

AUDIT REPORT

An Audit of Salt Lake County Assessor's Office Payroll

JUNE 2024



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AUDITOR'S LETTER

June 2024

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

Our audit identified multiple instances where internal controls were either absent or not functioning adequately and effectively, which contributed to several observed findings.

Additionally, certain statements made in the Assessor's management response require clarification. The Assessor asserts, "We are pleased to note that there has been absolutely no waste, fraud, or abuse in our office." While we appreciate the commitment to responsible resource management, the findings, documentation, and facts outlined in our audit and appendices suggest instances that fall under the definitions of fraud and waste, as outlined by the Government Accountability Office (GAO).

The GAO defines waste as:

The act of using or expending resources carelessly, extravagantly, or without purpose. Waste can occur without involving abuse or a violation of law.

An example noted in our audit finding 1 is paying an employee after they have left county service, which constitutes expending resources carelessly and without purpose.

It's important to distinguish between waste and other related concepts. Fraud, for instance, involves intentional misrepresentation to obtain something of value. While our audit uncovered objective elements suggesting potential misuse through the auditors' hotline (see appendix B), many elements of which were confirmed by the Assessor's Office and resulted in the employee's termination. Determining fraud is a legal matter beyond the scope of our work.

I would like to respond to the Assessor's accusation that this audit was conducted with the intent to find faults. This is simply not true. This audit was part of a broader countywide audit, and many of the findings are consistent with those in other audits. All our recommendations were accepted, and the Assessor did not identify any factual errors in the report. Additionally, as previously mentioned, more payroll audits are forthcoming. These have taken longer to complete due to the

limited number of auditors available. When all 14 reports are issued, the average audit duration will be less than 2 months per audit, aligning with our internal schedule.

We meticulously analyze and assess fraud tips received through the auditors' hotline, which required us to adjust the audit scope midway through fieldwork to investigate these tips. At times, we had to pause our audit work to allow the Assessor, District Attorney, and Human Resources to conduct their investigations and take corrective actions based on our information.

Please refer to appendix A for details on why various findings were assigned risk ratings of critical, significant, or moderate.

We made every effort to collaborate with the Assessor's office, as evidenced by our multiple attempts to arrange agreement to the facts meetings and our willingness to meet with the Assessor individually. The only area where collaboration was not feasible was in the Assessor's insistence that we alter our findings or reduce our risk rating.

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, which require planning and performing 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.

I would like to note that the Assessor agrees with all our findings. 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, appearing to read "Chris Harding". The signature is fluid and cursive, with the first name "Chris" being more prominent than the last name "Harding".

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

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ASSESSOR'S OFFICE PAYROLL AUDIT

JUNE 2024

Objectives

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

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

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

REPORT HIGHLIGHTS

Termination requests submitted after employees' last working date and a terminated employee was overpaid.

Timekeeping system access was not revoked for one of the 9 terminated employees tested for more than one year after their last work date. Additionally, one employee (11%) received a paycheck after terminating, receiving net pay of \$2,163 in error.

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

A background check was not completed for one out of the thirteen (8%) newly hired employees reviewed. In addition, a background check was not completed prior to starting work for another employee.

Control Weaknesses Over Remote Work and Vehicle Use.

We found that manager and remote staff schedules did not always overlap, and locations visited were not verified. In addition, vehicles were not logged in or out and locations visited were not tracked.

Timecards Not Approved by a Supervisor and Lack of Segregation of Duties.

We found that timecard entries were not approved by the employee's supervisor for 204 out of 7,349 (3%) TCP transactions, entered by 21 out of the 33 (64%) employees. In addition, entries were approved by the same individual in TCP and PeopleSoft for 163 out of 7,349 (2%) transactions for 21 out of 33 (64%) employees.



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 Assessor's Office 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 Assessor's Office payroll encompassed a workforce of 118 employees, with cumulative earnings of \$7 million.

The Assessor's Office 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

Additionally, in August 2023, the Salt Lake County Auditor's Fraud Hotline received two separate fraud allegations regarding the Assessor's Office. Anonymous individuals claimed to have knowledge of an employee from the Assessor's Office openly discussing not working and instead performing personal tasks while logged in to work remotely.

The Auditor's Office makes no opinion regarding the validity of the claim regarding an employee falsifying their time. However, as a result of the tips submitted, the scope of the audit was expanded to include additional audit procedures designed to provide reasonable assurance that controls are in place enabling management oversight of employee remote work, fieldwork, and vehicle usage.

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

AUDIT CRITERIA

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

- Department management and Human Resources roles and responsibilities
- Temporary Employee compensation
- Employment practices for rehire, transfer, promotion, termination
- Pay Differentials
- Career development, such as acting in positions, temporary assignments, and in-grade advancements
- Bonus Awards and Incentive Plans

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

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

Salt Lake County Human Resources Policy 2-500: Background Check Requirements states that "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."

Government Accountability Office (GAO) September 2014 publication, "Standards for Internal Control in the Federal Government", Part Adherence to Standards of Conduct, Section 1.08 states, "Management establishes processes to evaluate performance against the entity's expected standards of conduct and address any deviations in a timely manner."

METHODOLOGY

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

to:

1. Auditors met with agency personnel to gain an understanding of payroll procedures and agency controls in place. Processes observed and described were documented and agreed upon.
2. Controls were observed in operation, such as employee use of physical timeclocks, safeguarding of sensitive documents, and payroll system access controls.
3. Documents were examined, such as emails or memos authorizing overtime, gift card request forms, and W-4s.
4. Payroll data was analyzed, such as analytics to identify whether timecards were approved, and no terminated employees were still receiving a paycheck.
5. Where appropriate statistical or judgmental sampling was used to identify transactions selected for review.

CONCLUSIONS

During the COVID-19 pandemic, payroll operations throughout the County were more susceptible to a breakdown in adherence to policies and procedures. We noted payroll operations did not comply with several key controls, including those required by County policy, such as:

- Termination requests submitted after the employees' last working date and a terminated employee was paid.
- Background checks not conducted or not conducted before the start of employment.
- Control weaknesses over remote work and vehicle use.
- Timecards not approved by a supervisor and lack of segregation of duties in approvals.
- No Internal Policy for Exempt Employee's Compensatory Time.
- Authorization to work overtime was not documented.
- Overtime Compensation Agreement forms not on file.

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

FINDING 1 AND RECOMMENDATIONS

Termination Requests Submitted After Employees' Last Working Date and a Terminated Employee was Over Paid

Risk Rating: **Critical Risk Finding**

When an employee's tenure with Salt Lake County comes to an end, agencies must complete essential offboarding procedures. These procedures include requesting termination of the employee's access to timekeeping systems and calculations of any final payroll payments. Termination of timekeeping access is requested by the agency submitting a "Termination" employee Personal Action Request (ePAR).

We tested 10 of 13 Assessor's Office employees who separated from their employment with Salt Lake County during the audit period. We evaluated whether the agency promptly initiated the removal of these employees' access to the timekeeping system and accurately managed their final payroll disbursements.

We found that one employee terminated the same day they were hired, so no access had been granted.

For the remaining nine employees we found that:

- For one temporary employee (11%), the request to remove timekeeping access was submitted more than a year after their last working date.
- Another employee (11%) received an unauthorized payment of \$2,163 after termination. This occurred despite the employee not entering any time worked and lacking supervisor approval for the pay.

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

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

Management explained that they expected the temporary employee to continue assisting with various tasks and the 2022 roll close process. Once they learned that the employee would not return, they processed the termination. For the employee who was overpaid, management explained that they had a vacancy in the Fiscal team and were experiencing the passing of another employee. As a result, the oversight in timely filing of

the ePAR occurred. They indicated they were attempting to recover the overpaid amount.

Failure to promptly terminate employees' access to timekeeping systems raises the County's risk of making overpayments. Employees who have left the organization but still have access to timekeeping systems can manipulate timesheets or attendance records, leading to inaccurate payroll processing and fraudulent time entries.

1.1	RECOMMENDATION	Employee Termination
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We recommend that Assessor's Office Management ensure the timely removal of employees from timekeeping applications upon termination of employment.

AGENCY RESPONSE: AGREE

IMPLEMENTATION DATE: ALREADY IMPLEMENTED

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

1.2	RECOMMENDATION	Employee Termination
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We recommend that Assessor's Office Management review employees that terminate to ensure they do not receive pay beyond the time they actually worked.

AGENCY RESPONSE: AGREE

IMPLEMENTATION DATE: 10/22/2022

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

1.3	RECOMMENDATION	Employee Termination
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We recommend that Assessor's Office Management continue to work with Payroll Administration to recover the overpayment.

AGENCY RESPONSE: AGREE

IMPLEMENTATION DATE: 8/01/2023

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

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

FINDING 2 AND RECOMMENDATIONS

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

Risk Rating: **Significant Risk Finding**

In the Assessor's Office, specific job positions involve handling confidential information and interacting with members of the public. To ensure the safety and confidentiality of taxpayers, employees in these positions were required to undergo a background check.

During the audit period, the Assessor's Office hired 15 new employees. According to their list of positions requiring background checks, 13 out of the 15 new hires required a background check based on their job title. We found the following two exceptions:

- One new hire (8%) required a background check but was hired without one being conducted.
- Another new employee's (8%) required background check was delayed. The employee started work before it was completed.

County policy requires Human Resources to maintain a list of all County positions requiring a background check. We noted that the Human Resources list did not always match the one maintained by the Assessor's Office. For example, one of the 13 new hires tested was a Regression Modeler. The job title was included on the list maintained by the Assessor's Office, but it was not included on the Countywide list provided by Human Resources.

Salt Lake County Human Resources Policy 2-500: Background Check Requirements, Part II Procedures, Section 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."

Assessor's Office management collaborated with the Human Resources Business Partner throughout 2023 to update the list of Assessor's Office employees requiring a background check. These efforts may have resulted in the differences noted.

Assessor's Office management acknowledged that they overlooked obtaining a background check for one employee. However, they emphasized that there is no policy requiring the background check to

be cleared prior to the employee starting work. They explained that if someone did not pass the background check they would be terminated immediately.

Salt Lake County Human Resource Policy 2-500 does not specify that background checks are to be completed prior to employee performing work, with exception of the Sheriff's Office and other criminal justice agencies. For all other agencies, there are no guidelines regarding how soon a background check must be completed. In addition, the Assessor's Office has no written internal policy regarding background checks.

While failing a background check can lead to termination, as indicated by the Assessor's Office management, the time between a new hire starting work and their background check clearing creates a significant risk. During this interim period, unvetted individuals have access to sensitive information and interact with the public, posing a potential risk. Citizen information could be compromised, and the County may be subject to reputational damage and potential lawsuits.

2.1	RECOMMENDATION	Review of Available Positions
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We recommend that Assessor's Office Management continue to work with Human Resources and the District Attorney's Office to review, validate, and update the list of positions requiring a background check.

AGENCY RESPONSE: AGREE

IMPLEMENTATION DATE : 5/1/2023

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

2.2	RECOMMENDATION	Review of Available Positions
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We recommend that Assessor's Office Management continue to work with Human Resources and the District Attorney's Office to establish and conduct reviews of Assessor's Office 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: 2/2/2024

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

We recommend that Assessor's Office Management conduct a review of existing employee records and ensure that all employees required to have a background check has one on file.

AGENCY RESPONSE: AGREE

IMPLEMENTATION DATE: 5/1/2023

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

We recommend that Assessor's Office Management develop written policies and procedures regarding how soon after the hire date background checks must be obtained.

AGENCY RESPONSE: AGREE

IMPLEMENTATION DATE : 5/29/2024

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

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

FINDING 3 AND RECOMMENDATIONS

Control Weaknesses Over Remote Work and Vehicle Use

Risk Rating: **Significant Risk Finding**

The Auditor's Office received a fraud tip through the Salt Lake County Auditor's Hotline Line. The tip alleged that an Assessor's Office employee discussed performing personal tasks instead of working, after clocking in. The allegations were forwarded to the Elected Assessor. The Elected Assessor, in collaboration with Salt Lake County Human Resources, conducted a thorough investigation based on these allegations. This investigation resulted in the employee's termination.

Independent of the above investigation, the Auditor's Office conducted on-site visits with managers in the Commercial Appraisal division. The purpose of these visits was to assess the existing controls over remote work practices and identify any potential weaknesses or gaps in those controls.

To be eligible for remote work within the Assessor's office, employees must meet the following criteria:

- **Availability:** Employees must be reachable during designated work hours for phone calls and Webex chats or meetings.
- **Performance:** Employees must maintain a satisfactory performance evaluation, including meeting work production quotas.
- **Disciplinary Record:** Employees cannot have any active disciplinary actions against them.

Additionally, a formal approval process exists before an employee could begin working remotely. This process involved the employee completing an "Employee Request for Telework Agreement" form, followed by a "Telework Agreement Contract." Both documents require approval from the employee's supervisor, Division Administrator, and the Assessor or Deputy Assessor.

During our walkthroughs, we noted that controls were not always in place to ensure that appraisers were working according to their schedule, including:

- **Unsupervised Work Periods:** Each workday, the supervisor's work schedule creates gaps in oversight for employees. Supervisors either begin their workday up to two hours later than their employees, or some employees work an hour later compared to their supervisors. Consequently, during that time, the absence or inactivity

of an employee would go undetected.

- **Remote Clocking In/Out:** The ability to clock in and out remotely via cell phone or tablet increased the risk of employees clocking in without actually performing their assigned duties.
- **Uncommunicated Schedules:** Employees lacked communication of a daily appraisal schedule for planned site visits.
- **Lack of verification:** Appraisers were not required to provide proof of location visits, such as a timestamped photo or signature from a business owner.

Employee production levels were based off weekly production spreadsheets, where the appraisers tallied their appraisal work. Employees self-reported the number and type of locations. More tallies in categories with a higher weight resulted in a higher weekly production rate.

We noted that there was no routine comparison of appraisal batches processed in the system to the self-reported data to ensure accuracy and completeness.

Controls were not always in place to ensure that County vehicles were used in accordance with Countywide policy. Commercial appraisers used County owned vehicles to perform appraisals in the field. Vehicles were assigned to individual appraisers; however, two or three employees would share a car. Vehicle keys were kept with the employees. We noted that:

- There was no log-in or log-out system for appraiser's use of county vehicles. This absence of individual usage tracking increases the risk of unauthorized vehicle use.
- Mileage reports were not compared to appraisal records of visits.
- Employees did not record travel destinations and durations while using the vehicles.
- Not all County vehicles were equipped with GPS tracking.

Government Accountability Office (GAO) September 2014 Publication, "Standards for Internal Control in the Federal Government," Section 1.08 Adherence to Standards of Conduct, states, "Management establishes processes to evaluate performance against the entity's expected standards of conduct and address any deviations in a timely manner."

Additionally, Section 5.01 Enforce Accountability, states, "Management should evaluate performance and hold individuals accountable for their internal control responsibilities."

Salt Lake County Countywide Policy 1350: Vehicle Policy, Part 13.0 Personal Use of County Vehicles, Section 13.2, states, "Personal use of any

County vehicle is prohibited” except in case of incidental personal use or emergency use.

Due to the control weaknesses noted above, there is an increased risk of employees falsifying reported work hours without detection. Additionally, the absence of individual accountability for vehicle usage raises the likelihood of vehicles being misused for personal purposes. These increased risks were evidenced by incidents reported via the Salt Lake County Auditor’s Fraud Hotline, which led to subsequent personnel action.

3.1	RECOMMENDATION	Supervision of Employees
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We recommend that the Assessor’s Office Commercial Property Management develop work schedules that ensure ongoing supervision of employees throughout their designated work hours or implement another compensating control.

AGENCY RESPONSE: AGREE

IMPLEMENTATION DATE : ALREADY IMPLEMENTED

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

3.2	RECOMMENDATION	Location Verification
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We recommend that the Assessor’s Office Commercial Property Management implement a verification process, wherein employees are required to provide documentation confirming their visits to locations designated for fieldwork.

AGENCY RESPONSE: AGREE

IMPLEMENTATION DATE: ALREADY IMPLEMENTED

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

We recommend that Assessor's Office Commercial Property Management centralize and secure the storage of vehicle keys.

AGENCY RESPONSE: AGREE

IMPLEMENTATION DATE: ALREADY IMPLEMENTED

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

We recommend that the Assessor's Office Commercial Property Management institute a procedure requiring employees to complete a log when borrowing a county vehicle. This log should include the employee's name, the specific vehicle being used, the date and time of check-in and check-out, and the designated location(s) to which the vehicle will be driven.

AGENCY RESPONSE: AGREE

IMPLEMENTATION DATE: ALREADY IMPLEMENTED

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

We recommend that the Assessor's Office Commercial Property Management establish a routine for monitoring employee usage per vehicle.

AGENCY RESPONSE: AGREE

IMPLEMENTATION DATE: ALREADY IMPLEMENTED

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

FINDING 4 AND RECOMMENDATIONS

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

Risk Rating: **Significant Risk Finding**

Employee timecards help maintain accurate records of the hours employees work, facilitate payroll, and help ensure compliance with labor laws, County, and division-level policies. Timecards also provide valuable data for stakeholders.

Employees in the Assessor's Office log their work hours using an external timekeeping tool known as TimeClock Plus Software (TCP). These timecards require approval within TCP before the Payroll Coordinator can transfer the data to the County's payroll system, PeopleSoft, for final processing. We tested payroll entries for 33 of the 118 agency employees. We verified whether timecards were approved by an authorized individual and that adequate separation of duties were in place.

We found that timecard entries were not approved by the employee's supervisor for 204 out of 7,349 (3%) TCP transactions, entered by 21 out of the 33 (64%) employees. In addition, entries were approved by the same individual in TCP and PeopleSoft for 163 out of 7,349 (2%) transactions for 21 out of 33 (64%) employees. In all these instances, time was approved by the Administrative and Fiscal Manager, or Division HR Coordinator. There was no documentation on file regarding the reason the approval was not done by the employee's supervisor nor communication confirming the time with the supervisor after payroll was processed.

In addition, in a separate test we noted that during one pay period the Division HR Coordinator approved his own time, including overtime worked.

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."

Assessor's Office Management explained that the HR coordinator or Administrative and Fiscal Manager only approves timesheets when managers are locked out of the system and can no longer approve them. They further stated that any such approvals are discussed in a team

meeting or communicated through an email. Unfortunately, they could not provide access to the emails because they are not retained in a centralized location, and the Fiscal Manager responsible during the audit period is no longer employed with the County.

The Fiscal Manager explained being on vacation when the HR Division Coordinator approved his own time in TCP. In addition, they had previously noted that when the Fiscal staff approved time in TCP, it would automatically approve any time they had entered as well, even if they de-selected their own entries. They also stated that they have worked with County Information Technology to resolve that issue.

When supervisors do not approve employee time or when there is no separation of duties in the approval process, 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 Assessor's Office Management establish and implement written procedures that include:

- Requirements for review and approval of employee time by direct supervisors or managers.
- Procedures for when the direct supervisor is unavailable to approve time, including documentation required to ensure proper oversight and accountability.
- Requirements for a separation of duties in the approvals of time in TCP and PeopleSoft.

AGENCY RESPONSE: AGREE

IMPLEMENTATION DATE: 5/29/2024

SEE PAGE 46 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 including the reason and confirming the time with the supervisor when possible.

AGENCY RESPONSE: AGREE

IMPLEMENTATION DATE: 5/29/2024

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

FINDING 5 AND RECOMMENDATIONS

No Internal Policy for Exempt Employee’s Compensatory Time

Risk Rating: **Moderate Risk Finding**

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

Within Salt Lake County, each agency is responsible for determining and documenting through written policy whether exempt employees accrue compensatory time for overtime hours worked. Assessor’s Office Management stated that there was no internal Assessor’s Office policy in place for exempt employees.

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

Management agreed that there were Exempt employees who earned compensatory time during the audit period, but that they had not developed a written policy.

Without a formal written policy for the Assessor’s Office, there’s a lack of clarity for exempt employees about their entitlement to compensatory time. This ambiguity can lead to inconsistencies in payroll processing and conflicting information being given to employees.

5.1	RECOMMENDATION	Establish Procedure
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We recommend that Assessor’s Office Management develop and document an internal standard operating procedure for exempt employee’s compensatory time, ensuring compliance with Salt Lake County Human Resources Policy 5-300.

AGENCY RESPONSE: AGREE

IMPLEMENTATION DATE: 11/17/2023

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

FINDING 6 AND RECOMMENDATIONS

Authorization to Work Overtime was Not Documented

Risk Rating: **Moderate Risk Finding**

Overtime (OT) hours worked by Assessor's Office staff are required to undergo a three-step process, which includes preauthorization, manager's approval of overtime recorded by the employee in TCP after it is worked, and final approval by the fiscal staff in PeopleSoft.

During the audit period, 35 Assessor's Office employees used compensatory leave time previously earned by working overtime, or received compensation at 1.5 times their regular rate by working overtime.

We selected a sample of 20 employees and determined that one worked overtime at another agency and then transferred to the Assessor's Office. Two additional employees did not accrue overtime during the audit period, and only used compensatory time earned prior to the audit period. Authorization to work overtime was partially documented or not documented for 11 out of the remaining 17 (65%) employees.

Once recorded in TCP, overtime was not approved by a supervisor for three out of the 19 (16%) employees. During one pay period the Division HR Coordinator approved his own time. In the other instances, a member of the fiscal team approved an employee's time.

In response, Assessor's Office Management stated that the elected Assessor works with administrators, managers, and staff when overtime is needed during busy times of the year. Management explained that verbal and written communication and updates occur throughout the authorization period, but occasionally an employee may work more than 40 hours without prior permission. When this occurs, the manager works with the employee to, "ensure they understand to monitor their hours closely and to ensure going forward they do not work more than 40 hours without prior approval." They stated that documentation regarding these communications was not routinely maintained.

Lack of documented pre-authorization can lead to misunderstandings between the employees and supervisors. Without this documentation, it becomes difficult to verify pre-approval claims from either side, potentially complicating the resolution of any future issues.

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.

6.1

RECOMMENDATION

Overtime Procedures

We recommend that Assessor's Office Management establish and document procedures regarding pre-authorization for employees to work overtime. These procedures should include documentation requirements to ensure proper oversight and accountability.

AGENCY RESPONSE: AGREE

IMPLEMENTATION DATE: 5/29/2024

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

6.2

RECOMMENDATION

Employee Time Procedures

We recommend that Assessor's Office Management establish and document procedures regarding the review and approval of employee time by direct supervisors or managers.

AGENCY RESPONSE: AGREE

IMPLEMENTATION DATE: 5/29/2024

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

6.3

RECOMMENDATION

Time Approval Procedures

We recommend that Assessor's Office Management establish clear procedures that address situations when the direct supervisor is unavailable to approve time. These procedures should include documentation requirements to ensure proper oversight and accountability.

AGENCY RESPONSE: AGREE

IMPLEMENTATION DATE: 5/29/2024

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

FINDING 7 AND RECOMMENDATIONS

Overtime Compensation Agreement forms not on file

Risk Rating: **Moderate Risk Finding**

During the audit period, 35 individuals recorded a total of 62 payroll entries for compensatory time earned, compensatory time used, and overtime. County policy requires that non-exempt employees receive overtime pay at one and one-half times their regular rate, unless the employee submits a form requesting compensatory time off. We found that none of the 20 employees sampled had an Overtime Compensation Agreement form on file. This lack of documentation prevents verification of whether employees' earned compensatory time aligns with their preference for overtime compensation (pay or time off).

Salt Lake County Human Resources Policy 5-300: Payroll, Part II Procedures, Section F.1, states, "Any non-exempt employee who works more than forty hours in a workweek will be paid one and one-half times their regular rate of pay for each hour worked 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 serves as the standard Countywide for non-exempt employees to elect to earn compensatory time instead of the default of overtime. The form states that "as a non-exempt employee subject to the Fair Labor Standards Act (FLSA), I may elect to receive overtime ... or compensatory time off."

The Administrative and Fiscal Manager joined the Assessor's Office in February of 2022 and stated that she was unable to locate the completed forms. Starting in October of 2022, the fiscal team initiated efforts to ensure that all staff complete them.

Paying out overtime hours worked instead of awarding compensatory time can lead to higher labor costs for the organization and potential budgetary overruns. Additionally, misreporting time worked can lead to non-compliance with legal requirements, potentially exposing the County to legal liabilities, fines, or penalties.

We recommend that Assessor's Office Management continue to ensure that an Overtime Compensation Agreement form is completed for every employee during the hiring process and whenever there are changes.

AGENCY RESPONSE: AGREE

IMPLEMENTATION DATE: 10/21/2022

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

We recommend that Assessor's Office Management ensure that controls are in place to ensure overtime and compensatory time earned during each pay period are consistent with each employee's election.

AGENCY RESPONSE: AGREE

IMPLEMENTATION DATE: 10/21/2022

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

Complete List of Audit Recommendations

This report made the following 20 recommendations.

RECOMMENDATION 1.1:

We recommend that Assessor's Office Management ensure the timely removal of employees from timekeeping applications upon termination of employment.

RECOMMENDATION 1.2:

We recommend that Assessor's Office Management review employees that terminate to ensure they do not receive pay beyond the time they actually worked.

RECOMMENDATION 1.3:

We recommend that Assessor's Office Management continue to work with Payroll Administration to recover the overpayment.

RECOMMENDATION 2.1:

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

RECOMMENDATION 2.2:

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

RECOMMENDATION 2.3:

We recommend that Assessor's Office Management conduct a review of existing employee records and ensure that all employees required to have a background check has one on file.

RECOMMENDATION 2.4:

We recommend that Assessor's Office Management develop written policies and procedures regarding how soon after the hire date background checks must be obtained.

RECOMMENDATION 3.1:

We recommend that the Assessor's Office Commercial Property Management develop work schedules that ensure ongoing supervision of employees throughout their designated work hours or implement another compensating control.

RECOMMENDATION 3.2:

We recommend that the Assessor's Office Commercial Property Management implement a verification process, wherein employees are required to provide documentation confirming their visits to locations designated for fieldwork.

RECOMMENDATION 3.3:

We recommend that Assessor's Office Commercial Property Management centralize and secure the storage of vehicle keys.

RECOMMENDATION 3.4:

We recommend that the Assessor's Office Commercial Property Management institute a procedure requiring employees to complete a log when borrowing a county vehicle. This log should include the employee's name, the specific vehicle being used, the date and time of check-in and check-out, and the designated location(s) to which the vehicle will be driven.

RECOMMENDATION 3.5:

We recommend that the Assessor's Office Commercial Property Management establish a routine for monitoring employee usage per vehicle.

RECOMMENDATION 4.1:

We recommend that Assessor's Office Management establish and implement written procedures that include:

- Requirements for review and approval of employee time by direct supervisors or managers.
- Procedures for when the direct supervisor is unavailable to approve time, including documentation required to ensure proper oversight and accountability.
- Requirements for a separation of duties in the approvals of time in TCP and PeopleSoft.

RECOMMENDATION 4.2:

We recommend documentation be retained on file whenever a supervisor does not approve the employee's timecard including the reason and confirming the time with the supervisor when possible.

RECOMMENDATION 5.1:

We recommend that Assessor's Office Management develop and document an internal standard operating procedure for exempt employee's compensatory time, ensuring compliance with Salt Lake County Human Resources Policy 5-300.

RECOMMENDATION 6.1:

We recommend that Assessor's Office Management establish and document procedures regarding pre-authorization for employees to work overtime. These procedures should include documentation requirements to ensure proper oversight and accountability.

RECOMMENDATION 6.2:

We recommend that Assessor's Office Management establish and document procedures regarding the review and approval of employee time by direct supervisors or managers.

RECOMMENDATION 6.3:

We recommend that Assessor's Office Management establish clear procedures that address situations when the direct supervisor is unavailable to approve time. These procedures should include documentation requirements to ensure proper oversight and accountability.

RECOMMENDATION 7.1:

We recommend that Assessor's Office Management continue to ensure that an Overtime Compensation Agreement form is completed for every employee during the hiring process and whenever there are changes.

RECOMMENDATION 7.2:

We recommend that Assessor's Office Management ensure that controls are in place to ensure overtime and compensatory time earned during each pay period are consistent with each employee's election.

Appendix A: Critical vs Moderate Risk Rating Comparison

Critical Finding: Assessor's Office

The Assessor's Office finding 1 was rated as critical because an employee was overpaid \$2,163 after termination and there was delayed access removal over a year after termination for a temporary employee. The Assessor's Office finding exposes a critical security breach with confirmed financial loss. This was due to the employee still having PeopleSoft access after their termination date. This occurred despite the employee not entering any time worked and lacking supervisor approval for the pay.

- **Financial Loss:** A terminated employee received an unauthorized payment of \$2,163.
- **Delayed Access Removal:** One temporary employee kept timekeeping access for over a year after their termination.

Moderate Finding: Facilities Services

The Facilities Services finding 7 was rated as moderate because there was no evidence of financial loss, but it highlights a potential security risk.

- **Financial Loss:** There was no evidence of financial loss.
- **Delayed Access Removal:** PeopleSoft access termination requests averaged 4 days after an employee's last day, while network access requests averaged a much higher 14 days.
- **Incomplete Access Removal:** In 25% of cases, no request was submitted to remove network access, relying on separate IT audits to catch it eventually.

Moderate Findings: Library Services

The Library Services finding 7 was rated as moderate because the financial loss itself was moderate, it highlights a potential weakness in controls around leave and pay processing.

- **Financial Loss:** An employee that was still employed with Salt Lake County received \$100 for "Snow Team Pay" for one pay period while on unpaid leave.
- **Delayed Access Removal:** Not applicable.

The Library Services finding 8 was rated as moderate because there was no evidence of financial loss, but it highlights a potential security risk.

- **Financial Loss:** There was no evidence of financial loss.
- **Delayed Access Removal:** Timekeeping and Network access termination requests averaged 183 days after an employee's last day (temporary employees and paid interns). Additionally, one employee remained on payroll for more than 2 years and 3 months before an ePar termination was submitted.

Agency	Finding	Risk Rating	Financial Loss	Delayed Access Removal
Assessor's Office	1	Critical	\$2,163 unauthorized payment to a terminated employee.	One temporary employee with timekeeping access for over a year after termination
Facilities Services	7	Moderate	No evidence of financial loss.	<ul style="list-style-type: none"> • PeopleSoft access: Average 4 days after last day. • Network access: Average 14 days after last day. • 25% of cases: No request submitted for network access removal.
Library Services	7	Moderate	\$100 for snow team pay.	<p>Not applicable.</p> <p><i>Note: The employee was still employed with Salt Lake County but went on unpaid leave and records were not adjusted to the appropriate status.</i></p>
Library Services	8	Moderate	No evidence of financial loss.	<ul style="list-style-type: none"> • Timekeeping and Networks access: Average of 183 days after last day for temporary and paid interns. • One employee remained on payroll for more than 2 years and 3 months before an ePar termination was submitted.

Excerpt from: An Audit of Salt Lake County Assessor's Office Payroll (April 2024) – Draft Report

FINDING 1 AND RECOMMENDATIONS

Termination Requests Submitted After Employees' Last Working Date and a Terminated Employee was Over Paid

Risk Rating: **Critical Risk Finding**

We found that one employee terminated the same day they were hired, so no access had been granted.

For the remaining nine employees we found that:

- For one temporary employee (11%), the request to remove timekeeping access was submitted more than a year after their last working date.
- Another employee (11%) received an unauthorized payment of \$2,163 after termination. This occurred despite the employee not entering any time worked and lacking supervisor approval for the pay.

FINDING 7 AND RECOMMENDATIONS

Termination Requests Submitted After Employees' Last Working Date

Risk Rating: **Moderate Risk Finding**

During the audit period, eight employees separated from Facilities Services at Salt Lake County. Our findings were as follows:

- For 50% of these employees (four out of eight), PeopleSoft access termination requests were submitted, on average, four days post their final working day.
- For 25% (two out of eight), there were no submissions for network access removal; this was instead handled through routine audits by the Information Technology Division.
- For 37.5% (three out of eight), network access termination requests were made, on average, 14 days after their last working day.

FINDING 7 AND RECOMMENDATIONS

Employee Received Compensation while on Unpaid Leave

Risk Rating: **Moderate Risk Finding**

During the audit period, over 1,900 employees Countywide received more than two paper paychecks or received them more than 45 days after hire. We selected a random sample of 70 employees, with 298 paper paychecks, and verified payment accuracy. Within this sample, we identified one (0.3%) Library employee who received pay while on unpaid leave.

Library Services Management acknowledged that the employee went on unpaid leave and records were not adjusted. They also indicated that they plan to provide additional training.

The employee was receiving an additional \$100 per paycheck for "Snow Team Pay" before transitioning to unpaid leave. The employee's Snow Team Pay continued for one pay period into their unpaid leave status. Despite the employee not returning to work and receiving a payout for accrued vacation time in the succeeding final paycheck, the agency did not make adjustments to recover the overpayment.

FINDING 8 AND RECOMMENDATIONS

Termination Requests and Final Paychecks not Timely

Risk Rating: **Moderate Risk Finding**

We tested 30 out of 89 (33%) Library Services employees that terminated during the audit period to determine whether the agency promptly requested removal of timekeeping and network access. We found that six removal requests (20%) were made after the employee's termination date, occurring between 97 to 230 days after termination, with an average of 183 days. The affected employees were either temporary employees or paid interns.

In addition, we noted that one (3%) employee remained on the payroll for more than two years and three months after receiving their final paycheck, before a termination ePAR was submitted.

With regards to access termination requests, Library Services Management explained that most of the employees were temporary, and they typically terminate temporary employees after 90 days of inactivity in case the employee is needed again.

Library Services Management also explained that they kept their temporary employees on payroll during the COVID pandemic in anticipation of resuming operations. This practice may have contributed to the delayed termination of an employee that was not terminated until over two years had passed. At that time, Library Services identified the employee as not having worked during that period and subsequently terminated their employment.

Appendix B: Fraud Hotline Tips

Tip 1 - 8/24/2023 4:32 pm

I was at a gathering earlier this month and this person talked about how easy [their] job was. How [the individual] clocks in on a laptop and goes back to bed. [They] talked about having freedom to do personal work from the office and having free time in the field. [They] told a story about going home to rest. [They] talked about different things during the party to lots of people. I am not sure who heard [them], but I shared this link with a few of the people I know. I know [the individual] was among friends and felt comfortable sharing what [they] thought was normal party conversation, but how embarrassing for [the individual's] team members that work hard every day. I wasn't going to say anything, but my husband told me I must. This is tax money being wasted.

I only know [the individual's] first name [REDACTED] and [the individual] talked about appraisals.

Tip 2 - 8/30/2023 21:08:01

"Time Card Fraud - During the pandemic and while teleworking, [REDACTED] would clock-in early in the morning (around 6AM), place [their] mouse on a mechanism that would constantly move the mouse around to keep the screen active as if work was being performed just so [they] could return to bed. It is unknown whether or not [they] would properly VPN into the county network. This may require a System Admin to audit the network and determine what was accessed during the period between 3/2020 - 12/2022 to determine if programs or share files were accessed during normal business hours if this amount of scrutiny is considered for a potential audit.

When working at the office, [REDACTED] would claim to be going to conduct county work within the community (on-site commercial assessments), but would actually be doing personal business and meeting with friends for extended lunches instead. Badging records would be able to show how often and for what duration [they] did this, starting in 2017 until now, and a comparison of [their] work submissions could potentially show a nexus of such misconduct. It should be understood that much of [their] work would be put-off until the end of the week where [they] would put in countless hours (still far less than 40) to get workloads caught up, or to meet production quotas, but still claim to be working all [their] hours throughout the week.

The above stated practice allowed [them] to make trips to other states to conduct personal business (relating to [their] own [REDACTED] business). When traveling on short notice, [they] would clock-in/out and still claim hours [they] didn't work. [They] gained the ability to accumulate multiple vacation hours at the end of the year because of this, many of those hours were considered "use it, or lose it." Even when physically working in the office, [they] would use county time and resources (stationary supplies) to conduct personal business. [The individual's] conduct during business hours in terms of how [the individual] was spending [their] time (personal vs. county time) came to be questioned at least once, if not more, by [their] previous supervisor, to which [the individual] lied to him on numerous occasions in order to continue doing as [they] pleased.

Misappropriation of County Government Assets – [REDACTED] would not always properly use the county vehicle assigned to [them] for county business. When [they] would operate the vehicle, [the individual] on numerous occasions made trips home to [REDACTED] and park it in [their] garage for a couple of hours at a time to conduct business or take naps. For [the individual], [they] described [their] conduct as almost being an entitlement and enjoyed how much [they] thought [they were/ are] getting away with it.”

Agency Response



Chris Stavros
Salt Lake County Assessor

Tyler Andrus
Chief Deputy Assessor

May 30, 2024

Chris Harding, Salt Lake County Auditor
2001 S State Street, #N3-300
Salt Lake City, UT 84190

Auditor Harding,

The Salt Lake County Assessor's Office acknowledges receipt of your draft payroll audit. Our office respects the audit process and welcomes recommendations for improvements to our processes.

We take very seriously our responsibility to always protect taxpayer dollars, provide outstanding service to the public, as well as follow policies and procedures. We are pleased to note that there has been absolutely no waste, fraud, or abuse in our office.

In addition to our responses to each of your recommendations, I want to provide you and the residents of Salt Lake County with important information concerning each of the three main areas addressed by your audit's findings.

First, with respect to your finding of an overpayment being made to one employee during the audit period. Our office, in conjunction with Human Resources and the Mayor's Finance Payroll team, has very strict policies and procedures in place to prevent overpayments. As noted in your audit, during a very heartbreaking time in our office one random overpayment occurred. We had the untimely and unexpected passing of one of our division administrators as well as a vacancy in our fiscal manager position resulting in us being short-staffed.

Our staff had entered but had not yet submitted the terminating ePAR for the employee, and communication with the Mayor's Finance Payroll team occurred but was then intermingled with communication to prevent the overpayment related to the untimely death of our Residential Division Administrator. The rare combination of these distressing situations resulted in overpayment to one employee. Immediately after the overpayment was discovered, our office worked quickly not only with Mayor's Finance but also with the District Attorney's office and based on attorney recommendation, we started the collections process.

We are very troubled with the critical rating given to the Assessor's Office on this finding. Two other agencies involved in the payroll audit had similar findings and both received moderate ratings. In our case, the delayed termination was for a temporary employee who would not be paid unless hours were entered, which the employee was not even able to enter. It seems that additional audit criteria utilized to justify a jump from a moderate to a critical risk rating should consider the frequency which in our case was one incident, the dollar amount which is (0.018%) of our total 2022 personnel budget, as well as the intent to manipulate the system. In our specific

case there was one occurrence during extremely unusual circumstances which in no way had the intent or pattern to manipulate the system. The Assessor's Office takes very seriously our responsibility for the wise and careful use of taxpayer dollars.

Along with the overpayment finding, was a finding regarding one employee that was terminated after their last working day. The Assessor's Office had one retired temporary employee that was expected to continue working. This employee was terminated as soon as we received notice that she would not be continuing seasonal employment. As the Auditor noted, "There is no policy or procedure that specifically addresses the timing of employee terminations." It is important to note that while we do agree with the finding, we were not in violation of policy. We do however find it concerning that while other offices had similar findings in the payroll audit with a risk rating of moderate, the Auditor's felt it necessary to give our findings a risk rating of critical. While we do not dispute the facts, and we do welcome recommendations for improvement, we feel that there was some inconsistency in the application of risk between the agencies included in the payroll audit. Such findings make this feel punitive rather than collaborative which would foster an environment encouraging improvements.

Second, similar to other agencies included in the payroll audit, we received a significant finding along with four recommendations regarding background checks not being conducted or being conducted after the start of employment for only two employees. One was for an out of state candidate and HR was unable to do his background check on the Friday before he started employment. Prior to this portion of the audit, our office had already requested a background check be approved for all positions in our office, which is above and beyond what was recommended by Human Resources. In addition to conducting background checks on all employees, we have gone the extra mile to ensure the protection of confidential information. We require every appraiser to sign a legally binding Statement of Confidentiality pursuant to Utah Code Ann. 59-1-404 relating to the misuse of confidential information. In fact, if an appraiser misuses confidential information they will be guilty of a Class A misdemeanor under this clause. As noted by the Auditor, County policy on background checks relates to the Sheriff's Office and other criminal justice agencies. For all other agencies, there are no guidelines regarding how soon background checks must be completed. We do not feel a significant finding is justified in our case because we have not violated any policy and in fact have exceeded HR's recommendations on background checks.

Third, I want to address the Auditor's finding of Control Weaknesses Over Remote Work and Vehicle Use. As an Elected Official, I take my obligation and responsibility to the taxpayers very seriously. Under my leadership, the Assessor's Office has been at the forefront with regard to managing hybrid work and creating accountability associated with remote workers. Specifically, following the peak time frame of COVID-19, during 2021, we immediately drafted and implemented office policy and procedures, employee performance accountability contracts, an alternative worksite safety checklist, employee telework agreements, as well as a telework agreement and remote work FAQ. In addition to implementing policy and procedures for remote work, we have created numerous processes in order to monitor vehicle usage and ensure employee accountability. As the Assessor's Office added new vehicles to the fleet, we had GPS tracking and GeoTab tracking software installed on all new vehicles. We would have installed this on all existing vehicles but had budgetary constraints during COVID. As of mid-September 2023, the Assessor's Office now has GPS tracking and GeoTab tracking software on every vehicle in the Assessor Fleet. Managers routinely monitor the GeoTab tracking software on in-office and remote employees. The tracking software not only indicates where the appraiser is at any given time, but the report also gives us details on their driving tendencies, and we use this to monitor for safety

purposes as well. If at any time a manager suspects an employee isn't meeting their production metrics, we have trained them to run queries against the database comparing the work that was actually completed versus what was claimed on the production timecard. If there is a disparity between the production claim by the employee versus what was queried in the database, we investigate it and if appropriate we remove them from remote work. If an appraiser violates any single component of the contract they are removed from remote work for at least one year. Since remote work has been implemented in 2021, we have removed 8 employees from remote work because they did not meet the contract requirements. The way our policy is constructed, they cannot reapply for remote work for a minimum of one year after being removed, and reinstatement after one year is subject to leadership approval.

Finally, with respect to monitoring, oversight, and accountability regarding remote work, it is absolutely essential to monitor staff very closely in order to maximize efficiency as well as to meet our statutory obligations and deadlines. We are tasked annually with valuing over 387,000 parcels and over 30,000 personal property accounts. In addition, we perform over 850 personal property audits every year. We are very proud of our personal property audit program. For every dollar spent to administer the program, we return \$4.40 in actual escaped tax dollars. Obviously, our margin of error in the Assessor's Office is razor thin. We can't ever afford to have people not working. For every one challenging employee, we have 99 that are fantastic and are working extremely hard every day to help us meet our statutory obligations and deadlines.

During the past year, my office was involved in audits conducted by the Utah State Auditor, John Dougall, as well as the Utah Legislative Audit team. The findings of these audits were very positive and resulted in glowing remarks and accolades for our office, our transparency, and our business practices. I was specifically quoted, as well as given high praise and compliments during a media release on July 26, 2023, by John Dougall, leader of the Utah State Auditor's Office. Utah State Auditor Dougall specifically stated, "I'd especially like to thank Chris Stavros, Salt Lake County Assessor, for his excellent feedback, responsiveness in sending and improving data, and his vision for how greater transparency can improve county assessment processes." In every audit conducted, we always make a concerted effort to be helpful, transparent, and collaborative. Unfortunately, during the 21-month duration of this audit, we feel the focus was more on the auditor trying to find something seriously wrong, instead of working collaboratively with our office to highlight successes and find ways to improve processes for everyone.

We thank the Salt Lake County Auditor's Office for their time and recommendations which allow us the opportunity to continue to strengthen our internal controls. Thank you for your work for Salt Lake County.

Sincerely,



Chris Stavros
Salt Lake County Assessor.

ASSESSOR'S OFFICE

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AUDIT FINDING 1: Termination Requests Submitted After Employees' Last Working Date and a Terminated Employee was Over Paid

RECOMMENDATION 1.1 We recommend that Assessor's Office Management ensure the timely removal of employees from timekeeping applications upon termination of employment.		
Agree or Disagree with Recommendation	Target date to complete implementation activities (Generally expected within 60 to 90 days)	Name and Title of specific point of contact for implementation
Agree (Already Implemented)	Already implemented prior to the beginning of the audit period.	Reco Redhor, HR Coordinator

Narrative for Recommendation 1.1 including action plan.

The Assessor's Office has very few temporary employees. We had one temporary employee that we anticipated would be returning to help during the closing of our rolls and our peak Personal Property mailing season. Even though she didn't work year-round, she would return annually during our busiest seasons. Being a retiree, the potential for her benefits to be adversely affected every time she terminated prevented us from terminating her during each seasonal break. Once we received notification that she would not return in the future, we terminated her immediately. As noted in the Auditor's comments, "There is no policy or procedure that specifically addresses the timing of employee terminations". While we were not in violation of any County policy, we followed the internal policy of the Assessor's Office which is to terminate as soon as we receive notice of resignation.

RECOMMENDATION 1.2 We recommend that Assessor's Office Management review employees that terminate to ensure they do not receive pay beyond the time they actually worked.		
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)	October 22, 2022	Holly Hutchison, Admin. & Fiscal Manager

Narrative for Recommendation 1.2 including action plan.

As noted by the Auditors, there was one overpayment that occurred during the audit period. The overpayment occurred while the fiscal manager position was vacant, and the office was short-staffed. The terminating ePar had been entered but had accidentally not been submitted, and communication with the Mayor's Finance Payroll team occurred but was intermingled with communication to prevent overpayment in another situation related to the untimely and unexpected passing of one of our division administrators. The Assessor's Office has a very thorough plan in place working closely with HR and the Mayors Finance Payroll team to communicate terminations as soon as the termination notice is received, and we will continue to

follow this plan. Additionally, in October 2022, a Countywide change was made requiring a completed checklist be sent to the Mayor's Finance Payroll team each pay period. This created an additional check and balance.

RECOMMENDATION 1.3 We recommend that Assessor's Office Management continue to work with Payroll Administration to recover the overpayment.		
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)	August 2023	Holly Hutchison, Admin. & Fiscal Manager

Narrative for Recommendation 1.3 including action plan.

We are very troubled with the critical rating given to the Assessor's Office. Two other agencies involved in the payroll audit had similar findings and both received moderate ratings. In our case, the delayed termination was for a temporary employee who would not be paid unless hours were entered, which they were not. It seems additional audit criteria to justify a jump from moderate to critical risk ratings would look at the frequency, which in our case was one incidence, the dollar amount which is (0.018%) of our 2022 personnel budget, and intent to manipulate the system. In our case this one occurrence was during extremely unusual circumstances which in no way had the intent or pattern to manipulate the system. The Assessor's Office takes very seriously our responsibility for the wise and careful use of taxpayer dollars. We communicated with the Mayor's Finance Payroll team as soon as the overpayment was discovered. Additionally, we worked with our attorneys, and based on legal advice the overpayment was sent to the DA's Office for collection and continued correspondence with the District Attorneys team regarding collections.

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

AUDIT FINDING 2: Background Checks Not Conducted or Not Conducted Before the Start of Employment

RECOMMENDATION 2.1 We recommend that Assessor's Office Management continue to work with Human Resources and the District Attorney's Office to review, validate, and update the list of positions requiring a 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 (Already implemented)	January 2023	Reco Redhor, HR Coordinator

Narrative for Recommendation 2.1 including action plan.

The Salt Lake County Assessor felt that more positions should require a background check and began working with Human Resources and the District Attorney's office before the background check portion of the audit initiated. The Assessor requested that all positions in the Assessor's Office be required to have a background check. Approval was granted. The Assessor's Office has gone above and beyond and will continue to work with Human Resources and the District Attorneys Office to include any new positions as they arise.

RECOMMENDATION 2.2 We recommend that Assessor's Office Management continue to work with Human Resources and the District Attorney's Office to establish and conduct reviews of Assessor's Office 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 (Already implemented)	2/2/24	Reco Redhor, HR Coordinator

Narrative for Recommendation 2.2 including action plan.

See our response for recommendation 2.1. Additionally, HR provided an email that was distributed to all Assessor employees on February 2, 2024 to notify staff that all positions require a background check going forward.

RECOMMENDATION 2.3 We recommend that Assessor's Office Management conduct a review of existing employee records and ensure that all employees required to have a background check has one 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 (Already implemented)	May 2023	Reco Redhor, HR Coordinator

Narrative for Recommendation 2.3 including action plan.

All previously required background checks were confirmed in May 2023. Additionally, all Assessor's Office employees were scheduled for background checks during the month of April 2024. Due to a problem with the fingerprinting machine in HR, the HR team has rescheduled the Assessor's employees background checks to June 2024. Once these have been completed, the background check will run continuously in the background, and HR will notify the Assessor's Office if any job-related incidences arise.

RECOMMENDATION 2.4 We recommend that Assessor’s Office Management develop written policies and procedures regarding how soon after the hire date background checks must be obtained.

Agree or Disagree with Recommendation	Target date to complete implementation activities (Generally expected within 60 to 90 days)	Name and Title of specific point of contact for implementation
Agree (Already implemented)	5/29/24	Reco Redhor, HR Coordinator

Narrative for Recommendation 2.4 including action plan.

As noted by the Auditor, “Salt Lake County Human Resource Policy 2-500 does not specify that background checks are to be completed prior to the employee performing work, with the exception of the Sheriff’s Office and other criminal justice agencies”. While we are not in violation of any policy, we agree to embrace the Auditor’s recommendation. The Assessor’s Office has implemented written policies and procedures regarding how soon after the hire date background checks must be obtained.

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

AUDIT FINDING 3: Control Weaknesses Over Remote Work and Vehicle Use

RECOMMENDATION 3.1 We recommend that the Assessor’s Office Commercial Property Management develop work schedules that ensure ongoing supervision of employees throughout their designated work hours or implement another compensating control.

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)	Already implemented prior to the audit.	Chris Stavros, Salt Lake County Assessor

Narrative for Recommendation 3.1 including action plan.

The Assessor’s Office has clearly defined and established work hours for Commercial and Residential appraisers from 6:00 a.m. to 6:00 p.m. Monday through Friday. No one can work outside of these hours without prior approval. At minimum there is always at least one administrator, supervisor and/or manager in each division working and available to answer questions and monitor work and performance.

RECOMMENDATION 3.2 We recommend that the Assessor’s Office Commercial Property Management implement a verification process, wherein employees are required to provide documentation confirming their visits to locations designated for fieldwork.

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)	Already implemented prior to audit.	Chris Stavros, Salt Lake County Assessor

Narrative for Recommendation 3.2 including action plan.

As the Assessor's Office added new vehicles to the fleet, we had GPS tracking and GeoTab tracking software installed on all new vehicles. We would have installed this on all existing vehicles but had budgetary constraints during COVID. As of mid-September 2023, the Assessor's Office now has GPS tracking and GeoTab tracking software on every vehicle in the Assessor Fleet. Managers routinely monitor the GeoTab tracking software on in-office and remote employees. The tracking software not only indicates where the appraiser is at any given time, but the report also gives us details on their driving tendencies, and we use this to monitor for safety purposes as well. Managers assign their employees batches/ work assignments. The work assignments are created using GIS technology. We track those work assignments in our ACCESS database, and due to our GPS capabilities, we know the location of all the parcels that are assigned to an appraiser. In addition, we can also track through our ACCESS data base the status of the batch and the stage at which it is currently at. If at any time a manager suspects an employee isn't meeting their production metrics, we have trained them to run queries against the database comparing the work that was actually completed versus what was claimed on the production timecard. If there is a disparity between the production claim by the employee versus what was queried in the database, we investigate it and if appropriate we remove them from remote work. If an appraiser violates any single component of the contract they are removed from remote work for at least one year. Since remote work has been implemented, we have removed 8 employees from remote work because they did not meet the contract requirements. The way our policy is constructed, they cannot reapply for remote work for a minimum of one year after being removed, and reinstatement after one year is subject to leadership approval. We use GIS to track our work assignments. Through the GIS capabilities, we know where those parcels are located, and we know where the employees work is even without our GPS tracking.

RECOMMENDATION 3.3 We recommend that Assessor's Office Commercial Property Management centralize and secure the storage of vehicle keys.		
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)	Already implemented prior to the audit.	Chris Stavros, Salt Lake County Assessor

Narrative for Recommendation 3.3 including action plan.

The Assessor's Office has reviewed our processes and determined how to best implement the Auditor's recommendation. Since we have vehicle logs and GeoTab tracking, and GIS capabilities we believe it is best for the main keys to remain with the assigned driver. All spare keys are kept by a manager in a centralized and secure area.

RECOMMENDATION 3.4 We recommend that the Assessor's Office Commercial Property Management institute a procedure requiring employees to complete a log when borrowing a county vehicle. This log should include the employee's name, the specific vehicle being used, the date and time of check-in and check-out, and the designated location(s) to which the vehicle will be driven.

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)	Already implemented	Chris Stavros, Salt Lake County Assessor

Narrative for Recommendation 3.4 including action plan.

The Assessor's Office already requires employees to complete a log prior to using a county vehicle. The log has been updated to include all the criteria listed in the Auditor's recommendation.

RECOMMENDATION 3.5 We recommend that the Assessor's Office Commercial Property Management establish a routine for monitoring employee usage per vehicle.

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)	Already implemented	Chris Stavros, Salt Lake County Assessor

Narrative for Recommendation 3.5 including action plan.

Each administrator and manager in the Assessor's Office has been given access and training on how to review the GeoTab as well as the reports provided by Fleet Management. Every manager's review includes monitoring in detail the activity for the entire month for everyone on their team. If they suspect any issues with an employee, they immediately take action and monitor on a daily basis. It is important for you to understand that vehicle mileage is not a good indicator of the quality and quantity of work done by an appraiser. In many cases an appraiser may be assigned a neighborhood with 3,000 parcels in it. They may be driving to that same location and walking through the neighborhood for two weeks or more. This is the reason that we have production criteria in the contract and timecards in place. We query the database against the production because mileage is not the best indicator of performance.

AUDIT FINDING 4: Timecards Not Approved by a Supervisor and a Lack of Segregation of Duties in Approvals

RECOMMENDATION 4.1 We recommend that Assessor's Office Management establish and implement written procedures that include:

<ul style="list-style-type: none"> • Requirements for review and approval of employee time by direct supervisors or managers. • Procedures for when the direct supervisor is unavailable to approve time, including documentation required to ensure proper oversight and accountability. • <u>Requirements for a separation of duties in the approvals of time in TCP and PeopleSoft.</u> 		
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)	May 29, 2024	Holly Hutchison, Admin. & Fiscal Manager

Narrative for Recommendation 4.1 including action plan.

The Assessor's Office has always had policies and procedures regarding approval of time. In accordance with the audit recommendation, the Assessor's Office has implemented written policies and procedures relating to this recommendation.

<p>RECOMMENDATION 4.2 We recommend documentation be retained on file whenever a supervisor does not approve the employee's timecard including the reason and confirming the time with the supervisor when possible.</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)	5/29/24	Holly Hutchison, Admin. & Fiscal Manager

Narrative for Recommendation 4.2 including action plan.

The Assessor's Office has always carefully monitored our timecard process. In accordance with the audit recommendation, the Assessor's Office has implemented written policies and procedures relating to this recommendation.

AUDIT FINDING 5: No Internal Policy for Exempt Employee's Compensatory Time

<p>RECOMMENDATION 5.1 We recommend that Assessor's Office Management develop and document an internal standard operating procedure for exempt employee's compensatory time, ensuring compliance with Salt Lake County Human Resources Policy 5-300.</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)	November 17, 2023	Holly Hutchison Admin. & Fiscal Manager

Narrative for Recommendation 5.1 including action plan.

The Assessor's Office has always had an internal operating procedure requiring pre-authorization for exempt employees to work compensatory time. This procedure was formalized into a written FLSA exempt comp time policy for the Assessor's Office approved and signed by the Assessor and implemented on November 17, 2023.

AUDIT FINDING 6: Authorization to Work Overtime was Not Documented

RECOMMENDATION 6.1 We recommend that Assessor's Office Management establish and document procedures regarding pre-authorization for employees to work overtime. These procedures should include documentation requirements to ensure proper oversight and accountability.		
Agree or Disagree with Recommendation	Target date to complete implementation activities (Generally expected within 60 to 90 days)	Name and Title of specific point of contact for implementation
Agree (Already implemented)	May 29, 2024	Holly Hutchison Admin. & Fiscal Manager

Narrative for Recommendation 6.1 including action plan.

The Assessor's Office has always required pre-authorization for overtime work, and we have always carefully tracked overtime. In accordance with the audit recommendation, the Assessor's Office has implemented written policies and procedures relating to this recommendation.

RECOMMENDATION 6.2 We recommend that Assessor's Office Management establish and document procedures regarding the review and approval of employee time by direct supervisors or managers.		
Agree or Disagree with Recommendation	Target date to complete implementation activities (Generally expected within 60 to 90 days)	Name and Title of specific point of contact for implementation
Agree (Already implemented)	May 29, 2024	Holly Hutchison, Admin. & Fiscal Manager

Narrative for Recommendation 6.2 including action plan.

In accordance with the audit recommendation, the Assessor's Office has implemented written

policies and procedures relating to this recommendation. Additionally, we are using the Countywide PeopleSoft delegation enhancement to track leave approvals in PeopleSoft.

RECOMMENDATION 6.3 We recommend that Assessor's Office Management establish clear procedures that address situations when the direct supervisor is unavailable to approve time. These procedures should include documentation requirements to ensure proper oversight and accountability.		
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)	May 29, 2024	Holly Hutchison, Admin & Fiscal Manager

Narrative for Recommendation 6.3 including action plan.

In accordance with the audit recommendation, the Assessor's Office has implemented written policies and procedures relating to this recommendation.

AUDIT FINDING 7: Overtime Compensation Agreement Forms Not on File.

RECOMMENDATION 7.1 We recommend that Assessor's Office Management continue to ensure that an Overtime Compensation Agreement form is completed for every employee during the hiring process and whenever there are changes.		
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)	October 21, 2022 (Already implemented)	Holly Hutchison, Admin. & Fiscal Manager

Narrative for Recommendation 7.1 including action plan.

The Assessor's Office agrees to continue to ensure that an Overtime Compensation Agreement form is completed for every employee during the hiring process and whenever there are changes. The Fiscal Manager sent a Salt Lake County Overtime Compensation Agreement form to all Assessor employees on October 21, 2022, as a starting point to ensure we have a form on file for all staff. This form is provided to all new hires by the HR Coordinator, and it is accessible by managers in the Assessor's Office to provide to employees who wish to change their overtime/compensatory time election.

RECOMMENDATION 7.2 We recommend that Assessor's Office Management ensure that controls are in place to ensure overtime and compensatory time earned during each pay period are consistent with each employee's election.

Agree or Disagree with Recommendation	Target date to complete implementation activities (Generally expected within 60 to 90 days)	Name and Title of specific point of contact for implementation
Agree (Already Implemented)	October 21, 2022 (Already implemented)	Holly Hutchison, Admin. & Fiscal Manager

Narrative for Recommendation 7.21 including action plan.

The Assessor's Office has controls in place and will continue to ensure that the overtime and compensatory time selection in PeopleSoft matches the employee selection, and no errors were reported during the audit. The HR Coordinator and/or Fiscal Manager enters the employee's selection in PeopleSoft and then verifies the PeopleSoft entry against the form. After confirming the selections match, the form is then placed in the appropriate file maintained by the HR Coordinator. This process has been in place and is still followed for new hires as well as anytime an employee changes their selection.

ASSESSOR'S OFFICE

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