



Controller

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Controller

December 29, 2025

Subject: Limited Review of Payroll Processing for the December 26, 2025 Payroll

Background:

On Friday, December 26, 2025, several employees reported via phone, email, and text that they had not received their scheduled payroll deposits. Payroll was not successfully funded until Monday, December 29, 2025.

Procedures Performed:

On December 29, 2025, I consulted with the Treasurer's Office and HR staff to review the standard operating procedures and identify the cause of the delay.

Standard Payroll Process:

1. **File Generation:** HR processes payroll and transmits two files to the Treasurer's Office for upload to the Wells Fargo portal: an ACH file for employee pay and a vendor file for deductions.
2. **Upload & Verification:** The Treasurer's Office uploads the files and monitors for a confirmation email from the bank. The Treasurer's staff is responsible for comparing the bank's confirmation total against HR's transmittal total.
3. **Cross-Verification:** The Treasurer's Office forwards the bank confirmation to HR, who performs a final secondary verification of the amounts.

Findings:

For the December 26 payroll, HR transmitted the correct files to the Treasurer's Office. However, a Treasurer's Office staff member inadvertently uploaded the weekly Accounts Payable (AP) check run file instead of the employee pay file. The vendor file was correctly uploaded.

The error remained undetected due to the following:

- **Verification Failure:** Neither the Treasurer's Office nor HR compared the total on the bank's ACH confirmation email to the actual payroll disbursement total.
- **Notification Delay:** While the bank detected the duplicate AP file and declined the transaction, the County did not receive timely notification of the rejection. The error was only discovered when employees reported missing funds on Friday morning.

Conclusion:

Existing controls over the ACH upload process are adequately designed; however, they were not executed as intended in this instance.

Recommendation:

To prevent future occurrences, the Treasurer's Office and HR will independently verify that the total on the bank's confirmation email matches the cash disbursement records before concluding the process.