

***Department of Management Services
Office of Inspector General
Annual Report for Fiscal Year 2022-2023***



September 22, 2023

Pedro Allende
Secretary

Steven Meredith
Interim Inspector General



Office of Inspector General
4030 Esplanade Way
Tallahassee, FL 32399-0950
850-488-5285

Ron DeSantis, Governor
Pedro Allende, Secretary

September 22, 2023

Pedro Allende, Secretary
Department of Management Services
4050 Esplanade Way
Tallahassee, Florida 32399-0950

Melinda Miguel, Chief Inspector General
Executive Office of the Governor
1902 The Capitol
Tallahassee, Florida 32399-0001

Dear Secretary Allende and Chief Inspector General Miguel:

Re: OIG Annual Report for Fiscal Year 2022-2023

In accordance with § 20.055, Florida Statutes, I am pleased to present the Annual Report for the Office of Inspector General (OIG). This report reflects the activities and accomplishments of the OIG for Fiscal Year 2022-2023.

We remain committed to the goals of the Department of Management Services and to our work to provide a central point for coordination of and responsibility for activities that promote accountability, integrity, and efficiency.

If you have any questions or require additional information, please contact me. Thank you for your continued support of our efforts.

Respectfully submitted,

Steven Meredith, CPA, CIA, CIGA, CISA, CIG
Interim Inspector General

Enclosure

TABLE OF CONTENTS

INTRODUCTION 1

MISSION STATEMENT 1

DUTIES AND RESPONSIBILITIES..... 1

INDEPENDENCE 2

PROFESSIONAL STANDARDS AND CODE OF ETHICS 2

OIG ORGANIZATIONAL STRUCTURE AND STAFFING 2

INVESTIGATIVE ACTIVITY 4

INTERNAL AUDIT ACTIVITY..... 8

OVERSIGHT ACTIVITIES 11

APPENDIX A: OUTSTANDING RECOMMENDATIONS..... 14

INTRODUCTION

An Office of Inspector General (OIG) is established in each state agency to provide a central point for coordination of, and responsibility for, activities that promote accountability, integrity, and efficiency in government. Section 20.055, Florida Statutes (F.S.), defines the duties and responsibilities of agency inspectors general. The statute requires that the OIG submit an annual report, no later than September 30 of each year, summarizing office activities during the preceding state fiscal year. This report includes:

- A description of activities relating to the development, assessment, and validation of performance measures.
- A description of significant abuses and deficiencies relating to the administration of programs and operations of the agency disclosed by audits, investigations, reviews, or other activities during the reporting period.
- A description of the recommendations for corrective action made by the Inspector General during the reporting period with respect to significant problems, abuses, or deficiencies identified.
- The identification of each significant recommendation described in previous annual reports on which corrective action has not been completed.
- A summary of each audit and investigation completed during the reporting period.

To comply with statutory requirements and to provide Department staff and interested parties with information on OIG progress in accomplishing its mission, this annual report is presented to the Secretary of the Department of Management Services (Department) and the Executive Office of the Governor Chief Inspector General.

MISSION STATEMENT

The mission of the OIG is to promote effectiveness, efficiency, and quality within the Department. The OIG provides independent reviews, assessments, and investigations of Department programs, activities, and functions to assist the Department in accomplishing its overall mission. Additionally, the OIG offers consulting services to assist management in their efforts to maximize effectiveness and efficiency.

DUTIES AND RESPONSIBILITIES

Section 20.055, F.S., outlines the following OIG duties and responsibilities:

- Advise in the development of performance measures, standards, and procedures for the evaluation of state agency programs.
- Assess the reliability and validity of the information provided by the state agency on performance measures and standards, and make recommendations for improvement, if necessary, before submission of such information pursuant to § 216.1827, F.S.
- Review the actions taken by the state agency to improve program performance and meet program standards and make recommendations for improvement, if necessary.
- Provide direction for, supervise and coordinate audits, investigations and management reviews relating to the programs and operations of the state agency.
- Conduct, supervise or coordinate other activities carried out or financed by the agency for the purpose of promoting economy and efficiency in the administration of, or preventing and detecting fraud and abuse in, its programs and operations.

- Keep the Chief Inspector General and Department Secretary informed concerning fraud, abuses, and deficiencies relating to programs and operations administered or financed by the agency, recommend corrective action concerning fraud, abuses, and deficiencies, and report on the progress made in implementing corrective action.
- Ensure effective coordination and cooperation between the Auditor General, federal auditors, and other governmental bodies with a view toward avoiding duplication.
- Review, as appropriate, rules relating to programs and operations of the agency and make recommendations concerning their impact.
- Ensure that an appropriate balance is maintained between audit, investigative, and other accountability activities.
- Comply with *Principles and Standards for Offices of Inspector General* as published and revised by the Association of Inspectors General.

The OIG also has the responsibility¹ of conducting external compliance audits of payroll and personnel records of participating agencies in the Florida Retirement System in accordance with § 121.193, F.S.

INDEPENDENCE

In accordance with § 20.055(3), F.S., the Inspector General shall be under the general supervision of the agency head for administrative purposes, shall report to the Chief Inspector General, and may hire and remove staff within the Office of Inspector General in consultation with the Chief Inspector General, but independently of the Department. The organizational independence of the Inspector General helps to ensure that audits, investigations, and other activities are performed independently.

Pursuant to state statute, the OIG has full, free, and unrestricted access to all Department activities, records, data, properties, functions, and personnel necessary to effectively carry out its responsibilities.

PROFESSIONAL STANDARDS AND CODE OF ETHICS

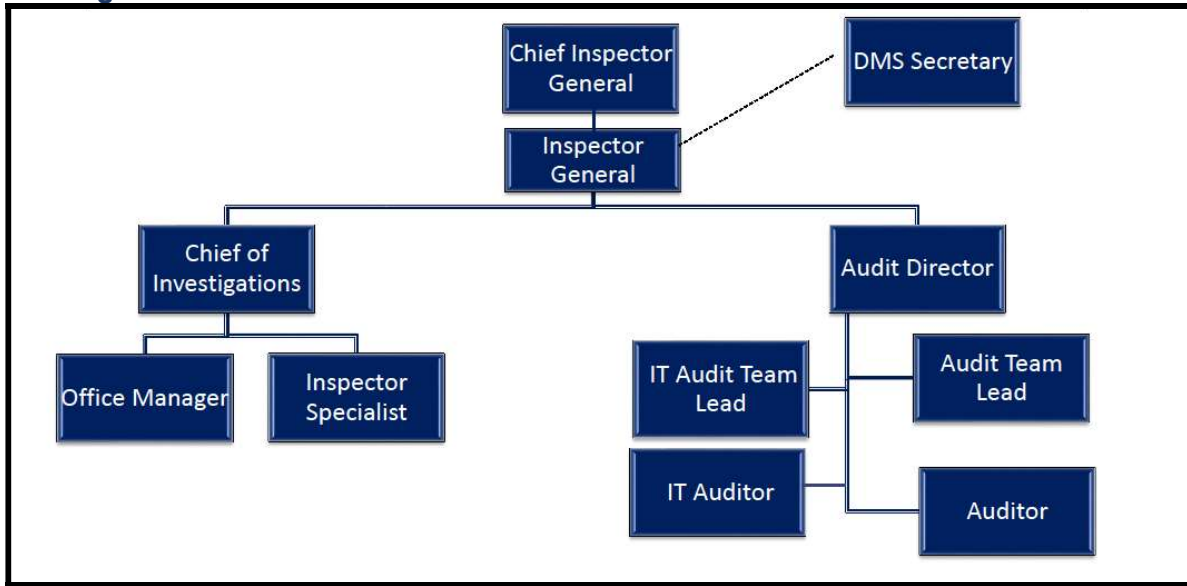
Pursuant to § 20.055, F.S., the OIG complies with *Principles and Standards for Offices of Inspector General* as published and revised by the Association of Inspectors General. Staff abide by the *Florida Code of Ethics for Public Officers and Employees* as codified in § 112.311-112.326, F.S., the Executive Office of the Governor's Code of Ethics, and Department Administrative Policy HR 07-105, *Code of Ethics*. Internal audits are conducted in accordance with *International Standards for the Professional Practice of Internal Auditing (Standards)* and the *Code of Ethics* as published by the Institute of Internal Auditors, Inc.

OIG ORGANIZATIONAL STRUCTURE AND STAFFING

The OIG consists of nine full-time equivalent positions including the Inspector General. The OIG is organized into two sections: Investigations and Internal Audit. The organizational structure of the OIG as of June 30, 2023, is shown in the following organizational chart.

¹ During the fiscal year, this responsibility and four internal auditor full-time equivalent positions were transferred to the Division of Retirement.

OIG Organizational Chart



OIG Staff Qualifications and Certifications

OIG personnel are highly qualified and bring various backgrounds and expertise to the Department. Our collective experience spans a variety of disciplines including audit, accounting, investigations, and information technology.

Staff Professional Certifications

OIG staff members continually seek to enhance their abilities and contributions to the office and the Department. Many staff members have obtained certifications that demonstrate their knowledge, motivation, and commitment to the profession. The accomplishments of the staff in obtaining professional certifications represent significant time and effort by each staff member, reflecting positively on the individuals as well as the Department. During the fiscal year, OIG staff held numerous professional certifications. The *Professional Certifications* table details the types and number of certifications held by OIG staff.

Professional Certifications	No.
Certified Inspector General (CIG)	3
Certified Inspector General Auditor (CIGA)	5
Certified Inspector General Investigator (CIGI)	2
Certified Inspector General Inspector/Evaluator (CIGE)	2
Certified Internal Auditor (CIA)	2
Certified Information Systems Auditor (CISA)	4
Certified Information Systems Security Professional (CISSP)	1
Certified Fraud Examiner (CFE)	1
Certified Public Accountant (CPA)	1
Certified Public Manager (CPM)	1
Florida Certified Contract Manager (FCCM)	3
Notary Public	4

Staff Professional Affiliations

OIG staff members participate in several professional organizations to maintain proficiency in their areas of expertise and certification. These associations allow them to establish and advance professional networks and participate in professional development activities. OIG staff members are affiliated with the following professional organizations that support audit and investigation activities:

- Association of Inspectors General (National and Local);
- The Institute of Internal Auditors, Inc. (National and Local);
- Association of Government Accountants (National and Local);
- ISACA (National and Local);
- American Institute of Certified Public Accountants;
- Association of Certified Fraud Examiners; and
- Florida Society of Certified Public Managers.

Continuing Professional Education

Standards, as published by the Institute of Internal Auditors, Inc. and *Principles and Standards for Offices of Inspector General*, as published by the Association of Inspectors General require internal auditors to maintain professional proficiency through obtaining minimum numbers of hours of continuing professional education. Additionally, OIG staff performing investigations must meet minimum training standards as required by the Commission for Law Enforcement Accreditation, Inc.

OIG personnel complete training each year to improve knowledge and skills in audits and investigations. OIG staff members remain committed to seeking professional excellence through continued training and development to ensure the highest quality of service to our customers.

INVESTIGATIVE ACTIVITY

Section 20.055, F.S., details investigative duties of the OIG. The OIG shall initiate, conduct, supervise, and coordinate investigations designed to detect, deter, prevent, and eradicate fraud, waste, mismanagement, misconduct, and other abuses in state government. The OIG is required to:

- Receive complaints and coordinate all activities of the agency as required by the *Whistle-blower's Act*, pursuant to § 112.3187-112.31895, F.S.
- Receive and consider complaints that do not meet the criteria for an investigation under the *Whistle-blower's Act* and conduct, supervise, or coordinate such inquiries, investigations, or reviews as appropriate.
- Report expeditiously to the Department of Law Enforcement or other law enforcement agencies, as appropriate, whenever the inspector general has reasonable grounds to believe there has been a violation of criminal law.
- Conduct investigations and other inquiries free of actual or perceived impairment to the independence of the inspector general or the OIG. This shall include freedom from any interference with investigations and timely access to records and other sources of information.

Complaints and Requests for Assistance

The Investigations Section processed 156 new complaints or requests for assistance. The complaints or requests for assistance were received from private prison inmates, current and former state agency employees, independent contractors, the general public, other state agencies, the Office of the Chief Inspector General, and anonymous sources.

The Investigations Section received complaints or requests for assistance from many sources including mail, telephone, email, and in person. The complaints or requests for assistance were categorized as detailed in the following table.

Complaints or Requests for Assistance Categories	
Category/Subject	Complaint Category Description
<i>Department Policy</i>	Complaints associated with Department employee personnel concerns or regarding various Department contractor concerns.
<i>Florida Commission on Human Relations (FCHR)</i>	Complaints associated with FCHR personnel concerns. The Department and FCHR have a memorandum of understanding to provide requested OIG services on a reasonable, as-requested basis.
<i>Florida Department of Corrections (FDC) Prisons</i>	Complaints associated with health and safety violations, policy violations, or conduct of FDC prison staff. The FDC OIG has purview over the FDC correctional institutions.
<i>Florida Retirement System</i>	Complaints associated with members' customer service concerns, policy and rule concerns, and potential fraud.
<i>People First</i>	Complaints associated with customer service concerns and the People First system.
<i>Private Prisons</i>	<i>Complaints associated with health and safety violations, policy violations, or conduct of private prison staff or contractors. The Department contracts with the following private prisons across Florida: Bay Correctional Facility; Blackwater River Correctional Facility; Gadsden Correctional Facility; Graceville Correctional Facility; Lake City Youthful Offender Facility; Moore Haven Correctional Facility; and South Bay Correctional Facility.</i>
<i>Other</i>	Complaints not within OIG jurisdiction; information provided wherein no investigative review or engagement was required. Allegations involving private businesses or other state agencies.

Complaints or Requests for Assistance Dispositions

All complaints or requests for assistance were categorized, indexed, and assigned a case number for tracking and follow-up. Additionally, all complaints were assessed to determine whether the complainants and the nature of disclosed information met the qualifications stated in the *Whistle-blower’s Act*. The Investigations Section performed detailed determinations on 19 complaints. Of the 19 complaints, 1 met the provisions of the *Whistle-blower’s Act*.



The following table depicts how the Investigations Section closed 153 complaints or requests for assistance received during the fiscal year. Investigations also closed seven (7) additional complaints or requests for assistance from prior fiscal years.

Fiscal Year 2022-23 Complaints or Requests for Assistance Dispositions	
Number	Disposition Action
11	Referred to other entities such as state and federal agencies and the Chief Inspector General’s office for review and response or action deemed appropriate. Each response was reviewed to ensure that all identified issues were addressed.
70	Referred to Department division management for review and response or action deemed appropriate. Each management response was reviewed to ensure that all identified issues were addressed.
45	Addressed by the OIG. The OIG investigated; or received notifications and forwarded the information to Department division management or other agencies; assisted in obtaining information; had no jurisdiction; or due to lack of information closed the complaint.
23	Referred to law enforcement for incidents that were potential criminal violations.
4	Processed public records requests.
153	Complaints or Requests for Assistance Received and Closed during the Fiscal Year

Other Activities

The Investigations Section made 23 referrals to law enforcement for incidents that were potential criminal violations and closed 16 law enforcement case referrals. The Investigations Section processed 4 public records requests.

Summary of Investigations Closed in Fiscal Year 2022-23

Case Number 2021.154 – Issued: August 2022

The Investigations Section initiated an investigation into allegations that an employee provided vendors preferential treatment and made hiring decisions without considering veterans’ preference. Based on information obtained during the investigation, the allegations were **not supported**.

Case Number 2023.46 – Issued: January 2023

The Investigations Section initiated an investigation into allegations that an employee made verbal threats directed toward their co-workers. The OIG investigation demonstrated that 12 of

13 co-workers interviewed heard either first-hand, were informed about, or had concerns with the subject employee's behavior and demeanor. The OIG Investigation revealed two additional examples of the subject employee's unprofessional and disrespectful conduct. Furthermore, the subject employee admitted to unprofessional behavior and outbursts. Based on information obtained during the investigation the subject employee was terminated as the allegations were **supported**.

Summary of Preliminary Inquiries Closed in Fiscal Year 2022-23

Case Number 2022.171 – Issued: December 2022

The Investigations Section initiated a preliminary inquiry into an allegation that a contract employee was not qualified for their position, they discriminated against a co-worker, and they mismanaged a federal grant program. Based on information obtained during the preliminary inquiry, the allegations were **not supported**, and the complaint was closed prior to opening a full investigation.

Case Number 2023.55 – Issued: January 2023

The Investigations Section initiated a preliminary inquiry into allegations that employees were allegedly “bullying” their co-worker. Based on information obtained during the preliminary inquiry, there was insufficient evidence to warrant a full investigation and the concerns were referred to the Office of Human Resources.

Case Number 2021.152 – Issued: May 2023

The Investigations Section initiated a preliminary inquiry into allegations from an anonymous complainant who alleged that grant programs were not competitively bid and did not follow required grant award policies. Based on information obtained during the preliminary inquiry, the allegations were **not supported** and the complaint was closed prior to opening a full investigation.

Accreditation

An accreditation program has long been recognized as a means of maintaining and verifying the highest standards. Accreditation is the certification by an independent reviewing authority that an entity has met specific requirements and prescribed standards. In 2009, the Commission for Florida Law Enforcement Accreditation (CFA) expanded its program to include inspectors general offices.



On October 3, 2018, the full CFA voted unanimously to award the certificate of accreditation to the OIG Investigations Section. The accreditation remained in effect for three years, at which point state assessors completed the accreditation review of the OIG Investigations Section.

On October 7, 2021, the CFA voted unanimously to award the certificate of re-accreditation to the OIG for another three years. The next CFA assessment of the OIG Investigations Section will be in October 2024.

INTERNAL AUDIT ACTIVITY

Section 20.055, F.S., requires the Inspector General to review and evaluate internal controls necessary to ensure the fiscal accountability of the Department. The Inspector General shall conduct financial, compliance, electronic data processing, and performance audits of the agency and prepare audit reports of his findings.

Internal Audit staff perform independent audits, reviews, and examinations to identify, report and recommend corrective actions for areas of inefficiencies, control deficiencies or non-compliance with applicable laws, rules, policies, and procedures. The internal audit activity helps the Department accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.

The Internal Audit Section published two internal audit reports, issued one management review report, and conducted five follow-up reviews. The Internal Audit Section also ensured coordination between the Department program areas and external auditors. During the fiscal year, the Department was the subject of six external audits conducted by the Auditor General.

Internal Audit Projects

Internal Audit Report No. 2022-27 – Enterprise Audit of Cybersecurity Continuous Monitoring – Issued: July 27, 2022

The objective of the audit was to evaluate Department controls and compliance with Chapter 60GG-2.004(2), Florida Administrative Code, *Security Continuous Monitoring*, regarding information technology (IT) resource monitoring to identify cybersecurity events.

This audit is classified as a confidential report pursuant to § 282.318, F.S., exempt from the provisions of § 119.07(1), F.S., and is not available for public distribution.

Internal Audit Report No. 2022-35 – Active Directory – Issued: March 6, 2023

The objective of this audit was to evaluate the effectiveness of managerial and technical controls of the Active Directory system.

This audit is classified as a confidential report pursuant to § 282.318, F.S., exempt from the provisions of § 119.07(1), F.S., and is not available for public distribution.

Management Reviews

Management reviews are reviews of Department divisions, programs, or processes that do not require a comprehensive audit. Management reviews result in written reports or letters of findings and recommendations and include management responses as applicable. Management reviews are conducted in accordance with applicable *Principles and Standards for Offices of Inspectors General*. These reports are distributed internally to the Department Secretary and affected Department management. In addition, select reports are sent to the Chief Inspector General and the Auditor General.

Management Review Report No. 2022-19 – Performance Measure Review – Issued: September 30, 2022

Section 20.055, F.S., requires the Inspector General to advise in the development of performance measures, assess the validity and reliability of the performance measures, and make

recommendations for improvement, if necessary. We assessed the three performance measures for Office of Supplier Diversity (OSD).

We were unable to determine the validity and reliability of the three measures due to lack of documentation regarding the approved methodologies and data sources used to monitor and report on the measures. Additionally, for two of the measures reported for fiscal year 2021-22, we were unable to verify the results due to a lack of supporting documentation.

We recommended the OSD Executive Director develop policies and procedures specifying the approved methodologies and data sources used to monitor and report on each of the measures. We also recommended the OSD Executive Director ensure that supporting documentation related to the results of the measures is maintained.

Enterprise Projects

To gain efficiency of working together, the Chief Inspector General and agency inspectors general meet on a regular basis to discuss and evaluate enterprise issues and projects. Additionally, the OIG assists staff from various OIGs with special requests and provides support for Enterprise projects.

The OIG participated in enterprise projects related to cybersecurity and House Bill 1079 audit requirements. Additionally, the OIG coordinated with leadership of various support and program areas of the Department to complete Risk Readiness Reviews (*American Rescue Plan Act*) internal control questionnaires for the CIG.

Cyber Security Training

Based on efforts of the Chief Inspector General and funding from the Florida Legislature the OIG was able to participate in multiple Cybersecurity webinars and trainings this past fiscal year. These trainings enabled members of the OIG to gain greater cybersecurity knowledge and skills. Topics included: Identity and Access Management, Introduction to Cloud Computing, CompTIA Security+, and Introduction to Cybersecurity Investigations.

External Audit Coordination

Section 20.055, F.S., requires the OIG to ensure effective coordination and cooperation between the Auditor General, federal auditors, and other governmental bodies with a view toward avoiding duplication. The OIG is the primary liaison with external entities and is responsible for coordinating and facilitating responses to audits or reviews by those entities. To meet the statutory requirement, the Internal Audit Section coordinates information requests and management responses between external auditors and management and, as requested, assists with identifying cognizant Department staff, facilitating data and information requests, and coordinating meetings. When the external audit is complete and the preliminary and tentative findings have been issued, the Internal Audit Section coordinates the required management responses.

During the fiscal year, the Internal Audit Section coordinated five external audits completed by the Auditor General. The completed external audits contained 16 recommendations to the Department. The *External Audit Coordination* table shown below lists the completed external engagements.

Auditor General		External Audit Coordination	
Report Number	Audit Subject	Report Date	
2023-015	Florida Retirement System and Retiree Health Insurance Subsidy Program Cost-Sharing Multiple Employer Defined Benefit Plans – Schedules of Deferred Outflows for Contributions Subsequent to the June 30, 2020, Measurement Date by Employer	September 2022	
2023-022	Department of Management Services – Integrated Retirement Information System (IRIS) – Information Technology Operational Audit	September 2022	
2023-077	Florida Retirement System Pension Plan and Other State – Administered Systems – Financial Audit	December 2022	
2023-093	Schedules of Employer Allocations and Pension Amounts by Employer for the Florida Retirement System Pension Plan and the Retiree Health Insurance Subsidy Program – Cost-Sharing Multiple Employer Defined Benefit Pension Plans – Financial Audit	January 2023	
2023-174	State of Florida – Compliance and Internal Controls Over Financial Reporting and Federal Awards	March 2023	

Follow-up Activities

Section 20.055, F.S., the *Standards*, and the *Principles and Standards for Offices of Inspector General* require the OIG to establish a follow-up process to monitor and report on the status of corrective action implementation by management.

At the end of Fiscal Year 2022-23, the OIG comprehensive corrective action status report on open audit findings was in progress.

In accordance with § 20.055, F.S., the Internal Audit Section monitors the implementation of Department responses and planned corrective actions to findings and recommendations made in reports issued by the Auditor General or by the Office of Program Policy Analysis and Government Accountability (OPPAGA). The OIG is required to provide a written report to the Chief Inspector General on the status of planned corrective actions no later than six months after an Auditor General or OPPAGA report is published. A copy of the report is also provided to the Department Secretary and the Joint Legislative Auditing Committee.

During the fiscal year, four external audits required follow-up activities. The *External Audit Follow-Up Reviews Completed* table details the external audit follow-up reviews that the Internal Audit Section completed during the fiscal year.

Auditor General Report Number	External Audit Follow-Up Reviews Completed Audit Title	Date Completed
2022-179	State Data Center Operations – Information Technology Operational Audit	26-Sept-22
2022-189	State of Florida - Compliance and Internal Controls Over Financial Reporting and Federal Awards	26-Sept-22
2022-203	Oversight of Private Correctional Facilities – Operational Audit	29-Dec-22
2023-022	Integrated Retirement Information System (IRIS) – Information Technology Operational Audit	15-Mar-23

Significant Outstanding Recommendations from Prior Annual Reports

Section 20.055, F.S., requires the identification of each significant recommendation described in previous annual reports on which corrective action has not yet been completed. Significant outstanding recommendations from prior annual reports are detailed in **Appendix A: Outstanding Recommendations** of this report.

OVERSIGHT ACTIVITIES

The OIG has numerous activities that are classified as oversight. These include OIG risk assessments, OIG work plans, internal/external liaison and assistance activities, OIG quality assurance and improvement program, and outreach and education activities. During the fiscal year, the OIG performed the following oversight activities.

OIG Risk Assessment, Annual Work Plan, and Annual Report

In accordance with § 20.055, F.S., the OIG develops long-term and annual work plans, based on the findings of a comprehensive annual risk assessment. The annual work plan is approved by the Department secretary and submitted to the chief inspector general and the Auditor General. The OIG is also responsible for preparing an annual report summarizing the activities of the office during the immediately preceding fiscal year.

Internal Audit Section Risk Assessment and Plan for Fiscal Year 2023-2024

The Internal Audit Section's annual work plan is based on the results of the annual risk assessment. The annual risk assessment process includes interviewing executive management and surveying Department division directors and managers to identify areas of risk to the Department and areas of concern for management. The risks are analyzed and ranked to determine the highest risks and priority for audit and review. The purpose of developing the annual work plan is to identify, select, and plan the allocation of resources for the upcoming fiscal year. The Internal Audit Section's goal is to provide, as efficiently as possible, the greatest level of assurance and consulting services to the Department.

Internal/External Assistance Activities

Cybersecurity Incident Response Team (CSIRT)

The CSIRT responds to suspected cybersecurity incidents by identifying and controlling incidents, notifying designated CSIRT responders, and reporting findings to Department

management. During the fiscal year, the OIG assisted on CSIRT events and provided input into policies and procedures for the CSIRT.

Legislative Budget Request

The OIG prepared *Schedule IX: Major Audit Findings and Recommendations (Schedule IX)* for the Legislative Budget Request of the Department. The *Schedule IX* is designed to inform decision makers on recent major findings and recommendations found in Auditor General and OIG reports issued during the current and previous fiscal years. The *Schedule IX* also provides information on the status of action taken to correct reported deficiencies and is cross-referenced to any budget issues for funding needed to implement audit recommendations.

Florida Single Audit Act Activities

The OIG reviews submissions of new Catalog of State Financial Assistance (CSFA) numbers and reviews of state project compliance supplements provided to the Department of Financial Services. Additionally, the OIG assists management and external parties regarding the Florida Single Audit Act processes and requirements.

Executive Order 20-44

In February 2020, Governor DeSantis issued Executive Order 20-44 regarding sole-source, public-private agreements and other specific contracts and agreements. As part of the Executive Order, agencies must submit an attestation form to their Office of Inspector General by May 31 of each fiscal year. The OIG coordinated with Department management to ensure timely submission of the attestation.

OIG Quality Assurance and Improvement Program

The OIG is statutorily required to follow the *Standards*. *Standard 1300* requires the chief audit executive develop and maintain a quality assurance and improvement program (QAIP) that covers all aspects of the internal audit activity. The QAIP consists of both an internal quality assurance program consisting of ongoing supervision and periodic self-assessments and triennial external quality assessments conducted by the Auditor General, in accordance with § 11.45, F.S.

Outreach and Education Activities

New Employee Orientation

During Department new employee orientation sessions, the OIG presents an overview of the roles and responsibilities of the OIG. This presentation is designed to provide new employees with a basic understanding of the OIG and how each employee plays an important role in the identification and prevention of fraud, waste, and abuse within the Department. The presentation also includes an explanation of the Florida *Whistle-blower's Act* and how it applies to Department employees.

During new employee orientation sessions, OIG staff provide each new employee with an OIG brochure that details OIG-related Department policies and procedures and OIG contact information.

Fraud Awareness

The OIG presents fraud deterrence information to internal and external audiences in an effort to identify or prevent significant violations of governing directives. During the fiscal year, the OIG updated its internal website and OIG brochures for distribution to Department employees in order to raise awareness of OIG duties, responsibilities, and how employees can help the OIG to identify fraudulent activity.

APPENDIX A: OUTSTANDING RECOMMENDATIONS

Section 20.055, F.S., requires the identification of each significant recommendation described in previous annual reports on which corrective action has not yet been completed. The significant outstanding recommendations from prior annual reports are detailed below.

OIG Report No. 2017-25: Management of Third-Party Service Providers – Issued: December 29, 2017

The purpose of this audit was to provide management with assurances that Divisions within the Department had adequate and effective procedures and controls for managing service providers; and that the procedures and controls in place to manage service providers included recognized best practices and complied with applicable statutes, rules, regulations, policies, and procedures.

The audit included the following recommendations:

- We recommend that management update policies and procedures regarding monitoring service providers to include specific procedures for performing risk assessments as a part of developing a monitoring plan. In addition, we recommend that these procedures include the criteria and evaluation method for conducting risk assessments as well as requirements regarding the frequency of risk assessments. Including this information in the Department policies and procedures will help ensure consistency and more effective monitoring of service providers' performance. Also, it will help ensure compliance with the FCCM Participant Guide.
- We recommend that management update policies and procedures related to contract monitoring to include specific guidance and requirements for the following:
 - Preparing a monitoring plan,
 - Frequency of plan update,
 - Documentation and evidence of monitoring activities to be obtained and maintained, and
 - Procedures for validating and verifying service providers' deliverables (i.e., reports and data) and performance independently.

Management should take steps to ensure that the updated policies and procedures include Department minimum expectations as well as all requirements outlined in Chief Financial Officer (CFO) Memorandum #6 (11-12). Also, we recommend that management provide internal training to division staff to ensure that expectations and requirements are clear.

- We recommend that management update policies and procedures related to payment processing to include specific requirements for timely invoice processing, compliance with related statute regarding contract manager certification, and compliance with rules regarding contract manager delegation. Also, we recommend that management provide internal training to division staff to ensure that expectations and requirements are clear regarding prompt payment, interest penalties, contract manager certification, and delegation of responsibilities.

- We recommend that management update policies and procedures related to contract monitoring to include specific requirements for developing corrective action plans and performing follow-up to such plans. Management should take steps to ensure that the update includes minimum expectations of the Department. Also, we recommend that management provide internal training to division staff to ensure that expectations and requirements are clear. Finally, we recommend that management consider updating the contract templates to include procedures for ensuring corrective action and follow-up to any required corrective actions.
- We recommend that management update policies and procedures related to contract management and monitoring to include all of the components for closing out a contract as documented in the FCCM Participant Guide. Management should take steps to ensure that this update includes Department minimum expectations for closing out contracts. The policies and procedures should ensure that all contract terms and conditions are met, and all outstanding issues have been resolved prior to final payment to the service providers. Also, the procedures should ensure the official contract files contain all necessary closeout documentation. Finally, we recommend that management provide internal training to division staff to ensure that expectations and requirements are clear.
- We recommend that management consider implementing procedures to separate some of the duties performed by the contract manager or implementing additional control procedures to compensate for areas with limited segregation of duties.
- We recommend that Departmental Purchasing management implement procedures to ensure that the contract file review is completed and to ensure the timely correction of any discrepancies.

Internal Audit Report No. 2020-36: Audit of Cybersecurity with a Focus on Malware – Issued: May 8, 2020

The purpose of the audit was to evaluate controls in place for preventing, detecting, and responding to malware within the State Data Center. The *Audit of Cybersecurity with a Focus on Malware* is classified as a confidential report pursuant to § 282.318, F.S.

The audit contains outstanding recommendations; however, they are not disclosed in this report as the audit is confidential and exempt from the provisions of § 119.07(1), F.S., and is not available for public distribution.

Internal Audit Report No. 2020-56: Audit of The State Data Center's Disaster Recovery Service – Issued: July 20, 2020

The objectives of the audit were to document the current state of the Disaster Recovery (DR) service; to determine if the current DR service meets the best practice standards; and to determine if there is enough capacity to restore all DR subscribers to the DR site. The *Audit of The State Data Center's Disaster Recovery Service* is classified as a confidential report pursuant to § 282.318, F.S.

The audit contains outstanding recommendations; however, they are not disclosed in this report as the audit is confidential and exempt from the provisions of § 119.07(1), F.S., and is not available for public distribution.

Internal Audit Report No. 2020-57: Audit of The Department's Revenue and Accounts Receivable Processes – Issued: December 30, 2020

The purpose of this audit was to determine if the Department maintained an effective system of internal controls over revenue and accounts receivable.

The audit included the following recommendations:

- We recommend that the Financial Management Services (FMS) Bureau Chief:
 - Update the Accounts Receivables Policy to include a review process that will ensure accounts receivable are referred to a DFS contracted collection agent before the accounts are 120 days past due.
 - Perform a review, no less than quarterly, of the accounts receivable aging reports to ensure that all delinquent accounts receivable have been referred to a collection agent.
- We recommend that FMS Bureau Chief:
 - Coordinate with OIT to ensure that Oracle Receivables users' access privileges align with their job duties and responsibilities.
 - Develop compensating controls for the lack of segregation of duties; and
 - Update FMS policy and procedures to ensure that compensating controls are in place when segregation of incompatible duties is not possible or reasonable.
- We recommend the FMS Bureau Chief ensure periodic reviews of access privileges are performed and documented for Oracle Receivables users.

Internal Audit Report No. 2020-65 – Audit of State Data Center's Use of State Term Contract for Information Technology Staff Augmentation Services – Issued: November 6, 2020

The purpose of this audit was to determine if the State Data Center (SDC) followed the purchasing procedures and implemented oversight and management controls related to the use of the *State Term Contract for Information Technology Staff Augmentation*.

The audit included the following recommendations:

- We recommend the Departmental Purchasing Director create guidance specific to contract management of purchases from a state term contract including necessary items that should be maintained in the contract file.
- We also recommend that the Chief Operations Officer ensure the SDC contract managers include the required documentation in the contract management files.
- We recommend that the Departmental Purchasing Director document a process for responding to the quarterly Survey as required in the Staff Contract. In conjunction with Florida Digital Service and State Purchasing, Departmental Purchasing will document the process for responding to the quarterly survey required in the Staff Contract.
- We recommend that the Departmental Purchasing Director update Purchasing 101 and include the current purchasing standards, laws, and rules.

Internal Audit Report No. 2020-69 – Information Technology Audit of Remote Desktop Protocol – Issued: April 27, 2021

The objective of the audit was to review the information technology security controls related to accessing non-public computing resources by a remote workforce. The *Information Technology Audit of Remote Desktop Protocol* is classified as a confidential report pursuant to § 282.318, F.S.

The audit contains outstanding recommendations; however, they are not disclosed in this report as the audit is confidential and exempt from the provisions of § 119.07(1), F.S., and is not available for public distribution.

Internal Audit Report No. 2021-39 – Audit of Office of Supplier Diversity – Issued: December 11, 2020

The purpose of the audit was to determine if internal controls related to the security of personal and confidential information in the Office of Supplier Diversity (OSD) were adequate and operating effectively.

The audit included the following recommendations:

- OIG recommends that the OSD Deputy Director of Operations create policies, procedures and implement other security measures, as appropriate, for safeguarding Certified Business Enterprises certification documents in the secured file room.
- The OIG recommends that the Deputy Director of Operations ensures periodic reviews of access privileges are performed and documented for OSD Apps users to ensure that only authorized users have access and that the access privileges provided to each user remain appropriate.

Internal Audit Report No. 2021-85 – Audit of Communications Service Authorizations Billing System – Issued: September 14, 2021

The purpose of the audit was to review the selected general information technology (IT) controls of the Communications Service Authorizations Billing System. The *Audit of Communication Service Authorizations Billing System* is classified as a confidential report pursuant to § 282.318, F.S.

The audit contains outstanding recommendations; however, they are not disclosed in this report as the audit is confidential and exempt from the provisions of § 119.07(1), F.S., and is not available for public distribution.

Internal Audit Report No. 2022-28 – Audit of Accounts Payable – Issued: April 1, 2022

The objective of the audit was to evaluate Financial Management Services (FMS) controls for recording and reporting accounts payable. The scope of the audit was limited to the accounts payable processes, activities, and transactions assigned to FMS.

The audit included the following recommendation:

- We recommend the FMS Bureau Chief ensure that the users' access to IT applications is timely removed in accordance with Department Access Control Policy (Policy No. 21-107).

Internal Audit Report No. 2022-24 – Audit of Information Technology Governance – Issued: April 26, 2022

The objective of the audit was to assess the degree to which the Department IT governance activities were consistent with Florida Statutes and Florida Administrative Code. The *Audit of Information Technology Governance* is classified as a confidential report pursuant to § 282.318, F.S.

The audit contains outstanding recommendations; however, they are not disclosed in this report as the audit is confidential and exempt from the provisions of § 119.07(1), F.S., and is not available for public distribution.

Internal Audit Report No. 2022-29 – Audit of Departmental Purchasing – Issued: May 13, 2022

The purpose of the audit was to perform a risk-based compliance audit to determine if the Bureau of Departmental Purchasing complies with laws, rules, regulations, policies, and procedures, and evaluate any trends in vendor preference. This audit satisfied the requirements of House Bill 1079, passed during the 2021 Legislative Session, which amended § 287.136, F.S., to require a periodic risk-based compliance audit of all contracts executed by a state agency to identify any trends in vendor preferences.

The audit included the following recommendations:

- We recommend Departmental Purchasing and REDM ensure contract information and documents are entered into FACTS within 30 days of contract execution as required by § 215.985(14)(a), F.S.
- We also recommend that Departmental Purchasing ensure all their assigned contracts are entered into FACTS.

Auditor General Audit Report No. 2021-112 – Department of Management Services Selected Administrative Activities and Prior Audit Follow-up – Issued: January 21, 2021

This operational audit of the Department of Management Services (Department) focused on selected administrative activities and included a follow-up on applicable findings noted in our report Nos. 2019-098 and 2017-214.

The audit included the following recommendations:

- We recommend that Department management establish policies and procedures for administering the requirements of the FSAA, including policies and procedures for identifying non-State entities required to submit an FRP, tracking the receipt and review of FRPs, and determining whether timely and appropriate corrective action was taken for applicable audit findings and recommendations.
- We also recommend that Department management strengthen controls to ensure that SFA is appropriately recorded in Department records. We recommend that Department management restrict user access privileges to FLAIR to promote an appropriate separation of duties and require that, where incompatible access privileges are necessary, compensating controls are established and documented. Department management should also ensure that FLAIR access privileges are removed immediately upon an employee's separation from Department employment.

- We recommend that Department management enhance policies and procedures to ensure that all personnel responsible for managing contracts are subject to Department conflict of interest policies and procedures and that all contract managers complete conflict of interest statements evidencing that they are independent of, and have no conflicts of interest related to, the contracts they are responsible for managing.

Auditor General Audit Report No. 2022-179 – Information Technology Operations Audit of the Department of Management Services, State Data Center Operations – Issued: March 28, 2022

This operational audit of the Department of Management Services (Department) focused on evaluating selected information technology (IT) controls applicable to State Data Center (SDC) operations. The audit also included a follow-up on the findings included in our report No. 2020-149.

The audit included the following recommendations:

- To ensure recoverability of the critical applications maintained as the SDC in the event of a disaster or other interruption of service, we again recommend that Department management improve disaster recovery processes and related documentation. Specifically, we recommend that Department management: (1) Conduct a BIA that documents the assessment of the criticality of all SDC applications for DR purposes. (2) Update the SDC DRP to include RPO and RTO thresholds. (3) Develop step-by-step recovery instructions for, and conduct testing of, all applications included in the DRP and ensure that CMDB records are updates, as necessary, for all critical SDC-managed applications in the DRP. (4) Ensure documentation of live DR exercises is maintained. (5) Establish a recovery order for subscribed customer entities in the event of a disaster affecting multiple customers and ensure that full-scale testing is performed to verify that all applications, systems, and related infrastructure can be timely restored. (6) Ensure DR exercises are conducted annually for all subscribed customer entities.
- We again recommend that Department management ensure that comprehensive and documented periodic reviews of logical access privileges are conducted using system-generated lists of all user and service accounts.
- We again recommend that Department management ensure that SDC database performance uptime metrics included in the SLAs are met and appropriate documentation for performance metrics and related uptime statistics is maintained.
- We again recommend that Department management improve certain security controls related to logical access, vulnerability management, configuration management, user authentication, and logging and monitoring to ensure the confidentiality, integrity, and availability of SDC and customer entity data and related IT resources.

Auditor General Audit Report No. 2022-203 – Department of Management Services Oversight of Private Correctional Facilities – Issued: June 27, 2022

This operational audit focused on the oversight of private correctional facilities.

The audit included the following recommendations:

- We recommend that, when warranted by monitoring findings, the Department issue written notices of noncompliance to private correctional facility providers. Further, to promote transparency and ensure consistent monitoring and enforcement of contract

terms, we recommend that Department management enhance policies and procedures and retain documentation evidencing Department decisions.

- We recommend that Bureau management continue efforts to establish facility maintenance monitoring policies and procedures and ensure that maintenance monitoring is routinely conducted within reasonable time frames, monitoring tools are completed for all engagements, monitoring reports are subject to supervisory review and, when appropriate, written notices of noncompliance are provided to providers, and follow-up is timely conducted to ensure identified deficiencies are promptly corrected.
- We recommend that Bureau management establish policies and procedures for assessing the on-site nursing consultant's satisfaction of contract deliverables and a mechanism to track the Bureau's review of the consultant's health care CPI monitoring tool and executive summary. Additionally, we recommend that Bureau management enhance controls to ensure that Bureau records evidence review of consultant health care CPI monitoring tools and executive summaries, Bureau records evidence that appropriate actions are taken in response to the consultant's findings, health care employee license searches are conducted in accordance with contract terms and consultant health care CPI monitoring tools and executive summaries are timely submitted.
- We recommend that Bureau management enhance CPI tools and establish facility staffing monitoring policies and procedures. Such policies and procedures should specify the manner in which Bureau monitoring activities are to be conducted and documented.
- We recommend that Department management review and verify the accuracy and completeness of incident report information and take appropriate actions to evaluate provider actions. Such review, verification, and evaluation efforts should be documented in Department records.
- We recommend that Bureau management enhance insurance review processes to verify that private correctional facility providers obtain and maintain required insurance coverages.
- We recommend that Bureau management establish an effective audited financial statement review process that includes written policies and procedures and checklists to facilitate review of the financial statements; a method to track financial statements that are due, received, and reviewed; documentation of Bureau actions to obtain financial statements not received; and actions to follow-up on noncompliance or other deficiencies noted by auditors.