

**DEPARTMENT OF HIGHWAY SAFETY
AND MOTOR VEHICLES**

Selected Administrative Activities
and Prior Audit Follow-Up



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Auditor General

Executive Director of the Department of Highway Safety and Motor Vehicles

The Department of Highway Safety and Motor Vehicles is established by Section 20.24, Florida Statutes. The head of the Department is the Governor and Cabinet. Pursuant to Section 20.05(1)(g), Florida Statutes, the Governor and Cabinet are responsible for appointing an Executive Director of the Department. Terry L. Rhodes served as Executive Director during the period of our audit.

The team leader was Jim Beaumont, CPA, and the audit was supervised by Joshua T. Barrett, CPA.

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DEPARTMENT OF HIGHWAY SAFETY AND MOTOR VEHICLES

Selected Administrative Activities and Prior Audit Follow-Up

SUMMARY

This operational audit of the Department of Highway Safety and Motor Vehicles (Department) focused on selected administrative activities and included a follow-up on the findings noted in our report No. 2017-088. Our audit disclosed the following:

Selected Administrative Activities

Finding 1: Department controls regarding the accuracy of the information needed to correctly report and maintain proper accountability over Department property and demonstrate compliance with applicable Department of Financial Services (DFS) rules need enhancement. Additionally, Department controls need improvement to ensure that all property items of a sensitive or attractive nature are accounted for in Department property records.

Finding 2: The Department did not always document tangible personal property disposals in accordance with applicable DFS rules or document that all required authorizations and surplus property review board recommendations were obtained prior to disposing of property items.

Finding 3: Department controls over Florida Highway Patrol motor vehicle record keeping need improvement.

Finding 4: The Department did not always timely cancel purchasing cards upon a cardholder's separation from Department employment. Additionally, Department records for some employees did not evidence that signed user agreements were obtained prior to issuing the employees fuel cards.

Finding 5: Security controls over mobile device utilization need improvement to ensure the confidentiality, integrity, and availability of Department data and information technology resources.

Finding 6: As similarly noted in our report No. 2017-088, Department controls for timely removing user access privileges to the Florida Real Time Vehicle Information System and the Florida Accounting Information Resource Subsystem need improvement.

Commercial Driver's License Program

Finding 7: Department controls for inspecting the third-party administrators and skills testers responsible for conducting commercial driver's license examinations need enhancement to ensure that inspections are timely conducted and appropriately documented. A similar finding was noted in our report No. 2017-088.

BACKGROUND

The mission of the Department of Highway Safety and Motor Vehicles (Department) is to provide highway safety and security through excellence in service, education, and enforcement. The Department partners with county tax collectors and local, State, and Federal law enforcement agencies to promote a safe driving environment, issue driver's licenses and identification cards, facilitate motor vehicle transactions, and provide consumer protection and public safety services. The Department plans, administers, and delivers its programs and services through the Division of the Florida Highway Patrol, Division of Motorist Services, Division of Administrative Services, and Division of Information Systems. For the 2018-19 fiscal year, the Legislature appropriated approximately \$480 million to the Department and authorized 4,344 positions.¹

FINDINGS AND RECOMMENDATIONS

SELECTED ADMINISTRATIVE ACTIVITIES

As part of our audit, we evaluated selected Department administrative activities and controls, including those related to property, Florida Highway Patrol (FHP) motor vehicles, purchasing and fuel cards, the administration of mobile devices, and information technology (IT) access privileges.

Finding 1: Property Records

Effective controls for the management of tangible personal property² and other property considered sensitive or attractive require that property items be adequately controlled, safeguarded, and accounted for by Department management. Department of Financial Services (DFS) rules³ require that, for each tangible personal property item, State agency property records include the cost or value of the item at the date of acquisition, including ancillary charges necessary to place the property item into service such as freight and transportation expenses.

According to Department records, as of January 31, 2019, the Department was responsible for 28,923 tangible personal property items with acquisition costs totaling approximately \$161.9 million. As part of our audit, we examined Department records for 444 tangible personal property items, with acquisition costs totaling \$1,397,333, and noted that the recorded acquisition costs for 6 IT hardware kits, 3 radiation detection systems, and a virtual driving simulator did not include ancillary charges totaling \$2,355. According to Department management, Department staff did not properly review supporting records to ensure that ancillary charges were added to the cost of property items when recording the items in Department property records.

¹ Chapter 2018-9, Laws of Florida.

² Property is defined in applicable laws and rules as State-owned equipment, fixtures, and other tangible personal property of a nonconsumable or nonexpendable nature, the value or cost of which is \$1,000 or more and the projected useful life of which is 1 year or more.

³ DFS Rule 69I-72.003(3), Florida Administrative Code.

We also reviewed Department policies and procedures⁴ and physically observed 12 items to determine whether information for the items was accurately recorded in Department property records. Our audit procedures disclosed that, while Department policies and procedures required weapons costing less than \$1,000 to be recorded in Department property records, the policies and procedures did not require other sensitive and attractive items, such as IT equipment (e.g., desktop computers), costing less than \$1,000 to be recorded. Consequently, the Department did not track or otherwise inventory desktop computers and towers with acquisition costs less than \$1,000.

Absent effective property controls, Department management cannot demonstrate compliance with applicable DFS rules and has reduced assurances regarding the accuracy of the information needed to correctly report and maintain proper accountability over Department property. Additionally, by the nature of their portability, adaptability for personal use, or data storage capabilities, sensitive and attractive items, such as desktop computers, are more susceptible to loss and theft. Therefore, controls designed to ensure property accountability for and safeguarding of these items, and any sensitive or confidential Department data they may contain, are especially important.

Recommendation: We recommend that Department management enhance controls to ensure that Department property records include for each property item all ancillary charges necessary to place the property item into service. We also recommend that Department management revise policies and procedures to ensure that all sensitive and attractive property items, including IT equipment, costing less than \$1,000 are accounted for in Department property records.

Finding 2: Property Disposal

DFS rules⁵ require the property records for each item lawfully disposed of to identify information such as the date of disposition, authority of disposition, manner of disposition, and the employees witnessing the disposition, and reference to documentation evidencing that the property item was properly disposed of. Further, DFS rules require the property records of each item certified as surplus to include the date of certification, reason for certification, and date of review board recommendation.

Department policies and procedures⁶ defined surplus property as property items (including motor vehicles) considered obsolete, damaged, uneconomical, inefficient to use, or that served no useful function for any activity or location under the supervision of the designated property custodian delegate. The policies and procedures specified that a *Certification of State Surplus Property* Form (Surplus Form) and a *Request for Disposal of Surplus Property Certification* Memo (Surplus Memo) were to be completed to document required information and authorizations, as well as Surplus Property Review Board (Review Board) recommendations for disposition.

According to Department records, the Department disposed of 4,533 property items, with acquisition costs totaling approximately \$25.7 million, during the period July 2017 through January 2019, including a \$60,000 aircraft. We examined Department records for 38 of these property items, including the aircraft, with acquisition costs totaling \$331,427, and noted that:

⁴ Department Procedure No. BA 5, *Tangible Property and Insurance*.

⁵ DFS Rule 69I-72.005, Florida Administrative Code.

⁶ Department Procedure No. BA 5, *Tangible Property and Insurance*.

- Department records for 9 pieces of body armor, 6 printers, a wireless helmet radio kit, a weather mapping system, and a K-9 cage, with acquisition costs totaling \$47,427, did not evidence the manner of disposition or identify the employees who witnessed the disposition. In response to our audit inquiry, Department management indicated that inadvertent oversights by staff contributed to the information not being recorded.
- The Department did not complete a Surplus Form or Surplus Memo or otherwise document that all required authorizations and Review Board recommendations were obtained prior to disposing of 8 Department motor vehicles and the aircraft, with recorded acquisition costs totaling \$250,087.

According to Department management, in lieu of documenting Review Board recommendations, the Department obtained DMS approval to surplus the motor vehicles. Notwithstanding Department management's responses, Department records did not demonstrate compliance with all applicable Department policies and procedures and DFS rules governing the disposal of the 8 motor vehicles and the aircraft.

Documentation evidencing the manner of and the employees who witnessed the disposition of property items and obtaining all required authorizations and Review Board recommendations prior to disposing of property items promotes accountability over the disposition of Department property and demonstrates compliance with DFS rules.

Recommendation: We recommend that Department management enhance controls to ensure that Department records evidence the manner of and the employees who witness the disposition of property items. We also recommend that Department management ensure that property is only disposed of after all required authorizations and Review Board recommendations are obtained and documented.

Finding 3: Motor Vehicle Records

State law⁷ and DMS rules⁸ provide that State-owned motor vehicles are to be used effectively, efficiently, and for official purposes. The DMS developed the Florida Equipment Electronic Tracking (FLEET) system⁹ to manage, report, and maintain information about the condition, utilization, cost, fuel consumption, maintenance, and assignment of motor vehicles and watercraft owned, leased, or operated by State agencies. DMS rules¹⁰ require State agencies to record motor vehicle and watercraft information in the FLEET system by the 15th of each month. To assist State agencies, the DMS created the *Missing Log* report to provide State agencies a list of the State-owned motor vehicles and watercraft for which monthly utilization and cost information had not been recorded in the FLEET system.

As of January 31, 2019, the Department maintained 2,628 State-owned FHP motor vehicles that were available for assignment and use by FHP personnel. To ensure the proper management and control of Department motor vehicles in accordance with State law and DMS rules, the Department established procedures¹¹ for the acquisition, assignment, use, and control of State-owned motor vehicles. Department procedures required drivers to record on a *Monthly Vehicle Log* the following information: vehicle identification number, employee name, beginning and ending mileage, days used, days idle, and

⁷ Section 287.16, Florida Statutes.

⁸ DMS Rules, Chapter 60B-1, Florida Administrative Code.

⁹ Effective June 10, 2019, the DMS replaced the FLEET system with the Fleet Information Management System.

¹⁰ DMS Rule 60B-1.010(2), Florida Administrative Code.

¹¹ Department *Vehicle FLEET Management Manual*.

vehicle condition. Department procedures specified that the information recorded on *Monthly Vehicle Logs* was to be submitted to the Department's FLEET management section by the 10th of the following month.

As part of our audit, we analyzed FLEET system *Missing Log* reports for the period July 2017 through January 2019 and examined FLEET system records related to 42 *Monthly Vehicle Logs* for 13 FHP motor vehicles active during the period July 2017 through January 2019 and noted that:

- The Department had not recorded 6 to 19 months of vehicle mileage data in the FLEET system for 242 FHP motor vehicles. In response to our audit inquiry, Department management indicated that the mileage data was omitted from the FLEET system because the FHP did not always provide the necessary data to the Department's FLEET management section.
- The FLEET system was not always timely updated to reflect the actual monthly utilization of FHP motor vehicles. Specifically, the Department did not update 1 FHP motor vehicle's usage (57,676 miles) until December 2017, although the vehicle had been in use since February 2017. For another FHP motor vehicle, the Department did not record the donated vehicle's mileage upon receipt in October 2017 (120,350 miles) or record subsequent activity until mileage totaling 120,634 miles was registered in November 2018.
- The Department did not record monthly fuel consumption or cost information in the FLEET system for 1 FHP motor vehicle with recorded *Monthly Vehicle Log* mileage totaling 57,676 miles in December 2017. For 3 other FHP motor vehicles with recorded *Monthly Vehicle Log* mileage ranging from 284 to 3,979 miles, the Department did not record fuel consumption or cost information in the FLEET system for November 2018. In response to our audit inquiry, Department management indicated that delays in receiving Department FHP fuel card billing records contributed to the information being recorded in the FLEET system in subsequent months.

The maintenance of accurate and complete documentation enhances the Department's ability to demonstrate that State-owned FHP motor vehicles were used for authorized purposes and that the utilization and cost information recorded in the FLEET system and the replacement system, FIMS, is accurate and properly supported. Also, accurate and complete motor vehicle information increases Department management's assurance that State-owned FHP motor vehicle usage and operations will be effectively monitored and managed.

Recommendation: To ensure that all required motor vehicle usage information is accurately recorded, we recommend that Department management take steps to ensure the FHP timely provides the necessary data to be recorded in FIMS. Additionally, we recommend that Department management ensure that accurate and complete information is recorded in FIMS.

Finding 4: Purchasing and Fuel Card Controls

The Department participates in the State's purchasing card and fleet fuel card programs, which allow authorized personnel to charge Department expenses on purchasing cards and fuel and other charges needed to maintain daily vehicle operations on fuel cards. As of January 24, 2019, the Department had 319 active purchasing cards and purchasing card charges totaled \$7,525,600 during the period July 2017 through January 2019. Additionally, the Department utilized 3,666 fuel cards and incurred charges totaling \$24,138,334 during the period July 2017 through January 2019.

As a participant in the State's purchasing card program, the Department is responsible for implementing key controls, including procedures for issuing and timely canceling purchasing cards upon a cardholder's

separation from Department employment. According to the Department's *Purchasing Card Guidelines*, the Purchasing Card Program Administrator (PCPA) was responsible for issuing and canceling purchasing cards.

To ensure that Department fuel cards are used in accordance with applicable State laws and rules, the Department's *Fuel and Maintenance Card Procedures Manual* required Department employees, prior to being issued a fuel card, to sign a cardholder user agreement acknowledging the receipt and review of the Department's fuel and maintenance guidelines and the terms and conditions for using the card.

As part of our audit, we evaluated the adequacy of Department purchasing and fuel card controls, including examining Department records for the 128 purchasing cardholders who separated from Department employment during the period July 2017 through January 2019 and for 16 Department fuel cardholders who made fuel card purchases totaling \$216,118 during the period July 2017 through January 2019. Our audit procedures disclosed that:

- The Department did not timely cancel the purchasing cards for 12 of the 128 cardholders. Specifically, the purchasing cards were canceled 2 to 100 business days (an average of 12 business days) after the employees' separation dates. According to Department management, delays in notifying the PCPA contributed to the purchasing cards not being promptly canceled.
- Department records did not include signed cardholder user agreements for 9 of the fuel cardholders. According to Department records, during the period July 2017 through January 2019, the 9 fuel cardholders made purchases totaling \$117,461. In response to our audit inquiry, Department management indicated that the original cardholder user agreements had been misplaced and subsequently obtained signed cardholder user agreements from 2 of the cardholders in June 2019 and from 5 other cardholders in July 2019. The other 2 cardholders separated from Department employment prior to signing a new cardholder user agreement.

Although our audit tests did not disclose any charges incurred subsequent to the 12 purchasing cardholders' separation from Department employment, timely cancellation of purchasing cards upon a cardholder's separation from Department employment is necessary to reduce the risk that unauthorized purchases will be made. Additionally, absent completed and signed fuel cardholder user agreements, fuel cardholders may not be aware of the terms and conditions of using the card, thereby increasing the risk that cards will not be used in accordance with applicable State laws and rules.

Recommendation: We recommend that Department management strengthen procedures to ensure purchasing cards are promptly canceled upon a cardholder's separation from Department employment. Additionally, we recommend that Department management ensure that Department records evidence that all fuel cardholders sign cardholder user agreements prior to being issued a Department fuel card.

Finding 5: Mobile Device Security Controls

Security controls are intended to protect the confidentiality, integrity, and availability of data and IT resources. Our audit procedures disclosed that certain security controls related to mobile device¹² utilization need improvement. We are not disclosing specific details of the issues in this report to avoid

¹² Mobile devices are portable devices, such as laptop computers, smartphones, and tablets, that allow storage and transmittal of entity data.

the possibility of compromising Department data and IT resources. However, we have notified appropriate Department management of the specific issues.

Without appropriate security controls related to the use of mobile devices by Department and non-Department employees, the risk is increased that the confidentiality, integrity, and availability of Department data and IT resources may be compromised.

Recommendation: We recommend that Department management enhance certain security controls related to Department and non-Department employee use of mobile devices to ensure the confidentiality, integrity, and availability of Department data and related IT resources.

Finding 6: IT Access Privilege Controls

Agency for State Technology (AST)¹³ rules¹⁴ require State agencies to periodically review user access privileges for appropriateness and ensure that IT access privileges are removed when access to an IT resource is no longer required. Prompt action to remove access privileges is necessary to help prevent misuse of the access privileges.

The Department utilizes the Florida Real Time Vehicle Information System (FRVIS) to account for various motor carrier activities and the Florida Accounting Information Resource Subsystem (FLAIR) to record and report financial transactions. The Department's *Information Security Policy Manual* specified that a user's access to a system was to be removed when access was no longer required, such as when an employee separated from Department employment. Additionally, the Department established procedures to quarterly review FLAIR user access privileges, annually review FRVIS user access privileges, and remove a FRVIS user's access privileges after 90 days of inactivity.

In our report No. 2017-088 (Finding 3), we noted that the Department did not always timely remove user access privileges to FRVIS or FLAIR upon a user's separation from Department employment. As part of our follow-up audit procedures, we evaluated user access privilege controls for FRVIS and FLAIR and examined Department and People First¹⁵ records to determine whether FRVIS and FLAIR access privileges were timely removed upon an employee's separation from Department employment. We again noted that user access privileges were not always timely removed when employees separated from Department employment. Specifically:

- The FRVIS access privileges for 39 Department employees were removed during the period September 19, 2017, through January 4, 2019, 4 to 520 business days (an average of 99 business days) after the employees separated from Department employment. Additionally, FRVIS user access privileges for the 33 Department employees who separated from Department employment during the period July 2017 through January 2019 remained active 2 to 124 business days (an average of 16 business days) after the employees' separation dates.

¹³ Effective July 1, 2019, Chapter 2019-118, Laws of Florida, created the Division of State Technology within the DMS and transferred the existing powers, duties, functions, personnel, records, property, and funds of the AST to the Division of State Technology.

¹⁴ AST Rule 74-2.003(1)(a), Florida Administrative Code. Effective July 1, 2019, AST Rules, Chapter 74-2, Florida Administrative Code, were transferred to DMS Rules, Chapter 60GG-2, Florida Administrative Code. AST Rules, Chapter 74-2, Florida Administrative Code, were in effect during our audit period (July 2017 through January 2019).

¹⁵ People First is the State's Web-based human resource information system.

- FLAIR access privileges for 2 of the 11 Department employees who separated from Department employment during the period July 2017 through January 2019 remained active 22 and 49 business days, respectively, after the employees' separation dates.

According to Department management, delays in notifying the personnel responsible for removing access privileges resulted in the delays in removing FRVIS and FLAIR user access privileges.

Although our audit tests did not disclose that any of the former Department employees' FRVIS and FLAIR accounts had been accessed subsequent to the users' separation from Department employment, as unauthorized access can occur at any time, timely removal of FRVIS and FLAIR user access privileges limits the potential for unauthorized disclosure, modification, or destruction of Department data and IT resources by former employees or others.

Recommendation: We again recommend that Department management enhance controls to ensure that FRVIS and FLAIR user access privileges are removed immediately upon a user's separation from Department employment.

COMMERCIAL DRIVER'S LICENSE PROGRAM

Federal regulations¹⁶ establish testing and licensing requirements for commercial motor vehicle operators and require states to administer knowledge and skills test to qualified commercial driver's license (CDL)¹⁷ applicants. The Department, Division of Motorist Services, Bureau of Commercial Vehicle and Driver Services, is responsible for overseeing State compliance with Federal and State regulatory and statutory CDL requirements.

As permitted by State law¹⁸ and Federal regulations,¹⁹ the Department contracted with public and private entities to administer the written and driving skills portion of State CDL examinations. The contracted entities, known as third-party administrators (TPAs), utilized skills testers to conduct CDL examinations. According to Department records, 223 TPAs were monitored by the Department during the period February 23, 2016, through July 3, 2019.

Finding 7: CDL Program Inspections

Federal regulations²⁰ require the Department to conduct, at least once every 2 years, unannounced, on-site inspections of TPA and skills testers records, and covert and overt monitoring of CDL examinations conducted by skills testers. In addition, State law²¹ requires the Department to monitor the CDL examinations administered by the TPAs and specifies that such monitoring is to include annual on-site inspections of the TPAs and tests of random samples of drivers approved for licensure by the

¹⁶ Title 49, Part 383, Code of Federal Regulations.

¹⁷ Title 49, Section 383.5, Code of Federal Regulations, defines a CDL as a license issued to an individual by a state or other jurisdiction of domicile, in accordance with the standards contained in Title 49, Part 383, Code of Federal Regulations, which authorizes the individual to operate a class of a commercial motor vehicle.

¹⁸ Section 322.56(1), Florida Statutes.

¹⁹ Title 49, Part 383.75, Code of Federal Regulations.

²⁰ Title 49, Part 384.229, Code of Federal Regulations.

²¹ Section 322.56(4), Florida Statutes.

TPAs. Department compliance officers were responsible for monitoring the TPAs and skills testers to ensure compliance with Federal regulations and State law.

The Department established the *CDL and Third Party Testing Compliance Officer Manual (CDL Manual)* to provide guidance to Department compliance officers for conducting inspections of TPA facilities and records and skills testers records. The *CDL Manual* instructed compliance officers to conduct either a biennial or random (unannounced) facility inspection of each TPA every 365 days, with random inspections being conducted in years without a planned biennial inspection. The inspections were to include a review of the records of skills testers employed by the TPA, documented utilizing an *On-Site Facility Inspection Form (Inspection Form)* or *Random Inspection On-Site Facility Inspection Sheet (Inspection Sheet)*. For each on-site inspection, the compliance officers were to evaluate the items on the Inspection Form or Inspection Sheet for compliance and prepare a written report of their findings.

As part of our audit, we evaluated Department processes and procedures related to CDL Program monitoring and examined Department records related to the on-site monitoring conducted for 15 selected TPAs, and 30 selected skills testers employed by those 15 TPAs, during the period September 2017 through January 2019. As similarly noted in our report No. 2017-088 (Finding 1), while the Inspection Form and Inspection Sheet required compliance officers to indicate whether the TPA complied with driver applicant records requirements, the *CDL Manual* did not require the compliance officers to prepare and maintain a list of the driver applicant records randomly selected for review or documentation to support the results of the on-site review. Consequently, the compliance officers did not maintain such documentation to evidence the inspection efforts.

In addition, we analyzed Department data related to monitoring activities conducted by the Department for 223 TPAs active at some point during the period February 23, 2016, through July 3, 2019, and found that the Department did not always timely inspect TPA and skills testers records. Specifically, we noted that:

- Statutorily required facility inspections for 63 TPAs were conducted 1 to 1,021 days late (an average of 84 days late).
- Federally required random (unannounced) facility inspections for 36 TPAs were conducted 12 to 1,102 days late (an average of 323 days late) and random facility inspections for 13 TPAs that were active 2 to 11 years (an average of over 7 years) had not been performed.

A similar finding was noted in our report No. 2017-088 (Finding 1).

According to Department management, the delays in conducting facility inspections were attributable to staffing vacancies, scheduling conflicts with the TPAs, and compliance officer oversight. Department management further indicated that, for the purposes of meeting Federal requirements, the date from either a biennial or random facility inspection is used to ensure an inspection occurs every 365 days and that random inspections are conducted at the discretion of the compliance officer.

Notwithstanding Department management's responses, policies and procedures that provide for the adequate documentation of all inspection activities would better demonstrate that sufficient TPA facility inspections were performed and provide supervisors with the evidence needed to verify that conclusions were appropriate. In addition, the timely performance of facility inspections, including the performance

of random inspections, would better enable Department management to demonstrate compliance with Federal regulations and State law.

Recommendation: We recommend that Department management enhance the *CDL Manual* to ensure that adequate documentation of inspection efforts, including the list of driver applicant records randomly selected for review and documentation to support the results of the on-site review, is prepared and maintained. We also recommend that Department management take steps to ensure that adequate staffing resources are available to conduct required inspections, facility inspections are timely scheduled, and compliance officers are monitored to ensure that assigned inspections are timely completed. Further, we recommend that Department management enhance the *CDL Manual* to ensure that compliance officers timely conduct random TPA facility inspections in accordance with Federal regulations and State law.

PRIOR AUDIT FOLLOW-UP

Except as discussed in the preceding paragraphs, the Department had taken corrective actions for the findings included in our report No. 2017-088.

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 2019 through September 2019 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 Highway Safety and Motor Vehicles (Department) focused on selected administrative activities. 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 No. 2017-088.

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, Department policies and procedures, and other guidelines, and interviewed Department personnel to obtain an understanding of Department financial management and other administrative activity controls.
- Analyzed Department tangible personal property records as of January 2019 to determine whether Department property records included the information required by Department of Financial Services (DFS) Rules, Chapter 69I, Florida Administrative Code.
- From the population of 3,735 Kirkman Building property items recorded in Department property records as of January 2019, selected 13 property items, with acquisition costs totaling \$65,201, to physically observe and verify the existence of the items and to determine whether the information recorded in Department property records accurately reflected the physical location, serial number, and description of the items. In addition, we physically observed 12 property items and traced the items to Department property records to determine whether the items' physical location, serial number, and description were accurately recorded in Department property records.
- From the population of 33,681 property items, with acquisition costs totaling \$154,220,747, added to Department property records prior to June 30, 2018, and active as of January 31, 2019, examined Department records for 25 selected property items, with acquisition costs totaling \$42,655, to determine whether Department property was properly inventoried, the inventory results were timely reconciled to Department property records, and appropriate actions were taken to follow up on any differences identified during the physical inventory. In addition, from

the population of 146 Department property custodian delegates assigned property items during the 2017-18 fiscal year, examined Department records for 15 selected Department property custodian delegates to determine whether the Department property custodian delegates timely conducted inventories and did not inventory items assigned to themselves.

- From the population of 2,398 expenditure transactions, totaling \$23,483,527, related to the acquisition of property during the period July 2017 through January 2019, examined Department records for 25 selected expenditure transactions related to 444 property items with acquisition costs totaling \$1,397,333 to determine whether the property items were appropriately recorded in Department property records.
- From the population of 4,533 property items, with acquisition costs totaling \$25,689,455, that were disposed of and 150 property items, with acquisition costs totaling \$502,812, that were lost or stolen during the period July 2017 through January 2019, examined Department records for 38 selected disposed items, with acquisition costs totaling \$331,427, and 7 selected lost or stolen items, with acquisition costs totaling \$126,771, to determine whether the Department complied with Section 273.055 Florida Statutes; DFS Rules, Chapter 69I, Florida Administrative Code; and Department of Management Services (DMS) Rules, Chapter 60B, Florida Administrative Code, as applicable, when disposing of and accounting for the items.
- Examined Department records for the 128 purchasing cardholders who separated from Department employment during the period July 2017 through January 2019 to determine whether the Department timely canceled the employees' purchasing cards upon the cardholders' separation from Department employment and whether any charges were made to the purchasing cards subsequent to the cardholders' separation from Department employment.
- Analyzed Department financial records for the period July 2017 through January 2019 to identify significant fluctuations in the number of purchasing cards issued, purchasing card limits, and purchasing card transactions, and investigated and assessed the reasonableness of any such fluctuations.
- From the population of 31,610 purchasing card expenditure transactions, totaling \$7,525,600, made during the period July 2017 through January 2019, examined Department records for 25 selected expenditure transactions, totaling \$87,070, to determine whether the expenditures were in correct amounts and adequately documented; made in accordance with applicable laws, Department policies and procedures, and other guidelines; and properly authorized and approved.
- From the population of 319 employees with an active Department purchasing card as of January 24, 2019, examined Department records for 25 selected employees to determine whether purchasing cards were issued in accordance with Department policies and procedures.
- Analyzed Department financial records for the period July 2015 through January 2019 to identify significant fluctuations in mobile device expenditures and investigated and assessed the reasonableness of any such fluctuations.
- From the population of 2,108 Department-owned mobile devices (excluding cellular telephones and smartphones), with acquisition costs totaling \$4,653,897, recorded in Department property records as of January 2019, examined Department records for 34 selected mobile devices, with acquisition costs totaling \$67,810, to determine whether the Department ensured mobile devices were appropriately assigned and security controls were properly deployed on each Department-owned mobile device in accordance with applicable rules and Department policies and procedures.
- Reviewed Department processes and interviewed Department management to determine whether mobile device security controls for personally owned mobile devices were sufficient and properly implemented. In addition, from the population of 17 Department and 7 non-Department employees approved to use personally owned mobile devices to access Department records

during the period July 2017 through January 2019, examined Department records for 8 Department and 2 non-Department employees to determine whether the Department ensured security controls were properly deployed on each personally owned mobile device prior to authorizing access to Department records.

- Analyzed Department financial records for the period July 2015 through January 2019 to identify significant fluctuations in travel expenditures and investigated and assessed the reasonableness of any such fluctuations.
- From the population of 25,319 travel expenditure transactions, totaling \$5,116,514, made during the period July 2017 through January 2019, examined Department records for 25 selected travel expenditure transactions, totaling \$160,641, to determine whether travel expenditures were properly supported and made in accordance with applicable laws, rules, and other guidelines.
- Analyzed Department financial records for the 2015-16, 2016-17, and 2017-18 fiscal years to identify significant fluctuations in lease expenditures and investigated and assessed the reasonableness of any such fluctuations. In addition, we compared Department lease expenditures recorded in Department financial records during the period July 2017 through June 2018 to the annual rent amounts reported in the *DMS Master Leasing Report and Strategic Leasing Plan* to determine whether Department lease expenditures appeared reasonable.
- Reconciled the 51 leases recorded in Department records for the period July 2017 through January 2019 to the *DMS Master Leasing Report and Strategic Leasing Plan* to determine whether the Department properly reported all leases held.
- Examined Department records for the five real property leases executed during the period July 2017 through January 2019 to determine whether the Department established and maintained controls, procedures, and records to ensure and demonstrate the proper management of real property leases.
- Observed, documented, and evaluated the effectiveness of selected Department processes and procedures for the administration of hurricane-related purchasing card activities. In addition, we compared information related to hurricane-related purchasing card charges, totaling \$1,073,104, made during the period July 2017 through January 2019, to DFS Merchant Category Code classification records to determine whether the charges were allowable and reasonable.
- From the population of 4,817 expenditure transactions, totaling \$19,286,095, related to hurricane activity impacting the Department for four Governor-declared emergencies during the period July 2017 through January 2019, examined Department records for 25 selected expenditure transactions, totaling \$2,029,859, to determine whether the expenditures appeared reasonable and necessary based on the applicable declared state of emergency, and whether Department records evidenced that the expenditures were incurred and recorded in accordance with State law and DFS rules.
- From the population of 2,628 active Florida Highway Patrol (FHP) motor vehicles acquired prior to February 2019, with acquisition costs totaling \$63,964,394, and 481 FHP motor vehicles disposed of during the period July 2017 through January 2019, with acquisition costs totaling \$11,027,322, examined Department records for 16 active and 9 disposed FHP motor vehicles to determine whether the vehicles were assigned, used, and disposed of in accordance with State law, DMS rules, and Department policies and procedures.
- Analyzed Florida Equipment Electronic Tracking (FLEET) system *Missing Log* reports for the period July 2017 through January 2019 to determine whether the Department ensured that FHP motor vehicle mileage information was timely recorded in the FLEET system.
- From the population of 47,518 FHP *Monthly Vehicle Logs* required to be completed during the period July 2017 through January 2019, examined FLEET and Department records for 42 selected *Monthly Vehicle Logs* related to 13 FHP motor vehicles to determine whether the

vehicles were maintained in accordance with DMS rules and whether Department maintenance records were accurate, complete, and timely submitted. In addition, we examined Department fuel card records for the employees that used fuel cards for the motor vehicles and months selected to determine whether the employees had signed a cardholder user agreement prior to being issued a Department fuel card, in accordance with Department policies and procedures.

- Analyzed FHP motor vehicle fuel purchase data for the period July 2017 through January 2019 to determine whether individual motor vehicle fuel purchases and overall fluctuations in fuel purchases appeared to be reasonable.
- Evaluated Department actions to correct the findings noted in our report No. 2017-088. Specifically, we:
 - Reviewed applicable laws, Federal regulations, and Department policies and procedures, and interviewed Department management to obtain an understanding of the Department's inspection process related to the Commercial Driver's License (CDL) Program. In addition, from the population of 153 Third Party Administrators (TPA) and 558 skills testers subject to Department inspections during the period September 2017 through January 2019, examined Department records for 15 selected TPAs and 30 selected skills testers to determine whether the Department maintained sufficient documentation to support the inspection activities performed and whether Department compliance officers properly followed up on all deficiencies noted during inspections.
 - Analyzed Department data related to the 223 TPAs subject to inspections during the period February 23, 2016, through July 3, 2019, to determine whether the Department timely inspected TPA records in accordance with Federal regulations and State law.
 - From the population of 6,276 International Fuel Tax Agreement (IFTA) applications approved during the period July 2017 through January 2019, examined Department records for 40 selected IFTA applications to determine whether the Department documented the verification of the applicant's status prior to approval.
 - Interviewed Department management and reviewed Department records to determine whether periodic reviews of Florida Real Time Vehicle Information System (FRVIS) and Florida Accounting Information Resource Subsystem (FLAIR) user access privileges were conducted during the period July 2017 through January 2019.
 - Compared Department system access control and People First records for the 11 FLAIR users and 82 FRVIS users who separated from Department employment during the period July 2017 through January 2019 to determine whether the Department timely removed FLAIR and FRVIS user access privileges upon the users' separation from Department employment.
 - Obtained an understanding of selected Department information technology (IT) controls, assessed the risks related to those controls, evaluated whether selected general IT controls for FRVIS and the Cashier Receipts System were in place, and tested the effectiveness of the controls.
- 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.

A handwritten signature in blue ink that reads "Sherrill F. Norman". The signature is fluid and cursive, with the first name being the most prominent.

Sherrill F. Norman, CPA
Auditor General

MANAGEMENT'S RESPONSE

Terry L. Rhodes
Executive Director

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Governor

Ashley Moody
Attorney General

Jimmy Patronis
Chief Financial Officer

Nikki Fried
Commissioner of Agriculture

April 1, 2020

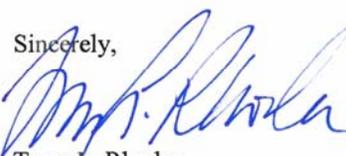
Sherrill Norman, CPA
Auditor General
G74 Claude Pepper Building
111 West Madison Street
Tallahassee, Florida 32399-1450

Dear Ms. Norman:

Thank you for the opportunity to respond to the preliminary and tentative findings and recommendations from your operational audit of the Department of Highway Safety and Motor Vehicles. We appreciate the efforts of your staff and in accordance with Section 11.45(4)(d), Florida Statutes, we have included our response to the recommendations made in your report.

The Department of Highway Safety and Motor Vehicles is committed to providing highway safety and security through excellence in service, education, and enforcement. The results of your report will be used as part of the Department's continuous efforts to improve operations.

If you have any questions regarding our response, please contact Erin Mook, Acting Audit Director at (850) 617-3104.

Sincerely,


Terry L. Rhodes
Executive Director

TLR/em
Enclosure

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**Department of Highway Safety and Motor Vehicles
Response to the Auditor General's Operational Audit
Preliminary and Tentative Audit Findings**

Finding No. 1: Property Records

Department controls regarding the accuracy of the information needed to correctly report and maintain proper accountability over Department property and demonstrate compliance with applicable Department of Financial Services (DFS) rules need enhancement. Additionally, Department controls need improvement to ensure that all property items of a sensitive or attractive nature are accounted for in Department property records.

Recommendation

We recommend that Department management enhance controls to ensure that Department property records include for each property item all ancillary charges necessary to place the property item into service. We also recommend that Department management revise policies and procedures to ensure that all sensitive and attractive property items, including IT equipment, costing less than \$1,000 are accounted for in Department property records.

Agency Response

The Department will develop and implement additional processes to ensure property records include all ancillary charges necessary to place the property item into service. Additionally, the Department is actively pursuing purchasing an asset management system and will include requirements to track all items, including desktop computers and other attractive items, that are assigned to an individual.

Finding No. 2: Property Disposal

The Department did not always document tangible personal property disposals in accordance with applicable DFS rules or document that all required authorizations and surplus property review board recommendations were obtained prior to disposing of property items.

Recommendation

We recommend that Department management enhance controls to ensure that Department records evidence the manner of and the employees who witness the disposition of property items. We also recommend that Department management ensure that property is only disposed of after all required authorizations and Review Board recommendations are obtained and documented.

Agency Response

The Department will enhance controls to ensure Department records evidence the disposition of property items according to DFS rule 69I-72.005, F.A.C. The Department will also clarify and update the Tangible Property and Insurance Procedure – BA 5. Since all purchase and disposal of vehicles requires approval by DMS pursuant to 60B-3.004, F.A.C., the Department believes it would create inefficiencies in the disposal process to require the surplus review board to approve all vehicle dispositions prior to acquiring a new vehicle. The Department will continue to ensure DMS is timely notified via MyFloridaMarketPlace and approves all acquisitions, thus

**Department of Highway Safety and Motor Vehicles
Response to the Auditor General's Operational Audit
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dispositions, of vehicles on the form MP-6301, Request for Acquisition of Motor Vehicle(s) and Mobile Equipment.

Finding No. 3: Motor Vehicle Records

Department controls over Florida Highway Patrol motor vehicle record keeping need improvement.

Recommendation

To ensure that all required motor vehicle usage information is accurately recorded, we recommend that Department management take steps to ensure the FHP timely provides the necessary data to be recorded in FIMS. Additionally, we recommend that Department management ensure that accurate and complete information is recorded in FIMS.

Agency Response

The Department will implement additional processes to provide a missing mileage report to the divisions to help ensure mileage records are accurately reported in FIMS in a timely manner.

Finding No. 4: Purchasing and Fuel Card Controls

The Department did not always timely cancel purchasing cards upon a cardholder's separation from Department employment. Additionally, Department records for some employees did not evidence that signed user agreements were obtained prior to issuing the employees fuel cards.

Recommendation

We recommend that Department management strengthen procedures to ensure purchasing cards are promptly canceled upon a cardholder's separation from Department employment. Additionally, we recommend that Department management ensure that Department records evidence that all fuel cardholders sign cardholder user agreements prior to being issued a Department fuel card.

Agency Response

The Department has implemented additional controls to ensure all fuel card holders are canceled timely using separation notices sent by Human Resources and Information Services Administration. To provide an additional control, the Department will ensure monthly that all fuel card holders are active employees. Additionally, the Department reviewed all current fuel card holders and have confirmed that all cardholder user agreements are on file. Lastly, the Department will begin developing a training course for all new fuel card users and will require completion of the course prior to the issuance of a fuel card.

**Department of Highway Safety and Motor Vehicles
Response to the Auditor General's Operational Audit
Preliminary and Tentative Audit Findings**

Finding No. 5: Mobile Device Security Controls

Security controls over mobile device utilization need improvement to ensure the confidentiality, integrity, and availability of Department data and information technology resources.

Recommendation

We recommend that Department management enhance certain security controls related to Department and non-Department employee use of mobile devices to ensure the confidentiality, integrity, and availability of Department data and related IT resources.

Agency Response

The Department concurs with the finding and has enhanced security controls for the use of mobile devices as recommended.

Finding No. 6: IT Access Privilege Controls

As similarly noted in our report No. 2017-088, Department controls for timely removing user access privileges to the Florida Real Time Vehicle Information System and the Florida Accounting Information Resource Subsystem need improvement.

Recommendation

We again recommend that Department management enhance controls to ensure that FRVIS and FLAIR user access privileges are removed immediately upon a user's separation from Department employment.

Agency Response

The Department continues to refine its procedures to reduce the time between employee separation and removal of access. As of January 1, 2018, the Department has implemented a centralized process through our help desk which supports onboarding, offboarding, and transferring between business units.

ISA has established processes for removing access for users who have extended account inactivity but have not been appropriately offboarded through the personnel and supervisory process:

- Staff that support Active Directory review PeopleFirst reports daily in an effort to identify staff that have separated from the Department. An active directory account provides users access to the Department's network. Removal of network access prevents terminated users from accessing Department systems and databases.
- Oracle accounts are reviewed monthly and locked for inactivity. Once these accounts are locked, access to the FRVIS applications is effectively cut off as both accounts are required for use.

The Department's Security Policy Manual will also be updated to reiterate the necessity of removing user access privileges in a timely manner.

**Department of Highway Safety and Motor Vehicles
Response to the Auditor General's Operational Audit
Preliminary and Tentative Audit Findings**

The Department additionally acknowledges two FLAIR users were not timely removed. In response to report No. 2017-088 (Finding 3), the Department implemented a quarterly verification by all supervisors of FLAIR users. The quarterly verification was successful in catching the two FLAIR users not timely removed. However, the Department has immediately enhanced its controls and will compare all FLAIR users to an active employee list monthly.

Finding No. 7: CDL Program Inspections

Department controls for inspecting the third-party administrators and skills testers responsible for conducting commercial driver's license examinations need enhancement to ensure that inspections are timely conducted and appropriately documented. A similar finding was noted in our report No. 2017-088.

Recommendation

We recommend that Department management enhance the CDL Manual to ensure that adequate documentation of inspection efforts, including the list of driver applicant records randomly selected for review and documentation to support the results of the on-site review, is prepared and maintained. We also recommend that Department management take steps to ensure that adequate staffing resources are available to conduct required inspections, facility inspections are timely scheduled, and compliance officers are monitored to ensure that assigned inspections are timely completed. Further, we recommend that Department management enhance the CDL Manual to ensure that compliance officers timely conduct random TPA facility inspections in accordance with Federal regulations and State law.

Agency Response

With respect to the inspection of driver applicant records, the Department agrees that maintaining documentation to support the results of the on-site review would further enhance the audit process. The CDL Manual will be revised to ensure that adequate documentation of inspection efforts, including the list of driver applicant records randomly selected for review, and documentation to support the results of the on-site review, is prepared and maintained by the compliance officers.

The Department concurs with the finding that it did not always timely inspect TPA and skills tester records. The failure to conduct inspections in a timely manner was primarily the result of staffing vacancies. The Department will strive to ensure that adequate staffing resources are available to conduct required inspections, and compliance officers are monitored to ensure that assigned inspections are timely completed.

With respect to Federally required random (unannounced) facility inspections, the Department revised the CDL manual in August 2019 to require all yearly audits to be unannounced.