

# AUDIT REPORT

# An Audit of Salt Lake County Sheriff's Office Payroll

AUGUST 2024



PAYROLL

SALARIES



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## AUDITOR'S LETTER

August 2024

I am pleased to present our audit of the Salt Lake County Sheriff's Office 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 Sheriff Office payroll operations. These issues included a background check that was not conducted, insufficient documentation of timecard edits and payment miscalculations. An employee was identified as having received additional pay for nine months beyond their "Acting in Position" assignment. This resulted in a significant overpayment to the employee necessitating repayment. 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 Sheriff's Office 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.

A handwritten signature in black ink that reads "Chris Harding".

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

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## SHERIFF'S OFFICE PAYROLL AUDIT

AUGUST 2024

### Objectives

The audit objectives were to provide reasonable assurance that the internal controls in place are adequate and effective for payroll processing 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.

# REPORT HIGHLIGHTS

### Background Check Not Conducted

All Sheriff's Office employees were required to undergo a thorough background check. In addition, sworn employees' background checks were followed up by a background interview by a board consisting of Sheriff's Office staff. We selected 38 new hires, 22 sworn employees and 16 civilians, to determine whether the appropriate background checks were completed. All sworn staff sampled had undergone the background interview and background check. However, we noted one civilian employee (3%) did not have a background check on file.

### Timecard Edits not Documented

We selected a random sample of 43 employees to determine whether employees entered their own time, and where edits or corrections were needed, those changes were communicated back to the employee. We found that:

- Five out of the 43 (12%) employees did not have any entries or changes to their timecard by someone else and therefore no further testing was done.
- For the remaining 38 employees we found that 21 (55%) employees had 160 (22%) edits that impacted employee hours worked, pay, or leave time balances. However, management did not always maintain documentation supporting the entries and did not document whether the employee was notified.

### Payment Miscalculations

We found that one out of 51 (2%) Sheriff's Office employees sampled had mistakenly received additional Acting in Position pay for approximately nine months. Sheriff's Office payroll staff discovered the error independently of our audit during a review of additional pay amounts and worked with MFA and the employee to recoup the extra pay. Repayment of the \$6,432 received in error was completed by May 2022. Additionally, in an agency test of controls over retroactive payroll payments (retro payments), we discovered a miscalculation in a correction of payrate for one out of nine (11%) payments. The risk of errors can be mitigated when procedures are documented and key controls, such as required documentation and independent review and approval, are in place.



## Finding Risk Classifications

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



# BACKGROUND

The Salt Lake County Auditor's Audit Services Division completed an audit of the Salt Lake County Sheriff's Office 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 Payroll Administration, Human Resources, and twelve County Agencies.

For the audit period, the Sheriff's Office payroll encompassed a workforce of 1,128 employees, with cumulative earnings of \$63 million.

The Sheriff's Office Human Resources and Payroll Coordinators are entrusted with the responsibilities of employee hiring, rehiring, promotions, and 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 2-500: Background Check Requirements**, states that "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." "Background records check activities will be coordinated with the Human Resources Division except for the Sheriff's Office and other criminal justice positions."

**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 Code of Ordinances Chapter 2.81.020 - Protecting personal identifiers – Requirement for county department or division regulations**, establishes the need to keep confidential and secure all personal identifier within the agency's control, and sets forth the responsibilities to have in place a written regulation or policy which establishes procedures for the secure collection, maintenance, transmission, transfer, or disposal of personal identifiers.

**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.

**Government Accountability Office (GAO) September 2014 Publication, "Standards for Internal Control in the Federal Government"** outlines best practices for an organization to implement internal control that "defines responsibilities, assigns them to key roles, and delegates authority to achieve the entity's objectives..."



# 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 Check Not Conducted
- Timecard Edits Not Documented
- Payment Miscalculations
- Personal Identifiers Not Properly Secured
- Inaccurate Entries of W-4 Data
- Access Network Termination Requests Not Submitted or Not Submitted Timely

As a result, there is an increased risk of undetected errors and omissions, potential fraud, waste, and abuse related to time keeping and payroll processing. To mitigate these risks and improve operational effectiveness, it is crucial for Sheriff's Office management to establish and implement 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.

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# FINDING 1 AND RECOMMENDATIONS

## Background Check Not Conducted

Risk Rating: **Significant Risk Finding**

The Sheriff's Office requires all employees to undergo a thorough background check due to the confidential nature of information, such as personal identifiers and criminal records, handled by the agency, and interactions with the public, including vulnerable populations. Sworn employees undergo an additional background interview conducted by a board consisting of Sheriff's Office staff.

During the audit period, the Sheriff's Office hired 243 employees. To verify the completion of appropriate background checks, we selected a sample of 38 new hires, 22 sworn employees and 16 civilians. All selected sworn staff had completed both the background interview and background check. However, we noted one civilian employee (3%) did not have a background check on file.

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." Section A.3, states "Background records check activities will be coordinated with the Human Resources Division except for the Sheriff's Office and other criminal justice positions. The Sheriff's Office and other criminal justice agencies performing background checks will maintain the records of each background check and ensure clearance prior to the employee or volunteer performing work."

The Sheriff's Office HR Administrator was not sure why the background check was not on file. In addition, she stated that the Sheriff's Office does not have a written internal policy regarding background checks and specific job functions a civilian employee can perform, if any, before receiving background clearance.

When background checks are not conducted, sensitive information and vulnerable individuals may be at risk. In addition, the County may be subject to reputational damage and potential lawsuits.

1.1

**RECOMMENDATION**

**Policies and Procedures**

We recommend that the Sheriff's Office management work to establish a clear internal policy outlining the background check requirements for civilian employees, including the permissible job functions that an employee can perform, if any, before receiving clearance.

AGENCY RESPONSE: AGREE

IMPLEMENTATION DATE: 9/6/24

SEE PAGE 25 FOR THE AGENCY'S FULL RESPONSE TO OUR RECOMMENDATION

1.2

**RECOMMENDATION**

**Position Review**

We recommend that Sheriff's Office management periodically review existing employee records and obtain background checks for any employees that do not have one on file, including the one referenced above.

AGENCY RESPONSE: AGREE

IMPLEMENTATION DATE: 6/30/25

SEE PAGE 26 FOR THE AGENCY'S FULL RESPONSE TO OUR RECOMMENDATION

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# FINDING 2 AND RECOMMENDATIONS

## Timecard Edits Not Documented

Risk Rating: **Significant Risk Finding**

Employee timecards ensure accurate work hour records, facilitate payroll processing, and support compliance with labor laws, county, and division policies. Additionally, they provide crucial data for stakeholders.

We selected a random sample of 43 employees to determine whether employees entered their own time, and where edits or corrections were needed, and if those changes were communicated back to the employee.

We found that:

- Five out of the 43 (12%) employees did not have any entries or changes to their timecard by someone else and therefore no further testing was done.
- Fourteen of the remaining 38 (37%) employees only had edits that added entries that were the Payroll Coordinator's responsibility such as awarding bonus leave, mileage reimbursement, bonuses, and termination payouts.
- Three of the 38 (8%) employee timesheet edits were reviewed by the employee in the timekeeping system prior to the employee submitting their final time sheet.
- However, 21 of the 38 (55%) employees had 160 (22%) edits that impacted employee hours worked, pay, or leave balances. However, management did not maintain documentation supporting the entries and did not document whether the employee was notified.

Government Accountability Office (GAO) December 2000 Publication, "Maintaining Effective Control Over Employee Time and Attendance Reporting," states, "Primary responsibility for authorizing and approving [Time and Attendance] T&A transactions rests with the employee's supervisor, who approves the employee's T&A reports. Timekeepers and supervisors must be aware of the work time and absence of employees for whom they are responsible to ensure the reliability of T&A data."

Management explained that documentation regarding the reasons for timecard edits was not on file. They indicated verbal communication often took place with the impacted employee but that it was not documented.

When employees do not enter their own timecard entries, employee accountability may be diminished. This increases the risk of non-compliance with policies, laws, and regulations increases, along with

a greater potential for payroll inaccuracies. Individuals other than the employee and their supervisor may not be aware of the time the employee worked or the authorized working hours, which can lead to fraud, waste, and abuse.

2.1

**RECOMMENDATION**

**Policies and Procedures**

We recommend that Sheriff's Office management establish and document procedures for supervisors and other staff making time edits, as well as the communication of those time edits to the affected employee. These procedures should include documentation requirements to ensure proper oversight and accountability.

AGENCY RESPONSE: AGREE

IMPLEMENTATION DATE: 9/23/24

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

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# FINDING 3 AND RECOMMENDATIONS

## Payment Miscalculations

Risk Rating: **Significant Risk Finding**

Accurate payroll calculations ensure employees receive correct compensation for their work, including regular wages, overtime pay, bonuses, benefits, and any other applicable earnings. Inaccurate payroll calculations can lead to underpayment or overpayment, which in turn could have a negative impact on County budgets, as well as employee morale and trust.

To assess the accuracy of payroll payments, we judgmentally selected a sample of 107 County employees for testing. The sample was selected based on employees with the highest earnings and/ or number of paychecks during the pay period. The Countywide sample included 51 employees from the Sheriff's Office.

We reperformed payroll calculations and, where amounts were added to paychecks, we verified supporting documentation was on file, including appropriate authorization and approval. We found that one out of the 51 (2%) Sheriff's Office employees had mistakenly received additional Acting in Position pay for approximately nine months. Sheriff's Office payroll staff noticed the error independently of our audit, during a monthly review of unrelated "civilian environmental pay." The Sheriff's Office worked with MFA and the employee to recoup the extra pay. Repayment of the \$6,432 received in error was completed by May 2022.

In a separate test, we reviewed Sheriff's Office 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. Additionally, overpayments to employees may also be coded as "retro payments" when the overpayment is recovered from prior pay period.

We selected retro payments above the Countywide retro payment average of \$280, and any adjusting, negative transactions for further review. The Sheriff's Office processed nine such retro payments, totaling \$3,891, for nine employees. Although there was documentation on file explaining the reason for the retro payments, there was no supporting documentation of specific calculations performed to arrive at the correct amount. Additionally, we found that one of the nine payments (11%) was miscalculated. The employee's paycheck was incorrectly reduced by \$108.

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 accurately recording their information in the payroll system."

Salt Lake 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 the payments.

Regarding the employee paid an Acting in Rate after the contract period ended, management stated that Sherrif's Office payroll had been asked to add accounting strings to sworn employees who received an educational allowance. However, for the employee in question, the acting-in row was accidentally updated instead. As a result, the acting in pay was reactivated and remained undetected for nine months.

For the retro payment error, the pay rate for the employee was incorrect and was adjusted to a lower amount. As a result, the payroll coordinator thought an adjustment was needed to the employee's paycheck. However, the employee had not actually been paid at the incorrect, higher rate. After reviewing our analysis, and consulting with MFA, the Payroll Coordinator determined the employee should be returned the \$108 removed in error.

When procedures are not documented, key controls, such as required documentation and independent review and approval, may not be in place and may degrade over time. This increases the risk of errors and omissions going undetected, potentially leading to under or overpayments for employees, as identified in our test sample.



We recommend that the Sheriff's Office management establish and implement written procedures that provide a system of review for data entered in the payroll system to ensure that payment records are maintained and that employees are paid accurately.

AGENCY RESPONSE: AGREE

IMPLEMENTATION DATE: 10/1/2024

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

We recommend that the Sheriff's Office management establish clear written policies and procedures for calculating and verifying retroactive payments and for periodic reviews of additional pay amounts, such as in acting in rate payments, to identify and address any discrepancies.

AGENCY RESPONSE: AGREE

IMPLEMENTATION DATE: 10/1/2024

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

We recommend that the Sheriff's Office management work with Payroll Administration to establish a documentation retention system to ensure that calculations supporting the amount of retro payments is maintained on file.

AGENCY RESPONSE: AGREE

IMPLEMENTATION DATE: 10/30/2024

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

*Auditor's note: Related findings and recommendations will be addressed to Mayors Financial Administration (MFA) and Payroll Administration congruent with their oversight role and related responsibilities. These recommendations will be detailed in a dedicated Audit Report specifically addressed to MFA.*

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## FINDING 4 AND RECOMMENDATIONS

### Personal Identifiers Not Properly Secured

Risk Rating: **Significant Risk Finding**

The Sheriff's Office collects personal identifiers, such as social security numbers and birthdates, for employee HR and payroll records. Agencies can choose to store these records physically or digitally. To safeguard the confidentiality and security of personal identifiers, access to the documentation should be limited to those who require access to perform their job duties.

In mid-2020, the Sheriff's Office began digitizing employee files. However, hard copies containing personal identifiers still exist from before this initiative. The Sheriff's Office stored these files in a locked filing cabinet, located in an area accessible to all employees. The keys to the cabinet were kept in an unlocked drawer at the Fiscal Coordinator's desk.

Salt Lake County Code of Ordinances, Title 2 Administration and Personnel, Chapter 2.81 Security of Personal Identifiers, Section 2.81.020 Protecting personal identifiers—Requirement for county department or division regulations, states, "County agencies shall ensure that all personal identifiers in the agency's control are kept confidential and secure and are not used for any purpose other than a bona fide government necessity...Each agency shall have in place a written regulation or policy which establishes procedures for the secure collection, maintenance, transmission, transfer, or disposal of personal identifiers."

The Fiscal Coordinator stated that she did not believe that the staff knew the location of the key in her unlocked drawer and therefore considered the personal identifiers to be secure.

When personal information is not properly secured, it heightens the risk of unauthorized access and potential misuse of the data. This situation could potentially lead to employees falling victim to identity theft, and the County may be subject to legal fines and fees.

We recommend that Sheriff's Office management implement measures to restrict access to documents containing employee personal identifier information. Management should consider the following options:

- The Fiscal Manager keeping the key with her.
- Utilizing a key lockbox for authorized personnel.
- Securely scanning documents and limiting access to the folder on the network drive and securely destroying the original documents.

AGENCY RESPONSE: AGREE

IMPLEMENTATION DATE: 9/1/2024

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

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## FINDING 5 AND RECOMMENDATIONS

### Access Termination Requests Not Submitted or Not Submitted Timely

Risk Rating: **Significant Risk Finding**

When an employee departs from Salt Lake County, certain offboarding procedures are necessary at the agency level. These include terminating the employee's access to the County network, PeopleSoft, and any external timekeeping software. Agencies submit a "Termination" Employee Personnel Action Request (ePAR) in PeopleSoft, and network termination is requested through an Information Technology Division (IT) service request.

During the audit period, 255 employees terminated from the Sheriff's Office. We reviewed a sample of 38 terminations to determine whether the agency promptly requested the removal of the employee's timekeeping and network access. We found that:

- Network access removal was not submitted for seven of the 38 (18%) employees. Out of those seven employees:
  - Five of the employees' accounts were later removed by the IT during routine reviews.
  - Two of the employees were rehired by the Sheriff's Office or Unified Police Department, therefore the account was active.
- For two other employees (5%) network access removal requests were submitted untimely. The removal requests were submitted 136 days, and 444 days, after the employee's termination date.

Human Resources maintains and publishes an "Offboarding Checklist" for supervisors. This checklist outlines that, while supervisors may not be directly responsible for every task mentioned, they are accountable for ensuring that all tasks are completed. Some of the tasks listed on the "Offboarding Checklist" involve deactivating all agency-specific and network access for the departing employee.

There is no policy or procedure that specifically addresses the timing of employee terminations. Sheriff's Office management stated that they did not know the reason access removal requests were not submitted or not submitted timely.

Former employees with access to network resources could engage in malicious activities, such as copying or deleting data, disrupting operations, or infecting systems with malware. The active account could also be used by someone other than the former employee.

We recommend that Sheriff's Office management establish and implement internal policies and procedures for employee offboarding. This policy should specifically address the timely termination of access to sensitive data and systems, such as timekeeping and network access.

AGENCY RESPONSE: AGREE

IMPLEMENTATION DATE: 11/20/24

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

We recommend that the Sheriff's Office management work with Information Technology to ensure the timely removal of employees from network access upon termination of employment.

AGENCY RESPONSE: AGREE

IMPLEMENTATION DATE: 11/20/24

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

*Auditor's note: Related findings and recommendations will be addressed to Human Resources Management congruent with their oversight role and related responsibilities. These recommendations will be outlined in a distinct Audit Report addressed to Human Resources.*

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# FINDING 6 AND RECOMMENDATIONS

## Inaccurate Entries of W-4 Data

Risk Rating: **Moderate Risk Finding**

The Internal Revenue Service's Form W-4, Employee's Withholding Certificate, provides guidance to Salt Lake County on the proper withholding of Federal taxes from employee pay. We tested 38 of the 243 employees hired or rehired during the audit period. We found that the Sheriff's Office had incorrectly entered W-4 information into Peoplesoft for one out of the 38 employees (3%).

Internal Revenue Service (IRS) Publication 15 (2023), Circular E, Employer's Tax Guide and Topic No 753 Employee's Withholding Certificate, states, "Form W-4 tells you, as the employer, the employee's filing status, multiple jobs adjustments, amount of credits, amount of other income, amount of deductions, and any additional amount to withhold from each paycheck to use to compute the amount of federal income tax to deduct and withhold from the employee's pay." "You should inform your employees of the importance of submitting an accurate Form W-4. An employee may be subject to a \$500 penalty if he or she submits, with no reasonable basis, a Form W-4 that results in less tax being withheld than is required."

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."

The incorrect entry was the result of human error and pertained to the tax status, specifically the distinction between married filing jointly and single. The Payroll Supervisor acknowledged the error and contacted the employee, who stated that although he had initially chosen "Married filing jointly," he was now satisfied with remaining at the system default of "Single".

County Policy assigns the responsibility for accurate payroll submission to the agency level, but there are no written procedures specifically addressing W-4 procedures, roles, and responsibilities. In addition, entries were not reviewed by an independent party.

Incorrectly recording employee filing status can adversely affect the calculation of employee federal income tax withholding.

We recommend that Sheriff's Office management establish and document procedures for obtaining, storing, and entering W-4 forms. These procedures should include a secondary review and approval to ensure the accuracy of the data entered.

AGENCY RESPONSE: AGREE

IMPLEMENTATION DATE: ALREADY IMPLEMENTED

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



# Complete List of Audit Recommendations

This report made the following 10 recommendations.

## RECOMMENDATION 1.1:

We recommend that the Sheriff's Office management work to establish a clear internal policy outlining the background check requirements for civilian employees, including the permissible job functions that an employee can perform, if any, before receiving clearance.

## RECOMMENDATION 1.2:

We recommend that Sheriff's Office management periodically review existing employee records and obtain background checks for any employees that do not have one on file, including the one referenced above.

## RECOMMENDATION 2.1:

We recommend that Sheriff's Office management establish and document procedures for supervisors and other staff making time edits, as well as the communication of those time edits to the affected employee. These procedures should include documentation requirements to ensure proper oversight and accountability.

## RECOMMENDATION 3.1:

We recommend that the Sheriff's Office management establish and implement written procedures that provide a system of review for data entered in the payroll system to ensure that payment records are maintained and that employees are paid accurately.

## RECOMMENDATION 3.2:

We recommend that the Sheriff's Office management establish clear written policies and procedures for calculating and verifying retroactive payments and for periodic reviews of additional pay amounts, such as in acting in rate payments, to identify and address any discrepancies.

## RECOMMENDATION 3.3:

We recommend that the Sheriff's Office management work with Payroll Administration to establish a documentation retention system to ensure that calculations supporting the amount of retro payments is maintained on file.

#### **RECOMMENDATION 4.1:**

We recommend that Sheriff's Office management implement measures to restrict access to documents containing employee personal identifier information. Management should consider the following options:

- The Fiscal Manager keeping the key with her.
- Utilizing a key lockbox for authorized personnel
- Securely scanning documents and limiting access to the folder on the network drive and securely destroying the original documents.

#### **RECOMMENDATION 5.1:**

We recommend that Sheriff's Office management establish and implement internal policies and procedures for employee offboarding. This policy should specifically address the timely termination of access to sensitive data and systems, such as timekeeping and network access.

#### **RECOMMENDATION 5.2:**

We recommend that the Sheriff's Office management work with Information Technology to ensure the timely removal of employees from network access upon termination of employment.

#### **RECOMMENDATION 6.1:**

We recommend that Sheriff's Office management establish and document procedures for obtaining, storing, and entering W-4 forms. These procedures should include a secondary review and approval to ensure the accuracy of the data entered.

# AGENCY RESPONSE

## SALT LAKE COUNTY SHERIFF'S OFFICE

Rosie Rivera  
Sheriff



August 20, 2024

Auditor Chris Harding  
Office of the Auditor, SL County  
2001 S. State Street  
Salt Lake City, Utah 84121

Payroll Audit Response

Auditor Harding,

Responses to the Salt Lake County Sheriff's Payroll Audit are listed below.

### **AUDIT FINDING 1:** Background Check Not Conducted

#### **RECOMMENDATION 1.1**

We recommend that the Sheriff's Office management work to establish a clear internal policy outlining the background check requirements for civilian employees, including the permissible job functions that an employee can perform, if any, before receiving clearance.

<b>Agree or Disagree with Recommendation</b>	<b>Target date to complete implementation activities (Generally expected within 60 to 90 days)</b>	<b>Name and Title of specific point of contact for implementation</b>
Agree to establish an internal Standard Operating Procedure (SOP) outlining the Sheriff's Office civilian background check process/requirements.	September 6, 2024	Tami Cordova – Sr. HR Coordinator

Narrative for Recommendation 1.1 including action plan.

<b>RECOMMENDATION 1.2</b>		
We recommend that Sheriff's Office management periodically review existing employee records and obtain background checks for any employees that do not have one on file, including the one referenced above.		
<b>Agree or Disagree with Recommendation</b>	<b>Target date to complete implementation activities (Generally expected within 60 to 90 days)</b>	<b>Name and Title of specific point of contact for implementation</b>
Agree	<p>Per County HR's Background Check policy 2-500 (revised on August 6, 2024), we are in the process of enrolling all Sheriff's Office employees in the FBI's <b>Record of Arrest and Prosecution Back</b> (RAP Back) program that will continuously background check all enrolled employees, and we will be notified if there is any change in the employees' criminal history. Per this policy (see attached) agencies have until June 30, 2025, to come into full compliance.</p> <p>We have conducted a background check on the missing background identified in the audit and no criminal history was found. We are currently conducting monthly random file audits to confirm a background check was completed.</p> <p>We have added a field on our civilian summary sheets to show the date when the background was run. (See attached)</p>	Amber Arnold – HR Coordinator

Narrative for Recommendation 1.2 including action plan.

**AUDIT FINDING 2: Timecard Edits Not Documented**

<b>RECOMMENDATION 2.1</b>		
We recommend that Sheriff’s Office management establish and document procedures for supervisors and other staff making time edits, as well as the communication of those time edits to the affected employee. These procedures should include documentation requirements to ensure proper oversight and accountability.		
<b>Agree or Disagree with Recommendation</b>	<b>Target date to complete implementation activities (Generally expected within 60 to 90 days)</b>	<b>Name and Title of specific point of contact for implementation</b>
Agree	September 23, 2024	Codee Holmes Payroll Supervisor

Narrative for Recommendation 2.1 including action plan.

When Sheriff’s Payroll staff make changes to timecards, the employee will be notified via email. A copy of this communication will be saved in the employee’s file. A communication will be drafted and distributed to all Supervisors, informing them that they are responsible for both notifying the employee and retaining records when they make a change to an employee's timecard.

**AUDIT FINDING 3: Payment Miscalculations**

<b>RECOMMENDATION 3.1</b>		
We recommend that the Sheriff’s Office management establish and implement written procedures that provide a system of review for data entered in the payroll system to ensure that payment records are maintained and that employees are paid accurately.		
<b>Agree or Disagree with Recommendation</b>	<b>Target date to complete implementation activities (Generally expected within 60 to 90 days)</b>	<b>Name and Title of specific point of contact for implementation</b>
Agree	October 1, 2024	Codee Holmes Payroll Supervisor

Narrative for Recommendation 3.1 including action plan.

Sheriff’s Payroll staff will establish a written process for calculating and verifying the accurate payment of employees. This process will involve preparing a spreadsheet that details what the employee was actually paid compared to what they should have been paid, calculating the difference as retro pay. Once this calculation is complete, it will be sent to MFA for verification and processing. The final calculation will then be saved in the employee’s file for future reference.

<b>RECOMMENDATION 3.2</b>		
We recommend that the Sheriff’s Office management establish clear written policies and procedures for calculating and verifying retroactive payments and for periodic		

reviews of additional pay amounts, such as in acting in rate payments, to identify and address any discrepancies.		
<b>Agree or Disagree with Recommendation</b>	<b>Target date to complete implementation activities (Generally expected within 60 to 90 days)</b>	<b>Name and Title of specific point of contact for implementation</b>
Agree	October 1, 2024	Codee Holmes Payroll Supervisor

Narrative for Recommendation 3.2 including action plan.

Payroll will develop a process for reviewing additional pay items and verifying retro pay calculations. A review of additional pay will be conducted monthly. When preparing a retro pay calculation, the process will include a detailed comparison of what the employee was paid versus what they should have been paid for each pay period. Once the calculation is complete, it will be sent to MFA for verification and payment. The finalized calculation will then be stored in the employee's file for record-keeping.

<b>RECOMMENDATION 3.3</b> We recommend that the Sheriff's Office management work with Payroll Administration to establish a documentation retention system to ensure that calculations supporting the amount of retro payments is maintained on file.		
<b>Agree or Disagree with Recommendation</b>	<b>Target date to complete implementation activities (Generally expected within 60 to 90 days)</b>	<b>Name and Title of specific point of contact for implementation</b>
Agree	October 30, 2023	Codee Holmes Payroll Supervisor

Narrative for Recommendation 3.3 including action plan.

In November 2022, MFA began requiring us to submit calculations for all payments that differ from the regular bi-weekly schedule. These calculations must be sent to MFA for verification and processing. A copy of each calculation is stored in our SharePoint GID folder for record-keeping and future reference.

#### **AUDIT FINDING 4: Personal Identifiers Not Properly Secured**

<b>RECOMMENDATION 4.1</b> We recommend that Sheriff's Office management implement measures to restrict access to documents containing employee personal identifier information. Management should consider the following options:		
<ul style="list-style-type: none"> <li>• The Fiscal Manager keeping the key with her.</li> <li>• Utilizing a key lockbox for authorized personnel.</li> <li>• Securely scanning documents and limiting access to the folder on the network drive and securely destroying the original documents.</li> </ul>		
<b>Agree or Disagree with Recommendation</b>	<b>Target date to complete implementation activities</b>	<b>Name and Title of specific point of contact for implementation</b>

	<b>(Generally expected within 60 to 90 days)</b>	
Agree	September 1 <sup>st</sup> 2024	Codee Holmes Payroll Supervisor

Narrative for Recommendation 4.1 including action plan.

Payroll has transitioned from paper files to storing employee files in SharePoint. While there are still a minimal number of paper files, they are securely kept in a locked filing cabinet. All keys to the locked filing cabinet will be collected and stored with the Payroll Supervisor. She will keep the keys in a lockbox and carry the key to the drawer where the lockbox is always stored on her. This ensures that access to any remaining physical files is properly controlled and secure.

**AUDIT FINDING 5:** Access Termination Requests Not Submitted or Not Submitted Timely

<b>RECOMMENDATION 5.1</b> We recommend that Sheriff’s Office management establish and implement internal policies and procedures for employee offboarding. This policy should specifically address the timely termination of access to sensitive data and systems, such as timekeeping and network access.		
<b>Agree or Disagree with Recommendation</b>	<b>Target date to complete implementation activities (Generally expected within 60 to 90 days)</b>	<b>Name and Title of specific point of contact for implementation</b>
Agree	November 20, 2024	IT Unit Supervisor Justin Herron

Narrative for Recommendation 5.1 including action plan.

The Sheriff’s Office IT Unit has procedures in place to ensure the disabling of access to sensitive databases and systems. The Office uses an automated notification system when an employee separates from the Office. When our IT Team is notified, action is taken to disable the access to county networks and systems from the separating employee. IT Unit Supervisor is drafting a policy to memorialize the practice. The policy will be finalized and implemented in the next 90 days.

<b>RECOMMENDATION 5.2</b> We recommend that the Sheriff’s Office management work with Information Technology to ensure the timely removal of employees from network access upon termination of employment.		
<b>Agree or Disagree with Recommendation</b>	<b>Target date to complete implementation activities (Generally expected within 60 to 90 days)</b>	<b>Name and Title of specific point of contact for implementation</b>
Agree	November 20, 2024	IT Unit Supervisor Justin Herron

Narrative for Recommendation 5.2 including action plan.



Auditor’s note: Related findings and recommendations will be addressed to Human Resources Management congruent with their oversight role and related responsibilities. These recommendations will be detailed in a distinct Audit Report addressed to Human Resources.

**AUDIT FINDING 6:** Inaccurate Entries of W-4 Data

<b>RECOMMENDATION 6.1</b>		
We recommend that Sheriff’s Office management establish and document procedures for obtaining, storing, and entering W-4 forms. These procedures should include a secondary review and approval to ensure the accuracy of the data entered.		
<b>Agree or Disagree with Recommendation</b>	<b>Target date to complete implementation activities (Generally expected within 60 to 90 days)</b>	<b>Name and Title of specific point of contact for implementation</b>
Agree	April 2023	Codee Holmes Payroll Supervisor

Narrative for Recommendation 6.1 including action plan.

In April of 2023 a new tile was added in PeopleSoft on the Employee Self Service page, labeled Tax Withholding. Employees make updates to their W4 through PeopleSoft, eliminating the need to send their changes to payroll.

I can be reached at 385-468-9901 or by email [rrivera@slco.org](mailto:rrivera@slco.org).

Sincerely,



Rosie Rivera  
Salt Lake County Sheriff