



FLORIDA
DEPARTMENT OF
FINANCIAL SERVICES

TOM GALLAGHER
CHIEF FINANCIAL OFFICER
STATE OF FLORIDA

June 13, 2005

The Honorable Barbara J. Pariente
Chief Justice of the Supreme Court of Florida
Supreme Court Building
500 South Duval Street
Tallahassee, Florida 32399-1900

Dear Chief Justice Pariente:

We completed an audit of the State Court System's (SCS) payroll related processes as authorized by Section 17.04, Florida Statutes. The audit encompassed the period July 1, 2004 through January 31, 2005. The objectives of the audit 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 SCS policy;
- On-call payments are paid in accordance with State rules and SCS policy; and
- Salary additives are in compliance with State rules and regulations.

In planning and performing our audit, we analyzed reports for the various SCS 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, military supplemental payments and salary incentive payments.

We noted material weaknesses in the following areas:

- **Military Supplemental Payments:**

The SCS had one employee receiving military supplemental pay during the audit period. The pay of this employee was incorrectly calculated. Additional details follow:

- Employee received 4 overpayments totaling \$1,193.

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- State Court System Pay Warrants/EFT Cancellations:

We reviewed the records of twenty-seven SCS pay warrants/EFT cancellations in "Add" status (not canceled) that occurred between December 2004 and January 2005. Two of the twenty-seven records reviewed and processed for Salary Refunds remain uncollected. The SCS is in the process of collecting the remaining overpayments totaling \$445.

- Unclaimed Property:

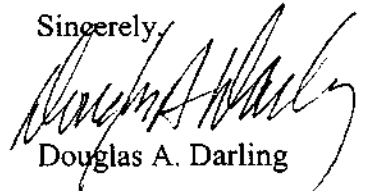
We reviewed outstanding payroll warrants referred to the Bureau of Unclaimed Property (BUP) during the period of July 1, 2004, through January 31, 2005 as stale dated warrants. Stale dated warrants are warrants that remain uncashed for more than 12 months after the issuance date. We found that SCS referred stale dated warrants of eight current employees to the BUP during the audit period. The eight unclaimed payroll warrants referred to the BUP from the SCS totaled \$1,186.00. SCS staff should improve the process of identifying outstanding warrants that belong to current SCS employees before the warrants become stale dated. A BUP representative will contact current SCS employees and provide instructions and claim forms to receive payments.

We commend the SCS for initiating corrective actions during our audit. It is our opinion, within the scope of this audit, that the SCS has adequate payroll procedures and controls in place.

We appreciate your staff's support and cooperation. We worked closely with them to develop recommendations that should help SCS better perform payroll related duties and responsibilities. The Bureau of State Payrolls staff is available for future payroll guidance and/or training needs.

Please contact John Bennett at (850) 410-9420, Suncom 210-9420 or john.bennett@fldfs.com if you have any questions.

Sincerely,



Douglas A. Darling

DAD:kgb

cc: Mr. William O. Monroe, CPA
Auditor General

Mr. Ken Chambers, Inspector General
State Courts System