



CHIEF FINANCIAL OFFICER
JEFF ATWATER
STATE OF FLORIDA

April 17, 2014

Michael D. Crews, Secretary
Florida Department of Corrections
501 South Calhoun Street
Tallahassee, Florida 32399-2500

Dear Secretary Crews:

The Department of Financial Services (DFS) has completed its audit of the Department of Corrections (DOC) payroll related processes as authorized by Section 17.04, Florida Statutes. The audit encompassed the period July 1, 2012 through December 31, 2012. The audit objectives were to determine whether:

- Payroll processing internal controls are adequate and may be relied upon to produce accurate payroll records;
- Leave without pay is processed in accordance with State rules and agency policy;
- Salary additives are in compliance with State rules and regulations;
- One-Time or Non-recurring payments were made in accordance with guidelines set forth.

In planning and performing the audit, DFS analyzed reports for the various payroll functions listed above, tested payroll transactions for the period under review, and interviewed payroll staff. Our findings follow:

1. New Hires:

- a) DFS reviewed the files of 45 employees who were newly hired to DOC, including 6 OPS employees. We could not substantiate Form I-9 for one employee and one employee did not have the required signature(s) on their Form I-9.
- b) We found that all employees sampled during the audit period were in compliance with *F.S. 110.113(2)*, participation in the Direct Deposit program, and all employees sampled during the audit period received their first warrants in a timely manner with no deficiencies.

FLORIDA DEPARTMENT OF FINANCIAL SERVICES
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2. **Terminations:** DFS reviewed the files of 30 employees who terminated from the Department during the audit period. One employee received an incorrect salary warrant upon termination resulting in an overpayment totaling \$1,251. Additionally, we could not substantiate a supplemental payment to this same employee of \$163.
3. **Leave Without Pay (LWOP):**
 - a) DFS reviewed the files of 49 employees in LWOP status from DOC. Salary deductions were incorrect for five employees resulting in two gross overpayments totaling \$1,174 and three gross underpayments totaling \$323. DOC has initiated corrective actions for the recoupment of the overpayments and repayment of the underpayments to the employees.
 - b) We could not substantiate payment to one employee in LWOP status. This employee potentially received a gross salary overpayment of \$150. DOC is currently investigating this situation.
4. **Retroactive Payments:** DFS reviewed the files of 35 employees who received retroactive adjustments from DOC. Adjustments were incorrect for two employees resulting in a gross overpayment totaling \$2,440. DOC initiated corrective actions to recoup the overpayments from the employees on March 28, 2014.
5. **Criminal Justice Incentive Program (CJIP) Payments:** DFS reviewed the files of forty employees who received CJIP payments during the audit period. We found that one employee received incorrect payments for the educational incentive of \$30 per pay period prior to and subsequent to the audit period. This resulted in a gross overpayment of \$570. DOC has initiated corrective action to recoup the overpayment from the employee. We could not substantiate documentation for one employee receiving CJIP payments.
6. **One-Time or Non-recurring Payments:** We had no material findings with those in the sample population who received a one-time or non-recurring payment. These payments consisted of employees who received a one-time additional payment for completion of training. DOC was in compliance with the guidelines set forth.
7. **Payroll Processing Internal Controls:** DOC has conformed to applicable laws, rules and regulations governing State personnel policies and has adequate internal control measures in place for payroll procedures and processing.

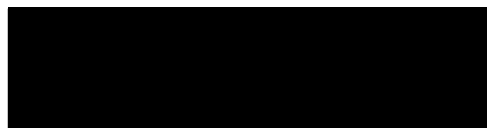
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We note that due to the volume of payroll processing done through DOC, the findings show that the staff takes the initiative to keep the over and under payments to a minimum. We commend your staff for their efforts.

Our office appreciated your staff's support and cooperation during the course of the audit. The Bureau of State Payrolls staff is available for any future payroll guidance and/or training at your request.

Please contact John Bennett, Bureau Chief of State Payrolls at (850) 413-5609, or john.bennett@myfloridacfo.com if you have any questions.

Sincerely,

A solid black rectangular box redacting the signature of Christina B. Smith.

Christina B. Smith

CBS/ep

cc: Mr. David W Martin, CPA
Auditor General

Mr. Jeffery T. Beasley, Inspector General
Florida Department of Corrections

Mr. John Bennett, Chief
Bureau of State Payrolls