

Preliminary FOLLOW-UP REPORT

AN AUDIT OF HUMAN RESOURCES - COUNTYWIDE PAYROLL RESPONSIBILITIES

JUNE 2026



PAYROLL

SALARIES



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AUDITOR'S LETTER

June 8, 2026

In accordance with Generally Accepted Government Auditing Standards (GAGAS) and the established policies of the Auditor's Office, as authorized by Utah Code Title 17, Chapter 69, "County Auditor," Part 3, "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 Human Resources – Countywide Payroll Responsibilities*, following the original audit report issued in January 2025. The initial audit identified eight findings with 20 recommendations. The purpose of this review was to evaluate the progress made in addressing the findings and recommendations aimed at enhancing operational efficiency and compliance.

Human Resources management fully implemented 16 of the 20 audit recommendations made in the original report. Four recommendations were closed due to process changes that have mitigated the associated risk.

Management implemented several corrective actions, including policy updates, process standardization, strengthened controls, improved documentation, and enhanced oversight, demonstrating a strong commitment to addressing the risks identified in the initial audit. These corrective actions improve consistency, transparency, and accountability across Human Resources and payroll-related functions, and support compliance with County policies and operational requirements.

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 audit period for this audit covered August 1, 2025, through January 31, 2026, with supplemental testing expanding the scope through June 2, 2026. Our review focused on verifying the implementation status of recommendations from the January 2025 audit report through document review, analysis, and discussions with Human Resources management.

We extend our appreciation to Human Resources management for their cooperation during this process. The enclosed follow-up report summarizes the current status of the recommendations based on the period reviewed. 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'.

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

Action Since Audit Report





An Audit of Human Resources - Countywide Payroll Responsibilities

Original Audit: Report Issued January 2025

The original audit identified eight findings with 20 recommendations for improvement.

Preliminary Follow-up:

Our preliminary follow-up found that Human Resources management fully implemented 16 of the 20 recommendations and four recommendations were closed.

	FULLY IMPLEMENTED	16
	IMPLEMENTATION IN PROGRESS	0
	NOT IMPLEMENTED	0
	CLOSED	4

Scope:

The scope of this follow-up review covered actions taken between August 1, 2025, to January 31, 2026, with supplemental testing expanding the scope through June 2, 2026.

Remaining Risks

All recommendations have been implemented or closed and a secondary follow-up will not be necessary

FINDING 1. INSUFFICIENT HUMAN RESOURCE POLICIES AND PROCEDURES

Risk Rating: **Significant Risk Finding**



Recommendation 1.1 - We recommend that Human Resource Management develop written policies and procedures to address employee off-boarding, including network and Payroll system access termination, roles and responsibilities, and required timing.

Agency Action – Implemented our recommendation.



Recommendation 1.2 - We recommend that Human Resources Management update its Human Resource Policy regarding background checks and include how soon a background check must be completed.

Agency Action – Implemented our recommendation.



Recommendation 1.3 - We recommend that Human Resources Management develop a standard form for use when issuing employee bonus awards. The form should include the following:

- Name of the employee receiving the award
- Employee Identification Number (EIN)
- Date the award was granted
- Explanation of outstanding service
- The Pay Period Ending date for when the award was redeemed (for leave bonuses)

Agency Action – Implemented our recommendation.



Recommendation 1.4 - We recommend that Human Resources Management update its Human Resource Policy to require agencies to use the standard bonus form to document all employee bonus awards.

Agency Action – Implemented our recommendation.

FINDING 2. INCONSISTENT RECORDS OF POSITIONS REQUIRING A BACKGROUND CHECK

Risk Rating: **Significant Risk Finding**



Recommendation 2.1 - We recommend that Human Resource Management update the Human Resources Policy regarding background checks to include requirements for periodic, documented reviews, and updates to the countywide list of positions, as well as procedures to identify positions that may have the potential to interact with sensitive information or individuals, regardless of their job title or agency.

Agency Action – Implemented our recommendation.



Recommendation 2.2 - We recommend that Human Resource Management create an updated list of County positions requiring a BCI background check. The list should account for any positions that may have the potential to interact with sensitive information or individuals, regardless of their job title.

Agency Action – Implemented our recommendation.



Recommendation 2.3 - We recommend that Human Resource Management conduct regular training sessions regarding Human Resource policies and procedures, including requirements for BCI background checks.

Agency Action – Implemented our recommendation.

FINDING 3. INADEQUATE ACCESS CONTROLS OVER EMPLOYEE PROFILE DATA

Risk Rating: **Significant Risk Finding**



Recommendation 3.1 - We recommend that Human Resources work with the Information Technology Division to remove Payroll team access to employee profile data, including bank accounts, social security numbers, names and addresses.

Agency Action – Closed.

Human Resources management stated that the MFA Payroll team requires access to certain personal data, including the ability to edit banking information, to perform assigned duties. In response to the original audit, Payroll team access was reduced to read-only where feasible. Management has accepted the residual risk with the remaining access. Accordingly, this recommendation is considered closed.



Recommendation 3.2 - We recommend that Human Resources work with Information Technology Division to implement a periodic review of individuals with access to PeopleSoft tables and information for which they are the business owner to ensure access is restricted based on what is required for the individual's job function and to maintain appropriate segregation of duties.

Agency Action – Implemented our recommendation.

FINDING 4. PERSONNEL RECORDS NOT ADEQUATELY SAFEGUARDED

Risk Rating: **Significant Risk Finding**



Recommendation 4.1 - We recommend that Human Resource Management implement measures to ensure the secure storage of keys for access to personnel hard copy record files, limiting access to only authorized individuals.

Agency Action – Implemented our recommendation.

FINDING 5. MISSING LUMP SUM PAYMENTS, INADEQUATE MERIT INCREASE DOCUMENTATION, AND NO INDEPENDENT REVIEW AND APPROVAL

Risk Rating: **Significant Risk Finding**



Recommendation 5.1 - We recommend that Human Resource Management documentation for merit increases and lump sum payments include:

- Employee performance development plan (PDP) scores for all active employees during the performance period, for agencies that submit a PDP.
- The specific date when the PDP scores were received by Human Resource management.
- A list of employees who did not receive a PDP score from the reporting agency.

Agency Action – Closed

Due to the implementation of the new EPIC system, Human Resources management indicated that updated documentation processes will be established for 2027 pay increases, contingent upon County Council approval. As the implementation of this new system changes the underlying process and documentation approach, this recommendation is considered closed based on changed circumstances.



Recommendation 5.2 - We recommend that Human Resource Management develop and utilize a standardized format for gathering data used for calculating lump sum payments, ensuring completeness and consistency in the information.

Agency Action – Implemented our recommendation.



Recommendation 5.3 - We recommend that Human Resource Management establish and implement written procedures regarding the merit increase and lump sum payments that include:

- Requirements for independent review and approval of all merit increase and lump

- sum payment calculations.
- Assignment of responsibilities for the individual performing calculations.
- Assignment of responsibilities for the individual reviewing and approving calculations.
- Ensuring the date calculations were prepared and the date they were reviewed and recorded.

Agency Action – Implemented our recommendation.



Recommendation 5.4 - We recommend that Human Resource Management establish and implement written procedures to verify that all employees have been accurately and completely compensated based on the data prepared by Human Resources and sent to Payroll for processing.

Agency Action – Implemented our recommendation.



Recommendation 5.5 - We recommend that Human Resource Management work with Payroll Administration to ensure employees receive the missing lump sum payments due.

Agency Action – Closed.

The audit team verified that three of the four missing lump sum payments identified in the original audit were issued in 2024. For the remaining payment, Human Resources management determined that the employee was not eligible for the lump sum payment. During the follow-up, management provided documented support for this determination, consistent with the application of Human Resources policy. Because the identified payments were either issued or determined to be ineligible, the associated risk has been addressed, and this recommendation is considered closed.

FINDING 6. INADEQUATE CONTROLS OVER SERVICE AWARD PAYMENTS RESULTED IN DUPLICATE PAYMENTS

Risk Rating: **Significant Risk Finding**



Recommendation 6.1 - We recommend that Human Resources Management Benefits team conduct a comprehensive review of service award payments to identify and attempt to recover any additional instances of duplicate cash awards, in addition to the duplicate payments noted during the audit.

Agency Action – Closed.

Management provided documentation of its internal review for 12 of the 23

employees identified in their initial response as having duplicate service award payments. However, documentation for the remaining 11 employees could not be located after searching emails, Webex messages, and shared drive files. Management noted the employee responsible for the review has since retired, limiting further follow-up.

Based on management's review, it was determined that recovering the remaining \$1,650 in duplicate payments would likely cost more than the amount recovered and management accepted the associated financial risk. Given management's acceptance of the residual risk, this recommendation is considered closed.



Recommendation 6.2 - We recommend that Human Resources Management establish regular, documented monitoring and reporting to prevent and detect future duplicate awards. Documentation should include the individual performing the review, the date it was performed, and independent review and approval.

Agency Action – Implemented our recommendation.

FINDING 7. LACK OF INDEPENDENT REVIEW AND APPROVAL FOR POSITION CHANGES AND VOLUNTARY TERMINATION ENTRIES

Risk Rating: **Moderate Risk Finding**



Recommendation 7.1 - We recommend that Human Resources Management collaborate with County IT to identify any changes to position data and to implement an independent review and approval process for those modifications.

Agency Action – Implemented our recommendation.



Recommendation 7.2 - We recommend that Human Resources Management establish and document standardized procedures for position change requests, including forms and supporting documentation requirements for each type of change to ensure consistency, proper oversight, and accountability.

Agency Action – Implemented our recommendation.

FINDING 8. INADEQUATE RETENTION OF EMPLOYMENT APPLICATIONS


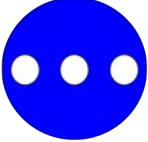


Risk Rating: **Moderate Risk Finding**



Recommendation 8.1 - We recommend that Human Resources Management establish and adhere to robust documentation retention policies, ensuring the secure and consistent storage of employee applications.

Agency Action – Implemented our recommendation.

APPENDIX A: AUDIT RECOMMENDATION IMPLEMENTATION STATUS

Audit Recommendation Implementation Status			
			
Fully Implemented	Implementation in Progress	Not Implemented	Closed
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.	The agency has begun taking corrective actions to address the audit recommendation. However, full implementation has not yet been achieved.	The agency has not taken corrective action to address the audit recommendation.	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.