

# HUMAN RESOURCES PAYROLL ACCURACY ASSURANCE ENGAGEMENT

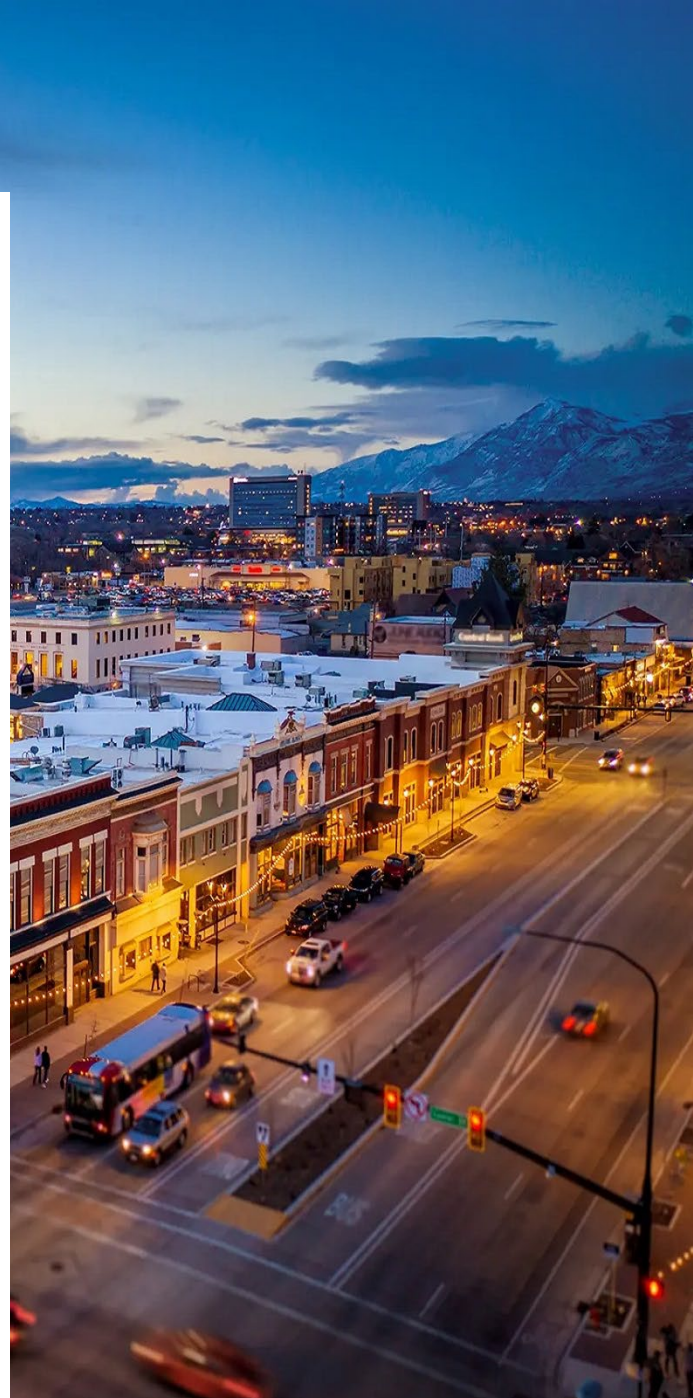
Report No. AE-2024-3

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JUNE 3, 2024

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Utah County Auditor Internal Audit Division  
Internal Audit Manager: Calvin Bergmann, CIA, MPA  
Senior Internal Auditor: Mont Wade, CIA



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# AUDITOR'S LETTER



## Office of the County Auditor Internal Audit Division

June 3, 2024

Ralf Barnes, Director  
Utah County Office of Human Resource Management  
100 East University Avenue  
Provo, Utah 84606

Dear Mr. Barnes:

The Internal Audit Division (“Division”) performed an assurance engagement of Human Resources payroll accuracy. During this limited review, we performed the following procedures:

1. For calendar year 2023, for a sample of employees, we performed the following procedures regarding Workday payroll accuracy:
  - a. Tested pay rate compliance with *Utah County Pay Grade and Steps* and *Utah County Government Human Resources Policy 5-0100: Pay Plan*.
  - b. Tested deduction (i.e., 401(k), 401(k) Roth, 457, HSA, dental insurance, accident insurance, critical illness insurance, hospital indemnity insurance, medical insurance, short-term disability insurance, URS 401(k), and vision insurance) accuracy.
  - c. Compared deductions (i.e., Children’s Justice Center, Habitat for Humanity, United Way, Food and Care Coalition, and Project Read) with employee elections.
  - d. Tested employer-paid benefit (i.e., HSA match, HSA fee, 401(k) match, medical insurance, dental insurance, long-term disability insurance, life and accidental death and dismemberment insurance, basic life insurance, dependent life insurance, Public Safety Surviving Spouse Trust, Utah County surviving spouse, URS Tier 1, URS Tier 2, wellness program, and workers’ compensation) accuracy.
  - e. Tested payroll tax (i.e., Medicare), state and federal tax withholding, and other deduction (i.e., Fraternal Order of Police, Utah County Employee Association, and 401(k) loan) accuracy.

- f. Tested accrued leave balance compliance with *Utah County Government Human Resources Policy 5-0500: Leave*.
- g. Compared Workday wages and benefits with general ledger wages and benefits.

The Division discovered two findings during the engagement. For these findings, we provide recommendations to improve Human Resource's payroll control environment.

Note that our report, by nature, disproportionately focuses on weaknesses. This does not mean there were not strengths within the areas reviewed and other areas not reviewed.

The Division appreciates the courtesy and assistance extended to us by Utah County Human Resources personnel during the engagement process. We look forward to a continuing professional relationship.

Sincerely,

Utah County Internal Audit Division

CC: Rodney Mann, Utah County Auditor, Utah County Audit Committee Chair  
Amelia Powers Gardner, Utah County Commissioner

## **FINDING(S) & OTHER MATTER(S)**

### **Finding 1.1: Inconsistent Long-term Disability Amounts**

#### **Condition**

Seven employees of the sampled population had employer-paid long-term disability (i.e., “LTD”) amounts that were not 0.45% of employee wages.

#### **Criteria**

Utah County’s February 2023 insurance provider invoice lists an LTD benefit plan rate of \$0.45 per \$100 (i.e., 0.45%).

#### **Cause**

Workday may not have been configured to calculate LTD amounts correctly consistently. Management have not actively monitored Workday’s calculation of LTD amounts.

#### **Effect**

The payroll liability account and financial statements do not reflect accurate payroll liabilities.

#### **Recommendation**

We recommend management review how Workday has been configured to calculate LTD amounts and ensure Workday is configured to calculate LTD amounts correctly consistently.

## **Finding 1.2: Inconsistent Basic Accidental Death and Dismemberment Amounts**

### **Condition**

Sixteen employees of the sampled population had employer-paid basic accidental death and dismemberment (i.e., “AD&D”) amounts that were not 0.0015% of employee wages.

### **Criteria**

Utah County’s February 2023 insurance provider invoice lists a basic AD&D benefit plan rate of \$0.015 per \$1,000 (i.e., 0.0015%).

### **Cause**

Workday may not have been configured to calculate basic AD&D amounts correctly consistently. Management have not actively monitored Workday’s calculation of basic AD&D accrued liability amounts.

### **Effect**

The payroll liability account and financial statements do not reflect accurate payroll liabilities.

### **Recommendation**

We recommend management review how Workday has been configured to calculate basic AD&D amounts and ensure Workday is configured to calculate basic AD&D amounts correctly consistently.

# MANAGEMENT RESPONSE(S)

## Finding 1.1: Inconsistent Long-term Disability Amounts

### Management Response

[Entered by management]

Recommendation	Agree/Disagree	Corrective Action Plan	Name and Title of Employee Responsible for Implementation	Target Date*
We recommend management review how Workday has been configured to calculate LTD amounts and ensure Workday is configured to calculate LTD amounts correctly consistently.	Agree	Public Safety employees work a RSH of more than 80 hours per pay period. Working with Standard insurance to correct reported hours and associated premium. Will update workday to calculate properly. The Standard Plan document must be updated to allow variation.	Brandon Chambers/Benefits Manager	12/01/2024

\*Entered in MM/DD/YYYY format. Generally, the date should be within 90 days (but no longer than 180 days) of report issuance. If the recommendation has already been implemented, enter the date it was implemented.

## Finding 1.2: Inconsistent Basic Accidental Death and Dismemberment Amounts

### Management Response

[Entered by management]

Recommendation	Agree/Disagree	Corrective Action Plan	Name and Title of Employee Responsible for Implementation	Target Date*
We recommend management review how Workday has been configured to calculate basic AD&D amounts and ensure Workday is configured to calculate basic AD&D amounts correctly consistently.	Disagree	Not based upon earnings. The premium is based upon Coverage \$50k or \$100k. Calculated amounts are correct and not related to earnings. Move deduction to monthly cadence.	Brandon Chambers/Benefits Manager	N/A

\*Entered in MM/DD/YYYY format. Generally, the date should be within 90 days (but no longer than 180 days) of report issuance. If the recommendation has already been implemented, enter the date it was implemented.