

**DEPARTMENT OF AGRICULTURE
AND CONSUMER SERVICES**

Administration of Private Investigator,
Security Officer, Recovery Agent, and
Concealed Weapon Licenses and
Prior Audit Follow-Up



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Auditor General

Commissioner of the Department of Agriculture and Consumer Services

The Department of Agriculture and Consumer Services is established by Section 20.14, Florida Statutes. The head of the Department is the Commissioner of Agriculture. The Honorable Adam H. Putnam served as Commissioner during the period of our audit.

The team leader was Barbara St. George, CPA, and the audit was supervised by Joshua T. Barrett, CPA.

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DEPARTMENT OF AGRICULTURE AND CONSUMER SERVICES

Administration of Private Investigator, Security Officer, Recovery Agent, and Concealed Weapon Licenses and Prior Audit Follow-Up

SUMMARY

This operational audit of the Department of Agriculture and Consumer Services (Department) focused on the administration of private investigator, security officer, recovery agent, and concealed weapon licenses. The audit also included a follow-up on the findings noted in our report Nos. 2015-016 and 2015-182. Our audit disclosed the following:

Division of Licensing Administration of Private Investigator, Security Officer, Recovery Agent, and Concealed Weapon Licenses

Finding 1: Department controls for processing concealed weapon license applications need enhancement. Additionally, data publicly reported by the Department regarding Division of Licensing (Division) actions was not always complete or accurate.

Finding 2: Department management oversight controls for administering the concealed weapon licensing process were not always adequate or effectively implemented.

Finding 3: The Department did not always timely notify applicants for private investigator, security officer, recovery agent, and concealed weapon licenses of application errors or omissions.

Finding 4: The Department had not established time frames for completing investigations of complaints related to possible noncompliance by individuals advertising as providing or performing private security, private investigative, or recovery activities.

Finding 5: Department controls for ensuring that licenses are only held by persons who possess the qualifications provided in State law could be enhanced to specify time frames for reviewing disqualifying information and appropriately documenting the basis for Department actions.

Finding 6: Department controls for conducting quality assurance reviews of processed license applications and match reports¹ previously reviewed by Division staff need enhancement to ensure that the reviews are timely and independently conducted, review results are adequately documented, and corrective actions are timely implemented.

Finding 7: Department controls for the timely deposit of license fees and reimbursement of overpayments need enhancement.

Finding 8: The Department did not always ensure that employee background screening results were timely conducted and the results adequately reviewed when individuals were employed in positions of special trust. Additionally, the Department did not always ensure that periodic screenings were performed after employment.

¹ The Department received reports from various State agencies detailing potential disqualifying events or conditions and matched the reported information to Division licensing records.

Information Technology Controls

Finding 9: As similarly noted in our report No. 2015-016, the Department did not always timely deactivate information technology (IT) user access privileges upon an employee's separation from Department employment. Additionally, Department policies and procedures still do not appropriately reduce the risk that unauthorized access may occur.

Finding 10: Department IT change management controls continue to need enhancement to ensure that responsibilities for all IT resource program changes are appropriately separated and program changes are documented in accordance with Department policies and procedures.

Finding 11: Certain Department IT system security controls need improvement to better protect the confidentiality, integrity, and availability of Department data and IT resources.

Timber Sales

Finding 12: To facilitate State agency compliance with statutory deposit requirements and reduce the risk of theft or loss, Department controls continue to need enhancement to ensure that checks for timber sales proceeds are timely transferred to the Department of Environmental Protection and the Fish and Wildlife Conservation Commission.

Selected Inspection Programs

Finding 13: The Department did not always ensure that large cannery citrus regrade inspections were properly conducted or adequately documented in accordance with established administrative rules. A similar finding was noted in our report No. 2015-182.

Finding 14: The Department had not established time frames for performing re-inspections of facility petroleum and scale devices to ensure that corrective actions for stop use orders were timely and appropriately taken. Additionally, as similarly noted in our report No. 2015-182, the Department did not always timely conduct re-inspections of facility petroleum and scale devices.

BACKGROUND

The Department of Agriculture and Consumer Services (Department) was created and organized consistent with State law² to support and promote the State's agriculture, protect the environment, safeguard consumers, and ensure the safety and wholesomeness of food. The Department operates through 12 divisions and 4 offices, including the Division of Licensing (Division). To perform the Department's varied functions, the Legislature appropriated to the Department \$1.79 billion for the 2017-18 fiscal year and funded 3,653.25 positions, including 277 Division positions.³

² Section 20.14, Florida Statutes.

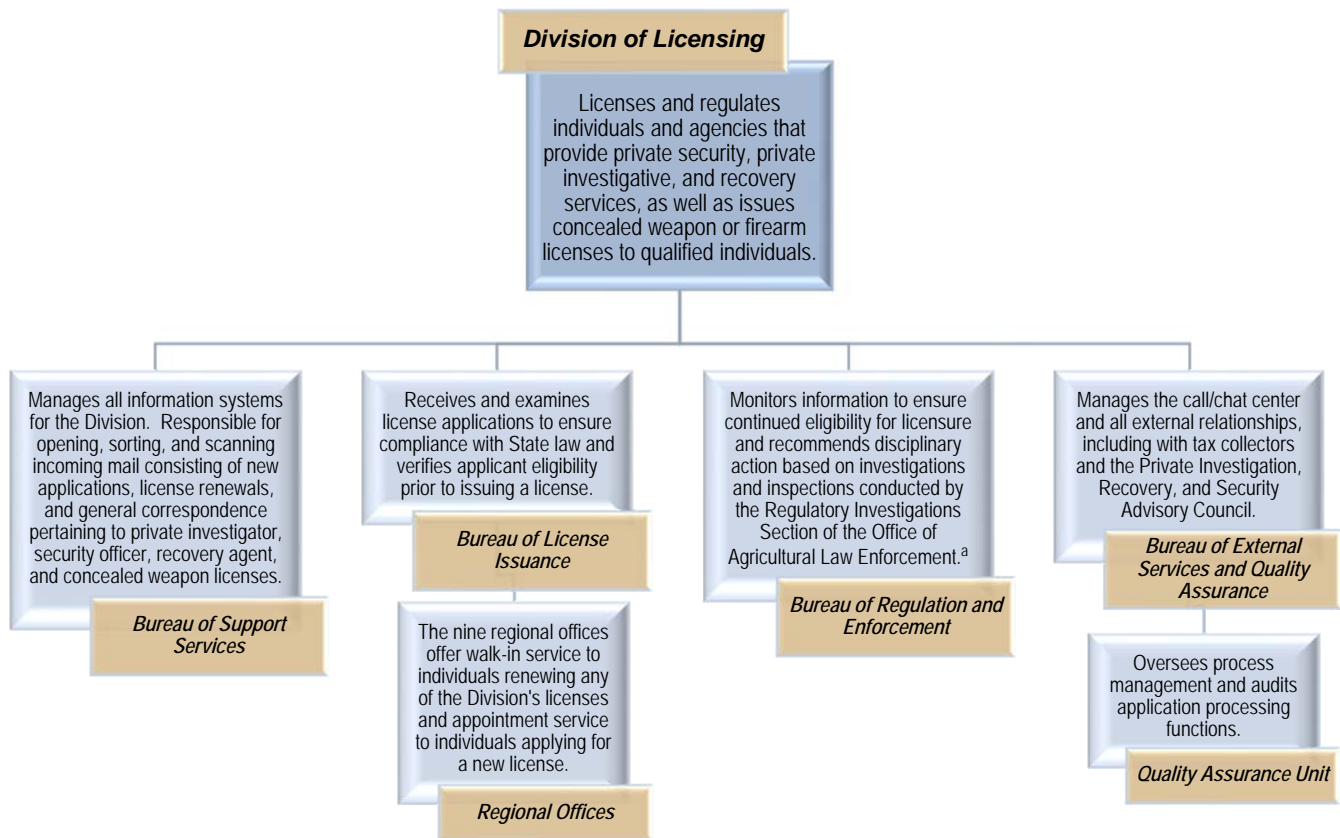
³ Chapter 2017-70, Laws of Florida.

FINDINGS AND RECOMMENDATIONS

DIVISION OF LICENSING ADMINISTRATION OF PRIVATE INVESTIGATOR, SECURITY OFFICER, RECOVERY AGENT, AND CONCEALED WEAPON LICENSES

Pursuant to State law,⁴ the Division is responsible for regulating licensed and unlicensed persons and businesses engaged in private security, private investigative, and recovery industries, as well as issuing to qualified persons licenses to carry concealed weapons or firearms. Chart 1 provides an organizational overview of the Division and the Division's regulatory responsibilities.

Chart 1
Division Organization and Responsibilities



^a The Department, Office of Agricultural Law Enforcement, is responsible for conducting investigations of any licensed or unlicensed person, firm, company, partnership, or corporation providing private security, private investigative, or recovery services. Prior to November 2015, these investigations were conducted by the Division's Bureau of Regulation and Enforcement.

Source: Office of Program Policy Analysis and Government Accountability Government Program Summaries.

⁴ Sections 493.6100 and 790.06, Florida Statutes.

State law⁵ provides that, to be licensed as a private investigator,⁶ security officer,⁷ or recovery agent,⁸ applicants must satisfy certain requirements, pass examinations, as applicable, and submit the applicable fee. State law⁹ similarly requires concealed weapon license applicants to complete an initial application, pay a nonrefundable \$55 application fee, and meet all statutory requirements for licensure. According to Department records, during the 2017 calendar year, the Division issued 4,454 private investigator, 67,913 security officer, 622 recovery agent, and 363,922 concealed weapon licenses. Additionally, during the 2017-18 fiscal year, the Department collected fees for private investigator, security officer, and recovery agent licenses totaling \$3,555,470, and fees for concealed weapon licenses totaling \$26,111,057. Table 1 shows, as of June 30, 2018, the number of active licensees for specified license types.

Table 1
Active Licensees by License Type
As of June 30, 2018

License Type	Number of Active Licenses
Concealed Weapon or Firearm	1,915,247
Concealed Weapon or Firearm/Circuit and County Judges	751
Concealed Weapon or Firearm/Consular Security Official	5
Concealed Weapon or Firearm/Retired Law Enforcement and Correctional Officers	11,721
Firearms Instructor	637
Private Investigator	7,374
Private Investigative Agency Manager	82
Private Investigative Intern	1,400
Private Investigative/Security Agency Manager	480
Recovery Agent	850
Recovery Agent Intern	356
Recovery Agent Instructor	12
Recovery Agency Manager	3
Security Manager	1,372
Security Officer	136,616
Security Officer Instructor	1,599
Statewide Firearm License	21,353
Total	<u>2,099,858</u>

Source: Department records.

⁵ Chapter 493, Florida Statutes.

⁶ Section 493.6101(16), Florida Statutes, defines a private investigator as any individual who, for consideration, advertises as providing or performs private investigation services.

⁷ Section 493.6101(19), Florida Statutes, defines a security officer as any individual who, for consideration, advertises as providing or performs bodyguard services or otherwise guards persons or property; attempts to prevent theft or unlawful taking of goods, wares, and merchandise; or attempts to prevent the misappropriation or concealment of goods, wares or merchandise, or other articles of value. The term also includes armored car personnel and personnel engaged in the transportation of prisoners.

⁸ Section 493.6101(21), Florida Statutes, defines a recovery agent as any individual who, for consideration, advertises as providing or performs repossessions.

⁹ Section 790.06, Florida Statutes.

According to Department records, of the 733,893 initial applications for a concealed weapon license processed during the period July 1, 2015, through June 21, 2018, the majority (73 percent) were processed by Bureau of License Issuance personnel. However, Department records also indicated that 24 percent of the applications were processed by contracted staff, and approximately 2,000 applications were processed by Division staff outside the Bureau of License Issuance.

We conducted our audit fieldwork from January 2017 through January 2018 and June 2018 through August 2018. As described in Findings 1 through 8, we found that Department controls for the administration of private investigator, security officer, recovery agent, and concealed weapon licenses were not always effective in ensuring that assigned responsibilities were executed in accordance with applicable laws and Department guidelines.

Finding 1: Concealed Weapon or Firearm License Application Processing Controls

Pursuant to State law,¹⁰ individuals seeking licensure to carry a concealed weapon are to provide the Department an application completed under oath and satisfy certain requirements. Among these requirements, State law¹¹ specifies that applicants must submit to the Division a full set of fingerprints along with personal identifying information required by Federal law. Upon receipt, the Division is to forward an applicant's full set of fingerprints to the Department of Law Enforcement (DLE) to be processed for State and National criminal history information. The Division utilizes this information to determine whether an applicant has a disqualifying criminal record.

In addition, State law¹² provides that the Division may not issue a concealed weapon license to an applicant who has been adjudicated an incapacitated person, been committed to a mental institution within the last 5 years,¹³ or been issued an in force and effect domestic violence injunction. Pursuant to this statutory requirement, the Division entered into an interagency agreement with the DLE that specified that the DLE would notify the Division of whether concealed weapon license applicants were or were not eligible to receive a license based on mental health and other data included in the Federal Bureau of Investigation's National Instant Criminal Background Check System (NICS). In addition to flagging as ineligible those applicants who have been adjudicated as mentally defective or involuntarily committed to a mental institution, or who are subject to a protective order, the NICS flags applicants as ineligible based on other disqualifying criminal and civil information. **EXHIBIT A** to this report details the NICS categories of ineligible applicants.

Division policies and procedures provided, among other things, that Bureau of Support Services staff were to log into the DLE Firearm Eligibility System and obtain NICS reports for concealed weapon license applicants flagged as ineligible and add the ineligibility reports to the respective applicant's Bureau of License Issuance record. The Bureau of License Issuance was responsible for examining concealed weapon license applications and verifying applicant eligibility prior to issuing a license. As part of the

¹⁰ Section 790.06, Florida Statutes.

¹¹ Section 790.06(5)(c), Florida Statutes.

¹² Section 790.06(2)(i), (j), and (m), Florida Statutes.

¹³ Effective July 1, 2017, Chapter 2017-85, Laws of Florida, amended State law disqualifying all concealed weapon license applicants that had been committed to a mental institution regardless of the length of time.

license eligibility determination process, applicants flagged as NICS ineligible were to be denied a concealed weapon license.

To ensure that only qualified individuals are issued concealed weapon licenses, it is critical that Division management establish robust license processing controls. Such controls should include policies and procedures that provide standards against which compliance can be measured, management oversight of employee performance, and independent quality assurance evaluations. Matters related to the adequacy of Division management oversight of personnel responsible for processing concealed weapon license applications are described in Finding 2 and matters related to the Division's quality assurance reviews are discussed in Finding 6.

Some of the various audit procedures we conducted to evaluate the effectiveness of Division concealed weapon license application processes and controls in promoting the issuance of licenses in accordance with State law, as well as certain key events that occurred during our audit, are described below:

- On March 30, 2017, the Chief of Support Services was alerted by the Chief of Licensing and another Division employee that NICS reports were not being added to concealed weapon license applicant records by the Bureau of Support Services employee responsible for that task.
- On April 3, 2017, the Office of Inspector General initiated an investigation into the allegation that the Bureau of Support Services employee was negligent in her job duties by failing to retrieve and add NICS ineligibility reports to the applicable applicant's Bureau of License Issuance record.
- On June 5, 2017, the Office of Inspector General completed the investigation report and forwarded the report to the Commissioner, Assistant Commissioner, Deputy Commissioner, Division Director, and the Director of the Division of Administration. The report concluded that the allegation against the Bureau of Support Services employee was sustained and that she had knowingly and admittedly neglected to perform the essential duty of adding NICS ineligibility reports to applicant records during the period February 26, 2016, through March 31, 2017.
- During the period March 2017 through January 2018, we observed Bureau of License Issuance processes, reviewed and evaluated Division policies and procedures, examined 108 selected Division concealed weapon license application records, and made inquiries of Division management regarding license application review processes and procedures. For example, in May 2017, subsequent to the initiation of the Office of Inspector General investigation, the Chief of Licensing indicated in response to our audit inquiry that a concealed weapon license applicant with a disqualifying mental health history would appear as NICS ineligible on the report that the Division received from the DLE and that the Division would deny licensure on that basis.

The results of our audit procedures and consideration of the sequence of events described disclosed that:

- Although Division policies and procedures required Division staff to add to an applicant's record that an applicant was NICS ineligible, the policies and procedures did not require Division staff to add to an applicant's record that an applicant was NICS eligible. Also, Division controls did not prevent staff from processing concealed weapon license applications before the receipt of NICS eligibility information. Absent evidence of a NICS check in the applicant's record at the time a license was issued, the Bureau of License Issuance had no assurance and could not demonstrate that, prior to processing concealed weapon license applications, an applicant had been subject to a NICS check to determine whether, according to NICS, the applicant had not been adjudicated as incapacitated, been committed to a mental institution within the last 5 years, or been issued an in force and effect domestic violence injunction.

- While the Office of Inspector General reported that the Bureau of Support Services employee primarily responsible for retrieving NICS reports was negligent in the performance of her duties, our audit procedures found that the absence of adequate controls also prevented Division management from detecting that the backup employee responsible for retrieving NICS reports for the 18 days the primarily responsible employee was absent during the period February 26, 2016, through March 31, 2017, also did not perform this essential job duty. Further, our review of the 2015-16 fiscal year performance evaluation for the Bureau of Support Services employee primarily responsible for retrieving NICS reports disclosed that the evaluation did not address any job-specific performance expectations related to the NICS work and that the employee received an overall performance evaluation of outstanding, the highest rating available. Additional deficiencies related to management oversight of employee performance are discussed in Finding 2.
- Division staff erroneously issued consular security official concealed weapon licenses to 4 applicants. Specifically, while 2 applicants indicated that they were applying for a concealed weapon license as a consular security official, the occupations identified on the applications were dean assistant and driver, respectively, and Division records did not otherwise evidence that the applicants were consular security officials. The other 2 applicants were issued consular security official concealed weapon licenses although they did not request such licenses on their applications.
- Although the Office of Inspector General investigation took place during the conduct of our audit fieldwork, we were not informed about the investigation or the Division's failure to consider potential NICS ineligibility information until public disclosure of the Office of Inspector General report in June 2018. According to Office of Inspector General and Division management, the information was not communicated due to oversight.
- As a result of the Division's review of the potential impact of the Bureau of Support Services employee not adding NICS ineligibility reports to concealed weapon license applicant records during the period February 26, 2016, through March 31, 2017, the Division reported¹⁴ that 365 applications indicating potential NICS ineligibility were reviewed by the Division and, upon completion of full background checks including NICS information, 291 licenses were revoked. However, our examination of Division and DLE records found that:
 - The reported number of applications did not include 59 additional applications identified by the Division that were submitted during the period February 26, 2016, through March 31, 2017, and flagged as potentially NICS ineligible and was also slightly misstated due to a transposition error. In total, 415 applications were identified with potential NICS ineligibility information for that period.
 - The reported number of applications did not include 88 applications also submitted during the period February 26, 2016, through March 31, 2017, and identified in DLE records as having insufficient data to process a NICS check. Although Division management asserted that, after the applicants were issued licenses, the Division retransmitted applicant fingerprint data to the DLE and no NICS eligibility issues were noted based on the revised submissions, the Division was unable to provide documentation evidencing the recheck of the applicants' NICS eligibility for a concealed weapon license.
 - The 291 concealed weapon licenses reported by the Division as revoked was tallied in error by the Division. In total, 310 concealed weapon licenses were revoked, including 72 licenses issued during the period July 2013 through February 2016. NICS ineligibility information had also not been added to those 72 applicant records.

¹⁴ Per the Department's Web site as of September 19, 2018.

The establishment of adequate and appropriate concealed weapon license application controls is essential to help ensure that such licenses are not issued to unqualified individuals. Additionally, providing complete and accurate data regarding Division licensing actions would enable the Legislature and the public to better assess Division performance. Lastly, operational audits are designed to evaluate management's performance in administering assigned responsibilities and to identify weaknesses in the internal controls established by management. As such, it is crucial for management and those responsible for promoting governmental accountability to provide the auditor the information necessary to determine and assess the significance of internal control deficiencies and their impact on the administration of management's assigned responsibilities.

Recommendation: We recommend that Division management enhance concealed weapon license application processing controls, including revising policies and procedures to require, before licenses are issued, that all NICS reports be retrieved and added to applicant records. In addition, to better ensure that the Legislature and the public can appropriately assess Division performance, we recommend that Division management ensure that complete and accurate data regarding Division licensing actions is reported. Further, to promote government accountability, any identified weaknesses pertinent to internal controls subject to audit should be timely communicated to external auditors.

Finding 2: Management Oversight

As noted in Finding 1, it is critical that Division management establish robust license processing controls to ensure that licenses are issued only to qualified individuals. Such controls should include controls designed and placed in operation by management to promote and maintain a level of competence necessary for employees to accomplish their assigned job duties. Effective management oversight of employee performance and communication of employee performance deficiencies is essential to fostering a control environment that holds employees accountable and emphasizes the achievement of program objectives in accordance with applicable laws and Department guidelines.

As part of our audit, we evaluated Division controls for administering the concealed weapon licensing process. Our audit procedures disclosed that Division management conducted annual employee performance evaluations in which employees were rated on job-specific performance expectations. Also, as part of Division management's efforts to ensure that concealed weapon licenses were issued only to qualified individuals, various management reports were established for management use in evaluating whether employees processed applications in accordance with applicable laws and Department guidelines. For example, available management reports detailed deficiencies in processing concealed weapon license applications, such as when:

- A license was issued after opening or viewing only the first page of the application.
- A license was issued without opening or viewing any part of the application.
- A license was issued without opening or reviewing the applicant's State and National criminal history information.

However, we also found that Division controls were not always adequate or effectively implemented. Specifically:

- Our examination of 15 selected concealed weapon license management reports for the period July 2016 through January 2017 disclosed that:
 - Division records did not always evidence that management accessed or reviewed the management reports to determine the extent of employee performance deficiencies related to license processing and whether any deficiencies may have resulted in the issuance of a concealed weapon license in error. For instance, as of July 17, 2018, Division management had not accessed or reviewed all required applicant records for 41 of 53 concealed weapon licenses flagged on the selected management reports and issued during the period July 25, 2016, through July 31, 2016, including 12 issued without review of the applicant's State and National criminal history information. In response to our audit inquiry, Division management indicated that the presence of a license processing error on a management report does not necessarily mean that an error occurred. Notwithstanding Division management's response, management should timely evaluate all potential license processing errors identified in management reports to ensure that concealed weapon license applications were appropriately vetted.
 - While employees were listed on management reports flagging possible license processing deficiencies, Division records did not always evidence that management followed up with employees regarding potential performance deficiencies. For example, we noted that one Bureau of License Issuance employee appeared on 5 management reports which flagged 25 licenses as issued without review of all required applicant records, including 1 issued without review of the applicant's State and National criminal history information. However, the Division was unable to provide documentation demonstrating that management addressed either potential performance deficiencies with the employee or any appropriate corrective actions.
- As previously noted, the Division utilized contracted staff to process over 176,000 concealed weapon license applications during the period July 1, 2015, through June 21, 2018. Our audit found that Division records did not evidence that management periodically evaluated contracted staff performance or addressed potential performance deficiencies with contracted staff. In response to our audit inquiry, Division management indicated that the Division's process was to verbally reprimand a contracted employee for their first appearance on a management report and to terminate the contracted employee's contract for a subsequent appearance. However, our examination of the 15 selected management reports found that 3 contracted employees appeared on management reports flagging issues with the processing of 9 approved concealed weapon license applications. The reported issues included, for example, a contracted employee's failure to review the applicant's State and National criminal history information. These 3 contracted employees were subsequently hired as Division employees. We also noted another 7 contracted employees appeared on management reports flagging issues with the processing of 51 approved concealed weapon license applications. These contracted employees' contracts were terminated 4 to 78 business days (an average of 33 business days) after the contracted employees appeared on a second management report. During the period prior to their contract termination, these contracted employees processed 10,901 applications.
- Our review of selected Division employee performance evaluations for the period June 2014 through June 2018 disclosed that, while the Division had established specific performance expectations regarding the number of concealed weapon license applications employees were to process daily and the accuracy with which applications were to be processed, the evaluations did not always appear to accurately reflect employee performance issues noted in management reports. For example, for the evaluation period July 2016 through June 2017, Division management indicated that a Bureau of License Issuance employee who appeared on 5 management reports during the evaluation period had performed above expectations for each specific performance measure and that the employee's overall performance was commendable.

The employee's performance evaluation did not include any reference to the license processing deficiencies included in the management reports.

Absent effective management oversight controls, the Division has reduced assurance that employees are held accountable for performance deficiencies, concealed weapon license application processing errors are promptly and appropriately addressed, and licenses are only issued to qualified individuals.

Recommendation: We recommend that Division management enhance oversight controls for the concealed weapon licensing process. Such enhancements should include:

- **Thorough review of management reports to determine the extent of employee performance deficiencies and whether any deficiencies may have resulted in the issuance of a concealed weapon license in error.**
- **Division records evidencing that management addressed potential performance deficiencies with both Division employees and contracted employees.**
- **Employee evaluations that better reflect employee performance issues noted in management reports and periodic documented evaluations of contracted staff performance.**

Finding 3: Error or Omission Letters

State law¹⁵ provides that, upon receipt of a license application, the Department is to examine the application and, within 30 days of receiving the application, notify the applicant of any apparent errors or omissions and request any necessary additional information. Pursuant to State law, the Department cannot deny an applicant a license for failing to correct an error or omission or to supply additional information unless the Department timely notifies the applicant of the error or omission. The Division utilized a standard Error or Omission letter to notify applicants of any errors or omissions and to request additional information.

As part of our audit, we examined Division records for 194 applications for private investigator, security officer, recovery agent, or concealed weapon licenses approved, pending, or denied during the period July 2015 through January 2017 and found that Division staff did not always timely send Error or Omission letters to applicants. Specifically, for 39 of 86 applications that the Division found to be incomplete, the Division mailed Error or Omission letters to the applicants 31 to 110 days (an average of 53 days) after receiving the application. For another 2 of the 86 applications, Division staff incorrectly placed the applications on hold prior to reviewing the applications. Consequently, the Division did not review the applications and mail Error or Omission letters to the applicants until 2 and 8 years, respectively, after receiving the applications. In response to our audit inquiry, Division management indicated that staff workload issues and delays in routing applications to the Bureau of License Issuance led to the delays in sending the 39 applicants an Error or Omission letter.

¹⁵ Section 120.60(1), Florida Statutes.

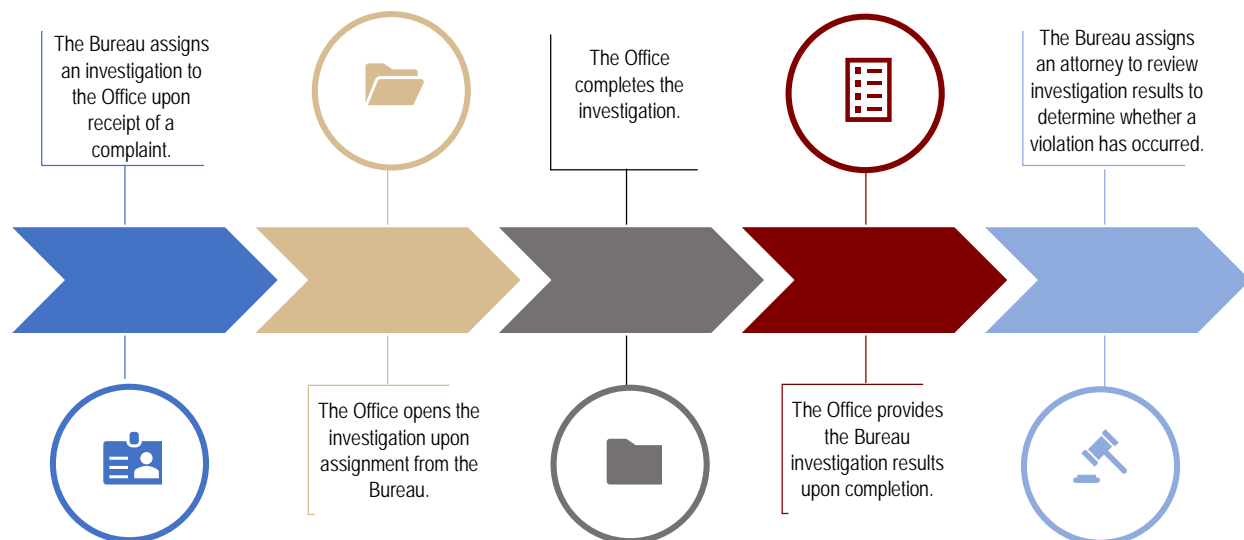
Timely notifying applicants for private investigator, security officer, recovery agent, and concealed weapon licenses of application errors or omissions would better ensure that the Department receives accurate and complete information to promptly process license applications in accordance with the time frame established in State law.

Recommendation: We recommend that Division management enhance controls to ensure that license applicants are timely notified of application errors or omissions.

Finding 4: Timeliness of Investigations

In conjunction with the Bureau of Regulation and Enforcement, the Department, Office of Agricultural Law Enforcement (Office), investigated complaints related to possible noncompliance by individuals advertising as providing or performing private security, private investigative, or recovery activities. Chart 2 illustrates the Office and Bureau of Regulation and Enforcement investigation process.

Chart 2
The Investigation Process



Source: Information from Department personnel.

As part of our audit, we evaluated Office and Bureau of Regulation and Enforcement policies, procedures, and processes for conducting investigations and noted that Office and Bureau management had not established time frames for completing investigation activities, such as assigning complaints to the Office for investigation and completing investigations. Our examination of Department records for 27 investigations completed during the period July 2015 through January 2017 disclosed that:

- The Bureau assigned the investigations to the Office an average of 9 business days after the complaints were received. However, 6 investigations were not assigned until more than 10 business days after receipt of the complaints.
- The Office opened the investigations an average of 3 business days after the Bureau assignment date. However, the Office did not open 4 investigations until more than 5 business days after assignment.

- The Office completed the investigations an average of 27 business days after opening the investigation. However, more than 30 business days elapsed before the completion of 11 investigations including 3 investigations that took 67, 71, and 102 business days, respectively, to complete.
- The Office provided the investigation results to the Bureau an average of 5 business days after the Office completed the investigations. However, the results of 3 investigations were provided more than 10 business days after the investigations were completed.
- The Bureau assigned an attorney to the 21 applicable investigations an average of 18 business days after receiving the investigation results from the Office. Of these, 2 were assigned 78 and 160 business days, respectively, after receipt.

According to Division management, the establishment of time frames for completing investigation activities was not considered necessary to conduct investigations in accordance with State law.

Absent the establishment of time frames for completing investigation activities, Office and Bureau of Regulation and Enforcement management have reduced assurance that investigations of complaints related to possible noncompliance by individuals advertising as providing or performing private security, private investigative, or recovery activities will be conducted in accordance with management's expectations.

Recommendation: To ensure that complaints are timely investigated, we recommend that Office and Bureau of Regulation and Enforcement management establish time frames for completing investigation activities.

Finding 5: Match Reports

The Department's responsibility to ensure that private investigator, security officer, recovery agent, and concealed weapon licenses are held only by individuals who meet statutory qualifications necessitates that the Department accurately capture, monitor, and act on data related to events or conditions that under State law¹⁶ may lead to the suspension or revocation of such licenses.

Department efforts to ensure that licenses were only held by statutorily qualified persons included matching information received from various State agencies detailing potential disqualifying events or conditions to Division licensing records to determine whether licensees remained qualified for licensure. If Division staff noted matches of licensees with disqualifying events or conditions, they were to utilize information from the Comprehensive Case Information System (CCIS)¹⁷ to determine whether disciplinary action was required. Chart 3 summarizes the various State agency match reports utilized by the Division.

¹⁶ Sections 493.6118, 493.6121, and 790.06(10), Florida Statutes.

¹⁷ CCIS is a Web-based system provided by the State's Clerks of Court as a single search point for Statewide court case information.

Chart 3 Match Reports Utilized by the Division



Department of Law Enforcement (DLE)

- **Domestic Violence Injunction (DVI) Report**

- DVI information is compared daily to the Department's concealed weapon licensee database to match disqualifying events to licensees.

- **Florida Mental Competency (MECOM)^a Report**

- MECOM information is compared weekly to the Department's concealed weapon licensee database to match legal proceedings of mental incompetency to licensees.

- **DLE Match**

- DLE criminal activity information is compared weekly to the Department's database of private investigator, security officer, recovery agent, and concealed weapon licensees to match disqualifying criminal activity to licensees.



Department of Corrections (DOC)

- **DOC Match**

- DOC criminal activity information is compared monthly to the Department's database of private investigator, security officer, recovery agent, and concealed weapon licensees to match disqualifying criminal activity to licensees.



Department of Highway Safety and Motor Vehicles (DHSMV)

- **DHSMV Match**

- DHSMV criminal and declaration of incompetency information is compared monthly to the Department's database of private investigator, security officer, recovery agent, and concealed weapon licensees to match disqualifying information to licensees.

^a Section 790.065(2)(a)4.c., Florida Statutes, authorizes the DLE to compile and maintain an automated database of persons who are prohibited from purchasing a firearm based on court records of adjudications of mental defectiveness or commitments to mental institutions.

Source: Information from Department personnel.

As part of our audit, we evaluated Division policies and procedures and match report review processes and examined Division records for 26 match reports (14 DVI, 3 MECOM, 6 DLE, 2 DOC, and 1 DHSMV) reviewed by Division staff during the period July 2015 through January 2017. Our audit procedures disclosed that improvements to Division match report review policies, procedures, and processes are needed. Specifically, we noted that:

- Division policies and procedures did not specify time frames for reviewing match reports. Our analysis of Division records for the 26 match reports found that Division staff took:
 - 1 to 17 business days (an average of 4 business days) to review the 14 DVI reports and determine the validity of the matched licensee records.
 - 1 to 4 business days (an average of 3 business days) to review the 3 MECOM reports and determine the validity of the matched licensee records.
 - 5 to 27 business days (an average of 10 business days) to review the 6 DLE reports and determine the validity of the matched licensee records.
 - 3 and 14 business days, respectively, to review the 2 DOC reports and determine the validity of the matched licensee records.

- 10 business days to review the DHSMV report and determine the validity of the matched licensee records.

The establishment of time frames for reviewing match reports would provide Division management greater assurance that reviews are timely conducted in accordance with management's expectations.

- Division staff did not maintain documentation, such as CCIS records, to support that "no further action" was needed for 5 of the 9 matched licensee records included on 9 of the 26 match reports. According to Division management, CCIS records can be added to any matched licensee record but were only required to be added to the matched licensee record to support matches to certain criminal matter information, such as an outstanding warrant. Notwithstanding management's response, absent the retention of supporting documentation for all matched licensee records, Division management cannot adequately demonstrate the appropriateness of not acting on potential licensee disqualifying events or conditions.

Recommendation: We recommend that Division management revise policies and procedures to establish time frames for reviewing match reports and take steps to ensure that Division records include sufficient documentation evidencing the basis for not taking action regarding potential licensee disqualifying events or conditions.

Finding 6: Quality Assurance Reviews

The Division, Quality Assurance Unit (Quality Assurance), was responsible for conducting quarterly quality assurance reviews of processed license applications and match reports previously reviewed by Division staff and reporting review results to Bureau of License Issuance and Bureau of Regulation and Enforcement management for corrective action, as necessary. Quality Assurance staff received from Bureau of License Issuance and Bureau of Regulation and Enforcement staff on-the-job training for processing applications and match reports. Additionally, Quality Assurance staff were provided update capabilities to the Licensing Reflection System (LICG)¹⁸ and the Image Processing Management (IPM) application¹⁹ and processed applications and match reports as part of their training.

Quality Assurance management indicated that, although time frames for completing Quality Assurance reviews were not established until September 2017, staff were expected to work efficiently and provide timely results to Bureau of License Issuance and Bureau of Regulation and Enforcement management. Bureau of License Issuance and Bureau of Regulation and Enforcement management similarly indicated that, until September 2017, time frames had not been established to evaluate Quality Assurance review results and to take corrective actions, as needed. Division management indicated that, effective September 1, 2017, policies and procedures²⁰ were established requiring Quality Assurance staff to complete and report review results to Bureau of License Issuance and Bureau of Regulation and Enforcement management within 30 days of receiving review records. Additionally, the policies and procedures required that, within 30 days of receiving a Quality Assurance report, Bureau of License Issuance and Bureau of Regulation and Enforcement management review the report findings and take appropriate corrective actions. For the purposes of our audit, we considered Quality Assurance reviews timely if the reviews were completed within 30 business days of receiving review records. Further, we

¹⁸ The LICG is an Oracle database used to store demographic and historical data for individual licensees and agencies.

¹⁹ The IPM application is used to store images of all documents related to a licensee or agency.

²⁰ Division Policy and Procedure 1.12, *Quality Assurance*.

considered Bureau of License Issuance and Bureau of Regulation and Enforcement management reviews of the report findings and corrective actions timely if performed within 30 business days of receiving the Quality Assurance report.

To determine whether Quality Assurance staff timely conducted quality assurance reviews and provided the results to Bureau of License Issuance and Bureau of Regulation and Enforcement management, we interviewed Quality Assurance management and staff and examined 35 Quality Assurance reports (6 application and 29 match review reports) for the period July 2015 through January 2017, including 6 Quality Assurance reports completed during this period. Additionally, from the 6 Quality Assurance reports completed during the period July 2015 through January 2017, we examined 50 selected applications and 25 match report records reviewed by Quality Assurance staff to determine whether the quality assurance reviews of license applications and match reports were sufficiently documented by Quality Assurance staff and whether the Bureau of License Issuance and the Bureau of Regulation and Enforcement ensured that issues noted during the reviews were timely reviewed and corrective actions taken, as needed. Our audit procedures disclosed that:

- Quality Assurance management had not established controls to prevent staff responsible for conducting quality assurance reviews from having the ability to update application information and licensee records through the LICG and IPM application. In response to our audit inquiry, Quality Assurance management indicated that staff needed update capabilities to both the LICG and the IPM application to complete their assigned reviews. Notwithstanding management's response, the necessity for the update capabilities was not apparent and limiting staff's ability to update records would provide greater assurance that staff remained independent from the processing of applications and match reports and that records are not inadvertently altered during Quality Assurance reviews.
- Quality Assurance staff took 31 to 223 business days (an average of 149 business days) to complete the 35 reviews and provide the results to Bureau of License Issuance and Bureau of Regulation and Enforcement management. In response to our audit inquiry, Quality Assurance management indicated that staffing reassignments for special projects contributed to the delays in completing reviews.
- Quality Assurance staff did not maintain or provide the Bureau of Regulation and Enforcement documentation, such as CCIS reports, supporting the issues noted for the 9 applicable match report records reviewed. In response to our audit inquiry, Quality Assurance management indicated that they had not established a process for maintaining supporting documentation. In July 2017, subsequent to our audit inquiry, Quality Assurance management indicated that they had implemented the practice of maintaining CCIS research records.
- Bureau of Regulation and Enforcement staff did not review the potential issues noted for 2 of the 9 applicable match report records reviewed by Quality Assurance staff until May 15, 2017, or 171 business days after receiving the Quality Assurance report on September 9, 2016.
- Quality Assurance staff reported potential issues to the Bureau of License Issuance for 32 of the 50 license applications reviewed and included as part of our audit. However, Bureau of License Issuance staff did not review the potential issues for 21 of the 32 license applications until 154 to 317 business days (an average of 202 business days) after receiving the Quality Assurance report. In response to our audit inquiry, Bureau management indicated that Quality Assurance reports were provided to Bureau staff when received from Quality Assurance; however, responses evidencing Bureau review of the report results were not required during the period July 2015 through January 2017.

Independent, timely, and documented quality assurance reviews are essential to provide Bureau of License Issuance and Bureau of Regulation Enforcement management relevant performance information and to facilitate, if needed, timely and appropriate corrective actions. Additionally, timely evaluation of potential issues noted during quality assurance reviews is critical to ensure that only those individuals with appropriate backgrounds are licensed and that disciplinary action is taken when statutory noncompliance is noted.

Recommendation: We recommend that Quality Assurance management enhance controls to prevent LIG and IPM application update privileges for staff responsible for conducting quality assurance reviews. We also recommend that Quality Assurance, Bureau of License Issuance, and Bureau of Regulation Enforcement management ensure quality assurance reviews are timely completed and appropriately supported and corrective actions are timely implemented in accordance with established policies and procedures.

Finding 7: License Revenues

In addition to collecting fees for private investigator, security officer, recovery agent, and concealed weapon license applications and renewals, State law²¹ and Department rules²² authorize the Department to impose administrative fines when private investigator, security officer, or recovery agent licensees violate specified provisions of Chapter 493, Florida Statutes. The Department permits applicants and licensees to pay by cash, personal check, cashier's check, money order, credit card, or debit card. Additionally, State law²³ authorizes the Department to appoint tax collectors to accept applications for concealed weapon licenses and requires the tax collector to remit license fees to the Department on a weekly basis.

Funds received by the Department are to be deposited into the State Treasury no later than 7 business days from the close of the week in which the funds were received.²⁴ Additionally, although the Department had not established a time frame for reimbursing applicant overpayments, Department policies and procedures²⁵ required the Division to send applicants an *Application for Refund* form upon the discovery of overpayments.

As part of our audit, we examined Division records for 60 licensing fee and administrative fine transactions, totaling \$6,832, recorded during the period July 2015 through January 2017. Our examination disclosed that Division controls over the deposit of licensing fees and administrative fines and reimbursement of overpayments needed improvement. Specifically, we noted that:

- For 10 license fee transactions, totaling \$889, the Division deposited the funds in the State Treasury 8 to 27 business days (an average of 11 business days) after the close of the week in which the fees were received. Additionally, for a \$112 license fee transaction, Division records did not evidence the date the fee was received. Consequently, we could not determine whether the funds were timely deposited in the State Treasury. In response to our audit inquiry, Division

²¹ Section 493.6118(2)(c), Florida Statutes.

²² Department Rule 5N-1.113, Florida Administrative Code.

²³ Section 790.0625, Florida Statutes.

²⁴ Section 116.01(1), Florida Statutes.

²⁵ Department Administrative Policies and Procedures No. 3-11, *Finance and Accounting*.

management indicated that backlogs of incoming mail and the holding of fees until applications were processed contributed to the delays in depositing fees in the State Treasury.

- For 5 license fee transactions with overpayments totaling \$324, as of July 20, 2017, 253 to 693 calendar days (an average of 408 calendar days) had elapsed since the overpayments were received by the Division. In response to our audit inquiry, Division management indicated that credit card and check payments made by applicants to both the Division and tax collector offices for the same fee contributed to the overpayments and the Division had provided *Application for Refund* forms to the applicants as of July 18, 2017.

Effective controls for the deposit of fees and reimbursement of overpayments are essential to ensure that fees received are timely deposited in the State Treasury in accordance with State law and refunds of overpayments are promptly made to applicants and licensees.

Recommendation: We recommend that Division management enhance controls to ensure that fees received are timely deposited in the State Treasury and applicant and licensee overpayments are promptly reimbursed.

Finding 8: Background Screenings

State law²⁶ requires all employees²⁷ in positions of special trust, responsibility, or sensitive location to undergo a level 2 background screening²⁸ as a condition of employment and continued employment. While prior to December 1, 2016, Department policies and procedures²⁹ did not address when new employees background screenings were to take place, current employees moving into positions of special trust were to undergo level 2 background screenings as soon as possible, but no later than 30 days after the personnel action (e.g., reassignment, promotion) necessitating the screening. Effective December 1, 2016, the Department required level 2 background screenings to be completed prior to an employee's hire date.

As part of our audit, we examined personnel records for 29 Division employees in positions of special trust, including 5 employees hired during the period July 2015 through January 2017, to determine whether the Department timely obtained and appropriately reviewed employee background screening information. Our audit procedures disclosed that:

- For 4 of the 5 Division employees hired during the period July 2015 through January 2017, the Department did not ensure that background screenings were appropriately reviewed or timely obtained. Specifically:
 - For a senior clerk initially contracted to work for the Division on June 7, 2016, and subsequently hired by the Division on September 9, 2016, the Department obtained the results of the individual's background screening on May 4, 2016; however, the Department did not review the screening results which disclosed a felony extortion charge until November 29, 2016, or 175 days after the individual's contract start date. On November 30, 2016, the Department determined that the employee's background did not

²⁶ Section 110.1127(2)(a), Florida Statutes.

²⁷ Section 435.02(2), Florida Statutes, defines employee as any person required by law to be screened pursuant to Chapter 435, Florida Statutes, including, but not limited to persons who are contractors, licensees, or volunteers.

²⁸ As defined in Section 435.04, Florida Statutes, level 2 background screenings include, but need not be limited to, fingerprinting for Statewide criminal history records checks through the DLE, national criminal history records checks through the Federal Bureau of Investigation, and may include local criminal records checks through local law enforcement agencies.

²⁹ Department Administrative Policies and Procedures No. 1-10, *General*.

comply with State law³⁰ and dismissed the employee from Department employment on December 3, 2016. In response to our audit inquiry, Department management indicated that staffing issues resulted in background screenings not being timely reviewed.

- For 3 Division employees hired prior to December 1, 2016, including 1 employee initially contracted to work for the Division on May 11, 2015, 76 to 667 days (an average of 322 days) elapsed from the dates the individuals began performing work for the Division to the dates the Department obtained level 2 background screening results. In response to our audit inquiry, Department management indicated that, prior to December 2016, the Department did not require a completed level 2 background screening before hiring personnel and instead relied on the employee's signed application statement certifying that all information provided was accurate and complete, including the disclosure of any potential disqualifying events in the applicant's background.
- For 10 Division employees who, as of June 30, 2018, had been employed with the Department for more than 6 years, our examination of Division records found that, while the employees had received level 2 background screenings in October 2010, none of the employees had been subject to a subsequent screening. In response to our audit inquiry, Department management indicated that the Department relied upon employees acknowledging and adhering to established policies and procedures that required personnel to notify management of all arrests, citations, and notices to appear within 2 business days of the occurrence.

The conduct of background screenings when individuals are employed in positions of special trust, as well as periodic background screenings of Department employees with access to sensitive information, provides Department management greater assurance that only those individuals with appropriate backgrounds are employed and granted access to such information.

Recommendation: We recommend that Department management ensure level 2 background screenings are timely conducted and the results adequately reviewed when individuals are employed in positions of special trust. We also recommend that Department management subject applicable Department employees to periodic level 2 background screenings as a condition of continued employment.

INFORMATION TECHNOLOGY CONTROLS

State law³¹ requires State agencies to establish information security controls to ensure the security of agency data, information, and information technology (IT) resources. Additionally, Agency for State Technology (AST) rules³² establish minimum security standards for ensuring the confidentiality, integrity, and availability of State agency data, information, and IT resources. As part of our audit, we evaluated selected Department IT system controls and, as discussed in Findings 9 through 11, noted areas in which IT controls need improvement.

³⁰ Section 435.04, Florida Statutes.

³¹ Section 282.318(4), Florida Statutes.

³² AST Rules, Chapter 74-2, Florida Administrative Code, effective March 2016, and Agency for Enterprise Information Technology (AEIT) Rules, Chapters 71A-1 and 71A-2, Florida Administrative Code.

Finding 9: IT Access Privilege Controls

AST rules³³ require State agencies to periodically review user access privileges for appropriateness. AST rules³⁴ also require State agencies to ensure that IT access privileges are deactivated when access to an IT resource is no longer required. Prompt action to deactivate access privileges is necessary to help prevent misuse of the access privileges. Department policies and procedures³⁵ required Department information owners to periodically review user access privileges and promptly deactivate access privileges when a user separated from Department employment or no longer required access privileges.

Applicants for private investigator, security officer, recovery agent, and concealed weapon licenses submitted applications at Department regional offices through the Department's Web Based Fast Track (WBFT) application.³⁶ Additionally, applicants could submit applications for a concealed weapon license at tax collector offices throughout the State using the Concealed Weapons Intake System (CWIS).³⁷ During the period July 2015 through January 2017, the Department granted WBFT application access privileges to 138 Department employees and 4 contracted employees and CWIS access privileges to 21 Department employees and 490 tax collector office employees. The Department also used the LICG and IPM application to electronically store sensitive and confidential licensee information and, during the period July 2015 through January 2017, Department records indicated that 336 Department employees and 123 contracted employees had been granted access privileges to both the LICG and IPM application through their network account.

In our report No. 2015-016 (finding No. 2), we noted that the Department did not always timely deactivate IT access privileges upon an employee's separation from Department employment. Additionally, we noted that Department policies and procedures, which provided for a 10-business day period to deactivate user access privileges, did not appropriately minimize the risks of inappropriate access to IT resources and unauthorized disclosure, modification, or destruction of Department data and IT resources. As part of our audit, we evaluated user access controls for selected Department IT systems and found that improvements were needed to ensure that periodic reviews of user access privileges were conducted and that user access privileges were timely deactivated when the access privileges were no longer required. Specifically, we found that the Department did not periodically review the appropriateness of LICG, IPM application, WBFT application, or CWIS user access privileges during the period July 2015 through January 2017. In response to our audit inquiry, Department management indicated that the Department was in the process of drafting procedures for Division supervisors to conduct annual reviews of LICG, IPM application, and WBFT application user privileges to ensure that access privileges remained appropriate. The absence of periodic access privilege reviews may have contributed to the untimely deactivation of user access privileges summarized in Table 2.

³³ AST Rule 74-2.003(1)(a)6., Florida Administrative Code, effective March 2016, and AEIT Rule 71A-1.007(2), Florida Administrative Code.

³⁴ AST Rule 74-2.003(1)(a)8., Florida Administrative Code, effective March 2016, and AEIT Rule 71A-1.007(6), Florida Administrative Code.

³⁵ Department Administrative Policies and Procedures No. 8-4, *Information Technology Resource Security*.

³⁶ The WBFT is a Web-based application that allows applicants to electronically submit applications to Department regional offices.

³⁷ The CWIS is a Web-based application that allows applicants to electronically submit applications to tax collector offices.

As shown in Table 2, our comparison of system access control and People First³⁸ records for the period July 2015 through January 2017 found that the Department did not always timely deactivate user access privileges upon an employee's separation from Department employment. For audit purposes, we considered deactivation of user access privileges to be timely if it occurred within 1 business day of the user's separation from Department employment.

Table 2
Deactivation of User Access Privileges

System	Number of Employee Access Privileges Tested	Number of Employee Access Privileges Not Deactivated Within 1 Business Day of User's Employment Separation	Range of Business Days from Employment Separation to Access Deactivation	Average Number of Business Days to Deactivate Access Privileges
IPM, LICG	65	17	2 to 28	5
WBTF	23	4	2 to 4	3
CWIS	2	1	347	347
AIMS ^a	224	30	2 to 53	10
REV ^b	81	9	2 to 11	4
DOCS ^c	92	12	2 to 24	5
FLAIR ^d	54	7	2 to 79	18

^a The Administrative Image Management System (AIMS) is the online procurement system used by the Department that also serves as an electronic records imaging system.

^b The REV System is used by the Department to account for moneys collected.

^c The DOCS System is used by the Department to document and track work performed by the Division of Consumer Services to mediate consumer complaints brought against State businesses.

^d The Florida Accounting Information Resource Subsystem (FLAIR) is the State's accounting system.

Source: Department and People First records.

Although, subsequent to our report No. 2015-016, Department policies and procedures were revised to decrease the time permitted to deactivate user access privileges from 10 business days to 5 business days, given the confidential and sensitive data maintained by the Department, 5 business days does not appropriately minimize the risks of inappropriate access to IT resources and unauthorized disclosure, modification, or destruction of Department data and IT resources. In response to our audit inquiry, Department management indicated that the staff responsible for deactivating LICG, IPM application, WBTF application, and CWIS user access privileges were not always timely informed of employee separations. Additionally, Department management indicated that similar delays in notifying staff responsible for deactivating user access privileges and delays in the deactivation process contributed to AIMS, REV, DOCS, and FLAIR user access privileges not always being timely deactivated.

We further noted that:

- AIMS user access privileges for 4 of the 224 former employees remained active as of January 19, 2017, or 92 to 142 business days (an average of 120 business days) after the dates of employment separation. As of May 24, 2017, the former employees' user access privileges had been deactivated.

³⁸ People First is the State's Web-based human resource information system.

- REV System user access privileges for 1 of the 81 former employees remained active as of January 19, 2017, or 142 business days after the date of employment separation. As of May 24, 2017, the former employee's user access privileges had been deactivated.
- DOCS System user access privileges for 3 of the 92 former employees remained active as of January 19, 2017, or 18 to 221 business days (an average of 99 business days) after the dates of employment separation. As of May 24, 2017, the former employees' user access privileges had been deactivated.

In response to our audit inquiry, Department management indicated that none of the user accounts had been accessed subsequent to the employment separation dates.

Periodic reviews of user access privileges provide Department management assurance that user access privileges are authorized and remain appropriate. Additionally, as unauthorized access can occur at any time, timely deactivation of user access privileges when access privileges are no longer necessary limits the potential for unauthorized disclosure, modification, or destruction of Department data and IT resources by former employees or others.

Recommendation: We recommend that Department management ensure that periodic reviews of IT system user access privileges are performed. In addition, we again recommend that Department management ensure that IT system user access privileges are timely deactivated upon a user's separation from employment.

Finding 10: IT Change Management Controls

To promote effective configuration management over IT resources, AST rules³⁹ require State agencies to establish a configuration management process to manage upgrades and modifications to existing IT resources. Effective configuration management controls ensure that all configuration changes (program or functionality changes) follow a configuration management process that provides for an appropriate separation of duties and ensures changes are appropriately authorized, reviewed and tested, and approved. Additionally, agency records should clearly document and track the configuration management process from initial authorization of the change to final approval.

Department policies and procedures⁴⁰ required that all changes to IT resources follow the appropriate process outlined in Department Change Management Workflow Process documents. These documents included a process for division-specific changes. Additionally, Department policies and procedures required that a Change Log form be used to document approvals and change management tasks throughout the change process. It was the responsibility of each information resource owner and division information officer to ensure that Department policies and procedures were followed for changes to IT resources under their responsibility and that only authorized changes were made.

In our report No. 2015-182 (finding No. 5), we noted that Department responsibilities for certain IT resource program changes were not always appropriately separated and that program changes were not always documented in accordance with established Department policies and procedures. As part of our audit follow-up procedures, we examined Department records for 14 program changes (3 Brix Acid

³⁹ AST Rule 74-2.003(5)(c), Florida Administrative Code, effective March 2016, and AEIT Rule 71A-1.011(4), Florida Administrative Code.

⁴⁰ Department Administrative Policies and Procedures No. 2-3, *Change Management Policy and Procedure*.

Unit (BAU) System,⁴¹ 4 Aquaculture Certification Database,⁴² 3 LICG, and 4 IPM application) completed during the period July 2015 through January 2017 and noted that Department change management controls still need improvement. Specifically, we noted that:

- Division of Fruit and Vegetables staff did not complete a Change Log form for 1 BAU System program change. Additionally, one Division employee was responsible for programming the 3 BAU System program changes, testing the changes, and moving the changes into production. In response to our audit inquiry, Division management indicated that, due to the size of the Division, one Division employee had been assigned as the programmer, tester, and implementer of BAU System program changes.
- One Division of Aquaculture employee was responsible for making the 4 Aquaculture Certification Database program changes, testing the changes, and moving the changes into production. In response to our audit inquiry, Division management indicated that the Division only had one IT Administrator to program, test, and move program changes into production.
- One Division of Licensing employee moved the 3 LICG program changes into production and programmed and tested 2 of the 3 program changes. In response to our audit inquiry, Division management indicated that only one Division employee had the necessary user access privileges to move LICG program changes into production and, for the 2 program changes, was also assigned as the programmer and tester.
- Division of Licensing employees did not document on the Change Log form the individual assigned to test 3 program changes (1 LICG and 2 IPM application). In response to our audit inquiry, Division management indicated that the LICG program change was verified prior to posting and, since the requestor for the two IPM program changes both tested and approved the changes, the Department required only one signature under the requestor final approval line item on the Change Log form. Notwithstanding Division management's response, completion of the Change Log form in a manner that clearly demonstrates that the individuals responsible for testing the change were independent of the programming and implementation processes would provide greater assurance that program changes were properly tested.

Absent an appropriate separation of duties and records that clearly document and track the entire change management process, the risk is increased that erroneous or unauthorized program changes may be made.

Recommendation: We again recommend that Department management separate, to the extent possible, responsibilities for all IT resource program changes and ensure that program changes are documented in accordance with established Department policies and procedures. If the separation of incompatible duties is not practical, compensating controls, such as documented supervisory review of the change management process, should be implemented.

Finding 11: IT System Security Controls

Security controls are intended to protect the confidentiality, integrity, and availability of data and IT resources. As similarly noted in our report No. 2015-182 (finding No. 6), our audit disclosed that certain Department IT system security controls need improvement. We are not disclosing specific details of the issues in this report to avoid the possibility of compromising Department data and related IT resources. However, we have notified appropriate Department management of the specific issues. Without

⁴¹ The BAU System is an automated testing unit used to check for Brix (sugar) and acid content in fruit brought in for processing.

⁴² The Aquaculture Certification Database is used to store and organize aquaculture farm facility details, certification fees, historical and current certification status, and inspection deficiencies for all State aquaculture farms.

appropriate IT system security controls, the risk is increased that the confidentiality, integrity, and availability of Department data and IT resources may be compromised.

Recommendation: We again recommend that Department management strengthen certain Department IT system security controls to ensure the confidentiality, integrity, and availability of Department data and related IT resources.

TIMBER SALES

Pursuant to State law,⁴³ the Department, Division of Florida Forest Service (FFS), is responsible for promoting and encouraging forest fire protection, forest environmental education, forest land stewardship, good forest management, tree planting care, forest recreation, and the proper management of public lands. The FFS entered into memoranda of agreement with the Department of Environmental Protection (DEP) and the Fish and Wildlife Conservation Commission (FWCC) to administer timber sales from DEP and FWCC-owned land.

Finding 12: Transfer of Timber Sales Proceeds

State law⁴⁴ requires that all funds received by a State officer are to be deposited into the State Treasury no later than 7 business days from the close of the week in which the funds were received. Additionally, Department procedures required the Department to transfer checks received for timber sales to the DEP and the FWCC within 7 calendar days of receipt of the check. According to Department records, during the period July 2015 through January 2017, the Department transferred 25 checks, totaling \$304,955, to the DEP and 45 checks, totaling \$506,409, to the FWCC for timber sales proceeds.

As part of our audit, we examined Department records for the 25 checks transferred to the DEP and the 45 checks transferred to the FWCC to determine whether the checks were timely provided to facilitate compliance with statutory deposit requirements. As similarly noted in prior audit reports, most recently in our report No. 2015-016 (finding No. 1), we noted that checks were not always timely provided to the DEP and the FWCC to facilitate compliance with statutory deposit requirements. Specifically, the Department transferred 17 of the 70 checks, totaling \$222,242, to the DEP or the FWCC 8 to 88 calendar days (an average of 17 calendar days) after receipt. In response to our audit inquiry, Department management indicated that staff workloads contributed to checks not being transferred within 7 calendar days of receipt.

The Department's prompt transfer of checks for timber sales proceeds enhances the ability of State agencies to timely deposit funds in the State Treasury in accordance with State law and reduces the risk of theft or loss.

Recommendation: To facilitate State agency compliance with statutory deposit requirements and reduce the risk of theft or loss, we again recommend that Department management take steps to ensure that checks for timber sales proceeds are timely transferred to the DEP and the FWCC.

⁴³ Section 589.04(1)(a), Florida Statutes.

⁴⁴ Section 116.01(1), Florida Statutes.

Among the Department's regulatory responsibilities, the Department is charged with inspecting processed citrus and weighing and measuring devices. Department records indicated that, during the period July 2015 through January 2017, the Department conducted 303 large cannery citrus regrade inspections and 7,718 weighing and measuring device inspections.

Finding 13: Inspection Documentation

Department of Citrus rules⁴⁵ specify that no person is to process any fruit, or the juice thereof, unless the fruit complies with State maturity standards and is accompanied by a certificate of inspection and maturity issued by an authorized State inspector. Department of Citrus rules further provide that, should the processor elect not to regrade any lot of fruit found on initial inspection to contain immature fruit, the inspector may place an official seal on the lot and return the lot to the owner and, under a clearance signed by the inspector, the owner may remove the fruit to another location designated by the inspector for regrading. Regrading is required to be done in the presence of an inspector, after which the fruit is reoffered for processing use, subject to all applicable inspection procedures.

Pursuant to State law,⁴⁶ the Department, Division of Fruit and Vegetables, is authorized to inspect and certify the maturity and condition of citrus fruits. The Division established the Regrade Clearance Form (Form) to document all lots of immature fruit returned to the owner for regrading as Department of Citrus rules⁴⁷ provide that the inspection certification shall be as prescribed by the Department. The Form was to be signed by the initial inspector and indicate the regrade location for each load returned to the owner. The regrading inspector was to record on a copy of the Form findings and notes regarding the amount of fruit destroyed, if any, and sign and mail the copy to the Division after the regrading.

In our report No. 2015-182 (finding No. 2), we noted that the Department did not always ensure that inspections were properly conducted or adequately documented in accordance with applicable rules and Department guidelines. As part of our audit follow-up procedures, we examined Department records for 15 large cannery citrus regrade inspections conducted during the period July 2015 through January 2017. Our examination disclosed 8 instances where the Division was unable to provide evidence that the regrading inspector had signed the Form and mailed a copy to the Division. Additionally, we noted 11 instances where the initial inspector did not indicate the regrade location on the Form.

In response to our audit inquiry, Division management indicated that owners do not always provide regrade inspectors the original Forms when regrading is conducted and, in those instances, a copy of the Form signed by the regrade inspector would not be mailed to the Division. Additionally, Department management indicated that the truck driver does not always provide the initial inspector a location to regrade the fruits that failed inspection. Therefore, the initial inspector may have written "unknown" for the designated regrade location or left the location blank.

⁴⁵ Department of Citrus Rules 20-61.004 and 20-61.010, Florida Administrative Code.

⁴⁶ Section 601.27, Florida Statutes.

⁴⁷ Department of Citrus Rule 20-61.014, Florida Administrative Code.

Properly conducted and adequately documented large cannery citrus regrade inspections provide assurance that regulated entities comply with applicable administrative rules. Additionally, improved documentation of inspection results would better demonstrate accountability and consistency and promote accurate and complete reporting of inspection results.

Recommendation: We again recommend that Department management ensure that inspections are conducted and documented in accordance with established administrative rules.

Finding 14: Inspection Timeliness

The Department, Division of Consumer Services, is responsible for monitoring the accuracy of the State's gas pumps, scales, price scanners, and other commercial weighing and measuring devices. Inspections of measuring devices include calibration verification tests and verifications of proper installation, operation, and maintenance.

Division policies and procedures⁴⁸ specified that facilities that failed any part of a visual petroleum or scale device inspection were required to implement corrective actions. To document the corrective actions necessary for violations that posed a safety risk or economic harm to the consumer, Division inspectors issued stop use orders. To ensure that facilities took appropriate corrective actions, Division policies and procedures⁴⁹ required inspectors to review the DOCS System's 60-day Re-inspection Report to identify deficiencies that remained uncorrected for at least 60 days since the initial inspection date and ensure timely follow-up activities were performed.

In our report No. 2015-182 (finding No. 3), we noted that the Department did not always timely conduct re-inspections of commercial measuring devices. As part of our audit follow-up procedures, we evaluated Division policies, procedures, and processes for conducting re-inspections and examined the 60-day Re-inspection Report as of May 26, 2017. Our audit procedures disclosed that the Division had not established time frames for performing re-inspections to ensure that corrective actions for stop use orders were timely and appropriately taken. Additionally, our examination of the 60-day Re-inspection Report disclosed that, as of May 26, 2017, 30 facilities that were subject to petroleum and scale device inspections during the period July 2015 through January 2017 still had outstanding corrective actions. As of May 26, 2017, 123 to 988 days (an average of 396 days) had elapsed since stop use orders had been issued. In response to our audit inquiry, Division management indicated that staffing issues, including turnover and position vacancies, contributed to the untimely re-inspections and that Division management decides, based on available staffing resources, when or if a facility will be re-inspected. Subsequently, on June 27, 2017, the Division provided evidence that the petroleum and scale devices at 22 of the 30 facilities had been re-inspected, including 10 re-inspections that noted further deficiencies.

Absent timely re-inspections, the Division cannot ensure that deficiencies, including violations that pose a safety risk or economic harm to the consumer, noted during inspections of facility petroleum and scale devices are promptly and properly corrected.

⁴⁸ Department, Division of Consumer Services, Bureau of Standards Procedure No. 4, *Petroleum Data Evaluation*, and Procedure No. 10.1, *Scale Testing Data Evaluation*.

⁴⁹ Department, Division of Consumer Services, Bureau of Weights and Measures Procedure No. 1, *Scheduling*.

Recommendation: To ensure that corrective actions for stop use orders are timely and appropriately taken, we recommend that Division management establish time frames for performing re-inspections of facility petroleum and scale devices. Division records should demonstrate that such re-inspection time frames appropriately minimize the safety and economic risks posed to consumers from violations.

PRIOR AUDIT FOLLOW-UP

Except as discussed in the preceding paragraphs, the Department had taken corrective actions for the findings included in our report Nos. 2015-016 and 2015-182.

OBJECTIVES, SCOPE, AND METHODOLOGY

The Auditor General conducts operational audits of governmental entities to provide the Legislature, Florida's citizens, public entity management, and other stakeholders unbiased, timely, and relevant information for use in promoting government accountability and stewardship and improving government operations.

We conducted this operational audit from January 2017 through January 2018 and June 2018 through August 2018 in accordance with 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.

This operational audit of the Department of Agriculture and Consumer Services (Department) focused on the administration of private investigator, security officer, recovery agent, and concealed weapon licenses. The overall objectives of the audit were:

- To evaluate management's performance in establishing and maintaining internal controls, including controls designed to prevent and detect fraud, waste, and abuse, and in administering assigned responsibilities in accordance with applicable laws, administrative rules, contracts, grant agreements, and other guidelines.
- To examine internal controls designed and placed in operation to promote and encourage the achievement of management's control objectives in the categories of compliance, economic and efficient operations, the reliability of records and reports, and the safeguarding of assets, and identify weaknesses in those internal controls.
- To identify statutory and fiscal changes that may be recommended to the Legislature pursuant to Section 11.45(7)(h), Florida Statutes.

Our audit also included steps to determine whether management had corrected, or was in the process of correcting, all deficiencies noted in our report Nos. 2015-016 and 2015-182.

This audit was designed to identify, for those programs, activities, or functions included within the scope of the audit, deficiencies in management's internal controls, instances of noncompliance with applicable governing laws, rules, or contracts, and instances of inefficient or ineffective operational policies, procedures, or practices. The focus of this audit was to identify problems so that they may be corrected in such a way as to improve government accountability and efficiency and the stewardship of

management. Professional judgment has been used in determining significance and audit risk and in selecting the particular transactions, legal compliance matters, records, and controls considered.

As described in more detail below, for those programs, activities, and functions included within the scope of our audit, our audit work included, but was not limited to, communicating to management and those charged with governance the scope, objectives, timing, overall methodology, and reporting of our audit; obtaining an understanding of the program, activity, or function; exercising professional judgment in considering significance and audit risk in the design and execution of the research, interviews, tests, analyses, and other procedures included in the audit methodology; obtaining reasonable assurance of the overall sufficiency and appropriateness of the evidence gathered in support of our audit's findings and conclusions; and reporting on the results of the audit as required by governing laws and auditing standards.

Our audit included the selection and examination of transactions and records. Unless otherwise indicated in this report, these transactions and records were not selected with the intent of statistically projecting the results, although we have presented for perspective, where practicable, information concerning relevant population value or size and quantifications relative to the items selected for examination.

An audit by its nature, does not include a review of all records and actions of agency management, staff, and vendors, and as a consequence, cannot be relied upon to identify all instances of noncompliance, fraud, abuse, or inefficiency.

In conducting our audit, we:

- Reviewed applicable laws, rules, and Department policies and procedures, and interviewed Department personnel to obtain an understanding of the private investigator, security officer, recovery agent, and concealed weapons licensure and regulatory processes.
- Obtained an understanding of selected Department information technology (IT) controls, assessed the risks related to those controls, evaluated whether selected general and application IT controls for the Licensing Reflection System (LICG), Image Processing Management (IPM) application, Concealed Weapons Intake System (CWIS), and Web Based Fast Track (WBFT) application were in place, and tested the effectiveness of the controls.
- For 90 selected Department employees who separated from Department employment during the period July 2015 through January 2017, compared system access control and People First records to determine whether the Department timely deactivated user access privileges to the LICG, IPM application, CWIS, and WBFT application upon the users' separation from Department employment.
- Interviewed Department management to determine whether the Department performed periodic reviews of user access privileges for the LICG, IPM application, CWIS, and WBFT application during the period July 2015 through January 2017.
- Examined Department records and interviewed Department personnel to assess the effectiveness of certain Payment Portal System controls.
- From the population of 472,015 applications for a private investigator, security officer, recovery agent, or concealed weapon license approved, pending, or denied during the period July 2015 through January 2017, selected and examined Department records for 138 approved, 25 pending, and 31 denied applications to determine whether Department staff appropriately reviewed license applications and timely sent Error or Omission letters in accordance with Chapters 493 and 790, Florida Statutes.

- From the population of 310,797 private investigator, security officer, recovery agent, and concealed weapon license renewal applications approved during the period July 2015 through January 2017, selected and examined Department records for 6 private investigator, 22 security officer, 2 recovery agent, and 30 concealed weapon license renewals to determine whether the Department timely received and reviewed the renewal applications to ensure compliance with Sections 493.6113 and 790.06(11), Florida Statutes.
- From the population of 2,804 private investigator, security officer, and recovery agent inspections completed during the period July 2015 through January 2017, selected and examined Department records for 10 private investigator, 25 security officer, 2 security manager, and 3 recovery agent inspections to determine whether Department records supported inspection conclusions and whether the Department took timely and appropriate action based on the inspection results.
- From the population of 2,283 private investigator, security officer, and recovery agent activities investigations completed during the period July 2015 through January 2017, selected and examined Department records for 3 private investigator and 24 security officer activities investigations to determine whether the Department timely opened and conducted the investigations upon receipt of a complaint and whether Department records adequately evidenced the basis for actions taken by the Department.
- From the population of 682 match reports (398 Domestic Violence Injunction (DVI) Reports, 82 Florida Mental Competency (MECOM) Reports, 164 Department of Law Enforcement (DLE) Match Reports, 19 Department of Corrections (DOC) Match Reports, and 19 Department of Highway Safety and Motor Vehicles (DHSMV) Match Reports) processed by the Department during the period July 2015 through January 2017, examined Department records for 26 selected match reports (14 DVI, 3 MECOM, 6 DLE, 2 DOC, and 1 DHSMV) to determine whether the Department ensured that match reports were timely received from the applicable State agency and verified the completeness and accuracy of the match report. Additionally, from the population of 1,474 licensees found in the 26 match reports, we examined Department records for 50 selected licensees to determine whether Department records adequately supported the Department's review and whether timely and appropriate action was taken based on the match report results.
- Examined Department records for the 35 Quality Assurance reports covering the period July 2015 through January 2017 and interviewed Department personnel to determine whether Quality Assurance staff timely conducted Quality Assurance reviews and provided the results to appropriate Department management. Additionally, from the population of 10,145 licensees reviewed by the Department in the 6 Quality Assurance reports completed during the period July 2015 through January 2017, we examined Department records for 50 selected applications and 25 match report records to determine whether Department records adequately supported the Quality Assurance report results and the Department's actions based on the Quality Assurance report results.
- Examined Department records and interviewed Department management to determine whether Quality Assurance staff received appropriate training and supervisory oversight.
- From the population of 262 Division of Licensing personnel employed during the period July 2015 through January 2017, examined Department records for 29 selected Division employees to determine whether, prior to employment, background screenings had been requested, obtained, and reviewed to ensure that employee backgrounds were appropriate prior to employment. Additionally, we interviewed Department management to determine whether background screenings were periodically reperformed for current Department personnel.
- From the population of 782,804 private investigator, security officer, recovery agent, and concealed weapon licensing fee and administrative fine transactions recorded during the period July 2015 through January 2017, examined Department records for 60 selected licensing fee and

administrative fine transactions to determine whether the Department appropriately and timely collected and recorded fees and fines in accordance with State law, including ensuring that tax collector fees were timely remitted to the Department on a weekly basis.

- Compared Department records for 2015-16 fiscal year private investigator, security officer, recovery agent, and concealed weapon license revenue earned and deferred to the amounts recorded in the Florida Accounting Information Resource Subsystem (FLAIR) to determine whether the Department correctly recorded private investigator, security officer, recovery agent, and concealed weapon license revenue in the year earned.
- Interviewed the Department Inspector General and examined Office of Inspector General records to assess the significance of a Department employee's failure to conduct National Instant Criminal Background Check System (NICS) checks in accordance with Division of Licensing policies and procedures during the period February 26, 2016, through March 31, 2017.
- Interviewed Division of Licensing management and examined Division records and policies and procedures to obtain an understanding of the NICS verification process and to determine whether adequate controls had been established to verify that NICS checks were performed prior to issuing a concealed weapon license.
- Analyzed Division of Licensing and DLE NICS data and related records to assess the accuracy and completeness of the applicants identified by the Division as NICS ineligible during the period February 26, 2016, through March 31, 2017.
- From the population of 504 weekly management reports that captured potential license processing errors during the period July 2015 through January 2017, examined Division records for 30 selected management reports (15 private investigator, security officer, and recovery agent license issuance reports and 15 concealed weapon license issuance reports) to determine whether Division of Licensing management evaluated all potential license processing errors identified in the reports and followed up with employees and contracted staff regarding potential performance deficiencies.
- Obtained an understanding of and evaluated the Division of Licensing's use of contracted staff to process concealed weapon license applications. Specifically, we:
 - Interviewed Division management and reviewed the Division's contract for staffing services during the period July 2015 through June 2018.
 - Analyzed Division records to determine the number of concealed weapon license applications processed by the 78 contracted staff utilized by the Division during the period July 1, 2015, through June 21, 2018.
- Analyzed Department and People First records to determine the extent to which the 733,893 initial concealed weapon license applications received during the period July 1, 2015, through June 21, 2018, were processed by Division of Licensing employees outside of the Bureau of License Issuance.
- From the population of 491 Division of Licensing employees employed during the period July 2015 through July 2018, examined 80 selected employee annual evaluations to determine whether the Division had established specific performance expectations commensurate with employee job duties and whether the evaluations appeared to accurately reflect employee performance deficiencies noted by management, including issues identified in management reports.
- Evaluated Department actions to correct the findings noted in our report Nos. 2015-016 and 2015-182. Specifically, we:
 - Examined Department records for the 25 checks, totaling \$304,955, transferred to the Department of Environmental Protection (DEP) and 45 checks, totaling \$506,409, transferred to the Fish and Wildlife Conservation Commission (FWCC) for timber sale proceeds during

the period July 2015 through January 2017, to determine whether the timber sale proceeds were timely remitted to the DEP and the FWCC.

- Examined Department records for the 224 Administrative Image Management System (AIMS), 81 REV System, 54 FLAIR, and 92 DOCS System user access accounts assigned to personnel that separated from Department employment during the period July 2015 through January 2017 to determine whether the Department timely deactivated user access privileges upon an employee's separation from Department employment.
- Reviewed Department policies and procedures and, from the population of 680 shellfish processing plant inspections conducted during the period July 2015 through December 2016, examined Department records for 25 selected inspections to determine whether the Department had established effective controls, including written policies and procedures, to ensure that inspectors properly completed corrective action plan forms specifying time frames to correct noted deficiencies.
- Reviewed Department policies and procedures and, from the population of 1,916 aquaculture inspections conducted during the period July 2015 through January 2017, examined Department records for 25 selected inspections to determine whether the Department had established effective controls, including written policies and procedures, to ensure that Department records adequately evidenced the basis for the Department's inspection results. Additionally, we examined Department records for 5 of the 7 Department Shellfish Processing Plant Standardization inspectors to determine whether the inspectors were qualified standardized inspectors at the time the inspections were completed.
- Reviewed Department policies and procedures and, from the population of 7,718 weighing and measuring device inspections conducted during the period July 2015 through January 2017, examined Department records for 30 selected inspections to determine whether the Department had established effective controls, including written policies and procedures, to ensure that Department records adequately evidenced the basis for the Department's inspection results.
- From the population of 303 large cannery citrus regrade inspections conducted during the period July 2015 through January 2017, examined Department records for 15 selected inspections to determine whether a Regrade Clearance Form was completed and signed by the regrade inspector and whether the regrade location had been clearly identified by the original inspector.
- From the population of 3,076 weighing and measuring device and 1,562 fuel pump device inspections conducted during the period July 2015 through January 2017 that noted deficiencies, examined Department records for 27 selected weighing and measuring device and 3 selected fuel pump device inspections to determine whether the Department ensured that appropriate corrective action was taken on all violations noted during the inspection. Additionally, examined Department records for 26 selected weighing and measuring device and 25 selected fuel pump device inspections to determine whether the Department timely conducted follow-up inspection activities.
- Examined Department records for the 30 facilities with weighing and measuring device and fuel pump device deficiencies that remained outstanding for at least 60 days as of May 26, 2017, to determine whether the Department had established effective processes for timely re-inspecting facilities with deficiencies to ensure appropriate corrective actions were taken.
- Examined Department records for the 3 Brix Acid Unit (BAU) System and the 4 Aquaculture Certification Database program changes performed during the period July 2015 through January 2017 to determine whether Department records adequately demonstrated

independent testing of the changes and whether the Department assigned separate individuals to make, test, and move the changes into production.

- Reviewed BAU System, Citranet, and Shellfish Shippers Database security controls in effect during the period July 2015 through January 2017 to determine whether adequate access controls had been established.
- Examined Department records for the 52 Department personnel with BAU System user access privileges during the period July 2015 through January 2017 to determine whether the Department periodically reviewed the appropriateness of user access privileges.
- Observed, documented, and evaluated the effectiveness of selected Department processes and procedures for:
 - Revenue and cash receipts.
 - The administration of tangible personal property in accordance with applicable guidelines. As of December 30, 2016, the Department was responsible for tangible personal property with related acquisition costs totaling \$411,745,719.
 - The assignment and use of motor vehicles. As of December 30, 2016, the Department was responsible for 1,481 motor vehicles with related acquisition costs totaling \$39,130,611.
 - The administration of Department contracts. As of January 31, 2017, the Department was responsible for 4,957 active contracts totaling \$775,416,177.
 - The administration of the requirements of the Florida Single Audit Act. During the period July 2015 through November 2016, the Department expended \$54,066,566 for 13 State Financial Assistance programs.
 - The acquisition and management of real property leases in accordance with State law, Department of Management Services rules, and other applicable guidelines. As of June 30, 2016, the Department was responsible for 108 real property leases.
- Communicated on an interim basis with applicable officials to ensure the timely resolution of issues involving controls and noncompliance.
- Performed various other auditing procedures, including analytical procedures, as necessary, to accomplish the objectives of the audit.
- Prepared and submitted for management response the findings and recommendations that are included in this report and which describe the matters requiring corrective actions. Management's response is included in this report under the heading **MANAGEMENT'S RESPONSE**.

AUTHORITY

Section 11.45, Florida Statutes, requires that the Auditor General conduct an operational audit of each State agency on a periodic basis. Pursuant to the provisions of Section 11.45, Florida Statutes, I have directed that this report be prepared to present the results of our operational audit.



Sherrill F. Norman, CPA
Auditor General

EXHIBIT A

NATIONAL INSTANT CRIMINAL BACKGROUND CHECK SYSTEM CATEGORIES OF PERSONS PROHIBITED FROM RECEIVING A CONCEALED WEAPONS LICENSE

- A person who has been convicted in any court of a crime punishable by imprisonment for a term exceeding 1 year or any state offense classified by the state as a misdemeanor and is punishable by a term of imprisonment of more than 2 years.
- Persons who are fugitives from justice.
- A unlawful user and/or an addict of any controlled substance; for example, a person convicted for the use or possession of a controlled substance within the past year; or a person with multiple arrests for the use or possession of a controlled substance within the past 5 years with the most recent arrest occurring within the past year; or a person found through a drug test to use a controlled substance unlawfully, provided the test was administered within the past year.
- A person adjudicated mental defective or involuntarily committed to a mental institution or incompetent to handle their own affairs, including dispositions to criminal charges of found not guilty by reason of insanity or found incompetent to stand trial.
- A person who, being an alien, is illegally or unlawfully in the United States.
- A person who, being an alien except as provided in Title 18, Section 922, Subsection (y)(2), United States Code, has been admitted to the United States under a non-immigrant visa.
- A person dishonorably discharged from the United States Armed Forces.
- A person who has renounced his/her United States citizenship.
- The subject of a protective order issued after a hearing in which the respondent had notice that restrains them from harassing, stalking, or threatening an inmate partner or child of such partner.
- A person convicted in any court of a misdemeanor crime which includes the use or attempted use of physical force or threatened use of a deadly weapon and the defendant was the spouse, former spouse, parent, guardian of the victim, by a person with whom the victim shares a child in common, by a person who is cohabiting with or has cohabited in the past with the victim as a spouse, parent, guardian or similar situation to a spouse, parent or guardian of the victim.
- A person who is under indictment or information for a crime punishable by imprisonment for a term exceeding 1 year.

Source: Federal Bureau of Investigation Web site.

MANAGEMENT'S RESPONSE

OFFICE OF THE COMMISSIONER
(850) 617-7700



THE CAPITOL
400 SOUTH MONROE STREET
TALLAHASSEE, FLORIDA 32399-0800

FLORIDA DEPARTMENT OF AGRICULTURE AND CONSUMER SERVICES COMMISSIONER ADAM H. PUTNAM

November 30, 2018

Sherrill F. Norman, CPA
Auditor General
111 West Madison Street
Tallahassee, Florida 32399

Dear Ms. Norman:

The following comments are provided in response to the preliminary and tentative findings and recommendations in your audit, "Department of Agriculture and Consumer Services Administration of Private Investigator, Security Officer, Recovery Agent, and Concealed Weapon Licenses and Prior Audit Follow-Up."

General Background of Division of Licensing

- During calendar years 2014, 2015 and 2016, the division issued 142,819 concealed weapon licenses along with 75,853 Chapter 493 licenses; 226,146 concealed weapon licenses along with 75,640 Chapter 493 licenses; and 460,036 concealed weapon licenses along with 72,497 Chapter 493 licenses, respectively. The audit period, thus, reflected the division's highest years of license activity on record. Additionally, the division implemented 2014 legislation allowing constitutionally elected tax collectors to issue concealed weapon licenses during the audit period.
- The NICS (National Instant Criminal Background Check System) as referenced in the audit report refers to the NICS Index which is one part of the NICS itself. In the *NICS Indices* brochure, the Federal Bureau of Investigation (FBI) states, "The NICS Index contains information provided by local, state, tribal, and federal agencies of persons prohibited from receiving firearms under federal or state law. The NICS Index contains prohibiting information which may not be found in the NCIC [National Crime Information Center] or the III [Interstate Identification Index]." The important distinction is that NICS Index checks were compromised, not checks of the NCIC, FCIC and the III which are biometric based checks of criminal history information, and along with the NICS Index, comprise the entirety of the FBI's National Instant Criminal Background Check System or NICS. NICS Index records are constantly updated, corrected, modified, and reviewed. To date, 112 applicants originally identified as NICS Index Ineligible were cleared through the appeal process and have had their licenses reinstated.

Finding No. 1: Concealed Weapon or Firearm License Application Processing Controls

Department controls for processing concealed weapon license applications need enhancement. Additionally, data publicly reported by the Department regarding Division of Licensing (Division) actions was not always complete or accurate.

Recommendation: We recommend that Division management enhance concealed weapon license application processing controls, including revising policies and procedures to require, before licenses are issued, that all NICS reports be retrieved and added to applicant records. In addition, to better ensure that the Legislature and the public can appropriately assess Division performance, we recommend that Division management ensure that complete and accurate data regarding Division licensing actions is reported. Further, to promote government accountability, any identified weaknesses pertinent to internal controls subject to audit should be timely communicated to external auditors.

Response:

Division of Licensing

Process Changes Implemented: Applicable to this audit finding and recommendation, the division is currently in the process of modifying its written license issuance procedures to reflect a recent process change already implemented. On October 17, 2018, the division began automatically indexing NICS Index results to all packages based on the daily manual reports retrieved from the Florida Department of Law Enforcement (FDLE) Firearms Eligibility System. Subsequently, on October 31, 2018, event code programming was put in place that required staff to add an event code certifying review of either NICS eligible or NICS ineligible prior to moving to either issuance or denial, respectively. The division continues to work with FDLE to automate the delivery process of NICS Index results to the division.

Data Reporting: The division is required, by law, to provide certain data relative to the implementation of Section 790.06, Florida Statutes, and Chapter 493, Florida Statutes. Section 790.06(16), Florida Statutes, requires the department maintain statistical data on the number of licenses issued, revoked, suspended and denied. Section 493.6125, Florida Statutes, requires maintenance of administrative complaints and disciplinary actions as specifically defined. The department publishes all required data on its website (or in its Chapter 493 newsletter; see *Section 493.6123, Florida Statutes, Publication to Industry*) based on specific metrics and by automated process from the department's division of licensing databases. Information evaluated during the audit period and referenced in this finding represents a specific subset of data relative to revocations, suspensions and denials for a non-standard reporting period (the described NICS event), for which no defined process for calculation existed. Applicable to this audit finding and recommendation, the division will review its current reporting metrics to ensure compliance with applicable statutes and, additionally, review non-standard data reporting techniques to ensure error free calculation for future data subsets.

Departure of Bureau of Support Services Employee: Prior to the final Inspector General (IG) report being issued on June 5, 2017, on or about April 10, 2017, the division was made aware by

the IG that the employee had not been following proper protocols in processing concealed weapon licenses. On April 19, 2017, the division recommended termination of the employee to the Bureau of Personnel Management. A termination letter dated April 20, 2017, was presented to the employee at which time she asked if she could resign in lieu of termination. The resignation was immediately accepted.

Office of Inspector General

Although OIG investigative activities are provided in our Annual Report, which is on our website, the OIG will evaluate internal practices and make any necessary improvements to enhance communication.

Finding No. 2: Management Oversight

Department management oversight controls for administering the concealed weapon licensing process were not always adequate or effectively implemented.

Recommendation: We recommend that Division management enhance oversight controls for the concealed weapon licensing process. Such enhancements should include:

- Thorough review of management reports to determine the extent of employee performance deficiencies and whether any deficiencies may have resulted in the issuance of a concealed weapon license in error.
- Division records evidencing that management addressed potential performance deficiencies with both Division employees and contracted employees.
- Employee evaluations that better reflect employee performance issues noted in management reports and periodic documented evaluations of contracted staff performance.

Response:

Management Report Changes: Applicable to this audit finding and recommendation, and beginning June 18, 2018, the division revised its weekly “Not Viewed” reports to print on a daily basis. The reports continue to be provided to Bureau of License Issuance (BLI) management and are reviewed daily. Management is required to notate on each report whether an entry constitutes a processing error requiring administrative action, a processing error not requiring administrative action, or a determination that no error has occurred. Employees with a confirmed processing error receive a written reprimand on the first occurrence. A subsequent confirmed processing error results in recommended dismissal. The BLI maintains copies of all daily reports generated along with management review notes citing any actions taken including referral to the Bureau of Regulation and Enforcement (BRE) or referral for disciplinary action. Additionally, the division’s Agriculture and Consumer Services System (AgCSS) IT project slated for go-live mid-2019 will be configured to prevent license issuance when documents have

not been viewed. Of note, deficiencies raised in this finding did not result in the need for subsequent administrative action against a licensee.

It was noted during audit interviews that current system limitations prevent management from tracking whether a supervisor used the “document properties” feature to verify whether staff viewed documents appearing on the “Not Viewed” reports. The above procedure addresses that concern by requiring supervisors to affirmatively notate the reports.

Regarding the July 25, 2016, through July 31, 2016, Management Report and discussion of contracted staff appearing on Management Reports, an effective (automated) system control routed only applications with CLEAN background checks to these contracted staff. Background check results with RAP data are routed to criminal history verification staff which are full time employees. Despite their appearances on the management reports, contracted staff were not assigned to conduct verification duties and did not receive license applications to review for individuals with criminal histories.

Job Performance Expectation Changes: Applicable to this audit finding and recommendation, on July 1, 2018, all BLI employees who issue licenses (including any contract/OPS staff) must meet expectations with 100% error-free processing and appear no more than once on the “Not Viewed” report for the evaluation period. Expectations were reduced by approximately 25% to ensure adequate time to produce error-free work.

Example: Concealed Weapon Processing (*applications with CLEAN criminal history*)

- Previous expectations required processing assignments at a 95% achievement rate (or up to a 5% error rate)
- Current expectations require processing assignments at a 100% achievement rate with no more than one appearance on the “Not Viewed” report during the evaluation period.

The division will ensure employee evaluations better reflect employee performance issues noted in management reports.

Training Procedures Changes: Applicable to this audit finding and recommendation, BLI recently updated its training procedures for all personnel including regional office staff and contracted/OPS staff. Supervisors were provided with specific topics to cover when conducting on the job training of new employees. These include providing training on the established procedures for processing and verification of all 26 license types. After the initial training period, the procedures require supervisors to review trainee work for 3 to 4 weeks (depending on the staff position) prior to recommending to the program administrator that the trainee should be released to work on their own. Additionally, re-training is offered to employees. Each time training is provided, employees sign a record acknowledging training received. The record is kept on file with the division’s personnel liaison.

Contracted Staff: Contracted staff were hired to address record demand (see General Observations of Division of Licensing, first bullet) during the audit period. Contracted staff

receive the same training that full-time employees receive. Contracted staff were only permitted to process applications with CLEAN criminal history results. Applicable to this audit finding and recommendation, contracted staff used to issue new licenses were replaced in Quarters 1 and 2 of FY 2017-2018 after the division received approval for FTEs during the 2017 legislative session.

Finding No. 3: Error and Omission Letters

The Department did not always timely notify applicants for private investigator, security officer, recovery agent, and concealed weapon licenses of application errors or omissions.

Recommendation: We recommend that Division management enhance controls to ensure that license applicants are timely notified of application errors or omissions.

Response:

A record number of applications were received during the audit period of July 1, 2015, through January 1, 2017. The division paid approximately \$156,968 in overtime and utilized contracted staff in the BLI and the Bureau of Support Services (BSS) to keep up with the workload associated with setting up application packages and processing error and omission letters. Application errors and omissions are most common within paper-based applications (as opposed to those submitted electronically) and the division has taken multiple steps to reduce paper-based applications.

Enhancements Before/During the Audit Period: Applicable to the audit finding and recommendation, the division introduced electronic renewal application processing for tax collector offices in September 2015 as an enhancement to the tax collector partnership. Additionally, the division introduced online concealed weapon licensing renewal submissions in September 2016. In December 2017, the division introduced the ability to file new concealed weapon license applications online.

Enhancements this Calendar Year: Applicable to the audit finding and recommendation, the division is in the final phase of introducing Chapter 493, Florida Statutes, Class "D" electronic applications within its regional offices, further reducing paper license applications and error and omission letters. The go-live began in our Tallahassee regional office the week of November 12, 2018, and subsequent offices will come online during the months of November and December.

Future Enhancements: Applicable to the audit finding and recommendation, implementation of the department's AgCSS system, which is scheduled to go-live on May 27, 2019, will modernize license application processing by offering electronic submission of all license types. Additionally, electronic applications will not be accepted for processing unless all data fields have been completed, further reducing omissions within electronic applications. Finally, paper application processing will also be modernized with enhanced scanning hardware and optical character recognition (OCR) software, reducing both scanning time and scanning (OCR) error rate. These enhancements will also result in faster transmission from BSS to BLI, significantly reducing the volume and handling time of applications with errors and omissions.

Finding No. 4: Timeliness of Investigations

The Department had not established time frames for completing investigations of complaints related to possible noncompliance by individuals advertising as providing or performing private security, private investigative, or recovery activities.

Recommendation: To ensure that complaints are timely investigated, we recommend that Office and Bureau of Regulation and Enforcement management establish time frames for completing investigation activities.

Response:

Division of Licensing

Timeliness of Investigations: The division agrees that formally establishing time frames for complaints, investigations and enforcement activities is best practice and will increase accountability.

Applicable to the audit finding and recommendation, the BRE Regulatory Compliance Section has established policy and procedure to assign complaints to the Office of Agricultural Law Enforcement (OALE) within 3 business days of the receipt of the complaint. BRE standard operating procedures are being formally updated, with a completion target of November 30, 2018, to reflect the established timeline.

Applicable to the audit finding and recommendation, the BRE Regulatory Oversight Section has established policy and procedure to assign completed investigations to attorneys within 3 business days of the date the investigative report is received from OALE. BRE standard operating procedures are being formally updated, with a completion target of November 30, 2018, to reflect the established timeline.

Applicable to the audit finding and recommendation, the BRE attorney supervisor receives a report listing any investigative report that is over 60 days in an attorney's queue. The report was established in April 2018. The attorney supervisor meets regularly with the attorneys to discuss case progress. Policy and procedure have been established such that attorneys will now document the reason why an investigative case has not been completed within 60 days. BRE standard operating procedures are being formally updated, with a completion target of November 30, 2018, to reflect the established timeline. Attorneys may document legitimate reasons why a recommendation has not been made, including but not limited to: requests for additional investigation by OALE; cases held in abeyance because of a parallel criminal prosecution; and large volumes of cases being received from OALE in short time frames.

Office of Agricultural Law Enforcement

In June 2016, the performance evaluation (SMART Expectations) requirements for investigators assigned to the Division of Licensing investigations were updated to include a 60 day requirement for completing investigations. In April 2018, the Regulatory Investigative Section (RIS) standard operating procedures were updated to include the 60 day period requirement that

investigators must complete both internal and external complaint investigations. The updated RIS standard operating procedures (Section 2.2-I) were subsequently placed into policy in PowerDMS on August 2, 2018.

The Office of Agricultural Law Enforcement - Bureau of Investigative Services, in November 2018, requested that changes be made in the RIS standard operating procedures policy regarding timelines for initiating cases. This substantive change dictates the timeliness and accuracy of reports; the investigator receiving the information will complete the initial report as soon as possible. In all cases, documentation shall be entered into the applicable record management system(s) within three business days. This addendum shall take effect no later than January 1, 2019.

It should be noted that there can be extenuating circumstances which can cause an investigation to exceed the 60 day time frame. These circumstances can include, but are not limited to, the following:

- 1) grand jury proceedings;
- 2) state attorney's case review; and
- 3) law enforcement reports.

The criminal proceedings above can ultimately impact the timeliness of regulatory investigative reports and enforcement efforts. Extensions beyond reporting deadlines will be approved on a case by case basis.

Finding No. 5: Match Reports

Department controls for ensuring that licenses are only held by persons who possess the qualifications provided in State law could be enhanced to specify time frames for reviewing disqualifying information and appropriately documenting the basis for Department actions.

Recommendation: We recommend that Division management revise policies and procedures to establish time frames for reviewing match reports and take steps to ensure that Division records include sufficient documentation evidencing the basis for not taking action regarding potential licensee disqualifying events or conditions.

Response:

The division agrees that formally establishing time frames for reviewing match reports and ensuring division records include sufficient documentation is best practice and will increase accountability.

Applicable to the audit finding and recommendation, the BRE has established policy and procedure such that reports received on a daily basis (Domestic Violence, Risk Protection) are expected to be completed on the date received. Reports received weekly (FDLE, MECOM, HSMV) are expected to be completed within the week the report is received. Reports received monthly (DOC) are expected to be completed before the close of the month.

Applicable to the audit finding and recommendation, the BRE has established policy and procedure requiring records, such as CCIS records, to support a “no further action” recommendation. The division’s Quality Assurance Unit also conducts checks to see if records, such as CCIS, should have been added to a match report as part of the routine assessments of the bureau.

Finding No. 6: Quality Assurance Reviews

Department controls for conducting quality assurance reviews of processed license applications and match reports previously reviewed by Division staff need enhancement to ensure that the reviews are timely and independently conducted, review results are adequately documented, and corrective actions are timely implemented.

Recommendation: We recommend that Quality Assurance management enhance controls to prevent LICG and IPM application update privileges for staff responsible for conducting quality assurance reviews. We also recommend that Quality Assurance, Bureau of License Issuance, and Bureau of Regulation Enforcement management ensure quality assurance reviews are timely completed and appropriately supported and corrective actions are timely implemented in accordance with established policies and procedures.

Response:

Quality Assurance Management Controls: Historically, QAU team members have completed on the job training with BLI or BRE team members prior to performing any assessments, but that training has been limited to observation of the license issuance and match report processes rather than active processing. QAU team members are not delegated decision-making authority to issue licenses or to make recommendations for action on match reports. Applicable to the audit finding and recommendation, QAU staff privileges in the License Manager and Reflections databases have been modified to provide read-only access. System limitations of the Image Processing Management database (IPM) prevent limiting users to read-only access. The department’s AgCSS system, which is scheduled to go-live on May 27, 2019, will provide modern security and access control features such that configuration for QAU staff will be based on read-only privileges.

Time Frames for Processing Assessments: Applicable to the audit finding and recommendation, time frames for completing routine assessments and for the receiving bureaus to review and respond to the routine assessment reports were established in division policy 1.12 and bureau Standard Operating Procedure 5.3 in September 2017.

At the beginning of FY 2017-2018, QAU changed routine reporting periods from quarterly to monthly to allow for more timely identification of issues requiring further review by BRE and BLI management. The change, in turn, allowed BRE and BLI to more timely address issues with their respective team members and to take any disciplinary actions deemed appropriate. It should be noted that at no point during the existence of the QAU have unit employees or management been responsible for making recommendations regarding disciplinary actions resulting from unit work product.

The division has established a 30 day time frame for completion of reports by the QAU after receipt of the dataset. Within 30 days of receipt of findings, bureau chiefs “shall review the findings, take appropriate corrective action if needed, and provide feedback on the Quality Assurance Unit Routine Assessment Report.”

Special Assignments: QAU staff were assigned to special projects during the audit period and during the six months immediately following the audit period. Applicable to the audit finding and recommendation, the division has established that QAU staff are no longer assigned to duties and responsibilities outside the unit. As previously described in General Observations of Division of Licensing, first bullet, the division experienced historically high license application volumes coupled with legislatively-directed programmatic changes. Notwithstanding historic volume and special projects, the division consistently evaluated opportunities to refine its business processes utilizing QAU and continuously looked for the most appropriate way to utilize assigned QAU staff based on a programmatic risk assessment. It is the intention of the department to work with the legislature in the upcoming session to fund additional positions within the QAU to increase audit capabilities regarding the number of licenses issued and 100% pre-issuance review of applicants with challenging background information.

Finding No. 7: License Revenues

Department controls for the timely deposit of license fees and reimbursement of overpayments need enhancement.

Recommendation: We recommend that Division management enhance controls to ensure that fees received are timely deposited in the State Treasury and applicant and licensee overpayments are promptly reimbursed.

Response:

Applicable to the audit finding and recommendation, in October 2018, the division implemented a new process whereby all checks and money orders received in regional offices are electronically remote-deposited the day after receipt. This initiative effectively eliminates the possibility of any check or money order received at a regional office being deposited outside statutory requirements. The initiative also substantially reduces the volume of negotiable instruments being shipped to Tallahassee, resulting in significantly reduced processing times. The reduced volume, in combination with decreased demand, has resulted in checks and money orders currently being deposited within four days of receipt of mail intake.

Applicable to the audit finding and recommendation, the deployment of the AgCSS system in mid-2019 will result in a large-scale process transformation in the mailroom. After manual opening and sorting, the subsequent processes will be automated to efficiently image, read and credit license applicant payment files to quickly deliver checks and money orders to fiscal staff for immediate remote deposit.

Pursuant to the five license applications cited for which overpayment was received but not refunded timely, the division did not initially generate refund forms as noted. The BLI generates

these refund forms and has implemented internal controls for review of license application files so that overpayments will generate refund forms for mailing as required. In addition, the forthcoming deployment of the AgCSS system, scheduled to go-live in mid-2019, will automate the refund process whereby overpayments will be automatically flagged, with refund forms automatically generated for mailing to the applicant.

Finding No. 8: Background Screenings

The Department did not always ensure that employee background screening results were timely conducted and the results adequately reviewed when individuals were employed in positions of special trust. Additionally, the Department did not always ensure that periodic screenings were performed after employment.

Recommendation: We recommend that Department management ensure level 2 background screenings are timely conducted and the results adequately reviewed when individuals are employed in positions of special trust. We also recommend that Department management subject applicable Department employees to periodic level 2 background screenings as a condition of continued employment.

Response:

Applicable to the audit finding and recommendation, in 2016 the department changed its process to a pre-employment screening which eliminates the potential of future findings. Background screening results for the employee cited in the audit were delayed due to the IG's office not having an employee dedicated to background screenings. A full-time position was staffed when the department moved to pre-employment screenings.

The department requires all employees to acknowledge receipt and review of Administrative Policy and Procedure (AP&P) 5-3, Disciplinary Policy and Employee Standards of Conduct, and relies on those employees to comply with Section III., F, which states, in part, that a department employee shall report to their supervisor any arrest, criminal citation and/or notice to appear within two business days of occurrence.

Finding No. 9: IT Access Privilege Controls

As similarly noted in our report No. 2015-016, the Department did not always timely deactivate information technology (IT) user access privileges upon an employee's separation from Department employment. Additionally, Department policies and procedures still do not appropriately reduce the risk that unauthorized access may occur.

Recommendation: We recommend that Department management ensure that periodic reviews of IT system user access privileges are performed. In addition, we again recommend that Department management ensure that IT system user access privileges are timely deactivated upon a user's separation from employment.

Response:

Division of Licensing

Applicable to the audit finding and recommendation, the division has implemented periodic reviews of its systems to ensure user access privileges are deactivated as appropriate. The procedure includes a division level annual audit which includes supervisory review of all assigned staff and staff access levels. Additionally, the division sends division IT a copy of all resignation letters and prepares a separation report for separating employees. Division IT documents the separation date and schedules account disability for 5pm on the date of separation. Dismissal separations are processed by the director's office coordinating with division IT to immediately disable access per division policy pending approval. A division IT project request is used to document all separation activity. Additionally, division IT forwards documentation to the department's IT (OATS) to disable agency access.

Division of Consumer Services

A form was developed in the DOCS database for the division personnel liaison. The form allows the personnel liaison to enter the separation date of an employee once a notice of separation is submitted. The system then sets the user to an inactive status at the end of the day the employee separates. This is accomplished in a system batch job which runs each day during off hours. This change will ensure access to the DOCS database will occur within the prescribed time period.

Enterprise

Upon daily receipt of either an employee separation report or appointment request, which includes effective dates from the Bureau of Personnel, the OATS help desk will perform appropriate actions to either disable or change accounts, respectively. The OATS help desk also runs a daily query to find users with active access but marked with an end date from PeopleFirst. The OATS help desk then performs actions to disable those accounts. Moreover, the logic for the generation of the CAPAS Separation Report was corrected to include all separated employees in the report, including those whose supervisor's position is vacant. Further, the OATS help desk also added a daily report process that finds any assigned Oracle account that is not recorded in the database. If found, the help desk will then record the Oracle account assignment. This is done to ensure the help desk will get notified to close Oracle accounts when an employee is separated. In the event of an immediate dismissal, divisions call the OATS help desk to have the account disabled at a specific time. This is then followed up with the appropriate accompanying paperwork and separation report from the Bureau of Personnel.

Finding No. 10: IT Management Controls

Department IT change management controls continue to need enhancement to ensure that responsibilities for all IT resource program changes are appropriately separated and program changes are documented in accordance with Department policies and procedures.

Recommendation: We again recommend that Department management separate, to the extent possible, responsibilities for all IT resource program changes and ensure that program changes are documented in accordance with established Department policies and procedures. If the separation of incompatible duties is not practical, compensating controls, such as documented supervisory review of the change management process, should be implemented.

Response:

Division of Fruit and Vegetables

The division has implemented a change in the process to comply with recommendations ensuring proper segregation of duties exists in regard to program changes. Upon notification from the industry or staff of issues, division staff documents the issue or request and submits the proper form following the Change Management Workflow Process for all changes to the BAU System or Citranet. These requests are to be approved by the division information officer or designee. By using Remedy, all required documentation is electronically generated and stored. The Change Log was implemented in August 2015.

Division of Aquaculture

The division's ability to appropriately separate responsibilities is limited due to an insufficient number of available, qualified FTEs. The division will continue to separate and document changes requests, programming, testing, and implementation subject to available division staff expertise. Therefore, as recommended to enhance the Division of Aquaculture's current management controls, the division proposes that the distributed systems administrator notify the division director and the assistant division director for approval and change oversight each time a database change is requested, and again notify the division director and the assistant division director for final review and functionality testing prior to implementation within the division's information management systems. This change will take effect immediately.

Division of Licensing

The division does not currently have multiple programmers available to adequately separate certain duties. Applicable to the audit finding and recommendation, a division IT project request form is being updated to include supervisory oversight and review of the change management process. This review will be evident by signature block on the IT project request which is scheduled for implementation no later than November 15, 2018. IT project requests are required to document and approve all changes within the division's IT platforms.

Enterprise

Separation of duties is a fundamental element of internal control and an effective risk reduction technique. During this audit it was disclosed that one employee had additional permissions that did not follow the rules of separation of duties. The permissions were corrected to align with the department's AP&P 8-18, Systems and Information Integrity.

Finding No. 11: IT System Security Controls

Certain Department IT system security controls need improvement to better protect the confidentiality, integrity, and availability of Department data and IT resources.

Recommendation: We again recommend that Department management strengthen certain Department IT system security controls to ensure the confidentiality, integrity, and availability of Department data and related IT resources.

Response:

The information technology system security controls the department employs are multi-faceted. In recognition of the non-disclosure of specific details in this finding, the department refers to details about security controls provided during audit fieldwork meetings.

Finding No. 12: Transfer of Timber Sales Proceeds

Checks were not always timely provided to the DEP and the FWCC to facilitate compliance with statutory deposit requirements.

Recommendation: To facilitate State agency compliance with statutory deposit requirements and reduce the risk of theft or loss, Department controls continue to need enhancement to ensure that checks for timber sales proceeds are timely transferred to the Department of Environmental Protection and the Fish and Wildlife Conservation Commission.

Response:

To expedite the transfer of checks for proceeds of timber sales to other state agencies, the Florida Forest Service (FFS) has changed the processing procedures. The FFS field units which receive the checks now forward those checks directly to the recipient, which will assist in ensuring compliance with statutory requirements.

Finding No. 13: Inspection Documentation

The Department did not always ensure that large cannery citrus regrade inspections were properly conducted or adequately documented in accordance with established administrative rules. A similar finding was noted in our report No. 2015-182.

Recommendation: We again recommend that Department management ensure that inspections are conducted and documented in accordance with established administrative rules.

Response:

The division implemented a policy and procedure regarding Regrade Certificates (or Regrade Clearance Forms) during the 2015-2016 citrus season. During the summer refresher training, all processed citrus inspectors received the policy as well as training on completing the required forms to ensure compliance and consistency.

Sherrill Norman
November 30, 2018
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Finding No. 14: Inspection Timeliness

The Department had not established time frames for performing re-inspections of facility petroleum and scale devices to ensure that corrective actions for stop use orders were timely and appropriately taken. Additionally, as similarly noted in our report No. 2015-182, the Department did not always timely conduct re-inspections of facility petroleum and scale devices.

Recommendation: To ensure that corrective actions for stop use orders are timely and appropriately taken, we recommend that Division management establish time frames for performing re-inspections of facility petroleum and scale devices. Division records should demonstrate that such re-inspection time frames appropriately minimize the safety and economic risks posed to consumers from violations.

Response:

In the Bureau of Standards procedural guide, timelines for follow up inspections of Correction Notices issued for violations of devices that do not pose a risk of harm are addressed and compliance is assured. In the case of violations of devices that do pose a risk of harm, the issuance of a "Stop Use Order" removes the violative device from service and thus, the threat of harm, for both safety and economic harm, has been eliminated. This is addressed in the Bureau of Standards, Procedure 7: Reinspections.

As long as the device remains out of service, there is no requirement on the business to repair the device. Before a device is placed back in service, the business is required to notify the department and it will be reinspected at that time. The device is placed on a Reinspection Report so that the division is aware of any devices that are placed out of service. Inspectors monitor out of service devices periodically and during the next scheduled inspection to ensure the device remains out of service until brought into compliance. Additionally, supervisors also review the Reinspection Report and follow up with inspectors regarding the status of devices that have been out of service for more than 60 days.

I appreciate your staff's efforts in helping to improve the operations of state government.

Sincerely,



Adam H. Putnam
Commissioner of Agriculture

AP/acc