



ALEX SINK
CHIEF FINANCIAL OFFICER
STATE OF FLORIDA

May 4, 2007

Ms. Linda H. South, Secretary
Department of Management Services
4050 Esplanade Way, Suite 250
Tallahassee, Florida 32399-0950

Dear Secretary South:

We completed an audit of the Department of Management Services (DMS) payroll related processes as authorized by Section 17.04, Florida Statutes. The audit encompassed the period January 1, 2006 through June 30, 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 DMS payroll functions listed above, tested payroll transactions for the period under review and interviewed payroll staff. 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-three newly hired employees from DMS. Two employees are currently not participating in the Direct Deposit Program. The agency has notified the employees and the employees have initiated actions to participate in the Direct Deposit Program.
- **Terminations:** We reviewed the files of thirty employees who terminated from DMS. Two employees received salaries beyond their termination dates resulting in overpayments totaling \$8,462. The agency has notified the terminated employees of the salary overpayments and collection efforts have been initiated.

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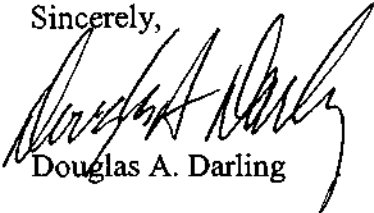
- **Leave Payouts:** We reviewed the files of twenty-five employees who received Annual Leave payouts and ten employees who received Special Compensatory Leave payouts. Leave payouts were incorrect for two employees resulting in overpayments totaling \$2,226. The agency has notified the terminated employees of the overpayments and collection efforts have been initiated.
- **Leave Without Pay (LWOP):** We reviewed the files of thirty employees from DMS in Leave Without Pay status. Eight of the thirty employees received incorrect salary payments. This resulted in overpayments totaling \$5,066. DMS has recouped an overpayment from one of the eight employees and has initiated collection actions to recoup the overpayments of the other seven employees.
- **Retroactive Payments:** We reviewed the files of nineteen employees from DMS who received retroactive adjustments for salary underpayments. Adjustments were incorrect for one employee resulting in an underpayment of \$427. The agency is in the process of reimbursing the employee for the underpayment.

It is our opinion, within the scope of this audit, that the Department of Management Services 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:kb

cc: Mr. William O. Monroe
Auditor General

Mr. Steve Rumph, Inspector General
Department of Management Services