

**AGENCY FOR WORKFORCE INNOVATION  
DEPARTMENT OF REVENUE  
DEPARTMENT OF MANAGEMENT SERVICES**

**UNEMPLOYMENT INSURANCE PROGRAM**

Follow-Up on Prior Audit Findings

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Information Technology Operational Audit

July 1, 2007, Through June 30, 2008,  
and Selected Actions Through October 16, 2008



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### **DIRECTOR OF THE AGENCY FOR WORKFORCE INNOVATION**

Pursuant to Section 20.50, Florida Statutes, the Agency for Workforce Innovation is created within the Department of Management Services (DMS) and is a separate budget entity, not subject to control, supervision, or direction by DMS in any manner. The Director of the Agency for Workforce Innovation is appointed by the Governor and is the agency head for all purposes. Monesia T. Brown served as Director during the audit period.

### **EXECUTIVE DIRECTOR OF THE DEPARTMENT OF REVENUE**

Pursuant to Section 20.21(1), Florida Statutes, the head of the Department of Revenue is the Governor and Cabinet, which consists of the Governor, Attorney General, Chief Financial Officer, and Commissioner of Agriculture. Pursuant to Section 20.05(1), Florida Statutes, the Governor and Cabinet is responsible for appointing the Executive Director of the Department of Revenue. Lisa Echeverri served as Executive Director during the audit period.

### **SECRETARY OF THE DEPARTMENT OF MANAGEMENT SERVICES**

Pursuant to Section 20.22(1), Florida Statutes, the Secretary of DMS is appointed by the Governor subject to confirmation by the Senate. Linda South served as Secretary during the audit period.

### **EXECUTIVE DIRECTOR OF THE SOUTHWOOD SHARED RESOURCE CENTER**

Pursuant to Sections 282.205(1) and (3), Florida Statutes, effective July 1, 2008, the Southwood Shared Resource Center (SSRC) is established within DMS and is a separate budget entity not subject to control, supervision, or direction of DMS in any manner. The SSRC is headed by a board of trustees, the members of which are appointed, pursuant to Section 282.203(2)(a), Florida Statutes, by the agency head or chief executive officer of the representative customer entities of the SSRC. Pursuant to Section 282.203(3)(a), Florida Statutes, the board of trustees is responsible for appointing the Executive Director of the SSRC. John Wade was appointed Executive Director on November 24, 2008.

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The audit team leader was Wayne Revell, CISA, and the audit was supervised by Tina Greene, CPA, CISA. Please address inquiries regarding this report to Jon Ingram, CPA, CISA, Audit Manager, by e-mail at [joningram@aud.state.fl.us](mailto:joningram@aud.state.fl.us) or by telephone at (850) 488-0840.

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**AGENCY FOR WORKFORCE INNOVATION  
DEPARTMENT OF REVENUE  
DEPARTMENT OF MANAGEMENT SERVICES**

Unemployment Insurance Program  
Follow-Up on Prior Audit Findings

**SUMMARY**

The Agency for Workforce Innovation (Agency) is responsible for administering the State's Unemployment Insurance (UI) Program. The Agency contracted, through an interagency agreement, with the Department of Revenue (DOR) to perform the duties of the tax collection service provider. These duties include determining and assigning employer tax rates annually and providing other unemployment tax collection services as needed and agreed upon by both parties.

The Unemployment Compensation (UC) System is the system used by the Agency to determine eligibility and calculate benefit amounts for individuals seeking unemployment compensation. Additionally, the UC System was used by DOR until March 10, 2008, to calculate employer UI taxes, after which this process was converted into DOR's System for Unified Taxation (SUNTAX). The Department of Management Services (DMS) provided support services for the Agency's computer operations and mainframe applications, including the UC System, through June 30, 2008.

Our audit focused on determining the status of corrective actions regarding prior audit findings disclosed in audit report No. 2008-037, relating to Agency, DOR, and DMS information technology (IT) controls over the UC System. Our audit included the period July 1, 2007, through June 30, 2008, and selected actions through October 16, 2008.

The results of our follow-up audit are summarized below:

**Finding No. 1:** The Agency's contract with ISOCORP, Inc. (ISOCORP), a contractor providing applications development services, did not require that appropriate background screening be conducted of ISOCORP staff, and adequate background checks were not performed for all contracted staff.

**Finding No. 2:** Access controls needed improvement in the areas of monitoring of access privileges and access violations reports.

**Finding No. 3:** Certain security controls protecting the UC System, in addition to the matters noted in Finding No. 2, needed improvement.

**Finding No. 4:** The Agency's Department of Highway Safety and Motor Vehicles (HSMV) cross-match application processing needed improvement.

**Finding No. 5:** The Agency's Social Security Administration (SSA) cross-match application processing needed improvement.

**Finding No. 6:** The Agency reorganized the Office of UC Services to provide the Benefit Accuracy Measurement (BAM) unit appropriate organizational independence from the UC Claims and Benefits Operations Section.

**Finding No. 7:** The Agency developed procedures to support the decision-making process for the methodology used in the annual calculation of employers' experience-based tax rates, including systems documentation of the calculation process.

**Finding No. 8:** Program change controls over the UC System had been implemented.

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**BACKGROUND**

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The UC System is composed of several interacting subsystems. The UC Claims and Benefits subsystem processes new claims by determining monetary eligibility for benefit payments. It also determines employers' chargeability for benefits and facilitates the payment of claimant benefits. The functions of another subsystem, the UC Tax Registration Accounting Information Network (TRAIN) subsystem, which was used to calculate and collect employer taxes and to record wage data for later use in the processing of UC claims, were converted into DOR's SUNTAX system in March 2008.

In an effort to eliminate improper benefit payments, an intranet-based application was developed by the Agency to incorporate cross matches of claims data with external data for fraud prevention and detection. The first external cross-match application, Stop Inmate Fraud, was implemented in March 2004; the Death Certificate cross-match application was implemented in June 2004; the HSMV cross-match application was implemented in January 2005; and the SSA cross-match application was added in September 2006. With the advent of Internet and telephone claim filing, the Agency needed a way to establish the identity of the claimant, since claim filing no longer consisted of face-to-face contact. Both the HSMV and SSA cross-match applications were implemented in an effort to eliminate improper benefit payments to claimants whose identities were in question. Claimant social security number, name, and date of birth are compared with data from HSMV and SSA. In addition, driver license numbers are also compared with data from HSMV.

The BAM unit, organized within the Agency and located in Tallahassee, is required by the United States Department of Labor to ensure the accuracy of paid and denied UI claims. The BAM unit uses a system that provides the basis for assessing the accuracy of UI payments, assesses improvements in program accuracy and integrity, and encourages more efficient administration of the UI program. It is also a diagnostic tool used by Federal and State Workforce Agency staff in identifying errors and their causes and in correcting and tracking solutions to these problems.

Section 443.1317, Florida Statutes, provides that the Agency is responsible for administering the UI Program. The Agency contracted with ISOCORP to provide application development and support for the UC System. DMS was responsible for operating the Technology Resource Center (renamed the Southwood Shared Resource Center, as of July 1, 2008) and supporting the UC System's data center operations.<sup>1</sup> As required by Section 443.1316, Florida Statutes, the Agency contracted with DOR to provide tax collection services related to the UI Program. The UI Program is included in the audit of the Federal Awards Programs for the State of Florida for the 2007-08 fiscal year.

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**FINDINGS AND RECOMMENDATIONS**

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Our prior audit disclosed eight Agency, DOR, and DMS IT control issues relating to the UC System where improvement was needed. This follow-up audit disclosed that the Agency, DOR, and DMS had made progress in improving some UC System controls in the identified areas but other findings remained unresolved. Specifically, of the eight UC System control issues disclosed in the prior audit, the Agency, DOR, and DMS had corrected three and partially corrected five. Details of the status of Agency, DOR, and DMS corrective actions relating to the prior audit findings, as of October 16, 2008, are disclosed in Table 1 below.

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<sup>1</sup> Pursuant to Section 282.205, Florida Statutes, effective July 1, 2008, the Southwood Shared Resource Center was established as a separate budget entity not subject to the control, supervision, or direction of DMS in any manner. The Southwood Shared Resource Center assumed the responsibility for supporting the UC System.

**Definitions of Prior Audit Finding Status**

- **Corrected:** Successful development and use of a process, system, policy, or control to correct a prior audit finding.
- **Partially Corrected:** A process, system, policy, or control to correct a prior audit finding was not completely developed or was successfully developed but was not consistently or completely used.
- **Not Corrected:** Preliminary analyses have been performed for correcting the prior audit finding, but the finding has not yet been corrected.

**Table 1: STATUS OF PRIOR AUDIT FINDINGS NOTED IN AUDIT REPORT NO. 2008-037 AS OF JUNE 2008**

Finding No.	Bullet No.	Prior Audit Report Finding Issue	Condition Noted in Current Audit	Current Recommendation
<b>Finding No. 1: Positions of Trust and Related Background Checks</b>				
1		<p>The Agency had not designated positions of special trust and had not performed adequate background checks, including fingerprinting, of employees occupying positions with sensitive IT responsibilities and access privileges.</p>	<p><b>Partially Corrected:</b> On June 26, 2007, the Agency Director adopted and began implementation of AWI Policy No. 1.08, Positions of Special Trust. In accordance with this policy, Agency staff identified IT positions that met the definition of special trust because of their sensitive location or ability to access and alter confidential data.</p> <p>On October 9, 2007, the Agency Director designated the identified IT positions as positions of special trust and the Agency subsequently notified the affected personnel.</p> <p>On January 29, 2008, the Agency finalized and executed a criminal history record check information sharing agreement with the Department of Law Enforcement (DLE). This agreement allows DLE to obtain State and Federal background screenings (Level 2) and share the resulting information with the Agency.</p> <p>All Agency staff occupying IT positions designated as positions of special trust have been fingerprinted, and Level 2 criminal history checks have been conducted by DLE.</p> <p>AWI Policy No. 1.08, Positions of Special Trust, also requires that contractors submit to Level 2 criminal history checks. However, we noted that a contract between the Agency and ISOCORP, a contractor providing applications development services, required only Level 1 screening standards.</p> <p>Furthermore, background checks were not performed on ISOCORP contract staff who transitioned from the State Technology Office to the Agency. Subsequently, background checks were conducted on new ISOCORP contract staff according to Level 1 screening standards established in Section 435.03(1), Florida Statutes, which included employment history checks, Statewide criminal correspondence checks through DLE and may include criminal records checks through local law enforcement agencies but not Federal background checks through the Federal Bureau of Investigation (Level 2 screening).</p>	<p>The Agency should ensure that vendor contracts include provisions requiring contractors to perform appropriate Level 2 background screening.</p>
<b>Finding No. 2: Access Controls</b>				
2	1	<p>The Agency and DMS had not established proper access configurations to ensure an appropriate separation of duties, nor implemented controls for monitoring and reviewing certain access privileges for the UC Claims and Benefits production applications and production data files.</p>	<p><b>Not Corrected:</b> Some programmers, systems staff, and an operator, including contractors, had been granted access privileges that were not required to perform their job duties. Specifically, of the 54 individuals who had been granted access privileges to UC Claims and Benefits production data files, 24 had inappropriate access to the production applications. The 24 individuals included employees from the Agency, DOR, the Southwood Shared Resource Center, and contractors as follows: 19 programmers, 4 systems staff, and 1 operator.</p>	<p>The Agency and DMS should strengthen system access privileges to ensure an appropriate separation of duties and monitor and review the ongoing appropriateness of access privileges to promote the integrity of the UC System and data.</p>

Finding No.	Bullet No.	Prior Audit Report Finding Issue	Condition Noted in Current Audit	Current Recommendation
2	2	Requests for user access to the HSMV cross-match application were not documented by the Agency.	<b>Corrected:</b> Requests for user access to the HSMV cross-match application were documented by e-mail requests that are maintained by the UC Re-Engineering staff.	N/A
2	3	Access privileges of certain users with HSMV Administrator access to the Agency's HSMV cross-match application were not appropriate based on their job responsibilities.	<b>Corrected:</b> Access privileges of users with HSMV Administrator access to the Agency's HSMV cross-match application were appropriate based on their job responsibilities.	N/A
2	4	No access monitoring reports were produced for the Agency's HSMV cross-match application and one former employee retained access to the application for 277 days after termination.	<b>Corrected:</b> Access monitoring reports were still not produced for the Agency's HSMV cross-match application. However, Agency staff indicated that they were monitoring the appropriateness of access pursuant to Agency Procedural Instruction 08-02, dated March 11, 2008 (replaced Agency Procedural Instruction No. 05-01). Furthermore, we noted no former employees for whom access to the HSMV cross-match application remained after termination.	N/A
2	5	Access violation reports for the Agency's HSMV cross-match application were not produced.	<b>Not Corrected:</b> Access violation reports for the Agency's HSMV cross-match application were still not being produced; therefore, the Agency did not monitor for unauthorized attempts to access the application.	The Agency should periodically review access violation reports to monitor for unauthorized attempts to access the application.
2	6	Access to a file containing UC claimant data including name, social security number, date of birth, and driver license number was allowed by the Agency for users who did not require access to the file based on their job responsibilities.	<b>Corrected:</b> Access to the file containing UC claimant data was restricted to 16 users within the UC application development area who needed the access to perform their job duties.	N/A
2	7	Although UC dataset access violations were recorded daily, the violations were not investigated by the Agency in a timely manner.	<b>Partially Corrected:</b> Although UC dataset access violations were reviewed daily by the Agency's Internal Security Unit; violations were still not investigated by the Agency's Chief Information Officer (CIO) in a timely manner. Violations for each of the four quarters of the 2007-08 fiscal year were not forwarded to the Agency's CIO for investigation until 22 to 32 days after the quarters ended and were not investigated until 53 to 84 days after the quarters ended.	The Agency should ensure that dataset access violations are monitored, investigated, and corrected in a timely manner.
2	8	Access privileges of certain users with SSA Administrator access to the Agency's SSA cross-match application were not appropriate based on their job responsibilities, contrary to Agency Procedural Instruction No. 06-07 and the agreement between SSA and the Agency for online access through the Interstate Connection Network.	<b>Corrected:</b> Access privileges for users with SSA Administrator access to the Agency's SSA cross-match application were appropriate based on their job responsibilities, pursuant to Agency Procedural Instruction 08-02, dated March 11, 2008 (replaced Agency Procedural Instruction No. 06-07), and the agreement between SSA and the Agency for online access through the Interstate Connection Network.	N/A
2	9	The Agency's Internal Security Unit (ISU) that is responsible for managing system access privileges of the UC System was not monitoring access authorizations to the	<b>Corrected:</b> In compliance with Agency procedures for SSA monitoring that were implemented on May 13, 2008, the Agency's ISU began monitoring access authorizations to the Agency's SSA cross-match application on a periodic basis to ensure that access privileges were appropriate.	N/A

Finding No.	Bullet No.	Prior Audit Report Finding Issue	Condition Noted in Current Audit	Current Recommendation
		Agency's SSA cross-match application on a periodic basis to ensure that access privileges were appropriate.		
2	10	Adequate written policies, procedures, and documentation did not exist to guide Agency's ISU staff in interpreting the various reports available to ensure that security violations, including excessive instances of authorized access to sensitive data were investigated.	<p><b>Corrected:</b> The Agency developed new SSA Monitoring Procedures that were implemented on May 13, 2008. These procedures listed the monitoring reports that are available to assist the ISU in fulfilling SSA monitoring requirements, provided instructions to ISU staff, listed minimum review requirements, and addressed monitoring procedures.</p> <p>Agency staff further indicated that they were using the reports to monitor unauthorized access attempts as well as excessive instances of authorized access to sensitive data.</p>	N/A
<b>Finding No. 3: Security Controls</b>				
3		We identified deficiencies in certain aspects of the Agency and DMS IT security controls in addition to the matters noted in Finding No. 2.	<p><b>Partially Corrected:</b> The Agency and DMS had corrected some of the deficiencies in certain aspects of the Agency and DMS IT security controls. However, DMS still needed to improve its monitoring of certain security control settings. We are not disclosing specific details of the issues in this report to avoid the possibility of compromising the Agency's data and IT resources. However, we have notified appropriate Agency and DMS management of the specific issues.</p>	DMS should improve IT security controls to correct the identified security issue.
<b>Finding No. 4 HSMV Cross-Match Application - Processing</b>				
4	1	Claims identified as having a potential identity issue were not reviewed on the day the HSMV mismatch was reported, contrary to Agency Procedural Instruction No. 05-01.	<p><b>Partially Corrected:</b> Agency Procedural Instruction No. 08-02 replaced Agency Procedural Instruction No. 05-01. The new Instruction, dated March 11, 2008, also required that the HSMV mismatch reports be reviewed daily by the Agency.</p> <p>The Agency has shown improvement in the timely review of the UI Claim Identity Verification HSMV Cross-Match report. However, of 15 claims we reviewed, 4 were not reviewed by the Agency in a timely manner. Two were reviewed 1 day late, 1 was reviewed 5 days late, and 1 had not been reviewed as of September 10, 2008, which was 111 days past due.</p>	Consistent with Agency procedures, the Agency should continue to make improvements to ensure the timely review of claims identified as having a potential identity issue to reduce the risk of a fraudulent claim being paid.
4	2	Backup staff was not utilized in each of the Agency's claims processing hubs in Tallahassee and Ft. Lauderdale to process claims identified as having a mismatch with HSMV.	<p><b>Corrected:</b> The Agency began using backup staff in its Tallahassee and Ft. Lauderdale claims processing hubs to process claims identified as having a mismatch with HSMV.</p>	N/A
4	3	Agency guidelines (Agency Procedural Instruction No. 05-01) for the claims takers on how to process the HSMV mismatches did not include specific procedures for determining whether a mismatch required further proof of identity.	<p><b>Corrected:</b> New Agency Procedural Instruction No. 08-02 provided guidelines as to how to process the HSMV mismatches, including specific procedures for determining whether a mismatch requires further proof of identity.</p>	N/A
4	4	Agency supervisors in the claims processing hubs indicated that they did not monitor the activities of claims takers to ensure the correct or timely processing	<p><b>Corrected:</b> Agency supervisors were monitoring the HSMV mismatch reports daily to ensure that claims identified as having a mismatch were timely handled in compliance with new Agency Procedural Instruction No. 08-02.</p>	N/A



Finding No.	Bullet No.	Prior Audit Report Finding Issue	Condition Noted in Current Audit	Current Recommendation
		of claims identified as having a mismatch with HSMV.		
<b>Finding No. 5 SSA Cross-Match Application – Processing</b>				
5	1	Claims within the potential issue tracking list, a report of unresolved SSA mismatches that are ten or more days old, were not reviewed daily by the Agency, contrary to Agency Procedural Instruction No. 06-07.	<p><b>Partially Corrected:</b> New Agency Procedural Instruction No. 08-02 also required that the SSA mismatch reports be reviewed daily by the Agency.</p> <p>The potential issue tracking list, a report of unresolved SSA mismatches that are ten or more days old, was not always reviewed daily as required by the Instructions. Of six claims sampled, two were reviewed on time, one was reviewed one day late, two were reviewed two days late, and one was reviewed three days late.</p>	Consistent with Agency procedures, the Agency should make improvements to ensure that the report of unresolved SSA mismatches is reviewed daily.
5	2	Backup staff was not utilized in the Agency’s claims processing hubs in Tallahassee and Ft. Lauderdale to process claims identified as having a mismatch with SSA unless the claims taker was out for an extended time period.	<b>Corrected:</b> The Agency began using backup staff in its Tallahassee and Ft. Lauderdale claims processing hubs to process claims identified as having a mismatch with SSA.	N/A
5	3	The date of birth on certain claims with a mismatch was changed by the claims taker to match SSA records without proof of identity from the claimant.	<b>Corrected:</b> New Agency Procedural Instruction No. 08-02 stated that the date of birth should only be changed on the claim when the claimant has provided proof of the correct date of birth. The Instruction further stated that date of birth should not be changed based solely on data provided by SSA.	N/A
5	4	Agency supervisors in the claims processing hubs indicated that they did not monitor the activities of claims takers to ensure the correct or timely processing of claims identified as having a mismatch with SSA.	<b>Corrected:</b> Agency supervisors were monitoring the SSA mismatch reports daily to ensure claims identified as having a mismatch are timely handled in compliance with Agency Procedural Instruction No. 08-02.	N/A
<b>Finding No. 6 BAM Unit Independence</b>				
6		The BAM unit placement within the Agency was not independent of areas subject to its evaluation.	<p><b>Corrected:</b> The Agency reorganized the Office of UC Services to provide for a separation of functions.</p> <p>The BAM unit was placed under Federal Reporting and Support Services which also includes Benefit Timeliness Quality, Internal Security, Tax Performance System, Contracts, and Claims Communications. This reorganization provided independence from UC Claims and Benefits.</p>	N/A
<b>Finding No. 7 Policies, Procedures, and Systems Documentation</b>				
7		The Agency did not maintain adequate policies and procedures or other guidance to support the decision-making process for the methodology used in the annual calculation of employers’ experience-based tax rates. Neither was there sufficient systems documentation of the calculation process.	<p><b>Corrected:</b> Effective March 10, 2008, the Unemployment Tax processing functions were fully converted to the SUNTAX system operated by the Department of Revenue.</p> <p>The entire rate process was fully documented and the SUNTAX Project Management team approved and accepted the documentation on behalf of DOR. DOR’s Office of Inspector General also reviewed the documentation of the rate process.</p>	N/A

Finding No. 8 Program Change Controls			
8		<p>Improvements were needed in program change controls over the UC System. Specifically, changes to the Agency's Web applications, particularly the Florida Unemployment Internet Direct (FLUID) application changes, did not follow prescribed procedures.</p>	<p><b>Corrected:</b> The Agency Application Development Group developed a change control process and approval tracking system to manage developmental changes for all applications within its domain.</p> <p>The change control process included developmental changes made for Mainframe, PowerBuilder, and all Web applications.</p> <p>The change control policy was updated to include change management processes for:</p> <ul style="list-style-type: none"> <li>▪ Change Authorization</li> <li>▪ Change Testing</li> <li>▪ Change Customer Approval</li> <li>▪ Change Implementation</li> </ul>

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**OBJECTIVES, SCOPE, AND METHODOLOGY**

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The objectives of this IT audit were to determine the extent to which the Agency, DOR, and DMS corrected, or was in the process of correcting, deficiencies disclosed in audit report No. 2008-037 that are applicable to the UC System.

The scope of our audit focused on evaluating the Agency's, DOR's, and DMS's corrective actions regarding IT control deficiencies applicable to the UC System disclosed in the prior audit during the period July 1, 2007, through, June 30, 2008, and selected actions through October 16, 2008.

In conducting our audit, we:

- Interviewed Agency, DOR, and DMS personnel.
- Obtained an understanding of the Agency's program change control procedures; HSMV and SSA Cross-Match application and user controls; positions of trust and related background checks; BAM unit independence; the Agency's and DMS's access and security controls; and the Agency's and DOR's policies, procedures, and systems documentation related to the UC System.
- Observed, documented, tested, and evaluated key processes and procedures related to the Agency's program change control activities; application and user controls for the Agency's HSMV and SSA Cross-Match applications; background checks for Agency staff occupying positions of special trust; independence of the Agency's BAM unit; the Agency's and DMS's access and security controls; and the Agency's and DOR's policies, procedures, and systems documentation.

We conducted this IT audit in accordance with applicable generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

**AUTHORITY**

Pursuant to the provisions of Section 11.45, Florida Statutes, I have directed that this report be prepared to present the results of our IT operational audit.



David W. Martin, CPA  
Auditor General

**MANAGEMENTS' RESPONSES**

In letters dated December 5, 2008, and December 10, 2008, respectively, the Director of the Agency for Workforce Innovation and the Executive Director of the Southwood Shared Resource Center provided responses to our preliminary and tentative findings. The letters are included at the end of this report as Exhibit A.

EXHIBIT A  
MANAGEMENTS' RESPONSES



Charlie Crist  
Governor  
Monesia T. Brown  
Director

December 5, 2008

Mr. David W. Martin  
Auditor General  
G74 Claude Pepper Building  
111 West Madison Street  
Tallahassee, FL 32399-1450

Dear Mr. Martin:

Pursuant to Section 11.45(4)(d), Florida Statutes, we have prepared the attached response to the preliminary and tentative findings and recommendations which may be included in your report on the Information Technology Audit of the Unemployment Insurance Program for the period July 1, 2007 through June 30, 2008 and selected actions through October 16, 2008.

We are pleased to offer this response and hope that it satisfies your expectations and all requirements that are statutorily mandated. If you have questions or require additional information, please contact James F. Mathews, Inspector General at (850) 245-7141.

Sincerely,



Monesia T. Brown  
Director

MTB/jmm

Enclosure

**Agency for Workforce Innovation**

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EXHIBIT A (CONTINUED)  
MANAGEMENTS' RESPONSES

Agency for Workforce Innovation (AWI)  
Unemployment Compensation (UC) Information Technology (IT) Audit,  
July 1, 2007 through June 30, 2008 and Selected Actions Through October 16, 2008  
Response to Preliminary and Tentative Findings

Finding No.	Bullet No.	Condition Noted in Current Audit	Current Recommendation	AWI Response
1		<p><u>Partially Corrected:</u> On June 26, 2007, the Agency Director adopted and began implementation of AWI Policy No. 1.08, Positions of Special Trust. In accordance with this policy, Agency staff identified IT positions that met the definition of special trust because of their sensitive location or ability to access and alter confidential data.</p> <p>On October 9, 2007, the Agency Director designated the identified IT positions as positions of special trust and the Agency subsequently notified the affected personnel.</p> <p>On January 29, 2008, the Agency finalized and executed a criminal history record check information sharing agreement with the Department of Law Enforcement (DLE). This agreement allows DLE to obtain State and Federal background screenings (Level 2) and share the resulting information with the Agency.</p> <p>All Agency staff occupying IT positions designated as positions of special trust have been fingerprinted, and Level 2 criminal history checks have been conducted by DLE.</p> <p>AWI Policy No. 1.08, Positions of Special Trust, also requires that contractors submit to Level 2 criminal history checks. However, we noted that a contract between</p>	<p>The Agency should ensure that vendor contracts include provisions requiring contractors to perform appropriate Level 2 background screening.</p>	<p>On October 24, 2008, the Agency modified its purchase order to require ISOCORP, Inc. employees assigned to the Agency to have level 2 background screenings.</p>

EXHIBIT A (CONTINUED)  
MANAGEMENTS' RESPONSES

Agency for Workforce Innovation (AWI)  
Unemployment Compensation (UC) Information Technology (IT) Audit,  
July 1, 2007 through June 30, 2008 and Selected Actions Through October 16, 2008  
Response to Preliminary and Tentative Findings

Finding No.	Bullet No.	Condition Noted in Current Audit	Current Recommendation	AWI Response
2		<p>the Agency and ISOCORP, a contractor providing applications development services, required only Level 1 screening standards.</p> <p>Furthermore, background checks were not performed on ISOCORP contract staff who transitioned from the State Technology Office to the Agency. Subsequently, background checks were conducted on new ISOCORP contract staff according to Level 1 screening standards established in Section 435.03(1), Florida Statutes, which included employment history checks, Statewide criminal correspondence checks through DLE and may include criminal records checks through local law enforcement agencies but not Federal background checks through the Federal Bureau of Investigation (Level 2 screening).</p>		
2	1	<p><u>Not Corrected:</u> Some programmers, systems staff, and an operator, including contractors, had been granted access privileges that were not required to perform their job duties. Specifically, of the 54 individuals who had been granted access privileges to UC Claims and Benefits production data files, 24 had inappropriate access to the production applications. The 24 individuals included employees from the Agency, DOR, the Southwood Shared Resource Center, and contractors as follows: 19 programmers, 4 systems staff, and 1 operator.</p>	<p>The Agency and DMS should strengthen system access privileges to ensure an appropriate separation of duties and monitor and review the ongoing appropriateness of access privileges to promote the integrity of the UC System and data.</p>	<p>The Agency for Workforce Innovation concurs with the Auditor General in the assessment of staff access privileges. The Agency will remove production level access by working in collaboration with the Southwood Shared Resource Center (SSRC).</p>

EXHIBIT A (CONTINUED)  
MANAGEMENTS' RESPONSES

Agency for Workforce Innovation (AWI)  
Unemployment Compensation (UC) Information Technology (IT) Audit,  
July 1, 2007 through June 30, 2008 and Selected Actions Through October 16, 2008  
Response to Preliminary and Tentative Findings

Finding No.	Bullet No.	Condition Noted in Current Audit	Current Recommendation	AWI Response
2	5	<p><u>Not Corrected:</u> Access violation reports for the Agency's Highway Safety and Motor Vehicles (HSMV) cross-match application were still not being produced; therefore, the Agency did not monitor for unauthorized attempts to access the application.</p>	<p>The Agency should periodically review access violation reports to monitor for unauthorized attempts to access the application.</p>	<p>The Agency has not created access violation reports for the HSMV cross match because authorizations to access the cross match are monitored. We acknowledge that an access violation report is produced for the SSN cross match; however, there is no requirement in law for a violation report for the HSMV cross match and no provision in the interagency agreement with HSMV requires the Agency to create such a report. As such, our current procedures are sufficient. Only employees provided access to the cross match can access the data and their access privileges are monitored.</p>
2	7	<p><u>Partially Corrected:</u> Although UC dataset access violations were reviewed daily by the Agency's Internal Security Unit; violations were still not investigated by the Agency's Chief Information Officer (CIO) in a timely manner. Violations for each of the four quarters of the 2007-08 fiscal year were not forwarded to the Agency's CIO for investigation until 22 to 32 days after the quarters ended and were not investigated until 53 to 84 days after the quarters ended.</p>	<p>The Agency should ensure that dataset access violations are monitored, investigated, and corrected in a timely manner.</p>	<p>The Agency is revising its procedure to allow the UC Internal Security Unit to provide the results of its review of the dataset violation reports to the Agency's Information Security Manager (ISM). A copy of the report will be provided to the Agency's CIO. The ISM will initiate a timely investigation of the report and provide the result of the investigation to the Internal Security Unit (ISU). The ISU and the UC Director's office will ensure that the ISM is provided a violations report within 14 days following the end of the quarter. This process will be implemented after the quarter ending December 31, 2008.</p>
3		<p><u>Partially Corrected:</u> The Agency and DMS had corrected some of the deficiencies in certain aspects of the Agency and DMS IT security controls. However, DMS still needed to improve its</p>	<p>DMS should improve IT security controls to correct the identified security issue.</p>	<p>AWI and DMS have adopted a quarterly procedure for ensuring that appropriate monitoring of security control settings is conducted. Each quarter, DMS will review</p>



EXHIBIT A (CONTINUED)  
MANAGEMENTS' RESPONSES

Agency for Workforce Innovation (AWI)  
Unemployment Compensation (UC) Information Technology (IT) Audit,  
July 1, 2007 through June 30, 2008 and Selected Actions Through October 16, 2008  
Response to Preliminary and Tentative Findings

Finding No.	Bullet No.	Condition Noted in Current Audit	Current Recommendation	AWI Response
4	1	<p>monitoring of certain security control settings. We are not disclosing specific details of the issues in this report to avoid the possibility of compromising the Agency's data and IT resources. However, we have notified appropriate Agency and DMS management of the specific issues.</p> <p>Partially Corrected: Agency Procedural Instruction No. 08-02 replaced Agency Procedural Instruction No. 05-01. The new Instruction, dated March 11, 2008, also required that the HSMV mismatch reports be reviewed daily by the Agency.</p> <p>The Agency has shown improvement in the timely review of the Unemployment Insurance (UI) Claim Identity Verification HSMV Cross-Match report. However, of 15 claims we reviewed, 4 were not reviewed by the Agency in a timely manner. Two were reviewed 1 day late, 1 was reviewed 5 days late, and 1 had not been reviewed as of September 10, 2008, which was 111 days past due.</p>	<p>Consistent with Agency procedures, the Agency should continue to make improvements to ensure the timely review of claims identified as having a potential identity issue to reduce the risk of a fraudulent claim being paid.</p>	<p>the settings and send to AWI a confirmation statement indicating that the security control settings are appropriately set.</p> <p>AWI received the first confirmation statement on November 19, 2008 from DMS indicating that the security control settings remain correct.</p>
5	1	<p>Partially Corrected: New Agency Procedural Instruction No. 08-02 also required that the Social Security Administration (SSA) mismatch reports be reviewed daily by the Agency.</p> <p>The potential issue tracking list, a report of unresolved SSA mismatches that are ten or more days old, was not always reviewed</p>	<p>Consistent with Agency procedures, the Agency should make improvements to insure that the report of unresolved SSA mismatches is reviewed daily.</p>	<p>The Agency has reviewed and revised its procedures to establish a more manageable standard for resolving potential issues arising from the cross match.</p>

EXHIBIT A (CONTINUED)  
MANAGEMENTS' RESPONSES

Agency for Workforce Innovation (AWI)  
Unemployment Compensation (UC) Information Technology (IT) Audit,  
July 1, 2007 through June 30, 2008 and Selected Actions Through October 16, 2008  
Response to Preliminary and Tentative Findings

Finding No.	Bullet No.	Condition Noted in Current Audit	Current Recommendation	AWI Response
		daily as required by the Instructions. Of six claims sampled, two were reviewed on time, one was reviewed one day late, two were reviewed two days late, and one was reviewed three days late.		

EXHIBIT A (CONTINUED)  
MANAGEMENTS' RESPONSES



State of Florida  
Southwood Shared Resource Center  
2585 Shumard Oak Boulevard  
Tallahassee, Florida 32399-0950  
Phone: 850.413.9300  
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<http://ssrc.myflorida.com>

Governor  
Charlie Crist

Executive Director  
John Wade

December 10, 2008

Mr. David W. Martin, CPA  
Auditor General  
G74 Claude Pepper Building  
111 West Madison Street  
Tallahassee, Florida 32399-1450

Dear Mr. Martin:

Pursuant to Section 11.45(4)(d), Florida Statutes, this is our response to your report, *Unemployment Insurance Program, Agency for Workforce Innovation, Department of Revenue and the Southwood Shared Resource Center administratively housed within the Department of Management Services*. Our response corresponds with the order of your tentative and preliminary findings and recommendations contained in the draft report.

**Finding No. 2: Access Controls**

**Improvements were needed regarding access controls.**

**The agency (AWI) and SSRC had not established proper access configurations to ensure an appropriate separation of duties, nor implemented controls for monitoring and reviewing certain access privileges for the UC Claims and Benefits production applications and production files.**

**Recommendation**

The agency and SSRC should strengthen system access privileges to ensure an appropriate separation of duties and monitor and review the ongoing appropriateness of access privileges to promote the integrity of the UC System and data.

**Response**

The SSRC has reviewed the report pertaining to employee access and will continue to work with AWI to strengthen the current policy on access privileges to ensure the appropriate segregation of duties.

*An Uptime Institute Tier III Facility*

**EXHIBIT A (CONTINUED)  
MANAGEMENTS' RESPONSES**



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**Finding No. 3: Security Controls**

Improvements were needed in certain security controls protecting the UC Systems, in addition to the matters noted in Finding No. 2, needed improvement.

**Recommendation:**

The SSRC should improve IT security controls to correct the identified security issue.

**Response:**

The SSRC has implemented the appropriate controls to correct the identified security issues.

If further information is needed concerning our response, please contact Cathy Kreiensieck, Chief of Enterprise Planning & Management, Southwood Shared Resource Center at 413-9309.

Sincerely,

A handwritten signature in cursive script that reads "John Wade".

John Wade  
Executive Director, Southwood Shared Resource Center

Cc: John Davis  
Nelson Munn

*An Uptime Institute Tier III Facility*