



CHIEF FINANCIAL OFFICER
JEFF ATWATER
STATE OF FLORIDA

April 6, 2015

Mike Prendergast, Executive Director
Florida Department of Veterans' Affairs
Mary Grizzle Building, Ste 311-K
11351 Ulmerton Road
Largo, Florida 33778-1630

Dear Mr. Prendergast:

The Department of Financial Services (DFS) has completed its audit of the Florida Department of Veterans' Affairs (FDVA) payroll related processes as authorized by section 17.04, Florida Statutes (F.S.). The audit encompassed the period January 1, 2014 through June 30, 2014. 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;
- On-call payments are paid in accordance with State rules and agency policy; and
- Salary additives are in compliance with State rules and regulations.

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. All deficiencies found during the audit were corrected or are in the process of being corrected. Below is a summary of findings and corrective actions initiated:

- **New Hires:** The audit found that all of the employees' records sampled during the audit period were in compliance with *F.S. 110.113(2)*, participation in the Direct Deposit program, and all employees in the sample population received their first warrant in a timely manner with no deficiencies.
- **Terminations:** The audit found that all employees' termination records sampled during the audit period were processed in the system in a timely manner and all final warrants were issued with no deficiencies.

FLORIDA DEPARTMENT OF FINANCIAL SERVICES

Christina B. Smith • Director

Division of Accounting and Auditing

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- **Leave Without Pay (LWOP):** DFS reviewed the files of 30 employees in LWOP status from FDVA:
 - Salary deductions were incorrect for five (5) employees resulting in seven (7) gross overpayments totaling \$2,048. FDVA has initiated corrective actions and is in the process of recouping the overpayments from the five (5) employees.
 - One (1) employee received three (3) incorrect warrants while in LWOP status resulting in gross underpayments totaling \$552. FDVA is in the process of reimbursing the employee.
- **Retroactive Payments:** DFS reviewed the files of 20 employees from FDVA who received retroactive adjustments for salary underpayments. Adjustments were incorrect for one (1) employee resulting in an overpayment totaling \$920. FDVA has initiated corrective actions to recoup the overpayment from the employee.
- **Payroll Processing Internal Controls:** FDVA 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.

Please note FDVA Human Resources staff members were diligent in the initiation of both the recovery and repayments to the employees affected by the overpayments and underpayments. We commend their efforts. It should also be noted that during the audit process, FDVA staff were consistent in assisting the auditors and providing all essential documentation requested in a timely and efficient manner.

DFS appreciates 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 used to redact the signature of Christina B. Smith.

Christina B. Smith

CBS/ep

Mr. Mike Prendergast

April 6, 2015

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cc: Mr. David W Martin, CPA
Auditor General

Ms. Nancy Hoang, Audit Director
Florida Department of Veterans' Affairs

Mr. John Bennett, Chief
Bureau of State Payrolls