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## QUALITY ASSURANCE REVIEW FINDINGS REPORT NO.: 2023-QAR-01

### State Agency Payroll Compliance Checklist

The Bureau of State Payrolls (BOSP) Post Audit Subsection has completed its review of the 2022 Calendar Year Payroll Compliance Checklists that were received from January 1<sup>st</sup> through February 13<sup>th</sup>, 2023.

#### PURPOSE

To ensure all agencies are in compliance with the applicable guidelines governing the payroll process.

#### SCOPE

Pursuant to Agency Addressed Memo #07, 2022-23, all state agencies are required to complete the payroll compliance checklist no later than January 31<sup>st</sup> and submit the form to the Department of Financial Services (DFS) annually.

#### BACKGROUND

DFS is responsible for processing payrolls for all state agencies. This annual review process was developed to provide DFS with reasonable assurances that agencies are presenting accurate and reliable information to the Bureau of State Payrolls (BOSP) for payroll processing.

#### METHODOLOGY

A new Compliance Checklist must be completed no later than January 31<sup>st</sup>, annually. BOSP Post Audit gives agencies a 2 week grace period to allow for later forms to come over, and then an “Out of Compliance” email is sent to remaining agencies giving them 1 week to respond. One week later a 2<sup>nd</sup> email is sent first thing in the morning giving agencies one last opportunity to provide it by close of business that afternoon.

#### CONCLUSIONS

BOSP Post Audit initially received and reviewed compliance checklists from 27 of 35 agencies who provided their annual compliance checklists to our office before the date noted on the form, January 31<sup>st</sup>.

Initial emails were sent one week post deadline, on February 6<sup>th</sup>, 2023, to notify the remaining 8 agencies that they were “Out of Compliance”. Seven of the remaining eight agencies then responded with their completed forms, bringing our total forms received, to 34 of 35 agencies (97.1%). A second email request was then sent to the remaining agency on February 10<sup>th</sup>, 2023, to which their form was provided the following day.

Eight agencies have notified BOSP that they **do not have documented hardship waivers on file for any employee not participating in Direct Deposit and/or cannot provide the documentation upon request**. Those agencies are as follows:

- Department of Environmental Protection
- Department of Economic Opportunity
- Florida Gaming Control Commission
- Department of State
- Department of Children & Families
- Department of Military Affairs
- Department of Management Services
- Department of Juvenile Justice

Only one agency left this question blank and did not answer, that agency is:

- Department of Administrative Hearings

Five of the agencies that BOSP Post Audit received responses from, did not provide the **number of agency staff positions dedicated to Payroll** for the previous calendar year, those agencies are as follows:

- Department of Economic Opportunity
- Department of State
- Department of Citrus
- Agency for Health Care Administration
- Florida Commission on Offender Review

In 2022, three questions were added to the Compliance checklist.

1. *Our agency has established procedures to ensure all corrections that affect employee payroll records are provided to the Bureau of State Payrolls and can provide the procedures upon request.*

Six agencies left this answer blank, those agencies are as follows:

- Department of Environmental Protection
- Department of Education
- Department of Veterans Affairs
- Department of Citrus
- Department of Health
- Florida Fish and Wildlife Conservation Commission

None of the remaining agencies indicated that they do not have established procedures.

2. *Our agency employs or intends to hire someone that qualifies for Non-Resident Alien status on their Form W-4 and has provided the necessary supporting documentation listed within the Payroll Preparation Manual, to the BOSP Taxation and Reconciliation section.*

Eight agencies left this answer blank, those agencies are as follows:

- Department of Environmental Protection
- Department of Education
- Florida School for the Deaf and the Blind
- Department of Veterans Affairs
- Department of Citrus
- Department of Health
- Department of Administrative Hearings
- Florida Fish and Wildlife Conservation Commission

Eight of the remaining agencies indicated that they do not have or intend to hire someone that qualifies for Non-Resident Alien status, those agencies are as follows:

- Executive Office of the Governor-Department of Emergency Management
- Department of Economic Opportunity
- Florida Gaming Control Commission
- Department of Financial Services
- Department of State
- Public Service Commission
- Department of Military Affairs
- Department of Corrections

3. *Our agency has made reasonable efforts to establish a consistent commitment to continuing education by encouraging employees to attend a DFS provided quarterly Payroll Fundamentals training on an annual basis.*

Six agencies left this answer blank, those agencies are as follows:

- Department of Environmental Protection
- Department of Education
- Department of Veterans Affairs
- Department of Citrus
- Department of Health
- Florida Fish and Wildlife Conservation Commission

All of the remaining agencies indicated that they have made reasonable efforts to commit to continuing education Payroll Fundamentals training provided by DFS.

One agency, the Justice Administrative Commission (JAC), indicated that they do not properly or consistently monitor cash and budget amounts prior to payroll processing to ensure payrolls do not result in any negative balances, which is a common response from JAC and not out of the ordinary. They provided the following additional comments:

*“The Justice Administrative Commission (JAC) and the Judicial-Related Offices we administratively serve are not part of the State Personnel System. Accordingly, many of our processes appear to be beyond the scope of this reporting requirement. Nonetheless, JAC Payroll works closely with the BOSP (and other entities) to ensure that appropriate safeguards are in place to ensure the appropriate expenditure of taxpayer funds. “*

## RECOMMENDATIONS

A new Compliance Checklist must be completed annually, no later than January 31<sup>st</sup>.

Agencies should ensure that all Payroll Compliance Checklists are completed fully, accurately, and timely. Completing this form annually may bring attention to a deficiency that an agency or BOSP was not previously aware of and as such, gives them an opportunity to correct known issues or strengthen perceived areas of weakness.

2023 Compliance Checklist				Established Procedures for:				Timeliness:			In Compliance with:		Agency Provided Info:				
Agency	# of Payroll Positions	Received?	Date	Internal Controls for PYRL processing?	Detection & correction of PYRL related errors?	Timely Employee Timesheet Approval?	Ensuring corrections affecting payroll are provided to BOSP?	Removal of separated employees?	Routine review of PYRL System Access?	Routinely Monitor Cash/Budget before PYRL processing?	PPM, FAC, & Applicable Laws?	PPM Guidelines: Salary Overpayments? (Vol 5, Sec 6)	for Retro, On-Demand, & Supp. Pay?	Hardship Waivers for EFT non participants?	Our agency has established procedures to ensure all corrections that affect employee payroll records are provided to the Bureau of State Payrolls and can provide the procedures upon request.	Our agency employs or intends to hire someone that qualifies for Non-Resident Alien status on their Form W-4 & has provided necessary supporting documentation listed in the PPM, to BOSP Taxation & Reconciliation.	Our agency has made reasonable efforts to establish a consistent commitment to continuing education by encouraging employees to attend a DFS Payroll Fundamentals training on an annual basis.
LEG	2	✓	2/13/23	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
JAC	5-6	✓	1/5/23	✓	✓	✓	✓	✓	✓	✗	✓	✓	✓	✓	✓	✓	✓
SCS	5	✓	1/10/23	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
EOG	2	✓	1/20/23	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
EOG-DEM	3	✓	1/31/23	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✗	✓
DOL	2	✓	1/27/23	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
DEP	5	✓	1/17/23	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✗	(Blank)	(Blank)	(Blank)
DEO	(Blank)	✓	2/3/23	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✗	✓	✗	✓
DLA	3	✓	1/31/23	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
FGCC	4	✓	1/30/23	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✗	✓	✗	✓
ACS	3	✓	1/6/23	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
DFS	1	✓	2/6/23	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✗	✓
DOS	(Blank)	✓	1/5/23	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✗	✓	✗	✓
DOE	3	✓	1/4/23	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	(Blank)	(Blank)	(Blank)
SDB	2	✓	1/26/23	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	(Blank)	✓
DVA	3	✓	1/9/23	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	(Blank)	(Blank)	(Blank)
DOT	9	✓	1/9/23	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
CIT	(Blank)	✓	2/3/23	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	(Blank)	(Blank)	(Blank)
DCF	8	✓	1/17/23	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✗	✓	✓	✓
PSC	6	✓	1/9/23	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✗	✓
DMA	4	✓	2/3/23	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✗	✓	✗	✓
DOH	15	✓	1/24/23	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	(Blank)	(Blank)	(Blank)
DOEA	2	✓	1/3/23	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
APD	10	✓	2/6/23	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
AHCA	(Blank)	✓	1/27/23	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
DOC	11	✓	1/23/23	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✗	✓
FDLE	2.5	✓	1/27/23	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
DMS	1	✓	1/31/23	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✗	✓	✓	✓
DOAH	1	✓	1/12/23	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	(Blank)	✓	(Blank)	✓
DOR	23	✓	1/26/23	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
HSMV	4	✓	1/27/23	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
FWC	3	✓	1/9/23	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	(Blank)	(Blank)	(Blank)
FCOR	(Blank)	✓	9/30/22	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
DBPR	3	✓	2/6/23	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
DJJ	5	✓	1/11/23	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✗	✓	✓	✓