July 12, 2013

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 am providing the Department's six-month status report of corrective actions taken in response to Auditor General Report Number 2013-078, *Department of Financial Services Florida Accounting Information Resource Subsystem (FLAIR) Information Technology Operational Audit* (published January 10, 2013).

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

Sincerely,

Tom Kirwin
Inspector General

TK:rlg

Attached

cc: Robert Kneip, Chief of Staff
        Kathy DuBose, Coordinator, Joint Legislative Auditing Committee
        Charles Ghini, Chief Information Officer
        Stephanie Iliff, Director of Administration
        Christina Smith, Director of Accounting & Auditing

Reviewing Entity	Report	Report Title	Date Published
Auditor General	2013-078	**Florida Accounting Information Resource Subsystem (FLAIR) Information Technology Operational Audit**	January 10, 2013

Finding 1	As similarly noted in our report No. 2012-016, the access privileges of some Department users were not appropriate for their job responsibilities.
Recommendation	The Department should limit user access privileges to only what is necessary for the users' job responsibilities.
Original Response	We concur. The Division of Information Systems limited statewide access privileges to select functions in the Departmental Accounting Component. Additionally, the Division limited access to the W-9 and W-2 Web Site Production Program Code to the extent possible, based on user job responsibilities and enhanced procedures to further ensure appropriate separation of duties. CAC access privileges to the Audit Override function, Special Flag Override function, Vendor Request for 1099 Returns function, and the Accounting Input function have been reviewed and updated by the Division of Accounting and Auditing based on the employee's job responsibilities. The Division has reviewed CAC access to functions that contained confidential banking information for the 45 Division of Retirement employees. Access has been entirely removed for three (3) employees and access has been reduced for another nine (9) employees. Once the Division of Retirement implements its Direct Deposit Website in March 2013, CAC access will be terminated for all Division of Retirement staff. The Division of Accounting and Auditing reviewed the Direct Deposit group E-Mail account in August 2012. Inappropriate access was removed, and is now limited to EFT personnel and Division management.

Six-month Follow-up:	
Responsible Division	Division of Information Systems; Division of Accounting and Auditing
Reported Status	The Division of Information Systems limited access privileges, based on user job responsibilities, and enhanced procedures to further ensure appropriate separation of duties. The Department of Management Services, Division of Retirement implemented its Direct Deposit Website on May 10, 2013. Once DMS and DFS confirmed that the new application was functioning properly, CAC access was terminated for all Division of Retirement staff on June 5, 2013.
OIG Assessment	**PARTIALLY CLOSED.** It appears that management has taken appropriate action to address most of the issues identified in the finding. The OIG will continue to monitor this issue until such time as all issues are resolved.

DEPARTMENT OF FINANCIAL SERVICES
OFFICE OF INSPECTOR GENERAL

SIX-MONTH FOLLOW-UP REPORT
STATUS OF CORRECTIVE ACTION

Reviewing Entity	Report	Report Title	Date Published
Auditor General	2013-078	**Florida Accounting Information Resource Subsystem (FLAIR) Information Technology Operational Audit**	January 10, 2013

Finding 2	As similarly noted in prior audits of the Department, most recently our report No. 2012-016, the Department did not deactivate the access privileges of some former employees and contractors in a timely manner.
Recommendation	The Department should enhance its practices to ensure that the network and DAC access privileges of all former employees and contractors are deactivated in a timely manner.
Original Response	We concur. The Department has enhanced procedures to further ensure timely disablement of network access privileges for separating employees. Additionally, the Department continues to communicate the importance of timely reporting of separations to ensure timely deactivation of accounts.

Six-month Follow-up:	
Responsible Division	Division of Information Systems
Reported Status	The Department has enhanced procedures to further ensure timely disablement of network access privileges for separating employees and has implemented a monitoring process to identify past due disablements. Additionally, the Department continues to communicate the importance of timely reporting of separations to ensure timely deactivation of accounts.
OIG Assessment	**CLOSED.** The Division has amended procedures and appears to have taken corrective action to address the finding.

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OFFICE OF INSPECTOR GENERAL

SIX-MONTH FOLLOW-UP REPORT
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Reviewing Entity	Report	Report Title	Date Published
Auditor General	2013-078	**Florida Accounting Information Resource Subsystem (FLAIR) Information Technology Operational Audit**	January 10, 2013

Finding 3	The Department did not maintain access authorization forms for some users.
Recommendation	The Department should maintain documentation of management's authorization for user access privileges to move Natural, COBOL, and UNIX changes into the production environment.
Original Response	We concur. The Department, however, has accepted the risk associated with the absence of access authorization documentation for employees who began employment prior to the implementation of the documentation in 2006. Since the document was implemented, it is completed for all new employees and for any employees who move positions within the Department. Additionally, the Department will provide training on procedures to ensure access to Department secure applications is reviewed on a quarterly basis.

Six-month Follow-up:	
Responsible Division	Division of Information Systems
Reported Status	The Department has accepted the risk associated with the absence of access authorization documentation for employees who began employment prior to the implementation of the documentation in 2006. Since the document was implemented, it is completed for all new employees and for any employees who move positions within the Department. Additionally, the Department has provided training on procedures to ensure access to Department secure applications is reviewed on a quarterly basis.
OIG Assessment	**CLOSED.** It appears that management has taken appropriate action to address the findings and recommendations.

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OFFICE OF INSPECTOR GENERAL

SIX-MONTH FOLLOW-UP REPORT
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Reviewing Entity	Report	Report Title	Date Published
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Finding 4	Certain Department security controls related to security event logging, logical access, the protection of confidential and exempt information, and risk management needed improvement. Some of the issues were communicated to Department management in connection with our report No. 2012-016.
Recommendation	The Department should improve security controls related to security event logging, logical access, the protection of confidential and exempt information, and risk management to ensure the confidentiality, integrity, and availability of data and IT resources.
Original Response	The Department has improved security controls in some areas noted in the report and will continue to address security controls in other areas, as appropriate.

Six-month Follow-up:	
Responsible Division	Division of Information Systems; Division Accounting and Auditing
Reported Status	The Department has improved security controls in some areas noted in the report and will continue to address security controls in other areas, as appropriate.
OIG Assessment	**PARTIALLY CLOSED.** It appears management has taken appropriate action to address many of the issues and recommendations. However, the OIG will continue to monitor this finding until such time as Division management can address the remaining issues.

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Auditor General	2013-078	**Florida Accounting Information Resource Subsystem (FLAIR) Information Technology Operational Audit**	January 10, 2013

Finding 5	As similarly noted in prior audits of the Department, most recently our report No. 2012-016, the Department did not maintain a comprehensive configuration repository of its IT infrastructure and applications.
Recommendation	The Department should continue efforts to implement a central comprehensive configuration repository to facilitate the management and control of its IT infrastructure and applications.
Original Response	We concur. The Department continues to leverage multiple repository solutions to manage its information technology infrastructure. Existing repositories are being updated as needed, and the remaining phases of the Remedy enhancement are being planned.

Six-month Follow-up:	
Responsible Division	Division of Information Systems
Reported Status	The Department continues to leverage multiple repository solutions to manage its information technology infrastructure. Existing repositories are being updated as needed, and the remaining phases of the Remedy enhancement are being planned.
OIG Assessment	**PARTIALLY CLOSED.** It appears management is taking appropriate action to address the findings and recommendations. However, the OIG will continue to monitor this issue until such time as Division management can complete corrective action.

DEPARTMENT OF FINANCIAL SERVICES
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SIX-MONTH FOLLOW-UP REPORT
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Finding 6	The Department's monitoring of program changes needed improvement.
Recommendation	The Department should implement a process to monitor the status of existing DPRs and ensure that the status information for each DPR is current.
Original Response	We concur. The Department has enhanced procedures to ensure that Data Processing Request statuses are updated timely.

Six-month Follow-up:	
Responsible Division	Division of Information Systems
Reported Status	The Division has enhanced procedures to ensure that DPR statuses are updated timely. The Division has implemented a process to review reports of DPRs.
OIG Assessment	**CLOSED.** The Department has amended procedures and appears to have taken corrective action to address the finding.

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Finding 7	As similarly noted in our report No. 2012-016, some Department procedures were outdated, inaccurate, or lacking.
Recommendation	The Department should update and correct inaccuracies in existing procedures. Additionally, pursuant to *AP&P 4-05*, the Department should develop procedures that detail how the business units determine who should have access to their applications. Furthermore, the Department should develop procedures for approving and assigning access privileges for adding vendors to the Statewide vendor file.
Original Response	We concur. The Division of Information Systems continues in its efforts to review and update existing Division policies and procedures. The Division of Accounting and Auditing's *Access Control Business Process Procedures for OLO 4390* will be updated to reflect DAC access changes associated with the Statewide Vendor File. The Division of Accounting and Auditing has also updated, corrected inaccuracies, and implemented its desk procedures related to agency requests for access to the Statewide Vendor (VS) file. The Division of Administration updated Internal Policy & Procedure 2.2.01, FLAIR Access Control, as a result of last year's audit finding. Specifically, the Department requires supervisors to certify that the requested FLAIR access is compatible with the employee's duties and is reflected in the official position description. AP&P 4-05 states that the supervisor is responsible for ensuring that access privileges are based on the user's job responsibilities (see VII.J.1.). In addition, AP&P 4-05 states that it is the supervisor's role to determine the user's access (see VIII.A.1.). This is consistent with the procedure outlined in IP&P 2.2.01. The Division will modify said policies to resolve any discrepancies.

Six-month Follow-up:	
Responsible Division	Division of Information Systems; Division of Accounting & Auditing; Division of Administration
Reported Status	The Division of Information Systems continues its efforts to review and update existing policies and procedures. As noted in the report, the policies and procedures in question were updated prior to report release. Internal Policy & Procedure 2.2.01 FLAIR Access Control has been updated by the Division of Administration informing business units how to determine who should have access to FLAIR. The Division of Accounting and Auditing's *Access Control Business Process Procedures for OLO 4390* have been

	updated to reflect DAC access changes associated with the Statewide Vendor File.
OIG Assessment	**CLOSED.** The Department has enhanced procedures and appears to have taken corrective action to address the finding.