



FLORIDA
DEPARTMENT OF
FINANCIAL SERVICES

TOM GALLAGHER
CHIEF FINANCIAL OFFICER
STATE OF FLORIDA

October 27, 2006

Mr. Fred Dickinson, Executive Director
Department of Highway Safety and Motor Vehicles
Neil Kirkman Building
2900 Apalachee Parkway
Tallahassee, Florida 32399-0500

Dear Mr. Dickinson:

We completed an audit of the Department of Highway Safety and Motor Vehicles (HSMV) payroll related processes as authorized by Section 17.04, Florida Statutes (F.S.). The audit encompassed the period July 1, 2005 through July 31, 2006. 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 our audit, we analyzed reports for the various HSMV 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. Below is a summary of findings and corrective actions taken:

- **New Hires:** We reviewed the files of forty-eight newly hired employees. One employee is currently not participating in the Direct Deposit Program. Section 110.113(2) F.S., stipulates that "as a condition of employment, a person appointed in state government is required to participate in the direct deposit program" and "such employee may request an exemption from the provisions of this subsection when such employee can demonstrate a

Mr. Fred Dickinson
October 27, 2006
Page 2

hardship or when such employee is in an other-personal-services position". The employee's personnel file did not contain any exemption or hardship waiver documentation. The agency has notified the employee and the employee has initiated actions to participate in the Direct Deposit Program.

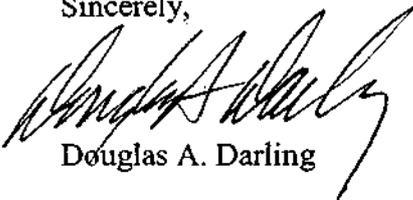
- **Terminated Employees:** We reviewed the files of thirty employees from HSMV who terminated from the agency during the period under review. One of the thirty employees received an incorrect leave payout upon termination from the Agency. This resulted in an overpayment totaling \$219. The agency has initiated corrective actions to recoup the overpayment.
- **Leave Without Pay (LWOP):** We reviewed the files of twenty-five employees from HSMV in Leave Without Pay Status. Eight of the twenty-five employees received incorrect salary payments. This resulted in overpayments to employees totaling \$9,705. The agency has initiated corrective actions to recoup these overpayments.

It is our opinion, within the scope of this audit, that the Department of Highway Safety and Motor Vehicles has adequate payroll procedures and controls in place.

We appreciate your staff's support and cooperation. 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 any future payroll guidance and/or 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/kgb

cc: Mr. William O. Monroe
Auditor General

Mr. Laurence Noda, Inspector General
Department of Highway Safety and Motor Vehicles