AUDIT REPORT

An Audit of Salt Lake County Public Works Operations

AUGUST 2024

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County Auditor

Office of the Auditor

Salt Lake County

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AUDITOR'S LETTER

August 2024

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

Our audit identified significant deficiencies in Public Works Operations payroll operations. These issues included background checks and drug tests not conducted or not conducted before starting work, delays submitting access termination requests and the use of a former employee's login credentials. Additionally, during a meeting to discuss the audit results, staff noted that computer logins were also sometimes shared when training new staff. Use of shared logins violates County policy, undermines user accountability, and increases the risk that the confidentiality, availability, and integrity of data and systems may be compromised. These findings underscore the need for more stringent control measures, written procedures, and enhanced training to ensure compliance, mitigate risks, and improve overall operational effectiveness.

We strongly recommend that the Public Works Operations Division promptly review and implement the detailed recommendations in the attached audit report. Addressing these issues is crucial to safeguarding the operational and financial integrity of the county.

This audit was authorized under Utah Code Title 17, Chapter 19a, "County Auditor", Part 2, "Powers and Duties." We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions.

We appreciate the cooperation of all involved personnel during this audit. For further details, please refer to the enclosed detailed audit report. Should you require any further information or clarification, please do not hesitate to contact me at 385-468-7200.

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

CONTENTS

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

PUBLIC WORKS PAYROLL AUDIT

AUGUST 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. .

Use of Former Employee's Login Credentials

We identified a critical security lapse within Public Works Operations. Staff used a former employee's login credentials to access their computer and generate reports for 110 days after their termination. This violated Salt Lake County's IT security policy, which mandates timely termination of access and prohibits sharing login credentials. This practice creates accountability issues and weakens the overall security culture within the department.

Background Checks and Drug Tests Not Conducted or Not Conducted Before the Start of Employment

From a sample of 17 employees hired during the audit period, one employee was required to have a background check based on their job title. However, no background check was obtained. All 17 employees were required to pass a drug test. All 17 had a passing drug test on file, however seven (41%) employees started work prior to the drug test results.

Access Termination Requests Not Submitted Timely

From a sample of 19 employees that terminated during the audit period, we noted that an ePAR to remove one employee's timekeeping access was not submitted until 107 days has passed. In addition, network access removal was not requested for four of the 19 (21%) employees. Three of the four were later removed by the Information Technology Division, but one of the four accounts had not been removed.

For two (11%) of the 19 employees, network access termination requests were not timely, and were made an average of 67.5 days after the employee's last day.

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

Finding Risk Classifications

Classification	Description
1 – Low Risk Finding	Low risk findings may have an effect on providing reasonable assurance that County funds and assets were protected from fraud, waste, and abuse. 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.
2 – Moderate Risk Finding	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. 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.
3 – Significant Risk Finding	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. 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.
4 – Critical Risk Finding	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. 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.

BACKGROUND

The Salt Lake County Auditor's Audit Services Division completed an audit of the Salt Lake Public Works Operations 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 Public Works Operations payroll encompassed a workforce of 129 employees, with cumulative earnings of $5.9 million.

The Public Works Operations' Human Resources and Payroll Coordinators are entrusted with the responsibilities of employee hiring, rehiring, promotions, terminations, as well as processing timekeeping and special allowances.

OBJECTIVES AND SCOPE

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

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

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

AUDIT CRITERIA

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: 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."

Government Accountability Office (GAO) December 2000 Publication, "Maintaining Effective Control Over Employee Time and Attendance Reporting" outlines best practices for an internal control environment for a time and attendance reporting system. Publications key area for this audit included the authorization and approval of time and attendance transactions.

METHODOLOGY

We used several methodologies to gather and analyze information related to our audit objectives. The methodologies included but were not limited to:
1. Auditors met with agency personnel to gain an understanding of payroll procedures and agency controls in place. Processes observed and described were documented and agreed upon.
2. Controls were observed in operation, such as employee use of physical timeclocks, safeguarding of sensitive documents, and payroll system access controls.
3. Documents were examined, such as emails or memos authorizing overtime, gift card request forms, and W-4s.
4. Payroll data was analyzed, such as analytics to identify whether timecards were approved, and no terminated employees were still

receiving a paycheck.
5. Where appropriate statistical or judgmental sampling was used to identify transactions selected for review.

CONCLUSIONS

During the COVID-19 pandemic, payroll operations throughout the County were more vulnerable to deviations from existing internal controls derived from established policies and procedures. While we did not find evidence of wrongdoing, we noted payroll operations did not comply with several key controls, including those required by County policy, such as:

- Background checks and drug tests not conducted or not conducted before the start of employment.
- Agency did not understand retro pay responsibilities.
- No documentation of reconciliation procedures.
- Access termination requests not submitted timely.
- Badges used to clock in and out not secured.

As a result, there is an increased risk of undetected errors and omissions, potential fraud, waste, or abuse related to time keeping and payroll processing. To mitigate these risks and improve operational effectiveness, it is crucial that Public Works Operations Management establish 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

Use of Former Employee's Login Credentials

Risk Rating: **Critical Risk Finding**

We reviewed 19 out of 31 employee separations at Public Works Operations during the audit period. We identified one concerning instance, where staff continued to use a former employee's login credentials to access the former employee's computer and generate daily work reports even after the employee's termination. Network access for the former employee was not terminated until February 2022, resulting in a delay of 110 days.

Salt Lake County Information Technology Security: Acceptable Use Policy 1400-01: Part 3, Section 3.12 states, "… County agency management is responsible for granting users' access to County IT resources and systems… and for revoking user access in a timely manner." Section 3.2.3 states, "Users shall respect the confidentiality of County IT resources and systems and shall not attempt to… obtain or use another employees' login credentials to a County IT resources and systems…" Section 3.2.6 states, "… All those in the scope of this policy who use County IT resources and systems shall never share their password with anyone for any reason."

Management explained that they requested continued computer access for a leadman because he was creating daily reports for his crew until a replacement could be hired. This resulted in a delay in terminating the separated employee's network access.

When staff use another employee's login, it becomes impossible to determine who is responsible for actions taken on that account. This lack of accountability makes it difficult to investigate potential security breaches or misuse of network resources. Additionally, the continued use of a former employee's login credentials signifies a blatant disregard for established information security policies within Public Works Operations. This erosion of the security culture can embolden similar behavior in the future, potentially leading to widespread vulnerabilities.

1.1	RECOMMENDATION	Training

To strengthen password security and prevent similar incidents in the future, we recommend that Public Works Operations Management reinforce the existing policy that prohibits users from sharing passwords with anyone. While employees receive mandatory IT security awareness training on an annual basis, we recommend that management consider supplementing it with targeted training focused specifically on the risks and consequences of password sharing.

AGENCY RESPONSE: AGREE

IMPLEMENTATION DATE: IMPLEMENTED

SEE PAGE 27 FOR THE AGENCY'S FULL RESPONSE TO OUR RECOMMENDATION

1.2	RECOMMENDATION	Report Generation

To improve efficiency during employee transitions, we recommend that Public Works Operations Management explore alternative solutions to address the need for continued report generation during employee transitions. This could include granting temporary access to specific resources in limited situations with proper justification and oversight. This process should be documented and communicated to managers.

AGENCY RESPONSE: AGREE

IMPLEMENTATION DATE: IMPLEMENTED

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

FINDING 2 AND RECOMMENDATIONS

Background Checks and Drug Tests Not Conducted or Not Conducted Before the Start of Employment

Risk Rating: Significant Risk Finding

Specific job positions in Public Works Operations involve handling confidential information, interacting with members of the public, and running heavy machinery and vehicles. Therefore, to ensure the safety and confidentiality of taxpayers, employees in these positions are required to undergo a Bureau of Criminal Identification (BCI) background check. Salt Lake County Human Resources maintains a list of positions within the County that require a BCI background check. In addition, all Public Works Operations employees are required to undergo a drug test before work begins.

We sampled 17 out of 27 employees hired during the audit period and found the following:

- Only one of the 17 employees was required to undergo a BCI background check based on their job title. However, no background check was on file for that one (100%) employee. Additionally, the Internal Service Manager stated that Public Works Operations does not complete BCI background checks for any employees.

- Seven of the 17 (41%) new hires started work before their drug test results were verified.

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."

The Internal Services Manager was not aware that certain positions required background checks, and therefore none were performed. Additionally, the Internal Services Manager explained that vendor delays in returning drug test results caused some employees to begin work before verification. The Internal Services Manager indicated that Management would have taken action if any tests came back with an adverse result after the employee had already started work.

To determine the potential impact of not obtaining background checks, we queried PeopleSoft to obtain a list of Public Works Operations staff as of January of 2024. We found 87 employees, with five employees (6%) holding positions that would have required a background check. When background checks are not conducted on a timely basis, sensitive information, equipment, and vulnerable individuals may be at risk.

When drug test clearance is not received prior to starting work, employees and public may be at risk from impaired individuals operating heavy machinery and vehicles. While staff may be terminated once results are received, accidents and harm may occur during the interim.

In both cases, the County may be subject to reputational damage and potential lawsuits.

2.1	RECOMMENDATION	List of Positions

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

AGENCY RESPONSE: AGREE

IMPLEMENTATION DATE: 90 DAYS

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

2.2	RECOMMENDATION	Annual Review

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

AGENCY RESPONSE: AGREE

IMPLEMENTATION DATE: 90 DAYS

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

2.3	RECOMMENDATION	Background Checks

We recommend that Public Works Operations Management review existing employee records and obtain BCI background checks for any employees who do not have one on file.

AGENCY RESPONSE: AGREE

IMPLEMENTATION DATE: 90 DAYS

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

2.4	RECOMMENDATION	Drug Tests Prior to Employment

We recommend that Public Works Operations Management ensure that employee drug test results are received prior to employees starting work and especially before operating heavy equipment and vehicles.

AGENCY RESPONSE: AGREE

IMPLEMENTATION DATE: 60 DAYS

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

Access Termination Requests Not Submitted Timely

Risk Rating: **Significant Risk Finding**

Salt Lake County agencies must complete essential offboarding procedures whenever an employee's tenure ends. The procedures involve the agencies requesting termination of the employee's access to timekeeping systems and calculating any final payroll payments. Agencies request termination of timekeeping access by submitting a "Termination" employee Personal Action Request (ePAR).

We reviewed 19 out of 31 employee separations at Public Works Operations 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. Eighteen out of 19 employees (95%) had termination ePARs submitted before their last pay period. However, we found:

- For one of the 19 (5%) employees, an ePAR to remove timekeeping access was not submitted until 107 days after the employee's last work date.

- For four of the 19 (21%) employees, network access removal was not requested by Public Works Operations. Fortunately, for three of the four, removal occurred due to routine reviews by the Information Technology Division. One of the four accounts had not been removed.

- For two of the 19 (11%) employees, network access termination requests were delayed and were made an average of 67.5 days after the employee's last day. As mentioned in Finding 1, for one of the two employees, network access termination was delayed, and staff continued using the former employee's account login to access their computer and generate daily work reports, even after the employee's termination.

The Human Resources "Offboarding Checklist" for supervisors specifies that while supervisors might not directly handle every task, they are accountable for ensuring tasks completion. This checklist includes deactivating all agency-specific and network access for the departing employees.

Salt Lake County Information Technology Security: Acceptable Use Policy 1400-01: Part 3, Section 3.12 states, "… County agency management is responsible for granting users' access to County IT resources and

systems... and for revoking user access in a timely manner." Section 3.2.3 states, "Users shall respect the confidentiality of County IT resources and systems and shall not attempt to... obtain or use another employees' login credentials to a County IT resources and systems..." Section 3.2.6 states, "... All those in the scope of this policy who use County IT resources and systems shall never share their password with anyone for any reason."

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."

Salt Lake County Human Resources Division Countywide Policies currently lack specific guidance on access termination requests and their timing. Public Works Operations did not submit network termination requests for three of the four employees. They explained their reason for this omission was the assumption that the employees would not have network access since the employees terminated before completing the onboarding process. They indicated that the remaining employee was a temporary worker that did not require network access. Therefore, Public Works Operations did not consider a network termination request necessary. We verified that new hire network access requests were submitted for all four employees during their initial onboarding. Therefore, Public Works Operations should have additionally requested termination of the employees' access.

Management explained that delays in processing Long Term Disability paperwork caused one termination to be untimely. In the other instance as mentioned in Finding 1, they requested continued computer access for a leadman because he was creating daily reports for his crew until a replacement could be hired. This resulted in a delay in terminating his network access.

Failure to promptly terminate employee access to timekeeping and network systems raises the County's vulnerability to potential fraudulent time entries and network vulnerabilities. If disgruntled ex-employees retain access to network resources, they could engage in malicious activities, such as deleting data, disrupting operations, or infecting systems with malware. Finally, when user accounts and passwords are shared, accountability for network activity cannot be established.

3.1	RECOMMENDATION	Written Procedures

We recommend that Public Works Operations Management establish and implement written internal policies and procedures for employee offboarding including the timing of access termination to sensitive data and systems, including timekeeping and network access.

AGENCY RESPONSE: AGREE

IMPLEMENTATION DATE: IMPLEMENTED

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

3.2	RECOMMENDATION	Timely Removal

We recommend that Public Works Operations Management work with Information Technology to ensure the timely removal of employees from network access upon termination of employment and that network accounts and passwords not be shared among staff.

AGENCY RESPONSE: AGREE

IMPLEMENTATION DATE: IMPLEMENTED

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

FINDING 4 AND RECOMMENDATIONS

Agency Did Not Understand Retro Pay Responsibilities

Risk Rating: Moderate Risk Finding

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

During the audit period, Public Works Operations processed 90 retro payments for 67 employees. We filtered the population to identify payments above the Countywide retro payment average of $280 for agencies in scope, and any adjusting, negative transactions. We identified 14 employees with retro payments totaling $42,667 and one adjustment totaling ($902). Although there was documentation on file explaining the reasoning for the retro payments, there was no documentation supporting the calculations performed for the payments.

Government Accountability Office (GAO) September 2014 Publication, "Standards for Internal Control in the Federal Government," Section 10.02, states, "Management designs control activities in response to the entity's objectives and risks to achieve an effective internal control system. Control activities are the policies, procedures, techniques, and mechanisms that enforce management's directives to achieve the entity's objectives and address related risks. As part of the control environment component, management defines responsibilities, assigns them to key roles, and delegates authority to achieve the entity's objectives... Management designs control activities to fulfill defined responsibilities and address identified risk responses."

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

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

When policies and procedures are not documented, including roles and responsibilities, key controls may not be in place and may degrade over time. Errors and omissions are more likely to occur and not be detected. Employees may be, or may have been, under or overpaid without detection.

4.1	RECOMMENDATION	Policies and Procedure

We recommend that Public Works Operations Management establish and implement clear written policies and procedures for calculating and verifying retroactive payments.

AGENCY RESPONSE: AGREE

IMPLEMENTATION DATE: IMPLEMENTED

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

4.2	RECOMMENDATION	Document Retention

We recommend that Public Works Operations Management work with Payroll Administration to establish a documentation retention system to ensure that documentation supporting retro payments is maintained on file.

AGENCY RESPONSE: AGREE

IMPLEMENTATION DATE: IMPLEMENTED

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

FINDING 5 AND RECOMMENDATIONS

No Documentation of Reconciliation Procedures

Risk Rating: Moderate Risk Finding

Public Works Operations employees recorded their working hours using the timekeeping software, TimeClock Plus (TCP). The working hours data was then transferred into the County's payroll system, PeopleSoft, for final processing. We requested reconciliation documentation for time transferred from TCP to PeopleSoft for a random sampling of 10 of the 27 payroll periods during the scope of the audit period. The Internal Service Manager explained that they did not retain documentation of the procedures performed.

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

The Internal Service Manager explained that on the Monday after the pay period ends and time is uploaded to PeopleSoft, she and Office Coordinator perform a visual check of each employee's time by cross referencing the PeopleSoft data with an Excel spreadsheet of TCP data. If they find any errors, they send a report to Mayor's Financial Administration Payroll to make a correction to the time in PeopleSoft. There is no overall report retained documenting the comparison, overall total hours, and individuals involved in the process.

To verify the accuracy of the data transferred from the external timekeeping application (TCP) during the audit period, we selected a sample of 41 out of the 129 employees paid during 10 out of the 27 pay periods in scope. Despite no documentation of the comparisons performed, we found no errors in the timekeeping transfer from TCP to PeopleSoft for all the 41 (100%) employees tested.

Third parties, such as the Auditor's Office, are unable to provide assurance regarding the operation of controls without supporting documentation. While no variances in data transferred were found in our sample, the lack of a documented reconciliation process increases the risk of the data transferred from TCP to PeopleSoft containing errors. This could expose Salt Lake County to potential legal fees and poses a threat to its reputation.

We recommend that Public Works Operations Management establish and implement a documented reconciliation procedure to verify the accuracy of data transferred from the TimeClock Plus (TCP) timekeeping system to the PeopleSoft payroll system. These procedures should include:

- Matching individual employee hours transferred from TCP to PeopleSoft.

- Matching total hours transferred from TCP to PeopleSoft.

- An independent review and approval of the completed reconciliation.

- Retention of reconciliation reports

AGENCY RESPONSE: AGREE

IMPLEMENTATION DATE: 60 DAYS

FINDING 6 AND RECOMMENDATIONS

Badges used to clock in and out not secured

Risk Rating: **Moderate Risk Finding**

At Public Works Operations, crew members working in the field clock in and out for work using a physical TimeClock Plus (TCP) time clock. Employees have two options for entering their time at the time clock: swiping a physical badge or inputting their Employee Identification Number (EIN).

Physical time clocks were installed at both the West Jordan and Midvale Public Works Operation locations. To ensure the integrity of time entries, we observed employees clocking out at the Midvale location, where the Internal Service Manager indicated more employees used the time clock. While at Midvale, we observed 15 employee time clock badges that were not secured. Badges were stored adjacent to the time clock in a cardholder on the wall. The badges were easily accessible to anyone at the location.

During our observation period at Midvale, 12 employees used the time clock to clock out. Five of the 12 swiped their employee badge and seven entered their EIN. We found that the badge for one (20%) of the five employees observed clocking out was not kept secure. The employee stored his badge in the cardholder on the wall next to the physical time clock.

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

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

techniques that gives reasonable assurance that the recorded information reflects time worked, leave taken, or other absences."

Management stated that they do not have a written policy regarding the placement of time clock badges, leaving it up to the discretion of the employees. Badges are no longer issued to new staff. Management prefers employees to use their EIN. However, some employees continue to use badges for clocking in and out.

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

6.1	RECOMMENDATION	Phase Out Swipe Badges

We recommend that Public Works Operations Management consider phasing out the use of employee swipe badges for timekeeping. This reduces reliance on physical tokens prone to loss, theft, or misuse.

AGENCY RESPONSE: AGREE

IMPLEMENTATION DATE: 60 DAYS

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

6.2	RECOMMENDATION	Secure Badges

To mitigate risks associated with continued badge use, we recommend that Public Works Operations Management implement and establish clear guidelines requiring employees to keep their badge secure, so that employees do not have access to another employee's badge.

AGENCY RESPONSE: AGREE

IMPLEMENTATION DATE: 60 DAYS

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

6.3	RECOMMENDATION	Two Factor Authentication

We recommend that Public Works Operations Management explore and consider implementing a two-factor authentication system, regardless of the chosen timekeeping method (swipe badge or EIN). This system could combine a badge swipe or EIN entry with a biometric scan (fingerprint or facial recognition) for enhanced security.

AGENCY RESPONSE: AGREE

IMPLEMENTATION DATE: COMPLETED RESEARCH

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

Complete List of Audit Recommendations

This report made the following 14 recommendations.

RECOMMENDATION 1.1

To strengthen password security and prevent similar incidents in the future, we recommend that Public Works Operations Management reinforce the existing policy that prohibits users from sharing passwords with anyone. While employees receive mandatory IT security awareness training on an annual basis, we recommend that management consider supplementing it with targeted training focused specifically on the risks and consequences of password sharing.

RECOMMENDATION 1.2

To improve efficiency during employee transitions, we recommend that Public Works Operations Management explore alternative solutions to address the need for continued report generation during employee transitions. This could include granting temporary access to specific resources in limited situations with proper justification and oversight. This process should be documented and communicated to managers.

RECOMMENDATION 2.1

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

RECOMMENDATION 2.2

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

RECOMMENDATION 2.3

We recommend that Public Works Operations Management review existing employee records and obtain BCI background checks for any employees who do not have one on file.

RECOMMENDATION 2.4

We recommend that Public Works Operations Management ensure that employee drug test results are received prior to employees starting work and especially before operating heavy equipment and vehicles.

RECOMMENDATION 3.1

We recommend that Public Works Operations Management establish and implement written internal policies and procedures for employee offboarding including the timing of access termination to sensitive data and systems, including timekeeping and network access.

RECOMMENDATION 3.2

We recommend that Public Works Operations Management work with Information Technology to ensure the timely removal of employees from network access upon termination of employment and that network accounts and passwords not be shared among staff.

RECOMMENDATION 4.1

We recommend that Public Works Operations Management establish and implement clear written policies and procedures for calculating and verifying retroactive payments.

RECOMMENDATION 4.2

We recommend that Public Works Operations Management work with Payroll Administration to establish a documentation retention system to ensure that documentation supporting retro payments is maintained on file.

RECOMMENDATION 5.1

We recommend that Public Works Operations Management establish and implement a documented reconciliation procedure to verify the accuracy of data transferred from the TimeClock Plus (TCP) timekeeping system to the PeopleSoft payroll system. These procedures should include:

- Matching individual employee hours transferred from TCP to PeopleSoft.
- Matching total hours transferred from TCP to PeopleSoft.
- An independent review and approval of the completed reconciliation.
- Retention of reconciliation reports

RECOMMENDATION 6.1

We recommend that Public Works Operations Management consider phasing out the use of employee swipe badges for timekeeping. This reduces reliance on physical tokens prone to loss, theft, or misuse.

RECOMMENDATION 6.2

To mitigate risks associated with continued badge use, we recommend that Public Works Operations Management implement and establish clear guidelines requiring employees to keep their badge secure, so that employees do not have access to another employee's badge.

RECOMMENDATION 6.3

We recommend that Public Works Operations Management explore and consider implementing a two-factor authentication system, regardless of the chosen timekeeping method (swipe badge or EIN). This system could combine a badge swipe or EIN entry with a biometric scan (fingerprint or facial recognition) for enhanced security.

SALT LAKE COUNTY
PUBLIC WORKS OPERATIONS

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Salt Lake County Mayor

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July 31, 2024

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

Auditor Harding,

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

AUDIT FINDING 1: Use of Former Employee's Login Credentials

RECOMMENDATION 1.1

To strengthen password security and prevent similar incidents in the future, we recommend that Public Works Operations Management reinforce the existing policy that prohibits users from sharing passwords with anyone. While employees receive mandatory IT security awareness training on an annual basis, we recommend that management consider supplementing it with targeted training focused specifically on the risks and consequences of password sharing.

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	Implemented	Crystal Hulbert Hruza, Ops Division

		Director

Narrative for Recommendation 1.1 including action plan.

Operations will follow County-Wide Policy 1400-1 on Information Technology Security: Acceptable use Policy.

Operations has created a generic Onboarding email with username and password to be used on delegated computers. It will not work on any other computers. Supervisors can log new employees into the New Hire and Benefits training for employees who do not have a regular email address needed for the training. It is used for New Hire and Benefits training only.

RECOMMENDATION 1.2

To improve efficiency during employee transitions, we recommend that Public Works Operations Management explore alternative solutions to address the need for continued report generation during employee transitions. This could include granting temporary access to specific resources in limited situations with proper justification and oversight. This process should be documented and communicated to 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	Implemented	Tonya Keller, Internal Services Manager

Narrative for Recommendation 1.2 including action plan.

An internal checklist has been implemented for onboarding and offboarding. This checklist includes termination of login credentials. Public Works Operations also uses the on-boarding and off-boarding checklist developed by County's Payroll.

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

RECOMMENDATION 2.1

We recommend that Public Works Operations Management work with Human Resources and the District Attorney's Office to review, validate, and update the list of positions requiring a

BCI background check.		
Agree or Disagree with Recommendation	**Target date to complete implementation activities (Generally expected within 60 to 90 days)**	**Name and Title of specific point of contact for implementation**
Agree	90 Days	Tonya Keller, Internal Services Manager

Narrative for Recommendation 2.1 including action plan.

Operations is currently working with HR to review current job descriptions. Public Works Operations will work with HR to identify any jobs in our division that would require a BCI background check and will comply with the findings. Job descriptions in PW Operations that do not require a background check will be noted.

RECOMMENDATION 2.2		
We recommend that Public Works Management work with Human Resources and the District Attorney's Office to establish and conduct reviews of Public Works Operation positions and the list of positions requiring a background check 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	90 Days	Tonya Keller, Internal Services Manager

Narrative for Recommendation 2.2 including action plan.

Operations is currently working with HR to review current job descriptions. Public Works Ops will work with HR annually to identify any jobs in our division that would require a BCI background check and will comply with the findings. Job descriptions in PW Operations that do not require a background check will be noted.

RECOMMENDATION 2.3
We recommend that Public Works Operations Management review existing employee records and obtain BCI background checks for any employees who do not have 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	90 Days	Tonya Keller, Internal Services Manager

Narrative for Recommendation 2.3 including action plan.

Operations is currently working with HR to review current job descriptions. Public Works Ops will work with HR to identify any jobs in our division that would require a BCI background check and will comply with the findings. Job descriptions in PW Operations that do not require a background check will be noted.

RECOMMENDATION 2.4
We recommend that Public Works Operations Management ensure that employee drug test results are received prior to employees starting work and especially before operating heavy equipment and vehicles.

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	60 Days	Tonya Keller, Internal Services Manager

Narrative for Recommendation 2.4 including action plan.

Operations will create or modify an internal SOP for drug testing and require Drug Test Results be received before employees are allowed to operate equipment that requires drug testing.

AUDIT FINDING 3: Access Termination Requests Not Submitted Timely

RECOMMENDATION 3.1
We recommend that Public Works Operations Management establish and implement written internal policies and procedures for employee offboarding including the timing of access termination to sensitive data and systems, including timekeeping and network access.

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	Implemented	Tonya Keller, Internal Services Manager

Narrative for Recommendation 3.1 including action plan.

An internal check list has been implemented for On-boarding and Off-boarding. This checklist includes termination of login credentials. Public Works Operations also uses the on-boarding and off-boarding checklist developed by County's Payroll.

RECOMMENDATION 3.2
We recommend that Public Works Operations Management work with Information Technology to ensure the timely removal of employees from network access upon termination of employment and that network accounts and passwords not be shared among staff.

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	Implemented	Tonya Keller, Internal Services Manager

Narrative for Recommendation 3.2 including action plan.

An internal check list has been implemented for On-boarding and Off-boarding. This checklist includes termination of login credentials. Public Works Operations also uses the on-boarding and off-boarding checklist developed by County's Payroll.

AUDIT FINDING 4: Agency Did Not Understand Retro Pay Responsibilities

RECOMMENDATION 4.1
We recommend that Public Works Operations Management establish and implement clear written policies and procedures for calculating and verifying retroactive payments.

Agree or Disagree with	Target date to complete	Name and Title of specific

Recommendation	implementation activities (Generally expected within 60 to 90 days)	point of contact for implementation
Agree	Implemented	Tonya Keller, Internal Services Manager

Narrative for Recommendation 4.1 including action plan.

Public Works Operations has resolved this issue by following the new Payroll Coordinator Checklist Instructions provided by Payroll which includes calculation of retroactive pay.

RECOMMENDATION 4.2
We recommend that Public Works Operations Management work with Payroll Administration to establish a documentation retention system to ensure that documentation supporting retro payments is maintained on file.

Agree or Disagree with Recommendation	Target date to complete implementation activities (Generally expected within 60 to 90 days)	Name and Title of specific point of contact for implementation
Agree	Implemented	Tonya Keller, Internal Services Manager

Narrative for Recommendation 4.2 including action plan.

All documentation is saved on the H drive in a payroll file by year and pay period that will be retained in accordance with County Records retention policy.

AUDIT FINDING 5: No Documentation of Reconciliation Procedures

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RECOMMENDATION 5.1
We recommend that Public Works Operations Management establish and implement a documented reconciliation procedure to verify the accuracy of data transferred from the TimeClock Plus (TCP) timekeeping system to the PeopleSoft payroll system. These procedures should include:

- Matching individual employee hours transferred from TCP to PeopleSoft.
- Matching total hours transferred from TCP to PeopleSoft.
- An independent review and approval of the completed reconciliation.

• Retention of reconciliation reports		

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	60 days	Tonya Keller, Internal Services Manager

Narrative for Recommendation 5.1 including action plan.

Public Works Operations is creating a Payroll SOP that will resolve this recommendation, and it will be followed and refined/revised as needed.

AUDIT FINDING 6: Badges used to clock in and out not secured

RECOMMENDATION 6.1
We recommend that Public Works Operations Management consider phasing out the use of employee swipe badges for timekeeping. This reduces reliance on physical tokens prone to loss, theft, or misuse.

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	60 days	Tonya Keller, Internal Services Manager

Narrative for Recommendation 6.1 including action plan.

Public Works Operations has been phasing out the use of employee swipe badges since the implementation of TCP. New employees are not issued a swipe badge and are required to use EIN number to clock in and out. Swipe card holders next to the time clocks will be removed and existing swipe cards will be required to be turned in or kept on the person until terminated.

RECOMMENDATION 6.2
To mitigate risks associated with continued badge use, we recommend that Public Works Operations Management implement and establish clear guidelines requiring employees to keep their badges secure, so that employees do not have access to another employee's

badge.

Agree or Disagree with Recommendation	Target date to complete implementation activities (Generally expected within 60 to 90 days)	Name and Title of specific point of contact for implementation
Agree	60 days	Tonya Keller, Internal Services Manager

Narrative for Recommendation 6.2 including action plan.

Swipe card holders next to the time clocks will be removed and existing swipe cards will be required to be turned in or kept on the person until terminated.

RECOMMENDATION 6.3
We recommend that Public Works Operations Management explore and consider implementing a two-factor authentication system, regardless of the chosen timekeeping method (swipe badge or EIN). This system could combine a badge swipe or EIN entry with a biometric scan (fingerprint or facial recognition) for enhanced security.

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	Completed Research	Crystal Hulbert Hruza, Ops Division Director

Narrative for Recommendation 6.3 including action plan.

Public Works has worked I.T. to explore possibilities of biometric scanning. Facial recognition is not available for TCP. Fingerprint scanning is very problematic for our employees due to the nature of the work our field crews perform. Fingerprint scanning is not reliable for the work we do. Public Works Ops will not be implementing biometric scanning at this time.

Crystal Hulbert Hruza
Digitally signed by Crystal Hulbert Hruza
Date: 2024.08.01 12:32:55 -06'00'

Crystal Hulbert Hruza
Director, Public Works Operations
CHruza@slco.org