

Preliminary FOLLOW-UP REPORT

An Audit of Salt Lake County Health Department Payroll

MARCH 2025



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AUDITOR'S LETTER

March 24, 2025

In line with the generally accepted government auditing standards and the established policies of the Auditor's Office, as authorized by Utah Code Title 17, Chapter 19a, "County Auditor," Part 2, "Powers and Duties", we maintain our responsibility to monitor and ensure that audit recommendations are addressed by county agencies through appropriate corrective action. This is also instrumental in forming our future audits.

This communication serves as the follow-up report for *An Audit of Salt Lake County Health Department Payroll*, subsequent to the original audit report issued in August 2023. That report identified nine findings with 15 recommendations.

The details of our follow-up indicate that the Health Department has fully implemented eight of the 15 recommendations. The remaining seven recommendations are in the process of being addressed. This demonstrates the Health Department's commitment to resolving the issues identified in our initial audit.

While significant progress has been made, it is essential that all recommendations are fully implemented. A secondary follow-up audit will be conducted no earlier than September 2025 to verify the implementation of the remaining recommendations.

We performed this audit in accordance with Generally Accepted Government Auditing Standards (GAGAS). 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 based on our audit objectives.

We extend our appreciation to the Health Department and all county stakeholders for their cooperation during this process. The enclosed follow-up audit report summarizes the current status of the recommendations. Should you have any questions or require further discussion, please do not hesitate to contact me at 385- 468-7200.

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

March 2025

Action Since Audit Report

An Audit of Salt Lake County Health Department Payroll

Original Audit: Report Issued September 2023

9 findings with 15 recommendations issued.

Preliminary Follow-up

The Health Department fully implemented eight of the 15 recommendations, and seven are in progress.



FULLY
IMPLEMENTED

8



IMPLEMENTATION IN
PROGRESS

7

Remaining Risks

A secondary follow-up audit will be conducted by the Auditor's Office no earlier than September 2025.

FINDING 1. HUMAN RESOURCES AND HEALTH DEPARTMENT LIST OF POSITIONS REQUIRING A BACKGROUND CHECK DID NOT MATCH.



Recommendation 1.1 - We recommend that Health Department Management work with Human Resources and the District Attorney's Office to review, validate, and update the list of positions requiring background checks, including the 6 positions noted.

Agency Action – Implementation in progress: Countywide Policy 2-500 Background Check Requirements was updated with new background check procedures in August 2024. The updated policy gives agencies until June 30, 2025, to achieve full compliance with the new procedures. While the current list of positions requiring background checks maintained by the Health Department is congruent with the current list maintained by Human Resources, seven of the 20 sampled employees did not have background documentation on file. Due to exceptions and the grace period of June 30, 2025, to implement new background check procedures, secondary follow-up audit is required.



Recommendation 1.2 - We recommend that Health Department Management work with Human Resources and the District Attorney's Office to establish and conduct reviews of Health Department 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 Action –Implemented our recommendation.



Recommendation 1.3 - We recommend that Health Department Management consult with, and obtain approval of, Human Resources and the District Attorney's Office whenever one or more positions should no longer require a background check.

Agency Action –Implemented our recommendation.

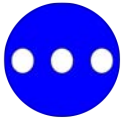
FINDING 2. OVERTIME AND COMPENSATORY TIME EXCEEDED PRE-APPROVAL LIMITS.



Recommendation 2.1 - We recommend that when overtime exceeds established limits for valid business reasons, management directives be updated and communicated through email or staff memos.

Agency Action –Implemented our recommendation.

FINDING 3. TIMECARDS NOT APPROVED BY A SUPERVISOR.



Recommendation 3.1 - We recommend that Health Department Management establish and document procedures regarding the review and approval of employee time by direct supervisors or managers.

Agency Action – Implementation in progress: Health Department Management created a payroll training module for its managers and supervisors to complete online training within the SABA platform. However, two of the 29 (7%) supervisors in our sample did not complete this training. Due to exceptions, secondary follow-up audit is required.



Recommendation 3.2 - We recommend that the Health Department 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 Action – Implemented our recommendation.

FINDING 4. INADEQUATE SEGREGATION OF DUTIES IN TIMECARD ENTRIES BY EMPLOYEE'S SUPERVISOR.



Recommendation 4.1 - We recommend that Health Department Management establish and document procedures regarding proper segregation of duties where supervisors are not involved in entering time for employees. This will minimize the risk of errors, bias, or fraud in the time reporting process.

Agency Action – Implemented our recommendation.



Recommendation 4.2 - We recommend that the Health Department Management implement a review process for timecard entries that were not made by the employee, requiring timecards to be reviewed and approved by a higher-level manager or by an independent reviewer who is at a higher organizational level.

Agency Action – Implemented our recommendation.

FINDING 5. BOTH THE AGENCY AND PAYROLL ADMINISTRATION ATTRIBUTED RETROACTIVE PAYMENT CALCULATION RESPONSIBILITY TO THE OTHER PARTY.



Recommendation 5.1 - We recommend that Health Department Management establish clear and well-defined policies and procedures for calculating and verifying retroactive payments.

Agency Action – Implementation in progress: Overpayment calculations for one of the four (25%) sampled employees were incorrect. Due to the exception noted, secondary follow-up audit is required.



Recommendation 5.2 - We recommend that Health Department Management collaborates with Payroll Administration to establish a documentation retention system to ensure that supporting documentation of retro payments is maintained on file.

Agency Action – Implemented our recommendation.

FINDING 6. NO INTERNAL POLICY FOR EXEMPT EMPLOYEES COMPENSATORY TIME.



Recommendation 6.1 - We recommend that Health Department Management establish written internal policies and procedures addressing compensatory time for exempt employees.

Agency Action – Implemented our recommendation.

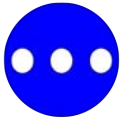
FINDING 7. OVERTIME COMPENSATION AGREEMENT FORMS NOT CONGRUENT WITH TIME EARNED.



Recommendation 7.1 - We recommend that Health Department Management establish and implement controls to ensure overtime and compensatory time earned during each pay period are consistent with each employee's election.

Agency Action – Implementation in progress: One of the 25 (4%) sampled non-exempt employees had timecard entries for overtime compensation not congruent with their Overtime Compensation Form on file. Due to the exception noted, secondary follow-up audit is required.

FINDING 8. INSUFFICIENT DOCUMENTATION AND ENTRY OF W-4 FORMS AT THE AGENCY LEVEL, WITH NO ESTABLISHED PROCEDURE.



Recommendation 8.1 - We recommend that the Health Department Management establish and document procedures for obtaining and entering W-4 forms. These procedures should outline the steps, individuals responsible, and timelines for collecting, storing, and updating W-4 forms.

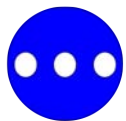
Agency Action – Implementation in progress: The Health Department established and documented procedures regarding W-4s, however we were unable to determine whether two of the 20 (10%) sampled new hires or rehires had been directly provided instruction on how to update their W-4 in PeopleSoft. Due to exceptions, secondary follow-up audit is required.



Recommendation 8.2 - We recommend that Health Department Management maintain hard or electronic copies of each employee's W-4 form for a minimum of 4 years.

Agency Action – Implementation in progress: For the one employee in our sample, there was no W-4 on file, and it was determined that their W-4 was updated by someone other than the employee. Management did not have a record of manually entering this employee's W-4 information. Due to the exception noted, secondary follow-up audit is required.





FINDING 9. TERMINATION REQUESTS SUBMITTED BY THE AGENCY'S INFORMATION SERVICES DEPARTMENT LACK THE INCLUSION OF THE REQUEST DATE.



Recommendation 9.1 -We recommend that Health Department Management develop a reporting mechanism that documents the network termination request date.

Agency Action – Implementation in progress: The Health Department implemented new procedures for processing termination requests in January 2024. However, three of the 12 (25%) sampled terminated employees did not have a termination request on file. Due to exceptions, secondary follow-up audit is required.

APPENDIX A: AUDIT RECOMMENDATION IMPLEMENTATION STATUS

Audit Recommendation Implementation Status			
 <p>Fully Implemented</p>	 <p>Implementation In Progress</p>	 <p>Not Implemented</p>	 <p>Closed</p>
<p>The audit recommendation has been implemented, and the corrective actions effectively address the original issue or finding, as verified by the follow-up audit. No further action is required at this time.</p>	<p>The agency has begun taking corrective actions to address the audit recommendation. However, full implementation has not yet been achieved.</p>	<p>The agency has not taken corrective action to address the audit recommendation.</p>	<p>Circumstances have changed surrounding the original finding or recommendation that make it no longer applicable, or the agency will only implement a portion of the recommendation as verified by the follow-up audit. No further follow-up is required.</p>