

Preliminary FOLLOW-UP REPORT

An Audit of Salt Lake County FLOOD CONTROL AND ENGINEERING SERVICES PAYROLL

FEBRUARY 2026



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AUDITOR'S LETTER

February 25, 2026

In line with 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, which is also instrumental in shaping future audits.

This communication serves as the preliminary follow-up report for An Audit of Salt Lake County Flood Control and Engineering Services Payroll, following the original audit report issued in October 2024. The original audit identified six findings with 13 recommendations. The purpose of this review was to evaluate the progress management made in addressing the findings and recommendations aimed at enhancing operational efficiency and compliance.

Flood Control and Engineering Services management fully implemented eight of the 13 audit recommendations, four recommendations were still in progress, and one recommendation was not implemented. Management demonstrated a commitment to addressing prior audit risks by implementing key recommendations, including mandating supervisor time approvals and verifying compensatory time elections.

Flood Control and Engineering Services decided not to implement biometric scanning due to the nature of their crew's work. While there is heightened risk stemming from the non-implementation of the recommendation concerning two-factor authentication, we recognize that the final decision to address this risk rests with management.

Further work is necessary to fully address the remaining risks related to retroactive and final leave payments, as well as to ensure the full implementation of updated W-4 procedures. The Auditor's Office will commence a secondary follow-up audit no sooner than June 2026 to verify compliance in these areas.

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.

The follow-up period for this audit covered May 1, 2025, through October 31, 2025. Our review focused on verifying the implementation status of recommendations from the October 2024 audit report through document review, analysis, and discussions with Flood Control and Engineering management.

We extend our appreciation to Flood Control and Engineering Services management for their cooperation during this process. The enclosed follow-up report summarizes the current status of

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the recommendations. Should you have any questions or require further discussion, 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.

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

Action Since Audit Report

An Audit of Salt Lake County Flood Control and Engineering Services Payroll

Original Audit: Report Issued October 2024

Six findings with 13 recommendations issued.

Preliminary Follow-up: Flood Control and Engineering Services fully implemented eight of the 13 recommendations, four are in progress, and one was not implemented. The preliminary follow-up audit scope period reviewed was May 1, 2025 through October 31, 2025



FULLY
IMPLEMENTED

8



IMPLEMENTATION IN
PROGRESS

4



NOT
IMPLEMENTED

1



CLOSED

0

Remaining Risks

A secondary follow-up audit will be conducted by the Auditor's Office no sooner than June 2026.

FINDING 1. TIMECARDS NOT APPROVED BY A SUPERVISOR AND A LACK OF SEGREGATION OF DUTIES IN APPROVALS

Risk Rating: **Critical Risk Finding**



Recommendation 1.1 - We recommend that Flood Control and Engineering Services Management establish and document procedures regarding the review and approval of employee time by direct supervisors or managers.

Agency Action – Implemented our recommendation.



Recommendation 1.2 - We recommend that Flood Control and Engineering Services Management establish and document policies and 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 2. BADGES USED TO CLOCK IN AND OUT NOT SECURED

Risk Rating: **Moderate Risk Finding**



Recommendation 2.1 - We recommend that Flood Control and Engineering Services Management establish and implement clear guidelines requiring employees to always keep their badges in a secure location or on their person to prevent unauthorized access by other employees.

Agency Action – Implemented our recommendation.



Recommendation 2.2 - We recommend that Flood Control and Engineering Services consider implementing a two-factor authentication system by exploring a system that combines a badge swipe with a PIN or biometric scan (fingerprint, facial recognition).

Agency Action – Not Implemented.

Flood Control and Engineering Services Management considered and explored two-factor authentication but concluded it is not practically or financially viable and determined they would not implement it.

FINDING 3. AGENCY DID NOT UNDERSTAND RETRO PAY AND FINAL PAYOUT RESPONSIBILITIES

Risk Rating: **Moderate Risk Finding**

Recommendation 3.1 - We recommend that Flood Control and Engineering Services Management establish clear written policies and procedures for calculating and verifying



retroactive payments and leave payouts.

Agency Action – Implementation in Progress.

Flood Control Engineering Services did not perform or retain leave payout calculations during the review period. During the review period (May - October 2025), Management misunderstood their role in the calculation process and used an outdated payroll template lacking the necessary payout fields. This recommendation will remain open and tested during a secondary follow-up audit to determine whether the current leave payout calculation template is used and retained.



Recommendation 3.2 - We recommend that Flood Control and Engineering Services Management work with Payroll Administration to establish a documentation retention system to ensure that documentation supporting payroll payments is maintained on file.

Agency Action – Implementation in Progress.

Because no retroactive payments occurred during the review period and documentation for leave payouts was not retained, this recommendation remains open and will be re-tested in a secondary follow-up audit.

FINDING 4. NO INTERNAL POLICY FOR ON-CALL REQUIREMENTS

Risk Rating: **Moderate Risk Finding**



Recommendation 4.1 - We recommend that Flood Control and Engineering Services Management document a standard operating procedure for on-call employees, ensuring compliance with Salt Lake County Human Resources Policy 5-300.

Agency Action – Implemented our recommendation.

FINDING 5. W-4 FORMS NOT OBTAINED AND ON FILE

Risk Rating: **Moderate Risk Finding**

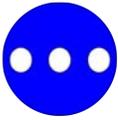


Recommendation 5.1 - We recommend that Flood Control and Engineering Services Management establish and document procedures for obtaining, storing, and accurately entering W-4 forms. These procedures should include a documented secondary review and approval process to ensure the accuracy of the data entered.

Agency Action – Implementation in progress.

Flood Control and Engineering Services drafted a procedure indicating that copies of employee W-4s are retained. However, when testing the implementation of this recommendation, we found that Management did not

provide all new employees with instructions for filling out W-4 Forms during our scope period (May - October 2025). We will re-test whether new hires were provided with instructions in the secondary follow-up.



Recommendation 5.2 - We recommend that Flood Control and Engineering Services Management maintain hard or electronic copies of each employee's W-4 documentation for a minimum of four years.

Agency Action – Implementation in progress.

Flood Control and Engineering Services did not receive any W-4 forms during the scope period (May - October 2025). This recommendation will be tested again in the secondary follow-up.

FINDING 6. OVERTIME COMPENSATION FORMS MISSING OR INCONGRUENT WITH TIME EARNED AND OVERTIME COMPENSATION TIME APPROVALS LACKING AUTHORIZATION

Risk Rating: **Moderate Risk Finding**



Recommendation 6.1 - We recommend that Flood Control and Engineering Services Management establish a procedure to ensure the completion of an Overtime Compensation Agreement form for every employee during the hiring process and whenever there is a decision to make changes in the selection.

Agency Action – Implemented our recommendation.



Recommendation 6.2 -We recommend that Flood Control and Engineering Services 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 – Implemented our recommendation.



Recommendation 6.3 -We recommend that Flood Control and Engineering Services 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.



Recommendation 6.4 -We recommend that Flood Control and Engineering Services Management establish written internal policies and procedures that address compensatory time for FLSA exempt employees.

Agency Action – Implemented our recommendation.

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>