



CHIEF FINANCIAL OFFICER
JEFF ATWATER
STATE OF FLORIDA

December 5, 2011

H. Frank Farmer, Jr., M.D., PhD. F.A.C.P.
State Surgeon General
Florida Department of Health
4052 Bald Cypress Way
Tallahassee, FL 32399-1701

Dear Dr. Farmer:

The Department of Financial Services (DFS) has completed its audit of the Department of Health (DOH) payroll related processes as authorized by Section 17.04, Florida Statutes. The audit encompassed the period July 1, 2010 through December 31, 2010. 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:** DFS reviewed the files of 52 employees, including 19 Other Personal Services (OPS) employees, who were newly hired to DOH's Central Office, Brevard County Health Department and Duval County Health Department for the period of July 1, 2010 through December 31, 2010. DFS could not substantiate documentation of Form I-9 for two of these employees.
- **Terminations:** DFS reviewed the files of 40 employees who terminated from the DOH's Central office, Brevard County Health Department and Duval County Health Department for the period of July 1, 2010 through December 31, 2010. One employee was overpaid upon termination resulting in a gross overpayment totaling \$269. DOH initiated collections efforts to recover the funds from the employee on November 1, 2011.

FLORIDA DEPARTMENT OF FINANCIAL SERVICES

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- **Leave Payouts:** DFS reviewed the files of 36 employees who received annual leave payouts, 19 employees who received special compensatory leave payouts, and 37 employees who received sick leave payouts from DOH's Central Office, Brevard County Health Department and Duval County Health Department. One employee had an incorrect leave balance for their payment upon entry into the DROP program and leave payments were incorrect for five employees. These resulted in a gross underpayment totaling \$134 and four gross overpayments totaling \$3,073. DOH initiated corrective actions to correct the employee's hours in the system and reimburse the employee for the underpayment and recover the funds from employees for the overpayments on November 1, 2011.
- **Leave Without Pay (LWOP):** DFS reviewed the files of 48 employees in LWOP status from the DOH's Central Office, the Brevard County Health Department and the Duval County Health Department. Salary deductions were incorrect for five employees resulting in three underpayments totaling \$383 and six overpayments totaling \$6,497. DOH initiated corrective actions for the underpayments and to recover the funds from employees for the overpayments on November 1, 2011.
- **Retroactive Payments:** DFS reviewed the files of 42 employees who received retroactive adjustments for salary underpayments from DOH's Central Office, Brevard County Health Department and Duval County Health Department. Retroactive adjustments were incorrect for two employees resulting in gross overpayments totaling \$826. DOH initiated corrective actions to recover the funds from the employees on November 1, 2011.
- **Warrant Cancellations:** DFS reviewed the files of 15 employee warrants/EFTs that DOH placed on the BOSP on-line system in "ADD" status during and subsequent to the audit period. We note that of the 15 employee warrants/EFTs placed in "ADD" status, six were placed in error and cancelled by DOH; two were paid incorrectly and have been repaid to DOH; and the remaining seven placed in "ADD" status currently have outstanding balances with DOH resulting in net overpayments totaling \$5,270. DOH initiated actions to recoup the overpayments from the employees on November 1, 2011.
- **Unclaimed Property:** We reviewed the listings of DOH's payroll warrants received by the Bureau of Unclaimed Property (BUP) for the period of July 1, 2010 through December 31, 2010. We found that DOH had one current employee with "stale dated" warrants unclaimed with the BUP. The unclaimed payroll payments referred to the BUP from DOH total \$1,300. DOH notified the employee of the "stale dated" warrants and submitted documentation for the employee to receive all payments due on June 7, 2011.

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It is DFS' opinion, within the scope of this audit, that DOH 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.

Our office 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,



Christina Smith

CS/sa

cc: Mr. David W Martin, CPA
Auditor General

Mr. James D. Boyd, CPA
Inspector General
Florida Department of Health