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## OFFICE OF INSPECTOR GENERAL PALM BEACH COUNTY

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### Employee Separation Process

***Municipalities can improve controls over their employee separation process to help ensure that off-boarding of employees is properly executed and documented.***

***A recent audit revealed that a lack of controls over the employee separation process led to thousands of dollars of improperly paid wages and employee benefits and allowed potentially unauthorized access to computer systems and potential loss of property.***

#### Why Is a Separation Process Essential?



An agency's separation process should ensure a smooth transition of the separating employee's responsibilities to others, increase the likelihood that both parties meet any legal obligations triggered by the separation, protect the entity's tangible and intangible assets and information, and create an atmosphere that encourages the employee to consider returning in the future. A properly implemented separation process also ensures that employee separations or retirements are managed efficiently and effectively.

The lack of a proper separation process or one with inadequate controls could result in the following:

- Improper payment of wages, accrued leave payouts, and employee benefits such as insurance and retirement;
- Noncompliance with legal, regulatory, contractual, or entity requirements;
- Un-recouped advances or expenses, such as travel, training, or tuition costs;
- Loss of or damage to property due to unreturned equipment, tools, keys, badges, etc.; and
- Loss or alteration of computer system data or programs and/or data security breaches due to unauthorized system access.



#### Statutory Guidance

Effective July 1, 2019, Section 218.33, Florida Statutes, states,

...

*“Enhancing Public Trust in Government”*

- (3) Each local governmental entity shall establish and maintain internal controls designed to:
- (a) Prevent and detect fraud, waste, and abuse as defined in s. 11.45(1).
  - (b) Promote and encourage compliance with applicable laws, rules, contracts, grant agreements, and best practices.
  - (c) Support economical and efficient operations.
  - (d) Ensure reliability of financial records and reports.
  - (e) Safeguard assets.

### **Suggestions for Effective Employee Off-Boarding**

1. **Develop and implement policies and procedures** that establish requirements for the employee separation process including, but not limited to, establishing timelines for the transfer of information and assets, identifying the parties responsible for each step, and requiring documentation of the completion of each step.
2. **Develop and implement separation checklists** to facilitate and document:
  - a. Collection of entity property (e.g. keys, badge, laptop, cell phone, purchasing/credit card, sensitive/confidential documents, etc.);
  - b. Accurate accounting of amounts due to the separating employee (e.g., final payouts) and recoupment of amounts due from the separating employee (e.g. advances, expenses, and tuition costs);
  - c. Timely communication of required notifications of rights and responsibilities to the separating employee and staff involved in the process;
  - d. Removal of separating employee from payroll, employee benefit plans, and computer systems; and
  - e. Adherence to applicable contractual, regulatory, and entity policy/procedure requirements.
3. **Remove access** to computer systems, databases, and entity property before or on the day of an employee's separation.
4. **Ensure the separation process covers all types of staff and workers** that have access to entity property or computer systems (e.g. part-time, full-time, temporary, students, independent contractors, volunteers, etc.).
5. **Train staff** involved in the separation process on the requirements and responsibilities.
6. **Establish periodic review and monitoring activities** to ensure that separations are processed accurately and completely, and properly documented and authorized.

