

STATE OF FLORIDA AUDITOR GENERAL

Operational Audit

Report No. 2026-025
September 2025

OFFICE OF INSURANCE REGULATION

Property and Casualty Insurer Investigations,
Compliance Reporting, and Prior Audit Follow-Up



Sherrill F. Norman, CPA
Auditor General

Commissioner of the Office of Insurance Regulation

The Office of Insurance Regulation is established by Section 20.121(3)(a)1., Florida Statutes. The Office is administratively supported by the Department of Financial Services but operates under the direction of the Financial Services Commission which is composed of the Governor, Attorney General, Chief Financial Officer, and Commissioner of Agriculture. The head of the Office is the Director of the Office of Insurance Regulation, who may also be known as the Commissioner of Insurance Regulation. Michael Yaworsky served as the Commissioner of Insurance Regulation during the period of our audit.

The Auditor General conducts audits of government 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.

The team leader was Thomas Drawbaugh, CPA, and the audit was supervised by Lynley B. Trent, CPA.

Please address inquiries regarding this report to Joshua T. Barrett, CPA, Audit Manager, by e-mail at joshuabarrett@aud.state.fl.us or by telephone at (850) 412-2804.

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OFFICE OF INSURANCE REGULATION

Property and Casualty Insurer Investigations, Compliance Reporting, and Prior Audit Follow-Up

SUMMARY

This operational audit of the Office of Insurance Regulation (Office) focused on Property and Casualty insurer investigations and Office quarterly and annual insurer compliance reporting. The audit also included a follow-up on the findings noted in our report No. 2023-189. Our audit disclosed the following:

Finding 1: Office employees teleworked 1 day a week outside established policies and procedures, without documented telework arrangements or appropriate notation in the State’s human resource system, and absent documentation describing how or why the telework continued after apparent discontinuation by the Commissioner. Additionally, for employees teleworking within established policies and procedures, the Office did not always capture the information necessary to maintain accountability for telework arrangements and the equipment assigned to teleworking employees.

BACKGROUND

State law¹ establishes the Office of Insurance Regulation (Office) within the Financial Services Commission as a separate budget entity of the Department of Financial Services (Department) that is not subject to control, supervision, or direction by the Department. The Office is responsible for all activities concerning insurers and other risk bearing entities, including licensing, rates, market conduct, issuance of certificates of authority, solvency, and administrative supervision. The Office’s Life and Health and Property and Casualty Insurance Units are responsible, among other things, for monitoring the financial condition of all regulated life and health and property and casualty entities, enforcing requirements related to the review of insurance contracts and rates, and regulating specified insurance entities. Specifically, the Property and Casualty Market Regulation Unit conducts examinations and investigations of property and casualty insurers and related parties regarding business practices and patterns of alleged violations of the Florida Insurance Code.² The Property and Casualty Market Regulation Unit also investigates allegations of unauthorized and illegal insurance activities. During the period July 2023 through February 2025, the Property and Casualty Market Regulation Unit completed 94 investigations of 72 insurers.

For the 2024-25 fiscal year, the Legislature appropriated \$52.7 million to the Office and authorized 310 positions.³

¹ Section 20.121(3), Florida Statutes.

² Chapters 624 through 632, 634, 635, 636, 641, 642, 648, and 651, Florida Statutes, constitute the Florida Insurance Code.

³ Chapter 2024-231, Laws of Florida.

FINDING AND RECOMMENDATION

Finding 1: Telework

State law⁴ authorizes State agencies to establish telework⁵ as an integral part of the normal business operations of the agency and require that specific work be performed through telework arrangements. State agencies with a telework program are required to identify all currently participating employees and their respective positions in People First⁶ and develop an agency plan that addresses the agency's telework policies and procedures. Among other things, the agency plan must establish:

- Criteria for evaluating the ability of employees to satisfactorily perform in a telework arrangement.
- Performance standards that ensure that teleworkers maintain satisfactory performance levels.
- Reasonable conditions to ensure appropriate use and maintenance of equipment issued by the agency.

Additionally, if an employee is approved to telework as an optional alternative work arrangement, State law⁷ requires State agencies to maintain a written agreement between the teleworker and the agency that specifies the terms and conditions of the telework arrangement and provides for the termination of an employee's participation in the program if the employee's continued participation is not in the best interest of the agency. State law⁸ requires agencies that have a telework program to post the agency telework plan and any pertinent supporting documents on the agency's Web site to allow access by employees and the public.

As the Office employed certain staff (e.g., insurance actuaries) in teleworking capacities throughout the State and other states,⁹ pursuant to State law the Office implemented a telework program and established an agency telework plan through telework policies and procedures.¹⁰ Office telework policies and procedures specified that, if a position was considered appropriate for telework and an employee's request to telework was approved by applicable management, a *Telework Agreement Form (Form)* specifying the terms and conditions of telework was to be signed by the employee, their supervisor, and Division Director prior to the commencement of telework. At a minimum, the *Form* was to outline established workdays and work hours, include a specific description of the job duties to be performed teleworking, explain how supervision would be conducted and how work products and outputs would be monitored and reviewed, and describe how attendance and leave records would be maintained and processed. The *Form* also specified that teleworking employees had to meet all current performance standards to participate or continue to participate in the telework program. The original *Form* was to be

⁴ Section 110.171(2) through (4), Florida Statutes.

⁵ Section 110.171(1)(c), Florida Statutes, defines telework as a work arrangement that allows a State employee to conduct all or some of their work away from the official worksite during all or a portion of the employee's established work hours on a regular basis.

⁶ People First is the State's human resource information system.

⁷ Section 110.171(5), Florida Statutes.

⁸ Section 110.171(8), Florida Statutes.

⁹ As of January 17, 2025, 9 Office employees were teleworking within the State and 9 employees were teleworking from outside the State. Another employee teleworking from outside the State resigned effective June 13, 2024.

¹⁰ Office Administrative Policies and Procedures No. OIR 3-3, *Telework*.

forwarded to the Department of Financial Services (Department) for inclusion in the employee's personnel file and for the Department to identify the employee as a teleworker in People First. Additionally, Office telework policies and procedures specified that the Office was to establish controls and conditions for the use of State-owned equipment by teleworking employees. Accordingly, the *Form* was to identify the Office property used to telework, including a description of the property, the property identification number (if applicable), and the location of the equipment provided to the employee.

During the audit period, the Office utilized the telework program for certain positions and also had, for all employees, a 1-day-a-week-work-from-home program that operated outside the scope of established telework and policies and procedures. As part of our audit, we interviewed Office management and evaluated Office telework controls and noted that, on May 7, 2021, Commissioner David Altmaier directed that the Office's 1-day-a-week-work-from-home program in place in response to the COVID-19 pandemic was to end effective August 9, 2021. However, despite the directive, the program continued, allowing all Office employees to telework until the program was ended effective May 30, 2025. Further, while each Office business unit maintained a listing of Office employees who teleworked 1 day a week, contrary to State law, the Office did not require these employees to complete a *Form*. Consequently, our analysis of People First data disclosed that only 3 of the 355 Office staff employed at some point during the period July 2023 through February 2025 were identified in People First as teleworking. In response to our audit inquiry, Office management indicated that the Office was unable to locate documentation describing how or why the Office's 1-day-a-week-work-from-home program was continued beyond August 9, 2021.

Additionally, we examined employee telework records and requested *Forms* for the 19 Office employees who teleworked pursuant to the Office's telework program at some point during the period July 2023 through February 2025 and noted that:

- For 14 of the teleworking employees, the Office was unable to provide completed *Forms*, including information regarding the equipment provided to the teleworking employees. According to Office management, each Office business unit was responsible for maintaining staff *Forms* and, consequently, *Forms* were not consistently maintained throughout the Office.
- Contrary to State law, none of the 19 teleworking employees were appropriately identified as teleworking in People First. The lack of completed *Forms* contributed to most of these employees not being identified as teleworkers in People First.
- The Office did not conduct 2023-24 fiscal year performance evaluations for 3 of the teleworking employees. In response to our audit inquiry, Office management indicated that the employees' business unit was heavily involved in an Office project and a management decision was made to not conduct performance evaluations to focus on the project.

We also noted that, contrary to State law, the Office's telework policies and procedures were not published on the Office's public Web site. According to Office personnel, the telework policies and procedures had not been made available on the Office's Web site due to the internal nature of the program.

Operating a telework program, such as the 1-day-a-week-work-from-home program, outside the scope of established telework and policies and procedures, and beyond the management-directed end date without clear guidance, is inconsistent with State law and may result in oversight risks. Absent the posting of the Office's telework policies and procedures on the Office's Web site and efforts to ensure that

telework agreements (*Forms*) were completed by, and maintained for, all teleworking employees; teleworking arrangements were notated in People First; telework equipment was documented; and teleworking employees received performance evaluations, the Office cannot demonstrate compliance with State law and management's ability to monitor the effectiveness of the telework program and promote program accountability is inhibited. A finding related to telework controls was also noted in our report No. 2023-189.

Recommendation: We recommend that Office management ensure that all telework is conducted pursuant to established policies and procedures, *Forms* and employee evaluations are completed and maintained for all employees authorized to telework, and a list of all equipment used for teleworking is maintained. We also recommend that Office management work with the Department to ensure that all teleworking employees are identified in People First and that the Office make telework policies and procedures publicly available on the Office Web site in accordance with State law.

PRIOR AUDIT FOLLOW-UP

Except as discussed in the preceding paragraphs, the Office had taken corrective actions for the findings included in our report No. 2023-189.

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 March 2025 through June 2025 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 Office of Insurance Regulation (Office) focused on Property and Casualty insurer investigations and Office quarterly and annual insurer compliance reporting. For those areas, the 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 responsibilities in accordance with applicable laws, administrative rules, contracts, grant agreements, and other guidelines.
- Examine internal controls designed and placed into 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.
- 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. 2023-189.

This audit was designed to identify, for those programs, activities, or functions included within the scope of the audit, deficiencies in internal controls significant to our audit objectives; 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; identifying and evaluating internal controls significant to our audit objectives; 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, waste, abuse, or inefficiency.

In conducting our audit, we:

- Reviewed applicable laws, rules, Office policies and procedures, and other guidelines, and interviewed Office personnel to obtain an understanding of Property and Casualty Market Regulation Unit investigation processes and responsibilities.
- Inquired of Office management regarding whether the Office made any expenditures or entered into any contracts under the authority granted by an applicable state of emergency during the period July 2023 through February 2025.
- Examined records for the 18 expenditures, totaling \$1,905, made by the Office under the authority granted by an applicable state of emergency during the period July 2023 through February 2025 to determine whether the expenditures appeared reasonable and necessary given the nature of the declared emergency and the Office's statutory responsibilities. Additionally, analyzed Office salary data recorded under state of emergency projects to determine whether salary rates were not increased during the state of emergency.
- Obtained an understanding of selected Office information technology (IT) controls, assessed the risks related to those controls, evaluated whether selected general IT controls for the Insurance Regulation Filing System and the Companies and Related Entities Navigator were in place, and tested the effectiveness of the selected controls.

- From the population of 94 Property and Casualty insurance investigations closed during the period July 2023 through February 2025, examined Office records for 25 selected investigations to determine whether the investigations were adequately documented and supported investigation conclusions, and whether corrective actions were timely and appropriately taken when violations were noted.
- From the population of 801 Property and Casualty insurance Notice of Issues (NOIs) closed during the period July 2023 through February 2025 that did not result in an investigation, examined Office records for 40 selected NOIs to determine whether Office records evidenced a reasonable rationale for not opening an investigation, whether the NOI decision to not investigate was appropriately reviewed and approved, and whether Office employees who completed or reviewed the 40 selected NOIs attested, in writing, that they had no conflicts of interests with the entities subject to the NOIs.
- Interviewed Office personnel and examined Office records for the six quarterly and two annual insurer compliance reports required to be published by the Office during the period October 2023 through January 2025 to determine whether the Office adequately disclosed Market Regulation activity conducted by the Office during each reporting period and submitted reports in accordance with Section 625.315(4), Florida Statutes.
- Reviewed service auditor reports and Office records related to the National Association of Insurance Commissioners' (NAIC) controls relied on by the Office to obtain and review insurer information relevant to Office Property and Casualty insurance investigations during the period July 2023 through February 2025 to determine whether the Office had timely requested, obtained, and reviewed service auditor reports on the effectiveness of NAIC controls, whether the Office had implemented complimentary user entity controls necessary for the NAIC controls to be relied on, and whether the Office followed up on all applicable deficiencies noted in the service auditor reports.
- Evaluated Office actions to correct the findings noted in our report No. 2023-189. Specifically, we:
 - Interviewed Office management and examined Office telework policies and procedures to determine whether Office had established policies, procedures, and a process to support and document accountability over Office staff telework arrangements, including the use of telework agreements.
 - Interviewed Office management to obtain an understanding of telework conducted outside established policies and procedures and requested the population and supporting records from the Property and Casualty Market Regulation Unit and the Information Technology Unit to determine whether the Office maintained appropriate oversight, including who participated and the telework day chosen by each employee.
 - Examined Office records for the 19 Office employees authorized to telework pursuant to established policies and procedures at some point during the period July 2023 through February 2025 to determine whether the Office maintained telework agreements for each employee, maintained proper oversight of off-site Office equipment, and conducted periodic employee performance evaluations to ensure that performance remained satisfactory.
 - Interviewed Office management and reviewed Office policies and procedures related to out-of-State hiring practices to determine whether Office hiring practices adequately evaluated the availability of qualified in-State applicants before hiring out-of-State applicants.
 - Reviewed Office records for the six actuary positions filled during the period July 2023 through February 2025 by out-of-State staff to determine whether the positions were appropriately advertised, whether in-State applicants applied and, if so, whether Office records supported the rationale for not hiring in-State applicants. Additionally, reviewed Department of Management Services State-term contracts in effect during the period July 2023 through

February 2025 to determine whether staff augmentation was available for the positions filled by out-of-State actuaries.

- Reviewed Office contract reporting policies and procedures and interviewed Office management to gain an understanding of Office contract reporting processes.
- Compared Office contract records included in the Florida Accountability Contract Tracking System (FACTS) as of April 17, 2025, to Office contract expenditures incurred during the period July 2023 through February 2025 to determine whether the Office appropriately recorded all contracts in FACTS.
- Examined Office records for the contract administrator who managed Office contracts during the period July 2023 through February 2025 to determine whether Office records evidenced that the employee completed required training and received applicable certifications in accordance with Section 287.057(15) and (16), Florida Statutes.
- Examined Office records for the 37 contracts exceeding \$500,000 and active at some point during the period July 2023 through February 2025 to determine whether the Office ensured that different employees were assigned contract manager and contract administrator responsibilities in accordance with Section 287.057(16), Florida Statutes.
- From the population of 129 Office contracts executed at some point during the period July 2023 through February 2025, examined Office records for 23 selected contracts to determine whether the contracts were timely posted to FACTS in accordance with Section 215.985(14), Florida Statutes.
- Observed, documented, and evaluated the effectiveness of Office processes and procedures for the administration of Office travel in accordance with State law and other applicable guidelines. Additionally, from the population of 1,619 travel expenditures, totaling \$412,048, made during the period July 2023 through February 2025, examined Office records for 49 selected travel expenditures, totaling \$31,297, to determine whether OIR records demonstrated that the travel was reasonable and conducted in accordance with State law and applicable guidelines.
- 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 finding and recommendation included in this report 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

MANAGEMENT'S RESPONSE



OFFICE OF INSURANCE REGULATION

MICHAEL YAWORSKY
COMMISSIONER

FINANCIAL SERVICES
COMMISSION

RON DESANTIS
GOVERNOR

JAMES UTHMEIER
ATTORNEY GENERAL

BLAISE INGOGLIA
CHIEF FINANCIAL OFFICER

WILTON SIMPSON
COMMISSIONER OF
AGRICULTURE

September 17, 2025

VIA Email – flaudgen_audrpt_sga@aud.state.fl.us

Sherrill F. Norman, Auditor General
Office of the Auditor General
Claude Denson Pepper Building, Suite G74
111 West Madison Street
Tallahassee, Florida 32399-1450

Dear Ms. Norman –

The Office of Insurance Regulation's response to the Preliminary and Tentative Audit Finding and Recommendation received from the Office of the Auditor General on August 8, 2025, is attached hereto.

Please allow me to commend to your attention the professionalism demonstrated by Office of the Auditor General staff to this Office's operational needs and to my staff during the recent Operational Audit of the Office of Insurance Regulation, Property and Casualty Insurer Investigations, Compliance Reporting, and Prior Audit Follow-Up. I greatly appreciate the courtesy and consideration they demonstrated.

Sincerely,

Michael Yaworsky

MY/ssg

Attachment

cc:

Linh Trang, Inspector General
OIR Office of the Inspector General

• • •
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OFFICE OF INSURANCE REGULATION
*Property and Casualty Insurer Investigations,
Compliance Reporting and Prior Audit Follow-Up*

Finding Summary: Telework

Office employees teleworked 1 day a week outside established policies and procedures, without documented telework agreements or appropriate notation in the State's human resource system, and absent documentation describing how or why the telework continued after apparent discontinuation by the Commissioner. Additionally, for employees teleworking within established policies and procedures, the Office did not always capture the information necessary to maintain accountability for telework arrangements and the equipment assigned to teleworking employees.

Recommendation:

We recommend that Office management ensure that all telework is conducted pursuant to established policies and procedures; forms and employee evaluations are completed and maintained for all employees authorized to telework, and a list of all equipment used for teleworking is maintained. We also recommend that Office management work with the Department [of Financial Services] to ensure that all teleworking employees are identified in People First and that the Office make telework policies and procedures publicly available on the Office Web site in accordance with State law.

Office of Insurance Regulation Response:

The Office of Insurance Regulation acknowledges that the Office of the Auditor General's Operational Audit of the Office of Insurance Regulation, Property and Casualty Insurer Investigations and Compliance Reporting made no findings with respect to the Office's operation of its Property and Casualty Insurer Investigations and Compliance Reporting function areas.

The Office acknowledges the Office of the Auditor General's Prior Audit Follow Up that, except as discussed in Finding 1, the Office has taken corrective actions for the audit findings included in the Auditor General's Report No. 2023-189.

The Office accepts the Office of the Auditor General's Preliminary and Tentative Audit Finding and Recommendation regarding its use of telework.

As noted in the Preliminary and Tentative Audit Finding, the Office formally terminated its one day a week work from home program. Plans for termination of the program had been underway prior to the initiation of the audit and the program ended prior to completion of the audit.

The Office is committed to ensuring that all remaining telework is conducted pursuant to established policies and procedures. Accordingly, the Office will review its telework policies and

procedures to determine if revision is necessary and will make its telework policies and procedures publicly available on its internet site in accordance with section 110.171(8), Florida Statutes.

To ensure that necessary information is captured to consistently maintain accountability the Office will also review its written telework agreements and update them if necessary. The Office will also ensure that equipment assigned to teleworking employees is properly noted in employee telework agreements. The Office will further ensure that evaluations for teleworking employees are timely completed.

Finally, the Office will work with the Department of Financial Services to ensure that all Office employees authorized to telework are so identified in People First.