

**SEMINOLE COUNTY  
DEPARTMENT OF ADMINISTRATIVE SERVICES  
SUPPORT SERVICES**

**FOLLOW-UP REVIEW OF  
WORKERS' COMPENSATION PROGRAM**

**REPORT NO. 051209**

**MAY 2009**

Prepared by:  
The Office of  
Clerk of the Circuit Court



**MARYANNE MORSE**  
Clerk of the Circuit Court  
Seminole County

May 12, 2009

The Honorable Bob Dallari  
Chairman  
The Board of County Commissioners  
Seminole County, Florida  
1101 East First Street  
Sanford, FL 32771

Dear Mr. Chairman:

I am very pleased to present you with the attached follow-up review of the Administrative Services Department. The review focused on workers' compensation payments administered by the Support Services Division.

The review found that management took corrective actions in response to the findings of the original audit. These actions have been successfully implemented and corrected the issues previously identified.

I would like to personally thank the men and women of the Seminole County Department of Administrative Services for their assistance throughout the course of this review. Their assistance was deeply appreciated. With warmest personal regards, I am

Most cordially,

Maryanne Morse  
Clerk of the Circuit Court  
Seminole County

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**Seminole County  
Administrative Services Department  
Support Services Division**

**Follow-up Review of  
Workers' Compensation Programs**

The Office of the Clerk of the Circuit Court has completed a follow up review of the corrective actions taken as a result of the audit of the workers' compensation report (# 111901) published in November 2001.

**PURPOSE**

The review was performed to determine if management's corrective action plans were implemented and are operating effectively. Also, to determine if the administrative controls over the workers' compensation programs are adequate, effective, and, in compliance with county policy.

**BACKGROUND**

The Support Services Division is responsible for managing a comprehensive self-insurance program to protect the county from financial losses and to provide the county with a safe work environment. This division also is responsible for managing the activities of a third party administrator, which is Johns Eastern Co., Inc., (TPA) effective October 1, 2003. The TPA processes all insurance claims filed against the Board of County Commissioners, the sheriff, tax collector, property appraiser, clerk of the circuit court and supervisor of elections.

The self-insurance program began in 1976 and includes coverage for all losses relating to insurance claims filed against the county. The self-insurance program currently covers workers' compensations claims with the County's retention being \$125,000.00 per claim, and an excess policy that covers the balance of claim up to the State of Florida's statutory limit.

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## SCOPE OF WORK

We reviewed the current status of management's corrective action plans based on the recommendations made in the prior audit. We also reviewed a sample of open and closed claims from the period October 1, 2006 through January 31, 2009.

The review included:

- Review of the status of management corrective action plans;
- Sampling of workers compensation claims reported; and,
- Interviews with county personnel

The review was performed by the Office of the Clerk of the Circuit Court.

## OVERALL EVALUATION

The original review published in November 2001 produced three findings. Management concurred with the findings and has adopted the accompanying recommendations.

The original report, "Audit of Workers' Compensation Program" can be accessed online at [www.seminoleclerk.org/Boardinfo/audits/default.shtm](http://www.seminoleclerk.org/Boardinfo/audits/default.shtm). Copies may also be obtained in BCC records or the Clerk's Office.

Overall, it is our opinion, that the corrective actions have been successfully implemented.

The original findings of the audit, our detailed recommendations, and management's responses, are included in the report that follows.

As part of our review, we tested a sample of current and closed worker's compensation claims at the office of the TPA. We found that the claims were properly paid and documented.

**ORIGINAL FINDING NO. 1**

*The County does not maintain a policy and procedures manual for the Risk Management Program.*

**Original Recommendation**

We suggest that management review, update, and complete a policies and procedures manual for the Risk Management Program. The manual should be approved (in writing) by:

- County manager; and,
- Director of administrative services.

**Original Management Response**

As documented in the Audit Report, the Risk Management Division has written internal operating procedures, which are used by employees of the Risk Management Division. Division operating procedures are intended to serve as a guideline for the division's day-to-day operations. State Statute governs the handling of Workers' Compensation claims. We will formalize Risk Management Procedures and forward to the County Manager for signature.

**Current Status – Completed**

Staff provided a copy of the current Operating Manual and associated forms. The manual covers annual payroll assessments, claims procedures, injuries record keeping and benefit amounts. The manual adequately addresses the original recommendation.

**ORIGINAL FINDING NO. 2**

*Seminole County Administrative Code Section 45.4 (Risk Management Settlement Procedures) is outdated.*

**Original Recommendation**

Amend Seminole County Administrative Code Section 45.4 to reflect Florida Statutes Section 69.081 and 440.125. Also, define the responsibilities of the Risk Management Committee, the county manager, and the Administrative Services Department.

**Original Management Response**

The Risk Management Division is aware that the settlement procedures are out of date and is working with the County Attorney's office to make the appropriate updates.

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**Current Status – Corrective Action Implemented**

Seminole County Administrative Code Section 45.4 has been replaced by Seminole County Administrative Code Section 8.5 (Risk Management). It address and corrects the seven issues listed in the original audit report.

**ORIGINAL FINDING NO. 3**

*Payroll reports submitted to the state of Florida are overstated.*

**Original Recommendation**

1. File an amended Payroll Report (SI-5) and request a refund based on the overstated executive and overtime salaries; and,
2. File an amended payroll report with Arthur J. Gallagher to reflect these same adjustments.

**Original Management Response**

We appreciate this matter being brought to our attention and are taking steps to correct the situation. An amended SI-5 report was sent to the State of Florida on June 13, 2001 with a request for a refund of overpayment.

The State of Florida sends an instructional letter and form each year outlining what is to be reported for workers' compensation payroll. At no time did their instructions include information regarding exclusion of 1/3 of overtime.

In turn, Risk Management forwards a copy of the State's instructional letter and form to each Constitutional Officer and the County's Payroll Department requesting each entity complete the form as instructed. The Property Appraiser, Clerk of Circuit Court and Tax Collector limited Executive salaries. The Sheriff and County Payroll for BCC did not.

In the future Risk Management will clarify with each Constitutional Officer and County Payroll what is, and is not, to be included in the calculations.

**Current Status – Corrective Action Implemented**

Amended returns were filed at the time the original audit was completed. The county received a refund from the State of Florida for the overpayments.

We reviewed the SI-5's filed by the county for the last two fiscal years. In all cases executive pay was limited to the appropriate maximum. One-third of overtime pay was excluded from reported wages as required.