



September 21, 2020

**MEMORANDUM**

**TO:** Jim Zingale, Executive Director

**FROM:** Sharon Doredant, Inspector General *SD*

**SUBJECT:** Six-Month Update on Auditor General Report Number 2020-0170, State of Florida Compliance and Internal Controls over Financial Reporting and Federal Awards

As required by *section 20.055(6)(h), Florida Statutes*, attached is the Department's six-month status update for corrective actions taken in response to Auditor General Report Number 2020-0170, State of Florida Compliance and Internal Controls over Financial Reporting and Federal Awards.

The General Tax Administration (GTA) program and the Information Services Program (ISP) provided updates on actions taken to correct the following two findings:

**Finding 2019-015:** Internal controls for Unemployment Insurance (UI) tax payment processing need improvement. The Department contracted with a service organization to provide tax filing solutions for multiple tax types, including UI taxes. The service organization obtained an independent service auditor's report for the period January 1, 2018, through December 31, 2018, in which the service organization's auditors qualified their opinion related to risk management and application development activities.

**Status:** GTA is working with the service organization to address the independent service auditor's findings. The anticipated completion date is December 31, 2020.

**Finding 2019-016:** The Department could not provide a copy of the certification files provided to the Internal Revenue Service evidencing the match of employer tax payments with credits claimed for the payments on the employer's Form 940 or Schedule H.

**Status:** ISP automated the process to archive copies of the certification files for retention and added an automatic email confirmation. Based on a review of documentation provided, we consider this finding complete.

For additional information about the findings, recommendations, and corrective actions, please see the attached corrective action plans. If you have any questions, please contact me at 617-8152, or Marie Walker at 717-7598.

SD/ts

Attachments

Copies:

Andrea Moreland, Deputy Executive Director

Clark Rogers, Chief of Staff

Maria Johnson, GTA Program Director

Damu Kuttikrishnan, ISP Program Director

Kathy DuBose, Coordinator, Joint Legislative Auditing Committee

## CORRECTIVE ACTION PLAN

Status Date	Report No.	Report Title		
9/14/20	2020-170	AG Financial and Federal Awards		
Contact Person	Program	Process	Phone No.	
Frances Oven	General Tax Administration	Program Office	850-717-7177	
Activity	Accountability		Schedule	
Contract Management	Responsible Unit	Coordinating Unit	Repeat Finding	Anticipated Completion Date
	Program Office	Program Office	No	12/31/20
Finding		Internal controls for Unemployment Insurance Tax payment processing needs improvement.		
No.	2019-015			
Date	3/25/20			
Recommendation		We recommend that the FDOR ensure that the service organization takes timely and appropriate corrective action to resolve the deficiencies noted in the independent service auditor's report.		
Original Response		FDOR will ensure the service organization takes timely and appropriate corrective action to resolve the deficiencies noted in the independent service auditor's report.		
Status Updates		9/14/20 OIG Response: Thank you for the update.		
<input checked="" type="checkbox"/> Open <input type="checkbox"/> Management assumes risk <input type="checkbox"/> Partially complete <input type="checkbox"/> Complete pending OIG verification <input type="checkbox"/> Complete		All findings from the 2018 independent service auditor's report have been completed with the exception of the risk assessment. We continue to work with the service organization towards an annual risk assessment that will take place in the near future. New completion date is 12/31/2020.		

## CORRECTIVE ACTION PLAN

Status Date		Report No.	Report Title	
9/14/20		2020-170	AG Financial Reporting and Federal Awards	
Contact Person		Program	Process	Phone No.
Robert Clark		ISP	Data Interfaces & Data Support Services	850-717-6151
Activity		Accountability		Schedule
Retention of FUTA Files via OpCon Resource Monitor Jobs		Responsible Unit	Coordinating Unit	Repeat Finding
		OpCom Admin	GTA-ERP Team	No
				Anticipated Completion Date
				3/31/20
Finding		The FDOR could not provide a copy of the certification files provided to the IRS evidencing the match of employer tax payments with credits claimed for the payments on the employer's Form 940 or Schedule H.		
No.	2019-016			
Date	3/25/20			
Recommendation		We recommend that the FDOR enhance controls to ensure that copies of FUTA certification files submitted to the IRS are retained and evidence of employer tax payments with credits claimed for the payments.		
Original Response		The archiving and retention of FUTA certification files had been manually performed in the past. FDOR's Information Services Program is currently testing a new process that will automatically archive copies of the certification copies for retention, and prevent this issue from reoccurring.		
Status Updates		9/14/20 OIG Response: Based on information provided, we consider this closed.		
<input type="checkbox"/> Open <input type="checkbox"/> Management assumes risk <input type="checkbox"/> Partially complete <input type="checkbox"/> Complete pending OIG verification <input checked="" type="checkbox"/> Complete		<p>For the annual FUTA Certification Files that we send and receive from IRS, we have automated the process and added an automatic email confirmation:</p> <p>October FUTA Files from IRS: After FUTA files are manually downloaded from the IRS Server to Server DOR-WPAP005 (used exclusively for IRS Files) in directory E:\IRSDATA\From_IRS\, Opcon File Transfer Jobs automatically start when they see the new IRS files in this directory based on the unique FUTA file names, and these jobs move these FUTA files to Archive Directory E:\IRSdata\Archive\From IRS - FUTA UT Tax Certification\ and Backup Directory E:\sftpdata\ both on Server DOR-WPAP005. These file transfer jobs also create and send an automatic email confirmation to selective technical DOR people that these file transfer jobs have run. The automatic backup copy and automatic email confirmation are new features for this process as previously this backup file transfer step were done manually.</p> <p>December FUTA Files from DOR to IRS: After SAP Jobs create new FUTA files, an Opcon File Transfer Job automatically moves these files to Secure Directory /SAPINTERFACES/IRS/ on the SAP Production Server DOR-WPAP004, and then additional Opcon File Transfer Jobs automatically start when they see the new files in this directory based on the unique FUTA file names and copy these SAP FUTA files to Server DOR-WPAP005 in directory E:\IRSDATA\to_IRS\ where the files will then be manually uploaded to IRS. Opcon File Transfer Jobs also automatically copy these SAP FUTA files to Archive Directory E:\IRSdata\Archive\Sent IRS - FUTA Certification\ and Backup Directory E:\sftpdata\ both on Server DOR-WPAP005. The automatic file transfers to the Archive and Backup Directories and the automatic email confirmation are new features to this process as previously these two file transfer steps were done manually.</p> <p><b>ISP considers this recommendation closed.</b></p>		