



FLORIDA DEPARTMENT *of* STATE

RICK SCOTT
Governor

KEN DETZNER
Secretary of State

MEMORANDUM

TO: Ken Detzner, Secretary

FROM: Candie M. Fuller, Inspector General

SUBJECT: Audit Follow-up

DATE: October 17, 2017

A handwritten signature in blue ink, appearing to be "Candie M. Fuller", written over the "FROM:" line of the memorandum.

In accordance with Section 20.055 (6) (h), Florida Statutes, a report of the most recent audit relating to the Department of State, issued by the Florida Auditor General is attached. The report includes a summary of the audit findings, recommendations, and agency responses, with corrective actions.

Please let me know if you would like additional information regarding this follow-up report.

Attachment

cc: Joint Legislative Auditing Committee
Eric Miller, Chief Inspector General

FOLLOW-UP OF AUDIT REPORTS ISSUED BY THE AUDITOR GENERAL OR OPPAGA				
AUDITING ENTITY	REPORT NUMBER	PERIOD COVERED	SUMMARY OF FINDINGS AND RECOMMENDATIONS	SUMMARY OF CORRECTIVE ACTIONS TAKEN
Auditor General	2017-195	July 2014 through February 2016 and follow-up of 2014-181	<p>Finding No. 1: The Division was unable to provide sufficient supplementary metadata necessary for an accurate understanding of the structure of, and relationships among, Corporate Filing System data files. The absence of sufficient supplementary metadata precluded a consistent and reliable analysis of the Corporate Filing System data provided by the Division.</p> <p>Recommendation: We recommend that Division management continue efforts to maintain sufficient supplemental metadata necessary for an accurate understanding of the structure of, and relationships among, the Corporate Filing System data files. Sufficient supplementary metadata should be made available upon audit request to facilitate the analysis of Corporate Filing System data in connection with future audits of the System.</p>	The Division of Corporations has submitted a FY 2018-19 Legislative Budget Request in the amount of \$12M to modernize its business registry by purchasing a Commercial Off-the-Shelf system (COTS). Although robust, both the hardware and software of the Division of Corporations' current legacy system are obsolete and unsustainable. Business rules, workflow processes, and metadata will be documented and supplemented as part of the Division's Commercial Registry Modernization Project.

		<p>Finding No. 2: Corporate Filing System application input edits need improvement to ensure the accuracy and validity of Corporate Filing System data.</p> <p>Recommendation: We recommend that Division management enhance Corporate Filing System input controls to ensure the accuracy and validity of the System data.</p>	<p>Due to the Division’s obsolete and unsustainable legacy system, new business rules and current applications are difficult to implement and maintain. The modern architecture and functionality of the proposed COTS system will allow the Department to review, implement, and improve data input restrictions, such as restricting special characters being entered into text fields, based on current, new and/or revised business rules.</p>
		<p>Finding No. 3: Data processing controls related to the Corporate Filing System need enhancement to ensure that business entity transaction data is complete, accurate, and valid.</p> <p>Recommendation: We recommend that Division management enhance data processing controls to ensure that business entity information is complete, accurate, and valid and that such information is provided to users of the Corporate Filing System and Sunbiz.org.</p>	<p>The Division of Corporations’ Commercial Registry Modernization Project will remove the need to synchronize databases and reconcile differences in data. The proposed, vendor-supported COTS solution will change, improve, simplify, align, combine, optimize, and streamline business practices and processes throughout the Division.</p>
		<p>Finding No. 4: The Museum did not always obtain proof of insurance for outgoing loans of artifacts as specified by Department rules.</p>	<p>Collection policies and procedures have been strengthened to require proof of insurance for all loans of State-owned artifacts in accordance with Department rules. The updates were effective April 1, 2017.</p>

			<p>Recommendation: We recommend that Museum management strengthen collection policies and procedures to require proof of insurance for all loans of State-owned artifacts in accordance with Department rules.</p>	
			<p>Finding No. 5: The Museum did not always inform lenders of the existence of the provisions of the Florida Arts and Culture Act describing the obligations of the lender and the Museum and specifying the conditions pursuant to which the Museum may gain title to the lender's property.</p> <p>Recommendation: We recommend that Museum management enhance collection policies and procedures to ensure that Museum records document that all lenders are informed of the provisions of the Florida Arts and Culture Act.</p>	<p>Collection policies and procedures have been updated to ensure Museum records document that all lenders are informed of the provisions of the Florida Arts and Culture Act. The updates were effective April 1, 2017.</p>
			<p>Finding No. 6: Museum controls were not always sufficient to effectively safeguard moneys collected.</p> <p>Recommendation: We recommend that Museum management enhance policies and procedures</p>	<p>Museum policies and procedures have been updated to ensure appropriate collection controls are in place. These updates were effective April 1, 2017.</p>

			<p>to provide for appropriate collection controls. Such policies and procedures should require that checks be restrictively endorsed and logged at the point and time of receipt, all transfers of collections between employees be documented, and all checks be timely deposited in accordance with a specified time frame.</p>	
			<p>Finding No. 7: As similarly noted in our report No. 2014-181, the Department did not always timely record property acquisitions to Department property records.</p> <p>Recommendation: We again recommend that Department management enhance procedures to ensure that Department property records are timely updated for property acquisitions.</p>	<p>The Department has closely monitored the acquisition of new property items to ensure proper identification, coding and tracking in the FLAIR system. Updates to existing policies and procedures are ongoing. Adherence to policies and procedures is being closely monitored by supervisory staff in the Bureau of Planning, Budget, and Financial Services.</p>
			<p>Finding No. 8: Department controls over employee access to the Florida Accounting Information Resource Subsystem need improvement to reduce the risk of unauthorized disclosure, modification, or destruction of Department data.</p> <p>Recommendation: To aid in the identification and resolution of any</p>	<p>Security requirements associated with all systems used by Department employees, including FLAIR, have been closely monitored. Departing employees have been timely removed. The Access Control Custodian maintains signed documentation when supervisors request modifications to the access of existing users and when new employees require access to various systems. Annual user agreements have been signed and returned for all users.</p>

			<p>instances where excess or incompatible privileges have been granted or access privileges are no longer required, we recommend that Department management enhance policies and procedures to require more frequent reviews of the appropriateness of FLAIR access privileges. We also recommend that Department management ensure that FLAIR access privileges are timely deactivated upon an employee's separation from Department employment and that FLAIR user login and password information is not shared with other employees.</p>	
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