

# Preliminary FOLLOW-UP REPORT

# AN AUDIT OF SALT LAKE COUNTY MAYOR'S FINANCIAL ADMINISTRATION PAYROLL OPERATIONS

JUNE 2026



PAYROLL

SALARIES



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## AUDITOR'S LETTER

June 23, 2026

This is the preliminary follow-up report for *An Audit of Salt Lake County Mayor's Financial Administration Payroll Operations*, originally issued in March 2025. The original audit identified six findings with 22 recommendations.

This preliminary follow-up verified that management fully implemented 9 of the 22 recommendations, and 13 recommendations remain in progress.

Mayor's Financial Administration Payroll management fully implemented recommendations addressing payroll oversight authority, standardization of payroll policies and training, processes for corrective actions, secure storage of payroll check stock and printing equipment, segregation of duties in the Employee Service Recognition gift card program, updates to gift card request documentation, and oversight of tuition reimbursement payments.

Thirteen recommendations remain in progress and will be reassessed during the secondary follow-up audit. These recommendations relate to payroll monitoring and reporting procedures, gift card reconciliations and inventory reviews, pay card controls, tuition repayment monitoring and collections, refunds of overpayments, and garnishment procedures and oversight reviews. Some recommendations are still being implemented by management; others could not be fully evaluated because pay card distribution was paused and no tuition repayment refund transactions occurred during the audit period.

As authorized by Utah Code Title 17, Chapter 19a, County Auditor, Part 2, Powers and Duties, and in accordance with Generally Accepted Government Auditing Standards (GAGAS), the Auditor's Office monitors corrective actions taken in response to audit recommendations to support continuous improvement across County agencies. We conducted this follow-up audit in accordance with GAGAS and believe the evidence obtained provides a sufficient basis for our conclusions. We extend our appreciation to Mayor's Financial Administration Payroll management's cooperation throughout this process. Should you have any questions, please 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 Salt Lake County Mayor’s Financial Administration Payroll Operations

### Original Audit: Report Issued March 2025

The original audit identified six findings with 22 recommendations for improvement.

### Preliminary Follow-up:

Mayor’s Financial Administration Payroll fully implemented 9 of the 22 recommendations. The remaining 13 recommendations are still in progress. Management reported that one recommendation was implemented as of June 10, 2026; however, sufficient time has not elapsed to perform verification testing. The scope for this preliminary follow-up was October 15, 2025, through April 15, 2026.



FULLY  
IMPLEMENTED

9



IMPLEMENTATION IN  
PROGRESS

13



NOT  
IMPLEMENTED

0



CLOSED

0

## Remaining Risks

Thirteen recommendations remain in progress. Management is actively working to implement several recommendations. Others could not be fully evaluated during this follow-up because pay card distribution was paused and no tuition repayment refund transactions occurred during the audit period. All 13 recommendations will be reviewed during the secondary follow-up audit, no earlier than December 2026.

# FINDING 1. OPPORTUNITY TO IMPROVE PAYROLL ACCURACY THROUGH ENHANCED OVERSIGHT AUTHORITY

Risk Rating: **Significant Risk Finding**



**Recommendation 1.1** - We recommend that Mayor's Financial Administration Payroll Management work with the Council to obtain the necessary authority to review, enforce, and standardize payroll practices across all agencies. This authority should be formalized through policy or administrative directives to ensure compliance and consistency.

Agency Action – Implemented our recommendation.



**Recommendation 1.2** - We recommend that Mayor's Financial Administration Payroll Management take the lead in developing a comprehensive set of standardized payroll policies and procedures. These policies should be uniformly adopted by all agencies to ensure consistency, accuracy, and adherence to best practices.

Agency Action – Implemented our recommendation.



**Recommendation 1.3** - We recommend that Mayor's Financial Administration Payroll Management implement a centralized system that allows Mayor's Financial Administration Payroll to regularly review agency payroll processes. This system should include routine audits, real-time monitoring capabilities, and the ability to flag discrepancies for prompt corrective action.

Agency Action – Implementation in Progress.

Mayor's Financial Administration management indicated that although policy was updated to authorize their review, they are still working to implement new procedures based on that authority. This recommendation will be tested during the next follow-up audit.



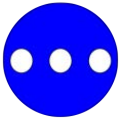
**Recommendation 1.4** - We recommend that Mayor's Financial Administration Payroll Management establish a collaborative training program where Mayor's Financial Administration Payroll provides regular training and guidance to agencies. This training should focus on correct payroll procedures, common errors, and best practices, ensuring agencies have the knowledge and resources to adhere to established standards.

Agency Action – Implemented our recommendation.



**Recommendation 1.5** - We recommend that Mayor's Financial Administration Payroll Management establish a clear process for Mayor's Financial Administration Payroll to recommend and enforce corrective actions when payroll errors or discrepancies are identified. This mechanism should include follow-up procedures to verify that issues have been resolved.

Agency Action – Implemented our recommendation.



**Recommendation 1.6** - We recommend that Mayor’s Financial Administration Payroll Management regularly report to senior leadership on the status of payroll oversight. These reports should detail identified issues and corrective actions taken. This collaborative reporting mechanism will enhance transparency and accountability in payroll management.

Agency Action – Implementation in Progress.

Updated payroll policies require payroll discrepancies to be reported to agencies monthly and to the Council quarterly. Management stated that they are working to develop and implement the required reporting procedures. Additionally, management reported that a report of late timecard approvals and entries was sent to County agencies on June 10, 2026. Because insufficient time has elapsed to verify this action, the recommendation remains in progress and will be assessed during the secondary follow-up audit.

## FINDING 2. OPPORTUNITY TO IMPROVE THE SECURITY OF PAYROLL CHECK STOCK AND PRINTING EQUIPMENT

Risk Rating: **Significant Risk Finding**



**Recommendation 2.1** - We recommend that Mayor’s Financial Administration Payroll Management ensure that check stock and MICR printers are not stored at employees’ homes. These resources should be kept in secure County facilities where access can be appropriately controlled and monitored.

Agency Action – Implemented our recommendation.



**Recommendation 2.2** - We recommend that Mayor’s Financial Administration Payroll Management identify alternate secure locations for printing payroll checks in the event that the government center becomes inaccessible. Suitable alternatives could include the Emergency Operations Center or other secure County facilities equipped to handle payroll processing during emergencies.

Agency Action – Implemented our recommendation.

## FINDING 3. OPPORTUNITIES TO IMPROVE SEGREGATION OF DUTIES AND INVENTORY RECONCILIATION IN THE ESR GIFT CARD PROGRAM

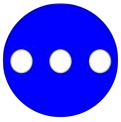
Risk Rating: **Significant Risk Finding**



**Recommendation 3.1** - We recommend that Mayor’s Financial Administration Management assign different individuals to the roles of purchasing, receiving, and

distributing gift cards to ensure proper segregation of duties. When staffing is limited, consider implementing a documented review and approval process by a supervisor or independent party.

Agency Action – Implemented our recommendation.



**Recommendation 3.2** - We recommend that Mayor's Financial Administration Management establish a formal process for reconciling gift card inventory. This should include:

- Reconciling the beginning balance, plus purchases, minus distributions, to the ending balance.
- Documenting the reconciliation, including the date and the names of the individuals performing and approving the reconciliation.

Agency Action – Implementation in Progress.

Monthly reconciliations were being completed; however, there was no evidence identifying who prepared them, and they were not signed and dated by a reviewer. Management acknowledged this issue and stated that signatures and dates will be included moving forward. This recommendation will be tested during the next follow-up audit.



**Recommendation 3.3** - We recommend that Mayor's Financial Administration Management implement a system of documented, independent checks to verify inventory accuracy and ensure that any discrepancies are promptly investigated and resolved.

Agency Action – Implementation in Progress.

Quarterly inventory counts and reconciliations were being completed; however, there was no evidence identifying who prepared them, and they were not signed and dated by a reviewer. Management acknowledged this issue and stated that signatures and dates will be included moving forward. This recommendation will be tested during the next follow-up audit.



**Recommendation 3.4** - We recommend that Mayor's Financial Administration Management strengthen policies and procedures over employee gift cards to include:

- Segregating the duties of purchasing, receiving, tracking and distributing gift cards.
- Requiring a periodic reconciliation of amounts purchased, distributed and on hand, including the beginning and ending balances.
- Independent review and approval of the reconciliation performed.
- Requiring employees to receive independent notification that a gift card has been awarded, prior to the gift card being distributed.

Agency Action – Implementation in Progress.

Mayor's Financial Administration management stated that procedures regarding gift cards were being developed but had not been finalized or fully implemented.

This recommendation will be tested during the next follow-up audit.



**Recommendation 3.5** - We recommend that Mayor's Financial Administration Management revise the employee gift card request form to include the name and signature of the individual from the County Agency taking custody of the cards.

Agency Action – Implemented our recommendation.

## FINDING 4. OPPORTUNITY TO STRENGTHEN CONTROLS OVER PAPER PAYCHECKS AND PAY CARD DISTRIBUTION PROCESSES

Risk Rating: **Moderate Risk Finding**



**Recommendation 4.1** - We recommend that Mayor's Financial Administration Payroll Management ensure that employees' printed names and signatures, along with the Payroll Administrator's name and signature, are recorded whenever pay cards are distributed.

Agency Action – Implementation in Progress.

Management advised that pay card distribution ceased on May 29, 2025, and is expected to resume in October 2026. Since no pay cards were distributed during the audit period, the recommendation could not be tested. The recommendation will be assessed during the secondary follow-up audit after distribution resumes.



**Recommendation 4.2** - We recommend that Mayor's Financial Administration Payroll Management develop and implement a formal policy specifying when paper paychecks should stop and under what circumstances employees should transition to direct deposit or pay cards.

Agency Action – Implementation in Progress.

Management advised that pay card distribution ceased on May 29, 2025, and is expected to resume in October 2026. Since no pay cards were distributed during the audit period, the recommendation could not be tested. The recommendation will be assessed during the secondary follow-up audit after distribution resumes.



**Recommendation 4.3** - We recommend that Mayor's Financial Administration Payroll Management ensure that backup staff are designated to handle queries used to identify employees that may need a pay card and employee follow-up when the Payroll Applications Manager is unavailable.

Agency Action – Implementation in Progress.

Management advised that pay card distribution ceased on May 29, 2025, and is expected to resume in October 2026. Since no pay cards were distributed during

the audit period, the recommendation could not be tested. The recommendation will be assessed during the secondary follow-up audit after distribution resumes.

## FINDING 5. OPPORTUNITIES FOR IMPROVING OVERSIGHT AND PROCEDURES FOR TUITION REIMBURSEMENT AND REPAYMENT

Risk Rating: **Moderate Risk Finding**



**Recommendation 5.1** - We recommend that Mayor's Financial Administration Management implement a system where the Mayor's Financial Administration Employee Service Reserve Budget Analyst, or another authorized individual, independently reviews and verifies payment calculations before submitting payments for processing.

Agency Action – Implemented our recommendation.



**Recommendation 5.2** - We recommend that Mayor's Financial Administration Management implement procedures to ensure the correct employees receive the correct amounts by:

- Establishing a documented, independent review and approval of payment amounts.
- Sending monthly invoices or statements to former employees with clear and consistent due dates.
- Adhering to Countywide Policy 1220 for managing accounts receivable and collections.

Agency Action – Implementation in Progress.

Reconciliations were jointly completed between December 2025 and March 2026 by the MFA Benefits Budget Administrator and the ESR Accountant as part of the ESR Accountant's training. However, there were issues that remain unresolved: independent review and approval of the reconciliations was not documented; one delinquent Tuition Repayment account had not been referred to the District Attorney's office for collections; and monthly invoices had not been sent to the former employee as required by Countywide Policy 1220. These items will be tested during the secondary follow-up audit.



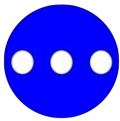
**Recommendation 5.3** - We recommend that Mayor's Financial Administration Management review tuition repayment records and issue refunds for any identified overcharges, including those noted during the audit.

Agency Action – Implementation in Progress.

No tuition repayment refunds were processed during the audit period. Because no transactions were available for testing, we were unable to verify implementation of this recommendation. This recommendation will be tested during the secondary follow-up audit.

# FINDING 6. OPPORTUNITIES TO STRENGTHEN DOCUMENTATION AND ACCURACY IN GARNISHMENT PROCESSING

Risk Rating: **Moderate Risk Finding**

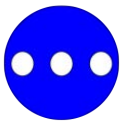


**Recommendation 6.1** - We recommend that Mayor's Financial Administration Payroll Management develop a detailed garnishment procedure manual. This manual should outline:

- Steps for receiving, entering, and validating garnishment orders.
- Procedures for deactivating garnishments when employees terminate.
- Processes for reviewing and ensuring writs are on file for each garnishment.

Agency Action – Implementation in Progress.

Procedures were developed for receiving, entering, and validating garnishment orders, as well as reviewing and ensuring writs were on file for each garnishment. However, procedures for deactivating garnishments when employment terminates were not included. Instead, each payroll administrator continued to use their own checklist rather than a standardized process. This recommendation will be tested during the secondary follow-up audit.



**Recommendation 6.2** - We recommend that Mayor's Financial Administration Payroll Management implement periodic reviews or audits of garnishment entries to ensure accuracy and compliance with writ terms. These reviews should:

- Verify that all garnishments are supported by valid and active writs.
- Confirm that garnishment amounts match the orders on file.

Agency Action – Implementation in Progress.

Management indicated that quarterly audits had been completed; however, due to employee turnover, these audits were discontinued during the audit period. Management stated that quarterly audits would resume. This recommendation will be tested during the secondary follow-up audit.




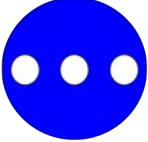


**Recommendation 6.3** - We recommend that Mayor's Financial Administration Payroll Management establish controls to ensure garnishments are promptly deactivated when employees terminate. This should include:

- Adding a specific step to the payroll checklist for deactivating garnishments.
- Verifying that terminated employee records are reviewed for active garnishments.

Agency Action – Implementation in Progress.

Procedures for deactivating garnishments when an employee terminates were not standardized. Each payroll administrator used their own checklist, and this process was not included in the overall garnishment procedures. This recommendation will be tested during the secondary follow-up audit.

## 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.