable staff.

AUDIT FINDING 2: Timecards Not Approved by a Supervisor

RECOMMENDATION 2.1		
We recommend that Behavioral Health Services Management establish and implement written procedures that include:		
<ul style="list-style-type: none"> • Clear guidelines outlining the review and approval process for employee time by their direct supervisors or managers. • Procedures for situations when the direct supervisor is unavailable to approve time, specifying necessary documentation required to ensure proper oversight and accountability. 		
Agree or Disagree with Recommendation	Target date to complete implementation activities (Generally expected within 60 to 90 days)	Name and Title of specific point of contact for implementation
Agree	12/31/23	Zachary Case, Fiscal Manager

Currently, DBHS supervisors are trained to contact the payroll coordinator to request approval of their staff's time if they will be out of the office. They also have the option of delegating that authority to another supervisor. The payroll coordinator does not approve time without approval and direction from the applicable supervisor. This internal process has not been formally documented and DBHS will ensure it is formally added to its written policies and procedures.

RECOMMENDATION 2.2		
We recommend documentation be retained on file whenever a supervisor does not approve the employee's timecard, using PeopleSoft's delegation and comments feature, using the comments section available during timecard approval, or other documentation.		

Agree or Disagree with Recommendation	Target date to complete implementation activities (Generally expected within 60 to 90 days)	Name and Title of specific point of contact for implementation
Agree	12/31/23	Marjeen Nation, Assistant Fiscal Manager

We will consider the recommendation given and will ensure an appropriate, auditable tracking process. Supervisors will be trained by the payroll coordinator on how to use delegations in PeopleSoft.

AUDIT FINDING 3: Agency Did Not Understand Retro Pay Responsibilities

RECOMMENDATION 3.1		
We recommend that Behavioral Health Services Management establish and implement clear written policies and procedures for calculating and verifying retroactive payments.		
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	1/31/24	Marjeen Nation, Assistance Fiscal Manager

At the time of the audit, we had a very new payroll coordinator who is no longer with us. We have not typically prepared written policies and procedures for these types of payroll functions but have instead followed instructions provided by Mayor's Finance Payroll staff and have compiled such instructions as a form of operating manual. This role has now shifted to our assistant fiscal manager, and she will ensure that we have documentation of how to address retroactive payments. This documentation will be kept with other training materials as explained and be updated as Mayor's Finance makes changes and provides training.

RECOMMENDATION 3.2		
We recommend that Behavioral Health Services Management work with Payroll Administration to establish a documentation retention system to ensure that documentation supporting retro 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	1/31/24	Marjeen Nation, Assistant Fiscal Manager

Marjeen Nation, as the new payroll coordinator, will ensure that we have an appropriate process to maintain all payroll documentation such as retro payments.

AUDIT FINDING 4: Overtime Compensation Agreement Forms Not on File

RECOMMENDATION 4.1		
We recommend that Behavioral Health Services Management establish a procedure to ensure the completion of an Overtime Compensation Agreement form for every employee during the hiring process and whenever there is a decision to make changes in the selection.		
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	1/31/24	Zachary Case, Fiscal Manager

It has been our standard process to complete overtime compensation agreement forms for new employees and when the overtime compensation selection has changed. The standard process will be captured in a formal policy and procedure.

RECOMMENDATION 4.2		
We recommend that Behavioral Health Services Management implement controls to ensure that overtime and compensatory time earned during each pay period are consistent with each employee’s election.		
Agree or Disagree with Recommendation	Target date to complete implementation activities (Generally expected within 60 to 90 days)	Name and Title of specific point of contact for implementation
Agree	1/31/24	Marjeen Nation, Assistant Fiscal Manager

The onboarding checklist includes the selection for overtime and compensatory time. Controls will be documented in policy. The payroll coordinator and fiscal manager will compare what is in PeopleSoft to what is on the completed forms to ensure that they are consistent.

AUDIT FINDING 5: Inaccurate Entries of W-4 Data

RECOMMENDATION 5.1		
We recommend that Behavioral Health Services Management establish and document procedures for obtaining, storing, and entering W-4 forms. These procedures should include a secondary review and approval to ensure the accuracy of the inputted data.		
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.		
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	Immediately	Marjeen Nation, Assistant Fiscal Manager

Though we agree that the noted errors were made, the payroll coordinator is no longer responsible for inputting W-4 information. We were notified on April 7, 2023, by Jo Ann Buechler, Payroll Applications Manager, that the self-service W-4 process was now available in PeopleSoft. As of that date, we have had employees entering their W-4 information directly into PeopleSoft using this feature.

Sincerely,


 Digitally signed by
 Tim Whalen
 Date: 2023.12.07
 15:57:49 -07'00'

Tim Whalen,
 Director
 Division of Behavioral Health Services