




FLORIDA DEPARTMENT OF AGRICULTURE AND CONSUMER SERVICES  
COMMISSIONER ADAM H. PUTNAM

---

MEMORANDUM

DATE: July 1, 2011

TO: Adam H. Putnam  
Commissioner

FROM: Ron Russo   
Inspector General

SUBJECT: Follow-up to Auditor General Report No. 2011-069, Payroll and Personnel  
Administrative Processes

---

The Office of Inspector General has completed the follow-up review regarding the Auditor General's report of Payroll and Personnel Administrative Processes. The status of each finding and recommendation is described in the enclosed report.

If you have any questions, please call me at (850) 245-1360.

RR/wo  
Enclosure

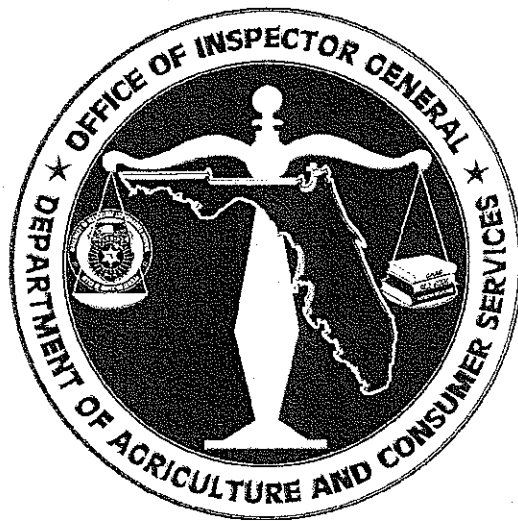
cc: Michael Joyner, Assistant Commissioner  
Mike Gresham, Director, Division of Administration  
Alan Edwards, Assistant Director, Division of Administration  
Darica Hewett, Chief, Bureau of Personnel Management  
Jerry Todd, Chief, Bureau of Finance and Accounting  
David W. Martin, Auditor General  
Kathy DuBose, Coordinator, Legislative Auditing Committee

RECEIVED  
JUL 28 2011

---

# Department of Agriculture and Consumer Services

Adam H. Putnam, Commissioner



Follow-up to Auditor General Report No. 2011-069  
Payroll and Personnel Administrative Processes

June 2011

Office of Inspector General  
Ron Russo, Inspector General

# OFFICE OF INSPECTOR GENERAL

## *Follow Up Audit Report*

June 30, 2011

FLORIDA DEPARTMENT OF AGRICULTURE & CONSUMER SERVICES



### Auditor General Report No. 2011-069

#### Selected State Agencies

#### Payroll and Personnel Administrative Processes

#### AT A GLANCE

This audit dated December 2010, by the Auditor General, contained nine findings and recommendations of which seven were applicable to the Department of Agriculture and Consumer Services (Department). As part of the follow-up activities, the Office of Inspector General reviewed policies and procedures that were developed and revised to eliminate errors relating to the Auditor General's findings. In addition, a review of applicable documents and interviews with staff of the Department's Bureau of Personnel Management was conducted. The status of the findings and recommendations is described below as determined by the Office of Inspector General. The Division of Administration has taken sufficient action to resolve the audit findings.

#### FINDINGS:

1. Time Record Submittal, Review and Approval	Satisfied
2. Compensatory Leave Credits	Satisfied
3. Unused Annual and Sick Leave Payouts	Satisfied
4. Dual-Employment Rules and Guidelines	Satisfied
5. Dual-Employment Approvals and Management of Dual-Employment Activities	Satisfied
6. Salary Payment Calculations	Satisfied
8. Salary Payment Cancellations	Satisfied

#### FINDINGS DETAIL

##### *Finding No. 1: Time Record Submittal, Review, and Approval*

Procedural deficiencies existed with respect to the monitoring of the timely submittal, review, and approval of employee time records.

**Recommendations:** We recommend that DMS clarify in rule, policy, or procedure, the time record preparation, submission, and approval responsibilities of employees and supervisors. Such clarifications should address specific time frames for time record submission and approval. Additionally, to improve the usefulness of the Missing Time Records report, we recommend that DMS enhance the report by including an aging of the time records and identifying the responsible supervisors. State agencies should use such information to identify those employees whose time records frequently require corrective actions, are repeatedly missing, or are not timely approved and take appropriate corrective measures.

**STATUS: Satisfied**

The Department's Bureau of Personnel Management initiated a process to run monthly delinquent timesheet reports for each division which contains the names of each employee with a delinquent timesheet. The employee's supervisor is then contacted to facilitate submission of the delinquent timesheet.

**Finding No. 2: Compensatory Leave Credits**

State agencies did not effectively manage compensatory leave credits in accordance with DMS rules and terms of relevant collective bargaining agreements, resulting in large dollar payouts of unused compensatory leave credits upon employee's separation from State employment. The Department paid \$8,822 to one employee (a seasonal worker) for 313 accumulated special compensatory leave hours.

**Recommendations:**

To prevent large cash payouts upon employee separation from State employment and decrease State agency leave liabilities, we also recommend that State agencies periodically review their employees' compensatory leave balances and identify employees who are accumulating large compensatory leave credit balances or whose compensatory leave credits are approaching the maximum limits set forth in applicable collective bargaining agreements. When appropriate, the agencies should compel the use of accumulated special compensatory leave credits prior to approving employee use of other leave types.

**STATUS: Satisfied**

The Department's Bureau of Personnel Management used code 9111 (special compensatory leave) when code 9121 (FLSA special compensatory leave) should have been used. To reduce errors, a quality assurance checklist was developed for the attendance and leave section to follow when processing compensatory leave credits.

**Finding No. 3: Unused Annual and Sick Leave Payouts**

The state agencies had not established policies and procedures addressing unused annual and sick leave (terminal leave) payouts and did not always perform or document the performance of audits of unused leave balances prior to calculating terminal leave payouts.

**Recommendation:** We recommend that each State agency's procedures be enhanced, as appropriate, to address the terminal leave payout process. Such enhancements should require the performance of leave balance audits prior to processing terminal leave payouts, and documentation of such audits should be retained. We also recommend that State agencies take other appropriate steps, including independent verification of payout calculations, to ensure that terminal leave payouts are accurate and paid in accordance with applicable laws, rules, and guidelines.

**STATUS: Satisfied**

The Department's Bureau of Personnel Management has established a written Standard Operating Procedure (SOP) which addresses the use of a quality assurance checklist to help reduce errors. In addition, the SOP requires an audit of payout calculations prior to processing.

***Finding No. 4: Dual-Employment Rules and Guidelines***

Dual-employment rules and guidelines were not sufficient to effectively promote compliance with State law.

**Recommendation:** We recommend that DMS and the various State agencies establish or revise dual-employment policies and procedures to ensure that approval during each fiscal year is obtained by any employee seeking employment at, or compensation from, more than one State agency. To ensure compliance with State law, such policies and procedures should clearly address both the simultaneous compensation from any appropriation other than the appropriations for salaries and the simultaneous compensation from any State agency or the judicial branch of State Government.

***STATUS: Satisfied***

The Department revised Administrative Policy and Procedure No. 5-5, Outside Employment, Dual Employment, Dual Compensation, and Other Activities, effective July 1, 2011, to clearly differentiate between non-State Personnel System and State Personnel Systems agencies.

***Finding No. 5: Dual Employment Approvals and Management of Dual-Employment Activities***

Contrary to State law, State agencies did not always document that dual employment was properly approved for employees working from more than one applicable State employer. Additionally, to ensure compliance with State laws, rules, and other guidelines, a process is needed whereby State agencies can effectively monitor the dual-employment activities of employees who have been approved to receive compensation from more than one State employer.

**Recommendation:** We recommend that State agencies take appropriate steps to ensure that dual-employment requests are properly submitted and approved and that comprehensive records documenting all dual-employment approvals be maintained. In addition, we recommend that DMS and DFS, in conjunction with the other State agencies, create a mechanism (e.g., a People First or FLAIR report) to identify those employees who simultaneously receive compensation from more than one State employer.

***STATUS: Satisfied***

The Department revised Administrative Policy and Procedure No. 5-5, Outside Employment, Dual Employment, Dual Compensation, and Other Activities, effective July 1, 2011, to clearly differentiate between non-State Personnel System and State Personnel Systems agencies.

***Finding No. 6: Salary Payment Calculations***

Of the 95 salary payments tested for the Department, four errors were identified.

**Recommendation:** State agencies should take appropriate measures to ensure that salary payments are accurately calculated based on the applicable rate of pay and actual hours worked. Such measures may include, for all payroll changes, an additional review of the calculations and supporting documentation prior to salary payment issuance.

***STATUS: Satisfied***

The errors noted for the Department resulted from the incorrect completion of the Personnel Action Request (PAR). The Department's Bureau of Personnel Management provided training to division staff responsible for the completion of PAR forms. The Bureau has also taken measures to ensure all separation reports are received in a centralized location within the personnel office. In addition, an email was sent to division personnel liaisons regarding the importance of the timely receipt of separation reports in the personnel office.

**Finding No. 8: Salary Payment Cancellations**

State agencies did not always timely initiate efforts to collect overpayments made to third parties as a result of canceled salary payment warrants or electronic funds transfers (EFTs). One overpayment for \$3 was noted for the Department. In addition, the Department did not timely destroy canceled paper warrants in accordance with DFS requirements.

**Recommendation:** We recommend that DFS enhance the Payroll Preparation Manual to include specific instructions for recovering from third parties any overpayments made as a result of salary payment cancellations. Additionally, we recommend that, when canceling salary payments, State agencies take appropriate action to timely recover from third parties any amounts overpaid.

**STATUS: Satisfied**

The Department did not collect the \$3 from the third party due to the nominal value of the overpayment. The Department's Bureau of Finance and Accounting has implemented a SOP for documenting the destruction of canceled paper warrants on a monthly basis.

This follow-up was conducted in conformance with the applicable standards for the General Principles and Standards for Offices of Inspector General, the International Standards for the Professional Practice of Internal Auditing, and Information Systems Auditing Standards as published by the Association of Inspectors General, the Institute of Internal Auditors and the Information Systems Audit and Control Association, respectively.

William Orozco - Internal Auditor  
Nedra Harrington, CIA, CISA, CPA - Director of Auditing  
2005 Apalachee Parkway, Suite E, Tallahassee, Florida 32399-6500  
(850) 245-1360 <http://www.freshfromflorida.com/oig/> [oig@freshfromflorida.com](mailto:oig@freshfromflorida.com)