



CHIEF FINANCIAL OFFICER
JEFF ATWATER
STATE OF FLORIDA

December 14, 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 am providing the Department's six-month status report of corrective actions taken in response to Auditor General Report Number 2012-179, *Department of Financial Services Special Disability Trust Fund Claims Manager 2004 System Information Technology Operational Audit* (published June 15, 2012).

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

Sincerely,

A handwritten signature in blue ink that reads "Tom Kirwin".

Tom Kirwin

TK:sl

Attached

cc: Robert Kneip, Chief of Staff
Kathy DuBose, Coordinator, Joint Legislative Auditing Committee
Paul Whitfield, Deputy Chief Financial Officer
Tanner Holloman, Director, Division of Workers' Compensation
Terry Kester, Chief Information Officer

FLORIDA DEPARTMENT OF FINANCIAL SERVICES
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**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	2012-179	<i>Department of Financial Services Special Disability Trust Fund Claims Manager 2004 System Information Technology Operational Audit</i>	June 15, 2012
Finding 1	The access privileges of some Department users were not necessary for their job responsibilities and did not enforce an appropriate separation of incompatible job duties.		
Recommendation	The Department should limit access privileges to SDTF System resources to only those necessary to perform assigned job duties. The Department should also evaluate employee job responsibilities relating to the SDTF System and make applicable changes to enforce an appropriate separation of incompatible duties. Until an appropriate separation of incompatible duties can be established, the Department should implement effective compensating controls such as increased supervision and monitoring of users with incompatible duties and excessive access privileges.		
Original Response	<p>We concur. Some of the excessive privileges resulted, in part, from the system's limited functionality in the assignment of inquiry-only privileges. Resolution of this issue would require a system program modification. The Division of Workers' Compensation will work to identify potential system modifications to resolve current system limitations. The Division's Office of the Special Disability Trust Fund will also review the job duties and associated access privileges for each staff member and make the changes necessary to minimize incompatible privileges.</p> <p>Until the appropriate separation of duties can be established, the Division will implement increased supervision and monitoring of users.</p>		
Six-month Follow-up:	December 15, 2012		
Responsible Division	Division of Workers' Compensation Division of Information Systems		
Reported Status	The Division of Workers' Compensation has restricted access to SDTF System resources and routinely monitors user access privileges to ensure they remain appropriate. The Division has also implemented procedures to monitor the activity of all system users.		
OIG Assessment	CLOSED. It appears management has taken appropriate action to address the finding and recommendation.		

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Reviewing Entity	Report	Report Title	Date Published
Auditor General	2012-179	<i>Department of Financial Services Special Disability Trust Fund Claims Manager 2004 System Information Technology Operational Audit</i>	June 15, 2012
Finding 2	The Department's review of SDTF System IT resource access privileges needed improvement.		
Recommendation	The Department should comply with the provisions of AP&P 4-05 regarding periodic reviews of access privileges for all SDTF System-related IT resources.		
Original Response	We concur. In September 2011, in accordance with AP&P 4-05, the Division of Workers' Compensation began performing quarterly business unit level reviews of Special Disability Trust Fund System access privileges. In May 2012, the Department revised AP&P 4-05 from the requirement to perform an annual review of access control practices for each secure application to an annual requirement to review the access control practices of a sample of secure applications. The Division of Information Systems has implemented procedures to ensure compliance with the revised policy.		
Six-month Follow-up:	December 15, 2012		
Responsible Division	Division of Workers' Compensation Division of Information Systems		
Reported Status	In September 2011, in accordance with AP&P 4-05, the Division of Workers' Compensation began performing quarterly business unit level reviews of Special Disability Trust Fund System access privileges. Additionally, the Division of Information Systems initiated the first review of the access control practices for a sample of secure applications in November 2012.		
OIG Assessment	CLOSED. Our review showed the Division of Workers' Compensation and the Division of Information Systems are complying with the requirements of AP&P 4-05 (as revised in May 2012).		

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Finding 3	Some confidential and exempt SDTF information was accessible by individuals who did not have a valid business purpose to access the information.		
Recommendation	The Department should improve controls protecting the confidentiality of SDTF confidential and exempt information by limiting access to only those individuals with a valid business purpose for accessing the information.		
Original Response	<p>We concur. In November 2011, the Division of Information Systems restricted access permissions to the Special Disability Trust Fund System Shared Folders to limit access to only those individuals with a valid business purpose.</p> <p>The Division of Workers' Compensation will work with the Division of Information Systems to identify a solution to resolve control issues with the test environment.</p>		
Six-month Follow-up:	December 15, 2012		
Responsible Division	Division of Workers' Compensation Division of Information Systems		
Reported Status	In November 2011, the Division of Information Systems restricted access permissions to the Special Disability Trust Fund System Shared Folders to limit access to only those individuals with a valid business purpose. Additionally, the Department is evaluating and further restricting access to the test environment.		
OIG Assessment	Partially Closed. Management has taken certain corrective actions in this area and is evaluating options for additional improvements. The OIG will continue to monitor implementation of the recommendation.		

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Finding 4	Certain Department security controls related to access privileges, default local administrator accounts, and local server security event logging needed improvement.		
Recommendation	The Department should improve its security controls relating to access privileges, default local administrator accounts, and local server security event logging to ensure the continued confidentiality, integrity, and availability of data and IT resources.		
Original Response	We concur. The Department has implemented improvements in some areas, and is working to enhance security controls in other areas noted in the report.		
Six-month Follow-up:	December 15, 2012		
Responsible Division	Division of Workers' Compensation Division of Information Systems		
Reported Status	The Department has made additional progress in some areas and continues to enhance security controls in other areas noted in the report.		
OIG Assessment	OPEN. Management has successfully resolved certain issues noted in the report and is working to enhance security controls in other areas. The OIG will continue to monitor action taken to address the finding and recommendation.		

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Auditor General	2012-179	<i>Department of Financial Services Special Disability Trust Fund Claims Manager 2004 System Information Technology Operational Audit</i>	June 15, 2012
Finding 5	SDTF System database backups were not regularly being stored at an off-site location.		
Recommendation	The Department should enhance procedures to ensure that a current copy of the SDTF System database is stored in a secure, off-site location.		
Original Response	We concur. On February 20, 2012, the Division of Information Systems revised backup procedures to ensure that the Special Disabilities Trust Fund System database is backed up on a regular basis and that the back-up copies are stored at a secure off-site location.		
Six-month Follow-up:	December 15, 2012		
Responsible Division	Division of Information Systems		
Reported Status	On February 20, 2012, the Division of Information Systems revised backup procedures to ensure that the Special Disabilities Trust Fund System database is backed up on a regular basis and that the back-up copies are stored at a secure off-site location.		
OIG Assessment	CLOSED. As reported in the original response to the audit report, corrective action was taken in February 2012.		

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Finding 6	We noted discrepancies in SDTF System data. Additionally, SDTF System input, processing, and related user controls were deficient.		
Recommendation	The Department should implement appropriate input, processing, and user controls to enhance the integrity of the SDTF System data. Specifically, the Department should ensure that SDTF System data accurately reflects the claim data provided for input; payee vendor information submitted to BF&SS for payment is reviewed for accuracy; data error corrections do not circumvent the unique invoice numbering and review controls; and error corrections are subject to the same controls as the original transaction. In addition, after data has been entered, the claim data fields within the SDTF System should not be updatable without a supervisory override and review process.		
Original Response	We concur. The Department is aware that at times, human error causes some inaccurate information to be entered into the Special Disabilities Trust Fund System, despite redundant supervisory review. The Department will identify and implement additional input, processing, and user controls in an effort to enhance the integrity of system data. Some data input controls have already been implemented and others will be established through an automated Special Disabilities Trust Fund payment process.		
Six-month Follow-up:	December 15, 2012		
Responsible Division	Division of Workers' Compensation Division of Information Systems		
Reported Status	The Division of Workers' Compensation has implemented a reconciliation process to ensure that SDTF System data accurately reflects the claim data provided from FLAIR. Additionally, the Division has implemented monthly review of change history logs to ensure that changes to data are accurate and appropriate.		
OIG Assessment	CLOSED. Our review showed that management has implemented a number of procedures to help ensure the integrity of System data.		

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Finding 7	The Department did not reconcile claim payment data in the SDTF System to the Florida Accounting Information Resource (FLAIR) Subsystem.		
Recommendation	The Department should implement the necessary reconciliation controls to ensure that SDTF claim payment data exchanged between the SDTF System and FLAIR is complete, valid, and accurate and that SDTF System claim payment requests are only submitted once for payment.		
Original Response	We concur. The Division of Workers' Compensation will work with the Division of Information Systems to identify and implement controls to ensure accurate reconciliation of the data exchanged between the Special Disabilities Trust Fund System and FLAIR.		
Six-month Follow-up:	December 15, 2012		
Responsible Division	Division of Workers' Compensation Division of Information Systems		
Reported Status	The Division of Workers' Compensation has implemented a monthly reconciliation process to ensure that SDTF claim payment data exchanged between the SDTF System and FLAIR is complete, valid, and accurate and that SDTF System claim payment requests are only submitted once for payment.		
OIG Assessment	Closed. It appears that management has implemented appropriate procedures.		

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Finding 8	Department monitoring of SDTF System logs and reports needed improvement.		
Recommendation	The Department should ensure that SDTF System logs and reports are routinely monitored by SDTF Office staff for erroneous or unauthorized system activity.		
Original Response	We concur. The Special Disabilities Trust Fund System actively monitors and logs key changes to the database. It is the Division of Workers' Compensation's policy to periodically review the log for identification of erroneous or unauthorized system activity. The Division will establish a review schedule to further ensure routine monitoring.		
Six-month Follow-up:	December 15, 2012		
Responsible Division	Division of Workers' Compensation		
Reported Status	The Division of Workers' Compensation has implemented monthly review of change history logs to ensure that changes to data are accurate and appropriate.		
OIG Assessment	Closed. It appears that management has implemented appropriate procedures.		