



FLORIDA
DEPARTMENT OF
FINANCIAL SERVICES

TOM GALLAGHER
CHIEF FINANCIAL OFFICER
STATE OF FLORIDA

May 16, 2006

Ms. Lucy D. Hadi, Secretary
Department of Children and Families
1317 Winewood Boulevard
Building 1, Room 202
Tallahassee, Florida 32399-0700

Dear Secretary Hadi:

We completed an audit of the Department of Children and Families (DCF) payroll related processes as authorized by Section 17.04, Florida Statutes. The audit encompassed the period January 1, 2005 through July 31, 2005. 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 comply with State rules and regulations.

In planning and performing our audit, we analyzed reports for the various DCF payroll functions listed above and interviewed payroll staff. We also tested transactions for payroll procedures involving new hires, employee terminations, outstanding payroll warrants, EFT/warrant cancellations and destruction, unclaimed property, leave without pay, salary overpayments, overtime payments, retroactive payments, and salary additive payments.

All deficiencies found during our audit were corrected or are in the process of being corrected. A summary of findings and corrective actions taken are as follows:

- **Annual Leave Payouts:** We reviewed the files of thirty employees from DCF's District 02 (Panhandle), District 04 (Jacksonville), and Central Payroll-30 (Tallahassee) who received annual leave payouts. Three of the thirty employees received incorrect leave payouts. This resulted in overpayments totaling \$5,606. DCF has initiated corrective actions to recoup these overpayments.
- **Overtime Payments:** We reviewed the files of nineteen employees from DCF's District 02, District 04, and Central Payroll-30 who received overtime payments. One of the nineteen

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employees received an incorrect salary payment. This resulted in an overpayment totaling \$108. DCF has initiated corrective actions to recoup the overpayment.

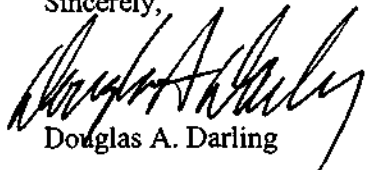
- **Leave Without Pay (LWOP):** We reviewed the files of forty-five employees from DCF's District 02, District 04, and Central Payroll-30. Twenty-two of the forty-five employees received incorrect salary payments. This resulted in overpayments to employees totaling \$19,618 and an underpayment to one employee totaling \$159 (one employee had both an overpayment and an underpayment). DCF has initiated corrective actions to recoup these overpayments and is in the process of researching the one underpayment.
- **Warrants/EFT Cancellations in "ADD" Status:** We reviewed twenty-seven Warrant/EFT cancellation payments placed in "ADD" status (not canceled) that occurred between May and September 2005. Five of the twenty-seven Warrant/EFT payments placed in "ADD" status for cancellation had no supporting documentation for placement. Six of the twenty-seven Warrant/EFT payments placed in "ADD" status for cancellations resulted in overpayments totaling \$3,586 to employees. DCF has initiated corrective actions to recoup the overpayments.

It is our opinion, within the scope of this audit, that the Department of Children and Families has adequate payroll procedures and controls in place.

We appreciate your staff's support and cooperation. We worked closely with them to develop the recommendations. We commend your staff for the professional and courteous manner in which they assisted with the audit. The Bureau of State Payrolls staff is available for further assistance/training at your request.

Please contact John Bennett, Bureau Chief of State Payrolls at (850) 413-5609, Suncom 293-5609 or john.bennett@fldfs.com if you have any questions.

Sincerely,



Douglas A. Darling

DAD/sa

cc: Mr. William O. Monroe
Auditor General

Ms. Sheryl Steckler, Inspector General
Department of Children and Families