



CHIEF FINANCIAL OFFICER  
JEFF ATWATER  
STATE OF FLORIDA

April 24, 2012

The Honorable Jeff Atwater  
Chief Financial Officer  
The Capitol, PL-11  
Tallahassee, Florida 32399-0301

Dear Mr. Atwater:

As required by Section 20.055, Florida Statutes, I have enclosed the Department's six-month status report of corrective actions taken in response to Auditor General Report Number 2012-016, *Department of Financial Services Florida Accounting Information Resource (FLAIR) Subsystem Information Technology Operational Audit* (published October 25, 2011).

If you have any questions, please do not hesitate to contact me.

Sincerely,

A handwritten signature in blue ink that reads "Ned Luczynski".

Ned Luczynski

NL:sll

Enclosure

cc: Robert Kneip, Chief of Staff  
Paul Whitfield, Deputy Chief Financial Officer  
Tami Torres, Deputy Chief Financial Officer  
Kathy DuBose, Coordinator, Joint Legislative Auditing Committee

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**SIX-MONTH FOLLOW-UP REPORT  
STATUS OF CORRECTIVE ACTION**

Reviewing Entity	Report	Report Title	Date Published
Auditor General	2012-016	<i>Department of Financial Services Florida Accounting Information Resource (FLAIR) Subsystem Information Technology Operational Audit</i>	October 25, 2011
<b>Finding No. 1</b>	The access privileges of some Department users were not appropriate for their job responsibilities.		
<b>Recommendation</b>	The Department should limit user access privileges to only what is necessary for user job responsibilities. Additionally, the Department should ensure that periodic reviews of DAC and HAC Statewide access privileges contain sufficient information to determine whether assigned access privileges remain appropriate and commensurate with job responsibilities. The Department should also expand its review of Payroll Component access privileges to include users within DIS.		
<b>Original Response</b>	<p>We concur. The Division of Accounting and Auditing will create new access control procedures for users needing Statewide access to Departmental FLAIR's environments for the Departmental Accounting Component (DAC) and the DAC data base file for the Department of Children and Families (HAC). These procedures will identify all the positions that should be granted access and the type of access to be granted based on the position's job responsibilities. In conjunction with the new procedures, the Division of Accounting and Auditing will implement quarterly reviews to ensure compliance with the Statewide access procedures.</p> <p>The Division of Accounting and Auditing will update access control procedures for users needing access to the available budget override function in the Central FLAIR Central Accounting Component (CAC), for all Division of Accounting and Auditing users (OLO 4390) accessing Departmental FLAIR's DAC and HAC environments, and for all users accessing FLAIR's payroll component. The Division of Accounting and Auditing will verify that the procedures reflect all the positions that should be granted access and the type of access to be granted based on the position's job responsibilities. In conjunction with the revised procedures, the Division of Accounting and Auditing will take steps to include all positions in the quarterly reviews to ensure compliance with the division's OLO 4390 and Payroll access procedures that was previously missing.</p> <p>The Division of Information Systems has limited access privileges to the W-9 Web Site Production Program Code to only those positions necessary based on user job responsibilities. The Division of Information Systems has also limited network folder access privileges to only those positions necessary based on user job responsibilities. Additionally, inherited access privileges are denied for the Bureau of State Payrolls folder. As noted in the audit report, the Division of Information Systems has modified the access review report to include sufficient detail for determining the appropriateness of access privileges.</p>		
<b>Six-month Follow-up:</b> April 25, 2012			

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<b>Responsible Divisions</b>	Division of Accounting and Auditing Division of Information Systems
<b>Reported Status</b>	<p>The Division of Accounting and Auditing is in the process of revising the access control procedure for users needing access to OLO 4390 in Departmental FLAIR and is in the process of developing a new access control procedure for users needing Statewide access to Departmental FLAIR's environments for the Departmental Accounting Component (DAC) and the DAC data base file for the Department of Children and Families (HAC). In conjunction with the procedure revisions, the Division is also requesting the development of new access control reports to support quarterly monitoring activities.</p> <p>The Division of Accounting and Auditing has updated access control procedures for users needing access to the available budget override function in the Central FLAIR Central Accounting Component (CAC) and for all users of the Payroll Component. The Division has also created a new monitoring report that identifies the transactions and user id that have been overridden in CAC. These changes will be incorporated into the third quarter access control review for Fiscal Year 2011-12.</p> <p>On July 15, 2011, the Division of Information Systems limited access privileges to the W-9 Web Site Production Program Code to only those positions necessary based on user job responsibilities. The Division of Information Systems also completed restriction of network folder access privileges to only those positions necessary based on user job responsibilities on June 3, 2011. Additionally, inherited access privileges were denied for the Bureau of State Payrolls folder on September 27, 2011. The Division of Information Systems also modified the access review reports on September 16, 2011 to include sufficient detail for determining the appropriateness of access privileges. Additionally, review of users with Payroll Component access now includes review of DIS staff.</p>
<b>OIG Assessment</b>	<b>OPEN.</b> The OIG will continue monitoring this issue until such time as the remaining access control procedures are revised and implemented.

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Auditor General	2012-016	<i>Department of Financial Services Florida Accounting Information Resource (FLAIR) Subsystem Information Technology Operational Audit</i>	October 25, 2011
<b>Finding No. 2</b>	As similarly noted in prior audits of the Department, most recently our report No. 2011-030, the Department did not disable the network access privileges of some former employees in a timely manner.		
<b>Recommendation</b>	The Department should enhance its practices to ensure that the network access privileges of all former employees are disabled in a timely manner.		
<b>Original Response</b>	We concur. Department management is actively working to enhance procedures to ensure timely disablement of network access privileges for separating employees. Additionally, the Division of Information Systems has already implemented a monitoring tool to more accurately record the actual date privileges were disabled.		
<b>Six-month Follow-up:</b> April 25, 2012			
<b>Responsible Division</b>	Division of Information Systems		
<b>Reported Status</b>	In June 2011, the Department procured a monitoring tool for \$34,194 to more accurately record the date privileges were disabled. On July 13, 2011 the Division of Information Systems implemented this tool and since that time has been capturing these records. The Department is in the process of enhancing its policies and procedures related to timely disablement of access privileges. Additionally, the DIS Compliance Office has implemented a process to perform periodic checks of employee separations to ensure network accounts are disabled.		
<b>OIG Assessment</b>	<b>OPEN.</b> The OIG will continue to monitor this issue until such time as the enhancements to the Department's administrative policies and procedures are approved and disseminated.		

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Auditor General	2012-016	<i>Department of Financial Services Florida Accounting Information Resource (FLAIR) Subsystem Information Technology Operational Audit</i>	October 25, 2011
<b>Finding No. 3</b>	Certain Department security controls related to security event logging, logical access, and data transmission needed improvement. Some of the issues were also noted in our report No. 2011-30.		
<b>Recommendation</b>	The Department should improve security controls related to security event logging, logical access, and data transmission to ensure the confidentiality, integrity, and availability of data and IT resources.		
<b>Original Response</b>	We concur. The Department has implemented improvements in some areas, and is working to enhance security controls in other areas noted in the report.		
<b>Six-month Follow-up:</b> April 25, 2012			
<b>Responsible Division</b>	Division of Information Systems		
<b>Reported Status</b>	The Department has made significant progress in enhancing the security controls to ensure the confidentiality, integrity, and availability of data and IT resources.		
<b>OIG Assessment</b>	<b>CLOSED.</b> It appears management has taken appropriate steps to improve the security controls noted in the report.		

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Auditor General	2012-016	<i>Department of Financial Services Florida Accounting Information Resource (FLAIR) Subsystem Information Technology Operational Audit</i>	October 25, 2011
<b>Finding No. 4</b>	Contrary to the requirements of the State of Florida, <i>General Records Schedule</i> for the retention of access control records, the Department did not retain some network and Natural Security access control records.		
<b>Recommendation</b>	The Department should ensure that access control records are retained as required by the <i>General Records Schedule</i> .		
<b>Original Response</b>	We concur. The Division of Information Systems has taken steps to ensure proper retention of network and Natural Security access control records through proper logging and retention of log files for the time period required by the <i>General Records Schedule</i> .		
<b>Six-month Follow-up:</b> April 25, 2012			
<b>Responsible Division</b>	Division of Information Systems		
<b>Reported Status</b>	In June 2011, the Department procured a monitoring tool for \$34,194 to ensure that records were captured and retained in accordance with the <i>General Records Schedule</i> . On July 13, 2011 the Division of Information Systems implemented this tool and since that time has been capturing and retaining these records. Additionally, on August 7, 2011 the Division enhanced Natural Security logging to ensure proper retention of those records, as well.		
<b>OIG Assessment</b>	<b>CLOSED.</b> It appears management has taken appropriate corrective action.		



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Auditor General	2012-016	<i>Department of Financial Services Florida Accounting Information Resource (FLAIR) Subsystem Information Technology Operational Audit</i>	October 25, 2011
<b>Finding No. 5</b>	As similarly noted in our report No. 2011-030, the Department did not maintain a comprehensive configuration repository of its IT infrastructure and applications.		
<b>Recommendation</b>	The Department should implement a central comprehensive configuration repository to facilitate the management and control of its IT infrastructure and applications.		
<b>Original Response</b>	We concur. The Department is in the process of implementing a multi-repository solution to expand management of its information technology infrastructure. Existing repositories are being updated, as needed. The Department has also procured an additional configuration management database and is defining business requirements for planned deployment.		
<b>Six-month Follow-up: April 25, 2012</b>			
<b>Responsible Division</b>	Division of Information Systems		
<b>Reported Status</b>	The Department is leveraging multiple repository solutions to expand management of its information technology infrastructure. Existing repositories have been updated, as needed. In 2010, the Department procured enhancements to existing configuration management tools for \$149,579 to facilitate management and control of its IT infrastructure and applications. The Division of Information Systems has completed one tool enhancement and has dedicated resources to work toward deployment of the second enhancement.		
<b>OIG Assessment</b>	<b>OPEN.</b> The Department has made significant progress, and plans to further strengthen management of its information technology infrastructure. The OIG will continue to monitor improvements in this area.		

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Auditor General	2012-016	<i>Department of Financial Services Florida Accounting Information Resource (FLAIR) Subsystem Information Technology Operational Audit</i>	October 25, 2011
<b>Finding No. 6</b>	As similarly noted in prior audits of the Department, most recently our report No. 2011-030, the Department did not provide initial security awareness training for some agency workers or periodic refresher training for all agency workers.		
<b>Recommendation</b>	The Department should provide initial and periodic refresher security awareness training for all Department workers, including salaried employees, contractors, volunteers, and OPS employees.		
<b>Original Response</b>	We concur. The Department, in coordination with the Division of Information Systems, will provide initial and periodic refresher security awareness training for all Department workers beginning November 2011.		
<b>Six-month Follow-up:</b> April 25, 2012			
<b>Responsible Division</b>	Division of Information Systems		
<b>Reported Status</b>	In April 2010 the Division of Information Systems procured a Security Awareness Training tool for \$10,720 (per annum) and began phased-in training of Department workers in November 2011. As of April 2, 2012, 1,979 workers had completed this training. Additionally, new Department workers are registered for training by DIS when a request is received to provide access to IT resources. The Division has also implemented a process to follow-up with workers to ensure that the training is completed within 30 days. Department workers are also required to complete refresher training on an annual basis.		
<b>OIG Assessment</b>	<b>OPEN.</b> Since November 2011, the majority of Department workers have completed initial Security Awareness Training. However, the OIG will continue to monitor the phase-in of training requirements, including worker completion of annual refresher training.		



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Auditor General	2012-016	<i>Department of Financial Services Florida Accounting Information Resource (FLAIR) Subsystem Information Technology Operational Audit</i>	October 25, 2011
<b>Finding No. 7</b>	As similarly noted in our report No. 2011-030, Department firewall configuration management controls needed improvement.		
<b>Recommendation</b>	The Department should ensure that all changes to the firewall configuration are approved and tested and that affected users are notified of the changes as provided in the <i>Firewall Configuration Procedure</i> .		
<b>Original Response</b>	We concur. The Division of Information Systems will enhance procedures related to firewall configuration changes.		
<b>Six-month Follow-up:</b> April 25, 2012			
<b>Responsible Division</b>	Division of Information Systems		
<b>Reported Status</b>	The Division of Information Systems completed enhancement of its firewall configuration procedures in March 2012 to ensure that changes to the configuration are appropriately approved, tested, and tracked and that affected users are notified of the status of requested changes.		
<b>OIG Assessment</b>	<b>CLOSED.</b> It appears management has taken appropriate corrective action.		

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<b>Finding No. 8</b>	Some Department policies and procedures were outdated, inaccurate, lacking, or not effectively disseminated to staff. The Department also lacked written procedures for some Departmental Accounting Component (DAC) access control processes.		
<b>Recommendation</b>	The Department should update and correct inaccuracies in existing policies and procedures. Additionally, the Department should ensure that procedures are communicated and made available to all appropriate staff.		
<b>Original Response</b>	<p>We concur. The Division of Information Systems is in the process of reviewing all Division policies and procedures. The Division of Information Systems' operating policies and procedures are available to Division employees on the Division's intranet. Each Division employee will have access only to those policies and procedures for which they have security rights. The Division of Information Systems is in the process of developing procedures to ensure division employees are informed of changes to internal operating policies and procedures.</p> <p>The Division of Accounting and Auditing will update the <i>Payroll Preparation Manual</i> and the Bureau of State Payrolls' desk procedures for <i>Biweekly Payroll</i>, <i>Supplemental Payroll</i>, and <i>Miscellaneous Adjustments</i> to reflect the current payroll processing practices. The Division issues memoranda to agencies of updates to the preparation manual and communicates directly with the appropriate staff concerning updates to the desk procedures.</p> <p>The Division of Administration has updated its written procedures to ensure they are current, accurate, and complete. The Division of Administration provides direct, verbal notification to its employees of revisions to internal procedures. These procedures are available to Division of Administration employees on a shared drive. The Division of Administration also notifies Department employees by e-mail of changes to Departmental Administrative Policies and Procedures.</p>		
<b>Six-month Follow-up:</b> April 25, 2012			
<b>Responsible Divisions</b>	Division of Information Systems Division of Accounting and Auditing Division of Administration		
<b>Reported Status</b>	<p>The Division of Information Systems has established procedures for on-going, periodic review of all Division internal policies and procedures. Division internal policies and procedures are available to Division employees on the Division's Intranet site to ensure they remain accessible. The Division of Information Systems has also enhanced procedures to ensure that Division employees are informed of changes to internal operating policies and procedures.</p> <p>The Division of Accounting and Auditing revised the Payroll Preparation Manual and</p>		

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	<p>notified agencies of the revisions on January 5, 2012. The revisions reflect the current payroll practices regarding payroll certifications and general processing procedures associated with Biweekly, Monthly, Supplemental and On Demand payrolls. In addition, all applicable Bureau of State Payrolls desk procedures were updated between October and December 2011 to reflect current procedures for Miscellaneous Adjustments, payroll reports and various payroll processing activities.</p> <p>The Division of Administration continues to provide direct, verbal notification to its employees of revisions to internal procedures. The procedures are available to Division employees on a shared drive. The Division continues to send email notifications when Departmental Administrative Policies &amp; Procedures are updated.</p>
<b>OIG Assessment</b>	<b>CLOSED.</b> It appears management has taken appropriate corrective action.